IMPACT OF IFRIC 12 ON CONSOLIDATED FINANCIAL STATEMENTS OF STX AUTOSTRADY GROUP

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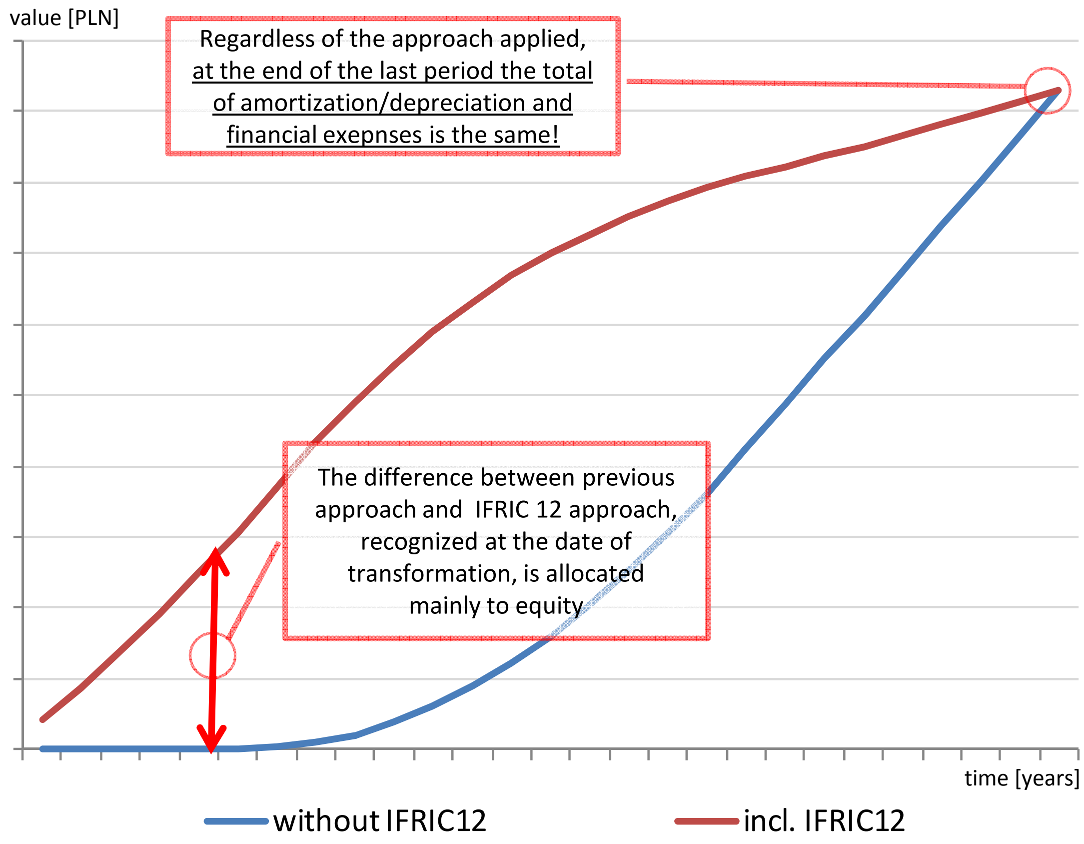
- International Financial Reporting Standards (IFRS) – the basis for preparation of consolidated financial statements of STX Autostrady Group
- IFRIC 12 interpretation provides guidance to private sector entities on certain recognition and measurement with respect to accounting for public-to-private service concession arrangements. The Group, in line with regulations in force, applied IFRIC 12 retrospectively
- According to the Concession Agreement, the Concession Holder/Group is obliged to perform construction works:
  - Phase I – already completed works comprising the adaptation of existing motorway to toll motorway requirements
  - Phase II – works partly in progress comprising renovations of bridges, development of junctions, construction of rest areas and works related to environmental protection

- Basic changes deriving from IFRIC 12 implementation:
  - reclassification of infrastructure remaining under the control of State Treasury and intangible asset recognition
  - setting up of provision for estimated future capital expenditure (at their present value)
  - amortization of completed and future capital expenditures from the beginning of toll collection
- Consequences of financial statements transformation in accordance with IFRIC 12:
  - significant decrease of equity due to retrospective application of changes in accounting policies
  - different spread of earnings across the concession period (lower earnings at the beginning, higher in the end in comparison to previous approach)
  - significant impact of estimates (of capital expenditures, interest rates) on current and future financial statements

Amortization and finance expenses of the project - accumulated

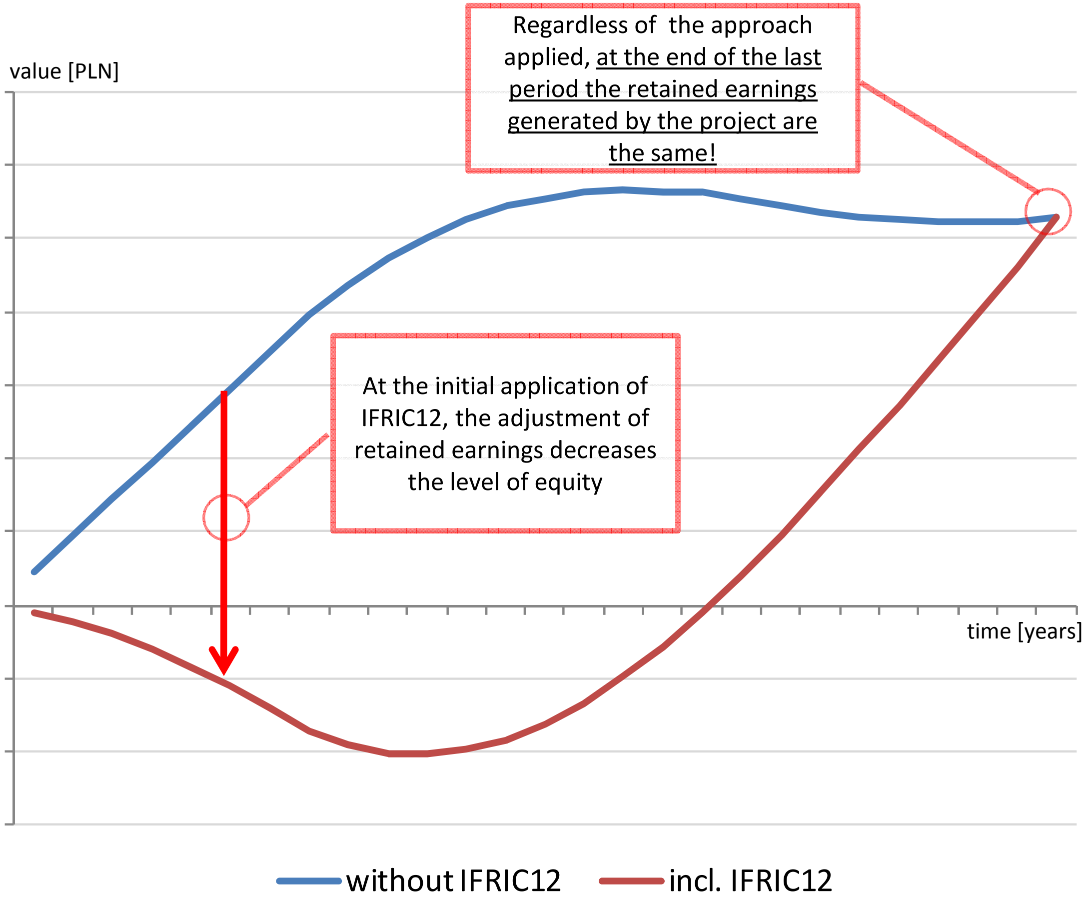


- IFRIC12: capital expenditures of Phase I were recognised as incurred - capital expenditures of Phase II were recognised at present value at Concession inception
- PREVIOUSLY: capital expenditures were recognised as incurred
- IFRIC12: capital expenditures of Phase I and estimated present value of future capital expenditures of Phase II were recognised as intangible assets. A provision was set up for the Phase II capital expenditures
- PREVIOUSLY: capital expenditures incurred were classified as property, plant and equipment. No provision for future capital expenditure
- IFRIC12: intangible assets are amortized from the beginning of toll collection. The unwinding of the discount related to provision is recognized as finance expenses
- PREVIOUSLY: property plant and equipment were depreciated from the moment, they were ready for use. No finance expenses

Attention:

Graph includes theoretical data which were used to illustrate the impact of IFRIC12 on financial statements!!!

Retained earnings of the project (accumulated)



- IFRIC12: Due to significantly earlier recognition of capital expenditures in statement of financial position and their resulting amortisation, the financial results are materialy lower in the early stages of project life. Estimated revenue increase and capital expenditures schedule lead to higher financial results during later stages of the project.
- PREVIOUSLY: capital expenditures are recognised as incurred and then depreciated. Considering the capital expenditures schedule, that leads to higher profitability during initial stages of the project. In following years, as the accumulated value of capital expenditures rises, so does the depreciation cost. As the consequence, the financial results would be decreased by much higher depreciation costs.

Attention:

Graph includes theoretical data which were used to illustrate the impact of IFRIC12 on financial statements!!!

IMPACT OF IFRIC12 ON GROUP'S STATEMENT OF FINANCIAL POSITION

in kPLN	31 March 2009 *published*	impact IFRIC 12		other changes	31 March 2009 *restated*
Property, plant and equipment	474 177	(441 495)	(1)	(16 062)	16 620
Intangible assets	1 088	789 308	(2)	-	790 396
Deferred tax assets	40 466	43 240	(4)	35	83 741
Other assets	227 640	-		12 802	240 442
Total assets	**743 371**	**391 053**		**(3 225)**	**1 131 199**
Equity (excl. net profit)	343 757	(178 616)	(5a)	(86)	165 055
Net profit/ (loss) for the period	2 681	(5 719)	(5b)	(64)	(3 102)
Non-current provisions	5 112	488 339	(3)	-	493 451
Current provisions	42 381	87 049	(3)	-	129 430
Other liabilities	349 440	-		(3 075)	346 365
Total equity and liabilities	**743 371**	**391 053**		**(3 225)**	**1 131 199**

Description of adjustments introduced due to IFRIC12 implementation:

(1) Reclassification of infrastructure under the control of the grantor, which is used by the Group to render public services (previously recognized as property, plant and equipment)

(2) Recognition of an intangible asset – as at 31 March 2009 the carrying amount recognized in relation to Phase I capital expenditures amounted to PLN 208 million and PLN 581 million in relation to Phase II capital expenditures

(3) Recognition of provision in relation to intangible asset, in the fair value of future estimated capital expenditures of Phase II

(4) Total impact of IFRIC 12 adjustments on deferred tax assets

(5a) Total impact of IFRIC 12 adjustments on retained earnings and uncovered losses

(5b) Impact of IFRIC 12 adjustments on Net profit/(loss) for 1Q2009, including: total impact of reversal of property, plant and equipment depreciation calculated using straight-line method and recognition of intangible assets amortization calculated using natural method amounting to kPLN -1.746; unwinding of discount in relation to provision in amount of kPLN-5.315 and an adjustment of deferred tax in amount of kPLN 1.342

Other changes:

Mainly an adjustment for incorrect recognition of finance and legal advisory costs, that were previously accounted as cost of property, plant and equipment and the resulting adjustment of settlement of loan based on effective interest rate method.

IMPACT OF IFRIC12 ON GROUP'S STATEMENT OF FINANCIAL POSITION

in kPLN	31 December 2009 *published*	impact IFRIC 12		other changes	31 December 2009 *restated*
Property, plant and equipment	509 927	(478 030)	(1)	(16 062)	15 835
Intangible assets	1 081	729 575	(2)	-	730 656
Deferred tax assets	37 113	47 157	(4)	78	84 348
Other assets	237 217	-		9 829	247 046
Total assets	**785 338**	**298 702**		**(6 155)**	**1 077 885**
Equity (excl. net profit)	343 926	(178 616)	(5a)	(86)	165 224
Net profit/ (loss) for the period	30 299	(22 420)	(5b)	(248)	7 631
Non-current provisions	6 508	442 474	(3)	-	448 982
Current provisions	4 562	57 264	(3)	-	61 826
Other liabilities	400 043	-		(5 821)	394 222
Total equity and liabilities	**785 338**	**298 702**		**(6 155)**	**1 077 885**

Description of adjustments introduced due to IFRIC12 implementation:

(1) Reclassification of infrastructure under the control of the grantor, which is used by the Group to render public services (previously recognized as property, plant and equipment)

(2) Recognition of an intangible asset – as at 31 December 2009 the carrying amount recognized in relation to Phase I capital expenditures amounted to PLN 202 million and PLN 528 million in relation to Phase II capital expenditures

(3) Recognition of provision in relation to intangible asset, in the fair value of future estimated capital expenditures of Phase II

(4) Total impact of IFRIC 12 adjustments on deferred tax assets

(5a) Total impact of IFRIC 12 adjustments on retained earnings and uncovered losses

(5b) Impact of IFRIC 12 adjustments on Net profit/(loss) for 2009, including: total impact of reversal of property, plant and equipment depreciation calculated using straight-line method and recognition of intangible assets amortization calculated using natural method amounting to kPLN -6.065; unwinding of discount in relation to provision in amount of kPLN -21.393 and an adjustment of deferred tax in amount of kPLN 5.259

Other changes:

An adjustment for incorrect recognition of finance and legal advisory costs, that were previously accounted as cost of property, plant and equipment and the resulting adjustment of settlement of loan based on effective interest rate method

IMPACT OF IFRIC12 ON GROUP'S STATEMENT OF COMPREHENSIVE INCOME

in k PLN	31 March 2010 (3 months)		31 March 2009 (3 months)		31 December 2009 (12 months)	
	includ. IFRIC 12	*without* IFRIC 12*	*includ.* IFRIC 12	*without* IFRIC 12	*includ.* IFRIC 12	*without* IFRIC 12
Depreciation of property, plant and equipment	(608)	(7 522)	(734)	(6 753)	(2 901)	(27 896)
Amortization of concession intangible assets	(8 523)	-	(7 765)	-	(31 060)	-
Unwinding of discount in relation to provision for CAPEX	(6 575)	-	(5 315)	-	(21 393)	-
Other financial costs	(5 478)	(5 449)	(6 347)	(6 268)	(20 913)	(20 386)
Deferred tax	1 657	69	1 381	24	2 594	(2 723)
Other items from statement of comprehensive income	21 854	21 854	15 678	15 678	81 304	81 304
Net profit/(loss) for the period	**2 327**	**8 952**	**(3 102)**	**2 681**	**7 631**	**30 299**
Impact of other changes		-		(64)		(248)
Impact of IFRIC12 on net profit/(loss) for the period		**(6 625)**		**(5 719)**		**(22 420)**

** theoretical values*

Detailed information on provisions and impact of IFRIC 12 on the Group's consolidated financial statements is presented within the Consolidated quarterly report for the I Q 2010 under point V.4. of the Group's Condensed consolidated interim financial statements

Should you have any questions please contact us:

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