



TRAKCJA CAPITAL GROUP

CONSOLIDATED SEMI-ANNUAL REPORT
FOR THE PERIOD OF 6 MONTHS ENDED ON JUNE 30, 2015

This document is a translation.
The Polish original should be referred to in matters of interpretation.

CONTENTS OF THE CONSOLIDATED SEMI-ANNUAL REPORT

- I. Selected financial data of the Trakcja Capital Group
- II. Interim condensed consolidated financial statements of the Trakcja Capital Group
- III. Interim condensed financial statements of Trakcja PRKiI S.A.
- IV. The Management Board's report on the activities of the Trakcja Capital Group
- V. The Management Board's representations on the adopted accounting principles and selection of the entity qualified to audit financial statements which reviews the consolidated financial statements
- VI. The auditor's review report on the interim condensed financial statements of Trakcja PRKiI S.A.
- VII. The auditor's review report on the interim condensed consolidated financial statements of the Trakcja Capital Group

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
30.06.2015 r.	4,1341	3,9822	4,3335	4,1944
31.12.2014 r.	4,1893	4,0998	4,3138	4,2623
30.06.2014 r.	4,1784	4,0998	4,2375	4,1609

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

Main consolidated balance sheet line items converted into euro:

	30.06.2015		31.12.2014	
	TPLN	TEUR	TPLN	TEUR
Non-current assets	714 909	170 444	719 867	168 892
Current assets	611 529	145 797	725 949	170 319
Total assets	1 326 438	316 240	1 445 816	339 211
Equity	687 799	163 980	674 503	158 249
Long-term liabilities	169 668	40 451	151 338	35 506
Short-term liabilities	468 971	111 809	619 975	145 456
Total equity and liabilities	1 326 438	316 240	1 445 816	339 211

To convert the data of the consolidated balance sheet, the FX rate set by the National Bank of Poland for the last day of a given reporting period has been used.

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

	For the period 6 months ended 30.06.2015		For the period 6 months ended 30.06.2014	
	TPLN	TEUR	TPLN	TEUR
Sales revenues	564 772	136 613	579 076	138 588
Cost of goods sold	(500 592)	(121 089)	(529 154)	(126 640)
Gross profit (loss) on sales	64 180	15 525	49 922	11 948
Operating profit (loss)	23 580	5 704	20 613	4 933
Gross profit (loss)	22 129	5 353	12 000	2 872
Net profit (loss) from continued operations	18 092	4 376	9 133	2 186
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	18 092	4 376	9 133	2 186

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

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

	For the period 6 months ended 30.06.2015		For the period 6 months ended 30.06.2014	
	TPLN	TEUR	TPLN	TEUR
Cash flows from operating activities	16 245	3 929	(51 780)	(12 392)
Cash flows from investment activities	(7 476)	(1 808)	2 171	520
Cash flows from financial activities	(42 633)	(10 313)	41 361	9 899
Total net cash flows	(33 864)	(8 191)	(8 248)	(1 974)

To convert the above data of the consolidated cash flow statement, the average euro exchange rate calculated as the arithmetic mean of the exchange rates (set by the National Bank of Poland for the last day of each month in a given reporting period) was used.

	30.06.2015		30.06.2014	
	TPLN	TEUR	TPLN	TEUR
Cash at start of period	57 638	13 523	83 599	20 158
Cash at end of period	23 774	5 668	75 351	18 109

To convert the above consolidated cash flow statement data, the following assumptions were taken:

- the FX rate set by the National Bank of Poland for 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 for the last day of the reporting period preceding a given reporting period – for the line item “Cash at the beginning of the period”;

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



TRAKCJA CAPITAL GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 6 MONTHS ENDED ON JUNE 30, 2015
PREPARED IN COMPLIANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

This document is a translation.
The Polish original should be referred to in matters of interpretation.

APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Trakcja PRKił S.A. has approved the condensed consolidated financial statements of the Trakcja Capital Group for the period from January 1, 2015 to June 30, 2015.

The condensed consolidated financial statements for the period from January 1, 2015 to June 30, 2015 have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union.

Information in these condensed consolidated financial statements is presented in the following order:

1. Consolidated profit and loss account for the period from January 1, 2015 to June 30, 2015, showing a net profit of PLN **18,092** thousand.
2. Consolidated statement of comprehensive income for the period from January 1, 2015 to June 30, 2015, showing the total comprehensive income of PLN **13,529** thousand.
3. Consolidated balance sheet prepared as at June 30, 2015, showing total assets and total equity and liabilities of PLN **1,326,438** thousand.
4. Consolidated cash flow statement for the period from January 1, 2015 to June 30, 2015, showing a decrease in the cash balance by the amount of PLN **33,864** thousand.
5. Statement of changes in consolidated equity for the period from January 1, 2015 to June 30, 2015, showing an increase in consolidated equity by the amount of PLN **13,296** thousand.
6. Condensed notes and explanations.

The condensed consolidated financial statements have been prepared in thousands of Polish zloty, except for the line items that explicitly indicate otherwise.

Some of the financial and operating data included in these condensed consolidated financial statements have been rounded. For this reason, in some of the tables presented in the statements, the sum of amounts in a column or row may differ slightly from the total amount stated for that column or row.

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, August 24, 2015

CONTENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT	9
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME	10
CONSOLIDATED BALANCE SHEET	11
CONSOLIDATED CASH FLOW STATEMENT	12
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	13
CONDENSED NOTES AND EXPLANATIONS	15
1. General information	15
2. Description of organization of the Trakcja Group with indication of entities that are subject to consolidation	16
3. Changes in Capital Group	19
4. Composition of the Parent Company's Management Board	19
5. Composition of the Parent Company's Supervisory Board	20
6. Approval of the consolidated financial statements	20
7. Basis for drawing up the consolidated financial statements	20
8. Statement of compliance	20
9. Significant values based on professional judgment and estimates	21
10. Accounting principles	23
11. Effect of adoption of new accounting standards and of changes in the accounting policy	27
12. Concise description of significant achievements or failures during the I half of the year 2014	28
13. The type and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual due to their nature, size or incidence	28
14. Information on operational and geographical segments	28
15. Sales revenues	32
16. Other operating income	32
17. Other operating costs	32
18. Financial income	33
19. Financial costs	33
20. Income tax	33
21. Property, plant and equipment	34
22. Purchase and sale contracts of property, plant and equipment and other intangible assets	34
23. Commitments to purchase of property, plant and equipment	35
24. Goodwill	35
25. Investment property	36
26. Inventory	37
27. Trade receivables and other receivables	37
28. Cash and cash equivalent	38
29. Construction contracts	38
30. Share capital	38
31. Non-controlling shares	39

32.	Interest-bearing bank credits and loans _____	39
33.	Failure to repay a loan or a violation of the loan agreement, for which there were no corrective actions ____	40
34.	Bonds _____	40
35.	Other financial liabilities _____	41
36.	Financial derivatives _____	41
37.	Provisions _____	42
38.	Unwinding of any provision for restructuring costs _____	42
39.	Trade liabilities and other liabilities _____	42
40.	Fair value of financial instruments _____	42
41.	Assets and liabilities measured at fair value _____	43
42.	Changes in business or economic circumstances that affect fair value of financial assets and liabilities of the Group, depending on whether they are recognized at fair value or at amortized cost _____	43
43.	Change of write-downs _____	43
44.	Joint ventures _____	44
45.	Additional information to the cash flow statement _____	45
46.	Contingent items and other off-balance-sheet items _____	45
47.	Events occurring after the end of the reporting period that were not reflected in the financial statements for the I half of the year 2015 _____	46
48.	Seasonal and cyclical activities _____	47
49.	Change in classification of financial assets as a result of changes in their purpose or use _____	47
50.	Information on issues, redemption and repayment of debt and capital securities _____	47
51.	Information on dividends paid or declared _____	47
52.	Material litigation and disputes _____	47
53.	Information on related entities _____	49
54.	Remuneration of the Management Board and the Supervisory Board of the Parent company _____	50

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
		<i>Unaudited</i>	<i>Unaudited</i>
Continued operations			
Sales revenues	15	564 772	579 076
Cost of goods sold		(500 592)	(529 154)
Gross profit on sales		64 180	49 922
Cost of sales, marketing and distribution		(3 368)	(3 210)
General and administrative costs		(35 371)	(25 936)
Other operating revenues	16	1 864	836
Other operating costs	17	(3 636)	(1 292)
Share of profit of entities consolidated using equity method	44	(89)	293
Operating profit		23 580	20 613
Financial revenues	18	4 544	1 135
Financial costs	19	(5 995)	(9 749)
Gross profit		22 129	12 000
Income tax	20	(4 037)	(2 867)
Net profit from continued operation		18 092	9 133
Discontinued operations			
Net profit (loss) from discontinued operations		-	-
Net profit for the period		18 092	9 133
Attributable to:			
Shareholders of parent entity		17 432	9 024
Non-controlling interests		660	109
Profit per share attributable to shareholders in the period (PLN per share)			
- basic		0,34	0,18
- diluted		0,34	0,18

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
		<i>Unaudited</i>	<i>Unaudited</i>
Net profit for the period		18 092	9 133
Other comprehensive income:			
Other comprehensive income that will not be reclassified into profit or loss under certain conditions:		(922)	33
Actuarial gains/(losses)		(922)	33
Other comprehensive income that will be reclassified to profit or loss:		(3 641)	(1 815)
Foreign exchange differences on translation of foreign operations		(4 592)	747
Cash flow hedging instruments	36	951	(2 562)
Total other comprehensive income		(4 563)	(1 782)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13 529	7 351
Attributable to:			
Shareholders of Parent entity		12 657	7 923
Non-controlling interests		872	(572)

CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.06.2015	31.12.2014
		<i>Unaudited</i>	<i>Audited</i>
Non-current assets		714 909	719 867
Tangible non-current assets	21	189 139	185 657
Intangible assets		60 635	60 169
Goodwill from consolidation	24	339 626	342 265
Investment properties	25	22 954	22 960
Investments in entities accounted using equity method	44	11 270	11 430
Investments in other units		24	131
Other financial assets		47 629	56 013
Deferred tax assets	20	37 778	35 863
Construction contracts		3 244	3 972
Accruals		2 610	1 407
Current assets		611 529	725 949
Inventory	26	68 776	59 977
Trade and other receivables	27	423 438	521 885
Income tax receivables		2 472	-
Other financial assets		17 891	10 412
Cash and cash equivalents	28	23 856	61 846
Accruals		8 886	4 736
Construction contracts	29	66 210	67 093
Total assets		1 326 438	1 445 816
PASYWA			
Equity attributable to shareholders of parent entity		684 676	671 910
Share capital	30	41 120	41 120
Share premium account		309 984	309 984
Revaluation reserve		6 188	6 790
Other capital reserves		299 287	249 258
Retained earnings		17 432	49 537
Foreign exchange differences on translation of foreign operations		10 665	15 221
Non-controlling interests	31	3 123	2 593
Total equity		687 799	674 503
Long-term liabilities		169 668	151 338
Interest-bearing bank loans and borrowings	32	120 134	101 231
Provisions	37	5 326	4 912
Liabilities due to employee benefits		11 409	11 961
Provision for deferred tax	20	28 512	27 132
Derivative financial instruments	36	4 287	6 102
Short-term liabilities		468 971	619 975
Interest-bearing bank loans and borrowings	32	19 857	30 082
Bonds	34	32 446	32 360
Trade and other liabilities	39	318 527	388 616
Provisions	37	13 464	21 895
Liabilities due to employee benefits		11 683	10 623
Income tax liabilities		-	6 002
Derivative financial instruments	36	965	386
Other financial liabilities	35	-	38 338
Accruals		2	370
Construction contracts	29	69 463	87 352
Advances received towards flats		2 564	3 951
Total equity and liabilities		1 326 438	1 445 816

CONSOLIDATED CASH FLOW STATEMENT

	Note	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
		<i>Unaudited</i>	<i>Unaudited</i>
<i>Cash flows from operating activities</i>			
Gross profit from continued operations		22 129	12 000
Gross profit (loss) from discontinued operations		-	-
Adjustments for:		(5 884)	(63 780)
Depreciation		12 230	11 796
FX differences		(684)	119
Net interest and dividends		1 460	5 985
Profit on investment activities		(75)	(255)
Share of profits of entities consolidated using equity method		89	(293)
Change in receivables		113 107	20 663
Change in inventory		(7 609)	(15 907)
Change in liabilities, excluding loans and borrowings		(82 080)	13 034
Change in prepayments and accruals		(3 356)	(4 142)
Change in provisions		(7 765)	(4 300)
Change in construction contracts		(16 021)	(82 551)
Change in financial derivatives		(1 118)	2 997
Income tax paid		(13 266)	(6 899)
Other		37	(4 094)
Foreign exchange differences on translation of foreign operations		(833)	67
Net cash flows from operating activities		16 245	(51 780)
<i>Cash flows from investment activities</i>			
Sale (purchase) of intangible assets and tangible non-current assets		(10 067)	(7 042)
- acquisition		(12 242)	(9 101)
- sale		2 175	2 059
Financial assets		311	8 863
- granted or acquired		3 393	18 516
- repaid		(3 082)	(9 653)
Loans		1 948	-
- granted		1 948	-
Interest received		332	350
Net cash flows from investment activities		(7 476)	2 171
<i>Cash flows from financial activities</i>			
Proceeds on account of taken borrowings and loans		137 615	99 323
Repayment of borrowings and loans		(133 561)	(65 949)
Interest paid		(4 230)	(6 050)
Dividends paid to non-controlling shareholders		(291)	-
Payment of liabilities under financial lease agreements		(3 829)	(3 098)
Inflows (outflows) income from other financial liabilities		(38 338)	17 137
Other		-	(2)
Net cash flows from financial activities		(42 633)	41 361
Total net cash flows		(33 864)	(8 248)
Net FX differences		-	-
Cash at start of period		57 638	83 599
Cash at end of period	45	23 774	75 351
- with limited access	45	940	984

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Equity attributable to equity holders of the Parent Company											
	Share capital	Share premium account	Revalua-tion reserve	Other reserve capitals			Foreign exchange differences on translation of foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
				Hedging instruments	Actuarial gains/ (losses)	Results from previous years					
Unaudited											
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	-	-	-	-	-	-	-	17 432	17 432	660	18 092
Other comprehensive income	-	-	-	700	(919)	-	(4 556)	-	(4 775)	212	(4 563)
Distribution of profit	-	-	-	-	-	49 537	-	(49 537)	-	-	-
Payment of dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(355)	(355)
Additional capital subsidiary from non-controlling shareholders	-	-	-	-	-	(20)	-	-	(20)	20	-
Transfer within equity	-	-	(602)	-	3 488	(2 886)	-	-	-	-	-
Other changes	-	-	-	-	-	129	-	-	129	(7)	122
As at 30.06.2015	41 120	309 984	6 188	(3 294)	(2 175)	304 756	10 665	17 432	684 676	3 123	687 799
Unaudited											
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)	-	-	(301)	-	(223)	(1 871)	-	(1 871)
As at 1.01.2014 after adjustments	41 120	310 102	6 811	(270)	(2 665)	229 621	8 349	37 483	630 551	1 792	632 958
Net profit for the period	-	-	-	-	-	-	-	9 024	9 024	109	9 133
Other comprehensive income	-	-	-	(1 888)	42	-	745	-	(1 101)	(681)	(1 782)
Distribution of profit	-	-	-	-	-	37 483	-	(37 483)	-	-	-
Other changes	-	-	(10)	-	-	396	-	-	386	11	397
As at 30.06.2014	41 120	310 102	6 801	(2 158)	(2 623)	267 500	9 094	9 024	638 860	1 846	640 706

	Equity attributable to equity holders of the Parent Company									
	Share capital	Share premium account	Revaluation reserve	Other reserve capitals		Foreign exchange differences on translation of foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
				Hedging instruments	Actuarial gains/(losses)	Results from previous years				
Audited										
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 1.01.2015 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)	-	-
Payment of dividend to shareholders of non-controlling interests	-	-	-	-	-	-	-	-	-	(293) (293)
Additional capital subsidiary from non-controlling shareholders	-	-	-	-	-	-	-	-	-	1 088 1 088
Other changes	-	(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

CONDENSED NOTES AND EXPLANATIONS**1. General information**

The condensed consolidated financial statements of the Group cover the 6-month period ended on June 30, 2015 and includes comparable data for the 6-month period ended on June 30, 2014 and as at December 31, 2014.

Trakcja Capital Group (the "Group"; "Trakcja Group") consists of the Parent Company Trakcja PRKiL S.A. ("Trakcja PRKiL", the "Parent entity", the "Company", the "Parent Company"), and of its subsidiaries as well as of a company classified according to IFRS 11 as a joint venture (see Note no. 2).

Trakcja PRKiL 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 PRKiL 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 PRKiL 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 PRKiL 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

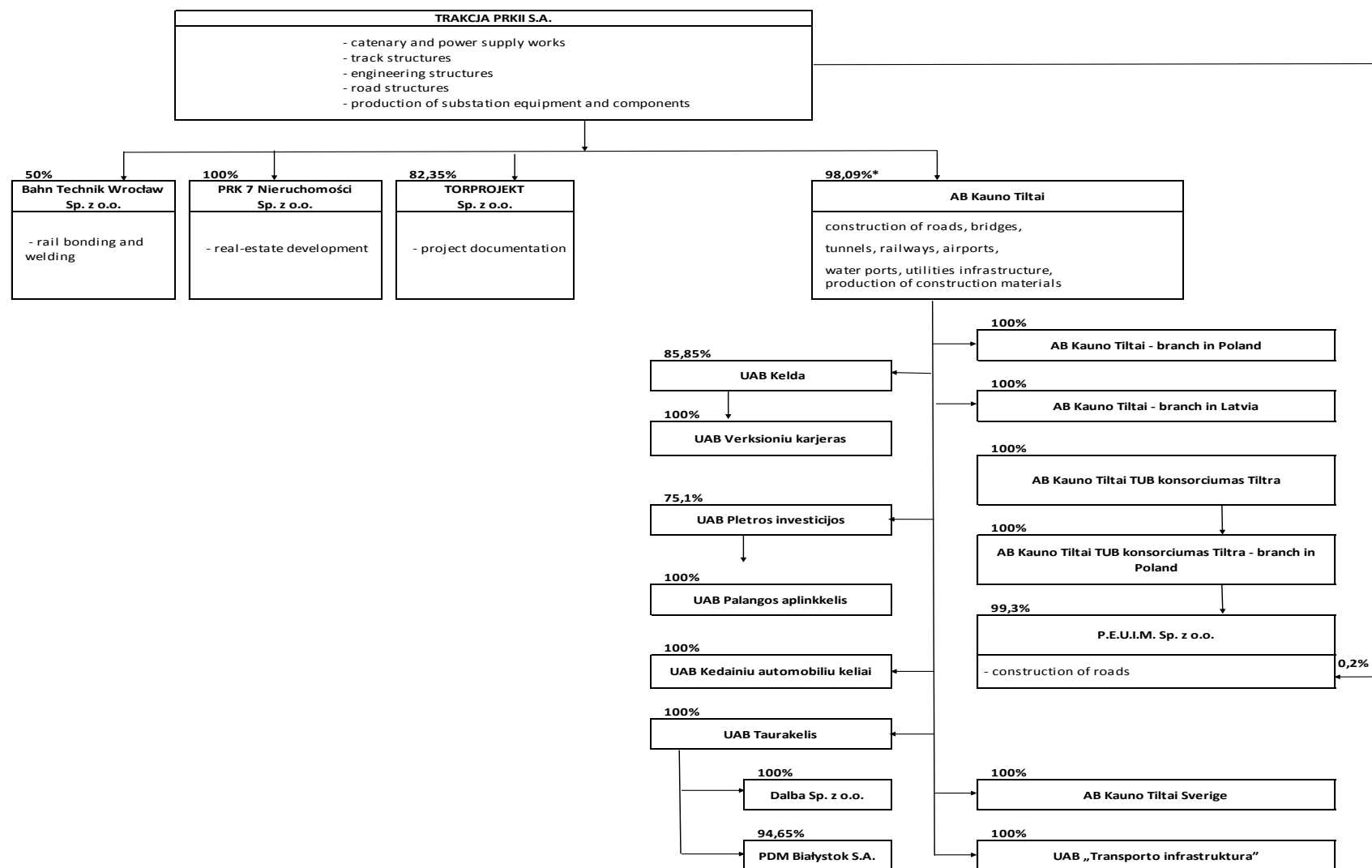
local control devices;

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

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



*) Trakcja PRKil 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.

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

The entities that are subject to full consolidation:

PRK 7 Nieruchomości Sp. z o.o.

PRK 7 Nieruchomości Sp. z o.o. is - in a broad meaning - a developer company with several successful investments like Osiedle Lazurowe in Warsaw – phase I and phase II, Oliwska street in Warsaw investment and construction of three multi-family buildings at Pelczynskiego street in Warsaw. Currently the company is carrying out the investment of building of the terraced houses at Oliwska Street in Warsaw.

Torprojekt Sp. z o.o.

Torprojekt Sp. z o.o. with seat in Warsaw has been founded in 2009. The company prepares comprehensive design documentation: feasibility studies, concept studies, basic projects including construction projects, tender materials and detailed designs in the following branches: railway lines, stations, junctions, passenger stops and loading points, bridges, viaducts, controlling devices of railway traffic, buildings and constructions together with technology, etc.

AB Kauno Tiltai Group

AB Kauno Tiltai is the largest company operating in the road and bridge construction sector in the Baltic countries. The company is specialized in the construction and re-construction of roads, bridges, tunnels, railway lines, airport and water ports which is confirmed by the fact that since the beginning of its operations in 1949 AB Kauno Tiltai has constructed more than 100 bridges and viaducts and was responsible for construction and re-construction of many roads in the whole territory of Lithuania.

AB Kauno Tiltai with seat in Kaunas is a subsidiary entity of the Parent entity Trakcja PRKił and at the same time is the parent entity in the AB Kauno Tiltai Group.

AB Kauno Tiltai Group is composed of the following entities:

- UAB Kelda – a subsidiary entity with seat in Vievis (Lithuania); its subsidiary is:
 - UAB Verkšionių karjeras (Lithuania);
- UAB Taurakelis – a subsidiary entity, UAB Taurakelis with seat in Tauragė (Lithuania) is the parent entity in the UAB Taurakelis Group and does not prepare the consolidated financial statement. This Group is included in consolidation at the level of Trakcja Group. Other entities that are in the UAB Taurakelis Group are:
 - Dalba Sp. z o.o. – a subsidiary entity with seat in Białystok;
 - PDM Białystok S.A. – a subsidiary entity with seat in Białystok;
- UAB Kedainių Automobilių Keliai – a subsidiary entity with seat in Kedainiai (Lithuania);
- UAB Verkšionių karjeras – a subsidiary entity with seat in Bagotelių K (Lithuania);
- TUB Konsorciūmas Tiltra – a subsidiary entity with seat in Kaunas (Lithuania);
- UAB Pietros investicijos – a subsidiary entity with seat in Vilnius (Lithuania);
- UAB Palangos aplinkkelis – a subsidiary entity with seat in Vilnius (Lithuania) founded to carry out the agreement of public-private partnership;
- AB Kauno Tiltai office in Poland – a subsidiary entity with seat in Vilnius (Lithuania);
- AB Kauno Tiltai office in Latvia – a subsidiary entity with seat in Rezekne (Latvia);
- AB Kauno Tiltai Sverige – a subsidiary entity with seat in Malmö (Sweden);
- UAB “Transporto infrastruktūra” – a subsidiary entity with seat in Vilnius (Lithuania);
- Przedsiębiorstwo Eksploatacji Ulic i Mostów Sp. z o.o. („PEUiM”) – a subsidiary entity, operating in the road construction sector whose activity concentrates in the north-eastern region of Poland. PEUiM company has been founded in 1960 in Białystok. The company specializes in the construction of roads, pavements, installation of signalling

and warning equipment that protect roads. Additionally, the company manufactures bitumen mass, concrete and other construction materials.

The following entities are consolidated by equity method:

Bahn Technik Wrocław Sp. z o.o.

Trakcja PRKiI is the owner of 50% of equity of Bahn Technik Wrocław Sp. z o.o. ("BTW"). Other 50% of equity is owned by company of Deutsch law with business name of Leonhard Weiss GmbH & Co with seat in Göppingen. The Company is co-controlling BTW and classifies the company as a joint venture in accordance with IRFS 11.

The scope of activity of BTW includes the sale of surface for railway crossing type Strail of Gummiwerk Kraiburg Elastik GmbH, thermite welding, repair and renovation of crossovers, renovation of railway and tramway crossings, production of isolated glue-tensed joints of S type, sale of welding materials of Railtech company, sale of rail oilers of Perker SR company. BTW provides its services both in Poland and abroad.

The parent entity of the highest level is the Spanish company COMSA S.A. which prepares the consolidated financial statement that also includes data of Trakcja Group.

3. Changes in Capital Group

In the first half of year 2015 there were no 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 June 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 Dziędziul 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 after the balance sheet date.

5. Composition of the Parent Company's Supervisory Board

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

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

In the period from January 1, 2015 to June 30, 2015, changes in composition in the Supervisory Board of the Parent entity took place.

On June 25, 2015 the Annual Shareholder Meeting pursuant to resolution no. 20 recalled the member of the Supervisory Board Mr. Julijus Stalmokas from the Supervisory Board.

On June 25, 2015 the Annual Shareholder Meeting pursuant to resolution no. 21 appointed Mr. Michał Hulbój to the Supervisory Board as member of the Supervisory Board.

No changes in the composition of the Supervisory Board occurred after the balance sheet date.

6. Approval of the consolidated financial statements

These consolidated financial statements were approved for publication by the Management Board on August 24, 2015.

7. Basis for drawing up the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial derivatives, investment properties and financial assets available for sale, which are carried at fair value.

The condensed consolidated financial statements are presented in Polish zlotys ("PLN") and all the amounts, unless stated otherwise, are expressed in PLN thousand.

These consolidated financial statements have been prepared on the going concern basis referring to activities of the Group in the foreseeable future. As at the date of approving these consolidated financial statements, there are no circumstances indicating a threat to the Trakcja Group companies' continued operations.

8. Statement of compliance

These condensed consolidated financial statements have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting", approved by the European Union.

The condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and they should be read jointly with the Group's consolidated financial statements for the year ended on December 31, 2014.

Measurement currency and currency of the financial statements

The measurement currency of the Parent entity and most of the companies as well as the reporting currency of these interim condensed consolidated financial statements is the Polish zloty. The measurement currency of AB Kauno Tiltai Sverige company with seat in Sweden is the Swedish crown (SEK). As from January 1, 2015 Lithuania joined the euro

zone and therefore the financial statements of the companies with seat in Lithuania are made in euro (EUR). The foreign exchange rate of passing from litas to euro was 1 EUR = 3,45280 LTL.

9. Significant values based on professional judgment and estimates

The detailed description of relevant values based on the professional judgment and estimations was presented in Note no. 7 in the consolidated financial statements of the Trakcja Group for the financial year 2014. In the I half of the year 2015 there were no relevant changes in the accounting estimations, assumptions and the professional judgment of the management that were subject to verification as at the balance sheet date June 30, 2015.

Below it is discussed the professional judgment of the management, assumptions related to the future and other key sources of uncertainties existing at the balance sheet date with which the risk of significant value adjustment of balance sheet assets and liabilities in the following fiscal year is related.

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 adequate 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. Additional information is presented in Notes no. 9.3.4, 43 and 44 to the consolidated financial statements for the year 2014.

Investment property

The Group classifies real properties category of 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 adequate 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 the circumstances that have impact on performing 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 co-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 entity performs control over related parties if - because of its involvement in them - has exposure to variable returns or if has rights to variable returns and if can influence these returns by exercising power over entity. The Company's Management Board determines that control over individual entities 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 sales revenues in case of contracts concluded in foreign currency depends on the directions of evolution of the currency exchange rate.

Provisions for correction works

The provisions for correction works were estimated based on the knowledge of individual construction sites managers concerning necessity or possibility of performing additional works for the Ordering Party that aim at fulfillment of the guarantee obligations. The 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. The change of the provision for correction works was presented in Note no. 37.

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 on the basis of 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 it will generate taxable profit that will allow to offset 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. The change of deferred tax asset and of provisions for deferred tax were presented in Note no. 20.

Depreciation rates

The amount of depreciation rates is set on the basis of 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. In the first half of year 2015 there were no relevant changes in depreciation rates applied by the Group.

Investment property

Investment property is valued at fair value. Valuations of investment property are prepared by independent experts with valid qualifications to perform such valuations. The selection of the approach and the method by the Group is driven by the 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 at 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 entity 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 in the next step adjusted to present value by using the discount rate. As at June 30, 2015 there were no prerequisites that show possibility of impairment by the CGU. Therefore the Group did not perform impairment tests for that day. The change of impairment of the company's value was presented in Note no. 43.

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. The change of write-down of inventory was presented in Note no. 43.

Write-down of trade receivables and other receivables

The Management Board assesses if there are 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 also with consideration of other factors which in the Management Board's opinion can affect recoverability of current receivables. The change of the write-down of trade receivables and other receivables was presented in Note no. 43.

Valuation of fair value and procedures related with valuation

Some assets and liabilities of the Group are valued at fair value for the purpose of the financial reporting. In valuation of fair value of assets and liabilities the Group uses the observable data in the maximum possible scope. Detailed information of the items valued at fair value was presented in Notes no. 40 and 41.

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. Accounting principles

These condensed consolidated financial statements for the period from January 1, 2015 to June 30, 2015 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting", approved by the European Union.

The presentation of these financial statements is based on the IAS 34 with application of the same principles to the current and comparative period and with adjustment of the comparative period to the change of accounting and presentation principles adopted in the financial statements for the current period.

The accounting principles (policy) applied to draw up these condensed consolidated financial statements for the I half of the year 2015 are consistent with those accounting principles that were used to draw up the consolidated financial

statements for the financial year ended on December 31, 2014, except for the changes described in Note 11 to these financial statements.

10.1. Selected accounting principles

A detailed description of the accounting principles adopted by the Group was presented in its consolidated financial statements for the financial year ended on December 31, 2014, published on March 16, 2015.

Conversion of items denominated in foreign currency

Functional currency for entities running business in the territory of Poland is the Polish zloty, for entities operating in Lithuania is Euro while the currency of AB Kauno Tiltai Sverige company with seat in Sweden is the Swedish crown (SEK).

Transactions denominated in foreign currencies are converted by the companies belonging to the Group into their functional currencies by using the exchange rate binding on the transaction signing date.

As at the balance sheet date, cash assets and liabilities denominated in foreign currencies are converted by using the average exchange rate for a given currency set by the National Bank of Poland binding at the end of the reporting period. The FX gains and losses resulting from this conversion are appropriately recognized in the line item of financial income (costs).

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are shown at the historical rate on the transaction date. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are converted at the exchange rate on the revaluation date.

The following exchange rates were adopted for the needs of the balance sheet valuation:

Exchange rate on the reporting date	30.06.2015
PLN/USD	3,7645
PLN/EUR	4,1944
PLN/SEK	0,4558
The average exchange rate, calculated as the arithmetic average of the rates prevailing on the last day of each month during the period:	
	30.06.2015
PLN/EUR	4,1420

As at the balance sheet date, the financial statements of foreign entities are converted into the Polish currency as follows:

- relevant balance sheet line items at the average exchange rate set by the National Bank of Poland for the balance sheet date, except for the item of equity, which is converted into the Polish currency at the historical rate from the date of acquiring control over the foreign entity;
- relevant items of the profit and loss account and the statement of total income – at the FX rate being the arithmetic mean of the average monthly FX rates set by the National Bank of Poland for the period covered by the financial statements;
- relevant items of the cash flow statement (investment and financial activity) – at the FX rate being the arithmetic mean of the average monthly FX rates set by the National Bank of Poland for the period covered by the financial statements. The FX gains and losses resulting from this conversion are recognized in the line item of the cash flow statement entitled “Other FX gains and losses resulting from conversion”.

The FX gains and losses resulting from such conversion are recognized directly in equity as a separate component, i.e. FX gains and losses from converting foreign entities.

FX differences from cash line items of receivables and liabilities (granted and received long-term loans) in relation to foreign entities belonging to the Capital Group are recognized in other comprehensive income.

When a foreign entity is sold, the accumulated FX differences recognized in equity and referring to the foreign entity, are transferred from equity to the profit and loss account (as adjustment resulting from reclassification) at the moment of recognition of profit or loss from selling the sale of entity.

Consolidation rules

The condensed consolidated financial statements include the condensed financial statements of Trakcja PRKiI S.A. and condensed financial statements of the subsidiaries prepared as at June 30, 2015.

Subsidiaries are consolidated in the period from the day on which the Group took control over them and they cease to be consolidated on the day the control ceases. If control over a subsidiary is lost, the consolidated financial statements will reflect the results for the part of the year covered by the statements in which the Group had such control.

Financial statements of subsidiaries are prepared for the same reporting period as the Parent entity's financial statements. The condensed consolidated financial statements are prepared by using coherent accounting principles followed by the Group that are applied to transactions and economic events of a similar nature.

All of the Group's entities, with the exception of Bahn Technik Wrocław Sp. z o.o., Torprojekt Sp. z o.o., PEUiM Sp. z o.o., Dalba Sp. z o.o. and PDM Białystok Sp. z o.o. keep their accounting ledgers in accordance with the International Accounting Standards. Bahn Technik Wrocław Sp. z o.o., Torprojekt Sp. z o.o., PEUiM Sp. z o.o., Dalba Sp. z o.o. and PDM Białystok Sp. z o.o. keep their accounting ledgers in accordance with the Polish Accounting Standards ("PAS") defined by the Accounting Act of 29 September 1994 (the "Act"), as amended, and in accordance with regulations issued on the basis of this act. The financial statements are subsequently transformed and adjusted to the accounting principles in force in the Trakcja Group.

All of the balances and transactions between Group's 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 shares 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 the shareholders of the Parent entity. In case of purchase of non-controlling shares, the difference between the purchase price and the balance sheet value of the non-controlling shares is recognized in other reserves.

10.2. 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 in the form approved by the EU and regulations accepted by the IASB except for the below standards and changes in them which as of August 24, 2015 have not been adopted yet 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 relation to all financial instruments. The standard introduces also a new model of hedge accounting in order to unify the rules of recognition of risk-management information in the financial statements.

The Group will apply amended standards in the scope of executed changes, starting from January 1, 2018.

At the day of preparation of 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 settlement of operations in conditions of price regulation. The standard introduces the rules for recognizing assets and liabilities arising in connection with the 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 standard will not influence 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 and 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 these financial statements, 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.

- *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 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 these financial statements, 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 presentation 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 in which place and in which sequence information should be presented when making financial disclosures.

Published changes are accompanied also 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.

10.3. 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 annual 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.

11. 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 annual review of the International Financial Reporting Standards (Annual improvements 2011-2013)*

On December 12, 2013 subsequent 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 I half 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 the I half of the year 2015 the Group made the presentation adjustment in the cash flow statement which referred to the factoring cash flows. The adjustment consists in their reclassification from operating cash flows to financing cash flows – title *“Proceeds (Outflows) due to other financial liabilities”*. In the Management Board's opinion such presentation reflects more reliably the cash flows from each of activities. In the approved interim financial statements of the Group for the period of 6 months ended on June 30, 2014, the Group presented the impact of factoring liabilities on the operating activity cash flows in the amount of PLN 17,137 thousand. In accordance to the presentation change adopted, the Group presented the above mentioned value in the financing activity cash flows. In the discussed period the outflows from the factoring liabilities amounted to PLN 38,338 thousand.

12. Concise description of significant achievements or failures during the I half of the year 2015

The Trakcja Group achieved in the reporting period a profit of PLN 18,092 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 11.4%.

The significant achievements of the Group during the six months ended on June 30, 2015 include:

- generating gross profit on sale higher by 28.6% owing to the better efficiency in execution of construction contracts.
- providing access to credit financing: as at June 30, 2015 the Group companies had overdraft and revolving credit limit equalling to the total amount of PLN 150 million.
- ensuring the guarantee lines' availability as at June 30, 2015 at the level of PLN 357 million.
- further development of IT process-supporting tools in the Parent entity.

13. The type and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual due to their nature, size or incidence

In the Management Board's opinion, during six months ended on June 30, 2015, in addition to the factors described in Note no. 12 to these financial statements there were no other significant events that may affect the assessment of the financial position of the Trakcja Group. The main influence on the results achieved in the I half of the year 2015 had the contracts carried out by the Group.

14. Information on operational and geographical segments

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

Main customers:

In the I half of the year 2015 revenues from transactions with external single customer accounted for 10% or more of the total revenues. The table below presents the total amount of revenue from each customer type and indicates to which segments these revenues refer:

Total revenue obtained in I H 2015 by a single recipient (TPLN)	Segments presenting the revenues
302 203	Civic building segment - Poland
117 498	Construction, engineering and concession contracts - Baltic countries

The Group does not disclose revenues from external customers by product and service, because analysis of the segments is made from the perspective of construction contracts performed by individual segments.

Operational segments**For the period from 1.01.2015 to 30.06.2015**

	Continued operations				Discontinued operations	Exclusions	Total operations
	Civic building segment	Road segment	Other segments	Total			
Unaudited							
Revenues							
Sales to external customers	369 164	185 609	9 999	564 772	-	-	564 772
Sales between segments	4	-	-	4	-	(4)	-
Total segment revenues	369 168	185 609	9 999	564 776	-	(4)	564 772
Results							
Depreciation	8 024	4 166	40	12 230	-	-	12 230
Share of profits of entities consolidated using equity method	(89)	-	-	(89)	-	-	(89)
Financial income - interests	641	2 856	34	3 531	-	-	3 531
Financial expenses - interests	2 570	1 140	2	3 712	-	-	3 712
Gross profit	25 731	10 476	1 488	37 695	-	(15 566)	22 129

For the period from 1.01.2014 to 30.06.2014

	Continued operations				Discontinued operations	Exclusions	Total operations
	Civic building segment	Road segment	Other segments	Total			
<i>Revenues</i>							
Sales to external customers							
Sales between segments	395 946	182 981	149	579 076	-	-	579 076
Total segment revenues	4	10	-	14	-	(14)	-
Total segment revenues	395 950	182 991	149	579 091	-	(14)	579 076
Results							
Depreciation	7 218	4 533	45	11 796	-	-	11 796
Share of profits of entities consolidated using equity method	293	-	-	293	-	-	293
Financial revenues - interests	352	393	41	786	-	-	786
Financial expenses - interests	5 679	758	3	6 439	-	-	6 439
Gross profit	5 027	7 856	(850)	12 033	-	(33)	12 000

As at 30.06.2015*Unaudited*

	Continued operations				Discontinued operations	Exclusions	Total operations
	Civic building segment	Road segment	Other segments	Total			
Segment assets	584 477	430 991	41 493	1 056 961	-	(161 440)	895 521
Assets not allocated to segments							430 917
Total assests							1 326 438
Segment liabilities	317 885	216 347	9 714	543 946	-	(74 975)	468 971
Other disclosures:							
Capital expenditure	(5 868)	(6 374)	-	(12 242)	-	-	(12 242)
Impairment of non-financial assets	1 623	-	-	1 623	-	-	1 623
Investments in entities consolidated using equity method	11 270	-	-	11 270	-	-	11 270

As at 31.12.2014*Audited*

	Continued operations				Discontinued operations	Exclusions	Total operations
	Civic building segment	Road segment	Other segments	Total			
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

Geographical segments

Basic data for geographical segments have been presented below.

For the period from 1.01.2015 to 30.06.2015*Unaudited*

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
Revenues						
Sales to external customers	379 164	185 609	564 772	-	-	564 772
Sales between segments	4	-	4	-	(4)	-
Sales domestic/ abroad	-	-	-	-	-	-
Total segment revenues	379 167	185 609	564 777	-	(4)	564 772

For the period from 1.01.2014 to 30.06.2014*Unaudited*

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
Revenues						
Sales to external customers	412 384	166 693	579 076	-	-	579 076
Sales between segments	4	10	14	-	(14)	-
Sales domestic/ abroad	-	-	-	-	-	-
Total segment revenues	412 387	166 703	579 091	-	(14)	579 076

As at 30.06.2015*Unaudited*

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
Operating assets	644 273	412 688	1 056 961	-	(161 440)	895 521
Operating liabilities	344 450	199 496	543 946	-	(74 975)	468 971

As at 31.12.2014*Audited*

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
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

15. Sales revenues

	Financial year ended	
	1.01.2015 -	1.01.2014 -
	30.06.2015	30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Sales revenues		
Revenues from sale of construction services	543 745	567 988
Revenues from sale of goods and materials	1 080	1 653
Revenues from sale of other products and services	19 947	9 435
Total	564 772	579 076

16. Other operating income

	1.01.2015 -	1.01.2014 -
	30.06.2015	30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Released provisions , including:	33	-
- other	33	-
Other:	1 831	836
- received penalties, fines, damages	328	184
- reimbursed costs of litigious proceedings	77	-
- surplus of stocktaking	86	-
- depreciation of liabilities	266	-
- gain on disposal of non-financial fixed assets	606	252
- received compensations from insurance	-	71
- other	468	329
Total	1 864	836

17. Other operating costs

	1.01.2015 -	1.01.2014 -
	30.06.2015	30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Provisions for liabilities, including	815	473
- trial costs	700	-
- other	115	473
Other, including:	2 821	819
- paid penalties, fines, compensations	209	-
- litigation costs paid	-	49
- donations made	1 955	247
- inventory shortages of stocks	-	8
- liquidation value of non-financial assets	-	3
- receivables write-off	-	126
- other	657	386
Total	3 636	1 292

In the first half of the year 2015 the Group made donations for the charitable activities in the amount of PLN 1,955 thousand.

18. Financial income

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Financial revenues from interest, including:	3 531	786
- bank interests	410	551
- interest on receivables	296	20
- interests on released provisions for Interests on liabilities	135	-
- loan interests	13	88
- other	9	98
- discount	2 668	30
Profit from exchange rate differences	558	-
Financial revenue due to reversal of provision for financial liability	441	-
Other financial revenue	14	349
Total	4 544	1 135

The Group recognized in the I half of the year 2015 the income from the discount in the amount of PLN 2,668 thousand which concerned the component of financial assets within the licensed agreement.

19. Financial costs

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Financial costs on account of interest, including:	3 712	6 439
- interest on loans and borrowings	1 480	3 075
- on liabilities	13	100
- on bonds	417	515
- on leasing	951	1 722
- other	666	542
Loss on exchange rate differences	185	485
Financial expenses due to receivables interest write-offs	-	75
The creation of reserves for financial liabilities	234	-
Financial expenses from revaluation of bonds	846	1 593
Costs associated with converting bonds into shares (non-cash)	83	122
Commission fee expenses relating to advance payment guarantee	520	1 011
Loss on valuation of forward contracts	455	127
Loss on derivatives	-	340
Other financial cost	145	43
Total	5 995	9 749

The Group in the I half of the year 2015 recognized the lower financial costs of interest on loans and borrowings in the amount of PLN 1,595 thousand and of interest on bonds in the amount of PLN 771 thousand. Additionally, the Group recognized the lower financial costs of financial commissions paid in the amount of PLN 747 thousand in comparison with the identical period of the year 2014.

20. Income tax

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Current income tax:	4 566	1 049
- current income tax charge	4 566	192
- adjustments related to current income tax from previous years	-	857
Deferred tax:	(529)	1 818
- related to increase and decrease in temporary differences	(529)	1 818
Total	4 037	2 867

Part of income tax was determined according to the rate of 19% for the corporate income tax base for legal persons operating in the territory of Poland. For foreign companies - belonging to the AB Kauno Tiltai Capital Group – with seat in Lithuania or in Latvia, the tax rate is 15% while for the AB Kauno Tiltai Sverige company with seat in Sweden the tax rate is 22%.

	Balanse sheet		Consolidated statement of total comprehensive income for the period of 6 months ended 30.06.2015
	30.06.2015	31.12.2014	
	Unaudited	Audited	
Deferred tax asstes	37 778	35 863	1 915
Deferred tax liabilities	28 512	27 132	(1 380)
Change of deferred tax assets and liabilities			536
Including:			
- through profit or loss			529
- through equity			140
- variances due to currency translation			(133)

Income tax recognized in other comprehensive income

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	Unaudited	Unaudited
Actuarial gains/(losses)		
Gross amount	(1 129)	68
Tax	207	(35)
Net amount	(922)	33
Cash flow hedging instruments		
Gross amount	1 119	(3 014)
Tax	(168)	452
Net amount	951	(2 562)
Foreign exchange differences on translation of foreign operations		
Gross amount	(4 592)	747
Tax	-	-
Net amount	(4 592)	747

21. Property, plant and equipment

	30.06.2015	31.12.2014
	Unaudited	Audited
Fixed assets, including:	181 511	175 937
- land (including right of perpetual usufruct)	23 756	23 873
- buildings, premises, civil and water engineering structures	20 617	23 402
- technical equipment and machines	69 106	63 031
- vehicles	58 022	56 069
- other fixed assets	10 010	9 562
Fixed assets under construction	7 628	9 720
Total	189 139	185 657

22. Purchase and sale contracts of property, plant and equipment and other intangible assets

In the period from January 1 to June 30, 2015, the Group acquired tangible non-current assets and intangible assets in the amount of PLN 20,151 thousand (for the comparable period: PLN 11,377 thousand).

In the period from January 1 to June 30, 2015, the Group sold its tangible non-current assets and intangible assets in the total book value of PLN 1,572 thousand (for the comparable period: PLN 2,057 thousand).

23. Commitments to purchase property, plant and equipment

At the end of the period ended on June 30, 2015, as well as at the end of the period ended on December 31, 2014, there were no significant commitments to purchase tangible fixed assets.

24. Goodwill

The Group shows as at June 30, 2015 in the consolidated financial statements goodwill of a total value of PLN 393,138 thousand (31.12.2014: PLN 395,777 thousand) which was included in the following balance sheet items:

- goodwill from consolidation - PLN 339,626 thousand (31.12.2014: PLN 342,265 thousand);
- intangible assets - PLN 53,512 thousand (31.12.2014: PLN 53,512 thousand).

Consolidation goodwill

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Goodwill at cost	377 057	379 696
Accumulated impairment	(37 431)	(37 431)
Goodwill after all write-offs	339 626	342 265
	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Balance at the beginning of the period	342 265	375 217
Decreases	-	(37 431)
Impairment charged to P&L during the year	-	(37 431)
Exchange rate differences	(2 639)	4 479
Balance at the end of the period	339 626	342 265

Allocation of goodwill to cash-generating units (CGUs) before recognition of write-downs for impairment

Goodwill was allocated to the following CGUs:

	CGU: Trakcja PRKiI S.A., Torprojekt Sp. z o.o., BTW Sp. z o.o.	CGU: PEUiM Sp. z o.o., Dalba Sp. z o.o., PDM S.A.	CGU: Spółki z Grupy AB Kauno Tiltai	CGU: PRK7 Nieruchomości	Total
As at 31.12.2014					
Allocated before recognition of goodwill write-downs	49 554	61 841	279 602	4 780	395 777
recognized in goodwill on consolidation	822	61 841	279 602	-	342 265
recognized in intangible assets	48 732	-	-	4 780	53 512
	CGU: Trakcja PRKiI S.A., Torprojekt Sp. z o.o., BTW Sp. z o.o.	CGU: PEUiM Sp. z o.o., Dalba Sp. z o.o., PDM S.A.	CGU: Spółki z Grupy AB Kauno Tiltai	CGU: PRK7 Nieruchomości	Total
As at 31.12.2014					
Allocated before recognition of goodwill write-downs	49 554	61 841	276 963	4 780	393 138
recognized in goodwill on consolidation	822	61 841	276 963	-	339 626
recognized in intangible assets	48 732	-	-	4 780	53 512

To the cash-generating unit - that consists of the AB Kauno Tiltai companies - belong AB Kauno Tiltai and its subsidiaries except for the companies: PEUiM Sp. z o.o., Dalba Sp. z o.o. and PDM Białystok Sp. z o.o.

Impairment test

As at June 30, 2015 there were no prerequisites indicating possibility of impairment of CGUs. Therefore the Group did not perform any test referring to that date.

25. Investment property

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
As at start of period (by type groups) - net value:	22 960	30 324
- land	19 904	22 576
- buildings, premises, civil and water engineering structures	3 056	7 748
Increases:	-	468
- land	-	462
- purchase	-	320
- revaluation	-	136
- movement from fixed assets	-	-
- variations due to currency translation	-	6
- buildings, premises, civil and water engineering structures	-	-
- revaluation	-	-
- movement from fixed assets	-	-
Decreases	-	(7 826)
- land	(6)	(3 134)
- revaluation	-	(3 134)
- variations due to currency translation	(6)	-
- buildings, premises, civil and water engineering structures	-	(4 692)
- revaluation	-	(4 692)
As at end of period (by type groups) - net value:	22 954	22 960
- land	19 898	19 904
- buildings, premises, civil and water engineering structures	3 056	3 056

Investment property is measured by the Group at fair value. The Group estimates the value of the investment property as at December 31 on the basis of a valuation carried out on that date by an independent appraiser. In the course of the year at subsequent balance sheet dates i.e. March 31, June 30 and September 30, the Company performs analysis of prerequisites of the possible changes in fair value.

The most recent valuation of investment property value was made by the appraiser on 31 December 2014. As at June 30, 2015 the Company has not identified the existence of indications of significant change in the value of investment property. The description of valuation techniques, unobservable inputs used in the valuation and descriptive presentation of the sensitivity of fair valuation to changes in unobservable inputs were described in Note no. 23 of the annual consolidated financial statements of Trakcja Group for the financial year 2014. In the I half of the year 2015 there has been no change in the valuation technique of fair value.

The Group classifies its investment property at level 3 of fair value hierarchy. In the I half of the year 2015 there were no transfers between 1, 2 and 3 levels.

Reconciliation of opening and closing balances of fair value is shown below:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Goodwill at cost	377 057	379 696
Accumulated impairment	(37 431)	(37 431)
Goodwill after all write-offs	339 626	342 265
	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Balance at the beginning of the period	342 265	375 217
Decreases	-	(37 431)
Impairment charged to P&L during the year	-	(37 431)
Exchange rate differences	(2 639)	4 479
Balance at the end of the period	339 626	342 265

26. Inventory

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Materials	33 242	29 812
Semi-finished goods and products in progress	19 110	13 094
Finished goods	6 118	13 991
Merchandise	11 882	5 779
Total, gross inventory	70 352	62 676
Inventory revaluation write-offs	(1 576)	(2 700)
Materials	31 713	27 161
Semi-finished goods and products in progress	19 110	13 094
Finished goods	6 091	13 964
Merchandise	11 862	5 758
Total, net inventory	68 776	59 977

27. Trade receivables and other receivables

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Gross trade receivables, before discounting	352 425	475 620
Discounting of receivables	-	-
Total, gross trade receivables	352 425	475 620
including:		
- receivables from related entities	25	19
Budgetary receivables	737	4 208
Receivables claimed in court	2 830	2 412
Other receivables from third parties	22 652	11 407
Amounts held	62 777	45 795
Advances paid	1 184	676
Total, gross trade and other receivables	442 605	540 118
Receivables revaluation write-offs	(19 167)	(18 233)
Total	423 438	521 885
	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Net trade receivables and amounts held		
With maturity within 12 months	406 050	503 805
With maturity over 12 months	3 277	2 400
Discounting of receivables	-	-
Total, net trade receivables and amounts held after discounting	409 327	506 205

Condensed additional information and explanations presented on pages 15 - 51 constitute an integral part of this condensed consolidated financial statement

28. Cash and cash equivalent

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Cash in hand	80	103
Cash at bank	9 880	36 077
Other cash and cash equivalents - deposits	13 896	25 666
Total	23 856	61 846

29. Construction contracts

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Surplus of invoiced revenues over revenues resulting from degree of advancement	54 382	61 712
Surplus of revenues resulting from degree of advancement over invoiced revenues	62 668	56 692
Advances paid towards contracts being performed	6 786	14 373
Advances received towards contracts being performed	2 138	12 433
Provision for anticipated losses on contracts	12 943	13 207
Recognised in balance sheet:		
<i>in non-current assets</i>		
Construction contracts	3 244	3 972
<i>in current assets</i>		
Construction contracts	66 210	67 093
<i>in short-term liabilities</i>		
Construction contracts	69 463	87 352

30. Share capital

Share capital:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
	Par value 0.8 PLN	Par value 0.8 PLN
Series A ordinary shares	51 399 548	51 399 548
Total	51 399 548	51 399 548

The share capital of the Parent entity amounts to PLN 41,119,638.40 and is divided into 51 399 548 shares with the nominal value of PLN 0.80 each which give the right to the same number of votes at the Company's Shareholder Meeting.

31. Non-controlling shares

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
As at start of period	2 593	2 260
Increases, including:	892	1 102
- total comprehensive income for the period	872	-
- total comprehensive income for the period	20	1 088
- other	-	14
Decreases, including:	(362)	(769)
- total comprehensive income for the period	-	(476)
- purchase of own shares by a subsidiary	(355)	(293)
- other	(7)	-
As at end of period	3 123	2 593

32. Interest-bearing bank credits and loans

The credits and loans drawn by the Parent Company and its subsidiaries are presented in the table below:

Company name	Lender	Type of loan/credit	Amount in agreement currency	Currency	Maturity date	Interests	Outstanding amount (in ths. PLN)
Trakcja PRKiI S.A.	PKO BP S.A.	working capital	44 000	PLN	03.07.2016	WIBOR 1M + margin	-
Trakcja PRKiI S.A.	mLeasing	investment	22 400	PLN	16.09.2019	WIBOR 1M + margin	19 643
Trakcja PRKiI S.A.	mBank S.A.	overdraft	20 000	PLN	28.04.2016	WIBOR O/N + margin	-
Trakcja PRKiI S.A.	mBank S.A.	working capital	50 000	PLN	29.11.2016	WIBOR 1M + margin	-
PRK 7 Nieruchomości Sp. z o.o.	BOŚ Bank S.A.	investment	19 000	PLN	30.03.2016	WIBOR 1M + margin	-
AB Kauno Tiltai	Nordea Dnb	working capital	18 000	EUR	31.08.2016	EURIBOR 3M + margin	38 980
AB Kauno Tiltai	Nordea Dnb	investment	6 668	EUR	01.04.2017	EURIBOR 3M + margin	13 667
AB Kauno Tiltai	Nordea Dnb	investment	5 685	EUR	01.04.2016	EURIBOR 3M + margin	-
UAB Palangos aplinkkelis	SEB Bank	project purpose loans	8 500	EUR	31.05.2028	EURIBOR 3M + margin	35 192
UAB Pletros investicijos	Šiaulių plentas UAB	loan from other entities	363	EUR	31.12.2028	fixed interest rate	1 240
Total							108 722

Interest rate of received credits depends on WIBOR / EURIBOR and bank margins. The bank margins depend on a particular bank's decision and fixed repayment of credit.

Interest-bearing long-term bank credits and loans:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Bank loans	80 270	62 423
- investment loans	7 000	14 003
- revolving loans	38 980	19 180
- project purpose loans	34 289	29 240
Loans from other entities	16 672	19 148
investment loans	15 432	17 562
loans from third parties	1 240	1 586
Financial lease liabilities	23 193	19 660
Total	120 134	101 231

Interest-bearing short-term bank credits and loans:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Bank loans	7 570	14 286
- investment loans	6 667	6 975
- revolving loans	-	6 723
- project purpose loans	903	588
Loans from other entities	4 211	9 529
investment loans	4 211	4 121
- tax loans	-	5 408
Financial lease liabilities	8 076	6 267
Total	19 857	30 082
Total short and long term loan and credits	139 990	131 313

33. Failure to repay a loan or a violation of the loan agreement in relation to which there were no corrective actions

During the current period, the Group was repaying the loans in accordance with the schedules of existing loan agreements. There were no cases of failure to repay a loan or a violation of the loan agreement.

34. Bonds

Liabilities from issued bonds as at June 30, 2015 amounted to PLN 32,446 thousand.

General information on bonds held by the Group as at December 31, 2014:

Bond series	Issue date	Maturity date	Nominal value of 1 bond (in PLN)	Series nominal value (in ths. PLN)	Interest	Book value of series according to amortised cost (in ths. PLN)
C	31.01.2013	31.12.2015	1 000	29 529	WIBOR 6M+3,75%	29 447
E	31.01.2013	31.12.2015	1 000	3 007	WIBOR 6M+4,75%	2 999

On January 22, 2015 the Management Board of the National Securities Deposit (Krajowy Depozyt Papierów Wartościowych S.A. - KDPW) passed a resolution on withdrawing 17,914 of E-series bearer bonds from the deposit maintained by KDPW. As a result, after the redemption, as at January 26, 2015 there remained 3 007 E-series bearer bonds marked with the ISIN code: LTRKPL00089.

Bonds' ageing structure:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Long-term	-	-
Short-term	32 446	32 360
Total	32 446	32 360

Interest is paid at interest payment dates falling on June 30 and December 31 of each year from the day of issue to the maturity date of bonds of series C and E and at maturity date of bonds of series C and E.

35. Other financial liabilities

In the item line entitled "Other financial liabilities" the Group presented a factoring liability. On May 10, 2013 the Group concluded a recourse factoring contract. The limit of financing provided in the contract amounts to PLN 100,000 thousand. Factoring interest is calculated on the basis of the variable WIBOR O/N rate increased by the factor's fixed margin.

36. Financial derivatives

Cash flow hedging instruments

On June 5, 2013, a subsidiary of Trakcja PRKiL, i.e. UAB Palangos aplinkkelis concluded an interest rate swap (IRS) agreement to secure future cash flows resulting from the planned interest rate payments of the term loan. Pursuant to the IRS agreement, the company is a payee of fixed interest rate amounts while the bank is the payee of variable interest rate amounts. The date of expiry of the hedge connection was set at May 31, 2028.

Fair value of the IRS agreement is calculated as the present value of estimated future cash flows based on the observation of yield curves. During the I half of the year 2015 there has been no change in valuation technique of fair value.

As at June 30, 2015, the impact of valuation of this derivative on long-term liabilities amounted to PLN 4,287 thousand and the impact on other comprehensive income was positive and amounted to PLN 951 thousand.

In the I half of the year 2015 the Group evaluated the effectiveness of the hedging of this IRS agreement. In the reporting period the hedging was highly effective. Therefore the ineffective part resulting from the IRS agreement valuation was neither identified nor recognized in the profit and loss account.

Other derivatives

During the reporting period the Group did not conclude the interest rate swap contracts (IRS). The Group did not enter into derivative contracts for speculative purposes. The Group did not apply the hedge accounting policy in the reporting period covered by the report in relation to the above mentioned forward contract and interest rate swap (IRS) contract, therefore they were not measured at fair value through the profit and loss account. In the I half of 2014 the Group recognized the loss from valuation of financial instruments which amounted to PLN 340 thousand.

Fair value of the above IRS contracts is calculated as the present value of future estimated cash flows based on observation of yield curves. During the I half of 2015 there has been no change in the fair value measurement technique.

The Group classifies financial derivatives at the Level 2 of the fair value hierarchy. During the I half of 2015, there were no transfers between 1, 2 and 3 levels. Details of the fair value hierarchy were presented in Note no. 39.

37. Provisions

	<u>Rezerwy</u>
As at 1.01.2015	26 807
<i>Audited</i>	
Recognized	9 526
Variations due to currency translation	(262)
Used	(11 646)
Reversed	(5 635)
As at 30.06.2015	18 790
<i>Unaudited</i>	
including	
- long-term	5 326
- short-term	13 464

38. Unwinding of all provisions for restructuring costs

Not applicable.

39. Trade liabilities and other liabilities

	<u>30.06.2015</u>	<u>31.12.2014</u>
	<i>Unaudited</i>	<i>Audited</i>
Trade liabilities, before discounting	261 082	323 988
Discounting of liabilities	-	-
Total, net trade liabilities after discounting	261 082	323 988
including:		
- liabilities from related entities	2 057	3 381
Amounts held	40 560	37 588
Budgetary liabilities	9 772	21 115
Payroll liabilities	5 044	4 377
Other liabilities towards third parties	2 059	1 538
Dividends and other distributions	10	10
Total trade and other liabilities	318 527	388 616
	<u>30.06.2015</u>	<u>31.12.2014</u>
	<i>Unaudited</i>	<i>Audited</i>
Trade liabilities and amounts held before discounting		
With maturity within 12 months	299 293	360 178
With maturity over 12 months	2 348	1 398
Total, Trade liabilities and amounts held after discounting	301 642	361 576

40. Fair value of financial instruments

In the I half of the year 2015 the Company did not change – in comparison with the annual financial statements – the mode and technique of fair value valuation of individual categories of financial instruments. The balance sheet value of assets and liabilities is close to their fair value.

Due to the short-term nature of trade receivables and other receivables, trade liabilities and other liabilities as well as of cash and cash equivalents, the balance sheet value of these financial instruments is close to their fair value.

Borrowings granted as well as loans and borrowings taken are based on the variable market rates and therefore their fair value is close to the balance sheet value.

Fair value of bonds was fixed on the basis of their price quoted on the Catalyst bond market as at the balance sheet date (or close to that date).

Fair value of IRS contracts (presented in the category of financial derivatives) is calculated - as the present value of estimated future cash flows – on the basis of the observation of yield curves.

Both in the reporting period as well as in the comparable period there were no transfers between 1 and 2 levels of fair value hierarchy and also no financial instrument was transferred from level 2 to level 3 of fair value hierarchy.

41. Assets and liabilities measured at fair value

The Group measures at fair value the following assets and liabilities: investment property and financial derivatives. During the I half of the year 2015 there was no change in valuation technique of fair value of the above mentioned assets and liabilities. Details of the valuation technique used and the unobservable inputs used in the valuation were described in the annual consolidated financial statements of the Group for the year 2014.

Balance sheet elements accounted in fair value	Level 1		Level 2		Level 3	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Derivative financial instruments (liability)	-	-	5 252	6 488	-	-
Property investment	-	-	-	-	22 954	22 960

Hierarchy of fair value is as follows:

Level 1 – prices of market quotations from active markets for identical assets and liabilities;

Level 2 – prices from active market, but other than market prices quotations – established directly (by comparing with actual transactions) or indirectly (by using techniques based on actual transactions);

Level 3 – prices that do not come from active markets.

There were no transfers between levels 1, 2 and 3 during the I half of the year 2015.

42. Changes in business or economic circumstances that affect fair value of financial assets and liabilities of the Group, depending on whether they are recognized at fair value or at amortized cost

In the I half of 2015 there were no changes in business or economic circumstances with material impact on fair value of financial assets and financial liabilities.

43. Change of write-downs

	Tangible asstes	Intangible assets	Goodwill	Inventory	Receivables	Total
As at 1.01.2015	788	-	37 431	2 700	18 233	59 152
<i>Audited</i>						
Recognized	-	-	-	1 623	3 511	5 134
Variances due to currency translation	-	-	-	(7)	(69)	(76)
Used	-	-	-	-	(1 555)	(1 555)
Reversed	-	-	-	(2 740)	(953)	(3 693)
As at 31.03.2015	788	-	37 431	1 576	19 167	58 962
<i>Unaudited</i>						

44. Joint ventures**Co-controlled entities**

The Group has a 50% share in the equity of the company Bahn Technik Wrocław Sp. z o. o., whose scope of business encompasses track works including welding, regeneration of turnouts and track assembly. BTW operates in Poland. The investment in BTW is valued by using the equity method.

The table below shows the condensed financial data of BTW and its reconciliation with the carrying amount of the investment in the joint venture:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Current assets	13 817	17 440
including: Cash and cash equivalents	396	1 438
Non-current assets	18 667	19 539
Long-term liabilities	8 864	13 250
including: Interest-bearing bank loans and borrowings	1 786	3 053
Short-term liabilities	1 082	871
including: Provision for deferred tax	1 010	799
Equity	22 537	22 859
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	11 269	11 430

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Sales revenues	12 999	13 568
Cost of goods sold	13 461	12 521
including: Depreciation	1 385	956
Financial income	326	5
including: Interest income	13	5
Financial costs	320	294
including: Interest cost	40	59
Income tax	398	(172)
Net result from continued operations	(179)	586
Net result from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	(179)	586
Group's share of profit for the year from continued operations (50%)	(89)	293
Group's share of total comprehensive income for the period from continued operation	(89)	293

As at June 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 6,653 thousand (31.12.2014: PLN 3,297 thousand);
- guarantees amounting to PLN 281 thousand (31.12.2014: PLN 516 thousand).

Co-controlled activity – contracts carried out on the basis of consortium agreements

The Group carries out as a leader (without creation of separate entities) several long-term contracts based on consortium agreements. The Group treats share in such contracts as share in joint arrangements in accordance with IFRS 11. Therefore the Company does not recognize in the profit and loss account the part of revenues and costs that is assigned to the consortium members.

In the first half of the year 2015 the value of revenues - assigned to the consortium members that results from the described above consortium agreements, and that was not recognized in the profit and loss account of the Group – amounts to PLN 126,097 thousand while the value of costs amounts to PLN 132,611 thousand.

The Group did not recognize in the balance sheet as at June 30, 2015 the trade receivables assigned to the consortium partners in the amount of PLN 98,503 thousand (31.12.2014: PLN 105,579 thousand) and did not include the trade liabilities assigned to the consortium partners in the amount of PLN 116,279 thousand (31.12.2014: PLN 124,721 thousand).

45. Additional information to the cash flow statement

	30.06.2015	30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Cash in hand	80	74
Cash at bank	9 880	55 867
Other cash - deposits up to 3 months	13 896	21 785
Total cash and cash equivalents	23 856	77 726
Cash and cash equivalents excluded from cash flow statement	(82)	(2 375)
Cash and cash equivalents presented in cash flow statement	23 774	75 351
- including restricted cash	940	984

Cash and cash equivalents excluded from the cash flow statement as at June 30, 2015 relate to blocked funds in the accounts of development projects that amount to PLN 83 thousand, and relate to restricted cash amounting to PLN 940 thousand dedicated to pay off the bond interest.

46. Contingent items and other off-balance-sheet items

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Contingent receivables		
From related entities due to:	809	7 237
Received guarantees and sureties	809	7 237
From related entities due to:	126 980	152 899
Received guarantees and sureties	121 620	143 433
Bills of exchange received as collateral	5 360	9 466
Total contingent receivables	127 789	160 136
From related entities due to:		
From related entities due to:	809	7 237
Provided guarantees and sureties	809	7 237
From other entities due to:	1 823 812	2 332 865
Provided guarantees and sureties	461 935	468 567
Promissory notes	438 353	403 850
Mortgages	148 873	307 284
Assignment of receivables	665 112	1 014 748
Assignment of rights under insurance policy	41 507	60 777
Security deposits	31 367	33 981
Other liabilities	36 665	43 658
Total contingent liabilities	1 824 621	2 340 102

Contingent liabilities due to granted guarantees and sureties for the benefit of other entities are mainly guarantees granted by the banks in favour of the contracting parties of the Companies within the Group as collateral of their claims in relation to the Group for building contracts that are executed (guarantees of good performance, guarantees of removal of defects and damages, and guarantees of reimbursement of advance payment). The banks are entitled to back claims against the companies of the Group. Promissory notes constitute another form of collateral of bank guarantees, as stipulated above.

As a result of the concluded employment contracts with employees and the Management Board members, the Group as at June 30, 2015 possessed contingent receivables amounting to PLN 1,279 thousand and contingent liabilities amounting to PLN 9,158 thousand. Additionally, in case of the manager's breach of his obligations defined in the Non-Competition Agreement, the manager will pay in favour of the Group - immediately and without a termination notice or any demand from the Group – a penalty of the PLN equivalent of amount from EUR 10,000 to EUR 25,000 for each instance of infringement and the PLN equivalent to EUR 1,000 for each day in which such an infringement takes place or is continued.

Tax settlements and other fields of the business that are subject to regulations (e.g. customs and currency issues), may be the subject of administrative bodies' control, which are entitled to impose high penalties and sanctions. Lack of reference to established legal regulations in Poland and Lithuania causes the occurrence of ambiguities and inconsistencies in obligatory regulations. Frequently occurring 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. Such events result in the tax risk in Poland being much higher than in countries with a more developed tax system. Tax settlements may be subject to control for the period of five years, starting at the end of year in which the tax was paid. As a result of the performed controls, current tax settlements of the Group may be increased by additional tax obligations. In the Group's opinion, as at June 30, 2015, adequate reserves for recognized and measurable tax risk were created.

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

47. Events occurring after the end of the reporting period that were not reflected in the financial statements for the I half of the year 2015

Between the balance sheet date and the date of preparation of these financial statements of the Trakcja Group, i.e. August 24, 2015 the following material events took place:

Material events after the balance sheet date	CR
Material agreements - Construction contracts	
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
--	------------

Material agreements - Other

Change of date of the publication the interim report for the year 2015	CR 33/2015
Signing by the Issuer's subsidiary AB Kauno Tiltai company of the annex to the material loan agreement no. KL 06/03/01 of March 30, 2006. By virtue of the annex the additional loan in the amount of EUR 2,000 thousand as well as bank overdraft loan in the amount of EUR 4,000 thousand were granted and the working capital loan limit was reduced to EUR 14,000 thousand. By virtue of the annex the dates of loan repayment and of guarantee maturity were also changed.	CR 34/2015

CR - Current Report

48. Seasonal and cyclical activities

Sales of construction and assembly, renovation as well as road and railway services in Poland is characterized by seasonality resulting mainly from weather conditions. The highest revenues achieved are usually in the II and III quarters, while the lowest - in the I quarter.

49. Change in classification of financial assets as a result of changes in their purpose or use

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

50. Information on issues, redemption and repayment of debt and capital securities

In the I half of 2015 the Group did not issue, redeem or repay any debt or capital securities.

51. Information on dividend paid or declared

In the first half of the year 2015, no dividend payment was made by Trakcja PRKiI S.A. company.

52. Material litigation and disputes

In the period from January 1, 2015 to June 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, individual or in total, exceeded 10 percent of the equity of Trakcja PRKiI S.A., except for the following issues:

Court litigations*Issuer*

Case concerning the submission of a claim against Przedsiębiorstwo Napraw Infrastruktury sp. z o.o. within a bankruptcy 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, Trakcja PRKiI S.A. is the successor in title of both companies. Due to the declaration of bankruptcy of Przedsiębiorstwo Napraw Infrastruktury sp. z o.o. (hereinafter referred to as "PNI") with the possibility of entering into

an arrangement by the District Court for Warsaw – Praga Północ in Warsaw, Przedsiębiorstwo Robót Komunikacyjnych i Inżynierskich S.A. in Wrocław filed a claim at a bankruptcy court on 20 November 2012. The claim concerned a debt of PLN 55,664,100.89 in total, including the principal, interest due until the bankruptcy declaration date and contractual penalties accrued.

According to the Company's knowledge, a list of claims against PNI has been drawn up. Claims of Trakcja PRKiL S.A. were recognized at PLN 10,569,163.16, including PLN 10,274,533.87 for unpaid invoices and PLN 294,632.29 for default interest. The court refused to recognize claims for contractual penalties and other claims amounting, in total, to PLN 44,956,834.34. The Company does not accept the refusal to recognize the above-mentioned claims, therefore it appealed against the refusal to recognize these claims to the judge-commissioner. The court rejected the Company's appeal, therefore the Company submitted complaint to the court which was dismissed. On June 8, 2015 the Company received from the bankruptcy trustee a notification informing about the change of way of bankruptcy proceeding from arrangement to liquidation one. The case is pending with the date of termination difficult to foresee.

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 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 (say: nine million seven hundred and eight thousand and six hundred thirteen and 62/100 Polish zloty). 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 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 case is being monitored by the Company.

Case concerning the payment of a contractual penalty to Trakcja PRKiL S.A by PKP Polskie Linie Kolejowe S.A. – terminated in the I half of the year 2015

The Company informs that the case concerning the payment of a contractual penalty to Trakcja PRKiL S.A by PKP Polskie Linie Kolejowe S.A. (which was described in the previous periodical reports) owing to the negotiations held was terminated with the court settlement on February 4, 2015. By virtue of this settlement PKP Polskie Linie Kolejowe S.A. committed to pay in favour of the Trakcja Polska consortium the amount of PLN 15,740,228.58. As at the day of preparation of this report the whole amount due to Trakcja PRKiL S.A. on the basis of the above mentioned settlement was paid by PKP PLK S.A.

PRK 7 Nieruchomości Sp. z o.o.

Housing Cooperative Osiedle Lazurowe filed a suite to the District Court in Warsaw against PRK 7 Nieruchomości Sp. z o.o. to pay the amount of PLN 700,466.50 thousand with default interest. PRK 7 Nieruchomości Sp. z o.o. contests the claims and therefore submitted statement of defence. In the 2015 year a reserve to cover this amount was made. The case is being monitored by the Company and its termination date is hard to predict.

53. Information on related entities

Transactions within the Group were concluded on market terms and conditions. These transactions have been excluded from the condensed consolidated financial statements.

The total amounts of the transactions concluded with related entities in the period covered by the condensed consolidated financial statements and in the comparative period 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.	1.01.2015 - 30.06.2015	-	1 115	-	-	-	-
	1.01.2014 - 30.06.2014	-	490	-	-	-	-
Joint ventures:							
BTW Sp. z o.o.	1.01.2015 - 30.06.2015	315	1 974	-	-	-	-
	1.01.2014 - 30.06.2014	201	2 179	-	-	-	-
Total	1.01.2015 - 30.06.2015	315	3 089	-	-	-	-
	1.01.2014 - 30.06.2014	201	2 669	-	-	-	-

Information on the receivables from and liabilities to related entities as at the balance sheet date and the end of the comparative period 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.	30.06.2015	-	1 120	-	-
	31.12.2014	-	1 050	-	-
Joint ventures:					
BTW Sp. z o.o.	30.06.2015	25	937	-	-
	31.12.2014	19	2 331	-	-
Total	30.06.2015	25	2 057	-	-
	31.12.2014	19	3 381	-	-

The Parent company has signed with its shareholder: COMSA S.A. an agreement concerning granting Trakcja PRKił S.A. a license for the entire technical know-how and trademark as well as for sharing intangibles in the form of competences, industry knowledge, expertise in the organizational, operational, commercial and technological field held by COMSA S.A. The agreement was concluded on market terms.

54. Remuneration of the Management Board and the Supervisory Board of the Parent company

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Remuneration of the Management Board of the Parent company		
Salaries and other current employee benefits	7 072	3 256
post-employment benefits	380	-
other long-term benefits	-	-
Benefits due to termination of employment	1 643	824
Share-based payment	-	-
Total	9 095	4 080
	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Remuneration of the Supervisory Board of the Parent company		
Remuneration due to service in the Supervisory Board, salaries and other current employee benefits	219	219
Total	219	219

Warsaw, August 24, 2015

The Management Board:

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

Person responsible for preparing the financial statement:

Sławomir Krysiński
Director of Financial Reporting
Trakcja Group



TRAKCJA PRKiI S.A.

CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD OF 6 MONTHS ENDED ON JUNE 30, 2015
PREPARED IN COMPLIANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

This document is a translation.
The Polish original should be referred to in matters of interpretation.

APPROVAL OF THE CONDENSED FINANCIAL STATEMENTS

The Management Board of Trakcja PRKił S.A. has approved the condensed financial statements of Trakcja PRKił S.A. for the period from January 1, 2015 to June 30, 2015.

The condensed financial statements for the period from January 1, 2015 to June 30, 2015 have been prepared according to the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and applicable to interim reporting as approved by the European Union (IAS 34 "Interim Financial Reporting").

In these condensed financial statements, information is presented in the following order:

1. Profit and loss account for the period from January 1, 2015 to June 30, 2015, showing the net profit of PLN **22,712** thousand.
2. Statement of comprehensive income for the period from January 1, 2015 to June 30, 2015, showing total comprehensive income of PLN **21,948** thousand.
3. Balance sheet drawn up as at June 30, 2015, showing the total assets and total equity and liabilities of PLN **945,870** thousand.
4. Cash flow statement for the period from January 1, 2015 to June 30, 2015, showing a decrease of cash balance by PLN **5,126** thousand.
5. Statement of changes in equity for the period from January 1, 2015 to June 30, 2015, showing an increase in equity of PLN **21,379** thousand.
6. Condensed notes and explanations.

The condensed financial statements have been prepared in thousands of Polish zloty, except for the line items explicitly indicating otherwise.

Some of the financial and operating data included in these condensed financial statements have been rounded. For this reason, in some of the tables presented in the statements, the sum of amounts in a column or row may differ slightly from the total amount stated for that column or row.

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, August 24, 2015

CONTENTS

PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	6
CASH FLOW STATEMENT	7
STATEMENT OF CHANGES IN EQUITY	8
CONDENSED NOTES AND EXPLANATIONS	10
1. General information	10
2. Accounting principles and changes during the half year	11
3. Information on the Company's financial standing and its financial results achieved within I half of 2014	14
4. Revenues on sales	16
5. Other operating income	16
6. Financial income	16
7. Financial costs	17
8. Income tax	17
9. Income tax recognized in other comprehensive income	17
10. Property, plant and equipment	18
11. Investments in subordinated entities	18
12. Investment property	18
13. Construction contracts	19
14. Inventory	19
15. Trade receivables and other receivables	20
16. Share capital	20
17. Interest-bearing bank credits and loans	20
18. Other financial liabilities	21
19. Bonds	21
20. Trade liabilities and other liabilities	21
21. Provisions	22
22. Fair value of financial instruments	22
23. Assets and liabilities measured at fair value	22
24. Change of the write downs of assets	23
25. Additional information to cash flow statement	24
26. Conditional receivables and liabilities	24
27. Transactions with related entities	26
28. Remuneration of Members of the Management Board and the Supervisory Board	28

PROFIT AND LOSS ACCOUNT

	Note	1.01.2015 - 30.06.2015 <i>Unaudited</i>	1.01.2014 - 30.06.2014 <i>Unaudited</i>
Continued operations			
Sales revenues	4	346 042	380 908
Cost of goods sold		(314 099)	(352 886)
Gross profit (loss) on sales		31 943	28 022
Cost of sales, marketing and distribution		(751)	(495)
General and administrative costs		(20 050)	(13 720)
Other operating revenues	5	1 105	474
Other operating costs		(693)	(864)
Operating profit (loss)		11 554	13 417
Financial revenues	6	17 642	853
Financial costs	7	(4 117)	(7 515)
Gross profit (loss)		25 079	6 755
Income tax	8	(2 367)	(1 675)
Net profit (loss) from continued operations		22 712	5 080
Discontinued operations			
Net profit (loss) from discontinued operations		-	-
Net profit for financial year		22 712	5 080
Net profit/(loss) in PLN per one share			
–basic		0,44	0,10
–diluted		0,44	0,10

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
		<i>Unaudited</i>	<i>Unaudited</i>
Net profit (loss) for the period		22 712	5 080
Other total income for the period			
Other comprehensive income that will not be reclassified into profit or loss under certain conditions:		(764)	497
Actuarial gains/(losses)		(764)	497
Total other comprehensive income	9	(764)	497
TOTAL INCOME FOR THE PERIOD		21 948	5 577

BALANCE SHEET

ASSETS	Note	30.06.2015	31.12.2014
		<i>Unaudited</i>	<i>Audited</i>
Non-current assets		602 621	603 625
Tangible non-current assets	10	112 990	113 429
Intangible assets		59 672	59 205
Investment properties	12	17 602	17 602
Investments in entities accounted using equity method	11	2 008	2 008
Investments in affiliates	11	381 388	382 090
Other financial assets		7 153	9 482
Deferred tax assets	8	19 654	19 020
Accruals		2 154	789
Current assets		343 249	468 928
Inventory	14	23 357	19 719
Trade and other receivables	15	262 001	380 808
Income tax receivables		676	-
Other financial assets		24 072	25 828
Cash and cash equivalents		8 987	14 113
Accruals		6 719	2 897
Construction contracts	13	17 437	25 563
Total assets		945 870	1 072 553
Equity and liabilities			
Equity		602 623	581 244
Share capital	16	41 120	41 120
Share premium account		309 984	309 984
Revaluation reserve		6 726	12 604
Other capital reserves		222 081	167 739
Retained earnings		22 712	49 797
Total equity		602 623	581 244
Long-term liabilities		57 833	59 984
Interest-bearing bank loans and borrowings	17	31 624	32 907
Provisions	21	1 853	1 638
Liabilities due to employee benefits		9 027	9 851
Provision for deferred tax	8	15 329	15 588
Short-term liabilities		285 414	431 325
Interest-bearing bank loans and borrowings	17	9 040	15 769
Bonds	19	32 446	32 360
Trade and other liabilities	20	186 914	286 185
Provisions	21	7 478	9 309
Liabilities due to employee benefits		7 078	6 944
Tax liabilities		-	2 473
Other financial liabilities	18	-	38 338
Accruals		147	7
Construction contracts	13	42 311	39 940
Total equity and liabilities		945 870	1 072 553

CASH FLOW STATEMENT

	Note	1.01.2015 - 30.06.2015 <i>Unaudited</i>	1.01.2014 - 30.06.2014 <i>Unaudited</i>
<i>Cash flows from operating activities</i>			
Gross profit from continued operations		25 079	6 755
Gross profit (loss) from discontinued operations		-	-
Adjustments for:		22 035	(12 809)
Depreciation		6 643	5 781
FX differences		(600)	75
Net interest and dividends		(12 942)	5 281
Profit on investment activities		(262)	(130)
Change in receivables		134 617	72 536
Change in inventory		(3 638)	(379)
Change in liabilities, excluding loans and borrowings		(98 633)	(79 304)
Change in prepayments and accruals		(5 045)	(2 218)
Change in provisions		(1 617)	(5 347)
Change in construction contracts		10 496	(9 772)
Change in financial derivatives		-	(17)
Income tax paid		(6 097)	1 849
Other		(887)	(1 164)
Net cash flows from operating activities		47 114	(6 054)
<i>Cash flows from investment activities</i>			
Sale (purchase) of intangible assets and tangible non-current assets		(4 207)	(5 310)
- acquisition		(5 779)	(5 544)
- sale		1 572	234
Financial assets		2 240	2 720
- granted or acquired		3 036	2 802
- repaid		(796)	(82)
Loans		1 948	(1 200)
- granted		1 948	-
- repaid		-	(1 200)
Interest received		244	121
Net cash flows from investment activities		225	(3 669)
<i>Cash flows from financial activities</i>			
Proceeds on account of taken borrowings and loans		-	22 594
Repayment of borrowings and loans		(9 040)	(34 352)
Interest paid		(3 143)	(5 396)
Inflows (outflows) due to other financial liabilities		(38 338)	17 137
Payment of liabilities under financial lease agreements		(1 944)	(2 025)
Net cash flows from financial activities		(52 465)	(2 042)
Total net cash flows		(5 126)	(11 765)
Net FX differences		-	-
Cash at start of period		14 113	33 744
Cash at end of period		8 987	21 979
- with limited access	26	940	984

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Revalua-tion reserve	Other reserve capitals			Retained earnings	Total equity
				Actuarial gains/ (losses)	Results from previous years	Other		
<i>Unaudited</i>								
As at 1.01.2015	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	-	-	-	-	-	-	22 712	22 712
Other comprehensive income	-	-	-	(764)	-	-	-	(764)
Distribution of profit	-	-	-	-	49 797	-	(49 797)	-
Transfer within equity	-	-	(5 878)	(3 488)	4 791	4 006	-	(569)
As at 30.06.2015	41 120	309 984	6 726	(8 358)	226 433	4 006	22 712	602 623
<i>Unaudited</i>								
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)	-	(201)	-	(166)	(1 715)
As at 1.01.2014 after adjustments	41 120	310 102	13 597	(2 665)	147 680	-	26 054	535 888
Net profit for the period	-	-	-	-	-	-	5 080	5 080
Other comprehensive income	-	-	-	497	-	-	-	497
Distribution of profit	-	-	-	-	26 054	-	(26 054)	-
Other changes	-	-	(8)	-	10	-	-	2
As at 30.06.2014	41 120	310 102	13 589	(2 168)	173 744	-	5 080	541 467

	Share capital	Share premium account	Revalua-tion reserve	Other reserve capitals		Retained earnings	Total equity
				Actuarial gains/ (losses)	Results from previous years		
<i>Audited</i>							
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	-	-	-	-	-	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

CONDENSED NOTES AND EXPLANATIONS

1. General information

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. ("PKRE S.A."). The Company's business name was then Trakcja Polska S.A. and was changed by Resolution no. 2 adopted by an 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 on January 26, 1995 in the form of a notary deed (Rep. A No. 863/95), as amended.

On September 1, 2009, the Regional Court for the capital city of Warsaw, 12th Economic Division 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 recognized on August 31, 2009 in the accounting 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 gaining the control over PRK – 7 S.A., i.e. on September 1, 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 Regional 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 settled and recognized as 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 Regional 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 pursuant to Resolution No. 6 of the Extraordinary General 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 the file number KRS 0000084266. The Company was assigned the statistical number REGON 010952900, the taxpayer identification no. NIP 525-000-24-39 and code PKD 4212Z.

The Company is located in Warsaw at 59 Złota Street, XVIII floor. The duration of the Company is indefinite.

According to the Statute, the Parent Company is engaged in specialist construction and installation services within the scope of railway and tram lines electrification. The Company specializes in the following types of activity:

- foundation and network works,
- installation of traction substations and section cabs,
- installation of high and low voltage overhead and cable lines,
- Installation of local supply and control cables,
- manufacturing of products (high, medium and low voltage switching stations, traction network equipment and local control devices),
- specialist equipment services (excavators, railway and truck cranes, boring rigs, pile drivers),
- construction of bridges, viaducts, overpasses, culverts, tunnels, underpasses roads and associated rail and road infrastructure.

The interim condensed financial statements cover the period of 6 months ended on June 30, 2015 and include comparative data for the period of 6 months ended on June 30, 2014 and as at December 31, 2014.

These financial statements were approved for publication by the Management Board on August 24, 2015. The financial statements are part of the condensed consolidated interim report, which also includes the condensed consolidated report of the Trakcja Group (the "Group"), where the Company is a Parent entity.

The composition of the Trakcja Capital Group and other general information on the Company has been presented in Note no. 2 of the notes and explanations included in the Group's condensed consolidated financial statements for the period of 6 months ended on June 30, 2015.

The highest-level parent entity for the Trakcja Capital Group is the Spanish company COMSA S.A, which prepares consolidated financial statements that also include the Trakcja Group data.

2. Accounting principles and changes during the half year

2.1 Significant values based on professional judgment and estimates

The detailed description of relevant values that are based on the professional judgment and estimations has been presented in Note no. 6 to the financial statements of Trakcja PRKiI S.A. for the fiscal year 2014. In the I half of the year 2015 there were no relevant changes in the accounting estimation, nor in the professional management of the management that were subject to verification as at the balance sheet date June 30, 2015.

Below it is discussed the professional judgment of the management, assumptions related to the future and other key sources of uncertainties existing at the balance sheet date with which the risk of significant value adjustment of balance sheet assets and liabilities in the following fiscal year is related.

Professional judgment

Fair value of financial instruments

Fair value of the financial instruments for which active market does not exist is estimated by using adequate estimation methods. When selecting the right methods and assumptions, the Company follows the professional judgment. Applied assumptions are presented in Note no. 46 of Additional information and explanations to the financial statements of Trakcja PRKiI company for the year 2014.

Classification of lease agreements

The Company classifies lease as operational or financial, based on an assessment of the scope in which risk and benefits resulting 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. Additional information have been presented in Note no. 8.2.4, 42 and 43 of Additional information and explanations to the financial statements of Trakcja PRKiI company for the year 2014.

Investment properties

The Company classifies real estate properties as tangible fixed assets or investment properties depending on their planned use by the Company.

Recognition and loss of control over related entities

The Management Board is guided by professional judgment in evaluating the start date and end date of control over related entities, by considering all circumstances that affect the execution of control. When evaluating the end of control, the Management Board is mainly guided by legal prerequisites i.e. resulting from the law (e.g. pursuant to the Code of Commercial Companies, court decision) and economic prerequisites concerning each company individually, by monitoring its economic and financial situation 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 it has exposure to variable returns or if it has rights of variable returns and if it can influence these returns by exercising power over these parties. The Company's management board determines that it performs control over individual parties 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 full 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 company of the AB Kauno Tiltai Group. The composition of this Group and percentage of the shares owned was presented in Note no. 2 to Additional information and explanations contained in the condensed consolidated financial statements of the Group for the period of 6 months ended on June 30, 2015.

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 revenues ("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 assumed margins for individual contracts.

Provisions for correction works

The provisions for correction works were estimated on the basis of the knowledge of individual construction sites (contracts) managers concerning necessity or possibility of performing additional works for the Ordering Party whose aim is to fulfill the guarantee obligations. The Company is required to provide a guarantee for its services. The amount of the provision for correction works is based on the 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. The change of the provision for correction works was presented in Note no. 21.

Provisions for contractual penalties

The Group recognizes provisions for contractual penalties on executed contracts as value possible and probable to incur. Provisions are created on the basis of the documentation related to 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 resulting from the course of discussions.

Deferred tax assets

The Group recognizes a deferred tax asset on the basis of the assumption that in the future the tax profit will be achieved and that it 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 analyzed factors, new information, and past experience. Probability of realizing the deferred tax asset with future tax profits is based on the Company's budgets. The Company recognized in the books the deferred tax asset up to the amount to which it is probable that they will generate taxable profit which will allow offsetting of negative temporary differences. The change of deferred tax asset and of provision concerning such asset were presented in Note no. 8 to these financial statements.

Depreciation rates

The amount of depreciation rates is set on the basis of the expected period of economic usability of material components of fixed assets and intangible property. The Company makes every year verification of the adopted periods of economical usability on the basis of current estimations. In the first half of year 2015 there were no relevant changes in depreciation rates applied by the Company.

Investment properties

Investment properties are valued at fair value. Valuations of investment properties are prepared by independent experts with valid qualifications to perform such valuations. When selecting the approach and method 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 properties, valuation techniques that maximize use of observable data are used. As at June 30, 2015 there were no prerequisites indicating the possibility of change of value of investment properties. Therefore the Group did not make any valuation referring to that day.

Impairment of inventory

The Management Board assesses whether exist prerequisites indicating a possibility of an impairment of inventory in accordance with Note no. 8.7 to the Additional information and explanations in the financial statements for year 2014. Stating an impairment requires estimation of the net values possible to obtain for inventory which lost its utility attributes or usability. The change of write-down of inventory value was presented in Note no. 14 and 25 to these financial statements.

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 through performing a write-down by taking into account the degree of probability of their payment. 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 receivable is performed either on the basis of 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 with consideration also of other factors which - in the Management Board's opinion - can affect recoverability of current receivables. The change of the write-down of trade receivables and other receivables was presented in Note no. 15 and 25 to these financial statements.

Valuation of fair value and procedures related with valuation

Some assets and liabilities are valued at fair value for the purpose of financial reporting. In valuation of fair value of assets and liabilities the Company uses in the maximum possible scope the observable data. Detailed information of the items valued at fair value was presented in Notes no. 22 and 23 to these financial statements.

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, 48 to the Additional information and explanations to the consolidated financial statements for the year 2014.

2.2 Basic assumptions

The financial statements have been prepared pursuant to the historical cost principle, except for the investment properties, financial derivatives and financial assets available for sale which are carried at fair value.

The financial statements are presented in Polish zlotys ("PLN") and all the amounts, unless stated otherwise, are expressed in PLN thousand.

The financial statements have been prepared on the going concern basis. As at the date of approving these financial statements, there are no circumstances indicating a threat to the Company's continued operations.

The condensed interim financial statements do not include all the information and disclosures required for the annual financial statements and they should be read jointly with the Company's financial statements for the year ended on December 31, 2014.

Polish zloty (PLN) is the measurement currency for the condensed financial statements.

2.3 Accounting principles

These condensed interim financial statements for the period from January 1, 2015 to June 30, 2015 have been prepared in accordance with the IAS 34 "Interim Financial Reporting" approved by the European Union.

A detailed description of the accounting principles adopted by the Company was presented in its financial statements for the financial year ended on December 31, 2014 published on March 16, 2015 and in consolidated condensed financial statements for the period of 6 months of the year 2015.

2.4 Effect of applying new accounting standards and changes in accounting policies

The accounting principles (policy) applied to prepare these condensed financial statements for the I half of the year 2015 are consistent with those used to prepare the financial statements for the financial year ended on December 31, 2014, except for the changes described below. The same principles were used for the current period and for the comparative period, unless a standard or an interpretation assumed exclusively prospective application.

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

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

Changes in different standards resulting from the annual review of the International Financial Reporting Standards (Annual improvements 2011-2013)

On December 12, 2013 there were published subsequent changes in four standards resulting from the proposed draft of changes in the International Financial Reporting Standards published in November 2012. Their application refers mainly to the annual periods starting on July 1, 2014 or later.

The application of the above mentioned changes does not affect the financial statements of the Company.

Changes introduced voluntarily by the Company

In the period covered by the condensed financial statements for the I half of 2015 the accounting principles and principles concerning preparation of the financial statements compared to those disclosed in the financial statements for the year 2014, published on March 16, 2015, remained unchanged.

During the I half of the year 2015 the Company made the presentation adjustment in the cash flow statement which referred to the factoring cash flows. The adjustment consists in their reclassification from operating cash flows to financing cash flows – title "Proceeds/Outflows due to other financial liabilities". In the Management Board's opinion such presentation reflects more reliably the cash flows from each of activities. In the approved interim financial statements of the Company for the period of 6 months ended on June 30, 2014, the Company presented the impact of factoring liabilities on the operating activity cash flow in the amount of PLN 17,137 thousand. In accordance to the presentation change adopted, the Company presented the above mentioned value in the financing activity cash flow. In the discussed period the outflows from the factoring liabilities amounted to PLN 38,338 thousand.

3. Description of factors and events that had significant impact on the financial results achieved during the I half of 2015

In the I half of the year 2015, Trakcja PRKił S.A. company generated sales revenue in the amount of PLN 346,042 thousand, which decreased by 9.2 per cent in comparison with the analogous period of the preceding year. Cost of goods sold for the period of 6 months of 2015 was of PLN 314,099 thousand and decreased by 11.0 per cent in

relation to the comparable period. The gross profit on sale amounted to PLN 31,943 thousand and was higher by PLN 3,921 thousand in comparison with the comparable period.

The overhead costs reached PLN 20,050 thousand and increased by 46.1 per cent, i.e. by PLN 6,330 thousand in relation to the comparable period. Sale, marketing and distribution costs amounted to PLN 751 thousand and increased by PLN 256 thousand. Other operating revenue amounted to PLN 1,105 thousand and increased by PLN 631 thousand in relation to the I half of the year 2014. Other operating costs reached PLN 693 thousand and decreased by PLN 171 thousand. The Company generated operating profit for the period of 6 months of 2015 in the amount of PLN 11,554 thousand, which decreased by PLN 1,863 thousand in comparison with the operating profit for the period of the I half of the year 2014.

The financial income of the Company for the period from January 1 to June 30, 2015 reached PLN 17,642 thousand and increased in relation to the comparable period by PLN 16,789 thousand. The level of financial income in the I half of the year 2015 was strongly influenced by the recognition of dividends from the subsidiaries in the amount of PLN 15,843 thousand and by the reversal of provisions for interest on liabilities in the amount of PLN 441 thousand. The financial costs in the I half of the year 2015 decreased by PLN 3,398 thousand and amounted to PLN 4,117 thousand. The decrease by PLN 3,081 thousand was a consequence of the lower (than in the comparable period) bonds' interest costs and lower interest expense on loans and borrowings.

In the discussed period, the Company generated the gross profit in the amount of PLN 25,079 thousand; that result was by PLN 18,324 thousand higher in comparison with the analogous period of the previous year, when the Company generated the gross profit of PLN 6,755 thousand.

The income tax for the I half of the year 2015 amounted to PLN 2,367 thousand of which PLN 2,948 thousand was the current income tax while the negative amount of PLN 581 thousand resulting from the deferred tax reduced the value of income tax. The Company closed the I half of the year 2015 with the net profit in the amount of PLN 22,712 thousand; that result was by PLN 17,632 thousand higher than the result achieved in the I half of the year 2014.

The balance sheet total as at June 30, 2015 amounted to PLN 945,870 thousand and was lower by PLN 126,683 thousand than the balance sheet total at the end of the year 2014.

The value of non-current assets as at June 30, 2015 was of PLN 602,621 thousand and decreased by PLN 1,004 thousand, which constitutes a decrease by 0.2 per cent in comparison with the annual balance sheet total as at December 31, 2014.

The current assets decreased by 26.8 per cent in comparison with the balance as at December 31, 2014 and amounted to PLN 343,249 thousand. The decrease resulted mainly from the decrease in trade and other receivables by the amount of PLN 118,807 thousand. The decrease of cash and cash equivalents by PLN 5,126 thousand was mainly due to the settlement of current liabilities. The Company implements the policy of price optimization for the purchased materials and therefore buys the inventories that are necessary for the currently realized and commencing contracts. The construction contracts as at the balance sheet date amounted to PLN 17,437 thousand and decreased as compared to the end of the previous year by PLN 8,126 thousand, which constitutes the 31.8 cent decrease.

As at June 30, 2015, the Company's equity amounted to PLN 602,623 thousand and increased by PLN 21,379 thousand, i.e. by 3.7 per cent in comparison with the balance as at December 31, 2014. This increase was due to the achievement of net profit of PLN 22,172 thousand for the I half of the year 2015.

As at June 30, 2015, the Company's non-current liabilities amounted to PLN 57,833 thousand and decreased by PLN 2,151 thousand, i.e. by 3.6 per cent in comparison with the balance as at December 31, 2014. The said decrease resulted from the decrease of the non-current loans and borrowings as at June 30, 2015 in comparison to the balance as at December 31, 2014.

The current liabilities amounted to PLN 285,414 thousand and decreased by PLN 145,911 thousand, i.e. by 33.8 per cent in comparison with the balance at the end of the preceding year. The said decrease resulted mainly from the decrease of trade and other liabilities which as at June 30, 2015 reached PLN 186,914 thousand and decreased by PLN 99,271 thousand in comparison with the balance as for December 31, 2014. The short-term interest-bearing loans and borrowings amounted to PLN 9,040 thousand as at the balance sheet date of June 30, 2015 and decreased by PLN 6,729 thousand in comparison with the balance at the end of the preceding year.

4. Sales revenues

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Sales revenues		
Revenues from sale of construction services	339 034	373 536
Revenues from sale of goods and materials	645	389
Revenues from sale of other products and services	6 363	6 983
Total	346 042	380 908

5. Other operating income

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Other operating revenues:		
-received penalties, fines, damages	238	142
-reimbursed costs of litigious proceedings	77	-
-surplus of stocktaking	85	-
-depreciation of liabilities	251	-
-gain on disposal of non-financial fixed assets	266	130
-other	188	202
Total	1 105	474

6. Financial income

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Financial revenues from interest, including:	927	685
-bank interests	150	191
-interest on receivables	294	20
-Interests on released provisions for Interests on liabilities	134	-
-loan interests	347	458
-other	2	16
Income from received dividends	15 843	-
Profit from exchange rate differences	431	-
Financial revenues from participation in guarantee costs	-	168
Financial revenues from reversal receivables write-off	441	-
Total	17 642	853

In the analyzed period the Company recognized income from dividends received from subsidiaries in the total amount of PLN 15,843 thousand.

7. Financial costs

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Financial costs on account of interest, including:	2 550	5 635
- interest on loans and borrowings	448	2 410
-on liabilities	135	93
-on factoring	417	515
-on leasing	582	461
-on bonds	951	1 722
-other	17	434
Factoring related costs	520	1 011
Revaluation of bonds	85	122
Commission fee expenses relating to advance payment guarantee	455	127
Loss on exchange rate differences	-	48
Financial expenses due to receivables interest write-offs	234	-
Financial expenses due to commissions paid	273	232
Loss on valuation of forward contracts	-	340
Total	4 117	7 515

In the I half of the year 2015 the Company recognized – in comparison with the analogous period of the year 2014 - the lower financial costs of interest on loans and borrowings in the amount of PLN 1,962 thousand and of bonds in the amount of PLN 771 thousand.

8. Income tax

	Balance Sheet		Consolidated statement of total comprehensive income for the period of 6 months ended
	30.06.2015	31.12.2014	30.06.2015
	<i>Unaudited</i>	<i>Audited</i>	
Deferred tax asstes	19 654	19 020	634
Deferred tax liabilities	15 329	15 588	259
Change of deferred tax assets and liabilities			893
Including:			
- through profit or loss			581
- through equity			312

9. Income tax recognized in other comprehensive income

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Actuarial gains/(losses)		
Gross amount	(943)	614
Tax	179	(117)
Net amount	(764)	497

10. Property, plant and equipment

In the period from January 1, 2015 to June 30, 2015, the Company purchased tangible fixed assets in the amount of PLN 8,450 thousand (in the comparable period: PLN 6,882 thousand).

In the period from January 1, 2015 to June 30, 2015, the Company disposed of its property, plant and equipment and intangible assets with a total book value of PLN 1,310 thousand (in the comparable period: PLN 359 thousand).

11. Investments in subordinated entities and in entities consolidated by equity method

The Company owns the following stocks and shares in subordinated entities:

- shares of the total value of PLN 364,109 thousand in AB Kauno Tiltai with seat in Kaunas, representing a 96.84 stake in the share capital of AB Kauno Tiltai. Total Trakcja PRKiI company's interest in its subsidiary AB Kauno Tiltai amounts to 98.09% (96.84% direct interest and 1.25% indirect interest). Indirect interest results from possessing own shares by the subordinated entity.
- ownership interests worth PLN 15,814 thousand in PRK 7 Nieruchomości Sp. z o.o., seated in Warsaw, giving a 100% stake in the company's share capital;
- ownership interests worth PLN 1,400 thousand in Torprojekt Sp. z o.o., seated in Warsaw, representing a 82.35% stake in the company's share capital.
- an ownership interest worth PLN 65 thousand in Przedsiębiorstwo Eksploatacji Ulic i Mostów Sp. z o.o., seated in Białystok, giving a 0.2% stake in the company's equity capital (The Company indirectly holds a 97.4% stake in the share capital of PEUiM and therefore PEUiM is classified as a subsidiary that is fully consolidated).

Additionally, the Company holds a 50% stake in the share capital of Bahn Technik Wrocław Sp. z o.o. company with seat in Wrocław ("BTW") with a value of PLN 2,008 thousand. The investment in BTW was classified as a joint venture in accordance with IFRS 11. BTW is consolidated by using the equity method.

12. Investment property

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
As at start of period (by type groups):	17 602	25 699
- land	13 532	15 464
- buildings, premises, civil and water engineering structures	4 070	10 235
Increases:	-	151
- land	-	151
- revaluation	-	151
Decreases	-	(8 248)
- land	-	(2 083)
- revaluation	-	(2 083)
- buildings, premises, civil and water engineering structures	-	(6 165)
- revaluation	-	(6 165)
As at end of period (by type groups):	17 602	17 602
- land	13 532	13 532
- buildings, premises, civil and water engineering structures	4 070	4 070

Investment property is measured by the Company at fair value. The Company estimates the value of the investment property as at December 31 on the basis of a valuation carried out on that date by an independent appraiser. In the course of the year, at subsequent balance sheet dates, i.e. March 31, June 30 and September 30, the Company performs analysis of prerequisites regarding the possibility of change in fair value.

The most recent valuation of investment property was made by an appraiser as at 31 December 2014. As at June 30, 2015 the Company has not identified the existence of any prerequisites indicating significant change in the value of investment property. Description of valuation techniques, unobservable inputs used in the valuation and descriptive presentation of the sensitivity of the fair value measurement to changes in unobservable inputs were described in Note no. 22 to the financial statements of Trakcja PRKiI company for the financial year 2014. In the I half of 2015 there has been no change in the technique of fair value measurement.

The condensed notes and explanations found on pages 10-28 constitute an integral part of these condensed financial statements.

The Company classifies its investment property at level 3 of fair value measurement hierarchy. In the I half of 2015 there were no transfers between 1, 2 and 3 levels.

Reconciliation of opening and closing balances of fair value is shown below:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
As at start of period (Level 3)	17 602	25 699
Movement from fixed assets	-	-
Gains/ (losses) recognized in profit and loss account	-	(8 097)
As at end of period (Level 3)	17 602	17 602
Unrealised profits (losses) in the period recognised in P&L (as other operating costs)	-	(8 097)

In the I half of 2015 no amount in the profit and loss account - resulting from the change in fair value of investment property - was recognized.

13. Construction contracts

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Surplus of invoiced revenues over revenues resulting from degree of advancement	42 222	39 851
Surplus of revenues resulting from degree of advancement over invoiced revenues	16 874	25 525
Advances paid towards contracts being performed	563	38
Advances received towards contracts being performed	89	89
Recognised in balance sheet:		
<i>in current assets</i>		
Construction contracts	17 437	25 563
<i>in short-term liabilities</i>		
Construction contracts	42 311	39 940

14. Inventory

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Materials	19 202	18 798
Semi-finished goods and products in progress	4 671	1 804
Finished goods	562	1 311
Merchandise	10	10
Total, gross inventory	24 445	21 923
Inventory revaluation write-offs	(1 088)	(2 204)
Materials	18 142	16 621
Semi-finished goods and products in progress	4 671	1 804
Finished goods	534	1 284
Merchandise	10	10
Total, net inventory	23 357	19 719

15. Trade receivables and other receivables

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Gross trade receivables, before discounting	234 460	379 162
Discounting of receivables	-	-
Total, gross trade receivables	234 460	379 162
including:		
- receivables from related entities	1 705	3 084
Dividends receivable from related entities	16 493	-
Receivables claimed in court	2 168	1 750
Other receivables from third parties	22 538	11 263
Amounts held	2 405	2 135
including:		
- amounts held from related entities	18	121
Total, gross trade and other receivables	278 064	394 310
Receivables revaluation write-offs	(16 063)	(13 502)
Total	262 001	380 808

16. Share capital

Share capital:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
	Par value 0.1 PLN	Par value 0.1 PLN
Series A ordinary shares	51 399 548	51 399 548
Total	51 399 548	51 399 548

The Company's share capital equals to PLN 41,119,638.40 and it is divided into 51 399 548 shares with a nominal value of PLN 0.80 each that are entitled to the same amount of votes at the Company's General Meeting. All the shares were fully paid for.

17. Interest-bearing bank credits and loans

Long term interest-bearing loans and credits:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Loans from other entities	15 432	17 562
- project purpose loans	15 432	17 562
Financial lease liabilities	16 192	15 345
Total	31 624	32 907

Short term interest-bearing loans and credits:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Bank loans	-	7 000
- working loans	-	7 000
Loans from other entities	4 212	4 121
- project purpose loans	4 212	4 121
Financial lease liabilities	4 828	4 648
Total	9 040	15 769
Total short and long term loan and credits	40 664	48 676

18. Other financial liabilities

In the item "Other financial liabilities" the Company presents a factoring liability. As at June 30, 2015 the Company had no such liability. The Company concluded a recourse factoring contract on May 10, 2013. The limit of financing provided in the contract amounts to PLN 100,000 thousand. The factoring interest is calculated on the basis of the variable WIBOR O/N rate increased by the factor's fixed margin.

19. Bonds

On June 30, 2015 the bonds' liabilities amounted to PLN 32,446 thousand.

General information on the Company's bonds held on 30 June 2015:

			Nominal value of 1 bond (in PLN)	Series nominal value (in ths. PLN)	Interest	At amortized cost (in ths. PLN)
Bond series	Issue date	Maturity date				
C	31.01.2013	31.12.2015	1 000	29 529	WIBOR 6M+3,75%	29 447
E	31.01.2013	31.12.2015	1 000	3 007	WIBOR 6M+4,75%	2 999

On January 22, 2015 the Management Board of the National Securities Deposit (Krajowy Depozyt Papierów Wartościowych S.A. - KDPW) passed a resolution on withdrawing 17,914 of E-series bearer bonds from the deposit maintained by KDPW. As a result, after the redemption, as at January 26, 2015 there remained 3,007 E-series bearer bonds marked with the ISIN code: LTRKPL00089.

Bonds' ageing structure:

	30.06.2015	31.12.2014
	Unaudited	Audited
Long-term	-	-
Short-term	32 446	32 360
Total	32 446	32 360

Interest is paid at interest dates falling on June 30 and December 31 of each year from the day of issue to the maturity date of bonds of C and E series as well as at maturity date of bonds of C and E series.

20. Trade liabilities and other liabilities

	30.06.2015	31.12.2014
	Unaudited	Audited
Trade liabilities, before discounting	170 861	254 011
Discounting of liabilities	-	-
Total, net trade liabilities after discounting	170 861	254 011
including:		
- liabilities from related entities	2 183	3 794
Amounts held	8 708	11 680
Budgetary liabilities	4 281	17 449
Payroll liabilities	1 905	2 078
Other liabilities towards third parties	1 159	967
Total trade and other liabilities	186 914	286 185

Trade liabilities and amounts retained:

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Trade liabilities and amounts held before discounting	179 569	265 691
With maturity within 12 months	177 897	264 845
With maturity over 12 months	1 672	846
Discounted liabilities	-	-
Total, Trade liabilities and amounts held after discounting	179 569	265 691

21. Provisions

	Provisions
As at 1.01.2015	10 947
<i>Audited</i>	
Recognized	7 060
Used	(3 169)
Reversed	(5 507)
As at 30.06.2015	9 331
<i>Unaudited</i>	
including	
- long-term	1 853
- short-term	7 478

22. Fair value of financial instruments

In the I half of the year 2015 the Company did not change – in comparison with the annual financial statements – the mode and technique of fair value valuation of individual categories of financial instruments. The balance sheet value of assets and liabilities is close to their fair value.

Due to the short-term nature of trade receivables and other receivables, trade liabilities and other liabilities as well as of cash and cash equivalents, the balance sheet value of these financial instruments is close to their fair value.

Borrowings granted as well as loans and borrowings taken are based on the variable market rates and therefore their fair value is close to the balance sheet value.

Fair value of bonds was fixed on the basis of their price quoted on the Catalyst bond market as at the balance sheet date (or close to that date).

In case of ownership interests in other entities (subsidiaries included) the Company is not able - in the reliable way - to establish their fair value since they are not quoted on the active market. In accordance with the adopted accounting policy of the Company, these interests are valued at their acquisition price reduced by write-downs for impairment. Impairment test was performed as at December 31, 2014. As at June 30, 2015 there were no prerequisites that indicated possibility of occurrence of impairment of subsidiaries. Therefore the Company did not perform impairment test referring to that day.

Both in the reporting period as well as in the comparable period there were no transfers between 1 and 2 levels of fair value hierarchy and also no financial instrument was transferred from level 2 to level 3 of fair value hierarchy.

23. Assets and liabilities measured at fair value

The Company measures at fair value the following assets and liabilities: investment property and financial derivatives. During the I half of 2015 there was no change in valuation technique of fair value of the above mentioned assets and liabilities. Details of the valuation techniques and the unobservable inputs used in the valuation were described in the annual financial statements of the Company for the year 2014.

Balance sheet elements accounted in fair value	Level 1		Level 2		Level 3	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Derivatives (liability)	-	-	-	-	-	-
Investment property	-	-	-	-	17 602	17 602

Hierarchy of fair value is as follows:

Level 1 – prices of market quotations from active markets for identical assets and liabilities;

Level 2 – prices from active market, but other than market prices quotations – established directly (by comparing with actual transactions) or indirectly (by using techniques based on actual transactions);

Level 3 – prices that do not come from active markets.

There were no transfers between 1, 2 and 3 levels during the I half of the year 2015.

24. Information regarding to change in classification of financial assets resulting from change in their purpose or use

In the first half of the year 2015 the Company did not change the classification of financial assets resulting from the change in their purpose or use.

25. Change of the write-downs

	Tangible asstes	Intangible assets	Inventory	Receivables	Total
As at 1.01.2015	-	-	2 204	13 502	15 706
<i>Audited</i>					
Recognized	-	-	1 623	3 514	5 137
Used	-	-	-	-	-
Reversed	-	-	(2 739)	(953)	(3 693)
As at 30.06.2015	-	-	1 088	16 063	17 151

Additional information to cash flow statement

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Cash in hand	26	66
Cash at bank	1 074	3 217
Other cash - deposits up to 3 months	7 887	10 830
Total cash and cash equivalents	8 987	14 113
Cash and cash equivalents excluded from cash flow statement	-	-
Cash and cash equivalents presented in cash flow statement	8 987	14 113
- including restricted cash	940	981

Restricted cash in the amount of PLN 940 thousand is cash assigned to repay interest on bonds.

26. Contingent and other off-balance-sheet items

	30.06.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Contingent receivables		
From related entities due to:	104 094	123 039
Received guarantees and sureties	98 734	113 573
Weksli otrzymanych pod zabezpieczenie	5 360	9 466
Total contingent receivables	104 094	123 039
Contingent liabilities		
From related entities due to:	809	-
Provided guarantees and sureties	809	-
From other entities due to:	1 390 860	1 684 351
Provided guarantees and sureties	317 112	300 979
Promissory notes	438 353	403 850
Mortgages	99 000	229 500
Assignment of receivables	434 812	626 397
Assignment of rights under insurance policy	41 507	60 777
Security deposits	23 411	25 530
Other liabilities	36 665	37 318
Total contingent liabilities	1 391 669	1 684 351

Contingent liabilities from guarantees and sureties provided to other entities are mainly guarantees provided - by the banks for the contracting parties of the companies of the Group - as collateral of their claims to the Group resulting from on-going building contracts (guarantee of good performance, removal of defects and damages, and reimbursement of advance payment). The banks are entitled to back claims against the companies of the Group. Promissory notes constitute another form of collateral of bank guarantees, as stipulated above.

Due to employment contracts signed with the employees and the Members of the Management Board, as at June 30, 2015 the Company had contingent receivables in the amount of PLN 1,279 thousand and contingent liabilities in the amount of PLN 8,702 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 - penalty being an equivalent in PLN of the amount from EUR 15,000 to EUR 25,000 for each case of breach as well as an equivalent in PLN of EUR 1,000 for each day of breach in which such a breach occurs or is continued.

Tax settlements and other areas of activity subject to regulations (e.g. matters related to customs or foreign currencies) may be audited by the administrative authorities which are authorized to impose high fines and sanctions. Lack of reference to the established legal regulations in Poland results in ambiguities and inconsistencies in the prevailing law. Frequently occurring differences of opinion regarding legal interpretation of tax provisions, both within state authorities and between state authorities and companies, result in the emergence of areas of uncertainty and conflict. These phenomena cause that the tax risk in Poland is significantly higher than the risk usually existing in countries with a more developed fiscal system. Tax settlements may be audited for a period of five years, starting from the end of the year in which the tax was paid. As a result of conducted audits, additional tax liabilities may be added to the Company's

The condensed notes and explanations found on pages 10-28 constitute an integral part of these condensed financial statements.

previous tax settlements. The Company believes that as at June 30, 2015 adequate provisions were established for the identified and measurable tax risk.

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

27. Transactions with related entities

Transactions with related entities were concluded on market terms and conditions.

Information on the receivables from and liabilities to related entities as at the balance sheet date and at the end of the comparative period is 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:							
COMSA S.A.	1.01.15-30.06.15	-	1 115	-	-	-	-
	1.01.14-30.06.14	-	490	-	-	-	-
Joint venture:							
Bahn Technik Wrocław Sp. z o.o.	1.01.15-30.06.15	315	1 974	-	-	-	-
	1.01.14-30.06.14	201	2 179	-	-	-	-
Subsidiaries:							
PRK7 Nieruchomości Sp. z o.o.	1.01.15-30.06.15	9	-	-	-	1 300	-
	1.01.14-30.06.14	10	-	-	-	-	-
Torprojekt Sp. z o.o.	1.01.15-30.06.15	73	525	-	-	302	-
	1.01.14-30.06.14	91	233	-	-	-	-
AB Kauno Tiltai	1.01.15-30.06.15	1 606	-	-	-	14 241	-
	1.01.14-30.06.14	1 358	10	-	-	-	-
PEUİM Sp. z o.o.	1.01.15-30.06.15	32	-	334	-	-	-
	1.01.14-30.06.14	148	-	370	-	-	-
Dalba Sp. z o.o.	1.01.15-30.06.15	17	-	-	-	-	-
	1.01.14-30.06.14	14	-	-	-	-	-
AB Kauno Tiltai Lenkijos skyrius	1.01.15-30.06.15	-	2	-	-	-	-
	1.01.14-30.06.14	-	3	-	-	-	-
Total	1.01.15-30.06.15	2 052	3 616	334	-	15 843	-
	1.01.14-30.06.14	1 823	2 915	370	-	-	-

The condensed notes and explanations found on pages 10-28 constitute an integral part of these condensed financial statements.

The total amounts of the transactions concluded with related entities in the period covered by the condensed financial statements and in the comparative period are presented below.

Related entities	Reporting date	Receivables from related entities	Liabilities towards related entities	Loans granted	Borrowings received
Shareholders:					
COMSA S.A.	30.06.2015	-	1 120	-	-
	31.12.2014	-	1 050	-	-
Joint venture:					
Bahn Technik Wrocław	30.06.2015	25	937	-	-
Sp. z o.o.	31.12.2014	19	2 331	-	-
Subsidiaries:					
PRK7 Nieruchomości Sp. z o.o.	30.06.2015	1 321	-	-	-
	31.12.2014	127	74	-	-
Torprojekt Sp. z o.o.	30.06.2015	310	123	-	-
	31.12.2014	30	336	-	-
AB Kauno Tiltai	30.06.2015	16 560	3	-	-
	31.12.2014	3 002	3	-	-
PEUiM Sp. z o.o.	30.06.2015	-	-	19 422	-
	31.12.2014	23	-	19 088	-
Dalba Sp. z o.o.	30.06.2015	-	-	-	-
	31.12.2014	5	-	-	-
AB Kauno Tiltai Lenkijos skyrius	30.06.2015	-	-	-	-
	31.12.2014	-	1	-	-
Total	30.06.2015	18 216	2 183	19 422	-
	31.12.2014	3 205	3 794	19 088	-

Trakcja PRKiI S.A. has signed with its shareholder COMSA S.A. an agreement concerning provision to Trakcja PRKiI S.A. of license including the complete technical know-how and trademark as well as sharing of intangible assets in the form of: competences, industry knowledge, expertise in the organizational, operational, commercial and technological field held by COMSA S.A. The agreement was concluded on market terms.

Trakcja PRKiI S.A. has concluded with its subsidiary AB Kauno Tiltai an agreement concerning the provision by the Issuer of support services for the subsidiary in the areas of financial, strategic and human resource management. The remuneration was set on market conditions as the costs that were incurred by the Issuer and related with the service + fixed margin.

28. Remuneration of Members of the Management Board and the Supervisory Board

	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Remuneration of the Management Board		
Salaries and other current employee benefits	6 004	3 132
post-employment benefits	380	-
other long-term benefits	-	-
Benefits due to termination of employment	1 643	824
Share-based payment	-	-
Total	8 027	3 956
	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
	<i>Unaudited</i>	<i>Unaudited</i>
Remuneration of the Supervisory Board		
Remuneration due to service in the Supervisory Board, salaries and other current employee benefits	219	219
Total	219	219

29. Events that occurred after the reporting period ended and that were not reflected in the financial statements for the I half of the year 2015

Material events that occurred after the balance sheet date were presented in Note no. 47 of the interim consolidated financial statements of the Trakcja Group for the period of 6 months ended on June 30, 2015.

Warsaw, August 24, 2015

Management Board:

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

Statement prepared by:

Elżbieta Okuła
Chief Accountant



TRAKCJA CAPITAL GROUP

REPORT ON THE ACTIVITIES OF TRAKCJA CAPITAL GROUP
FOR THE PERIOD OF 6 MONTHS ENDED ON JUNE 30, 2015

prepared on the basis of § 90 of the Regulation of the Minister of Finance dated February 19, 2009 on the current and periodic disclosures to be made by the issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2014 item 133, as amended)

TABLE OF CONTENTS

1.	Business activities of the Trakcja Capital Group	3
1.1.	General information about the Group	3
1.2.	Capital Group	3
1.3.	Changes in the Capital Group and effects thereof	5
1.4.	Information about the major entities within the Capital Group	5
1.5.	Employment in the Group	6
1.6.	Products and services	6
1.7.	Key construction contracts	7
1.8.	Group's strategy and development	10
2.	Current and forecasted situation of Trakcja Capital Group	11
2.1.	Description of factors and events that had a significant impact on the financial results for the I half of 2014	12
2.1.1.	Overview of profit and loss statement	12
2.1.2.	Overview of balance sheet	13
2.1.3.	Overview of cash flow statement	14
2.1.4.	Overview of profitability ratios	15
2.2.	Evaluation of financial resources management	16
2.2.1	Liquidity ratios	16
2.2.2	Financing structure ratios	16
2.2.3	Bank credits and loans	17
2.2.4	Hedging transactions	18
2.3.	The position of the Management Board as regards previously published forecasts of the financial results of the Trakcja Capital Group	19
2.4.	Events after the balance sheet date	19
2.5.	Description of factors significant for the Capital Group development	20
2.6.	Information material 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	21
3.	Information about share and shareholders	21
3.1.	Shareholding structure	21
3.2.	Shares of Trakcja PRKiI S.A. held by managing and supervising persons	21
4.	Transactions with related entities	22
5.	Information on the loan or credit guarantee or the guarantee by the issuer or its subsidiary	22
6.	Material litigations and disputes	22
7.	Description of other risks related to the remaining 6 for months of the financial year.	23
	DECLARATIONS OF THE MANAGEMENT BOARD OF TRAKCJA PRKiI S.A.	26

Any figures provided in this Report on the Activities of the Group were presented in thousands of Polish zlotys, unless explicitly stated otherwise. Financial information contained in this report has been prepared in accordance with the International Financial Reporting Standards ("IFRSs"). We would like to draw special attention to the statements relating to the future (such as may, will, expect, believe, estimate), because they are based on certain assumptions that involve risks and uncertainty. The Group is therefore not liable for this information.

1. BUSINESS ACTIVITIES OF THE TRAKCJA CAPITAL GROUP

1.1. General information about the Group

The Trakcja Group ("Trakcja Group", "Group") is one of the leading rail, tramway and road infrastructure construction entities in the Polish and Lithuanian market.

The main scope of activities of the Group is a comprehensive execution - by means of modern machines and equipment - of works related in the broad meaning with the railway infrastructure. The Group specializes in provision of engineering and construction services that include: design, construction and modernization of railway and tramway lines, red of railway and tramway electric traction and electroenergy lines as well as construction of bridges, viaducts, overpasses, culverts, tunnels, underpasses, retaining walls, roads and accompanying elements of railway and road infrastructure. Apart from that the Trakcja Group can execute general construction works like site preparation, building and modernization of constructions as well as construction installations and finishing works.

The important element of the offer is cubature construction both for railway infrastructure (buildings for traction substations, signal boxes, level crossings posts, railway stations, halls for trainsets and others) as well as for the general construction (houses and office buildings). Complementary services include construction of power systems and remote control systems. The Group's companies for more than seventy years have carried out complete comprehensive medium and high-voltage installations, in both new and modernized as well as renovated railway station power facilities. The Company performed the modernization of several thousand km of railways and electrified more than 10 000 km of railway lines, built and modernized over 450 traction substations and 380 track sectioning cabins.

In the road-construction sector the Group specializes in the construction and re-construction of roads, viaducts, highways, bridges, airports, water ports and installations of public utility infrastructure. AB Kauno Tiltai – a company belonging to the Group which is the largest construction infrastructure company in the Baltic countries - since it has started operations, has built more than 100 bridges and viaducts and was responsible for the construction and re-construction of many roads in the whole territory of Lithuania.

The main strengths of Trakcja PRKiL are the ability to execute comprehensive projects with own forces in all segments (track works, engineering objects, traction network), possessed backlog and:

- highly-qualified managers and customer-oriented staff,
- vast experience in professional and timely execution and coordination of works in line with the highest European standards,
- modern machines and equipment.

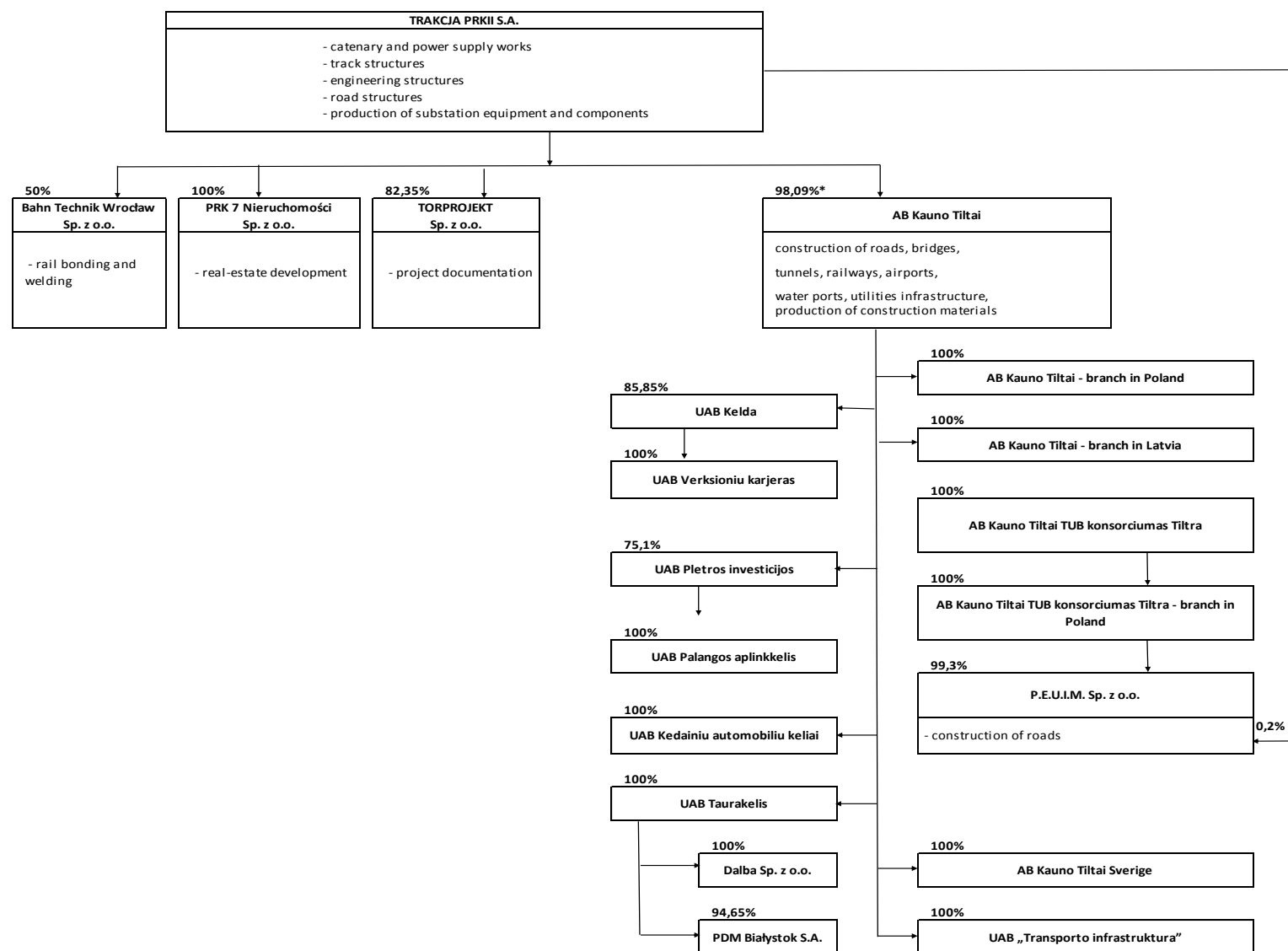
The Company has a big competitive advantage over other companies and its position in the railway infrastructure market is stable and firm.

The long-standing market experience has allowed the Group to develop the project management techniques that guarantee execution of works entrusted to the Group which is timely, of quality and fully in line with the special requirements of the investors.

Many of the projects executed by the Company are financed, among others, from the European Union funds and the Polish government's subsidies. This means strict adherence to EU procedures which additionally influences the level of quality of the Company's services and products.

1.2. Capital Group

As at the balance sheet date, i.e. June 30, 2015, the Group's capital structure was as follows:



*) 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 shares by a subsidiary.

This document is a translation.
The Polish original should be referred to in matters of interpretation.

1.3. Changes in the Capital Group and their effects

In the I half of 2015 there were no changes in the Trakcja Group's structure. After the balance sheet date, i.e. on July 14, 2015, the subsidiary AB Kauno Tiltai established in Belarus its branch.

1.4. Information about the major entities within the Group

Main entities that are subject to consolidation:

PRK 7 Nieruchomości Sp. z o.o.

PRK 7 Nieruchomości runs a broadly defined real estate development business and has a track record of several successful investments, which includes, among other things: Lazurkowe Osiedle residential project in Warsaw - stage I and II, the project at Oliwska Street in Warsaw and construction of three multifamily buildings in Warsaw at Pełczyńskiego Street. Currently, the Company is implementing a project consisting in construction of the terraced houses at Oliwska Street in Warsaw.

Torprojekt Sp. z o.o.

Torprojekt Sp. z o.o. with its registered office in Warsaw was established in 2009. The company specializes in preparing comprehensive project documentation, including feasibility studies, concept studies, basic designs, also construction designs, tender materials and detailed designs in the following areas: railway lines, stations, nodes, passenger stops and loading points, bridges, overpasses, railway traffic control devices, buildings and structures, including technology, etc.

AB Kauno Tiltai

AB Kauno Tiltai is the largest company in the road and bridge construction sector in the Baltic countries. The Company specialises in the construction and re-construction of roads, bridges, tunnels, railways, airports, water ports, which is confirmed i.a. by the fact that from the beginning of its business activities, i.e. since 1949, AB Kauno Tiltai has constructed over 100 bridges and viaducts and has been responsible for the construction and reconstruction of numerous roads within the whole territory of Lithuania.

Przedsiębiorstwo Eksploatacji Ulic i Mostów Sp. z o.o.

PEUiM is a company from the road construction sector, whose business activities are concentrated in the Northern East of Poland. The Company was established in 1960 in Białystok. PEUiM specializes in the construction of roads, pavements, installation of signalling and safety devices which secure the roads. Moreover, the company manufactures bituminous mass, concrete and other building materials.

Other companies consolidated within the Trakcja Group:

Among other companies subject to consolidation there are: Dalba Sp. z o.o., PDM Białystok S.A., UAB Kelda, UAB Verksionių karjeras, UAB Taurakelis, UAB Kedainių Automobilių Keliai, AB Kauno Tiltai TUB Konsorciūmas Tiltra, UAB Pletros investicijos, UAB Palangos aplinkkelis, UAB "Transporto infrastruktūra", AB Kauno Tiltai Sverige.

In addition, the Group is co-controlling Bahn Technik Wrocław Sp. z o.o. ("Bahn Technik", "BTW"), which has been classified as a joint venture and therefore is consolidated by using the equity method. The scope of business of BTW encompasses track works including welding, regenerating turnouts and track assembly. BTW operates in Poland.

1.5. Employment in the Group

	Okres 6 miesięcy zakończony	
	30.06.2015	30.06.2014
Przeciętne zatrudnienie w Grupie w okresie sprawozdawczym:		
Zarząd Jednostki dominującej	5	6
Zarząd jednostek z Grupy	14	11
Administracja	236	234
Dział sprzedaży	34	32
Pion produkcji	966	978
Pozostali	672	718
Razem	1 927	1 979
	30.06.2015	31.12.2014
Employment in the Capital Group as at 31.12.2013		
Management Board of Parent entity	5	5
Management Boards of subsidiaries	11	11
Administration	221	231
Sales department	105	87
Production division	874	918
Other employees	694	676
Total	1 910	1 928

1.6. Types of products and services

The scope of activities includes the following types of services:

Comprehensive modernization of railway lines

The modernization of the railway lines includes:

- development and agreement of concepts for all industries, preparation of the project construction documentation, detailed design documentation, obtaining of all permits and permissions and also the preparation of as-built documentation,
- replacement of railway track substructure and superstructure by using the mechanized substructure and track machinery, including the construction of drainage systems,
- disassembly of the traction network, including the removal of old foundations and the construction of a new traction network with the use of modern methods for positioning foundations by applying the piling method and by using trains for stream replacement of the network,
- renovation or complete reconstruction of civil engineering facilities: culverts, bridges, viaducts,
- construction of power supply systems for railway line,
- comprehensive modernization of railway crossings (crossings of roads with railway lines),
- reconstruction of the railway traffic control system,
- preparation of construction sites,
- construction of complete buildings or their parts,
- execution of construction installations, civil engineering works for tracks and roads,
- construction of overhead and underground power distribution lines,
- construction of railway and tram electric traction network and hydraulic engineering,
- comprehensive engineering works.

Moreover, where necessary, the Group's companies cooperate with specialized companies mainly in the area of tasks related to the protection of railway traffic and telecommunications.

Within the auxiliary activities, the Company manufactures various types of industrial devices used for modernization of railway infrastructure, in particular, the following: 15 kV conventional and container switchgears, 3 kV, 1.5 kV, 1 kV and 0.8 kV DC switchgears, control system cabinets, local and remote control devices and isolating switches drives, steel structures for assembly of substations and provision of power supply, selected equipment of the traction network.

Construction of buildings

Construction of buildings by the Trakcja Group includes the construction of:

- public utility buildings,
- industrial facilities.

Developer's business

The scope of activities of PRK 7 Nieruchomości Sp. z o.o. company, belonging to the Trakcja Group, includes:

- construction,
- servicing of real estate on its own account,
- leasing of real estate on its own account.

PRK 7 Nieruchomości Sp. z o.o. is involved in the performance of the following developer's investments: development of apartments and housing segments on the purchased lands.

Road infrastructure construction

Road infrastructure construction encompasses:

- roads – construction and reconstruction of motorways, roads, streets, squares and parking lots; services related with maintenance of roads in winter and summer,
- bridges – construction and reconstruction of bridges, viaducts and overpasses,
- tunnels – construction and reconstruction of tunnels,
- airports – construction and reconstruction of runways used for take-off and landing, parking areas for planes and special-purpose surfaces.

Other areas of activity

Other areas of activity encompass:

- construction of wharfs – construction and reconstruction of ports and harbors as well as other quay structures,
- engineering infrastructure – construction of waterways, sewage systems, water and water treatment installations; roads and street lighting, and installation and repair of traffic lights,
- construction of sports facilities,
- production of construction materials: asphalt concrete, bituminous emulsions including polymer-modified bitumen, concrete, reinforced concrete products; extraction and processing of construction materials.

1.7. Key construction contracts

As at June 30, 2015 the Trakcja Group's backlog amounted to PLN 698 million. After the balance sheet date until the date of publication of these financial statements, the companies of the Trakcja Group signed construction contracts for the total value of PLN 717 million (of which – according to the best knowledge as at the publication date of these financial statements – PLN 18 million is assigned to the works executed by the Consortium partners). The companies of the Trakcja Group since the beginning of the year until the date of publication of these financial statements signed the construction contracts for the total value of PLN 836 million (of which – according to the best knowledge as at the publication date of these financial statements – PLN 18 million is assigned to the works executed by the Consortium partners).

The current order backlog for the year 2015 and the value of orders received until the date of publication of these financial statements ensure full use of production capacity in subsequent quarters of the financial year. Participation in new tenders in the III and IV quarters will allow the Group to secure even more its backlog for subsequent periods.

Trakcja Group carries out mainly road and railway contracts in the Polish and Lithuanian market. Machinery and human potential of the Group allows for the execution of large tens-hundreds of millions contracts and therefore the Group focuses less on local projects. The biggest contracts that are now carried out by the Group are presented in the following table:

No.	Contract	mPLN	Planned date of completion of the contract	The role of the Trakcja Group	Work types
1	Modernization of the railway line nr 9, section from km 236,920 to 287,700, during the Local Area Control Center, based in Malbork	857	2015	The consortium leader Trakcja PRKił S.A.	Rail works
2	Modernisation of the E65/C-E65 railway line, Warsaw – Gdynia section – area of LCS Działdowo	754	2015	The consortium leader Trakcja PRKił S.A.	Rail works
3	Design and performance of construction works on the Krakow – Medyka – state border railway line on the Podłęże – Bochnia section at km 16.000 – 39.000	626	2015	The consortium leader Trakcja PRKił S.A.	Rail works
4	Basic linear construction works on the section Wrocław - Grabiszyn - Skokowa and Żmigród - border of Lower Silesia province, within the project "Modernization of the E 59 railway line Wrocław - Poznań, Phase II - part. Wrocław - border of Lower Silesia province.	545	2015	The consortium leader Trakcja PRKił S.A.	Rail works
5	Design and execution of construction works on the railway line Krakow - Medyka - state border section Debica - Sędziszów Małopolski at km 111.500 ÷ 133.600	416	2015	The consortium leader Trakcja PRKił S.A.	Rail works
6	Design and construction of Łódź Widzew station and part of a railway track Łódź Fabryczna – Łódź Widzew from km 2,250 to km 7,200 within railway traffic control and telecommunication facilities for all section Łódź Fabryczna – Łódź Widzew	314	2015	The main contractor Trakcja PRKił S.A.	Rail works
7	Design and execution of construction works on the railway line Krakow - Medyka - state border section Sędziszów Małopolski - Rzeszów Zachodni at km 133.600 ÷ 154.900	302	2015	The main contractor Trakcja PRKił S.A.	Rail works
8	Vilnius railroad bypass Kyviškės-Valčiūnai second road construction	258	2015	The consortium leader AB Kauno Tiltai	Rail works
9	Construction of the Double Tracks in section Kūlpėnai-Kretinga	120	2015	The consortium leader AB Kauno Tiltai	Rail works
10	Reconstruction of "Rail Baltica" railway section Marijampolė - Šeštokai, Part I	118	2015	The consortium leader AB Kauno Tiltai	Rail works
11	Construction of the Double Tracks in section Pavenčiai-Raudėnai	108	2015	The consortium leader AB Kauno Tiltai	Rail works
12	Construction of the Double Tracks in section Telšiai-Dūseikiai	104	2015	The consortium leader AB Kauno Tiltai	Rail works
13	Construction of a bridge between Juozapavicius str. and Tilto str.	94	2015	The main contractor AB Kauno Tiltai	Road works
14	Modernization of the railway line E-30, Phase II section Zabrze - Katowice - Krakow: Tender 1 - Mod. Section: Jaworzno Szczakowa - Trzebinia (at km 15.810 ÷ 29.110 Line 133); Jaworzno Szczakowa - Sonowiec Jęzor (0,000 ÷ 6,847 km line 134)	75	2015	The consortium leader Trakcja PRKił S.A.	Rail works

The most significant contracts for construction services signed by Trakcja Group in the I half of the year 2015 until the date of publication of these interim financial statements are presented below:

No.	Contract	mPLN	Company	Work types
1.	Development of execution projects and execution of works for the Local Area Control Center Warszawa Okęcie (railway line no 8)	376	Trakcja PRKił S.A.	Rail works
2.	Construction of the Trans-European network interchange - Vilnius western bypass Phase III	272	AB Kauno Tiltai	Road works
3.	Modernization of the line no. 20 within the Warsaw railway station Gdansk in conjunction with the line E 65 and the underground station A 17 Gdansk Station Phase II, project Work on the district line in Warsaw (section Warszawa Gołębki / Warszawa Zachodnia- Warszawa Gdańska)	43	Trakcja PRKił S.A.	Rail works
4.	Modernization of railway tracks 1 and 2 at km 133,500÷153,482 line 143 Kalety - Wrocław Mikołajów WP2, section Oleśnica - Wrocław Psie Pole	18	AB Kauno Tiltai	Road works
5.	Other	67	AB Kauno Tiltai	Road works
6.	Other	36	Trakcja PRKił S.A.	Rail / Road / Energy works
7.	Other	24	PEUiM	Road works
TOTAL		836		

Additionally, the Parent entity signed in the I half of the year 2015 the following material contracts and annexes:

- Annex to the material agreement with PKP PLK S.A. for design and reconstruction of the railway station Łódź Widzew as well as part of the route Łódź Fabryczna – Łódź Widzew from 2,250 km to 7,200 km, including signalling and telecommunications equipment for the entire section Łódź Fabryczna – Łódź Widzew, and modernization of roundabout line Łódź Widzew – Łódź Chojny – Łódź Kaliska, concluded on June 30, 2011. Annex changes the date of the contract execution as for December 14, 2015;
- Agreement with PKP PLK S.A. for the "Performance of additional works such as designing and constructing the collision-free two-level crossing of the railway line no. 17 and Niciarniana street in Łódź, under the OPIE 7.1 – 24.2 "Improvement of the Łódź Railway Junction (TEN-t), stage 1, Łódź Widzew – Łódź Fabryczna section"". The net value of the contract PLN 56,045,000.00. The term of the execution of full scope of this contract was divided into parts and the latest part will be executed until August 30, 2016;
- Signing by Trakcja PRKił S.A. as the Representative of the Consortium and PKP PLK S.A. an agreement which modifies the agreement on the "Modernization of E30 railway line, stage 2, Zabrze - Katowice - Cracow Tender no. 1 - Modernisation of the following sections: Jaworzno Szczakowa – Trzebinia (15,810 - 29,110 km of line no. 133) Jaworzno Szczakowa – Sosnowiec Jęzor (0,000 – 6,847 km of line 134)" concluded with PKP PLK S.A. on November 30, 2010. Under the agreement the time limit for completion of the works has been modified until June 30, 2015. The scope of work was also modified and new net value of works will be PLN 55.860.846,48;
- Annex to the agreement on "Design and performance of the construction works on the railway line Cracow – Medyka – the Polish border in the section Podtęże – Bochnia in km 16,000 – 39,000 under the Project "Modernisation of railway line E 30/C-E 30, section Kraków - Rzeszów, stage 3" signed by Consortium Trakcja (consisting of Trakcja PRKił S.A. and PNiUIK Sp. z o.o.) and PKP PLK S.A. on November 2, 2010. By virtue of the annex the date of the contract execution was changed to November 1, 2015.

After the balance sheet date and before the day of publication of this interim report the following annexes were signed:

- 2 annexes to the agreement on design 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 Trakcja PRKiL S.A. in Warsaw, as a representative of the Consortium composed of: Trakcja PRKiL S.A. based in Warsaw, PNiUIK Sp. z o.o. and PKP PLK S.A. By virtue of the first annex the time to execute works was extended by 37 days until August 14, 2015. The second annex extends this time until November 10, 2015. The Ordering Party assumes that until November 10, 2015 the time to prepare procedure for the awarding the order for the strengthening of substructure and time necessary to execute this task will be known. Thereby it will be possible to define the target date of definite execution of works determined in the agreement (detailed information is contained in the current reports no. 30/2015 and 35/2015).

1.8. Strategy and development of Trakcja Group

Trakcja Group continues its actions aiming at further improvement of the Group's results by applying the following strategic guidelines:

- The Group will be developing by organic growth,
- increase in efficiency and productivity by better organization of works, wider use of synergies and motivational systems,
- improvement of cash generation and reduction of debt level,
- bigger use of own forces in project execution and
- selective choice of contracts in the consortium formula.

Decisive factors in the Trakcja Group success will be the motivational systems encouraging managers to seek further improvement in operations and "flow of knowledge" (knowledge-sharing) between different companies of the Group.

The strategic objectives for the individual business areas will be as follows:

- railways – leadership position in Poland and strong position in Lithuania,
- tramways – strengthening market position in Poland and start of building market presence in Lithuania,
- roads – leadership position in Lithuania and restoring regional strong position in Poland (the Podlasie region),
- real estate – maintain the position of the profitable local developer in the Warsaw region.

The goals for the Group will be achievable thanks to assuring the effective organizational and financial support in the areas of bidding and tendering and contract execution.

The primary objective of the financial management area of Trakcja Group will be improved efficiency in the working capital management. Its expected results will be better financial liquidity, optimization of working capital needs and maintenance of safe level of the Group's debt.

2. CURRENT AND FORECASTED SITUATION OF TRAKCJA CAPITAL GROUP

2.1. Description of factors and events that had a significant impact on the financial results in the I half of 2015

2.1.1. Overview of profit and loss account

CONSOLIDATED PROFIT & LOSS ACCOUNT	1.01.2015 -	1.01.2014 -		
1.01.2015-30.06.2015	30.06.2015	30.06.2014	Change	Zmiana %
	Unaudited	Unaudited		
Sales revenues	564 772	579 076	(14 304)	-2%
Cost of goods sold	(500 592)	(529 154)	28 562	-5%
Gross profit on sales	64 180	49 922	14 258	29%
Cost of sales, marketing and distribution	(3 368)	(3 210)	(158)	5%
General and administrative costs	(35 371)	(25 936)	(9 435)	36%
Other operating revenues	1 864	836	1 028	123%
Other operating costs	(3 636)	(1 292)	(2 344)	181%
Share of profit of entities consolidated using equity method	(89)	293	(382)	-130%
Operating profit	23 580	20 613	2 967	14%
Financial revenues	4 544	1 135	3 409	300%
Financial costs	(5 995)	(9 749)	3 754	-39%
Gross profit	22 129	12 000	10 129	84%
Income tax	(4 037)	(2 867)	(1 170)	41%
Net profit for the period	18 092	9 133	8 959	98%

In the I half of the year 2015, the Trakcja Capital Group generated revenue in the amount of PLN 564,772 thousand, which is a decrease by 2 per cent in comparison with the analogous period of the preceding year. Cost of goods sold in the period of 6 months in 2015 decreased by 5 per cent and amounted to PLN 500,592 thousand.

The gross profit on sale of the Group in the I half of the year 2015 reached PLN 64,180 thousand and was by 29 per cent higher than the profit in the comparable period. The gross margin on sale in the discussed period was 11.4 per cent, while in the analogous period 2014 reached 8.6 per cent.

The sales, marketing and distribution costs amounted to PLN 3,368 thousand and were by 5 per cent higher in relation to the comparable period. The general and administrative costs amounted to PLN 35,371 thousand and increased by 36 per cent in comparison with the I half of the preceding year, mainly due to the recognition of costs related to the termination of contracts with the past members of the Management Board.

Other operating revenue for the period of 6 months of 2015 amounted to PLN 1,864 thousand and increased by PLN 1,028 thousand due to the recognition in the I half of the year 2015 of income from redemption of liability in the amount of PLN 266 thousand and due to the higher income on sale of non-financial fixed assets in the amount of PLN 354 thousand in relation to the comparable period. Other operating costs amounted to PLN 3,636 thousand and were higher by PLN 2,344 thousand in relation to the costs of the I half of the preceding year.

Profit on operating activities was PLN 23,580 thousand and was higher by 14 per cent, i.e. by PLN 2,967 thousand in comparison with the analogous period of the preceding year, in which the profit amounted to PLN 20,613 thousand.

In the I half of the year 2015 the Group reached financial revenues in the amount of PLN 4,544 thousand, which were by 300 per cent higher in comparison with the analogous period of the preceding year. The Group recognized the revenue from discount in the amount of PLN 2,668 thousand related with the component of financial assets within the licensed agreement. The financial costs in the discussed period decreased by 39 per cent and amounted to PLN 5,995 thousand. The reduction of financial costs resulted mainly from decrease of interest which was caused by lower working capital needs and by repayment of part of the bonds in the year 2014.

In the discussed period, the Group recorded gross profit in the amount of PLN 22,129 thousand, which was higher by 10,129 thousand, i.e. by 84 per cent in relation to the I half of the year 2014.

The income tax in the I half of the year 2015 was of PLN 4,037 thousand and was higher in comparison with the analogous period of the preceding year by PLN 1,170 thousand.

The net profit of the Group for the I half of the year 2015 was of PLN 18,092 thousand and was higher by PLN 8 959 thousand in relation to the result of the I half of the year 2014.

In the I half of the year 2015, net profit margin reached the level of 3.2 per cent, while in the I half of the year 2014 was of 1.6 per cent.

2.1.2. Overview of balance sheet

The following table presents main items of the consolidated balance sheet of the Trakcja Group as at June 30, 2015 in comparison with the balance sheet as at December 31, 2014:

CONSOLIDATED ASSETS	30.06.2015 Unaudited	31.12.2014 Audited	Change	Zmiana %
Non-current assets	714 909	719 867	(4 958)	-1%
Tangible non-current assets	189 139	185 657	3 482	2%
Intangible assets	60 635	60 169	466	1%
Goodwill from consolidation	339 626	342 265	(2 639)	-1%
Investment properties	22 954	22 960	(6)	0%
Investments in entities accounted using equity method	11 270	11 430	(160)	-1%
Investments in other units	24	131	(107)	-82%
Other financial assets	47 629	56 013	(8 384)	-15%
Deferred tax assets	37 778	35 863	1 915	5%
Construction contracts	3 244	3 972	(728)	-18%
Accruals	2 610	1 407	1 203	86%
Current assets	611 529	725 949	(114 420)	-16%
Inventory	68 776	59 977	8 799	15%
Trade and other receivables	423 438	521 885	(98 447)	-19%
Income tax receivables	2 472	-	2 472	-
Other financial assets	17 891	10 412	7 479	72%
Cash and cash equivalents	23 856	61 846	(37 990)	-61%
Accruals	8 886	4 736	4 150	88%
Construction contracts	66 210	67 093	(883)	-1%
Total assets	1 326 438	1 445 816	(119 378)	-8%

As at June 30, 2015, the total assets of the Trakcja Group was PLN 1,326,438 thousand and were lower by PLN 119,378 thousand in comparison with the balance as at the end of 2014, which constitutes a 8 per cent decrease.

Non-current assets decreased slightly and amounted to PLN 714,909 thousand.

As at June 30, 2015, the current assets reached PLN 611,529 thousand and decreased by PLN 114,420 thousand, which constitutes a 16 per cent decrease in comparison with the balance as at December 31, 2014. This decrease results mainly from the decrease of value of trade receivables and other receivables by the amount of PLN 98,447 thousand. The level of cash and cash equivalents decreased by PLN 37,990 thousand. The value of inventory increased by 15 per cent i.e. by PLN 8,799 thousand in comparison with the balance as at December 31, 2014.

CONSOLIDATED LIABILITIES	30.06.2015 Unaudited	31.12.2014 Audited	Change	Zmiana %
Equity attributable to shareholders of parent entity	684 676	671 910	12 766	2%
Share capital	41 120	41 120	-	0%
Share premium account	309 984	309 984	-	0%
Revaluation reserve	6 188	6 790	(602)	-9%
Other capital reserves	299 287	249 258	50 029	20%
Retained earnings	17 432	49 537	(32 105)	-65%
Foreign exchange differences on translation of foreign	10 665	15 221	(4 556)	-30%
Non-controlling interests	3 123	2 593	530	20%
Total equity	687 799	674 503	13 296	2%
Total liabilities	638 639	771 313	(132 674)	-17%
Long-term liabilities	169 668	151 338	18 330	12%
Interest-bearing bank loans and borrowings	120 134	101 231	18 903	19%
Provisions	5 326	4 912	414	8%
Liabilities due to employee benefits	11 409	11 961	(552)	-5%
Provision for deferred tax	28 512	27 132	1 380	5%
Detrivative financial instruments	4 287	6 102	(1 815)	-30%
Short-term liabilities	468 971	619 975	(151 004)	-24%
Interest-bearing bank loans and borrowings	19 857	30 082	(10 225)	-34%
Bonds	32 446	32 360	86	0%
Trade and other liabilities	318 527	388 616	(70 089)	-18%
Provisions	13 464	21 895	(8 431)	-39%
Liabilities due to employee benefits	11 683	10 623	1 060	10%
Income tax liabilities	-	6 002	(6 002)	-100%
Detrivative financial instruments	965	386	579	150%
Other financial liabilities	-	38 338	(38 338)	-100%
Accruals	2	370	(368)	-99%
Construction contracts	69 463	87 352	(17 889)	-20%
Advances received towards flats	2 564	3 951	(1 387)	-35%
Total equity and liabilities	1 326 438	1 445 816	(119 378)	-8%

In the I half of the year 2015 the total value of equity increased by PLN 13,296 thousand in comparison with the balance as at December 31, 2014 and reached the level of PLN 687,799 thousand. This increase resulted mainly from the net profit achieved in the I half of the year 2015 which amounted to PLN 18,092 thousand.

As at June 30, 2015 the non-current liabilities amounted to PLN 169,668 thousand and increased by PLN 18,330 thousand in comparison with the balance as at the end of the year 2014. The said increase was mainly due to the increase of the long-term interest-bearing credits and loans, whose value increased by PLN 18,903 thousand and reached PLN 120,134 thousand.

As at June 30, 2015 the current liabilities reached the value of PLN 468,971 thousand and decreased by PLN 151,004 thousand, i.e. by 24 per cent in comparison with the balance as at the end of the preceding year. The said decrease results mainly from the decrease in the trade liabilities and other liabilities by PLN 70,089 thousand to the level of PLN 318,527 thousand. The Group recorded a decrease in short-term interest-bearing loans and borrowings by PLN 10,225 thousand to the level of PLN 19,857 thousand. The Group as at June 30, 2015 did not have any factoring liabilities recognized as other financial liabilities.

2.1.3. Overview of cash flow statement

The following table presents main items of the consolidated cash flow statement of the Trakcja Group for the periods ended on June 30, 2015 and June 30, 2014:

CONSOLIDATED CASH FLOW ACCOUNT	1.01.2015 - 30.06.2015 Unaudited	1.01.2014 - 30.06.2014 Unaudited	Change	Zmiana %
Cash at start of period	57 638	83 599	(25 961)	-31%
Net cash flows from operating activities	16 245	(51 780)	68 025	-131%
Net cash flows from investment activities	(7 476)	2 171	(9 647)	-444%
Net cash flows from financial activities	(42 633)	41 361	(83 994)	-203%
Total net cash flows	(33 864)	(8 248)	(25 616)	311%
Cash at end of period	23 774	75 351	(51 577)	-68%

In the I half of the year 2015, the net cash flow from operating activities was positive and amounted to PLN 16,245 thousand. This positive balance increased in relation to the analogous period of the preceding year by PLN 68,025 thousand. In the I half of the year 2015 the net cash flow from investing activities showed negative balance in the amount of PLN 7,476 thousand, while in the comparable period of year 2014 the balance of cash flows from investing activities was positive amounting to PLN 2,171 thousand.

The net cash flow from financial activities in the I half of the year 2015 was negative and amounted to PLN 42,633 thousand. The balance decreased in comparison with the balance as at the end of the I half of the year 2014 by PLN 83,994 thousand. The said decrease resulted from the repayment of the borrowings and credits and factoring liabilities.

The Group commenced the year 2015 with cash in the amount of PLN 57,638 thousand and ended the I half of the year 2015 with positive cash balance recognized in the consolidated cash flow statement in the amount of PLN 23,774 thousand. The total net cash flows in the discussed period were negative and amounted to PLN 33,864 thousand.

2.1.4. Overview of profitability ratios

Sales profitability ratios illustrate the relationship between sales and costs and their impact on the size of the profit. The level of these ratios determine the ability to generate profits from sales.

Profitability ratios in the I half of 2015 compared to the I half of 2014 reported an increase. The gross margin on sale increased by 2.8 pp in the I half of the year 2015 in relation to the analogous period of the preceding year and amounted to 11.4 per cent. The operating profit increased by depreciation and amortization amounted to PLN 35,811 thousand and increased by PLN 3,402 thousand in comparison with the I half of the year 2014. The EBITDA margin increased by 0.7 pp and reached the level of 6.3 per cent. The operating profit margin increased by 0.6 pp and reached the level of 4.2 per cent. The net profit margin in the discussed period reached 3.2 per cent and was higher by 1.6 pp than the margin in the comparable period.

The ratio that reflects the profitability of the capital employed in the company – ROE - decreased by 1.2 pp in relation to the comparable period and amounted to 2.6 per cent. The return on assets ratio – ROA - amounted to 1.3 percent and was higher by 0.7 pp than the analogous ratio in the preceding year.

PROFITABILITY RATIOS	1.01.2015 - 30.06.2015 Unaudited	1.01.2014 - 30.06.2014 Unaudited	Change	Zmiana %
Gross sales profit margin	11,4%	8,6%	2,8%	32,48%
EBITDA	35 811	32 409	3 402	10,50%
EBITDA profit margin	6,3%	5,6%	0,7%	12,51%
Operating profit margin	4,2%	3,6%	0,6%	16,86%
Net profit margin	3,2%	1,6%	1,6%	100,00%
Return on equity (ROE)	2,6%	1,4%	1,2%	85,71%
Return on assets (ROA)	1,3%	0,6%	0,7%	116,67%

The above ratios have been calculated in accordance with the following formulas:

Gross profit margin on sales = gross profit on sales / sales revenue

EBITDA = operating profit + depreciation and amortization

EBITDA margin = (operating profit + depreciation and amortization) / sales revenue

Operating profit margin = operating profit / sales revenue

Net profit margin = net profit / sales revenue

Annualized return on equity (ROE) = double net profit attributable to shareholders of a Parent entity / average equity attributable to shareholders of a Parent entity in the period of six months

Annualized return on assets (ROA) = double net profit attributable to shareholders of a Parent entity / average assets in the period of six months

2.2. Evaluation of management of financial resources

As at the end of the I half of the year 2015 the Trakcja Group had PLN 23,856 thousand of cash and cash equivalents while the total financial debt including credits, loans, financial leasing, bonds and factoring amounted to PLN 172,437 thousand. The Group maintains a safe level of both external financing and financial liquidity.

2.2.1 Liquidity ratios

The working capital in the Trakcja Group as at June 30, 2015 amounted to PLN 142,558 thousand and was higher by PLN 36,583 thousand than the working capital as at the end of 2014.

The liquidity ratios as at June 30, 2015 are satisfactory and ensure a stable paying situation of the Group.

The current liquidity ratio as at the end of the I half of 2015 amounted to 1.30 and increased by 0.13 pp in relation to the ratio level as at December 31, 2014. The quick liquidity ratio was of 1.00 and increased by 0.04 pp in comparison with the ratio as at the end of the year 2014. The cash liquidity ratio informs that the Group would be able to repay immediately 5 per cent of its current liabilities.

LIQUIDITY RATIOS	30.06.2015 Unaudited	31.12.2014 Audited	Change	Zmiana %
Working capital	142 558	105 975	36 583	34,52%
Current ratio	1,30	1,17	0,13	11,11%
Quick ratio	1,00	0,96	0,04	4,17%
Cash ratio	0,05	0,10	-0,05	-50,00%

The above ratios have been calculated in accordance with the following formulas:

Working capital = current assets - current liabilities

Current liquidity ratio = current assets / current liabilities

Quick liquidity ratio = (current assets - inventory - prepaid expenses - construction contracts from assets) / current liabilities

Cash liquidity ratio = (cash and cash equivalents / current liabilities)

2.2.2 Financing structure ratios

The Group monitors the capital structure by using the financing structure ratios. Ratios analyzed by the Group, presented in the below table, allow to maintain both good credit rating and confirm that capital structure supports the operating activities of the Group.

Equity to assets ratio as at June 30, 2015 reached the level of 0.52. The value of the equity to non-current assets ratio increased from 0.93 as at the end of 2014 to 0.96 as at June 30, 2015. At the end of the I half of the year 2015 the total debt ratio was equal to 0.48. This means that the company's assets are financed in 48 per cent by third party sources - liabilities. The debt to equity ratio decreased from 1.15 as at the end of 2014 to 0.94 in the I half of the year 2015.

FINANCING STRUCTURE RATIOS	30.06.2015 Unaudited	31.12.2014 Audited	Change	Zmiana %
Equity to assets ratio	0,52	0,46	0,06	13,04%
Equity to non-current assets ratio	0,96	0,93	0,03	3,23%
Debt ratio	0,48	0,54	-0,06	-11,11%
Debt to equity ratio	0,94	1,15	-0,21	-18,26%

The above ratios have been calculated in accordance with the following formulas:

Equity to assets ratio = equity attributable to shareholders of a Parent entity / total assets

Equity to non-current assets ratio = equity attributable to shareholders of a Parent entity / non-current assets

Total debt ratio = (total assets - equity attributable to shareholders of a Parent entity) / total assets

Debt to equity ratio = (total assets - equity attributable to shareholders of a Parent entity) / equity attributable to shareholders of a Parent entity

Trakcja Group has had well-developed relationship with banks and insurance companies in order to provide the adequate level of funding as well as bank and insurance guarantees that ensure execution of the planned construction contracts.

As at June 30, 2015 the Trakcja Group's companies had external debt from loans, credits and other external sources of finance, including financial leasing, which amounted to PLN 172,437 thousand. The Group's working capital needs are the highest in the II and III quarter which is typical for the construction industry. At the balance sheet date, the Group's entities had available bank overdraft limit and working capital loan limit equal to the total amount of PLN 150 million, which secures to the Trakcja Group's companies stable financing of their current contract activity.

The Group uses numerous bank products and the various sources of financing (bank overdrafts, investment loans, bonds, factoring, financial leasing) in order to minimize financial costs and optimize the financial liquidity management.

Agreements and annexes signed by the companies of the Trakcja Group in the I half of the year 2015 were described in Note no. 2.2.3 to this report.

The Group has had signed agreements concerning guarantees: bid bond (deposits), advance payment refund guarantees, good performance of the trade agreement, removal of defects during the warranty period, as well as to ensure timely payment of claims. The total value of the available guarantee lines as at June 30, 2015 amounted to PLN 357 million. As at June 30, 2015 their use amounted to PLN 462 million. The Group's availability of guarantee funding - which is necessary for the acquisition and execution of contracts - is the Group's important competitive advantage on the infrastructure construction market.

2.2.3 Bank credits and loans

Credits and loans taken by the Group are presented in the table below:

Company name	Lender	Type of loan/credit	Amount in agreement currency	Currency	Maturity date	Interests	Outstanding amount (in ths. PLN)
Trakcja PRKiI S.A.	PKO BP S.A.	working capital	44 000	PLN	03.07.2016	WIBOR 1M + margin	-
Trakcja PRKiI S.A.	mLeasing	investment	22 400	PLN	16.09.2019	WIBOR 1M + margin	19 643
Trakcja PRKiI S.A.	mBank S.A.	overdraft	20 000	PLN	28.04.2016	WIBOR O/N + margin	-
Trakcja PRKiI S.A.	mBank S.A.	working capital	50 000	PLN	29.11.2016	WIBOR 1M + margin	-
PRK 7 Nieruchomości Sp. z o.o.	BOŚ Bank S.A.	investment	19 000	PLN	30.03.2016	WIBOR 1M + margin	-
AB Kauno Tiltai	Nordea Dnb	working capital	18 000	EUR	31.08.2016	EURIBOR 3M + margin	38 980
AB Kauno Tiltai	Nordea Dnb	investment	6 668	EUR	01.04.2017	EURIBOR 3M + margin	13 667
AB Kauno Tiltai	Nordea Dnb	investment	5 685	EUR	01.04.2016	EURIBOR 3M + margin	-
UAB Palangos aplinkkelis	SEB Bank	project purpose loans	8 500	EUR	31.05.2028	EURIBOR 3M + margin	35 192
UAB Pletros investicijos	Šiaulių plentas UAB	loan from other entities	363	EUR	31.12.2028	fixed interest rate	1 240
Total							108 722

The interest rate of the credits taken depends on WIBOR / EURRIBOR and bank margin. Bank margins depend on a bank's decision and on agreed credit repayment.

The total liabilities of the Group on the credits and borrowings taken as at June 30, 2015 amount to PLN 108,722 thousand, of which PLN 33,310 thousand are liabilities of investment nature, the amount of PLN 40,220 thousand refer to current liabilities and the amount of PLN 35,192 thousand concerns the purposeful loan for execution of the contract.

Additionally, according to the signed agreements as at June 30, 2015 the Group had unused bank overdraft and working capital loan limits in the total amount of PLN 150 million.

Loans and borrowings taken in the year 2015

In the period covered by these financial statements the companies of the Trakcja Group signed the agreements referring to the following loan liabilities or borrowings.

The Parent entity signed the following agreements:

- Agreement with mBank S.A. on working capital loan for the amount of PLN 50,000 thousand, with repayment date until November 29, 2016 and interest rate WIBOR 1M + margin;
- Annex to Agreement with mBank S.A. on bank overdraft for the amount of PLN 20,000 thousand, with repayment date until April 28, 2016 and interest rate WIBOR O/N + margin.

Additionally, the Trakcja PRKił S.A. company signed agreements and annexes on products that are of guarantee nature:

- Annex to agreement with KUKE S.A. on the limit in the amount of PLN 10,000 thousand for products that are of guarantee nature. The last day when this limit can be used is October 9, 2015;
- Annex to agreement with Credit Agricole S.A. on the limit in the amount of PLN 60,000 thousand for products that are of guarantee nature. The last day when this limit can be used is June 30, 2016;
- Annex to agreement with Gothaer on the limit in the amount of PLN 15,000 thousand for products that are of guarantee nature. The last day when this limit can be used is December 31, 2015;
- Agreement with InterRisk S.A. on the limit in the amount of PLN 15,000 thousand for products that are of guarantee nature. The last day when this limit can be used is March 8, 2016;
- Agreement with HSBC Bank Polska S.A. on the limit in the amount of PLN 40,000 thousand for products that are of guarantee nature. The last day when this limit can be used is February 4, 2016;
- Agreement with mBank Polska S.A. on the limit in the amount of PLN 40,000 thousand for products that are of guarantee nature. The last day when this limit can be used is May 16, 2016;
- Agreement with Alior Bank S.A. on the limit in the amount of PLN 50,000 thousand for products that are of guarantee nature. The last day when this limit can be used is June 1, 2016.

Agreements on loans and borrowings that were terminated in the year 2015

In the course of the year 2015 the Parent entity repaid and terminated the following agreements:

- Agreement with Alior Bank S.A. on working capital loan for the amount of PLN 50,000 thousand and with interest rate WIBOR O/N + margin; the loan balance as at December 31, 2014 was of PLN 7,000 thousand;
- Agreement with Alior Bank S.A. on working capital loan for the amount of PLN 45,000 thousand and with interest rate WIBOR 1M + margin; the loan balance as at December 31, 2014 was of PLN 0.00;
- Agreement with BRE Bank S.A. on bank overdraft for the amount of PLN 10,000 thousand and with interest rate WIBOR 1M + margin; the loan balance as at December 31, 2014 was of PLN 0.00.

The Issuer's subsidiary AB Kauno Tiltai company repaid in the course of the year 2015 noninterest-bearing tax loans for the total value of PLN 5,408 thousand.

The Issuer's subsidiary AB Kauno Tiltai company terminated in the course of the year 2015 the agreement on investment loan in the amount of EUR 2,285 thousand, with interest rate EURIBOR 3M + margin. The loan balance as at December 31, 2014 was of PLN 0.00

2.2.4 Hedging transactions*Cash flow hedging instruments for which the Group applies hedging accounting*

On June 5, 2013, a subsidiary of Trakcja, i.e. UAB Palangos aplinkelis concluded an interest rate swap (IRS) to secure future cash flows from interest payments on the loan. Pursuant to the IRS agreement, the company is a payee of fixed

interest rate amounts whereas the bank is the payee of variable interest rate amounts. The date of expiry of the hedge connection was set at May 31, 2028.

As at June 30, 2015, the effect of the measurement of the above derivative on long-term liabilities amounted to PLN 4,287 thousand and the effect on other comprehensive income was positive and amounted to PLN 951 thousand.

In the I half of the year 2015, the Group assessed the effectiveness of hedging of the concluded IRS transaction. During the reporting period, hedging of interest rate change was highly effective, therefore no ineffective part (due to IRS measurement) was identified and recognized in the profit and loss statement.

Other derivatives

During the reporting period, the Group did not conclude interest rate swaps (IRSs). The Group did not conclude derivative contracts for speculative purposes. The Group during the reporting periods covered by the financial statements did not apply hedge accounting in regard to the aforementioned IRSs - therefore they were not measured at fair value through the profit and loss statement. In the I half of the year 2014, the measurement of financial instruments presented in the profit and loss statement amounted to PLN 340 thousand.

2.3. The position of the Management Board on previously published forecasts of the financial results of the Trakcja Capital Group

The Trakcja Capital Group did not publish any financial forecasts for the year 2015.

2.4. Events after the balance sheet date

After the balance sheet date until the date of publishing of this report on the activities of the Trakcja Group, i.e. until August 24, 2015 the following material events took place:

Material events after the balance sheet date	CR
Material agreements - Construction contracts	
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
--	------------

Material agreements - Other

Change of date of the publication the interim report for the year 2015	CR 33/2015
Signing by the Issuer's subsidiary AB Kauno Tiltai company of the annex to the material loan agreement no. KL 06/03/01 of March 30, 2006. By virtue of the annex the additional loan in the amount of EUR 2,000 thousand as well as bank overdraft loan in the amount of EUR 4,000 thousand were granted and the working capital loan limit was reduced to EUR 14,000 thousand. By virtue of the annex the dates of loan repayment and of guarantee maturity were also changed.	CR 34/2015

CR - Current Report

2.5. Description of factors that will have impact on the Capital Group's results in the horizon of at least next 6 months

Below have been presented key factors, which in the opinion of the Management Board have now - or will have in the near future - impact on the Group's activities. Information on the significant proceedings and disputes against the companies of the Group as well as penalties is contained in point 6 of this report.

The most important factors that have 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.
- 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 of contracts depends on the methodological and external factors such as changes in prices of materials and services rendered by subcontractors.
- The Central Bank's monetary policy resulting in the changes in interest rates of the loans. To finance planned acquisitions, the Group may draw up 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 as well as regulations related to other encumbrances of a public and legal nature, and also regulations related with:

- 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* of July 28, 2005 (*Journal of Laws of the 6 June 2005*),
- 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 real estate transactions, in particular the *Civil Code*, *Act on the Real Estate Management* of August 21, 1997 (*Journal of Laws*, 04.261.263), *Act on the Acquisition of Real Estate by Foreigners* of March 24, 1920 (*Journal of Laws*, 04.167.1758), *Act on the Ownership of Premises* of June 24, 1994 (*Journal of Laws*, 00.80.903) and the regulations related with zoning and building.

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

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

2.6. Information material for the assessment of the personnel assets, assets, financial standing and the financial result of the Group and their changes and information material for the assessment of the Group's ability to fulfill its obligations

Apart from the information contained in these condensed consolidated financial statements and in the report on the Capital Group's activities in the first half of the year 2015 there is no other information material for the assessment of the personnel assets, financial standing and the financial result of the Group and their changes or for the assessment of the Group's ability to fulfill its obligations.

3. INFORMATION ABOUT SHARE AND SHAREHOLDERS

3.1. Shareholding structure

According to the knowledge of the Management Board of the Issuer, the Shareholders possessing directly or by the agency of subsidiaries at least 5 per cent of the total number of votes at the General Shareholders' Meeting as at the date of publication of this report is the following:

Shareholders	Number of shares	% in the share capital	Number of votes	% in votes at GSM
COMSA S.A.	14 802 280	28,80%	14 802 280	28,80%
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	27 135 710	52,79%	27 135 710	52,79%
Total	51 399 548	100,00%	51 399 548	100,00%

From the date of publication of the last quarterly report, i.e. from May 11, 2015, the ownership structure of the significant Issuer's shareholdings changed:

- Due to the Company's share sale by the ING Open Pension Fund (ING OFE), settled on May 13, 2015, the number of shares held by ING OFE changed from 6 623 955 shares which constituted 12.89% of the Company's share capital giving the right to 6 623 955 votes at the General Shareholders' Meeting of the Company which constituted 12.89% of the total number of votes to 5 725 828 shares which constitutes 11.14% of the Company's share capital giving the ING OFE the right to 5 725 828 votes at the General Shareholders' Meeting of the Company which constitutes 11.14% of the total number of votes.
- Due to the share sale transactions effected by the ING Open Pension Fund on the Warsaw Stock Exchange in Warsaw, which were settled on June 19, 2015, the number of shares held by ING OFE changed from 5 140 774 representing 10.0016% of the Company's share capital and giving 5 140 774 votes at the General Shareholders' Meeting of the Company which constituted 10.0016% of the total number of votes) to 5 111 908 shares (representing 9.95% of the Company's share capital and giving 5 140 774 votes at the General Shareholders' Meeting of the Company which constitutes 9.95% of total number of votes).

3.2. Shares of Trakcja PRKiI S.A. held by managing and supervising persons

As at the date of publication of this report, the balance of the Issuer's shares held by the managing and supervising persons is the following:

First name and surname	Function	Number of shares	Shares nominal value	% in the shareholding
Maciej Radziwiłł	Chairman of the Supervisory	35	28	0,000%
Nerijus Eidukevičius	Vice-President of the Management Board	328 271	262 617	0,639%

From the date of publication of the last quarterly report, i.e. from May 11, 2015, there were no changes in the number of the Company's shares held by its managing and supervising persons.

4. TRANSACTIONS WITH RELATED ENTITIES

In the I half of 2015, all transactions entered by the Group were concluded on market terms. Information on the Group's transactions with the affiliated entities have been presented in Note no. 53 to these enclosed condensed consolidated financial statements.

5. INFORMATION ON GRANTING BY THE ISSUER OR ITS SUBSIDIARY OF THE CREDIT GUARANTEE OR THE LOAN OR THE GUARANTEE

In the I half of year 2015, the Issuer and its subsidiaries did not grant loan guarantees or loan and did not grant jointly guarantee to a single entity or to its subsidiary whose total value of existing sureties and guarantees would equal to at least 10% of the equity of the Issuer.

6. MATERIAL LITIGATIONS AND DISPUTES

In the period from January 1, 2015 to June 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, individual or in total, exceeded 10 percent of the equity of Trakcja PRKi S.A., except for the following issues:

Court litigations

Issuer

Case concerning the submission of a claim against Przedsiębiorstwo Napraw Infrastruktury sp. z o.o. within a bankruptcy 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, Trakcja PRKi S.A. is the successor in title of both companies. Due to the declaration of bankruptcy of Przedsiębiorstwo Napraw Infrastruktury sp. z o.o. (hereinafter referred to as "PNI") with the possibility of entering into an arrangement by the District Court for Warsaw – Praga Północ in Warsaw, Przedsiębiorstwo Robót Komunikacyjnych i Inżynieryjnych S.A. in Wrocław filed a claim at a bankruptcy court on 20 November 2012. The claim concerned a debt of PLN 55,664,100.89 in total, including the principal, interest due until the bankruptcy declaration date and contractual penalties accrued.

According to the Company's knowledge, a list of claims against PNI has been drawn up. Claims of Trakcja PRKi S.A. were recognized at PLN 10,569,163.16, including PLN 10,274,533.87 for unpaid invoices and PLN 294,632.29 for default interest. The court refused to recognize claims for contractual penalties and other claims amounting, in total, to PLN 44,956,834.34. The Company does not accept the refusal to recognize the above-mentioned claims, therefore it appealed against the refusal to recognize these claims to the judge-commissioner. The court rejected the Company's appeal, therefore the Company submitted complaint to the court which was dismissed. On June 8, 2015 the Company received from the bankruptcy trustee a notification informing about the change of way of bankruptcy proceeding from arrangement to liquidation one. The case is pending with the date of termination difficult to foresee.

Submission of a claim to bankruptcy estate

The Company informs that in the period to which the financial statements refer, i.e. on March 10, 2015 by 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 (say: nine million seven hundred and eight thousand and six hundred thirteen and 62/100 Polish zloty). 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 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 case is being monitored by the Company.

Case concerning the payment of a contractual penalty to Trakcja PRKił S.A by PKP Polskie Linie Kolejowe S.A. – terminated in the I half of the year 2015

The Company informs that the case concerning the payment of a contractual penalty to Trakcja PRKił S.A by PKP Polskie Linie Kolejowe S.A. (which was described in the previous periodical reports) owing to the negotiations held was terminated with the court settlement on February 4, 2015. By virtue of this settlement PKP Polskie Linie Kolejowe S.A. committed to pay in favour of the Trakcja Polska consortium the amount of PLN 15,740,228.58. As at the day of preparation of this report the whole amount due to Trakcja PRKił S.A. on the basis of the above mentioned settlement was paid by PKP PLK S.A.

PRK 7 Nieruchomości Sp. z o.o.

Housing Cooperative Osiedle Lazurowe filed a suite to the District Court in Warsaw against PRK 7 Nieruchomości Sp. Z o.o. to pay the amount of PLN 700,466.50 thousand with default interest. PRK 7 Nieruchomości contests the claims and therefore submitted statement of defence. In the 2015 year a reserve to cover this amount was made. The case is being monitored by the Company and its termination date is hard to predict.

7. DESCRIPTION OF BASIC RISKS RELATED TO THE REMAINING 6 MONTHS OF THE FINANCIAL YEAR

The factors that may significantly deteriorate the financial standing of our Group in the perspective of at least next half-year are the following:

- Risk of growing competition,
- Risk of changes in the strategy of the Polish and Lithuanian governments regarding the infrastructure modernization over the next few years.
- Risk of being dependent on key customers,
- Risk of potential loss of subcontractors and potential rise in prices of their services,
- Risk of lack of qualified employees,
- Currency risk,
- Risk of change of prices for materials,
- Risk associated with the joint and several liability of members of construction consortiums and with the liability for subcontractors,
- Risk related to any potential penalties for failure to complete contracts,
- Risk of underestimation of the costs of realized projects,
- Risk related to execution of construction contracts,

- Risk associated with the conditions and procedures for awarding tenders and with execution of contracts,
- Risk of growing portfolio of overdue receivables,
- Risk related to financial agreements,
- Liquidity risk,
- Risk related to execution of strategy.

Warsaw, August 24, 2015

The Management Board:

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

DECLARATIONS OF THE MANAGEMENT BOARD

According to our best knowledge, the interim condensed consolidated financial statement of the Trakcja Capital Group for the period from January 1, 2015 to June 30, 2015 and comparable data for the period from January 1, 2014 to June 30, 2014 were prepared in accordance with the binding accounting principles and reflect in a true, reliable and clear manner the property and financial situation as well the financial result of the Group. The Report on the activities of the Issuer's Capital Group contains true information of development and achievements, risks and threats as well as of situation of the Trakcja Capital Group.

We also declare that the entity entitled to carry out an audit of the financial statements and to review the interim condensed consolidated financial statement for the period of 6 months ended on June 30, 2015 – Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. - has been chosen in accordance with the provisions of the law. This entity as well as certified auditors who performed the said review satisfied the requirements for making unbiased and independent review report in compliance with the binding provisions and professional standards.

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, August 24, 2015

**AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED
INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015**

To the Shareholders and Supervisory Board of Trakcja PRKiI S.A.

We have reviewed the attached condensed interim separate financial statements of Trakcja PRKiI S.A. with its registered office in Warsaw at Złota 59, including a balance sheet prepared as of 30 June 2015, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement for the period from 1 January 2015 to 30 June 2015 and notes, comprising a summary of significant accounting policies and other explanatory information.

Compliance of these condensed interim separate financial statements with the requirements laid down in IAS 34 "Interim Financial Reporting" as endorsed by the European Union ("IAS 34") and with other regulations in force is the responsibility of the Management Board and Supervisory Board of the Company. Our responsibility was to review the financial statements.

Our review has been conducted in accordance with the national auditing standards issued by the National Council of Statutory Auditors. These Standards require that we plan and conduct the review in such a way as to obtain reasonable assurance that the separate financial statements are free from material misstatement.

Our review has been conducted mainly based on an analysis of data included in the financial statements, examination of the accounting records as well as information provided by the management and the financial and accounting personnel of the Company.

The scope and methodology of a review of condensed interim financial statements differ significantly from an audit, which serves as the basis for expressing an opinion on compliance of annual financial statements with the applicable accounting principles (policy) and an opinion on their fairness and clarity. Therefore, no such opinion on the attached financial statements may be issued.

Based on our review, we have not identified any issues which would prevent us from concluding that the condensed interim separate financial statements have been prepared, in all material respects, in compliance with the requirements laid down in IAS 34 “Interim Financial Reporting” as endorsed by the European Union.

Maciej Krasoń
Key certified auditor
conducting the review
No. 10149

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Maciej Krasoń – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 24 August 2015

The above auditor’s report on the review is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

**AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015**

To the Shareholders and Supervisory Board of Trakcja PRKiI S.A.

We have reviewed the attached condensed interim consolidated financial statements of the Trakcja PRKiI Capital Group with Trakcja PRKiI S.A. having its registered office in Warsaw, at Żłota 59, acting as the Parent Company, including a consolidated balance sheet prepared as of 30 June 2015, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the period from 1 January 2015 to 30 June 2015 and notes, comprising a summary of significant accounting policies and other explanatory information.

Compliance of these condensed interim consolidated financial statements with the requirements laid down in IAS 34 "Interim Financial Reporting" as endorsed by the European Union ("MSR 34") and with other regulations in force is the responsibility of the Management Board and Supervisory Board of the Parent Company. Our responsibility was to review the financial statements.

Our review has been conducted in accordance with the national auditing standards issued by the National Council of Statutory Auditors. These Standards require that we plan and conduct the review in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

Our review has been conducted mainly based on an analysis of data included in the financial statements, examination of the accounting records as well as information provided by the management and the financial and accounting personnel of the Group.

The scope and methodology of a review of condensed interim financial statements differ significantly from an audit, which serves as the basis for expressing an opinion on compliance of annual financial statements with the applicable accounting principles (policy) and an opinion on their fairness and clarity. Therefore, no such opinion on the attached financial statements may be issued.

Based on our review, we have not identified any issues which would prevent us from concluding that the condensed interim consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in IAS 34 “Interim Financial Reporting” as endorsed by the European Union.

Maciej Krasoń
Key certified auditor
conducting the review
No. 10149

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Maciej Krasoń – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 24 August 2015

The above auditor’s report on the review is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.