RAFAKO S.A.

THE PBG GROUP

INTERIM CONDENSED FINANCIAL STATEMENTS

for the three months ended March 31st 2016

May 31st 2016

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(PLN '000)

Interim condensed statement of comprehensive income

for the three months ended March 31st 2016

	Note	*Three months ended Mar 31 2016 (unaudited)*	*Three months ended Mar 31 2015 (unaudited)*
Continuing operations			
Revenue	11.1	**228,789**	**199,583**
Revenue from sale of goods and services		228,225	199,027
Revenue from sale of materials		564	556
Costs of sales	11.1	(210,832)	(179,355)
Gross profit/(loss)		**17,957**	**20,228**
Other income	11.1	1,390	1,090
Distribution costs	11.1	(7,034)	(6,671)
Administrative expenses		(9,909)	(6,978)
Other expenses	11.1	(405)	(465)
Profit/(loss) from continuing operations		**1,999**	**7,204**
Finance income	11.1	431	2,815
Finance costs	11.1	(1,629)	(2,678)
Net gain/(loss) on disposal of a subsidiary		–	11,376
Profit/(loss) before tax		**801**	**18,717**
Income tax expense	11.2	(484)	(4,008)
Net profit/(loss) from continuing operations	11.22	**317**	**14,709**
Other comprehensive income for the period			
Exchange differences on translating foreign operations		(5)	(66)
Other net comprehensive income to be reclassified to profit/(loss) in subsequent reporting periods		**(5)**	**(66)**
Other comprehensive income due to actuarial gains/(losses)		306	(162)
Tax on other comprehensive income	11.2	(58)	31
Other comprehensive income not subject to reclassification to profit/(loss) in subsequent reporting periods		**248**	**(131)**
Total comprehensive income for the period		**560**	**14,512**
Weighted average number of shares	11.22	84,931,998	69,600,000
Basic earnings/(loss) per share, PLN	11.22	0.00	0.21

Racibórz, May 16th 2016

(PLN '000)

Interim condensed statement of financial position

as at March 31st 2016

	Note	*Mar 31 2016 (unaudited)*	*Dec 31 2015*
ASSETS			
Non-current (long-term) assets			
Property, plant and equipment	11.4, 11.5	152,225	153,827
Investment property		–	–
Intangible assets	11.5	11,597	11,488
Trade and other receivables - non-current		5,407	6,392
Trade receivables	11.7	4,764	5,660
Other receivables and prepayments	11.7	643	732
Non-current financial assets		62,055	60,889
Shares in subsidiaries	11.6	25,032	25,032
Shares in other entities	11.6	239	229
Non-current loans advanced	11.8, 13	–	–
Other non-current financial assets	11.8, 13	36,784	35,628
Deferred tax asset	11.2	42,196	42,738
		273,480	**275,334**
Current (short-term) assets			
Inventories	11.9	18,639	18,804
Trade receivables, other receivables and prepayments	11.12, 13	242,946	312,470
Trade receivables	11.12, 13	120,014	141,934
Income tax receivable	11.12	9,599	7,095
Other receivables and prepayments	11.12	113,333	163,441
Gross amount due from customers for contract work	10	357,917	276,703
Current financial assets		88,756	103,541
Derivative instruments		-	-
Current deposits	13	-	-
Current loans advanced	13	460	486
Other current financial assets	11.10, 13	5,946	5,946
Cash and cash equivalents	11.3, 11.11, 13	82,350	97,109
Other current non-financial assets		–	–
		708,258	**711,518**
Non-current assets held for sale	7	45	119
TOTAL ASSETS		**981,783**	**986,971**

Racibórz, May 16th 2016

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Interim condensed statement of financial position
as at March 31st 2016

	Note	*Mar 31 2016 (unaudited)*	*Dec 31 2015*
EQUITY AND LIABILITIES			
Total			
Share capital	11.14	169,864	169,864
Share premium	11.18	95,340	95,340
Reserve funds	11.19	104,716	104,716
Exchange differences on translating foreign operations	11.20	55	60
Retained earnings / Accumulated losses	11.21	22,408	21,843
		392,383	**391,823**
Non-current liabilities			
Interest-bearing borrowings		–	–
Finance lease liabilities	11.24, 13	2,894	3,111
Deferred tax liability		–	–
Provision for employee benefits	11.23, 17.2	23,591	23,500
Trade and other payables		18,091	25,544
Trade payables	11.24, 13	12,536	20,796
Capital commitments	13, 20	86	112
Other liabilities	11.24	5,469	4,636
		44,576	**52,155**
Current liabilities			
Trade and other payables	11.25	284,179	307,537
Trade payables	13	223,825	256,803
Capital commitments	13, 20	411	1,790
Income tax payable		–	–
Other liabilities	11.25	59,943	48,944
Current portion of interest-bearing borrowings	14	150,486	111,213
Other financial liabilities and finance lease liabilities	11.25, 13	1,329	1,278
Provision for employee benefits	11.23, 17.2	1,959	1,973
Amounts due to customers and provisions for construction contract work and deferred income	10	106,871	120,992
Gross amount due to customers for construction contract work	10	84,522	90,378
Provisions for construction contract work	17	21,545	29,807
Grants		804	807
		544,824	**542,993**
Total liabilities		**589,400**	**595,148**
TOTAL EQUITY AND LIABILITIES		**981,783**	**986,971**

Racibórz, May 16th 2016

(PLN '000)

Interim condensed statement of cash flows

for the three months ended March 31st 2016

	Note	*Three months ended Mar 31 2016 (unaudited)*	*Three months ended Mar 31 2015 (unaudited)*
Cash flows from operating activities			
Profit/(loss) before tax		801	18,717
Adjustments for:		(51,297)	(41,477)
Depreciation and amortisation		2,913	2,573
Foreign exchange gains/(losses)		(1)	–
Interest and dividends, net		793	1,230
(Gain)/loss from investing activities		(299)	(12,826)
Increase/(decrease) in liabilities/assets from valuation of derivative instruments		–	–
(Increase)/decrease in receivables	11.3	71,994	2,480
(Increase)/decrease in inventories		165	716
Increase/(decrease) in employee benefit provisions and obligations, excluding borrowings	11.3	(29,023)	(80,517)
Change in prepayments and accruals for construction contracts	11.3	(95,332)	47,079
Income tax (paid)/received		(2,504)	(2,212)
Other		(3)	–
Net cash from operating activities		**(50,496)**	**(22,760)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		283	194
Purchase of property, plant and equipment and intangible assets	11.3	(2,711)	(5,085)
Sale of financial assets		–	48,000
Purchase of financial assets		–	–
Share capital increase at subsidiary		–	–
Dividends and interest		4	19
Loans advanced		–	–
Repayment of loans advanced		25	–
Other		–	(1,440)
Net cash from investing activities		**(2,399)**	**41,688**
Cash flows from financing activities			
Proceeds from issue of shares		–	–
Payment of finance lease liabilities		(388)	(276)
Proceeds from borrowings	11.3	39,026	–
Repayment of borrowings	11.3	–	(23,509)
Interest paid	11.3	(442)	(1,081)
Bank fees		(55)	(17)
Other		–	216
Net cash from financing activities		**38,141**	**(24,667)**
Net increase/(decrease) in cash and cash equivalents		(14,754)	(5,739)
Net foreign exchange differences		(5)	(66)
Cash at the beginning of the period	11.11	**97,109**	**14,348**
Cash at the end of the period, of which:	11.11	**82,350**	**8,543**
- restricted cash	11.11	2,153	1,434

Racibórz, May 16th 2016

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Interim condensed statement of changes in equity

for the three months ended March 31st 2016

	Share capital	*Share premium*	*Reserve funds*	*Exchange differences on translating foreign operations*	*Retained earnings/ Accumulated losses*	*Total equity*
As at Jan 1 2016	**169,864**	**95,340**	**104,716**	**60**	**21,843**	**391,823**
Total comprehensive income for the period	–	–	–	(5)	565	560
Distribution of prior year profits	–	–	–	–	–	–
As at Mar 31 2016 *(unaudited)*	**169,864**	**95,340**	**104,716**	**55**	**22,408**	**392,383**
As at Jan 1 2015	**139,200**	**36,778**	**81,201**	**293**	**19,025**	**276,497**
Total comprehensive income for the period	–	–	–	(66)	14,578	14,512
Distribution of prior year profits	–	–	–	–	–	–
Dividend	–	–	–	–	–	–
As at Mar 31 2015 *(unaudited)*	**139,200**	**36,778**	**81,201**	**227**	**33,603**	**291,009**

Racibórz, May 16th 2016

NOTES

1. General information

RAFAKO S.A. ("the Company") is a publicly-traded joint stock company with its registered office at ul. Łąkowa 33 in Racibórz, Poland. The Company was established under a notary deed of January 12th 1993. On August 24th 2001 it was entered in the Register of Entrepreneurs maintained by the District Court in Gliwice, 10th Commercial Division of the National Court Register, under No. KRS 34143. The Parent's Industry Identification Number (REGON) is 270217865.

The Company has been established for an indefinite term.

These interim condensed financial statements of the Company cover the three months ended March 31st 2016 and contain comparative data for the three months ended March 31st 2015 and as at December 31st 2015. The statement of comprehensive income and notes to the statement of comprehensive income contain data for the three months ended March 31st 2016 and the comparative data for the three months ended March 31st 2015 and have not been audited or reviewed by an auditor.

The Company's principal business activities are as follows:

- Production of steam generators, excluding hot water central heating boilers
- Repair and maintenance of finished metal goods;
- Installation of industrial machinery, plant and equipment;
- Manufacture of metal structures and parts thereof;
- Other specialist construction activities n.e.c.;
- Manufacture of industrial cooling and ventilation equipment;
- Manufacture of other metal reservoirs, tanks and containers;
- Machining;
- Metalworking and coating;
- Manufacture of machinery for metalworking;
- Repair and maintenance of machinery;
- Activities in the field of architecture;
- Engineering activities and related technical consultancy;
- Manufacture of ovens, furnaces and furnace burners;
- Wholesale of other machinery and equipment;
- Wholesale of metals and metal ores;
- Manufacture of other general-purpose machinery n.e.c.;
- Manufacture of tools;
- Production of electricity;
- Transmission of electricity;
- Distribution of electricity;
- Trade in electricity;
- Production and supply of steam, hot water and air for air-conditioning systems;
- Wholesale of hardware, plumbing and heating equipment and supplies;
- Rental and management of freehold or leasehold property;
- Other technical testing and analyses;
- Other non-school forms of education n.e.c.;
- Sewage disposal and treatment;
- Hotels and similar accommodation;
- Holiday and other short-stay accommodation;
- Restaurants and other permanent catering facilities;
- Other catering services;
- Activities of cultural facilities;
- Other recreation and entertainment facilities;
- Activities related to organisation of fairs, exhibitions and conventions;
- Scientific research and development work in the field of other natural and technical sciences;

- Forging, pressing, stamping and roll-forming of metal; powder metallurgy;
- Manufacture of instruments and appliances for measuring, testing and navigation;
- Manufacture of electric motors, generators and transformers;
- Manufacture of electricity distribution and control apparatus;
- Manufacture of engines and turbines, except aircraft, vehicle and cycle engines;
- Manufacture of hydraulic and pneumatic drive equipment and accessories;
- Manufacture of other pumps and compressors;
- Manufacture of lifting and handling equipment;
- Repair and maintenance of electrical equipment;
- Treatment and disposal of non-hazardous waste;
- Dismantling of wrecks;
- Remediation activities and other waste management services;
- Construction of residential and non-residential buildings;
- Construction of roads and motorways;
- Construction of railways and underground railways;
- Construction of transmission pipelines and distribution systems;
- Construction of telecommunications lines and power lines;
- Construction of other civil engineering projects n.e.c.;
- Dismantling and demolition of buildings;
- Site preparation;
- Digging, drilling and boring for geological and engineering purposes;
- Installation of electrical wiring and fittings;
- Installation of plumbing, heat, gas and air-conditioning systems;
- Other building installations;
- Erection of roof covering and frames;
- Wholesale of waste and scrap;
- Warehousing and storage of other goods;
- Software related activities;
- Computer consultancy activities;
- IT equipment management activities;
- Other services in the field of information and computer technology;
- Data processing, hosting and related activities;
- Specialist design activities;
- Renting and leasing of cars and vans;
- Renting and leasing of other motor vehicles, except motorcycles;
- Renting and leasing of construction machinery and equipment;
- Renting and leasing of office machinery and equipment, including computers;
- Renting and leasing of other machinery, equipment and tangible goods n.e.c.;
- Repair and maintenance of computers and peripheral equipment;
- Operation of sports facilities;
- Other sports activities;
- Other business and management consultancy activities

The Company has a self-reporting branch in Turkey which prepares its financial statements in accordance with Turkish law. The functional currency of the branch is EUR.

These interim condensed financial statements of the Company have been prepared on a historical cost basis, modified in respect of financial instruments measured at fair value.

These interim condensed financial statements are presented in Polish zloty ("PLN"), and all amounts are stated in PLN thousands unless otherwise indicated.

These interim condensed financial statements for the three months ended March 31st 2016 were authorised for issue by the Company's Management Board on May 16th 2016.

The Company has also prepared interim condensed consolidated financial statements for the three months ended March 31st 2016, which were authorised for issue by the Company's Management Board on May 16th 2016.

2. Basis of preparation of the interim condensed financial statements

These interim condensed financial statements were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union ("IFRSs"), in particular in accordance with International Accounting Standard 34.

The International Financial Reporting Standards comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the Committee on International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed financial statements of the Company have been prepared on the assumption that the Company will continue as a going concern for at least 12 months after the end of the reporting period, i.e. March 31st 2016.

To be able to continue its business activities, the Company must maintain its financial liquidity, that is the ability to secure sufficient financing for the current contracts. In view of the above, the Management Board of the Company has prepared financial projections for the 12 months subsequent to March 31st 2016 and for the following years, based on a number of assumptions, the most important of which relate to:

- continued financing of the Company's operations with a credit facility subsequent to May 31st 2016 – pursuant to the annex executed on May 29th 2015, the repayment date for the credit facility used by the Company was extended until May 31st 2016,

- timely delivery and execution of the contracts in the Company's current order book, including in particular the timely generation of cash flows from the contracts and renegotiation of selected contracts to optimise cash flows,

- timely delivery and execution of the contracts in the Company's current order book on the assumption that the target margins would be achieved and the loss already recognised on some contracts would not increase,

- release of cash locked in performance bonds against delivery of appropriate bank guarantees to the Company's trading partners. As at the date of these financial statements, the Company had PLN 175m available in open guarantee lines provided by several financial institutions, with approximately 79.6% of the limit currently used. Availability of the unused portion of the facilities and success in the negotiations with financial institutions concerning further bank / insurance guarantees will enable the Group to perform new contracts it expects to be awarded during the 12 months subsequent to March 31st 2016.

In 2016, the Company and mBank executed a contract under which the bank issues guarantees for the purposes of the Jaworzno Project. As a result, the Company was able to free funds of PLN 40m, which had a positive impact on its liquidity ratios.

The Company's Management Board believes that the above key assumptions underlying the financial projections will materialize, which will significantly improve the Company's liquidity during at least the 12 months subsequent to the reporting date.

The Company's interim financial performance may not be indicative of its potential full-year financial performance.

The Company applied the IFRSs applicable to financial statements prepared for the year beginning on January 1st 2016.

3. Significant accounting policies

The accounting policies applied in preparing these interim condensed financial statements are consistent with the policies applied in preparing the Company's full-year financial statements for the year ended December 31st 2015, save for the effect of application of the following amended standards and new interpretations effective for annual periods beginning on or after January 1st 2016.

Amendments to IFRS introduced as part of the 2011-2013 improvements cycle:

- Amendments to IFRS 3 *Business Combinations*

  The amendments clarify that not only joint ventures but also joint arrangements fall outside the scope of IFRS 3. The exception applies solely to the preparation of financial statements of joint arrangements. The amendment is to be applied prospectively.

- Amendments to IFRS 13 *Fair Value Measurement*

  The amendments clarify that the portfolio exception applies not only to financial assets and financial liabilities but also to other agreements that fall within the scope of IAS 39. The amendments are to be applied prospectively.

- Amendments to IAS 40 *Investment Property*

  The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment, to be applied prospectively, clarifies that it is IFRS 3 rather than the definition of ancillary services under IAS 40 that should be used to determine whether a transaction is an asset acquisition or a business acquisition.

- IFRIC 21 *Levies*

  The interpretation clarifies that an entity recognises a levy liability on the occurrence of an obligating event or, in other words, the activity that triggers the obligation to pay a levy under relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. IFRIC 21 is applied retrospectively.

The application of the amendments had no effect on the Company's financial standing, performance or the scope of disclosures in the interim condensed financial statements.

The Company has not elected to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective as not yet endorsed by the European Union.

4. New standards and interpretations issued but not yet effective

The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, but are not yet effective:

- IFRS 9 *Financial Instruments* (published on July 24th 2014) − effective for annual periods beginning on or after January 1st 2018 − not adopted by the EU by the date of authorisation of these financial statements.
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (published on November 21st 2013) – effective for annual periods beginning on or after July 1st 2014 − in the EU, effective not later than for annual periods beginning on or after February 1st 2015,
- *Improvements to IFRSs 2010−2012* (published on December 12th 2013) − some of the amendments are effective for annual periods beginning on or after July 1st 2014, and some prospectively for transactions occurring on or after July 1st 2014 − in the EU, effective not later than for annual periods beginning on or after February 1st 2015,
- IFRS 14 *Regulatory Deferral Accounts* (published on January 30th 2014) – effective for annual periods beginning on or after January 1st 2016; pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the publication of its final version − not adopted by the EU as at the date of authorisation of these financial statements,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (published on May 6th 2014) − effective for annual periods beginning on or after January 1st 2016,
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (published on May 12th 2014) − effective for annual periods beginning on or after January 1st 2016,
- IFRS 15 *Revenue from Contracts with Customers* (published on May 28th 2014), including amendments to IFRS 15 *Effective Date of IFRS 15* (published on September 11th 2015) – effective for annual periods beginning on or after January 1st 2018; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (published on June 30th 2014) − effective for annual periods beginning on or after January 1st 2016,
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (published on August 12th 2014) − effective for annual periods beginning on or after January 1st 2016,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (published on September 11th 2014) − no decision has been made as to when EFRAG will carry out the individual stages of work leading to approval of the amendments − not adopted by the EU by the date of authorisation of these financial statements; the effective date of the amendments has been postponed by the IASB for an indefinite term,
- *Amendments to the IFRS introduced as part of the 2012-2014 improvements cycle* (published on September 25th 2014) – effective for annual periods beginning on or after January 1st 2016,
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities*: *Applying the Consolidation Exception* (published on December 18th 2014) − effective for annual periods beginning on or after January 2016 − not adopted by the EU by the date of authorisation of these financial statements,
- Amendments to IAS 1 − *Disclosure Initiative* (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016,
- IFRS 16 *Leases* (published on January 13th 2016) – effective for annual periods beginning on or after January 1st 2019; no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of the amendments; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (published on January 19th 2016) – effective for annual periods beginning on or after January 1st 2017; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,
- Amendments to IAS 7 *Disclosure Initiative* (published on January 29th 2016) – effective for annual periods beginning on or after January 1st 2017; as at the date of authorisation of these financial statements, the amendments were not adopted by the EU,
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (published on April 12th 2016) − effective for annual periods beginning on or after January 1st 2018 − not adopted by the EU by the date of authorisation of these financial statements.

The Company has not elected to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective.

As at the date of these interim condensed financial statements, the introduction of the standards, amendments and interpretations as well as their effect on financial information resulting from first-time application of these standards, amendments or interpretations were being analysed by the Company's Management Board.

5. Significant judgements and estimates

5.1 Professional judgement

When preparing the interim condensed financial statements of the Company, the Management Board has to make some judgements, assumptions and estimates which affect the presented revenue, costs, assets, liabilities, as well as related notes and disclosures concerning contingent liabilities. Uncertainties related to these assumptions and estimates may result in material changes to carrying amounts of assets and liabilities in the future.
Apart from the accounting estimates, the management's professional judgement, which affects the amounts recognised in the financial statements, was of key importance in the application of the accounting policies in the cases described below. The assumptions underlying these estimates are based on the management's best knowledge of current and future activities and events in the particular areas.

Classification of leases where the Company is the lessee

The Company is party to lease agreements. It classifies leases as either finance leases or operating leases based on the assessment of the extent to which risks and benefits incidental to ownership have been transferred from the lessor to the lessee. The assessment is based on economic substance of each transaction.

Identification of embedded derivatives

At the end of each reporting period the management of the Company makes an assessment of the contracts signed for whether they contain any embedded foreign currency derivatives whose economic characteristics and risks are closely related to those of the host contract.

Syndicated agreements

Each time after signing a construction contract to be executed as part of a consortium, the Management Board evaluates the nature of the contract in order to determine the method of accounting for contract revenue and expenses.

5.2 Uncertainty of estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that carry a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities in the next financial year are discussed below. The Company used the assumptions and estimates concerning the future based on its knowledge as at the time of preparation of these financial statements. The assumptions and estimates contained in these financial statements may change in the future due to market developments or factors beyond the Company's control. Such developments or factors will be reflected in the estimates or assumptions as and when they occur.

Estimates relating to the following items had a critical impact on the net result for the three months ended March 31st 2016 and the amounts of assets and liabilities as at March 31st 2016:

- budgeted revenue from and costs of execution of construction contracts, based on which the executed contracts are measured in accordance with IAS 11,
- estimated amount of contractual penalties for late performance of contracts,
- estimated amount of provisions for employee benefits (the Company incurs costs of jubilee bonuses and post-employment benefits),
- impairment of assets, including financial assets (e.g. receivables under arbitration and arrangement proceedings),
- depreciation and amortisation rates applied,
- realisation of a deferred tax asset (including the deferred tax asset on tax loss).

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next reporting period are discussed below.

Impairment of assets

At the end of the reporting period, the Company conducts a test for impairment of goodwill and an analysis of the impairment of property, plant and equipment and intangible assets with defined useful lives for which indications of impairment have been identified. This requires an estimation of the value in use of the cash-generating unit to which these assets belong. Estimating the value in use requires making an estimate of the expected future cash flows from the cash-generating unit and determining a suitable discount rate in order to calculate the present value of those cash flows. The Company made an assessment of whether there are any indications of impairment of assets. The analysis showed that during the three months ended March 31st 2016 there were no indications of impairment.

The amounts of impairment losses on assets at the end of the reporting period are presented in Note 11.13 to these interim condensed financial statements.

Revenue recognition

In accounting for its long-term contracts, the Company uses the percentage of completion method. The use of the method requires the Company to estimate the percentage of completion. If the estimated total cost of contract execution increased by 10% in relation to the Company's original estimate, the revenue would decrease by approximately PLN 41m.

Measurement of provision for employee benefits

Provisions for employee benefits were estimated with actuarial methods.

The underlying assumptions are presented in Note 11.23. The actuarial assumptions adopted at the end of 2015 remained unchanged. The change in provisions for employee benefits in the period was caused by the recognition of current service costs, interest expense and benefits paid.

Fair value of financial instruments

Fair value of financial instruments for which there is no active market is determined with the use of appropriate measurement techniques. In selecting appropriate valuation methods and assumptions, the Company relies on professional judgement. For information on the fair value measurement method for individual financial assets, see Note 13.

Depreciation and amortisation rates

Depreciation and amortisation rates and charges are determined based on the anticipated economic useful lives of property, plant and equipment and their estimated residual values. The Company reviews the useful lives of its assets annually, on the basis of current estimates.

Deferred tax asset

The Company recognises deferred tax assets based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deterioration of future taxable profits might render this assumption unreasonable. Deferred tax assets are measured using the tax rates that are expected to apply in the period when the asset is expected to be realised, based on tax laws in effect at the end of the reporting period.

Provision for expected losses on contracts

At the end of each reporting period the Company remeasures total estimated revenues and costs of construction contracts accounted for using the percentage of completion method. Any expected loss on the contract is recognised as an expense in accordance with IFRS. Details of accounting for construction contract revenue and costs for the reporting period are presented in Note 10 to these interim condensed financial statements.

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Provision for costs due to late performance of contracts

The Company recognises a provision for contractual penalties arising from late performance of contracts if the probability of being charged for delay in the performance of the contract is significant and the delay is due to the fault of the Company as a contractor. The amount of the provision reflects the amount of the contractual penalty that may be charged for a given period of delay. Details of provisions estimated in this manner are presented in Note 10 to these interim condensed financial statements.

Impairment of financial assets

At the end of the reporting period, the Company makes an assessment of whether there is any objective evidence of impairment of a receivable or a group of financial assets. Where the recoverable amount of the asset is less than its carrying amount, the entity recognises an allowance to bring down the carrying amount to the present value of the expected cash flows. For a detailed discussion of fair value/recoverable amount of receivables from related parties in bankruptcy, see Note 23.

Recognition of a financial asset (receivable) due to loss of control of a subsidiary

As a result of loss of control of a subsidiary, as discussed in detail in Note 23, the Company recognised in the statement of financial position for the year 2012 a receivable which was initially recognised at fair value, i.e. the present value of expected inflows. This valuation was performed based on a set of assumptions, such as the estimated discounting period, estimated amount of the inflow, and estimated discount rate. Given the uncertainty as to Company's ability to claim a refund of the price paid for the shares of ENERGOMONTAŻ-POŁUDNIE S.A., the estimation of the parameters for the measurement of the receivable, in particular at its initial recognition, was difficult and subject to uncertainty.

Valuation of receivables from related parties under arrangement proceedings

As at the date of issue of these interim condensed financial statements, the Judge Commissioner had declared that an arrangement, consistent with the arrangement proposals, was reached between PBG and its creditors (for details see Note 23). The Company's Management Board remeasured the related receivable as discussed in subsection *'Recognition of a financial asset (receivable) as a result of loss of control over a subsidiary'* based on new assumptions, i.e. the fair value of the receivable was estimated taking into account the expected cash inflows to RAFAKO S.A. in the context of PBG S.A.'s arrangement proposals providing for the repayment of PLN 500 thousand and an 80% reduction of the debt in excess of PLN 500 thousand (for which no deferred tax asset was recognised), and the expected date of the first inflow of cash in the 5-year repayment period, assessed by the Management Board of RAFAKO S.A. to be June 30th 2016.

Functional currency and presentation currency

The Polish zloty is the functional and presentation currency of these financial statements.

Exchange rates used to determine carrying amounts:

	Mar 31 2016	*Dec 31 2015*	*Mar 31 2015*
USD	3.7590	3.9011	3.8125
EUR	4.2684	4.2615	4.0890
GBP	5.4078	5.7862	5.6295
CHF	3.9040	3.9394	3.9110
SEK	0.4624	0.4646	0.4410
TRY	1.3284	1.3330	1.4571

(PLN '000)

6. Change in estimates

In the three months ended March 31st 2015 and as at March 31st 2015, the Company reviewed and updated estimates in significant areas, as discussed in Note 5.2.5.2

In accounting for its long-term contracts, the Company uses the percentage of completion method. The use of the method requires the Company to estimate the percentage of completion. A change was made in the method for estimating revenue from contracts in progress where the total contract revenue is below PLN 5m. The previously applied zero profit margin approach was replaced by an approach where profit margins on the contracts are recognised in proportion to their percentage of completion.

The effect of the change in estimates on the statement of comprehensive income for the three months ended March 31st 2015 is presented below.

	Revenue from sale of goods and services	*Profit/(loss) before tax*	*Income tax expense*	*Net profit*
Before change in estimates	199,027	18,717	(4,008)	14,709
Measurement of contracts in accordance with IAS 11	1,429	1,429	(272)	1,157
After change in estimates	**200,456**	**20,146**	**(4,280)**	**15,866**

The effect of the change in estimates on the statement of financial position as at March 31st 2015 is presented below.

	Prepayments relating to accounting for construction contracts	*Amounts due to customers for construction contract work*	*Deferred tax asset*	*Retained earnings / Accumulated losses*
Before change in estimates	201,560	84,522	50,137	33,603
Measurement of contracts in accordance with IAS 11	988	(441)	(272)	1,157
After change in estimates	**202,548**	**84,081**	**49,865**	**34,760**

(PLN '000)

7. Changes in the structure of the Company and the Group

In the reporting period, there were on changes in the structure of the Group.

8. Seasonality and cyclical nature of the Company's operations

The operations of the Company are not affected by seasonality or periodic fluctuations that could materially impact its financial performance.

9. Operating segments

The Company operates in a single market segment of Power and Environmental Protection Facilities.

10. Construction contracts

Revenue from construction contracts is recognised with the percentage of completion method. The percentage of completion is determined as the relation of costs incurred to total estimated costs necessary to complete the contract.

The table below presents the effects of accounting for construction contracts, including revenue and costs of running contracts as at March 31st 2016, December 31st 2015 and March 31st 2015, as well as gross amount due to customers for contract work and gross amount due from customers for contract work at the dates stated above.

	Mar 31 2016 (unaudited)	*Dec 31 2015*	*Mar 31 2015 (unaudited)*
Contract costs incurred to date (cumulative)	2,484,966	2,678,101	1,969,968
Recognised profits less recognised losses to date (cumulative)	180,688	188,963	146,946
Contract revenue recognised by reference to the contract stage of completion (cumulative)	2,665,654	2,867,064	2,116,914
Progress billings (cumulative)	2,361,966	2,676,106	2,072,313
Gross amount due to customers for contract work (liability), including:	(84,522)	(90,378)	(179,635)
- advances received (liabilities arising from advances received)	(51,640)	(56,955)	(50,584)
- adjustment to advances received arising from amounts due from customers	51,630	56,861	4,639
- gross amount due to customers for contract work	(84,512)	(90,284)	(133,690)
Prepayments relating to accounting for construction contracts, including:	**357,917**	**276,703**	**201,560**
- gross amount due from customers for contract work (asset)	336,570	254,188	174,212
- contract acquisition cost and other accrued contract costs	21,347	22,515	27,348
Provision for penalties for late contract performance or failure to meet guaranteed technical specifications	–	–	(560)
Provision for losses on construction contracts	(21,545)	(29,807)	(28,188)

The Company analyses each contract for potential losses, which are immediately recognised as an expense in accordance with IAS 11.36. In accordance with IAS 11.11-15, in its accounting for construction contracts the Company recognises estimated penalties arising from delays in the completion of contracts or failure to meet guaranteed technical specifications. Penalty estimates are made based on source documentation concerning delays in contract performance or issues relating to guaranteed technical specifications, based on contractual assumptions and management's assessment of the risk of such penalties being imposed. The level of the estimated risk depends, to a large extent, on external factors that are partly beyond the Company's control, and may change in subsequent periods. Completion of certain contracts where provisions have been recognised for late performance is exposed to the risk of arbitration, which in the opinion of the Company gives rise to risk of indeterminable consequences.

Under 'Contract acquisition cost and other accrued contract costs', the Company recognises accrued expenses on contract acquisition, as well as on bank and insurance guarantees relating to contract execution.

Key contracts executed by the Company

10.1. Opole Project

In February 2012, the Company, acting as the Leader of a Consortium comprising RAFAKO S.A., Polimex-Mostostal S.A. and Mostostal Warszawa S.A. executed a PLN 9.4bn contract with PGE Elektrownia Opole S.A. (currently PGE Górnictwo i Energetyka Konwencjonalna S.A. − the "Employer") for turn-key design, delivery, construction, assembly, start-up and performance of all related services with respect to a facility consisting of power unit No. 5 and power unit No. 6 at PGE Elektrownia Opole S.A., together with equipment and devices as well as all related buildings and structures.

E001RK Sp. z o.o. ("SPV-RAFAKO") was appointed by RAFAKO S.A., as the subcontractor in charge of the entire scope of work and services related to the construction of the power generating units at Elektrownia Opole (Opole Power Plant). SPV-RAFAKO's remuneration for the performance of the works and services is PLN 3.96bn.

Under the subcontractor agreement between SPV-RAFAKO and Alstom Power Sp. z o.o., SPV-RAFAKO appointed Alstom as its subcontractor responsible for 100% of the work and services making up the Company's scope of work under the Opole Project. Alstom took over the entire responsibility towards the Employer for the execution of the contract.

By December 31st 2015, Alstom signed with ENERGOTECHNIKA ENGINEERING Sp. z o.o., a subsidiary, an agreement for delivery of project documentation.

Rules of accounting for the Opole Contract:

Presentation of income and expenses under the contract has no effect on the values disclosed in the Company's statement of comprehensive income.

The value of balances under the contract has no effect on the values disclosed in the Company's statement of financial position.

Payments under the contract are made by the Employer directly to Alstom.

The execution of the Opole Project may affect RAFAKO S.A.'s performance if the Company becomes Alstom's subcontractor for the design and construction of the boiler island comprising the steam generator, desulfurization, dust removal and denitrification units, as well as all equipment required for the operation of these units; such deliveries would fall within the Company's principal business activity.

10.2. Jaworzno Project

RAFAKO S.A. in a consortium comprising RAFAKO S.A. (Consortium Leader) and MOSTOSTAL WARSZAWA S.A. is executing the contract for 'Development of new coal-fired generation capacities at TAURON Wytwarzanie S.A. – Construction of supercritical 800–910 MW generating unit at the Jaworzno III Power Plant – Power Plant II: Steam boiler, turbine generator set, main building, electrical and I&C systems'. The value of the contract is approximately PLN 5.4bn (VAT inclusive). On August 4th 2013, the project consortium agreement was amended, with RAFAKO S.A. taking over 99.99% of the Project scope of deliveries (with Mostostal Warszawa taking the remaining 0.01%); consequently, the distribution of consideration due to the consortium members changed to reflect the members' actual shares in the work executed under the Project.

Rules of accounting for the Jaworzno project:

For the purposes of Project execution, a special purpose vehicle (E003B7 Sp. z o.o.) was established, to which RAFAKO S.A. subcontracted approximately 88.5% of the Project's scope of work, with RAFAKO S.A. executing directly the remaining 11.5% (with an approximate value of PLN 506m; the scope includes the design of the boiler island, as well as supply of boiler pressurised parts and a dust removal unit).

For the purposes of execution of the Project, RAFAKO S.A. and E003B7 Sp. z o.o. concluded agreements with financial institutions, whereby they obtained bank/insurance guarantees with an aggregate amount of PLN 523m, required for the Project execution; under the same agreements, security for the guarantees was established on the assets of RAFAKO SA and E003B7 Sp. z o.o.

RAFAKO S.A. does not plan for E003B7 Sp. z o. o. to pay dividend before completion of the Jaworzno project.

In the consolidated financial statements, RAFAKO S.A. offsets Project-related income, expenses and settlements between RAFAKO S.A. and the special purpose vehicle. In its separate financial statements, RAFAKO S.A. recognises only income and expenses related to its own scope of work, i.e. 11.5% of the total scope of work to be performed on the Jaworzno Project. In its separate financial statements, the Company does not recognise income and expenses related to the portion of work performed by E003B7 Sp. z o.o. − they are reported in the separate financial statements of E003B7 Sp. z o.o. and the consolidated financial statements of the RAFAKO Group.

RAFAKO S.A., as the Consortium Leader, issues, to the Employer, invoices for the entire scope of work; payments are made directly to the special purpose vehicle as well as key subcontractors and sub-suppliers. The payment for the scope of work performed by RAFAKO S.A. is made by the special purpose vehicle.

11. Types and amounts of items with a significant impact on assets, liabilities, equity, financial performance and cash flows

11.1 Revenue, distribution costs, operating income and expenses and finance income and costs

For the three months ended March 31st 2016, the Company posted revenue of PLN 228,789 thousand, up by PLN 29,206 thousand on the corresponding period of 2015. The increase was mainly attributable to further progress in the performance of the Jaworzno contract (construction of a 910 MW power generating unit at the Jaworzno III Power Plant). The revenue increase was recorded on both domestic and foreign markets.

Cost of sales in the first three months of 2016 amounted to PLN 210,832 thousand, with the Company's gross profit at PLN 17,957 thousand. The changed relative to the first three months of 2015 results primarily from a lower profitability of current contracts and higher provisions and costs related to guarantee liabilities under completed sale contracts.

Distribution costs disclosed by the Company mainly include expenses incurred by the cost centres allocated to distribution cost in the cost accounting model (a significant part of which consists of payroll costs and advertising expenses). Such costs also include bidding costs and impairment losses on trade receivables. In the Company's statement of comprehensive income for the first three months of 2016, distribution costs are disclosed at PLN 7,034 thousand, with the largest item being distribution costs net of impairment losses on trade receivables of PLN 7,125 thousand (March 31st 2015: PLN 6,171 thousand).

Administrative expenses for the three months ended March 31st 2016 totalled PLN 9,909 thousand. The year-on-year increase in administrative costs is attributable mainly to higher costs of legal and advisory services, including costs of business support services.

The largest components of other income included income from a surety provided to a subsidiary of PLN 830 thousand and income from the sale of profit potential of PLN 355 thousand.

Other expenses chiefly included donations of PLN 201 thousand (March 31st 2015: PLN 157 thousand) and repairs of property, plant and equipment of PLN 53 thousand (March 31st 2015: PLN 30 thousand).

In the first three months of 2016, the Group's finance income was generated mainly from interest on financial instruments of PLN 421 thousand (March 31st 2015: PLN 526 thousand).

Finance costs in the period chiefly included interest on financial instruments of PLN 516 thousand (March 31st 2015: PLN 1,082 thousand) and interest on employee benefit obligations of PLN 637 thousand, as well as commissions on bank borrowings, financial guarantees and insurance of PLN 280 thousand (March 31st 2015: PLN 164 thousand).

(PLN ‘000)

11.2 Income tax

Income tax expense

Main components of income tax expense in the statement of comprehensive income:

	Three months ended Mar 31 2016 (unaudited)	*Three months ended Mar 31 2015 (unaudited)*
Current income tax	–	(4,544)
Current income tax expense	–	(4,544)
Adjustments to current income tax from previous years	–	–
Deferred tax	(484)	536
Related to recognition and reversal of temporary differences	(484)	536
Adjustments to deferred tax from previous years	–	–
Income tax expense in the statement of profit or loss	**(484)**	**(4,008)**
Deferred tax on other comprehensive income		
Related to recognition and reversal of temporary differences	(58)	31
Income tax expense recognised in other comprehensive income	**(58)**	**31**

(PLN '000)

Deferred income tax calculated as at March 31st 2016

Deferred income tax calculated as at March 31st 2016 relates to the following:

	Statement of financial position		Statement of comprehensive income for the period ended	
	Mar 31 2016 (unaudited)	*Dec 31 2015*	*Mar 31 2016 (unaudited)*	*Mar 31 2015 (unaudited)*
- investment reliefs	(3)	(3)	–	–
- difference between tax base and carrying amount of property, plant and equipment and intangible assets	(15,359)	(15,214)	(145)	(217)
- difference between tax base and carrying amount of assets measured at fair value through profit or loss	1,395	1,433	(38)	(257)
- difference between tax base and carrying amount of loans and receivables	791	604	187	267
different timing of recognition of revenue from sale of goods and services for tax purposes	(58,250)	(42,673)	(15,577)	11,380
- difference between tax base and carrying amount of inventories	1,848	1,967	(119)	6
- provisions	15,222	16,511	(1,289)	(1,248)
difference between tax base and carrying amount of financial liabilities measured at amortised cost	25	21	4	(5)
- difference between tax base and carrying amount of financial liabilities measured at fair value through profit or loss	–	–	–	–
- difference between tax base and carrying amount of liabilities under guarantees and factoring, excluded from the scope of IAS 39	4	6	(2)	(2)
- different timing of recognition of cost of sales for tax purposes	74,432	60,609	13,823	(11,324)
- tax asset related to tax loss	7,750	602	7,148	–
- adjustment to costs of unpaid invoices	14,925	18,419	(3,494)	2,796
other	(584)	456	(1,040)	(829)
Deferred tax expense			**(542)**	**567**
Net deferred tax asset/liability, including:	**42,196**	**42,738**		
Deferred tax asset	42,196	42,738		
Deferred tax liability	–	–		

In the three months ended March 31st 2016, the Company recognised a single deferred tax asset on a tax loss of PLN 40,787 thousand, which will be offset against profits in future reporting periods.

11.3 Significant items in the statement of cash flows

The PLN 71,994 thousand decrease in receivables disclosed in the statement of cash flows for the three months ended March 31st 2016 resulted mainly from:

- PLN 22,816 thousand decrease in trade receivables,
- PLN (1,640) thousand increase in receivables from the state budget (including VAT),
- PLN (1,248) thousand increase in prepayments made,
- PLN 57,259 thousand decrease in security deposit receivables,
- PLN (3,717) increase in disputed receivables,
- PLN (887) thousand increase in receivables under sureties,
- PLN (589) thousand increase in other receivables.

For a detailed description of changes in security deposits and disputed receivables in the three months ended March 31st 2016, see Note 11.12.

The PLN 29,023 thousand decrease in liabilities disclosed in the statement of cash flows was mainly caused by:

- PLN (41,238) thousand decrease in trade payables,
- PLN 1,303 increase in the provision for warranty repairs,
- PLN 1,213 thousand increase in the provision for leaves,
- PLN 10,368 thousand increase in the provisions for delayed cost collection,
- PLN (1,669) thousand decrease in other liabilities.

The PLN (95,332) thousand change in prepayments relating to accounting for construction contracts as shown in the statement of cash flows was mainly caused by:

- increase in gross amounts due from customers for contract work and in prepayments relating to accounting for construction contracts of PLN (81,214) thousand,
- PLN (5,856) thousand decrease in gross amount due to customers for contract work,
  including:
- PLN (84) thousand decrease in advances,
- PLN (8,262) thousand decrease in provisions for contract work.

The PLN 84 thousand change in advances in 2016 resulted primarily from recognition of some of the advances as revenue, in accordance with IAS 11 *Construction Contracts*.

The cash flows of PLN 2,711 thousand related to acquisition of property, plant and equipment and intangible assets resulted from purchase of property, plant and equipment for PLN 2,162 thousand and of intangible assets for PLN 548 thousand.

The PLN 39,026 thousand proceeds from borrowings disclosed under financing activities in the statement of cash flows were attributable to an overdraft credit facility contracted with PKO BP S.A. The Company's cash from financing activities was also affected by interest of PLN 442 thousand paid on the credit facility extended by PKO BP S.A.

(PLN '000)

11.4 Property, plant and equipment

Mar 31 2016 *(unaudited)*	*Land*	*Buildings*	*Plant and equipment*	*Vehicles*	*Other*	*Property, plant and equipment under construction*	*Total*
Net carrying amount as at Jan 1 2016	**9,295**	**83,125**	**52,413**	**7,012**	**–**	**1,982**	**153,827**
Acquisitions	–	–	–	170	–	757	927
Liquidation/sale	–	–	(130)	–	–	–	(130)
Transfers from property, plant and equipment under construction	–	190	1,071	219	–	(1,480)	–
Exchange differences on translating foreign operations	–	–	–	–	–	–	–
Depreciation for the period	–	(624)	(1,516)	(334)	–	–	(2,474)
Impairment loss for the reporting period	–	–	–	–	–	–	–
Other, including reclassification of property, plant and equipment to/from assets held for sale	–	–	108	(33)	–	–	75
Net carrying amount as at Mar 31 2016 *(unaudited)*	**9,295**	**82,691**	**51,946**	**7,034**	**–**	**1,259**	**152,225**

*tangible assets pledged as security for the Company's liabilities as at the reporting date are presented in Note 11.14.1

Mar 31 2015 *(unaudited)*	*Land*	*Buildings*	*Plant and equipment*	*Vehicles*	*Other*	*Property, plant and equipment under construction*	*Total*
Net carrying amount as at Jan 1 2015	**9,288**	**81,066**	**44,095**	**5,349**	**–**	**3,008**	**142,806**
Acquisitions	–	–	–	1,235	–	776	2,011
Liquidation/sale	(2)	–	(3)	(372)	–	–	(377)
Transfers from property, plant and equipment under construction	–	218	626	–	–	(844)	–
Exchange differences on translating foreign operations	–	–	(1)	–	–	–	(1)
Depreciation for the period	–	(595)	(1,352)	(210)	–	–	(2,157)
Impairment loss for the reporting period	–	–	–	–	–	–	–
Other, including reclassification of property, plant and equipment to/from assets held for sale	2	–	(1)	240	–	–	241
Net carrying amount as at Mar 31 2015 *(unaudited)*	**9,288**	**80,689**	**43,364**	**6,242**	**–**	**2,940**	**142,523**

(PLN '000)

11.5 Purchase and sale of property, plant and equipment and intangible assets

	Three months ended Mar 31 2016 (unaudited)	*Three months ended Mar 31 2015 (unaudited)*
Purchase of property, plant and equipment and intangible assets*	1,304	776
Proceeds from sale of property, plant and equipment	152	194

*Capital expenditure incurred in the period to purchase property, plant and equipment, as shown in the table of changes in property, plant and equipment, and capital expenditure incurred to purchase intangible assets.

The Company's capital expenditure on property, plant and equipment involved chiefly expenditure on construction infrastructure and purchases of production plant and equipment and computer hardware. The expenditure was financed with internally generated funds and through lease agreements.

11.6 Shares in subsidiaries and other entities

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Shares in listed subsidiaries	–	–
Shares in non-listed subsidiaries	25,032	25,032
Shares in other listed companies	220	210
Shares in other non-listed companies	19	19
	25,271	**25,261**

*shares pledged as security for the Company's liabilities as at the reporting date are presented in Note 11.14.3

11.7 Non-current trade receivables, other receivables and prepayments

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Trade receivables, including:	4,764	5,660
Trade receivables from related entities	–	–
Trade receivables from other entities	4,764	5,660
Other receivables and prepayments, including:	643	732
Receivables related to sale of property, plant and equipment and intangible assets	418	494
Security deposits	225	238
Total receivables (net)	**5,407**	**6,392**
Impairment loss on receivables	–	–
Gross receivables	**5,407**	**6,392**

(PLN '000)

11.8 Other non-current financial assets

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Loans advanced	–	–
Non-current deposits, including:	–	–
- deposits securing bank guarantees provided to the Company	–	–
Other non-current financial assets, including:	30,169	35,628
Receivables from PBG S.A. w upadłości układowej (in company voluntary arrangement) related to the return of shares in ENERGOMONTAŻ – POŁUDNIE S.A.	25,078	24,854
Receivables from PBG S.A. w upadłości układowej (in company voluntary arrangement) in connection with a loan advanced to HYDROBUDOWA S.A. w upadłości likwidacyjnej (in liquidation bankruptcy)	5,091	5,046
Receivables under sureties provided to related entities	6,615	5,728
	36,784	**35,628**

In the three months ended March 31st 2016, the Company remeasured the receivable arising from the return of shares in ENERGOMONTAŻ-POŁUDNIE S.A. and the receivable arising from a loan granted to HYDROBUDOWA S.A. due to changes in estimates and assumptions, as discussed in Note 23.

The change in the receivables relative to the amount disclosed as at December 31st 2015 follows from measurement of the receivables at amortised cost, taking into account the assumptions and estimates specified in Note 6. In the three months ended March 31st 2016, based on the adopted assumptions, the Company recognised under other financial assets the current portion of the receivable from the return transfer of shares in ENERGOMONTAŻ–POŁUDNIE S.A. and current portion of the receivable under the loan advanced to HYDROBUDOWA S.A. (see Note 11.10).

11.9 Inventories

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Materials (at net realisable value)	18,639	18,804
At cost	28,363	29,157
At net realisable value	18,639	18,804
Total inventories, at the lower of cost and net realisable value	**18,639**	**18,804**

*inventories pledged as security for the Company's liabilities as at the reporting date are presented in Note 11.14.4.

Inventory write-downs

	Three months ended Mar 31 2016 (unaudited)	*12 months ended Dec 31 2015*
At the beginning of the period	(10,353)	(7,792)
- write-down recognised	–	(2,731)
- write-down reversed	629	170
Balance at end of period	**(9,724)**	**(10,353)**

(PLN '000)

11.10 Other current financial assets

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Other current financial assets, including:		
Additional contributions to the equity of a subsidiary	–	–
Advance payment to acquire the right to a loan	10,500	10,500
Impairment loss on advance payment to acquire the right to a loan	(10,500)	(10,500)
Receivables from PBG S.A. w upadłości układowej (in company voluntary arrangement) related to the return of shares in ENERGOMONTAŻ – POŁUDNIE S.A.	4,943	4,943
Receivables from PBG S.A. w upadłości układowej (in company voluntary arrangement) in connection with a loan advanced to HYDROBUDOWA S.A. w upadłości likwidacyjnej (in liquidation bankruptcy)	1,003	1,003
	5,946	**5,946**

In the three months ended March 31st 2016, based on the adopted assumptions the Company recognised under other financial assets a short-term receivable on the return of shares in ENERGOMONTAŻ-POŁUDNIE S.A. and a receivable under a loan granted to HYDROBUDOWA S.A.

The change in the receivables relative to the amount disclosed as at December 31st 2015 follows from measurement of the receivables at amortised cost, taking into account the assumptions and estimates specified in Note 23. In the three months ended March 31st 2016, based on the adopted assumptions the Company recognised under other financial assets a short-term receivable on the return of shares in ENERGOMONTAŻ-POŁUDNIE S.A. and a receivable under a loan granted to HYDROBUDOWA S.A.

On April 18th 2012, the Company and Olenia Ltd entered into a preliminary agreement for the purchase of 50% of shares in Bioelektrownia Szarlej sp. z o.o. and assignment of rights to receivables in the form a loan granted to that company. The total amount of the advance paid by the Company under the agreement was PLN 16,176 thousand (of which PLN 5,676 thousand was paid in respect of shares presented as other non-financial assets and PLN 10,500 thousand was paid in respect of the loan presented as other financial assets). Bioelektrownia Szarlej sp. z o.o. is a special purpose vehicle established for the purpose of construction of a biogas power plant, to be financed from internally-generated funds, a loan from investors, and a subsidy awarded to the project. Bioelektrownia Szarlej sp. z o.o. terminated its agreement with the contractor, which caused delays in the performance of work and termination of the project subsidy agreement. Bioelektrownia Szarlej sp. z o.o.'s efforts to resume the project were unsuccessful.

Due to the status of the project, the Company's Management Board concluded that the risk of non-recoverability of the assets is significant and upheld its decision to recognise an impairment loss for the full amount of the project, i.e. PLN 16,176 thousand.

(PLN '000)

11.11 Cash and cash equivalents

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Cash in hand and at banks	6,674	14,766
Current deposits for up to 3 months, including:	75,676	82,343
- inventories pledged as security for liabilities	–	–
	82,350	**97,109**
including: restricted cash	2,153	2,153

Cash at banks earns interest at variable rates linked to the interest rates for deposits. Current deposits, classified as cash, are placed for various periods, usually of one day to one month, depending on the Company's immediate cash requirement, and earn interest at rates agreed with the bank.

The Company carries restricted cash, including cash from subsidies (held in separate bank accounts), which may be used to make payments under ongoing projects.

11.12 Current trade receivables, other receivables and prepayments

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Trade receivables, including:	120,014	141,934
Trade receivables from related entities	1,051	1,695
Trade receivables from other entities	118,963	140,239
Income tax receivable	9,599	7,095
Other receivables and prepayments, including:	113,333	163,441
Advance payments made to related parties	44	52
Advance payments made to other parties	25,790	24,534
Receivables from the state budget	14,923	13,283
Settlement of property insurance costs	394	726
Settlements with the Company Social Benefits Fund	–	299
Disputed receivables	4,017	300
Prepaid expenses	1,822	1,032
Receivables related to sale of property, plant and equipment and intangible assets	371	426
Security deposits	65,427	122,686
Receivables sold	–	-
Other	545	103
Other receivables from related entities	–	–
Total receivables (net)	**242,946**	**312,470**
Impairment loss on receivables	31,543	31,636
Gross receivables	**274,489**	**344,106**

*trade receivables pledged as security for the Company's liabilities as at the reporting date are presented in Note 11.14.5.

Receivables from the state budget include chiefly domestic and foreign VAT receivable.

Trade receivables bear no interest and are usually payable within 30 days. However, in the case of some trading partners, the final due dates for payment are set by way of individual arrangements and fall between one and three months of the invoice date.

The Company follows a policy pursuant to which it sells its products exclusively to customers who have successfully passed a credit verification procedure. As a result, the Management believes there is no additional credit risk that would exceed the uncollectible debt allowance made for trade receivables.

Current trade receivables of PLN 120,014 thousand recognised in the statement of financial position as at March 31st 2016 relate to trading contracts with domestic and foreign contractors.

(PLN '000)

The change in security deposit receivables as at March 31st 2016, in the amount of PLN 57,259 thousand, resulted mostly from the following business transactions:

- repayment of a cash deposit retained as security for the performance of a contract for the construction of an oil and gas steam generator; security deposit amounts repaid in the three months ended March 31st 2016 totalled PLN 9,080 thousand;
- repayment of a cash deposit retained as security for the performance of a contract for upgrade of electrostatic precipitators at units 1, 2 and 3; security deposit amounts repaid in the three months ended March 31st 2016 totalled PLN 3,151 thousand;
- repayment of a cash deposit retained as security for the performance of a contract for installation of electrostatic precipitators for the supercritical 800-910 MW generating unit: security deposit amounts repaid in the three months ended March 31st 2016 totalled PLN 40,000 thousand.

A significant item of other receivables was prepayments, which amounted to PLN 25,834 thousand as at March 31st 2016 and included:

- advance payments of PLN 12,768 thousand under a contract for the design, delivery, installation and commissioning of a steam generator (new coal-fired project);
- advance payment of PLN 4,134 thousand under a contract for the construction of a catalytic flue gas denitrification system for an OP-650 steam generator;
- advance payments of PLN 2,161 thousand under a contract for the upgrade of an electrostatic precipitator − air quality improvement through reduction of particulate emissions.

11.13 Impairment losses on assets

	*Shares**	*Other non-financial assets*	*Inventories***	*Receivables****
Jan 1 2016	(24,361)	(5,676)	(10,353)	(31,636)
Impairment loss recognised	–	–	–	(143)
Impairment loss utilised/reversed	10	–	629	236
Mar 31 2016 (unaudited)	**(24,351)**	**(5,676)**	**(9,724)**	**(31,543)**
Jan 1 2015	(24,230)	(5,676)	(7,792)	(40,294)
Impairment loss recognised	(47)	–	(34)	(699)
Impairment loss utilised/reversed	28	–	–	199
Mar 31 2015 *(unaudited)*	**(24,249)**	**(5,676)**	**(7,826)**	**(40,794)**

* Impairment losses on shares in companies are recognised for shares in companies declared bankrupt and in connection with remeasurement of shares.
** inventory write-downs and write-down reversals are charged to cost of products and services sold
*** impairment losses on non-current and current trade and other receivables, including contractual penalties

(PLN '000)

11.14 Assets pledged as security for Company's liabilities

11.14.1. Property, plant and equipment pledged as security

As at March 31st 2016, property, plant and equipment pledged as security for liabilities amounted to PLN 144,991 thousand. The assets are pledged as security for liabilities under the multi-purpose credit facility agreement with PKO BP S.A. (mortgage for a total maximum amount of PLN 300m on property of which RAFAKO S.A. is the owner or perpetual usufructuary, with the exception of residential property, and a first-ranking registered pledge over a set of movables and rights) and in respect of the repayment of BGK S.A.'s, PKO BP S.A.'s, mBank S.A.'s and PZU S.A.'s claims towards RAFAKO S.A. under the Surety Agreement signed to secure the liabilities of E003B7 Sp. z o.o. arising in connection with the agreement providing for issuance of guarantees for the benefit of TAURON Wytwarzanie S.A. in connection with the implementation of the Jaworzno III 910 MW unit Project (a second-ranking registered pledge over a set of movables and rights).

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Property, plant and equipment mortgaged, including:	91,793	92,225
land	9,273	9,273
buildings and structures	82,520	82,952
Property, plant and equipment encumbered with registered pledge, including:	53,198	53,566
plant and equipment	51,436	50,793
motor vehicles	1,762	2,773
	144,991*	**145,791***

*the disclosed amounts include property, plant and equipment of PLN 45 thousand classified as held for sale (December 31st 2015: PLN 119 thousand).

11.14.2. Intangible items pledged as security

As at March 31st 2016, intangible assets worth PLN 11,048 thousand were pledged as security for the Company's liabilities (December 31st 2015: PLN 11,449 thousand). The assets are pledged as security for liabilities under the multi-purpose credit facility agreement with PKO BP S.A. (a first-ranking registered pledge over a set of movables and rights) and in respect of the repayment of BGK S.A.'s, PKO BP S.A.'s, mBank S.A.'s and PZU S.A.'s claims towards RAFAKO S.A. under the Surety Agreement signed to secure the liabilities of E003B7 Sp. z o.o. arising in connection with the agreement providing for issuance of guarantees for the benefit of TAURON Wytwarzanie S.A. in connection with implementation of the Jaworzno III 910 MW unit Project (a second-ranking registered pledge over a set of movables and rights).

11.14.3. Inventories pledged as security

As at March 31st 2016, shares held by the Company worth PLN 25,271 thousand (December 31st 2015: PLN 25,261 thousand) were pledged as security for liabilities under the multi-purpose credit facility agreement with PKO BP S.A. (a first-ranking registered pledge over a set of movables and rights) and in respect of the repayment of BGK S.A.'s, PKO BP S.A.'s, mBank S.A.'s and PZU S.A.'s claims towards RAFAKO S.A. under the Surety Agreement signed to secure the liabilities of E003B7 Sp. z o.o. arising in connection with the agreement providing for issuance of guarantees for the benefit of TAURON Wytwarzanie S.A. in connection with the implementation of the Jaworzno III 910 MW unit Project (a second-ranking registered pledge over a set of movables and rights, a registered and financial pledge over the shares held in E003B7 Sp. z o.o.

11.14.4. Inventories pledged as security

As at March 31st 2016, inventories worth PLN 18,639 thousand were pledged as security for the Company's liabilities (December 31st 2015: PLN 18,726 thousand). The assets are pledged as security for liabilities under the multi-purpose credit facility agreement with PKO BP S.A. (a first-ranking registered pledge over a set of movables and rights) and in respect of the repayment of BGK S.A.'s, PKO BP S.A.'s, mBank S.A.'s and PZU S.A.'s claims towards RAFAKO S.A. under the Surety Agreement signed to secure the liabilities of E003B7 Sp. z o.o. arising in connection with the agreement providing for issuance of guarantees for the benefit of TAURON Wytwarzanie S.A. in connection with implementation of the Jaworzno III 910 MW unit Project (a second-ranking registered pledge over a set of movables and rights).

11.14.5. Trade receivables pledged as security

Trade receivables with a carrying amount of PLN 34,080 thousand were pledged as security in respect of guarantees and borrowings received by the Group as at March 31st 2016 (December 31st 2015: PLN 26,137 thousand).

11.15 Share capital

In the three months ended march 31st 2016, the share capital of RAFAKO S.A. did not change. Following the issue of 15,331,998 Series J shares with a par value of PLN 2.00 per share, carried out in 2015, the Company's share capital was increased by PLN 30,664 thousand and amounted to PLN 169,864 thousand as at March 31st 2016. For a detailed description of the issue of Series J shares, see Note 18 to these interim financial statements.18

Share capital	*Number of shares*	*Value of shares*
	pcs.	*PLN '000*
Series A shares	900,000	1,800
Series B shares	2,100,000	4,200
Series C shares	300,000	600
Series D shares	1,200,000	2,400
Series E shares	1,500,000	3,000
Series F shares	3,000,000	6,000
Series G shares	330,000	660
Series H shares	8,070,000	16,140
Series I shares	52,200,000	104,400
Series J shares	15,331,998	30,664
	84,931,998	**169,864**

11.16 Par value per share

All the shares have a par value of PLN 2.00 per share and have been taken up for cash contributions.

11.17 Shareholders' rights

Shares of all series carry equal rights as to dividend payment and return on equity.

11.18 Share premium

The share premium comprises the excess of issue price over the par value of the shares, amounting to PLN 77,947 thousand. On May 15th 2000, RAFAKO S.A.'s General Meeting resolved to allocate PLN 41,169 thousand to cover accumulated loss brought forward from previous years. Additionally, in 2015, following the recognition of a share premium of PLN 58,562 thousand on sale of Series J shares, less issue costs, the share premium totalled PLN 95,340 thousand (December 31st 2015: PLN 95,340 thousand).

11.19 Reserve funds

Reserve funds have been created from statutorily required transfers from profits generated by the Company in previous financial years, as well as from profit appropriations in excess of the statutorily required transfers. As at March 31st 2016, the reserve funds amounted to PLN 104,716 thousand (December 31st 2015: PLN 104,716 thousand).

11.20 Translation reserve

The balance of translation reserve is adjusted for exchange differences arising from translation of the financial statements of the Company's foreign branch. As at March 31st 2016, translation reserve amounted to PLN 55 thousand (December 31st 2015: PLN 60 thousand).

(PLN '000)

11.21 Retained earnings and dividends paid

Following the recognition of a net profit of PLN 317 thousand for the three months ended March 31st 2016 and the recognition of actuarial losses of PLN 248 thousand, as at March 31st 2016 the Company's retained earnings amounted to PLN 22,408 thousand (December 31st 2015: PLN 21,843 thousand).

In Q1 2016, the Company did not pay dividends nor did the Management Board declare such payment.

11.22 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated as the quotient of net profit/(loss) for the given accounting period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares of the Company outstanding in the period.

Presented below is data on the net profit/(loss) and shares applied to calculate basic earnings/(loss) per share:

	Three months ended Mar 31 2016 (unaudited)	*Three months ended Mar 31 2015 (unaudited)*
Net profit/(loss) from continuing operations	317	14,709
Profit/(loss) from discontinued operations	–	–
Net profit/(loss)	317	14,709
Net profit/(loss) attributable to ordinary shareholders, applied to calculate earnings/(loss) per share	**317**	**14,709**
Weighted average number of outstanding ordinary shares, applied to calculate basic earnings/(loss) per share	84,931,998	69,600,000
Dilutive effect:	–	–
Stock options	–	–
Cancellable preference shares	–	–
Adjusted weighted average number of ordinary shares applied to calculate diluted earnings/(loss) per share	84,931,998	69,600,000
Earnings /(loss) per share		
– basic earnings/(loss) from profit/(loss) for the period	0.00	0.21

The Company does not present diluted earnings per share for the three months ended March 31st 2016 as it does not have any dilutive financial instruments.

11.23 Post-employment and other employee benefits

Based on a forecast made at the end of the period by a professional actuarial company, the Company recognises a provision for the present value of the liability arising from retirement benefits, jubilee bonuses and the Social Fund. The provision amount and a reconciliation showing movements in the provision during the financial year are presented in the table below:

	Mar 31 2016 (unaudited)	*Dec 31 2015*
As at Jan 1 2012	25,473	26,803
Interest expense	637	670
Current service costs	132	403
Actuarial (gains)/losses	(306)	314
Benefits paid	(386)	(2,717)
Closing balance	**25,550**	**25,473**
Non-current provisions	23,591	23,500
Current provisions	1,959	1,973

(PLN '000)

The main assumptions adopted by the actuary as at March 31st 2016 and for the three months ended March 31st 2016, as well as for the 12 months ended December 31st 2015 to determine the amount of the obligation were as follows:

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Discount rate (%)	2.8	2.8
Anticipated inflation rate (%)*	–	–
Employee turnover rate	5	5
Anticipated salary growth rate (%)**	2	2

*No data in the actuary's report.
** 2% in 2016 and in subsequent years

11.24 Non-current trade and other payables

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Trade payables		
Trade payables to related entities	–	55
Trade payables to other entities	12,536	20,741
	12,536	**20,796**
Capital commitments	86	112
	86	**112**
Employee benefit obligations	23,591	23,500
	23,591	**23,500**
Financial liabilities		
Finance lease liabilities	2,894	3,111
	2,894	**3,111**
Other liabilities		
Unpaid bonus accrual	387	311
Provisions for warranty repairs	5,082	4,325
	5,469	**4,636**

(PLN '000)

11.25 Current provisions, trade and other payables

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Trade payables		
Trade payables to related entities	9,035	9,235
Trade payables to other entities	214,790	247,568
	223,825	**256,803**
Other financial liabilities		
Valuation of derivatives	–	–
Finance lease liabilities	1,329	1,278
	1,329	**1,278**
Liabilities under investments in non-current assets	411	1,790
	411	**1,790**
Other liabilities		
VAT	–	1,418
Personal income tax	1,740	2,116
Social security liabilities	7,779	7,537
Other taxes, customs duties and insurance payable	59	72
Salaries and wages payable	6,744	6,952
Accrued holiday entitlements	4,289	3,076
Unpaid bonus accrual	6,731	6,784
Provisions for warranty repairs	8,146	7,600
Accrual for costs of uninvoiced materials and services	16,196	4,828
Accrual for audit fees	72	111
Provisions for other liabilities and disputed claims	6,575	7,000
Other amounts payable to employees	563	279
Security deposits	200	144
Settlements with the Company Social Benefits Fund	465	–
Other	384	1,027
	59,943	**48,944**

12. Objectives and policies of financial risk management

The objectives and policies of financial risk management have not changed relative to those published in the most recent full-year financial statements.

(PLN '000)

13. Financial instruments

The following tables show the carrying amounts of various classes and categories of financial instruments as at March 31st 2016 and December 31st 2015.

Classes and categories of financial assets	*Carrying amount*	
	Mar 31 2016 (unaudited)	*Dec 31 2015*
Assets at fair value through profit or loss	–	–
Investment fund units	–	–
Derivative instruments	–	–
Available-for-sale financial assets	**220**	**210**
Long-term shareholdings	220	210
Loans and receivables	**234,409**	**314,295**
Trade receivables	124,778	147,594
Investment receivables	789	920
Other receivables	65,652	123,721
Loans advanced	460	486
Non-current deposits	–	–
Current deposits	–	–
Other non-current financial assets	36,784	35,628
Other current financial assets	5,946	5,946
Cash and cash equivalents	**82,350**	**97,109**
	316,979	**411,614**

Classes and categories of financial liabilities	*Carrying amount*	
	Mar 31 2016 (unaudited)	*Dec 31 2015*
Financial liabilities at fair value through profit or loss	–	–
Derivative instruments	–	–
Financial liabilities at amortised cost	**387,344**	**390,714**
Borrowings	150,486	111,213
Trade payables (including capital commitments)	236,858	279,501
Other financial liabilities	–	–
Liabilities under guarantees, factoring and excluded from the scope of IAS 39	**4,223**	**4,389**
Liabilities under leases and lease agreements with a purchase option	4,223	4,389
	391,567	**395,103**

(PLN '000)

14. Borrowings

Current borrowings	*Security*	*Other*	*Currency*	*Effective interest rate*	*Maturity date*	*Liabilities under borrowings*	
						Mar 31 2016 (unaudited)	*Dec 31 2015*
Current borrowings:							
PKO BP S.A.	blank promissory note with a promissory note declaration, assignment of receivables under contracts,* clause providing for debt set-off against RAFAKO S.A.'s cash held in bank accounts, mortgage**, statement of submission to enforcement, registered pledge over a set of movables and rights comprising the entire business of the Company	Agreement for a renewable overdraft of PLN 150 million***	PLN	1M WIBOR + margin	31.05.2016****	148,481	109,208
						148,481	**109,208**
Short-term loans received:							
PGL-DOM Sp. z o.o.*****	blank promissory note with a promissory note declaration	Cash loan agreement to be used for funding day-to-day operations	PLN	1M WIBOR + margin	31.12.2016	2,005	2,005
						2,005	**2,005**

* The facility is secured by receivables under contracts performed by the Company;
**As at the date of these financial statements, the Company established mortgages on its properties (other than flats and residential buildings) for a total amount of up to PLN 300m, serving as additional security for the PKO BP credit facility;
***As at the date of issue of these financial statements, in accordance with the annex of April 29th 2014 to the credit facility agreement, the multi-purpose credit facility limit amounted to PLN 200,000,000.00, including a PLN 150,000,000.00 overdraft facility;
****As at the date of issue of these financial statements, in accordance with the annex of May 29th 2015 to the credit facility agreement, the term of the facility and its repayment date were extended until May 31st 2016;
***** A subsidiary.

The Company plans to extend the credit facility agreement for subsequent periods. The Company's credit standing should be analysed taking into account the information included in Note 2, relating to continuation of the Company's operations.

(PLN '000)

15. Derivative instruments

As at March 31st 2016, the Company did not carry any open currency forward contracts or any other derivative instruments.

The Company does not apply hedge accounting, but the transactions it concludes are not speculative and their purpose is to effectively hedge foreign currency-denominated purchase/sale contracts. As a result, the Company recognises the effects of fair-value measurement/ realisation of such instruments similarly as exchange differences, i.e. in other income or expenses.

16. Capital management

The purpose of capital management by the Company is to ensure a high level of security for its operations while minimising the costs of raising financing. To ensure stable development, the Company needs to maintain an appropriate relationship between its own and external capital and effectively manage free cash. The Company analyses its capital structure using the capitalisation ratio (which measures the share of equity in its total equity and liabilities).

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Total	392,383	391,823
Borrowed funds (bank credit facility and loans)	150,486	111,213
Total equity and liabilities	981,783	986,971
Capitalisation ratio	**0.40**	**0.40**

17. Provisions for costs

17.1 Provision for penalties due to late contract performance or failure to meet technical specifications guaranteed under construction contracts

During the three months ended March 31st 2016, the Company reviewed the amounts of provisions for costs of late contract performance (including delays in meeting contractual obligations and terms of assessing penalties) recognised for a few ongoing contracts. Using the most recent data on running contracts and based on settlements of completed contracts, the Company's Management Board determined that there was no need to recognise provisions for costs of late contract performance.

(PLN '000)

17.2 Change in provisions, liabilities and accruals and deferred income disclosed in the statement of financial position

	*Provision for expected losses on contracts**	*Provision for length-of-service awards and retirement gratuity and Company Social Benefits Fund*	*Provision for unused holiday entitlement***	*Provision for warranty repairs***	*Provision for costs of contractual penalties****	*Provision for bonuses***	*Provision for other costs***	*Other provisions*
Jan 1 2016	29,807	25,473	3,076	11,925	–	7,095	7,000	111
Provision recognised	64	77	1,213	3,167	–	23	48	72
Provision reversed/ utilised	(8,326)	–	–	(1,864)	–	–	(473)	(111)
Mar 31 2016 (unaudited)	**21,545**	**25,550**	**4,289**	**13,228**	–	**7,118**	**6,575**	**72**
Jan 1 2015	36,087	26,803	3,289	11,847	1,946	8,441	5,667	100
Provision recognised	1,265	369	1,327	(218)	–	220	–	65
Provision reversed/ utilised	(9,164)	–	–	(3,089)	(1,386)	(156)	(200)	(50)
Mar 31 2015 *(unaudited)*	**28,188**	**27,172**	**4,616**	**8,540**	**560**	**8,505**	**5,467**	**115**

*Amounts resulting from accounting for construction contracts described in Note 10.
**Provisions presented in the statement of financial position as other liabilities.
***Release/use of provisions for costs of contractual penalties is attributable mostly to arrangements signed with trading partners with respect to ongoing or completed contracts.

(PLN '000)

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

In the three months ended March 31st 2016, the Company did not issue, redeem or repay any debt or equity securities.

19. Dividends paid or declared

In the three months ended March 31st 2016, the Company did not pay dividend and the Management Board did not declare dividend.

20. Capital commitments

As at March 31st 2016, the Company had commitments related to purchase of property, plant and equipment of PLN 497 thousand. As at March 31st 2016, the Company was also party to certain agreements for capital expenditure to be made in 2016, not disclosed in the accounting books at the end of the reporting period, for a total of PLN 178 thousand. The agreements related mainly to capital expenditure on production, plant and equipment.

21. Movements in off-balance sheet items, information on loan sureties and guarantees granted

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Off-balance sheet items under financial guarantees received mainly as security for performance of contracts, including:	259,458	235,544
- from related entities	–	–
Receivables under sureties received, including:	7,600	7,600
- from related entities	–	–
Promissory notes received as security, including:	26,701	26,667
- from related entities	13,582	13,204
Letters of credit	–	-
	293,759	**269,811**

	Mar 31 2016 (unaudited)	*Dec 31 2015*
Off-balance sheet items under financial guarantees issued mainly as security for performance of contracts, including:	200,340	201,181
- to related entities	–	–
Liabilities under sureties, including:	1,394,668	1,046,000
- to related entities	–	–
Promissory notes issued as security, including:	20,957	28,747
- to related entities	2,000	2,000
Letters of credit	–	–
	1,615,965	**1,275,928**

In the first three months of 2016, RAFAKO S.A. recorded a PLN 340,037 thousand rise in contingent liabilities, which resulted from an increase in liabilities under sureties. In the first three months of 2016, guarantees (mainly performance bonds of PLN 23,121 thousand and bid bonds of PLN 6,330 thousand) were issued by banks and insurance companies to the Company's trading partners upon RAFAKO S.A.'s instruction. In this category of liabilities, the largest item was a performance bond of PLN 10,864 thousand issued in January 2016. Liabilities under sureties issued, of PLN 1,394,668 thousand, relate to a surety for E003B7 Sp. z o.o.'s liabilities, issued by RAFAKO S.A. on April 16th 2014 and February 24th 2016 and valid until April 17th 2028, in connection with the project involving the 'Construction of new coal-fired generation capacities at TAURON Wytwarzanie S.A. − construction of a supercritical 910 MW power generation unit at Jaworzno III Power Plant −Power Plant II'. The largest item among guarantees which expired in the first three months of 2016 was a performance bond of PLN 9,079 thousand.

In the three months ended March 31st 2016, the Company recorded an increase of PLN 23,948 thousand in contingent receivables related mainly to performance bonds, including an increase of PLN 23,914 thousand in receivables under received bank and insurance guarantees and an increase of PLN 34 thousand in receivables under promissory notes. The largest item among guarantees received in the three months ended March 31st 2016 was an advance payment guarantee of EUR 1,831 thousand. The largest item among expired guarantees in the first three months of 2016 was a performance bond of EUR 659 thousand.

22. Litigation and disputes

As at the date of these interim condensed financial statements, the Company was a party to pending court proceedings, both as the defendant and plaintiff.

A detailed description of key lawsuits is included in the Company's financial statements for the year ended December 31st 2015, available at:

http://www.rafako.com.pl/relacje-inwestorskie/raporty-okresowe

Relative to that description, there were no changes which would materially affect the Company's financial standing.

23. Receivables from related entities in company voluntary arrangement

At the end of the reporting period, in the statement of financial position the Company recognised net receivables of PLN 35.8m from related entities in company voluntary arrangement.

On December 20th 2011, RAFAKO S.A. and PBG S.A. ("indirect parent") of Wysogotowo an agreement ("Agreement"), under which RAFAKO S.A. acquired an interest in ENERGOMONTAŻ-POŁUDNIE Spółka Akcyjna ("EP") with registered office at ul. Mickiewicza 15, Katowice. Under the Agreement, RAFAKO S.A. acquired 46,021,520 ordinary bearer shares in EP with a par value of PLN 1 per share and a total par value of PLN 46,021,520, representing 64.84% of the share capital and 64.84% of total voting rights at the General Meeting of the company, carrying the right to 46,021,520 votes attached to the shares. PBG S.A. sold the shares for PLN 160,154,889.60 (PLN 3.48 per share). The purchase price was paid on December 30th 2011. Following an analysis and taking into account the likelihood of RAFAKO S.A.'s additional payments and claims, the Management Board determined the purchase price at PLN 160,154,889.60, plus transaction costs of PLN 557,363.40.

As a result of the above-mentioned transactions, ENERGOMONTAŻ-POŁUDNIE S.A. became a subsidiary of the RAFAKO Group.

The acquisition of shares in ENERGOMONTAŻ-POŁUDNIE S.A. was disclosed in the Company's financial statements for the financial year ended December 31st 2011 under cost of an investment in a subsidiary. The carrying amount of the investment as at December 31st 2011 was PLN 160,712.3 thousand. In accordance with the Company's accounting policy, the shares in the subsidiary were recognised at historical cost (net of impairment, if any).

On June 4th 2012, PBG S.A. filed a petition for insolvency. On June 13th 2012, the court granted the petition and PBG S.A. was declared to be insolvent in company voluntary arrangement.

On July 16th 2012, the Management Board of RAFAKO S.A. received a letter from the Court Supervisor of PBG S.A. w upadłości układowej (in company voluntary arrangement) addressed to the company ("PBG"), informing PBG that the sale of 46,021,520 shares in ENERGOMONTAŻ-POŁUDNIE S.A. by PBG to the Company on December 20th 2011 "as a legal transaction executed by the Bankrupt (PBG) for a consideration, within six months before the date of submitting the bankruptcy petition (i.e. June 4th 2012), with a related party in respect of which the Bankrupt (PBG) was a parent, is ineffective against its bankruptcy estate", in accordance with Art.128.2 of the Bankruptcy and Restructuring Law ("Letter"). The Court Supervisor requested the PBG Management Board to immediately take steps under Art. 134 of the Bankruptcy and Restructuring Law to effect a return transfer of 46,021,520 shares in ENERGOMONTAŻ-POŁUDNIE S.A. to PBG's account.

On August 7th 2012, the Company's Management Board entered into an agreement with PBG S.A. w upadłości układowej (in company voluntary arrangement) of Wysogotowo for the transfer of shares in ENERGOMONTAŻ-POŁUDNIE Spółka Akcyjna of Katowice. The agreement provided for the transfer of 46,021,520 ordinary bearer shares in the company, with a par value of PLN 1 per share, representing 64.84% of the share capital and 64.84% of total voting rights at the General Meeting of ENERGOMONTAŻ-POŁUDNIE S.A., carrying the right to 46,021,520 votes. The share transfer was registered in the brokerage account on August 7th 2012.

In accordance with the legal analyses available to the Company's Management Board, as a result of PBG S.A.'s insolvency declared on June 13th 2012, the sale of shares in ENERGOMONTAŻ-POŁUDNIE S.A. by PBG S.A. to RAFAKO S.A. under the agreement signed on December 20th 2011 has become legally ineffective against the bankruptcy estate as of the date of the court's decision to declare PBG S.A. insolvent, i.e. as of June 13th 2012 (the date of loss of control). This means that the Company is required to return the shares in ENERGOMONTAŻ-POŁUDNIE S.A. to PBG S.A. to include them in PBG S.A.'s bankruptcy estate, i.e. to procure that they are recorded in PBG S.A.'s securities account. This requirement arose by operation of law upon the declaration of PBG S.A.'s insolvency. Considering the above, having analysed the legal opinions on the ineffectiveness of the acquisition of ENERGOMONTAŻ-POŁUDNIE S.A. shares from PBG S.A. w upadłości układowej (in company voluntary arrangement), the Company's Management Board resolved to submit to the procedure involving the return of the shares.

Given the ineffectiveness of PBG S.A.'s disposal of the shares in ENERGOMONTAŻ-POŁUDNIE S.A. to RAFAKO S.A., the Company is entitled to claim a refund of the price paid for the shares. RAFAKO S.A.'s right to the refund of the price paid for the shares of ENERGOMONTAŻ-POŁUDNIE S.A. results in the recognition, in the statement of financial position, of a receivable which was initially recognised at fair value by reference to the present value of the expected inflows. Accordingly, the fair value of the receivable was estimated taking into account the expected cash inflows to the Company, taking into consideration PBG S.A.'s arrangement proposals providing for a 31% reduction of the debt (for which no deferred tax asset was recognised) and the expected timing of the inflow of the first instalment of cash to the Company, assessed by the Management Board as June 30th 2016.

In the three months ended March 31st 2016, the Company remeasured the asset based on updated arrangement proposals of November 3rd 2014, put forward by PBG S.A. w upadłości układowej (in company voluntary arrangement), providing with respect to the first group of creditors (which includes RAFAKO S.A.'s claim) for repayment of PLN 500 thousand and an 80% reduction of the receivable in excess of PLN 500 thousand. The receivable will be repaid in semi-annual instalments over a period of five years beginning on June 30th 2016. The Company's Management Board estimates that the first instalment will be paid by June 30th 2016.

The value of the receivable determined as at March 31st 2016 based on the assumptions discussed above amounts to PLN 25.7m under 'Other non-current financial assets' and PLN 4.9m under 'Other current financial assets'. The full amount of the claim, i.e. PLN 160,154,889.60, has been included in the proof of the claim to the bankruptcy estate of PBG.S.A. and is on the list of claims acknowledged by the Court Supervisor (publication in *Monitor Sądowy i Gospodarczy* official gazette of June 4th 2013).

In addition, on January 10th 2012, RAFAKO S.A. entered into a loan agreement with Hydrobudowa Polska S.A. of Wysogotowo, under which RAFAKO S.A. granted a cash loan of PLN 32m to the company maturing in 12 months (i.e. on January 9th 2013) to finance the company's day-to-day operations.

To secure the repayment of the loan, Hydrobudowa Polska S.A. issued a blank promissory note with a 'protest waived' clause to RAFAKO S.A., guaranteed by PBG S.A. and Multaros Trading Company Ltd., together with relevant promissory note declarations. RAFAKO S.A. is entitled to fill in the note with the amount of any overdue balance of the loan with interest, up to PLN 35,000,000 (thirty-five million zloty). The loan bears interest at an annual rate of 1M WIBOR plus margin. By the date of these financial statements, RAFAKO S.A. had not received any amounts from Hydrobudowa Polska S.A., either as repayment of the loan principal or interest.

On June 4th 2012, PBG S.A. and Hydrobudowa Polska S.A. filed petitions with the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, for declaring PBG S.A. and Hydrobudowa Polska S.A. insolvent in voluntary arrangement. On June 13th 2012, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declared PBG S.A. insolvent in voluntary arrangement. On June 11th 2012, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declared the bankruptcy of Hydrobudowa Polska S.A. by liquidation of its assets. Pursuant to Art. 124.2 of the Bankruptcy and Restructuring Law, following the declaration of bankruptcy of Hydrobudowa Polska S.A., RAFAKO S.A. is entitled to seek the return of the actually advanced loan, in accordance with the Bankruptcy and Restructuring Law. On October 26th 2012, the Company's Management Board filed a proof of the Company's claim in respect of the loan in the bankruptcy proceedings against Hydrobudowa Polska S.A. The loan is included in the list of claims acknowledged by the Official Receiver.

Taking into consideration the process of bankruptcy liquidation of Hydrobudowa Polska S.A., in order to seek the return of the loan amount, on September 21st 2012, the Company's Management Board filed the claim with the register of claims maintained as part of the PBG bankruptcy arrangement proceedings PBG S.A. In the 12 months ended December 31st 2014, taking into consideration current arrangement proposals (dated November 3rd 2014), the fair value of the receivable was estimated taking into account the expected cash inflows to the Company, assuming the repayment of PLN 500 thousand per one creditor and the 80% reduction of the receivable in excess of PLN 500 thousand (for which no deferred tax asset was recognised) as well as the expected timing of the first inflow of cash to the Company, assessed by the Company's Management Board as June 30th 2016 (arrangement proposals provide for the repayment of the debt on a semi-annual basis over the period of five years).

As at March 31st 2016, the value of the receivable determined based on the assumptions discussed above, recognised under 'Other non-current financial assets' amounts to PLN 5m and under 'Other current financial assets' amounts to PLN 1m. The full amount of the claim, i.e. PLN 32,915,787.40, has been included in the proof of the Company's claim to the bankruptcy estate of PBG.S.A. and is on the list of claims acknowledged by the Court Supervisor (publication in *Monitor Sądowy i Gospodarczy* official gazette of June 4th 2013).

The total amount of receivables from the related entity (PBG S.A. w upadłości układowej (in company voluntary arrangement)), which results from the above-mentioned titles and is recognised in the statement of financial position, is PLN 35.8m. The recoverable amount of the claims depends on the terms of the arrangement with PBG S.A.'s creditors and on the possibility of fulfilment of that arrangement by PBG S.A. in the future. In its decision of October 8th 2015, the Bankruptcy Court approved the PBG Arrangement. However, as at the date of issue of these financial statements the decision is not final.

In the three months ended March 31st 2016, the measurement of the receivable contributed PLN 268 thousand (December 31st 2015: PLN 2,502 thousand) to the Company's net profit/(loss).

24. Management Board and Supervisory Board of the Company

In the three months ended March 31st 2016, no changes took place in the composition of the Company's Management Board.

As at the date of these interim condensed financial statements, the composition of the Management Board was as follows:

Agnieszka Wasilewska-Semail	– President of the Management Board
Krzysztof Burek	– Vice-President of the Management Board
Jarosław Dusiło	– Vice-President of the Management Board
Edward Kasprzak	– Vice-President of the Management Board
Tomasz Tomczak	– Vice-President of the Management Board.

In the three months ended March 31st 2016, no changes took place in the composition of the Company's Supervisory Board.

At the date of these interim condensed financial statements, the composition of the Supervisory Board is as follows:

Jerzy Wiśniewski	– Chairman of the Supervisory Board
Dariusz Sarnowski	– Deputy Chairman of the Supervisory Board
Krzysztof Gerula	– Member of the Supervisory Board (independent member)
Przemysław Schmidt	– Member of the Supervisory Board (independent member)
Dariusz Szymański	– Member of the Supervisory Board
Adam Szyszka	– Member of the Supervisory Board (independent member)
Małgorzata Wiśniewska	– Member of the Supervisory Board.

25. Transactions with members of the Management Board and Supervisory Board

In the reporting and comparable periods, no loans were granted to members of the Company's Management or Supervisory Boards.

In the reporting and comparable periods, the Company did not enter into any transactions with members of its Management or Supervisory Boards.

(PLN '000)

26. Related-party transactions

In the first three months of 2016 and 2015, the Company did not enter into any material related-party transactions on non-arm's length terms. Aggregate amounts of related-party transactions in the financial periods indicated:

Related party	*Three months ended Mar 31 2016*	*Sale to related parties*	*Purchase from related parties*	*Receivables from related entities*	*Liabilities to related parties*
Parent:					
PBG S.A. w upadłości układowej (in company voluntary arrangement)*	*2016*	206	721	36,254*	388
	2015	–	1	35,025*	774
PBG Group companies:					
PBG oil and gas Sp. z o.o.	*2016*	19	6,416	17	4,751
	2015	–	1,156	–	1,525
PBG Avatia Sp. z o.o. w upadłości układowej (in company voluntary arrangement)	*2016*	–	–	4	–
	2015	–	1	–	–
PBG ERIGO Sp. z o.o.	*2016*	4	–	5	–
	2015	–	–	-	–
PBG ERIGO PROJEKT Sp. z o.o. PLATAN HOTEL SKA	*2016*	19	–	8	–
	2015	–	–	–	–
Subsidiaries:					
PGL-DOM Sp. z o.o.	*2016*	–	13	–	1
	2015	–	13	–	1
RAFAKO Engineering Sp. z o.o.	*2016*	466	988	134	739
	2015	13	–	8	26
ENERGOTECHNIKA Engineering Sp. z o.o.	*2016*	12	2,171	–	2,693
	2015	12	2,803	5	2,942
RAFAKO Engineering Solution Sp. z o.o.	*2016*	–	58	–	5
	2015	–	114	–	264
FPM S.A.**	*2016*	–	–	–	–
	2015	2	3	–	–
RAFAKO Hungary Sp. z o.o.	*2016*	–	–	683	–
	2015	–	–	–	–
E001RK Sp. z o.o.	*2016*	2	60	-	49
	2015	2	146	-	60
E003B7 Sp. z o.o.	*2016*	69	–	6,670	–
	2015	130	–	1,950	–

**The receivables from PBG S.A. w upadłości układowej (in company voluntary arrangement) described in Note 23.*

(PLN '000)

Related party	*Three months ended Mar 31 2016*	Sale to related parties	Purchase from related parties	Receivables from related entities	Liabilities to related parties
Entities related through personal links:					
PBG Foundation	*2016*	–	103	–	35
	2015	–	–	–	–
Mostostal-Energomontaż Gliwice S.A.	*2016*	–	–	–	102
	2015	–	–	–	–
SWGK CONSULTING Sp. z o.o.	*2016*	–	–	–	100
	2015	–	–	–	–
Energoprojekt Katowice S.A.	*2016*	–	287	–	172
	2015	–	–	–	–

27. Brief description of the Company's material achievements and failures in Q1 2016

January 13th 2016 was the effective date of a conditional contract between a subsidiary E003B7 Sp. z o.o. ("SPV") and a Consortium comprising KOPEX S.A. of Katowice (Consortium Leader) and STAL-SYSTEMS S.A. of Wólka Pełkińska (Consortium Partner) for the supply and assembly of the steel structure of a building housing the turbine house, boiler house, bunkering room, LUVO and SCR, assembly of coal bunkers, as well as hoisting and laying of steam blowers in connection with the project 'Development of new coal-fired generation capacities at Tauron Wytwarzanie S.A. – Construction of a 910 MW supercritical power generating unit at the Jaworzno III Power Plant – Power Plant II', executed by RAFAKO S.A. and the SPV.

On February 24th 2016, E003B7 Sp. z o.o. ("SPV") (a wholly-owned subsidiary of RAFAKO) concluded with (i) Powszechna Kasa Oszczędności Bank Polski S.A. ("PKO BP"), (ii) Powszechny Zakład Ubezpieczeń S.A. ("PZU"), (iii) Bank Gospodarstwa Krajowego ("BGK") and (iv) mBank S.A. ("mBank" and collectively with PKO BP, PZU and BGK, the "Guarantors") an annex to the agreement of April 16th 2014 for the grant of bank and insurance guarantees to the SPV in connection with the project providing for the development of new coal-fired generation capacities at Tauron Wytwarzanie S.A. (the "Employer") − construction of a supercritical 910 MW power generation unit at Jaworzno III Power Plant − Power Plant II" (the "Jaworzno Project") performed by RAFAKO and the SPV.

Under the annex, mBank undertook to issue, in favour of the employer, (i) an advance payment bank guarantee of PLN 48m and (ii) a performance bond bank guarantee for the Jaworzno Project of PLN 126,334 thousand. Both guarantees were issued on February 26th 2016. Following the execution of the Annex and in connection with the change of the form of performance bond for the Main Contract with Tauron Wytwarzanie S.A., after the guarantees issued by mBank had been posted, the amount of PLN 40m deposited in cash by RAFAKO S.A. to secure performance of the Main Contract was returned to the Company by the employer. At the same time, the SPV received PLN 16.3m in retention monies.

In order to secure the Guarantors' (including mBank's) claims under legal recourse from the guarantees and performance bonds provided by the Guarantors, RAFAKO S.A. and the SPV made changes to the security arrangements and created security interests for the benefit of mBank identical to those created for the benefit of PKO S.A., BGK S.A. and PZU S.A., including in particular creating or changing the scope of the following security: (i) a surety for the SPV's liabilities under the Agreement, valid until April 17th 2028, provided by RAFAKO S.A. in favour of the Guarantors; (ii) a registered pledge over assets comprising the SPV's business; (iii) a registered and financial pledge over SPV shares representing 100% of the SPV's share capital and conferring the right to 100% of voting rights at the SPV's general meeting, held by RAFAKO S.A., and (iv) registered and ordinary or financial pledges over the SPV's and RAFAKO S.A.'s bank accounts and receivables connected with the Main Contract; as well as RAFAKO S.A.'s and the SPV's statements on submission to enforcement. All the registered pledges secure claims up to a maximum amount of PLN 1.3bn.

(PLN '000)

28. Management Board's position on the feasibility of meeting previously published forecasts

The Company has not published any forecasts for 2016.

29. Shareholders holding 5% or more of the total vote at the General Meeting of RAFAKO S.A.

Shareholders holding 5% or more of the total vote at the General Meeting of RAFAKO S.A. are presented in Note 32 to the interim condensed consolidated financial statements for the three months ended March 31st 2016.

30. Statement of changes in holdings of RAFAKO S.A. shares or RAFAKO share options by the Company's management and supervisory staff of which RAFAKO S.A. became aware after the issue of the previous financial statements

	Company name	*As at Mar 21 2016*	*Increase*	*Decrease*	*As at May 16 2016*
Member of the management staff					
Edward Kasprzak Vice-President of the Management Board	RAFAKO S.A.	2,000	–	–	2,000
Member of the supervisory staff	–	–	–	–	–

31. Factors with a material bearing on the Group's performance in Q2 2016

- Possible changes in cost estimates for ongoing contracts (including as a result of contracts executed for the delivery of products and services by subcontractors), which may have a positive or negative effect on the result for the period after March 31st 2016.
- The adequacy of provisions and impairment losses for ongoing contracts (some of these matters may be settled only after the date of submission of the Q2 2016 financial statements).
- The risk that provisions may need to be recognised for contractual penalties for time overruns or failure to meet guaranteed technical specifications of certain contracts.
- The risk of incurring repair, overhaul or upgrade costs during the contractual warranty period that are not covered by provisions for warranty repairs.
- Currency movements − substantial changes in the PLN/EUR exchange rate may have a material effect on the profitability of EUR-denominated contracts.
- Risk of failure to obtain financial guarantees required to acquire and perform contracts.

32. Events after the end of the reporting period

After the end of the reporting period, no events took place that would affect the Group's financial performance.

On May 11th 2016, the Management Board of PBG S.A. w upadłości układowej (in company voluntary arrangement) received confirmation of execution Agreements on Restriction on Transfer of RAFAKO Shares, dated April 20th 2016, between Bank Zachodni WBK S.A., maintaining the accounts for securities held by the Company and the subsidiary Multaros Trading Company Limited; Bank Polska Kasa Opieki S.A., the Bond Security Agent under the restructuring documentation executed on August 31st 2015; and the Company and Multaros, respectively, with respect to the RAFAKO shares held by them. The Agreements on Restriction on Transfer of RAFAKO Shares were signed in the performance of PBG S.A.'s obligations and are related to the registered pledges established over the RAFAKO shares held by the Company and Multaros. Under the Agreements on Restriction of Transfer of RAFAKO Shares, both PBG and Multaros granted the Bond Security Agent an irrevocable power of attorney, effective for the duration of the Agreement, to place instructions to sell the Shares on behalf of the Shareholder in the event of Seizure of Shares. The Agreements on Restriction of Transfer of RAFAKO Shares will remain in effect until the date of expiry of the registered pledge, i.e. the date of repayment by the Company of the secured receivables (covered by the arrangement). As at the date of issue of these financial statements, the Court's decision on approval of the Arrangement with Creditors is appealable.

(PLN '000)

These interim condensed financial statements of the Company were authorised for issue on May 16th 2016 by virtue of Resolution No. 40 of the RAFAKO S.A. Management Board dated May 16th 2016.

Signatures:

May 16th 2016	Agnieszka Wasilewska-Semail	President of the Management Board	....
May 16th 2016	Krzysztof Burek	Vice-President of the Management Board	....
May 16th 2016	Jarosław Dusiło	Vice-President of the Management Board	....
May 16th 2016	Edward Kasprzak	Vice-President of the Management Board	....
May 16th 2016	Tomasz Tomczak	Vice-President of the Management Board	....
May 16th 2016	Jolanta Markowicz	Chief Accountant	....