TRAKCJA - TILTRA
CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER 2012

published pursuant to § 82 sec. 1 point 1 of the Regulation of the Minister of Finance dated February 19, 2009 on current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No 33 item 259, as amended)

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

CONTENTS OF THE CONSOLIDATED QUARTERLY REPORT:

APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

The Management Board of Trakcja – Tiltra S.A. has approved the condensed consolidated financial statement of Trakcja – Tiltra Capital Group for the 9-month period ended on September 30, 2012.

The condensed consolidated financial statement for the III quarter of 2012 was prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and according to IFRS approved by the European Union applicable to interim reporting (MSR 34). Information included herein is presented in the following sequence:

I. Consolidated profit and loss statement for the period from January 1, 2012 to September 30, 2012 showing net profit amounting to PLN **18 923** thousand.

II. Consolidated statement of comprehensive income for the period from January 1, 2012 to September 30, 2012 showing total comprehensive income amounting to PLN **9 041** thousand.

III. Consolidated balance sheet as of September 30, 2012 showing the assets and liabilities in the amount of PLN **1 383 537** thousand.

IV. Consolidated cash flow statement for the period from January 1, 2012 to September 30, 2012 showing decrease in net cash balance by PLN **172 542** thousand.

V. Statement of changes in consolidated equity for the period from January 1, 2012 to September 30, 2012 showing decrease of equity by PLN **21 018** thousand.

VI. Additional information and explanations.

The condensed consolidated financial statement is expressed in thousand Polish Zloty, unless expressly indicated otherwise.

Roman Przybył

President of the Board

Marita Szustak

Vice – president of the Board

Nerijus Eidukevičius

Vice – president of the Board

Tadeusz Kałdonek

Vice – president of the Board

Rodrigo Pomar López

Vice – president of the Board

Warsaw, November 14, 2012

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(data in thousand PLN, unless stated otherwise)

I. SELECTED FINANCIAL DATA OF THE TRAKCJA – TILTRA CAPITAL GROUP

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

Financial year ended	Average exchange rate in the period*	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate as at the last day of the period
September 30, 2012	4,1948	4,0465	4,5135	4,1138
December 31,2012	4,1401	3,8403	4,5642	4,4168
September 30, 2011	4,0413	3,8403	4,4900	4,4112

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

Main consolidated balance sheet items converted into euro:

	30.09.2012		31.12.2011	
	k PLN	k EUR	k PLN	k EUR
Fixed assets	701 789	170 594	850 230	192 499
Current assets	681 748	165 722	1 069 726	242 195
Assets in total	**1 383 537**	**336 316**	**1 919 956**	**434 694**
Equity	523 424	127 236	544 442	123 266
Non-current liabilities	260 160	63 241	354 895	80 351
Current liabilities	599 953	145 839	1 020 619	231 077
Liabilities in total	**1 383 537**	**336 316**	**1 919 956**	**434 694**

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

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

	For the period of 9 months ended 30.09.2012		For the period of 9 months ended 30.09.2011	
	k PLN	k EUR	k PLN	k EUR
Revenue on sale	986 773	235 237	1 394 841	345 147
Cost of goods sold	(940 073)	(224 104)	(1 310 327)	(324 234)
Gross profit (loss) on sales	46 700	11 133	84 514	20 913
Operating profit (loss)	42 673	10 173	39 754	9 837
Gross profit (loss)	22 095	5 267	11 318	2 801
Net profit (loss) from continued operations	18 923	4 511	7 345	1 817
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	18 923	4 511	7 345	1 817

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

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

	For the period of 9 months ended 30.09.2012		For the period of 9 months ended 30.09.2011	
	k PLN	k EUR	k PLN	k EUR
Cash flows from operating activities	(60 915)	(14 522)	(225 992)	(55 921)
Cash flows from investment activities	(62 888)	(14 992)	(59 606)	(14 749)
activities	(48 739)	(11 619)	178 319	44 124
Total net cash flows	(172 542)	(41 132)	(107 279)	(26 546)

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(data in thousand PLN, unless stated otherwise)

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

	30.09.2012		30.09.2011	
	k PLN	**k EUR**	**k PLN**	**k EUR**
Cash at start of period	222 562	50 390	206 351	52 105
Cash at end of period	50 020	12 159	99 072	22 459

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

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

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

As at the last day of the financial year ended 31 December 2010, the FX rate was 3,9603 PLN/EUR.

(data in thousand PLN, unless stated otherwise)

II. CONDENSED CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED PROFIT AND LOSS STATEMENT

	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012	01.01.2011 - 30.09.2011	01.07.2011 - 30.09.2011
	Unaudited	Unaudited	Modified*	Modified*
Continued operations				
Sales revenues	**986 773**	**404 013**	**1 394 841**	**726 545**
Cost of goods sold	**(940 073)**	**(384 605)**	**(1 310 327)**	**(688 509)**
Gross profit on sales	**46 700**	**19 408**	**84 514**	**38 036**
Cost of sales, marketing and distribution	(5 200)	(1 562)	(3 871)	(1 824)
General and administrative costs	(39 075)	(10 626)	(49 335)	(21 545)
Other operating revenues	3 149	1 464	10 966	131
Other operating costs	(7 193)	(2 816)	(2 520)	(1 349)
Profit on the loss of control	44 291	-	-	-
Operating profit	**42 673**	**5 869**	**39 754**	**13 449**
Financial revenues	6 955	1 996	7 443	4241
Financial costs	(27 532)	(5 482)	(33 599)	(22 495)
Acquisition costs	-	-	(1 270)	-
Share in profit or loss of affiliated entity	-	-	(1 010)	(522)
Gross profit	**22 095**	**2 382**	**11 318**	**(5 327)**
Income tax	(3 172)	(3 028)	(3 973)	(1 181)
Net profit from continued operation	**18 923**	**(646)**	**7 345**	**(6 508)**
Discontinued operations				
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	**18 923**	**(646)**	**7 345**	**(6 508)**
Attributable to:				
Shareholders of parent entity	19 317	(1 119)	6 937	(6 118)
Non-controlling interests	(394)	473	408	(390)
Net profit / (loss) per one share in PLN				
basic on profit from period	0,08	(0,00)	0,03	(0,03)
basic on profit from continued operations	0,08	(0,00)	0,03	(0,03)
diluted on profit from period	0,08	(0,00)	0,03	(0,03)
diluted on profit from continued operations	0,08	(0,00)	0,03	(0,03)

Modified) The Group settled the transaction of acquiring stocks and shares in AB Kauno Tiltai and Lithold AB Group and established the company's value on the grounds of fair vales of assets and liabilities which had been taken over.*

(data in thousand PLN, unless stated otherwise)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012	01.01.2011 - 30.09.2011	01.07.2011 - 30.09.2011
	Unaudited	Unaudited	Modified*	Modified*
Net profit for the period	**18 923**	**(646)**	**7 345**	**(6 508)**
Other comprehensive income:				
Foreign exchange differences on translation of foreign operations	(9 882)	(7 423)	59 693	64 352
Total other comprehensive income	**(9 882)**	**(7 423)**	**59 693**	**64 352**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**9 041**	**(8 069)**	**67 038**	**57 844**
Attributable to:				
Shareholders of parent entity	9 508	(8 660)	64 744	56 247
Non-controlling interests	(467)	591	2 294	1 597

Modified) The Group settled the transaction of acquiring stocks and shares in AB Kauno Tiltai and Lithold AB Group and established the company's value on the grounds of fair vales of assets and liabilities which had been taken over.*

(data in thousand PLN, unless stated otherwise)

CONSOLIDATED BALANCE SHEET

ASSETS	30.09.2012	31.12.2011
	Unaudited	Modified*
Non-current assets	**701 789**	**850 230**
Tangible non-current assets	195 282	316 512
Intangible assets	57 822	60 382
Goodwill from consolidation	375 964	382 404
Investment properties	10 344	10 344
Investments in affiliates	-	2 052
Investments in other units	25	25
Other financial assets	21 853	31 228
Deferred tax assets	35 248	43 150
Accruals	5 251	4 133
Current assets	**681 748**	**1 069 726**
Inventory	102 551	150 741
Trade and other receivables	387 540	542 569
Income tax receivables	-	271
Other financial assets	30 301	28 767
Derivative financial instruments	355	-
Cash and cash equivalents	50 020	222 562
Accruals	6 804	9 967
Construction contracts	104 177	110 214
Available-for-sale assets	-	4 635
Total assets	**1 383 537**	**1 919 956**

EQUITY AND LIABILITIES	30.09.2012	31.12.2011
	Unaudited	Modified*
Equity attributable to shareholders of parent entity	**521 490**	**525 842**
Share capital	23 211	23 211
Share premium account	231 813	231 591
Revaluation reserve	2 343	2 343
Other reserve capitals	238 027	199 775
Foreign exchange differences on translation of foreign operations	6 779	16 588
Retained earnings	19 317	52 334
Non-controlling interests	**1 934**	**18 600**
Total equity	**523 424**	**544 442**
Long-term liabilities	**260 160**	**354 895**
Interest-bearing bank loans and borrowings	56 466	134 216
Bonds	160 512	160 040
Provisions	2 730	3 460
Liabilities due to employee benefits	9 422	17 008
Provision for deferred tax	30 890	40 089
Derivative financial instruments	3	58
Other financial liabilities	137	24
Short-term liabilities	**599 953**	**1 020 619**
Interest-bearing bank loans and borrowings	137 387	235 164
Bonds	2 847	5 695
Trade and other liabilities	341 406	570 766
Provisions	3 734	21 842
Liabilities due to employee benefits	11 709	13 567
Income tax liabilities	2 647	-
Derivative financial instruments	85	95
Other financial liabilities	4	-
Accruals	145	1 496
Construction contracts	98 766	151 451
Advances received towards flats	1 222	20 543
Total equity and liabilities	**1 383 537**	**1 919 956**

Modified) The Group settled the transaction of acquiring stocks and shares in AB Kauno Tiltai and Lithold AB Group and established the company's value on the grounds of fair vales of assets and liabilities which had been taken over.*

(data in thousand PLN, unless stated otherwise)

CONSOLIDATED CASH FLOW STATEMENT

	For the period of 9 months ended	
	30.09.2012	**30.09.2011**
	Unaudited	*Modified**
Cash flows from operating activities		
Gross profit from continued operations	**22 095**	**11 318**
Gross profit (loss) from discontinued operations	-	-
Adjustments for:	**(83 010)**	**(237 310)**
Amortisation	20 509	31 402
FX differences	(2 063)	8 536
Net interest and dividends	13 121	19 979
Profit on investment activities	(44 766)	(7 700)
Share in profit or loss of affiliated entity	-	1 010
Change in receivables	67 810	(153 714)
Change in inventory	13 738	(47 268)
Change in liabilities, excluding loans and borrowings	(90 088)	61 925
Change in prepayments and accruals	(21 888)	35 756
Change in provisions	(565)	(10 781)
Change in construction contracts	(39 984)	(176 178)
Change in financial derivatives	110	(366)
Income tax paid	(4 425)	(2 243)
Other	9 108	959
Foreign exchange differences on translation of foreign operations	(3 627)	1 373
Net cash flows from operating activities	**(60 915)**	**(225 992)**
Net cash flows from investment activities		
Sale (purchase) of intangible assets and tangible non-current assets	(16 672)	(1 928)
- acquisition	(20 534)	(15 828)
- sale	3 862	13 900
Sale (acquisition) of shares and stocks	(571)	(119 660)
- acquisition after decrease by assumed cash	(571)	(119 660)
- sale	-	-
Cash connected with the loss of control over subsidiaries	(48 183)	-
Financial assets	1 494	58 507
- repaid	5 285	61 979
- granted or acquired	(3 791)	(3 472)
Loans	-	2 387
- repaid	-	8 599
- granted	-	(6 212)
Interest received	1 044	1 088
Net cash flows from investment activities	**(62 888)**	**(59 606)**
Net cash flows from financial activities		
Proceeds from borrowings and loans obtained	139 662	292 322
Repayment of borrowings and loans	(162 138)	(85 877)
Interest paid	(17 045)	(15 094)
Payment of liabilities under financial lease agreements	(8 887)	(13 003)
Dividends paid to minority shareholders	-	(104)
Other	(331)	75
Net cash flows from financial activities	**(48 739)**	**178 319**
Total net cash flows	**(172 542)**	**(107 279)**
Net FX differences	-	-
Cash at start of period	**222 562**	**206 351**
Cash at end of period	**50 020**	**99 072**

Modified) The Group settled the transaction of acquiring stocks and shares in AB Kauno Tiltai and Lithold AB Group and established the company's value on the grounds of fair vales of assets and liabilities which had been taken over.*

(data in thousand PLN, unless stated otherwise)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Equity attributable to shareholders of parent entity								
	Share capital	**Share premium account**	**Revaluation reserve**	**Other reserve capitals**	**Foreign exchange differences on translation of foreign operations**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Unaudited									
As at 1.01.2012 r. Modified*	**23 211**	**231 591**	**2 343**	**199 775**	**16 588**	**52 334**	**525 842**	**18 600**	**544 442**
Corrections of mistakes	-	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	-	-	-	-	-	-	-
As at 1.01.2012 after adjustments	**23 211**	**231 591**	**2 343**	**199 775**	**16 588**	**52 334**	**525 842**	**18 600**	**544 442**
Total income for the period	-	-	-	-	(9 809)	19 317	9 508	(467)	9 041
Profit distribution	-	-	-	52 334	-	(52 334)	-	-	-
Acquisition of non-controlling interests	-	-	-	(531)	-	-	(531)	(650)	(1 181)
Adjustment for liquidation Lithold Group AB	-	-	-	(13 551)	-	-	(13 551)	(15 549)	(29 100)
Other changes	-	222	-	-	-	-	222	-	222
As at 30.09.2012 r.	**23 211**	**231 813**	**2 343**	**238 027**	**6 779**	**19 317**	**521 490**	**1 934**	**523 424**
Modified*									
As at 1.01.2011	**16 011**	**185 812**	**2 339**	**160 476**	**-**	**39 413**	**404 051**	**141**	**404 192**
Corrections of mistakes	-	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	-	-	-	-	-	-	-
As at 1.01.2011 after adjustments	**16 011**	**185 812**	**2 339**	**160 476**	**-**	**39 413**	**404 051**	**141**	**404 192**
Total income for the period	-	-	-	-	59 582	6 937	66 519	408	66 927
Dividend payment	-	-	-	-	-	(104)	(104)	104	-
Profit distribution	-	-	-	38 509	-	(38 509)	-	-	-
Issue of shares	7 200	249 556	-	-	-	-	256 756	-	256 756
Acquisition of non-controlling interests	-	-	-	-	-	-	-	23 899	23 899
Other changes	-	-	-	386	-	(1 488)	(1 102)	-	(1 102)
As at 30.09.2011	**23 211**	**435 368**	**2 339**	**199 371**	**59 582**	**6 249**	**726 120**	**24 552**	**750 672**

Modified) The Group settled the transaction of acquiring stocks and shares in AB Kauno Tiltai and Lithold AB Group and established the company's value on the grounds of fair vales of assets and liabilities which had been taken over.*

III. ADDITIONAL INFORMATION AND EXPLANATIONS TO THE CONDENSEDCONSOLIDATED FINANCIAL STATEMENT

1. General information

This condensed consolidated financial statement of the Group covers the 9-month period ended on September 30, 2012.

The Trakcja - Tiltra Capital Group (the "Group"; "GK T-T"; "Capital Group") consists of the parent company Trakcja - Tiltra S.A. ("T – T"; "T – T S.A."; the "Parent Company", the "Company") and its subsidiaries, company under common control (see note 2).

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

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

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

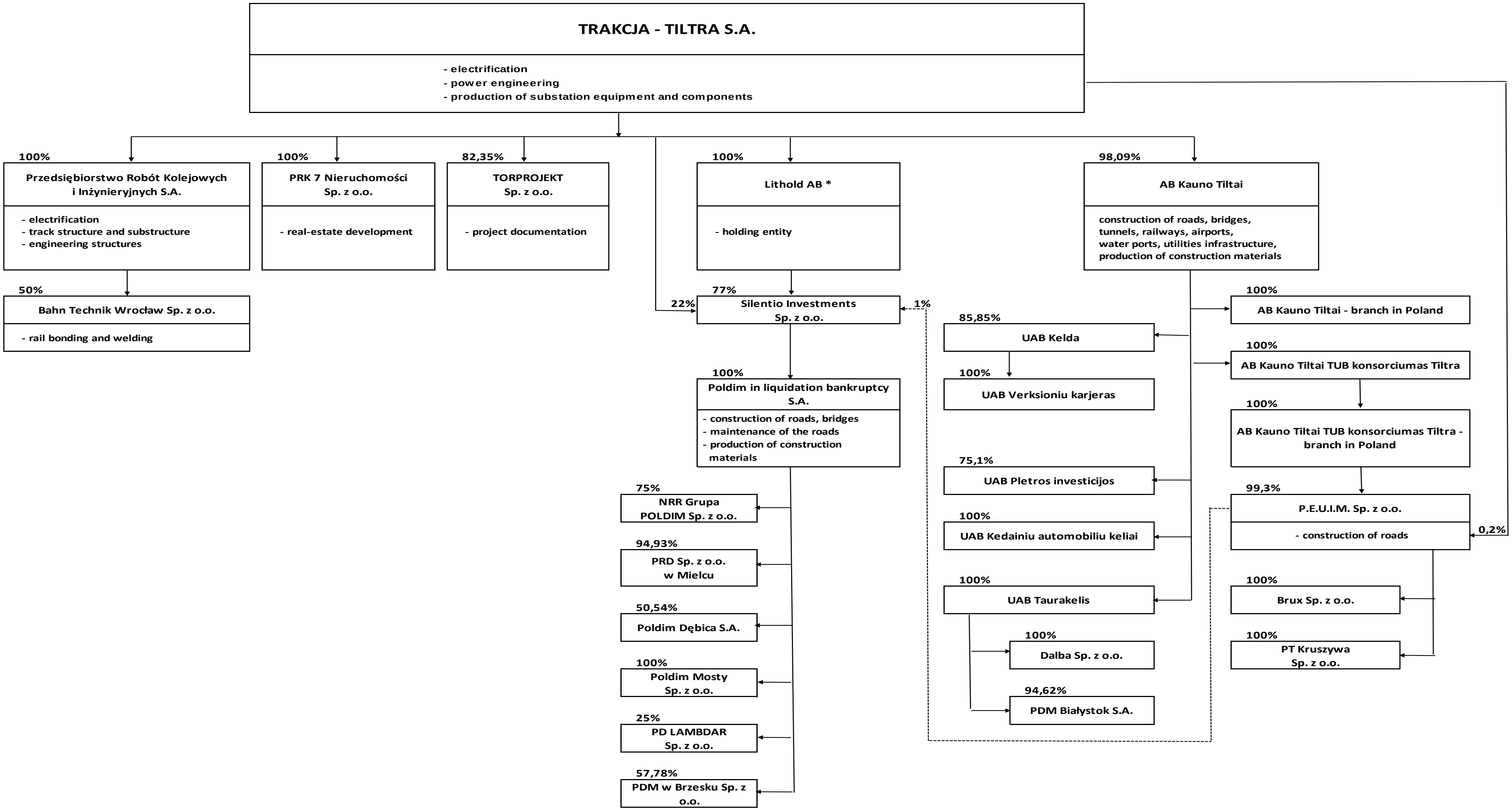
The Company's seat is located in Warsaw at 59 Złota Street, XVIII floor. The duration of the parent company and the other entities comprising the Group is indefinite.

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

- work on foundations and networks,
- installation of overhead contact substations and section cabins,
- installation of high and low voltage aerial and cable lines,
- installation of power supply and local control cables,
- production (of high, medium and low voltage switching stations, overhead contact system accessories and local control devices),
- specialized equipment services (excavators, rail and car cranes, drill setters, piling rigs).

2. Group structure

As of September 30, 2012, the Group consists of parent company Trakcja - Tiltra S.A. and subsidiaries:



*in liquidation

3. Changes in Capital Group

In the period from January 1, 2012 to September 30, 2012 the Group made adjustments in the Group structure described below.

On June 13, 2012, the District Court in Tarnów (V Commercial Division) issued an order regarding the announcement of the bankruptcy including liquidation of property of a subsidiary POLDIM S.A. with its registered office in Tarnów. Therefore, the name of the company was changed into POLDIM S.A. under liquidation bankruptcy.

On June 19, 2012, the District Court for the capital city of Warsaw, in Warsaw, X Commercial Division for bankruptcy and reorganisation cases issued an order regarding the dismissal of a motion to announce the bankruptcy including liquidation of property of Silentio Investments Sp. z o.o. with its registered office in Warsaw pursuant to Article 13, section 1 of the Act on Bankruptcy and Reorganisation Law in compliance with which: "Court shall dismiss the motion to announce the bankruptcy if the property of insolvent debtor is not sufficient to cover proceedings costs."

Pursuant to the resolution of Annual General Meeting of June 19, 2012, the company name was changed from Tiltra Group AB to Lithold AB.

Lithold AB's Annual General Meeting resulted in passing a resolution regarding the liquidation of the company by bankruptcy proceedings. In compliance with the provisions of Lithuanian law, the company did not appoint the liquidator. The passing of the resolution regarding the liquidation of Lithold AB was due to negative financial results for the financial year 2011 and a lack of the possibility to fulfil liabilities to creditors.

On June 5, 2012, AB Kauno Tiltai TUB konsorciumas Tiltra and a company Trakcja – Tiltra S.A. signed a contract to sell PEUIM Sp. z o.o.'s shares. The company AB Kauno Tiltai TUB konsorciumas Tiltra sold 1 share of a nominal value of PLN 800 for a total price of PLN 65 thousand, which resulted in the company Trakcja -Tiltra gaining 0.2% of shares in PEUIM Sp. z o.o.'s share capital.

The subsidiary of AB Kauno Tiltai in the III quarter of 2012 made a partial redemption of its own shares from non-controlling interests for a total of LTL 768 thousand.

4. Composition of the Parent Company's Management Board

The Company's Management Board on September 30, 2012 was composed of the following persons:

- Roman Przybył — President of the Board;
- Marita Szustak — Vice – president of the Board;
- Nerijus Eidukevičius — Vice – president of the Board;
- Tadeusz Kałdonek — Vice – president of the Board;
- Rodrigo Pomar López — Vice – president of the Board.

Within the period from January 1, to September 30, 2012, the Management Board composition has changed as follows:

- On June 21, 2012, Mr Maciej Radziwiłł, President of the Management Board of the Company, submitted his resignation from the position of the President of the Management Board.
- On the basis of Resolution No. 1 of the Supervisory Board of June 21, 2012, Mr. Roman Przybył, former Vice-President of the Management Board of the Company, was appointed to perform for the function of officer acting as the President of the Management Board.
- On August 31, 2012, Mr Tadeusz Kozaczyński, Vice-president of the Management Board of the Company, submitted his resignation from the position of the Vice-president of the Management Board.

(data in thousand PLN, unless stated otherwise)

- On the basis of Resolution No. 5 of the Supervisory Board of September 19, 2012, Mr. Roman Przybył, former acting as the President of the Management Board, was appointed to perform for the function of the President of the Management Board.
- On the basis of Resolution No. 6 of the Supervisory Board of September 19, 2012, was recalled from the Management Board Mr. Dariusz Mańkowski former Vice-President of the Management Board of the Company.
- On the basis of Resolution No. 7 of the Supervisory Board of September 19, 2012, was recalled from the Management Board Mr. Tadeusz Bogdan former Vice-President of the Management Board of the Company.
- On the basis of Resolution No. 8 of the Supervisory Board of September 19, 2012, was appointed Mr. Rodrigo Pomar López to perform for the function of Vice-President of the Management Board of the Company.
- On the basis of Resolution No. 9 of the Supervisory Board of September 19, 2012, was appointed Mrs. Marita Szustak to perform for the function of Vice-President of the Management Board of the Company.
- On the basis of Resolution No. 10 of the Supervisory Board of September 19, 2012, was appointed Mr. Nerijus Eidukevičius to perform for the function of Vice-President of the Management Board of the Company.

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

5. Shareholder Structure of the Parent Company

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

Shareholder	Number of shares	% in the share capital	Number of votes	% in votes at GSM
COMSA S.A.	81 145 510	34,96%	81 145 510	34,96%
AB INVALDA	23 109 687	9,96%	23 109 687	9,96%
Jonas Pilkauskas Angelė Černevičiūtė Vaida Balčiūnienė	19 645 318	8,46%	19 645 318	8,46%
ING	16 500 000	7,11%	16 500 000	7,11%
Other shareholders	91 704 965	39,51%	91 704 965	39,51%
Total	**232 105 480**	**100,00%**	**232 105 480**	**100,00%**

No changes in the shareholders held, directly or through subsidiaries, at least 5 per cent of the total number of votes at the General Meeting of Shareholders in the period of the III quarter of 2012.

After the balance sheet date and before the date of approval of the Statement for publication the following changes in the structure of Stockholders:

- Pursuant to Article 69 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies ("Act on Public Offering"), on November 9, 2012 shareholder of the company Invalda AB, the company incorporated under Lithuanian law ("Invalda"), sold part of the shares held in the Company as of October 4, 2012, on the basis of transactions concluded on the Warsaw Stock Exchange. Due to the sale of shares, the interest of Invalda as at October 31, 2012 in the number of votes at the Company's Shareholders' General Meeting decreased by 2.352 per cent of the total number of votes. With respect to the above-mentioned change, the number of the Company's shares held by Invalda is 23,559,620 (i.e. 10.150 per cent of the Company's share capital), entitling to 23,559,620 votes at the Shareholders' General Meeting, i.e. 10.150 per cent of the total number of votes at the Shareholders' General Meeting.

(data in thousand PLN, unless stated otherwise)

- Pursuant to Article 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies ("Act on Public Offering"), on November 2, 2012, the shareholder of the company Invalda AB, the company incorporated under Lithuanian law ("Invalda"), sold part of the shares held in the Company when concluding transaction on the Warsaw Stock Exchange, as a result of which decreased its interest in the total number of votes at the Shareholders' General Meeting below 10 per cent. With the above in mind, the number of shares held by Invalda in the Company constitutes 23,109,687 of shares (i.e. 9.957 per cent of the Company's share capital), 23,109,687 of voting shares at the Shareholders' General Meeting, i.e. 9.957 per cent of the total number of votes at the Shareholders' General Meeting.

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

During the III quarter of 2012 there were no changes in the shares of the Parent company held by persons managing and supervising the company.

As of the day of approving this statement, the shares in Trakcja – Tiltra S.A. held by its managing and supervising persons were as follows:

First name and surname	Function	Number of shares	% in the shareholding structure
Maciej Radziwiłł	Chairman of Supervisory Board	280	0,000%
Roman Przybył	President of the Board	10 000	0,004%
Tadeusz Kałdonek	Vice – president of the Board	2 550 960	1,099%

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

7. Approval of the financial statement

This condensed consolidated financial statement has been approved by the Management Board of the Parent company for publication on November 14, 2012.

8. Significant values based on professional judgement and estimates

8.1. Professional judgement

Within the process of application the accountancy principles (policy), the most important thing, except for the book estimates, is professional judgement of the management. The professional judgement is applied first and for most in assessment of risk related to payment of overdue receivables. Therefore, at each balance sheet date, the Group verifies write-downs of the above mentioned receivables considering potential risk of significant delay (more than 180 days) in payment.

In addition, the Management Board of the parent company is guided by professional judgement when evaluating the time of starting the control over the related entities, considering all circumstances affecting the control.

8.2. Uncertainty of estimates

The basic assumptions related to the future and other key sources of uncertainties present at the balance sheet date, to which the risk of significant adjustment of balance sheet assets and liabilities is related in the following fiscal year are presented below.

Valuation of reserves

The reserves due to employee benefits were estimated based on actuarial methods.

Reserves for correcting works

The reserves for correcting works were estimated based on the knowledge of managers of individual construction contracts related to the necessity or possibility of performing additional works for the ordering party, to fulfil the guarantee obligations.

Deferred tax component of assets

The Group recognizes a component of assets due to deferred tax based on the assumption that tax profit will be attained in the future allowing its utilization. Deterioration of the obtained tax results in the future could cause that such assumption would become unjustified.

Fair value of financial instruments

Fair value of the financial instruments, for which active market does not exist, is estimated by means of appropriate estimation methods. When selecting the methods and assumptions, the Group follows the professional judgement.

Recognition of revenue

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

Depreciation rates

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

Impairment of financial assets

At the assessment whether the financial assets have not lost their value, the available and commonly applied methods of valuation were used taking into account the Group prospect cash flows in respect of the possessed assets.

9. Basis for preparation of the condensed consolidated financial statement

The condensed consolidated financial statement has been prepared according to historical cost principle, except for the derivative financial instruments and financial assets available for sale, which are estimated according to fair value. The balance sheet value of the recognized collaterals of assets and liabilities is adjusted according to the changes in fair value, which may be attributed to risk, against which the assets and liabilities are secured.

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

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

The following subsidiaries: Przedsiębiorstwo Robót Kolejowych I inżynieryjnych S.A., PRK 7 Nieruchomości Sp. z o.o., Torprojekt Sp. o.o. are consolidated using the full method and the company Bahn Technik Wrocław Sp. o.o. is consolidated using the proportional method. AB Kauno Tiltai Group is consolidated using the full method. Lithold AB Group was excluded from the consolidation due to losing the control over the Group that has been described in details under point 3 herein.

International Accounting Standard 27 requires the consolidation of Capital Group's subsidiaries from the time of obtaining control until the time of losing it. Trakcja -Tiltra Capital Group had been consolidating Lithold AB Group's operational results until December 31, 2011. After that date, Lithold AB Group was not generating any crucial operational results and at the same time its loss was increasing due to establishing provisions connected with the bankruptcy of a subsidiary POLDIM S.A. Pursuant to IAS 27, a consolidated statement stands for a Group's statement drawn as if it was one entity. Considering that a motion for POLDIM S.A. bankruptcy had been brought and its bankruptcy was decreed by the court, Trakcja - Tiltra Capital Group shall not cover costs connected with provisions established by POLDIM S.A. Therefore, consolidation of these provisions and costs, which afterwards would have been reverted at the time of losing the control (announcement of bankruptcy), would have significantly distorted the view of the financial situation and financial result of Trakcja – Tiltra Group while being in fact solely a derivative of the obligation to draw interim financial statements.

(data in thousand PLN, unless stated otherwise)

Furthermore, passing the resolution on June 29, 2012 by Lithold AB's General Annual Meeting regarding the company's liquidation by bankruptcy connected with announcing the bankruptcy including liquidation of property of a subsidiary POLDIM S.A. with its registered office in Tarnów and the dismissal of a motion to announce the bankruptcy including liquidation of property of Silentio Investments Sp. z o.o. with its registered office in Warsaw (in compliance with Article 13, section 1 of the Act on Bankruptcy and Reorganisation Law and pursuant to which: "The court shall dismiss a motion to announce the bankruptcy if the property of insolvent debtor is not sufficient to cover proceedings costs"), causes Trakcja - Tiltra Capital Group to lose its control over net assets constituting a part of Lithold AB Group. With regard to the aforementioned Lithold AB Group's discontinuation of significant operations, the Management of Group's Dominant Unit had already made a decision in a condensed consolidated financial statement for I quarter of 2012 that the profit and loss account would not include the aforementioned companies' results for this period and it would include the aforementioned companies' balance sheets as of December 31, 2011 that is before establishing provisions for costs, which would not charge Trakcja – Tiltra Group in any case. In this condensed consolidated statement the Group decided to continue this principle due to the reasons given below.

In the first half of the year 2012 the Lithold AB Group's result comprises mainly costs (provisions) connected with the bankruptcy of companies constituting a part of the Group. According to the Management of the Group's Dominant Unit, the inclusion of these losses in a consolidated financial statement would cause the recognition of significant costs, which the Group shall not incur, in Trakcja – Tiltra Group's consolidated profit and loss account and consequently, in overstating the profit on the loss of control over Lithold AB Group, which would be recognised at the time of announcing the bankruptcy of POLDIM S.A. and the liquidation of Lithold AB. With reference to the above, the Management of the Group's Dominant Unit concedes that fulfilling the requirement to consolidate subsidiaries' results until the time of losing the control fully could be in this case misleading to the point that it would lead this financial statement to fail to present Trakcja- Tiltra Group's financial situation and financial result as of June 30, 2012 correctly and reliably. Presented financial statement for the first half of the year 2012 is compliant with applicable IFRS with an exception of a departure from the principle to consolidate subsidiaries' results until the time of losing the control stipulated under IAS 27.

The effect of the departure's impact on Trakcja – Tiltra Group's consolidated financial statement:

	Applied departure from IAS 27 for the period from January 1, 2012 to September 30, 2012	**Approach compliant with IAS 27 for the period from January 1, 2012 to September 30, 2012**
Sales revenues	986 773	1 038 098
Cost of goods sold	(940 073)	(1 022 972)
Gross profit on sales	**46 700**	**15 126**
Cost of sales, marketing and distribution	(5 200)	(5 783)
General and administrative costs	(39 075)	(45 043)
Other operating revenues	3 149	6 747
Other operating costs	(7 193)	(23 608)
Profit on the loss of control	44 291	98 733
Operating profit	**42 673**	**46 172**
Financial revenues	6 955	6 717
Financial costs	(27 532)	(32 222)
Gross profit	**22 095**	**20 668**
Income tax	(3 172)	(2 559)
Net profit from continued operation	**18 923**	**18 108**

This shall not affect the financial data of the III quarter of 2012.

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

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

10. Declaration of conformity

The condensed consolidated financial statement was prepared according to the International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("ISAB") according to IFRS approved by the European Union. At the day of approving this financial statement, within the scope of accountancy principles applied by the Group, there are no differences between IFRS standards and the IFRS standards approved by the European Union. The standards that did not come into force on September 30, 2012 and were not approved by the European Union at the day of preparing this consolidated financial statement are presented in note No. 10.

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

Currency of measure and currency of financial statements

The currency of measure of the parent company and the majority of the Group's companies as well as the presentation currency in this condensed consolidation financial statement for the period 9 months ended September 30, 2012 is Polish Zloty. The currency of measure of companies with their registered office in Lithuania is Litas (LTL).

11. Significant accountancy principles

The accountancy principles (policy) applied to prepare this condensed consolidated financial statement for the period 9 months ended September 30, 2012 are coherent with those which were applied while preparing the annual consolidated financial statements for 2011, with the exclusion of the changes specified below.

The same principles were applied for the current and comparable period. A detailed description of the accounting principles adopted by the Trakcja - Tiltra Capital Group was presented in the annual consolidated financial statement for 2011, published on March 20, 2012 and semi-annual consolidated financial statement for the period 6 months ended 30 June 2012, published on August 31, 2012.

In this condensed consolidated financial statements, the Group did not take the decision on application of published standards and interpretations before the date of their entry into force.

The following standards and interpretations were issued by the International Accountancy Standard Board and the International Financial Reporting Interpretations Committee and did not come into force at the balance sheet date:

- IFRS 9 *Financial Instruments*

The new standard was published on November 12, 2009 and it constitutes IASB's first step to replace IAS 39 *Financial Instruments: Recognition and Measurement.* After publishing the new standard was subject to follow-up works and partly was changed. The new standard shall enter into force on January 1, 2015.

The Group shall apply the new standard from January 1, 2015.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- IFRS 10 *Consolidated Financial Statements*

The new standard was published on May 12, 2011 and is to replace the interpretation *SIC 12 Consolidation – Special Purposes Entities* and a part of resolutions of *IAS 27 Consolidated and Separate Financial Statements.* The standard defines the notion of control as a factor determining whether the entity should be included in the consolidated financial statement and contains hints that help to determine whether the entity exercises control or not.

The Group will apply the new standard as of the effective date as established by the European Commission.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- IFRS 11 *Joint Arrangements*

The new standard was published on May 12, 2011 and is to replace the interpretation *SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venture s*and *IAS 31 Interests in Joint Ventures.* The standard underlines rights and obligations resulting from joint agreement irrespective of its legal form and eliminates inconsequence in reporting by specifying methods of settling interests in jointly controlled entities.

The Group will apply the new standard as of the effective date as established by the European Commission.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- IFRS 12 *Disclosure of Interests in Other Entities*

The new standard was published on May 12, 2011 and it contains requirements of information disclosures regarding relations between entities.

The Group will apply the new standard as of the effective date as established by the European Commission.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- IFRS 13 *Fair Value Measurement*

The new standard was published on May 12, 2011 and is aimed at facilitating the application of fair value measurement by reducing the complexity of solutions and increasing consequence in applying principles of fair value measurement. The standard explicitly specifies the aim of such measurement and the definition of fair value.

The Group shall apply the new standard as of 1 January 2013.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- IAS 27 *Separate Financial Statements*

The new standard was published on May 12, 2011 and it mainly results from transferring some provisions of hitherto prevailing IAS 27 to new IFRS 10 and IFRS 11. The standard contains requirements regarding presentation and disclosures in a separate financial statement of investments in associates, subsidiaries and joint ventures. The standard shall replace hitherto prevailing IAS 27 *Consolidated and Separate Financial Statements.*

The Group will apply the new standard as of the effective date as established by the European Commission.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- IAS 28 *Investments in Associates and Joint Ventures*

The new standard was published on May 12, 2011 and refers to settling investments in associates. Furthermore, it specifies the requirements regarding the application of the equity method in investments in associates and joint ventures. The standard shall replace hitherto prevailing IAS 28 *Investments in Associates.*

The Group will apply the new standard as of the effective date as established by the European Commission.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- Amendments to IAS 19 *Employee Benefits*

Amendments to IAS 19 were published on June 16, 2011 and are applied to annual periods starting on January 1, 2013 or later. Amendments eliminate the possibility of delays in recognising profits and losses known as "the corridor method". Furthermore, they improve the presentation of balance sheet's amendments resulting from employee benefits' plans and necessary estimations presented in other comprehensive incomes as well as they extend the scope of required related disclosures.

The Group shall apply amended IAS as of 1 January 2013.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Incomes*

Amendments to IAS 1 were published on June 16, 2011 and are applied to annual periods starting on July 1, 2012 or later. Amendments refer to grouping items of other comprehensive incomes that can be transferred to the profit and loss statement. Moreover, amendments confirm the possibility to present items of other comprehensive incomes and items of the profit and loss statement as one or two separate statements.

The Group shall apply amended IAS as of 1 January 2013.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- Amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Liabilities*

Amendments to IFRS 7 were published on December 16, 2011 and are applied to annual periods starting on January 1, 2013 or later. Not changing general principles in relation to offsetting financial assets and liabilities, a scope of disclosures was widened in relation to amounts offsetting with oneself. Furthermore, it specifies the requirement was implemented wider (more transparent) of disclosures connected with the credit risk management with using securities (of pledges) received or handed over.

The Group shall apply amended IFRS 7 as of January 1, 2013.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- *Amendments to IAS 32 Offsetting financial assets and liabilities*

The amendments to IAS 23 were published on December 16, 2011 and apply to annual periods commencing on January 1, 2014 or later. The amendments are response to inconsistencies in the application of the offsetting criteria presented in IAS 32.

The Group shall apply the amended IAS as of January 1, 2013.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- *The interpretation of the IFRIC 20 Stripping costs in the production phase of a surface mine*

The interpretation of IFRIC 20 was issued on October 19, 2011 and applies to the annual periods commencing after January 1, 2013 or later. The interpretation includes guidelines on disclosing costs of removing surface layers of soil in order to gain access to the extracted resources in surface mines.

The Group shall apply the new interpretation as of January 1, 2013.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- *Amendments to IFRS 1*

The amendments to IFRS 1 were published on March 13, 2012 and apply to annual periods commencing on January 1, 2013 or later. The amendments provide relief for first-time adopters from the retrospective application of IFRS when accounting for loans received from governments at a below-market rate of interest.

The Group shall apply the amended IFRS as of January 1, 2013.

The amended IFRS 1 shall not influence the abridged consolidated financial statement of the Group.

- *The amendments to different standards resulting from annual review of the International Financial Reporting Standards (Annual Improvements 2009-2011)*

On May 17, 2012, other amendments to seven standards were published, as resulting from the project of the proposed amendments to the International Financial Reporting Standards published in June 2011. They apply mostly to annual periods commencing on January 1, 2013 or later (depending on the standard).

The Group shall apply the amended standards within the scope of the introduced changes, as of January 1, 2011, unless a different period for their entry into force has been provided for.

The application of the standards shall not influence the abridged consolidated financial statement of the Group in a significant way.

- *The guidelines related to the interim provisions (Amendments to IFRS 10, IFRS 11, and IFRS 12).*

The guidelines were published on June 28, 2012 and contain additional information on the application of IFRS 10, IFRS 11 and IFRS 12, including presentation of comparative data in case of the first-time adoption of the above-mentioned standards.

The Group shall apply the amendments from the date of their adoption by the European Union.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

- *Investment Units (Amendments to IFRS 10, IFRS 12 and IFRS 27)*

The guidelines were published on October 31, 2012 and include other principles regarding the application of IFRS 10 and IFRS 12 in case of investment trusts.

The Group shall apply the amendments from the date of their adoption by the European Union.

As at the date of this condensed consolidated financial statement, it is impossible to assess the impact of the application of the amended standard in a reliable manner.

Currently, IFRS in the form approved by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) with the exception of the following standards, interpretations and their amendments that as of the day of approving this financial statement for publication have not yet been adopted for application by the EU:

- IFRS 9 *Financial Instruments* published on November 12, 2009 (as amended),
- Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates* published on December 20, 2010,
- Amendment to IAS 12 *Deferred Tax: Recovery of Underlying Assets* published on December 20, 2010,
- IFRS 10 *Consolidated Financial Statements* published on May 12, 2011,
- IFRS 11 *Joint Arrangements* published on May 12, 2011,
- IFRS 12 *Disclosure of Interests in Other Entities* published on May 12, 2011,
- IFRS 13 *Fair Value Measurement* published on May 12, 2011,
- IAS 27 *Separate Financial Statements* published on May 12, 2011,
- IAS 28 *Investments in Associates and Joint Ventures* published on May 12, 2011,
- Amendments to IFRS 7 *Disclosures – Offsetting financial assets* published on December 16, 2011,
- Amendments to IAS 32 *Offsetting financial assets and liabilities*, published on December 16, 2011,
- The interpretation of IFRIC 20 *Stripping costs in the production phase of a surface mine*, published on October 19, 2011;
- Amendments to IFRS 1 published on March 13, 2012.
- The amendments to different standards resulting from annual review of the International Financial Reporting Standards (*Annual Improvements 2009-2011*) published on May 17, 2012;
- The guidelines related to the interim provisions (Amendments to IFRS 10, IFRS 11, and IFRS 12) published on June 28, 2012;
- Investment Units (Amendments to IFRS 10, IFRS 12 and IFRS 27)

The following new or changed standards and interpretations issued by the International Accountancy Standard Board or the International Financial Reporting Interpretations Committee became effective as of January 1, 2012, but they have not been approved for application by the EU, therefore, were not applied by the Group in this financial statement:

- The amendments to IFRS 1 *Severe hyperinflation and removal of fixed dates* published on December 20, 2010,

Amendment to IAS 12 *Deferred tax: Recoverability of assets constituting basis for establishment of deferred tax* published on December 20, 2010.

12. Effect of application of new accountancy standards and changes of accountancy policy

The accountancy principles (policy) applied to prepare this condensed consolidated financial statement for the period 9 months ended September 30, 2012 are coherent with those which were applied while preparing the consolidated financial statement for fiscal year ended on December 31, 2011 and the consolidated financial statement for I half of 2012, ended day on June 30, 2012, excluding the changes given below. The same principles were applied for the current and comparable period, unless the standard or interpretation assumed only the prospective application.

- **Changes resulting from IFRS changes**

The following new or changed standards and interpretations issued by the International Accountancy Standard Board and the International Financial Reporting Interpretations Committee are in force since January 1, 2012:

- Amendments to IFRS 1 *Severe hyperinflation and removal of fixed dates*
- Amendment to IAS 12 Deferred tax: Recovery of underlying assets
- Amendments to IFRS 7 *Disclosures – Transfer of financial assets*

Their application did not influence the business results and financial standing of the Company and resulted only in changes of the applied accountancy principles or possible extension of the scope of necessary disclosures or amendments to the used terminology.

Main consequences of the application of new regulations:

- Amendments to IFRS 1 Severe hyperinflation and removal of fixed dates

The amendments to IFRS 1 were published on December 20, 2010 and apply to annual periods starting from July 1, 2011 or later. The amendments apply to the reference to the fixed date "1 January 2004" as the date of the first IFRS application and change it to "the day the IFRS was applied for the first time" in order to eliminate the necessity of transferring the transactions which occurred before the company implemented IFRS. Moreover, the standard includes guidelines related to another application of the IFRS within periods falling after the periods of hyperinflation, which precludes full conformity with the IFRS.

The Company will apply the amended IFRS 1 as of the effective date as established by the European Commission.

The amended IFRS 1 does not influence the financial statement of the Company.

- Amendments to IAS 12 Deferred tax: Recovery of underlying assets

The amendment to IAS 12 was published on December 20, 2010 and applies to annual periods starting from January 1, 2012 or later. The amendment specifies, among other things, the method of measurement of assets and deferred tax liabilities in case of investment properties valued according to the fair value model as specified in IAS 40 *Investment property.* The entry into force of the amended standard will also result in the withdrawal of the interpretation of SIC – 21 *Income tax – recovery of revalued non-depreciable assets*.

The Company will apply the amended IAS 12 as of the effective date as established by the European Commission.

The amended IAS 12 does not influence the financial statement of the Company.

- Amendments to IFRS 7 Disclosures – Transfer of financial assets

The amendments to IFRS 7 were published on October 7, 2010 and apply to annual periods starting from July 1, 2011 or later. The amendments to the standard are aimed at enabling the users of financial statements to better comprehend transactions related to financial assets transfer (e.g. securitization), including understanding of potential effects of risks, which remain in the entity that transferred the assets. The amendments also enforce additional disclosures in case of transferring the assets of significant value close to the end of the reporting period.

The amended IFRS 7 does not influence the financial statement of the Company.

- **Changes introduced independently by the Group**

The Group did not make any adjustments to the financial statement in the III quarter of 2012.

13. Description of factors and occurrences having material impact on financial results of Trakcja - Tiltra Group for the third quarter of 2012

The decrease of revenues, costs and particular items of the consolidated profit and loss statement in the III quarter of 2012 when compared to the III quarter of 2011 was due to the deconsolidation of Lithold Group AB as a result of the loss of control over the group in the I half of 2012.

Within the period of three months ended on September 30, 2012, Trakcja – Tiltra Group recorded PLN 404,013 thousand revenue on sale, which increased by 44.4 per cent when compared to the analogous period in 2011. The cost of goods sold decreased proportionally to the revenue and amounted to PLN 384,605 thousand in the III quarter of 2012.

The gross profit on sales was PLN 19,408 thousand and decreased by PLN 18,628 thousand, i.e. by 48.9 per cent when compared to the analogous period in the previous year. The margin of gross profit on sales was 4.8 per cent in the III quarter of 2012 and 5.2 per cent in the analogous period in 2011.

The overheads were PLN 10,626 thousand and decreased by 50.7 per cent, i.e. by PLN 10,919 thousand when compared to the analogous period in 2011. The costs of sale, marketing and distribution amounted to PLN 1,562 thousand and decreased by PLN 262 thousand. The balance of other operating activity was PLN -1,352 thousand and decreased by PLN 134 thousand, which is 11.0 per cent decrease when compared to the III quarter of 2011. The Group recorded a profit on operating activities for a 3-month period in 2012 amounting to PLN 5,869 thousand. The result on operating activities decreased by PLN 7,580 thousand when compared to the result for the 3-month period ended on September 30, 2011, when the profit was PLN 13,449 thousand.

The Group presented the profit on the loss of control over Lithold Group AB amounted to PLN 44,291 thousand in a separate position in the consolidated profit and loss statement. As of June 30, 2012, the Group lost control over subsidiaries being part of Lithold AB Group, i.e.: Lithold AB, Silentio Investments Sp. z o.o. and Poldim Group. With regard to events described under note 9 hereof, and note 3 and 10 of consolidated financial report of Trakcja – Tiltra Group for the period of 6 months ended June 30, 2012.

In the III quarter of 2012 the balance from financial activities reached PLN -3,487 thousand which is 80.9 per cent of increase when compared to the balance in the III quarter of the previous year.

In the period from July 1, 2012 to September 30, 2012, the Group recorded a gross profit of PLN 2,382 thousand. The gross result for the III quarter of 2012 increased by PLN 7,709 thousand when compared to the III quarter of 2011, when the loss was PLN 5,327 thousand. The income tax for the 3-month period in 2012 was PLN 3,028 thousand and increased when compared to the analogous period in the previous year by PLN 1,847 thousand. The net result of the Group for the period from July 1, 2012 to September 30, 2012 was negative with the value of PLN 646 thousand. The net loss decreased when compared to the loss for the 3-month period in 2011 by PLN 5,862 thousand.

The decrease of the balance sheet total and particular items of balance sheet as for September 30, 2012 when compared to the amounts for December 31, 2012 was due to the deconsolidation of Lithold Group AB as a result of the loss of control over the group in the I half of 2012.

The balance sheet total as at the end of the III quarter of 2012 was PLN 1,383,537 thousand and was lower by 536,419 thousand than the balance sheet total at the end of 2011.

The non-current assets decreased by PLN 148,441 thousand (i.e. by 17.5 per cent when compared to the non-current assets as for December 31, 2011) and reached PLN 701,789 thousand whereas current assets decreased by PLN 387,978 thousand (i.e. by 36.3 per cent when compared to the amounts as for December 31, 2011) and reached PLN 681,748 thousand when compared to the balance as for December 31, 2011.

The decrease in current assets was mostly due to decrease in trade receivables and other receivables by PLN 155,029 thousand, i.e. 28.6 per cent. Trade receivables and other receivables amounted to PLN 387,540 thousand as for September 30, 2012. Additionally, the cash decreased by PLN 172,542 thousand, i.e. 77.5 per cent and amounted to PLN 50,020 thousand. In the III quarter of 2012 PRKiI, the subsidiary of the Group, effected a write-off of the trade receivables of the company Przedsiębiorstwo Napraw i Infrastruktury Sp. z o.o. w upadłości układowej ("PNI") in the amount of PLN 3,094 thousand with relation to the issuance of the Court's decision on bankruptcy of PNI bankruptcy with a possibility of an arrangement. The equity of the Capital Group decreased as for September 30, 2012 by PLN 21,018 thousand in comparison to the balance as for December 31, 2011. The decrease was caused mainly by the deconsolidation of the non- controlling interest connected with Lithold Group AB and decrease of exchange rate fluctuations due to conversion of foreign currencies.

As for September 30, 2012, the non-current liabilities reached the value of PLN 260,160 thousand and decreased by PLN 94,735 thousand, i.e. by 26.7 per cent in comparison to the balance as for December 31, 2011. Mostly the interest-bearing credits and long-term loans were decreased due to credit repayment. The current liabilities reached the value of PLN 599,953 thousand and decreased by 41.2 per cent, i.e. by PLN 420,666 thousand in comparison to the balance as for December 31, 2011. Among the current liabilities, the trade payables and other liabilities and interest-bearing loans and bank credits recorded the largest decrease. The trade payables and other liabilities reached PLN 341,406 thousand and decreased by PLN 229,360 thousand. The interest-bearing loans and bank credits decreased by PLN 97,777 thousand, i.e. by 41.6 per cent and reached the value of PLN 137,387 thousand.

14. Cyclical and seasonal character of activity

In the period of the III quarter of 2012 the Group is not subject to seasonality and cyclicality.

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

Within the period covered by this condensed consolidated financial statement, the Group did not issue and did not repay any debt and equity securities.

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

The Group presented the profit on the loss of control over Lithold Group AB amounted to PLN 44,291 thousand in a separate position in the consolidated profit and loss statement. As of June 30, 2012, the Group lost control over subsidiaries being part of Lithold AB Group, i.e.: Lithold AB, Silentio Investments Sp. z o.o. and Poldim Group. With regard to events described under note 9 hereof, and note 3 and 10 of consolidated financial report of Trakcja – Tiltra Group for the period of 6 months ended June 30, 2012.

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

The most important factors affecting in an essential way the future financial performance of Capital Group include the following:

- The ability to win new construction contracts, which on account of the profile of Group's activities is determined by the level of expenditures on rail and tram infrastructure in Poland.
- The accuracy of estimating the costs of implemented projects having direct impact on decisions regarding the strategy of participating in tenders, valuation of contracts for tenders and as a result the margins generated on the contracts. The accuracy of estimating cost budgets for contracts is related, in turn, to the methodological and external factors, such as changes in prices of materials and services rendered by subcontractors.
- The fluctuations of foreign currency exchange rates, in particular, the rate of Polish Zloty in relation to Euro. The Group follows the hedging policy against changes in the foreign exchange rates and enters into currency forward or futures contracts. The Group could not, however, apply the hedge accounting, because of the postponements to the schedules of construction works and the delays in payments made by customers. Taking the foregoing into account, the fluctuations on the currency market together with the delays in the payments made by customers in Euro may have either a negative or positive effect charged directly to the financial profit or loss of Capital Group.
- The fluctuations of foreign currency exchange rates, the rate of Polish Zloty in relation to Lithuanian Litas. Due to the conversion of individual items in the profit and loss statement of the Lithuanian companies with the average rate for the period covered by consolidation, the consolidated financial results of the Group are subject to exchange rate fluctuations against LTL.

- Impact of Central Bank monetary policy to changes in interest rates on credits. For the purpose of financing planned acquisitions, Group may take bank credits and therefore it may incur financial expenses determined by the level of interest rates.
- The timeliness in repayment of liabilities by our customers. A failure to do so by our customers may lead to the deterioration in Groups financial liquidity.
- Potential acquisitions of business entities - the positive effects and risks to the financial result of the Group.

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

- the procedure for awarding public procurements, in particular, the amendment to the *Act on the Public Procurement Law*,
- the public-private partnership, in particular, the Act on *Public-Private Partnership* of July 28, 2005 (Journal of Laws of September 6, 2005),
- the financing of railway and road infrastructure,
- the environmental protection in the scope of implementation of individual projects, in particular, the Act on the Environmental Protection Law,
- the property development activities of PRK 7 Nieruchomości Sp. z o.o., the regulations governing transactions in real estate, in particular the Civil Code, Act on the *Real Estate Management* of August 21, 1997 (Journal of Laws, 04.261.263), Act on the *Acquisition of Real Estate by Foreigners* of March 24, 1920 (Journal of Laws, 04.167.1758), Act on the *Ownership of Premises* of June 24, 1994 (Journal of Laws, 00.80.903) The Act on the *protection of the rights of the purchaser of a dwelling or single-family home* of September 16, 2011.and the regulations referring to zoning and building.

18. Risk factors

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

- Risk of growing competition,
- Risk of being dependant on key customers,
- Risk of potential loss of subcontractors and potential rise in prices of services rendered by subcontractors,
- Risk associated with the lack of qualified employees,
- Currency risk,
- Risk associated with the volatility of prices for materials,
- Risk associated with the joint and several liability of members of construction consortia and liability for subcontractors,
- Risk of underestimating the costs of projects,
- Risk related to performance of construction contracts,
- Risk associated with the conditions and procedures for awarding tenders,
- Risk of growing portfolio of overdue receivables,
- Liquidity risk,
- Risk related to strategy implementation.

Other factors, except for the above-mentioned, which may cause fluctuations of prices of shares in Trakcja - Tiltra S.A. are the following:

- Change of evaluation of creditworthiness of the Trakcja - Tiltra Group,
- Change of debt ratio of the Trakcja - Tiltra Group,
- Sale or purchase of assets by the Trakcja - Tiltra Group,
- Significant changes in the ownership structure of the Trakcja - Tiltra Group,

(data in thousand PLN, unless stated otherwise)

- Changes made by capital market analysts with respect to their forecasts and recommendations regarding the Trakcja - Tiltra Group, its contracting parties, partners and sectors of economy, in which the Group is involved.

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

The Management Board of Trakcja - Tiltra S.A. did not publish any financial forecasts for 2012.

20. Information material for the assessment of the personnel assets, financial standing and the financial results of the Group and their changes and for the assessments of the parent's ability to fulfill its obligations

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

21. Goodwill due to consolidation

Goodwill upon consolidation according to the companies:

	The period of 9 months ended	
	30.09.2012	**31.12.2011**
	Unaudited	Modified
Carrying value of goodwill from consolidation by companies:		
Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A.	2 051	2 051
TORPROJEKT Sp. z o.o.	822	822
AB Kauno Tiltai	373 091	379 231
PDM w Brzesku Sp. z o.o.	-	300
Total	**375 964**	**382 404**

On April 19, 2011 the parent company acquired:

- 150,000 shares in Tiltra Group AB with its registered office in Vilnius, with the nominal value of LTL 1 each, with the total nominal value of LTL 150,000, constituting 100 per cent of the share capital and granting the right to 100 per cent of votes at the general meeting of this company,
- 148,981 shares in AB Kauno Tiltai with its registered office in Kaunas, with the nominal value of LTL 130 each, with the total nominal value of LTL 19,367,530, constituting 96.84 per cent of the share capital and granting the right to 96.84 per cent of votes at the general meeting of this company
- and 22 stocks in Silentio Investments Sp. z o.o. with its registered office in Warsaw, with the nominal value of PLN 50 each, with the total nominal value of PLN 1,100, constituting 22 per cent of the share capital and granting the right to 22 per cent of votes at the general meeting of shareholders of this company. After making the above transaction and the transaction of acquisition of shares in Tiltra Group AB, the parent company, directly and indirectly through Tiltra Group AB and AB Kauno Tiltai, owns 100 stocks in Silentio Investments Sp. z o.o., with the nominal value of PLN 50 each, with the total nominal value of PLN 5,000, constituting 100 per cent of the share capital and giving the right to 100 per cent of votes at the general meeting of shareholders of this company.

The total price of the acquired assets was PLN 464,921,000.

The settlement of transaction of acquisition of shares and stock disclosed in the previously published financial statement for the comparable period was of temporary nature due to the on-going process of valuation at fair value as regards all acquired assets. The effects of valuation of assets and liabilities at fair value of the acquired companies were only partially recognized in the consolidated financial statement for 2011.

The final settlement of transaction of acquisition of shares and stock due to the end of the valuation process at fair value as regards all acquired assets and liabilities as well as establishment of goodwill were recognized in the condensed financial statement for the I quarter of 2012.

The following table presents a comparison of main values of assets and liabilities of Lithold AB and Kauno Groups according to carrying values with fair values established for the purpose of final settlement:

(data in thousand PLN, unless stated otherwise)

	Balance sheet date as at the date of takeover	Fair value upon takeover
Fixed assets	**283 368**	**298 827**
Fixed assets	226 569	232 734
Intangible assets	4 467	15 997
Investments in affiliates	4 299	2 063
Other non-current assets	48 033	48 033
Current assets	**434 576**	**434 576**
Total assets	**717 944**	**733 403**
Non-current liabilities	**163 599**	**166 500**
Deferred tax reserve	19 819	22 720
Other non-current liabilities	143 780	143 780
Current liabilities	**413 640**	**452 998**
Construction contracts	15 223	54 581
Other current liabilities	398 417	398 417
Purchase price at fair value		464 921
Fair value of net assets		113 905
Fair value of net assets attributable to parent entity		95 799
FX differences from conversion		5 838
Goodwill		**374 960**

The goodwill disclosed in this financial statement is lower by PLN 21, 327 thousand than the one presented in a consolidated financial statement for the period that ended on December 31, 2011 due to settling of an interim character caused by including the results of final measurements in fair values of assets, liabilities and contingent liabilities conducted in the I quarter of 2012 and the impact of exchange differences resulting from the miscalculation of company's value as of September 30, 2012.

The goodwill is assigned to the road segment being the cash-generating centre. With respect to goodwill of a company established as a result of acquisition of shares and stock in AB Kauno Tiltai, it is assumed that the cash-generating centres are companies being members of the composition of AB Kauno Tiltai.

The recoverable value of cash-generating centre is set using the method of discounted cash flows before tax, based on five-year-long forecasts made for the centre. The forecasts were based on budgets and schedules of long-term contracts, both currently realized and planned for acquisition.

Due to the loss of control over subsidiaries being a part of Lithold AB Group a test on the company's value loss was conducted as of June 30, 2012. On the grounds of conducted test, it has been stated that there are no prerequisites for a write-off due to the company's value loss.

The final settlement of the transaction of acquisition of shares and stock in Groups Lithold AB and AB Kauno Tiltai affected the change of the comparable data in this financial statement when compared to the previously published data. The following table presents the impact of the final transaction settlement of the previously published comparable data:

(data in thousand PLN, unless stated otherwise)

	31.12.2011	
	published statement	recognized as comparable data
Net profit for the period	**62 969**	**51 820**
Attributable to:		
Shareholders of parent entity	109 417	98 782
Non-controlling shareholders	(46 448)	(46 962)
Fixed assets	**858 537**	**850 230**
Fixed assets	311 503	316 512
Intangible assets	58 811	60 382
Goodwill upon consolidation	397 291	382 404
Other non-current assets	90 932	90 932
Current assets	**1 069 726**	**1 069 726**
Total assets	**1 928 263**	**1 919 956**
Equity attributable to shareholders of parent entity	536 643	525 842
Share capital	23 211	23 211
Surplus from the sale of share premium	231 591	231 591
Revaluation reserve	2 343	2 343
Other reserve capitals	199 775	199 775
Retained earnings	62 969	52 334
FX differences from conversion of foreign units	16 754	16 588
Non-controlling interests	16 134	18 600
Total equity	**552 777**	**544 442**
Non-current liabilities	**354 867**	**354 895**
Deferred tax reserve	40 061	40 089
Other non-current liabilities	314 806	314 806
Current liabilities	**1 020 619**	**1 020 619**
Total liabilities	**1 928 263**	**1 919 956**

(data in thousand PLN, unless stated otherwise)

22. Information concerning segments

Description of these segments can be found in the Group's annual consolidated financial statements. In presented period the Group decided to include design services' segment i.e. the company Torprojekt Sp. z o.o. in railway segment due to the fact that this company deals with drawing up designs for railway contracts. Comparable data have been appropriately corrected.

Operational segments:

For the period from 1.01.2012 to 30.09.2012 Unaudited	**Continued operations**						
	Railway segment	**Road segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenues							
Sales to external customers	573 888	375 904	36 981	986 773	-	-	986 773
Sales between segments	5 315	20	19	5 354	-	(5 354)	-
Total segment revenues	**579 203**	**375 924**	**37 000**	**992 127**	**-**	**(5 354)**	**986 773**
Results							
Amortisation	9 787	10 612	110	20 509	-	-	20 509
Segment gross profit (loss)	**(17 900)**	**1 456**	**8 353**	**(8 091)**	**-**	**30 186**	**22 095**

For the period from 1.01.2011 to 30.09.2011 Modified	**Continued operations**						
	Railway segment	**Road segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenues							
Sales to external customers	548 147	844 203	2 491	1 394 841	-	-	1 394 841
Sales between segments	19 049	20	1 373	20 442	-	(20 442)	-
Total segment revenues	**567 196**	**844 223**	**3 864**	**1 415 283**	**-**	**(20 442)**	**1 394 841**
Results							
Amortisation	8 703	22 356	343	31 402	-	-	31 402
Share in profit of affiliated entity	-	(328)	(682)	(1 010)	-	-	(1 010)
Segment gross profit (loss)	**72 718**	**8 415**	**(144)**	**80 989**	**-**	**(69 671)**	**11 318**

(data in thousand PLN, unless stated otherwise)

As at 30.09.2012	**Continued operations**						
Unaudited	**Railway segment**	**Road segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Operating assets	522 437	590 078	41 475	1 153 990	-	(233 126)	920 864
Operating liabilities	272 764	397 656	10 586	681 006	-	(81 053)	599 953
Other disclosures							
Capital expenditure	(17 044)	(3 474)	(16)	(20 534)	-	-	(20 534)

As at 31.12.2011	**Continued operations**						
Modified	**Railway segment**	**Road segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Operating assets	727 606	1 060 739	68 046	1 856 391	-	(413 450)	1 442 941
Operating liabilities	447 763	697 029	43 934	1 188 726	-	(168 107)	1 020 619
Other disclosures							
Share in affiliated entity	-	2 052	-	2 052	-	-	2 052
Capital expenditure	10 599	25 941	56	36 596	-	-	36 596

(data in thousand PLN, unless stated otherwise)

Geographic segments:

For the period from 1.01.2012 to 30.09.2012 Unaudited	**Continued operations** At home	**Abroad**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenues						
Sales to external customers	643 570	343 203	986 773	-	-	986 773
Sales between segments	5 321	-	5 321	-	(5 321)	-
Sales between the country and foreign countries	33	20	53	-	(53)	-
Total segment revenues	**648 924**	**343 223**	**992 147**	**-**	**(5 374)**	**986 773**

For the period from 1.01.2011 to 30.09.2011 Modified	**Continued operations** At home	**Abroad**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenues						
Sales to external customers	1 177 478	217 363	1 394 841	-	-	1 394 841
Sales between segments	20 443	-	20 443	-	(20 443)	-
Total segment revenues	**1 197 921**	**217 363**	**1 415 284**	**-**	**(20 443)**	**1 394 841**

As at 30.09.2012 Unaudited	**Continued operations** At home	**Abroad**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Operating assets	666 127	487 863	1 153 990	-	(233 126)	920 864
Operating liabilities	334 768	346 238	681 006	-	(81 053)	599 953

As at 31.12.2011 Modified	**Continued operations** At home	**Abroad**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Operating assets	1 373 470	482 921	1 856 391	-	(413 450)	1 442 941
Operating liabilities	929 738	258 988	1 188 726	-	(168 107)	1 020 619

(data in thousand PLN, unless stated otherwise)

23. Contingent receivables and liabilities

Contingent receivables and liabilities are presented in the below table:

	30.09.2012	31.12.2011
	Unaudited	Modified
Contingent receivables		
From related entities due to:	**272 925**	**285 659**
Received guarantees and sureties	271 594	284 328
Bills of exchange received as collateral	1 331	1 331
From other entities due to:	**128 663**	**248 550**
Received guarantees and sureties	116 411	232 456
Bills of exchange received as collateral	12 252	16 094
Total contingent receivables	**401 588**	**534 209**
Contingent liabilities		
From related entities due to:	**272 925**	**285 659**
Provided guarantees and sureties	271 594	284 328
Promissory notes	1 331	1 331
From other entities due to:	**2 174 436**	**1 529 795**
Provided guarantees and sureties	573 211	778 088
Promissory notes	547 129	438 602
Mortgages	202 855	188 127
Assignment of receivables	738 405	239
Assignment of rights under insurance policy	73 613	68 233
Security deposits	1 305	3 769
Other liabilities	37 918	52 737
Total contingent liabilities	**2 447 361**	**1 815 454**

Tax settlements and other fields of business activities governed by regulations (e.g. customs and currencies), may be subject of administrative bodies control, which are entitled to impose high penalties and sanctions. Lack of reference to fixed legal regulations in Poland and Lithuania causes the occurrence of ambiguities and inconsistencies in the mandatory provisions of the law. Frequent differences in opinions as to legal interpretation of tax regulations both inside the national bodies and between the national bodies and companies, create the fields of conflicts and uncertainty. These phenomena cause that tax risk in Poland is significantly higher than usually present in countries with a more developed tax system. Tax settlements may be the subject to control for the period of five years, starting at the end of a year, in which the tax was paid. As a result of the performed controls, the current tax settlements of the Group may be increased by additional tax obligations. In the Group's opinion, as for September 30, 2012 proper reserves were created for the recognized and measureable tax risk.

Due to employment contracts executed with the employees and Members of the Management Board, as for September 30, 2012 the Group had contingent receivables in the amount of PLN 1, 743 thousand and contingent liabilities in the amount of PLN 8, 930 thousand. Furthermore, in case of breach of duties of a Manager as stipulated in the agreement on non-competition, the Manager will pay the Company, without any undue delay or termination notice or demand by the Company, liquidated damages as a counter value of EUR 25 thousand in PLN for each case of breach, and counter value of EUR 1 thousand in PLN for each day of breach.

(data in thousand PLN, unless stated otherwise)

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

Information on credit or loan guarantees granted by the Issuer or its subsidiary is presented in the following table.

Name of company that provides credit or loan guarantees	Name of entity that has been granted a guarantee	Total amount of credits, guaranteed in whole or in part	Period of guarantee	Type of affiliation between the company Trakcja - Tiltra S.A. and the entity taking credit or loan
Trakcja - Tiltra S.A.	PRKiI S.A.	40, 000	31-03-2013	Issuer
Trakcja - Tiltra S.A.	PRKiI S.A.	27, 000	31-03-2020	Issuer
PRKiI S.A.	Trakcja - Tiltra S.A.	120, 000	31-03-2013	Subsidiary
PRKiI S.A.	Trakcja - Tiltra S.A.	30, 000	31-03-2013	Subsidiary

In the period of the III quarter of 2012, the Company or its subsidiaries did not grant guarantees to another entity or subsidiary, where the total value of the guarantee is at least 10% of the Trakcja-Tiltra S.A.

25. Material litigation and disputes

In the period of the III quarter of 2012, the Parent company and its subsidiaries are not a party to pending litigation, arbitration or before a public authority, the value of which individually or collectively exceed 10% of the equity Trakcja - Tiltra S.A.

26. Information on dividends paid or declared

In the period from January 1, 2012 to September 30, 2012 Parent company did not declare and pay dividend.

(data in thousand PLN, unless stated otherwise)

27. Information on related entities

In the period of the III quarter of 2012 the Group's companies did not contain any material transactions with related parties for conditions other than market. Transactions concluded by the Parent company and its subsidiaries (affiliates) are transactions concluded according to market terms and conditions and their nature results from the current activity conducted by the Parent company and its subsidiaries.

Total amounts of transactions concluded with affiliates for the period from January 1 to September 30, 2012 are presented below.

Related entities	Financial year	Sales to related entities	Purchases from relatd entities	Interest revenue	Interest costs	Financial revenue from Fxdifferences and other	Financial costs from FX differences and other
Shareholders of parent company:							
COMSA S.A.	1.01.12-30.09.12	10	760	-	-	-	-
	1.01.11-30.09.11	2	-	-	-	-	-
Total	**1.01.12-30.09.12**	**10**	**760**	**-**	**-**	**-**	**-**
	1.01.11-30.09.11	**2**	**-**	**-**	**-**	**-**	**-**

The information concerning receivables and liabilities from / to affiliates for the period from 1 January to 30 September 2012 is presented below.

Related entities	Balance sheet date	Receivables from related entities	Liabilities towards related entities	Loans granted	Borrowings received
Shareholders of parent company:					
COMSA S.A.	30.09.12	-	1 893	-	-
	31.12.11	-	42	-	-
Total	**30.09.12**	**-**	**1 893**	**-**	**-**
	31.12.11	**-**	**42**	**-**	**-**

28. Events occurring after the end of the reporting period

Important events in the quarter period

Important events:

- On September 12, 2012 the Management Board of Trakcja - Tiltra S.A. informed that the Company withdrew from a material agreement concluded by the Company on September 22, 2011 with Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. with its registered office in in Warsaw. The agreement was concluded in connection with the agreement, which the Company announced in the Current Report No. 35/2011, concluded on May 27, 2011 between PKP Polskie Linie Kolejowe S.A. and a consortium of companies comprising, among others: The Company as a legal representative of the consortium and PNI as one of the Partners of the consortium, for the construction works for the No. 9 line modernization on the section from km 236.920 to km 287.700, covered by the Local Control Center's, with its registered office in Malbork area, within the Project: No. POIiŚ (OPIE) 7.1-1.3 "Modernization of the railway line no. E 65/CE 65 on the section Warsaw – Gdynia – LCS Ilawa, LCS Malbork areas".

Important events after the balance sheet date

Other important events:

- On October 30, 2012 the subsidiary of the Company - AB Kauno tiltai (joint stock company), with its registered office in Kaunas, Lithuania, as the leader of a consortium composed of: - AB Kauno tiltai with its registered office in Kaunas, Lithuania – the leader of a consortium; - Uždaroji akcinė bendrovė "Mitnija" (joint stock company) with its registered office in Kaunas, Lithuania – the partner of a consortium; concluded a material agreement with the company Akcinė bendrovė „Lietuvos geležinkeliai" (joint stock company), with its registered office in Vilnius, Lithuania. The total net value of the agreement, LTL/PLN rate, amounted to: PLN 103,002,899.93. The percentage of the value of the agreement attributed to Kauno is 60 per cent of the value of the agreement.
- On October 30, 2012 the subsidiary of the Company - AB Kauno tiltai (joint stock company), with its registered office in Kaunas, Lithuania, as the leader of a consortium composed of: - AB Kauno tiltai with its registered office in Kaunas, Lithuania – the leader of a consortium; - Uždaroji akcinė bendrovė "Mitnija" (joint stock company) with its registered office in Kaunas, Lithuania – the partner of a consortium; concluded a material agreement with the company Akcinė bendrovė „Lietuvos geležinkeliai" (joint stock company), with its registered office in Vilnius, Lithuania. The total net value of the agreement, LTL/PLN rate, amounted to: PLN 104,083,292.64. The percentage of the value of the agreement attributed to Kauno is 60 per cent of the value of the agreement.
- On November 2, 2012 the subsidiary of the Company - AB Kauno tiltai (joint stock company), with its registered office in Kaunas, Lithuania, as the leader of a consortium composed of: - AB Kauno tiltai with its registered office in Kaunas, Lithuania – the leader of a consortium; - Uždaroji akcinė bendrovė "Mitnija" (joint stock company) with its registered office in Kaunas, Lithuania – the partner of a consortium; concluded a material agreement with the company Akcinė bendrovė "Lietuvos geležinkeliai" (joint stock company), with its registered office in Vilnius, Lithuania. The total net value of the agreement, LTL/PLN rate, amounted to: PLN 119,640,239.18. The percentage of the value of the agreement attributed to Kauno is 60 per cent of the value of the agreement.
- In accordance with the annex to the contract for construction works main lines on the section Wrocław-Grabiszyn-Skokowa and Żmigród- border of the dolnośląskie voivodship within the project of POLIŚ 7 1-4 „The modernisation of the railway line E59 on the Wrocław- Poznań section, Stage II- section Wrocław-border of the dolnośląskie voivodship" concluded between PKP PLK S.A. and the Consortium: PNI Sp. z o.o. in arrangement bankruptcy, PKP Energetyka S.A., PRKiI S.A., DPNIK „Dolkom" Sp. z o.o., the parties declared that, in relation to the revocation of power of attorney for PNI Sp. z o.o. in arrangement bankruptcy to represent them as a leader of the Consortium towards the ordering party PKP PLK S.A., they appoint as the leading partner PRKiI S.A. Due to the revocation of the aforementioned power of attorney, the liabilities for the Consortium shall be made directly on the accounts of the Consortium participants.

(data in thousand PLN, unless stated otherwise)

IV. QUARTERLY FINANCIAL INFORMATION

PROFIT AND LOSS STATEMENT

	1.01.2012 - 30.09.2012	**1.07.2012 - 30.09.2012**	**1.01.2011 - 30.09.2011**	**1.07.2011 - 30.09.2011**
	Unaudited	Unaudited	Unaudited	Unaudited
Continued operations				
Sales revenues	**370 935**	**158 948**	**426 310**	**205 215**
Cost of goods sold	**(374 701)**	**(159 024)**	**(413 117)**	**(194 780)**
Gross profit on sales	**(3 766)**	**(76)**	**13 193**	**10 435**
Cost of sales, marketing and distribution	(948)	(271)	(673)	(237)
General and administrative costs	(17 391)	(4 535)	(13 257)	(4 146)
Other operating revenues	1 214	952	2 511	1 810
Other operating costs	(2 793)	(831)	(3 541)	(3 104)
Operating profit	**(23 684)**	**(4 761)**	**(1 767)**	**4 758**
Financial revenues	15 255	400	74 203	18 397
Financial costs	(11 558)	(3 443)	(13 532)	(7 999)
Acquisition costs	-	-	(1 270)	-
Gross profit	**(19 987)**	**(7 804)**	**57 634**	**15 156**
Income tax	273	(2 013)	2 601	439
Net profit from continued operation	**(19 714)**	**(9 817)**	**60 235**	**15 595**
Discontinued operations				
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	**(19 714)**	**(9 817)**	**60 235**	**15 595**

(data in thousand PLN, unless stated otherwise)

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012	1.01.2011 - 30.09.2011	1.07.2011 - 30.09.2011
	Unaudited	Unaudited	Unaudited	Unaudited
Net profit for the period	**(19 714)**	**(9 817)**	**60 235**	**15 595**
Other comprehensive income:	**-**	**-**	**-**	**-**
TOTAL INCOMES FOR THE GIVEN PERIOD	**(19 714)**	**(9 817)**	**60 235**	**15 595**

(data in thousand PLN, unless stated otherwise)

BALANCE SHEET

ASSETS	30.09.2012	31.12.2011
	Unaudited	Audited
Non-current assets	**554 598**	**551 895**
Tangible non-current assets	34 621	36 786
Investment properties	3 666	3 666
Intangible assets	55 662	55 027
Investments in subordinated entities	437 044	439 583
Financial assets	5 203	69
Deferred tax assets	16 573	14 244
Accruals	1 829	2 520
Current assets	**207 992**	**403 663**
Inventory	16 499	15 772
Trade and other receivables	119 926	246 566
Financial asstes	9 404	4 223
Cash and cash equivalents	13 227	89 999
Accruals	2 573	2 441
Construction contracts	46 363	44 662
TOTAL ASSETS	**762 590**	**955 558**
EQUITY AND LIABILITIES		
Equity	**404 505**	**426 112**
Share capital	23 211	23 211
Share premium account	231 813	231 596
Revaluation reserve	9 595	11 705
Other reserve capitals	159 600	106 666
Retained earnings	(19 714)	52 934
Long-term liabilities	**189 944**	**186 994**
Interest-bearing bank loans and borrowings	5 141	3 737
Provisions	334	759
Liabilities due to employee benefits	7 273	7 335
Provision for deferred tax	16 684	15 123
Bonds	160 512	160 040
Short -term liabilities	**168 141**	**342 452**
Trade and other liabilities	105 549	203 939
Interest-bearing bank loans and borrowings	26 518	83 332
Provisions	935	1 273
Liabilities due to employee benefits	3 092	3 496
Bonds	2 847	5 695
Acrruals	33	-
Construction contracts	29 102	44 717
TOTAL EQUITY AND LIABILITIES	**762 590**	**955 558**

(data in thousand PLN, unless stated otherwise)

CASH FLOW STATEMENT

	For the period 9 months ended	
	1.01.2012-30.09.2012	**1.01.2011-30.09.2011**
	Unaudited	Unaudited
Cash flows from operating activities		
Gross profit from continued operations	**(19 987)**	**57 634**
Gross profit (loss) from discontinued operations		
Adjustments for:	**13 625**	**(182 259)**
Amortisation	4 511	4 051
FX differences	357	913
Net interest and dividends	(2 767)	(60 899)
Profit on investment activities	(61)	(334)
Change in receivables	126 281	(8 833)
Change in inventory	(725)	(15 414)
Change in liabilities, excluding loans and borrowings	(96 620)	(31 500)
Change in prepayments and accruals	594	(3 899)
Change in provisions	(764)	(8 422)
Change in construction contracts	(17 316)	(58 508)
Other	135	586
Net cash flows from operating activities	**(6 362)**	**(124 625)**
Net cash flows from investment activities		
Sale (purchase) of intangible assets and tangible non-current assets	(1 638)	(3 964)
- acquisition	(1 699)	(4 041)
- sale	61	77
Sale (acquisition) of shares and stocks in subsidiaries	-	(152 000)
- acquisition after decrease by assumed cash	-	(152 000)
Financial assets	(226)	50 722
- returned	90	50 722
- granted or acquired	(316)	-
Loans	(9 866)	(1 800)
- granted	200	(2 500)
- repaid	(10 066)	700
Dividends received	13 213	54 620
Interest received	181	23
Net cash flows from investment activities	**1 664**	**(52 399)**
Net cash flows from financial activities		
Proceeds from borrowings and loans obtained	25 000	87 015
Repayment of borrowings and loans	(81 834)	(26 334)
Interest paid	(13 483)	(6 226)
Payment of liabilities under financial lease agreements	(1 757)	(1 030)
Net cash flows from financial activities	**(72 074)**	**53 425**
Total net cash flows	**(76 772)**	**(123 599)**
Net FX differences	-	-
Cash at start of period	**89 999**	**132 307**
Cash at end of period	**13 227**	**8 708**

(data in thousand PLN, unless stated otherwise)

BALANCE OF CHANGES IN EQUITY

	Base capital	Share sale surplus over their nominal value	Revaluation reserve capital	Other reserve capital	Retained financial result	Total equity
Unaudited						
As at 01.01.2012	**23 211**	**231 596**	**11 705**	**106 666**	**52 934**	**426 112**
Corrections of mistakes	-	-	-	-	-	-
Changes to accounting principles	-	-	-	-	-	-
As at 01.01.2012 after corrections	**23 211**	**231 596**	**11 705**	**106 666**	**52 934**	**426 112**
Total income for the period	-	-	-	-	(19 714)	(19 714)
Distribution of profit	-	-	-	52 934	(52 934)	-
Other	-	217	(2 110)	-	-	(1 893)
As at 30.09.2012	**23 211**	**231 813**	**9 595**	**159 600**	**(19 714)**	**404 505**
Unaudited						
As at 01.01.2011	**16 011**	**185 812**	**12 853**	**62 927**	**43 739**	**321 342**
Corrections of mistakes	-	-	-	-	-	-
Changes to accounting principles	-	-	-	-	-	-
As at 01.01.2011 after corrections	**16 011**	**185 812**	**12 853**	**62 927**	**43 739**	**321 342**
Total income for the period	-	-	-	-	60 235	60 235
Issue of shares	7 200	249 556	-	-	-	256 756
Distribution of profit	-	-	-	43 739	(43 739)	-
Other	-	-	(240)	-	-	(240)
As at 30.09.2011	**23 211**	**435 368**	**12 613**	**106 666**	**60 235**	**638 093**

V. ADDITIONAL INFORMATION AND EXPLANATIONS TO THE SUMMARY OF FINANCIAL STATEMENT

1. Analysis of financial results of Trakcja - Tiltra S.A. for the III quarter of 2012

Within the period of 3 months ended on September 30, 2012, Trakcja - Tiltra S.A. obtained revenue on sale of PLN 158,948 thousand, which is a 22.5 per cent decrease when compared to the analogous period in 2011.

The cost of goods sold within 3 months ended on September 30, 2012 decreased by PLN 35,756 thousand, i.e. by 18.4 per cent and amounted to PLN 159,024 thousand. Higher by 4.1 basis points in the decrease of the revenue on sale in comparison to the decrease of cost of goods sold caused the decrease of gross profit on sales by PLN 10,511 thousand. The gross profit margin on sales for the III quarter of 2012 was 0.0 per cent and decreased by 5.1 basis point when compared to the margin for the III quarter of 2011. The overheads amounted to PLN 4,535 thousand and increased by 9.4 per cent, i.e. by PLN 389 thousand when compared to the comparable period. The costs related to sales, marketing and distribution amounted to PLN 271 thousand.

The balance of other operating activity amounted to PLN 122 thousand and increased by PLN 1,416 thousand, i.e. by 109.4 per cent when compared to the analogous period in 2011. For the period from July 1, 2012 to September 30, 2012 the Company incurred a loss on the operating activities in the amount of PLN 4,761 thousand. The results on operating activities decreased by PLN 9,519 thousand when compared to the results for the III quarter of 2011, when the loss on operating activities amounted to PLN 4,758 thousand.

The Company’s financial revenue amounted to PLN 400 thousand and decreased by PLN 17,977 thousand when compared to the financial revenue for the III quarter of 2011. The decrease was caused by the dividend obtained from PRKiI S.A. in the III quarter of 2011. The financial costs decreased by PLN 4,556 thousand and amounted to PLN 3,443 thousand. The decrease of financial costs was mainly due to the lower interests on bonds by PLN 2,479 thousand and the decrease of the interest on credits by PLN 734 thousand.
In the period from July 1, 2012 to September 30, 2012, the Company incurred a gross loss of PLN 7,804 thousand, which decreased by PLN 22,960 thousand in comparison to the gross profit of III quarter of 2011. The income tax for the period of 3 months in 2012 amounted to PLN 2,013 thousand and increased by PLN 2,452 thousand when compared to the analogous period in 2011. The Company’s net loss for the period from July 1, 2012 to September 30, 2012 amounted to PLN 9,817 thousand and was lower by PLN 25,412 thousand when compared to the analogous period in the previous year.

The balance sheet total as for September 30, 2012 amounted to PLN 762,590 thousand and was lower by PLN 192,968 thousand than the balance sheet total at the end of 2011.

The value of non-current assets as for September 30, 2012 was PLN 554,598 thousand and decreased slightly by PLN 2,703 thousand. Current assets decreased by PLN 195,671 thousand, i.e. by 48.5 per cent in comparison with the balance as for December 31, 2011 and amounted to PLN 207,992 thousand. The decrease was mainly due to lower trade receivables and other receivables by PLN 126,640 thousand, i.e. by 51.4 per cent, which as for September 30, 2012 amounted to PLN 119,926 thousand. Furthermore, cash and cash equivalents were also significantly decreased by PLN 76,772 thousand and amounted to PLN 13,227 thousand as for September 30, 2012.

The Company's equity decreased as for September 30, 2012 by PLN 21,607 thousand when compared to the balance as for December 31, 2011. The decrease was caused by the loss of PLN 19,714 thousand incurred in the period from January 1, 2012 to September 30, 2012.

The non-current liabilities slightly increased as for September 30, 2012 and reached PLN 189,944 thousand and increased by PLN 2,950 thousand when compared to the balance as for December 31, 2011. The current liabilities amounted to PLN 168,141 thousand and decreased by 50.9 per cent, i.e. by PLN 174,311 thousand when compared to the balance as at the end of the previous year. The trade payables and other interest-bearing bank credits and loans recorded the largest decreased among the current liabilities. The trade payables and other liabilities amounted to PLN 105,549 thousand and decreased by PLN 56,814 thousand, i.e. by 68.2 per cent. The short-term interest-bearing bank loans and credits decreased by PLN 56,814 thousand amounting to PLN 26,518 thousand.

(data in thousand PLN, unless stated otherwise)

2. Cyclical and seasonal character of activity

In the period of the III quarter of 2012 the Company is not subject to seasonality and cyclicality.

3. Contingent receivables and liabilities

Contingent receivables and liabilities are presented in the below table:

	30.09.2012	31.12.2011
	Unaudited	Audited
Contingent receivables		
From related entities on account of:	**181 477**	**117 315**
Guarantees and sureties received	180 146	115 984
Bills of exchange received as collateral	1 331	1 331
From other entities on account of:	**91 851**	**95 076**
Guarantees and sureties received	84 311	84 770
Bills of exchange received as collateral	7 540	10 306
Total contingent receivables	**273 328**	**212 391**
Contingent liabilities		
From related entities on account of:	**69 385**	**46 856**
Guarantees and sureties given	69 385	46 856
From other entities on account of:	**1 219 676**	**610 758**
Guarantees and sureties given	251 081	254 779
Own promissory notes	215 195	205 420
Mortgages	112 500	112 500
Assignments of rights under insurance policies	36 665	2 793
Security deposits	603 905	32 133
	330	3 133
Total contingent liabilities	**1 289 061**	**657 614**

Roman Przybył	Marita Szustak
President of the Board	Vice – president of the Board
Nerijus Eidukevičius	Tadeusz Kałdonek
Vice – president of the Board	Vice – president of the Board

Rodrigo Pomar López

Vice – president of the Board

Person responsible for preparing the financial statement:

Sławomir Krysiński

Head of Financial Reporting Trakcja - Tiltra Group

Warsaw, November 14, 2012