

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report QSr I / 2019

(prepared in accordance with §60 section 2 and §62 section 1 of the Minister of Finance Regulation of 29 March 2018 - Dz.U.2018.757*)

(for issuers of securities whose business activity embraces manufacture, construction, trade and services)

for the I quarter of 2019 covering the period from 1 January 2019 to 31 March 2019, comprising condensed consolidated interim financial statements drawn in accordance with International Financial Reporting Standards with amounts quoted in PLN and condensed interim separate financial statements of the parent entity drawn in accordance with International Financial Reporting Standards with amounts quoted in PLN.

submission date: 9 May 2019

STALEXPORT AUTOSTRADY SPÓŁKA AKCYJNA (issuer's full name)

STALEXPORT AUTOSTRADY S.A.
(issuer's abbr. name)

41-404
(postal code)

Piaskowa
(street)

032 76 27 545
(phone)

634-013-42-11
(NIP – tax identification number)

032 76 27 556
(fax)

271936361
(REGON)

Other services
(sector according to GPW SE)

Mysłowice
(city)

20
(number)

info@stalexport-autostrady.pl
(e-mail)

www.stalexport-autostrady.pl
(www)

Explanation

This document constitutes a translation of the consolidated quarterly report, which was originally issued and submitted in Polish. The document comprises the English translation of terminology used in the Polish original. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.

* The Official Journal of law 2018.757;

**Financial data concerning the condensed consolidated interim financial statements
for the three-month period ended 31 March 2019**

	in TPLN		in TEUR	
	I quarter 2019	I quarter 2018	I quarter 2019	I quarter 2018
Revenue	79 310	75 915	18 454	18 168
Operating profit	13 787	47 262	3 208	11 311
Profit before income tax	12 681	43 273	2 951	10 356
Profit for the period	5 031	35 022	1 171	8 382
Profit for the period attributable to owners of the Parent Entity	3 682	33 522	857	8 023
Weighted average number of ordinary shares at the end of the period (in thousands of shares)	247 262	247 262	247 262	247 262
Earnings attrib. to owners of the Parent Entity per 1 ordinary share (in PLN/ EUR)	0.01	0.14	0.00	0.03
Diluted earnings attrib. to owners of the Parent Entity per 1 ordinary share (in PLN/ EUR)	0.01	0.14	0.00	0.03
Net cash from operating activities	78 972	54 340	18 375	13 005
Net cash used in investing activities	(3 984)	(22 787)	(927)	(5 454)
Net cash used in financing activities	(24 523)	(23 914)	(5 706)	(5 723)
Total net cash flows	50 465	7 639	11 742	1 828
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Total assets	1 358 044	1 330 901	315 729	309 512
Total non-current assets	933 074	936 345	216 928	217 755
Total current assets	424 970	394 556	98 800	91 757
Total liabilities	547 901	526 230	127 380	122 379
Total non-current liabilities	339 848	357 896	79 011	83 232
Total current liabilities	208 053	168 334	48 370	39 147
Total equity	810 143	804 671	188 348	187 133
Total equity attributable to owners of the Parent Entity	804 192	800 069	186 965	186 063
Non-controlling interest	5 951	4 602	1 384	1 070
Share capital	185 447	185 447	43 114	43 127

**Financial data concerning the condensed separate interim financial statements of the Parent Entity
for the three-month period ended 31 March 2019**

	in TPLN		in TEUR	
	I quarter 2019	I quarter 2018	I quarter 2019	I quarter 2018
Revenue	895	859	208	206
Operating loss	(1 207)	(1 200)	(281)	(287)
Profit before income tax	10 782	209	2 509	50
Profit for the period	10 803	142	2 514	34
Weighted average number of ordinary shares at the end of the period (in thousands of shares)	247 262	247 262	247 262	247 262
Basic earnings per share (in PLN/ EUR)	0.04	0.00	0.01	0.00
Diluted earnings per share (in PLN/ EUR)	0.04	0.00	0.01	0.00
Net cash used in operating activities	(253)	(283)	(59)	(68)
Net cash from investing activities	11 491	6 134	2 674	1 468
Net cash used in financing activities	(125)	-	(29)	-
Total net cash flows	11 113	5 851	2 586	1 400
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Total assets	368 103	354 213	85 579	82 375
Non-current assets	80 092	77 224	18 620	17 959
Current assets	288 011	276 989	66 959	64 416
Total liabilities	7 965	4 753	1 852	1 105
Non-current liabilities	3 387	99	787	23
Current liabilities	4 578	4 654	1 064	1 082
Total equity	360 138	349 460	83 728	81 270
Share capital	185 447	185 447	43 114	43 127

Selected financial data has been translated to Euro according to following rules:

- (i) items of the statement of comprehensive income and the statement of cash flows for the 3 months ended 31 March 2019 and 31 March 2018 according to exchange rate, calculated as an average of average NBP exchange rates at the last day of every month comprising the accounting period, i.e. 4.2978 PLN/EUR and 4.1784 PLN/EUR respectively;
- (ii) items of the statement of financial position according to average NBP exchange rate at the reporting date, i.e. 4.3013 PLN/EUR at 31 March 2019 and 4.3000 PLN/EUR at 31 December 2018.



STALEXPORT
Autostrady

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
OF THE CAPITAL GROUP**

for the three-month period ended
31 March 2019

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Contents

Condensed consolidated interim statement of comprehensive income.....	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of cash flows.....	5
Condensed consolidated interim statement of changes in equity.....	6
Notes to the condensed consolidated interim financial statements	
1. Group overview	9
2. Basis for preparation of condensed consolidated interim financial statements.....	10
3. Going concern	10
4. Information concerning the Concession Agreement	11
5. Description of significant accounting principles	12
6. Change of treatment with regard to Concession fees	13
7. Segment reporting	18
8. Periodicity and seasonality of the business	19
9. Revenue	20
10. Expenses by nature	20
11. Other income	21
12. Other expenses	21
13. Net finance expense	22
14. Property, plant and equipment.....	23
15. Intangible assets	24
16. Investment property	25
17. Deferred tax	26
18. Allowances for expected credit losses	27
19. Financial instruments.....	28
20. Equity	32
21. Provisions.....	33
22. Contingent liabilities	34
23. Related party transactions.....	34
24. Financial results of the Capital Group and its Parent Entity for the I quarter 2019	36
25. Other important events within the Stalexport Autostrady S.A. Capital Group during the period from 1 January to 31 March 2019.....	38
26. Shareholders holding directly or indirectly via their subsidiaries at least 5% of total number of votes at the Annual General Meeting of the Parent Entity at quarterly report's date	38
27. Parent Entity's shares held by managing and supervising personnel at quarterly report's date	38
28. Subsequent events.....	38

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of comprehensive income
for the three-month period ended

In thousands of PLN, unless stated otherwise

	Note	31 March 2019 (unaudited)	31 March 2018* (unaudited)
Revenue	7, 9	79 310	75 915
Cost of sales	7, 10	(23 287)	(21 829)
Gross profit		56 023	54 086
Other income	11	1 077	3 747
Administrative expenses	7, 10	(43 064)	(7 507)
Other expenses	12	(249)	(3 051)
Impairment losses on trade and other receivables		-	(13)
Operating profit		13 787	47 262
Finance income		3 009	3 296
Finance expenses		(4 180)	(7 340)
Net finance expense	13	(1 171)	(4 044)
Share of profit of equity accounted investees (net of income tax)		65	55
Profit before income tax		12 681	43 273
Income tax expense		(7 650)	(8 251)
Profit for the period		5 031	35 022
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss for the period</i>			
Change in fair value of equity instruments	19	(155)	31
Income tax on other comprehensive income		30	(6)
		(125)	25
<i>Items that are or may be reclassified subsequently to profit or loss for the period</i>			
Foreign currency translation differences for foreign operations		97	7
Effective portion of changes in fair value of cash flow hedges	20.2	(48)	(306)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	20.2	628	844
Income tax on other comprehensive income		(110)	(102)
		567	443
Other comprehensive income for the period, net of income tax		442	468
Total comprehensive income for the period		5 473	35 490
Profit attributable to:			
owners of the Company		3 682	33 522
non-controlling interest		1 349	1 500
Profit for the period		5 031	35 022
Total comprehensive income attributable to:			
owners of the Company		4 124	33 990
non-controlling interest		1 349	1 500
Total comprehensive income for the period		5 473	35 490
Earnings per share			
Basic earnings per share (PLN)		0.01	0.14
Diluted earnings per share (PLN)		0.01	0.14

* Restated due to change of treatment with regard to Concession fees - see note 6.

The condensed consolidated interim statement of comprehensive income should be analyzed together with notes,
which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of financial position
as at

<i>In thousands of PLN</i>	<i>Note</i>	31 March 2019 <i>(unaudited)</i>	31 December 2018*	31 March 2018* <i>(unaudited)</i>	1 January 2018*
ASSETS					
Non-current assets					
Property, plant and equipment	14	32 391	33 663	35 323	36 666
Intangible assets	15	444 727	449 922	463 536	473 548
Investment property	16	6 873	3 765	3 748	3 870
Investments in associates		1 135	1 070	1 089	1 034
Other non-current investments		418 168	419 343	452 391	434 147
Deferred tax assets	17	29 780	28 582	70 982	71 019
Total non-current assets		933 074	936 345	1 027 069	1 020 284
Current assets					
Inventories		2 601	2 724	2 304	2 630
Current investments		1 668	1 823	1 435	1 403
Income tax receivables		15 717	18 908	980	2 560
Trade and other receivables		20 778	37 360	24 305	25 452
Cash and cash equivalents		384 206	333 741	404 539	396 900
Total current assets		424 970	394 556	433 563	428 945
Total assets		1 358 044	1 330 901	1 460 632	1 449 229
EQUITY AND LIABILITIES					
Equity					
Share capital	20	185 447	185 447	185 447	185 447
Share premium reserve	20.1	7 430	7 430	7 430	7 430
Fair value reserve		282	407	25	-
Hedging reserve	20.2	(1 939)	(2 409)	(4 007)	(4 443)
Other reserve capitals and supplementary capital		434 091	429 324	427 803	281 675
Foreign currency translation reserve		131	132	183	184
Retained earnings and uncovered losses		178 750	179 738	105 516	218 114
Total equity attributable to owners of the Company		804 192	800 069	722 397	688 407
Non-controlling interest		5 951	4 602	2 201	4 694
Total equity		810 143	804 671	724 598	693 101
Liabilities					
Non-current liabilities					
Loans and borrowings		9 851	33 229	55 271	76 295
Lease liabilities	5	3 029	-	-	-
Employee benefits		3 191	2 897	4 896	4 602
Deferred income		5 815	6 022	6 646	6 854
Other non-current liabilities		18 781	18 385	18 253	19 160
Provisions	21	299 181	297 363	353 527	362 244
Total non-current liabilities		339 848	357 896	438 593	469 155
Current liabilities					
Loans and borrowings		45 431	44 176	41 287	40 943
Lease liabilities	5	121	-	-	-
Derivative financial instruments		2 522	3 749	5 053	6 456
Income tax liabilities		149	204	389	337
Trade and other payables		59 157	30 287	184 078	188 104
Employee benefits		4 055	4 090	358	381
Deferred income**		1 972	832	1 963	832
Contract liabilities**		7 244	6 102	5 088	4 962
Provisions	21	87 402	78 894	59 225	44 958
Total current liabilities		208 053	168 334	297 441	286 973
Total liabilities		547 901	526 230	736 034	756 128
Total equity and liabilities		1 358 044	1 330 901	1 460 632	1 449 229

* Restated due to change of treatment with regard to Concession fees - see note 6.

** Items restated as at 31 March 2018 and 1 January 2018 due to new presentation of prepayments received for the passage through A4 Katowice - Kraków motorway introduced as at 31 December 2018 (see note 5 of the consolidated financial statements as at the day and for the year ended 31 December 2018).

The condensed consolidated interim statement of financial position should be analyzed together with notes,
which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of cash flows
for the three-month period ended

In thousands of PLN

	31 March 2019 <i>(unaudited)</i>	31 March 2018* <i>(unaudited)</i>
Cash flows from operating activities		
Profit before income tax	12 681	43 273
Adjustments for		
Depreciation and amortisation	14 035	12 945
Foreign currency translation differences for foreign operations	97	7
(Gain)/Loss on disposal of intangible assets and property, plant and equipment	(47)	2
Interest and dividends	(1 169)	(898)
Share of profit of equity accounted investees	(65)	(55)
Change in receivables	16 582	1 147
Change in inventories	123	326
Change in trade and other payables	35 515	(2 003)
Change in provisions	4 938	5 237
Change in deferred income**	933	923
Change in contract liabilities**	1 142	126
Cash generated from operating activities	84 764	61 030
Income tax paid	(5 792)	(6 690)
Net cash from operating activities	78 972	54 340
Cash flows from investing activities		
Investment proceeds	4 289	4 373
Sale of intangible assets and property, plant and equipment	28	28
Interest received	4 261	4 345
Investment expenditures	(8 273)	(27 160)
Acquisition of intangible assets and property, plant and equipment	(7 998)	(7 813)
Non-current deposits held for investment expenditures	(275)	(19 347)
Net cash used in investing activities	(3 984)	(22 787)
Cash flows from financing activities		
Financial expenditures	(24 523)	(23 914)
Repayment of loans and borrowings	(21 702)	(20 036)
Interest paid	(2 696)	(3 878)
Payment of lease liabilities	(125)	-
Net cash used in financing activities	(24 523)	(23 914)
Total net cash flows	50 465	7 639
Change in cash and cash equivalents	50 465	7 639
Cash and cash equivalents at the beginning of the period	333 741	396 900
Cash and cash equivalents at the end of the period	384 206	404 539

* Restated due to change of treatment with regard to Concession fees - see note 6.

** Items restated for 3-month period ended 31 March 2018 due to new presentation of prepayments received for the passage through A4 Katowice - Kraków motorway introduced as at 31 December 2018 (see note 5 of the consolidated financial statements as at the day and for the year ended 31 December 2018).

The condensed consolidated interim statement of cash flows should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of changes in equity

In thousands of PLN

<i>(unaudited)</i>	Share capital	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2019	185 447	7 430	407	(2 409)	429 324	132	184 975	805 306	4 602	809 908
Impact of change of treatment*	-	-	-	-	-	-	(5 237)	(5 237)	-	(5 237)
As at 1 January 2019*	185 447	7 430	407	(2 409)	429 324	132	179 738	800 069	4 602	804 671
Profit for the period	-	-	-	-	-	-	3 682	3 682	1 349	5 031
Other comprehensive income:	-	-	(125)	470	-	(1)	97	441	-	441
Effective portion of changes in fair value of cash flow hedges	-	-	-	(48)	-	-	-	(48)	-	(48)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	628	-	-	-	628	-	628
Change in fair value of equity instruments	-	-	(155)	-	-	-	-	(155)	-	(155)
Foreign currency translation differences for foreign operations	-	-	-	-	-	(1)	97	96	-	96
Income tax on other comprehensive income	-	-	30	(110)	-	-	-	(80)	-	(80)
Total comprehensive income for the period	-	-	(125)	470	-	(1)	3 779	4 123	1 349	5 472
Allocation of profit to supplementary capital	-	-	-	-	4 767	-	(4 767)	-	-	-
As at 31 March 2019	185 447	7 430	282	(1 939)	434 091	131	178 750	804 192	5 951	810 143

* Restated due to change of treatment with regard to Concession fees - see note 6.

The condensed consolidated interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of changes in equity (continued)

In thousands of PLN

	Share capital	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2018	185 447	7 430	-	(4 443)	281 675	184	223 186	693 479	4 694	698 173
Impact of change of treatment*	-	-	-	-	-	-	(5 072)	(5 072)	-	(5 072)
As at 1 January 2018*	185 447	7 430	-	(4 443)	281 675	184	218 114	688 407	4 694	693 101
Profit for the period*	-	-	-	-	-	-	180 971	180 971	5 292	186 263
Other comprehensive income:	-	-	406	2 034	26	(52)	(17)	2 397	(21)	2 376
Effective portion of changes in fair value of cash flow hedges	-	-	-	(487)	-	-	-	(487)	-	(487)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	2 998	-	-	-	2 998	-	2 998
Remeasurement of employee benefits	-	-	-	-	-	-	(23)	(23)	(26)	(49)
Change in fair value of equity instruments	-	-	493	-	-	-	-	493	-	493
Foreign currency translation differences for foreign operations	-	-	-	-	26	(52)	2	(24)	-	(24)
Income tax on other comprehensive income	-	-	(87)	(477)	-	-	4	(560)	5	(555)
Total comprehensive income for the period	-	-	406	2 034	26	(52)	180 954	183 368	5 271	188 639
Sale of equity instruments measured at fair value through other comprehensive income	-	-	1	-	-	-	(1)	-	-	-
Dividends paid	-	-	-	-	-	-	(71 706)	(71 706)	(5 363)	(77 069)
Allocation of profit to supplementary capital	-	-	-	-	147 623	-	(147 623)	-	-	-
As at 31 December 2018*	185 447	7 430	407	(2 409)	429 324	132	179 738	800 069	4 602	804 671

* Restated due to change of treatment with regard to Concession fees - see note 6.

The condensed consolidated interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of changes in equity (continued)

In thousands of PLN

<i>(unaudited)</i>	Share capital	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2018	185 447	7 430	-	(4 443)	281 675	184	223 186	693 479	4 694	698 173
Impact of change of treatment*	-	-	-	-	-	-	(5 072)	(5 072)	-	(5 072)
As at 1 January 2018*	185 447	7 430	-	(4 443)	281 675	184	218 114	688 407	4 694	693 101
Profit for the period*	-	-	-	-	-	-	33 522	33 522	1 500	35 022
Other comprehensive income:	-	-	25	436	8	(1)	-	468	-	468
Effective portion of changes in fair value of cash flow hedges	-	-	-	(306)	-	-	-	(306)	-	(306)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	844	-	-	-	844	-	844
Change in fair value of equity instruments	-	-	31	-	-	-	-	31	-	31
Foreign currency translation differences for foreign operations	-	-	-	-	8	(1)	-	7	-	7
Income tax on other comprehensive income	-	-	(6)	(102)	-	-	-	(108)	-	(108)
Total comprehensive income for the period	-	-	25	436	8	(1)	33 522	33 990	1 500	35 490
Dividends paid	-	-	-	-	-	-	-	-	(3 993)	(3 993)
Allocation of profit to supplementary capital	-	-	-	-	146 120	-	(146 120)	-	-	-
As at 31 March 2018*	185 447	7 430	25	(4 007)	427 803	183	105 516	722 397	2 201	724 598

* Restated due to change of treatment with regard to Concession fees - see note 6.

The condensed consolidated interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

1. Group overview

Stalexport Autostrady S.A. ("the Company", "the Parent Entity") with its seat in Mysłowice, Piaskowa 20 Street, is a public listed company registered in the National Court Register under registration number KRS 16854.

The Company together with its subsidiaries constitutes Stalexport Autostrady S.A. Capital Group ("Group", "Capital Group").

The business activities of the Group include the following:

- construction of roads and railroads, in particular services related to managing, construction by adapting to the requirements of toll motorway and exploitation of the section of A-4 motorway Katowice-Kraków,
- management and business advisory,
- rental services.

As at 31 March 2019, beside the Company, the Group comprised of the following entities:

Name of the entity	Seat of the entity	Main activities	Status	Ownership interest and voting rights	Date of obtaining control/Date of acquisition	Consolidation method
Stalexport Autoroute S.a r.l.	Luxembourg	Management activities	Subsidiary	100%	2005	Full consolidation
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of motorway	Subsidiary	100%*	1998	Full consolidation
VIA4 S.A.**	Mysłowice	Motorway operation	Subsidiary	55%*	1998	Full consolidation
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Associate	40.63%	1994	Equity method
Petrostal S.A. w likwidacji***	Warszawa	Non-operational	Subsidiary	100%	2005	-

* Through Stalexport Autoroute S.a r.l.;

** Assessment of control included the fact, that Company had and still has (currently through subsidiary Stalexport Autostrada Małopolska S.A.) a decisive influence on the definition of the objective and operating model of VIA4 (operator on the section Katowice – Kraków of A-4 motorway subject to the concession – see note 4), including significant operational and financial activities. Furthermore, as the result of the ownership interest held, the decisions regarding VIA4 policy on dividends are at Company's sole discretion.

*** This entity is not subject to consolidation due to existing limitations regarding control exercise.

Neither the composition nor the structure of the Group were subject to any changes in I quarter 2019.

The condensed consolidated interim financial statements as at the day and for the three-month period ended 31 March 2019 comprise financial statements of the Company and its subsidiaries and also Group's share in net assets of associates.

The Capital Group is also included within the consolidated financial statements of the higher-level parent entity Atlantia S.p.A. (Italy).

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

2. Basis for preparation of condensed consolidated interim financial statements

2.1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union and other regulations in force.

Condensed consolidated interim financial statements do not include all the information required for yearly financial statements and therefore should be analysed together with the Group's consolidated financial statements as at the day and for the year ended 31 December 2018.

The condensed consolidated interim financial statements were approved by the Management Board of the Company on 9 May 2019.

2.2. Functional and presentation currency

The condensed consolidated interim financial statements are presented in Polish zloty, being the functional currency and presentation currency of the Group, rounded to full thousands.

2.3. Use of estimates and judgments

The preparation of condensed interim financial statements requires that the Management Board makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, equity and liabilities, income and expenses with respect to the Group. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments and estimates made by the Management Board, which have significant impact on condensed consolidated interim financial statements, have been disclosed in notes 15, 16, 17, 18, 19 and 21.

2.4. New standards and interpretations not applied in these condensed consolidated interim financial statements

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2019, have not been applied in preparation of these condensed consolidated interim financial statements. Neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the consolidated financial statements of the Group for the period for which they will become effective.

3. Going concern

The condensed consolidated interim financial statements have been prepared under the assumption that the Group will continue to operate as a going concern for the foreseeable future. As at the date of approval of these condensed consolidated interim financial statements, there is no evidence indicating that the Group will not be able to operate as a going concern.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

4. Information concerning the Concession Agreement

The activities of the Group include primarily business related to the management, construction by transformation to toll motorway and operation of the section Katowice – Kraków of A-4 motorway, performed mainly by the Company's subsidiary Stalexport Autostrada Małopolska S.A. ("Concession Holder", "SAM S.A."). These activities are regulated by the concession agreement ("Concession Agreement").

The subject of the Concession Agreement is completion of construction of the A-4 motorway (by transformation to the toll motorway) on the section from Katowice (junction Murckowska, km 340.2) to Krakow (junction Balice I, km 401.1) and its subsequent operation as well as conducting and completion of the remaining construction works as specified in the Concession Agreement ("Venture").

The Concession Agreement has been concluded for a time equal to the term of the concession i.e. 30 years ending in March 2027.

As specified in the Concession Agreement, toll revenues constitute the principal source of income from the execution of the venture.

Throughout the term of the Concession Agreement, the Concession Holder shall have the right to use and receive profits from the road strip of the motorway. The right includes among other things the right to demolish and remove the existing buildings, facilities, equipment, trees and plants, subject to any relevant legal provisions. In return the Concession Holder is responsible for the operation and maintenance of the toll motorway until the termination or expiry of the Concession Agreement, which determines detailed range of the Concession Holder's obligations, and is obliged to perform precisely specified construction works.

Furthermore, as determined by the Concession Agreement, after fulfilment of conditions therein defined, the Concession Holder:

- (i) made concession payments to the National Road Fund ("Concession Payments"), constituting so-called subordinate debt (obligation due to loan drawn by State Treasury from the European Bank for Reconstruction and Development for the purpose of financing the construction of A-4 Toll Motorway Katowice-Kraków taken over by the Concession Holder);
- (ii) is obliged to makes payments to the National Road Fund constituting State Treasury's share in profits of the Venture ("Payments to the State Treasury").

So far completed Phase I included the construction of toll collection system, setting up of the maintenance centre in Brzęczkowice and construction of the communication and motorway traffic management system, including the emergency communication system. Further investment phases (Phase II) in progress or to be carried out include, among others, renovations of bridges, development of junctions, construction of rest areas and works related to environmental protection measures (constructions of noise screens, motorway drainage system, passes for animals).

At the conclusion of the Concession Agreement the right to use and receive profits from all buildings and structures constructed by the Concession Holder will be transferred to the State Treasury.

According to provisions of the Concession Agreement between SAM S.A. and the Minister of Infrastructure and also of the loan agreement ("Project Loan Agreement") between SAM S.A. and consortium ("Consortium") of: PEKAO S.A., FMS WERTMANAGEMENT, KfW IPEX-Bank, BNP Paribas Bank Polska S.A. and Portigon AG (London Branch), Payments to State Treasury, as well as dividend payments to the shareholder(s) of SAM S.A., are dependent, among others, on completion of specified construction phases, achieving minimum level of debt service ratios and assuring the sufficient coverage of reserve accounts.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

The Group recognises the liabilities due to Payments to the State Treasury only at the calculation date, i.e. 31 March or 30 September, after all the underlying conditions for the obligation to make payments, as foreseen in the Concession Agreement and Project Loan Agreement, are met. As at 31 March 2019 the Group recognised a liability due to Payments to the State Treasury amounting to TPLN 34,941.

5. Description of significant accounting principles

Except for the changes described below resulting from the introduction of new standards effective for reporting periods beginning on 1 January 2019 or later, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018.

Additionally, as of 1 January 2019 the Group changed the approach taken so far with regard to the recognition of Concession fees, as the result of which the comparative data has been restated (see note 6).

IFRS 16 Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 *Leases* and interpretations related to such agreements.

The standard introduces a single lessee accounting model for agreements meeting the definition of lease, i.e. a depreciable right-of-use asset and a lease liability are recognised in statement of financial position. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease, or if that cannot be readily determined, by using incremental borrowing rate.

Lessors will still distinguish two kinds of lease, i.e. financial lease, if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred, or otherwise an operating lease.

The Group applied IFRS 16 using the modified retrospective approach, with the cumulative effect of the implementation recognised at the date of initial application, i.e. 1 January 2019, as an adjustment to the opening balance of retained earnings at that date. As the result, the comparative information has not been restated.

So far the Group classified perpetual usufruct of land as operating lease, with the payments for perpetual usufruct expensed to profit or loss when incurred. As the result of IFRS 16 introduction the Group recognised a lease liability amounting to the present value of payments for perpetual usufruct that are not yet paid (the perpetual usufruct expires in December 2089), discounted using the Company's incremental borrowing rate (3.67%) as of initial application date. Lease liability related to payments for perpetual usufruct of land amounted to TPLN 3,247 at the date of initial application of IFRS 16. The Group recognised a right-of-use asset measured at the amount equal to the aforementioned liability, as the consequence of which Group's equity were not subject to any changes as at 1 January 2019. Considering that this right-of-use asset meets the definition of investment property, it has been presented as such within the condensed consolidated interim statement of financial position (see note 16).

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

6. Change of treatment with regard to Concession fees

According to the Concession Agreement, the Concession Holder periodically pays to the National Road Fund concession fees ("Concession fees"), which include (i) rent for the use (right to use and receive profits) of a road strip of the A-4 Katowice-Kraków section of the motorway subject to the concession, and (ii) refund of GDDKiA's costs of supervision and control.

So far the Concession fees were recognised by the Group in profit or loss for the period when incurred.

From 1 January 2019 the Group, with the intention of reflecting better the purpose and unconditional nature of Concession fees, thereby increasing transparency and the usefulness of the information contained in the consolidated financial statements for its users, altered the approach with regard to the recognition of aforementioned fees.

In line with the new treatment, considering that:

- Concession fees are not for a right to a good or service that is separate from the service concession arrangement or for the right to use an asset that is separate from the infrastructure within the scope of IFRIC 12 *Service Concession Arrangements* that is a lease;
- the intangible model has been applied to the Concession Agreement in accordance with IFRIC 12;
- the obligation to incur Concession fees is not conditional on the Group achieving certain results of its operations or on the occurrence of a specific related event;
- Concession fees are subject to periodical indexation based on consumer price index;

the Group included the present value of Concession fees to be paid (fair value of the consideration given) in the measurement of the liabilities due to purchase of the concession intangible assets (right to collect tolls from motorway users).

The Group applied the new treatment with regard to Concession fees using the retrospective approach – financial data for the comparative periods has been restated in accordance with IAS 8 *Accounting policies, changes in accounting estimates and errors*.

The present value of Concession fees to be paid recognised in correspondence with the concession intangible assets was determined as at the date the obligation to incur aforementioned fees was assumed, i.e. 1 January 2000 in case of rent, and 1 January 2001 in case of refund supervision and control cost respectively, by discounting the nominal value of future payments using historical interest rates determined for the aforementioned dates, i.e. 19.20% and 19.45%, respectively.

Subsequent remeasurement of liabilities due to Concession fees reflecting changes to their amounts adjust the cost of the concession intangible assets. Interest on the liability (unwinding of discount) is recognised as finance expense of the current period.

For the concession intangible assets the Group applies amortisation method, which in its view reflects in most appropriate way the manner in which future economic benefits deriving from intangible asset will be consumed, i.e. unit of production method based on forecasted annual average traffic increase during the concession period on the section of motorway subject to concession.

The impact of change of treatment with regard to Concession fees on the consolidated statement of financial position and consolidated statement of comprehensive income for comparative periods included within these condensed consolidated interim financial statements has been presented below.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Consolidated statement of financial position as at 31 December 2018

In thousands of PLN

	31 December 2018	impact of change of treatment	31 December 2018
	<i>published</i>		<i>restated</i>
ASSETS			
Intangible assets	441 154	8 768 (1)	449 922
Deferred tax assets	27 353	1 229 (2)	28 582
Others	457 841	-	457 841
Non-current assets	926 348	9 997	936 345
Current assets	394 556	-	394 556
Total assets	1 320 904	9 997	1 330 901
EQUITY AND LIABILITIES			
Equity			
Retained earnings and uncovered losses	184 975	(5 237) (3)	179 738
Others	620 331	-	620 331
Total equity attributable to owners of the Company	805 306	(5 237)	800 069
Non-controlling interest	4 602	-	4 602
Total equity	809 908	(5 237)	804 671
Liabilities			
Other non-current liabilities	6 318	12 067 (4)	18 385
Others	339 511	-	339 511
Non-current liabilities	345 829	12 067	357 896
Trade and other payables	27 120	3 167 (4)	30 287
Others	138 047	-	138 047
Total current liabilities	165 167	3 167	168 334
Total liabilities	510 996	15 234	526 230
Total equity and liabilities	1 320 904	9 997	1 330 901

- (1) Recognition of the concession intangible assets in respect of Concession fees;
- (2) Cumulative impact of change of treatment on deferred tax assets;
- (3) Cumulative impact of change of treatment on retained earnings and uncovered losses, including profit for the period;
- (4) Recognition of liabilities due to Concession fees.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Consolidated statement of financial position as at 31 March 2018

In thousands of PLN

	31 March 2018	impact of change	31 March 2018
	<i>published</i>	<i>of treatment</i>	<i>restated</i>
ASSETS			
Intangible assets	454 071	9 465 (1)	463 536
Deferred tax assets	69 784	1 198 (2)	70 982
Others	492 551	-	492 551
Non-current assets	1 016 406	10 663	1 027 069
Current assets	433 563	-	433 563
Total assets	1 449 969	10 663	1 460 632
EQUITY AND LIABILITIES			
Equity			
Retained earnings and uncovered losses	110 623	(5 107) (3)	105 516
Others	616 881	-	616 881
Total equity attributable to owners of the Company	727 504	(5 107)	722 397
Non-controlling interest	2 201	-	2 201
Total equity	729 705	(5 107)	724 598
Liabilities			
Other non-current liabilities	4 892	13 361 (4)	18 253
Others	420 340	-	420 340
Non-current liabilities	425 232	13 361	438 593
Trade and other payables	181 669	2 409 (4)	184 078
Others	113 363	-	113 363
Total current liabilities	295 032	2 409	297 441
Total liabilities	720 264	15 770	736 034
Total equity and liabilities	1 449 969	10 663	1 460 632

- (1) Recognition of the concession intangible assets in respect of Concession fees;
- (2) Cumulative impact of change of treatment on deferred tax assets;
- (3) Cumulative impact of change of treatment on retained earnings and uncovered losses, including profit for the period;
- (4) Recognition of liabilities due to Concession fees.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Consolidated statement of financial position as at 1 January 2018

In thousands of PLN

	1 January 2018	impact of change	1 January 2018
	<i>published</i>	<i>of treatment</i>	<i>restated</i>
ASSETS			
Intangible assets	463 855	9 693 (1)	473 548
Deferred tax assets	69 829	1 190 (2)	71 019
Others	475 717	-	475 717
Non-current assets	1 009 401	10 883	1 020 284
Current assets	428 945	-	428 945
Total assets	1 438 346	10 883	1 449 229
EQUITY AND LIABILITIES			
Equity			
Retained earnings and uncovered losses	223 186	(5 072) (3)	218 114
Others	470 293	-	470 293
Total equity attributable to owners of the Company	693 479	(5 072)	688 407
Non-controlling interest	4 694	-	4 694
Total equity	698 173	(5 072)	693 101
Liabilities			
Other non-current liabilities	6 374	12 786 (4)	19 160
Others	449 995	-	449 995
Non-current liabilities	456 369	12 786	469 155
Trade and other payables	184 935	3 169 (4)	188 104
Others	98 869	-	98 869
Total current liabilities	283 804	3 169	286 973
Total liabilities	740 173	15 955	756 128
Total equity and liabilities	1 438 346	10 883	1 449 229

- (1) Recognition of the concession intangible assets in respect of Concession fees;
- (2) Cumulative impact of change of treatment on deferred tax assets;
- (3) Cumulative impact of change of treatment on retained earnings and uncovered losses, including profit for the period;
- (4) Recognition of liabilities due to Concession fees.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Consolidated statement of comprehensive income for 3-month period ended 31 March 2018

<i>In thousands of PLN, unless stated otherwise</i>	<i>I quarter 2018</i>	<i>impact of change</i>	<i>I quarter 2018</i>
	<i>published</i>	<i>of treatment</i>	<i>restated</i>
Revenue	75 915	-	75 915
Cost of sales	(21 601)	(228) (1)	(21 829)
Gross profit	54 314	(228)	54 086
Other income	3 747	-	3 747
Administrative expenses	(8 410)	903 (2)	(7 507)
Other expenses	(3 051)	-	(3 051)
Impairment losses on trade and other receivables	(13)	-	(13)
Operating profit	46 587	675	47 262
Finance income	3 296	-	3 296
Finance expenses	(6 622)	(718) (3)	(7 340)
Net finance expense	(3 326)	(718)	(4 044)
Share of profit of equity accounted investees (net of income tax)	55	-	55
Profit before income tax	43 316	(43)	43 273
Income tax expense	(8 259)	8 (4)	(8 251)
Profit for the period	35 057	(35)	35 022
Total comprehensive income for the period	35 525	(35)	35 490
Earnings per share			
Basic earnings per share (PLN)	0.14	-	0.14
Diluted earnings per share (PLN)	0.14	-	0.14

- (1) Amortisation of the concession intangible assets recognised in respect of Concession fees;
- (2) Withdrawal of Concession fees incurred in 2018;
- (3) Recognition of interest expense on liability due to Concession fees (unwinding of discount);
- (4) Cumulative impact of change of treatment on deferred tax for the period.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

7. Segment reporting

The Group presents its activity in business segments, which are based on the Group's management and internal reporting structure.

The Group operates in one geographical segment – entire revenue is earned in Poland, where all Group's non-current assets are located (excluding financial instruments).

Business segments

Business segments include:

- management, advisory and rental services,
- management and operation of motorways.

Business segments results

For the three-month period ended 31 March 2019

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	844	78 466	79 310
Total revenue	844	78 466	79 310
Operating expenses			
Cost of sales to external customers	(999)	(22 288)	(23 287)
Total cost of sales	(999)	(22 288)	(23 287)
Other income	42	1 035	1 077
Other expenses	(2)	(247)	(249)
Administrative expenses*	(1 296)	(41 768)	(43 064)
Operating profit	(1 411)	15 198	13 787
Net finance income/(expense)	952	(2 123)	(1 171)
Share of profit of equity accounted investees (net of income tax)	65	-	65
Income tax expense	(67)	(7 583)	(7 650)
Profit for the period	(461)	5 492	5 031
Other comprehensive income, net of income tax			442
Total comprehensive income for the period			5 473
Major non-cash items			
Depreciation and amortisation	(162)	(13 873)	(14 035)
Unwinding of discount (including lease interest expense)	-	(2 339)	(2 339)

* Expenses related to "Management, advisory and rental services" comprise all administrative expenses of the Company - expenses related to "Management and operation of motorways" include Payments to the State Treasury in amount of TPLN 34,941.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

*For the three-month period ended 31 March 2018**

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	814	75 101	75 915
Total revenue	814	75 101	75 915
Operating expenses			
Cost of sales to external customers*	(954)	(20 875)	(21 829)
Total cost of sales	(954)	(20 875)	(21 829)
Other income	4	3 745	3 749
Other expenses	(10)	(3 043)	(3 053)
Impairment losses on trade and other receivables	-	(13)	(13)
Administrative expenses**	(1 257)	(6 250)	(7 507)
Operating profit	(1 403)	48 665	47 262
Net finance income/(expense)	1 344	(5 388)	(4 044)
Share of profit of equity accounted investees (net of income tax)	55	-	55
Income tax expense	(106)	(8 145)	(8 251)
Profit for the period	(110)	35 132	35 022
Other comprehensive income, net of income tax			468
Total comprehensive income for the period			35 490
Major non-cash items			
Depreciation and amortisation	(133)	(12 812)	(12 945)
Impairment losses on trade and other receivables	-	(13)	(13)
Unwinding of discount (including lease interest expense)	-	(4 922)	(4 922)

* Restated due to change of treatment with regard to Concession fees - see note 6.

** Expenses related to "Management, advisory and rental services" comprise all administrative expenses of the Company.

Financial position according to business segments as at

	31 March 2019	31 December 2018*	31 March 2018*	1 January 2018*
Management, advisory and rental services				
Assets of the segment	299 396	285 128	348 950	347 902
Liabilities of the segment	8 064	4 789	3 804	3 256
Management and operation of motorways				
Assets of the segment	1 058 648	1 045 773	1 111 682	1 101 327
Liabilities of the segment	539 837	521 441	732 230	752 872
Total assets	1 358 044	1 330 901	1 460 632	1 449 229
Total liabilities	547 901	526 230	736 034	756 128

* Restated due to change of treatment with regard to Concession fees - see note 6.

8. Periodicity and seasonality of the business

Activity of the "Management and operation of motorways" business segment is influenced by seasonality, due to fluctuations of traffic levels on the A4 motorway section subject to concession between the individual quarterly periods. The highest level of traffic is recorded in third quarter and the lowest in first quarter of each calendar year.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

9. Revenue

	<i>I quarter 2019</i>			<i>I quarter 2018</i>		
	<i>Management, advisory and rental services</i>	<i>Management and operation of motorways</i>	<i>Total</i>	<i>Management, advisory and rental services</i>	<i>Management and operation of motorways</i>	<i>Total</i>
Revenue from contracts with customers						
Toll revenue, including:	-	78 329	78 329	-	74 921	74 921
Manual toll collection (cash, bank cards)	-	48 470	48 470	-	48 594	48 594
Fleet cards	-	16 973	16 973	-	16 023	16 023
Electronic toll collection	-	11 730	11 730	-	8 540	8 540
KartA4	-	1 156	1 156	-	1 764	1 764
Revenue due to other services rendered	-	1	1	-	2	2
	-	78 330	78 330	-	74 923	74 923
Other revenue						
Revenue from rental of investment property	844	-	844	814	-	814
Revenue due to other services rendered	-	-	-	-	-	-
Other revenue	-	136	136	-	178	178
	844	136	980	814	178	992
Total	844	78 466	79 310	814	75 101	75 915

Revenue from motorway operation (toll revenue) is recognised when the customer passes through toll collection plaza as the result of:

- customer paying the motorway toll in cash or by means of bank cards directly at the toll collection plaza; or
- positive identification at the toll collection plaza of customer's right to pass through the motorway (kartA4, electronic toll collection, fleet cards).

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

10. Expenses by nature

	<i>I quarter 2019</i>	<i>I quarter 2018*</i>
Depreciation and amortisation	(14 035)	(12 945)
Energy and materials consumption	(1 803)	(1 335)
Accrual of provision for motorway resurfacing disclosed within cost of sales (external services)**	(3 578)	(3 660)
Other external services	(3 604)	(3 513)
Payments to the State Treasury (net amount)	(34 941)	-
Taxes and charges	(318)	(298)
Employee benefit expenses	(7 623)	(7 111)
Other costs	(449)	(474)
Total expenses by nature	(66 351)	(29 336)
Cost of sales and administrative expenses	(66 351)	(29 336)

* Restated due to change of treatment with regard to Concession fees - see note 6.

** Including change of estimates related to provisions - see note 21.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

10.1. Employee benefit expenses

	<i>I quarter 2019</i>	<i>I quarter 2018</i>
Wages and salaries	(5 853)	(5 413)
Social security contributions and other benefits	(1 477)	(1 405)
Movement in employee benefits liabilities included in profit and loss:	(293)	(293)
Other employee benefits	(293)	(293)
Total	(7 623)	(7 111)

11. Other income

	<i>I quarter 2019</i>	<i>I quarter 2018</i>
Rental income from passenger service areas	642	639
Compensations, contractual penalties and costs of court proceedings received	34	22
Reimbursement of real estate tax paid for previous periods	214	3 005
Interest from receivables	3	4
Net gain on disposal of property, plant and equipment and intangible assets	47	-
Other	137	77
Total	1 077	3 747

Rental income from passenger service sites is recognised in profit or loss on a straight-line basis over the term of the lease.

12. Other expenses

	<i>I quarter 2019</i>	<i>I quarter 2018</i>
Donations granted	(7)	(10)
Repair of damages	-	(2)
Penalties, compensations, payments	(22)	(7)
Reversal of rental income from passenger service areas for previous periods due to reimbursement of real estate tax paid	(214)	(3 005)
Net loss on disposal of property, plant and equipment and intangible assets	-	(2)
Unrecoverable input VAT	(3)	(6)
Other	(3)	(19)
Total	(249)	(3 051)

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

13. Net finance expense

	<i>I quarter 2019</i>	<i>I quarter 2018*</i>
Recognised in profit or loss for the period		
Interest income under the effective interest method on:	2 920	3 250
- cash and cash equivalents	1 345	1 618
- non-current deposits	1 575	1 631
- other	-	1
Net foreign exchange gain	-	46
Other finance income	89	-
Finance income	3 009	3 296
Interest expense on liabilities measured at amortised cost, including:	(1 770)	(4 480)
- loans and borrowings, including:	(1 058)	(1 569)
- nominal	(698)	(1 074)
- other	(360)	(495)
- discount of Concession Payments	-	(2 193)
- discount of Concession fees	(683)	(718)
- lease interest expense	(29)	-
Discount of provisions	(1 627)	(2 011)
Net foreign exchange loss	(66)	-
Net change in fair value of cash flow hedges reclassified from other comprehensive income	(628)	(844)
Other finance expenses	(89)	(5)
Finance expenses	(4 180)	(7 340)
Net finance expense recognised in profit or loss for the period	(1 171)	(4 044)
Recognised in other comprehensive income		
Foreign currency translation differences for foreign operations	97	7
Effective portion of changes in fair value of cash flow hedges	(48)	(306)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	628	844
Change in fair value of equity instruments	(155)	31
Finance income/(expenses) recognised in other comprehensive income	522	576

* Restated due to change of treatment with regard to Concession fees - see note 6.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

14. Property, plant and equipment

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2018	20 812	22 842	18 192	7 930	185	69 961
Acquisitions	-	28	-	205	6	239
Disposals	-	(1)	(151)	(19)	-	(171)
Cost as at 31 March 2018	20 812	22 869	18 041	8 116	191	70 029
Cost as at 1 January 2019	20 940	23 826	18 686	8 296	401	72 149
Acquisitions	-	223	92	6	19	340
Transfer from property, plant and equipment under construction	-	-	-	91	(91)	-
Disposals	-	(22)	(120)	(28)	-	(170)
Cost as at 31 March 2019	20 940	24 027	18 658	8 365	329	72 319
Depreciation and impairment losses as at 1 January 2018	(13 430)	(8 073)	(8 425)	(3 367)	-	(33 295)
Depreciation for the period	(235)	(684)	(434)	(199)	-	(1 552)
Disposals	-	1	121	19	-	141
Depreciation and impairment losses as at 31 March 2018	(13 665)	(8 756)	(8 738)	(3 547)	-	(34 706)
Depreciation and impairment losses as at 1 January 2019	(14 363)	(10 673)	(9 316)	(4 134)	-	(38 486)
Depreciation for the period	(231)	(733)	(464)	(203)	-	(1 631)
Disposals	-	21	140	28	-	189
Depreciation and impairment losses as at 31 March 2019	(14 594)	(11 385)	(9 640)	(4 309)	-	(39 928)
Carrying amounts						
As at 1 January 2018	7 382	14 769	9 767	4 563	185	36 666
As at 31 March 2018	7 147	14 113	9 303	4 569	191	35 323
As at 1 January 2019	6 577	13 153	9 370	4 162	401	33 663
As at 31 March 2019	6 346	12 642	9 018	4 056	329	32 391

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Impairment losses

As at 31 March 2019, 31 December 2018, 31 March 2018 and 1 January 2018 there were no indicators, which would require the Group to test property, plant and equipment for impairment.

15. Intangible assets

	Concession intangible assets	Other concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Cost as at 1 January 2018*	916 681	12 578	970	26	930 255
Acquisitions	-	6	-	-	6
Revaluation of concession intangible assets	1 253	-	-	-	1 253
Cost as at 31 March 2018*	917 934	12 584	970	26	931 514
Cost as at 1 January 2019*	938 183	12 643	970	125	951 921
Acquisitions	-	31	-	766	797
Revaluation of concession intangible assets	6 273	-	-	-	6 273
Disposals	-	(53)	-	-	(53)
Cost as at 31 March 2019	944 456	12 621	970	891	958 938
Amortisation and impairment losses as at 1 January 2018*	(452 783)	(2 954)	(970)	-	(456 707)
Amortisation for the period*	(10 917)	(354)	-	-	(11 271)
Amortisation and impairment losses as at 31 March 2018*	(463 700)	(3 308)	(970)	-	(467 978)
Amortisation and impairment losses as at 1 January 2019*	(496 718)	(4 311)	(970)	-	(501 999)
Amortisation for the period	(11 908)	(357)	-	-	(12 265)
Disposals	-	53	-	-	53
Amortisation and impairment losses as at 31 March 2019	(508 626)	(4 615)	(970)	-	(514 211)
Carrying amounts					
As at 1 January 2018*	463 898	9 624	-	26	473 548
As at 31 March 2018*	454 234	9 276	-	26	463 536
As at 1 January 2019*	441 465	8 332	-	125	449 922
As at 31 March 2019	435 830	8 006	-	891	444 727

* Restated due to change of treatment with regard to Concession fees - see note 6.

During the current period the Group revalued concession intangible assets recognized in relation to estimated costs of Phase II:

- (i) due to changes of discount rates used for valuation of provision for capital expenditures (see note 21), which resulted in their increase by TPLN 830; and
- (ii) due to changes of estimates regarding construction works schedule and capital expenditures, which according to the Concession Agreement are to be executed by the Group before the end of the concession period (see note 21), resulting in the increase of concession intangible assets by TPLN 5,443.

The amortization charge on concession intangible assets is recognized in cost of sales. The amortization charge on other intangible assets is recognized in administrative expenses.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

The annual amortization rate calculated based on estimated traffic increase during the concession period in relation to present net value of intangible asset at the beginning of the quarterly period equalled 10.79% in I quarter 2019 (I quarter 2018: 9.41%). According to current amortization schedule, based on updated estimates of traffic increase, the proportion of annual amortization costs to the carrying value of intangible asset as at 31 March 2019 will range from 11.04% to 13.57% during the concession period.

As at 31 March 2019, 31 December 2018, 31 March 2018 and 1 January 2018 there were no indicators, which would require the Group to test concession and other intangible assets for impairment.

16. Investment property

	Right-of-use assets	Other investment property	Total
Cost as at 1 January 2018	-	30 496	30 496
Cost as at 31 March 2018	-	30 496	30 496
Cost as at 31 December 2018	-	30 879	30 879
Impact of initial application of IFRS 16	3 247	-	3 247
Cost as at 1 January 2019	3 247	30 879	34 126
Cost as at 31 March 2019	3 247	30 879	34 126
Depreciation and impairment losses as at 1 January 2018	-	(26 626)	(26 626)
Depreciation for the period	-	(122)	(122)
Depreciation and impairment losses as at 31 March 2018	-	(26 748)	(26 748)
Depreciation and impairment losses as at 31 December 2018	-	(27 114)	(27 114)
Impact of initial application of IFRS 16	-	-	-
Depreciation and impairment losses as at 1 January 2019	-	(27 114)	(27 114)
Depreciation for the period	(11)	(128)	(139)
Depreciation and impairment losses as at 31 March 2019	(11)	(27 242)	(27 253)
Carrying amounts			
As at 1 January 2018	-	3 870	3 870
As at 31 March 2018	-	3 748	3 748
As at 1 January 2019	3 247	3 765	7 012
As at 31 March 2019	3 236	3 637	6 873

Investment property is measured at cost less accumulated depreciation and impairment losses.

Investment property comprises the Group-owned part of the building property, consisting of land (subject to perpetual usufruct) on which office building and the adjacent parking lot are situated, as well as parking lot property, consisting of land (subject to perpetual usufruct) on which parking lot and garages are situated. Both properties are located in Katowice.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

17. Deferred tax

Deferred tax assets have not been recognised in full amount of excess of negative temporary differences and tax losses over positive temporary differences, due to uncertainty of some temporary differences utilization and estimates regarding tax losses carried forward utilization.

Changes of deferred tax assets / liabilities for three-month periods ended 31 March 2019 and 31 March 2018 were following:

	1 January 2019*	Change of deferred tax on temporary differences recognised in		31 March 2019
		profit or loss for the period	other comprehensive income	
Concession intangible assets	(81 918)	1 010	-	(80 908)
Property, plant and equipment and other intangible assets	38 431	(2 303)	-	36 128
Investment property	99	(612)	-	(513)
Other non-current investments	(304)	275	-	(29)
Trade and other receivables	(422)	17	-	(405)
Inventories	7	-	-	7
Current investments	175	-	30	205
Cash and cash equivalents	(285)	39	-	(246)
Loans and borrowings	319	(274)	-	45
Lease liabilities	-	599	-	599
Other non-current liabilities	2 895	(499)	-	2 396
Deferred income	1 302	178	-	1 480
Contract liabilities	1 159	217	-	1 376
Employee benefits	1 588	75	-	1 663
Provisions	71 489	1 962	-	73 451
Trade and other payables	334	593	-	927
Derivative financial instruments	587	-	(110)	477
Tax loss carry-forwards	1 923	(101)	-	1 822
Valuation adjustment	(8 797)	102	-	(8 695)
Total	28 582	1 278	(80)	29 780

* Restated due to change of treatment with regard to Concession fees - see note 6.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

	1 January 2018*	Change of deferred tax on temporary differences recognised in		31 March 2018*
		profit or loss for the period	other comprehensive income	
Concession intangible assets	(85 904)	1 744	-	(84 160)
Property, plant and equipment and other intangible assets	45 486	(3 180)	-	42 306
Investment property	80	5	-	85
Other non-current investments	(210)	209	-	(1)
Trade and other receivables	176	-	-	176
Inventories	7	-	-	7
Current investments	235	-	(6)	229
Cash and cash equivalents	(90)	(1)	-	(91)
Loans and borrowings	(95)	(287)	-	(382)
Other non-current liabilities	2 476	62	-	2 538
Deferred income	1 460	175	-	1 635
Contract liabilities	943	24	-	967
Employee benefits	1 177	91	-	1 268
Provisions	77 369	1 054	-	78 423
Trade and other payables	31 011	336	-	31 347
Derivative financial instruments	1 060	-	(102)	958
Tax loss carry-forwards	2 436	(161)	-	2 275
Valuation adjustment	(6 598)	-	-	(6 598)
Total	71 019	71	(108)	70 982

* Restated due to change of treatment with regard to Concession fees - see note 6.

18. Allowances for expected credit losses

The movement in loss allowances in respect of trade and other receivables and other was as follows:

	I quarter 2019	I quarter 2018
Balance as at 1 January	(91 553)	(91 500)
Net remeasurement of loss allowance	-	(15)
Amounts written off	-	2
Balance as at 31 March	(91 553)	(91 513)

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

19. Financial instruments

Classification and fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels on the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2019

	Carrying amount			Fair value			
	Financial instruments measured at fair value through other comprehensive income	Hedge derivatives measured at fair value	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Equity instruments**	1 811	-	-	1 811	-	-	1 811
	1 811	-	-	1 811			
Financial assets not measured at fair value							
Trade and other receivables***	-	-	18 378	18 378			
Bank deposits (non-current investments)	-	-	418 025	418 025			
Cash and cash equivalents	-	-	384 206	384 206			
	-	-	820 609	820 609			
Financial liabilities measured at fair value							
Interest rate swaps used for hedging****	-	(2 522)	-	(2 522)	-	(2 522)	-
	-	(2 522)	-	(2 522)			
Financial liabilities not measured at fair value							
Loans and borrowings	-	-	(55 282)	(55 282)			
Lease liabilities	-	-	(3 150)	(3 150)			
Liabilities due to Concession fees	-	-	(15 918)	(15 918)			
Payments to the State Treasury	-	-	(34 941)	(34 941)			
Trade and other payables***	-	-	(14 452)	(14 452)			
	-	-	(123 743)	(123 743)			

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

31 December 2018*

31 December 2018*	Carrying amount				Fair value			
	Financial instruments measured at fair value through other comprehensive income	Hedge derivatives measured at fair value	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments**	1 966	-	-	1 966	-	-	1 966	1 966
	1 966	-	-	1 966				
Financial assets not measured at fair value								
Trade and other receivables***	-	-	17 060	17 060				
Bank deposits (non-current investments)	-	-	419 200	419 200				
Cash and cash equivalents	-	-	333 741	333 741				
	-	-	770 001	770 001				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging****	-	(3 749)	-	(3 749)	-	(3 749)	-	(3 749)
	-	(3 749)	-	(3 749)				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	(77 405)	(77 405)				
Liabilities due to Concession fees	-	-	(15 234)	(15 234)				
Trade and other payables***	-	-	(24 903)	(24 903)				
	-	-	(117 542)	(117 542)				

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

31 March 2018*

31 March 2018*	Carrying amount				Fair value			
	Financial instruments measured at fair value through other comprehensive income	Hedge derivatives measured at fair value	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments**	1 504	-	-	1 504	-	-	1 504	1 504
	1 504	-	-	1 504				
Financial assets not measured at fair value								
Trade and other receivables***	-	-	14 343	14 343				
Bank deposits (non-current investments)	-	-	452 321	452 321				
Cash and cash equivalents	-	-	404 539	404 539				
	-	-	871 203	871 203				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging****	-	(5 053)	-	(5 053)	-	(5 053)	-	(5 053)
	-	(5 053)	-	(5 053)				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	(96 558)	(96 558)				
Concession Payments	-	-	(160 965)	(160 965)				
Liabilities due to Concession fees	-	-	(16 673)	(16 673)				
Trade and other payables***	-	-	(18 852)	(18 852)				
	-	-	(293 048)	(293 048)				

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

1 January 2018*

	Carrying amount			Total	Fair value			
	Financial instruments measured at fair value through other comprehensive income	Hedge derivatives measured at fair value	Financial instruments measured at amortised cost		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments**	1 473	-	-	1 473	-	-	1 473	1 473
	1 473	-	-	1 473				
Financial assets not measured at fair value								
Trade and other receivables***	-	-	13 366	13 366				
Bank deposits (non-current investments)	-	-	434 077	434 077				
Cash and cash equivalents	-	-	396 900	396 900				
	-	-	844 343	844 343				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging****	-	(6 456)	-	(6 456)	-	(6 456)	-	(6 456)
	-	(6 456)	-	(6 456)				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	(117 238)	(117 238)				
Concession Payments	-	-	(158 772)	(158 772)				
Liabilities due to Concession fees	-	-	(15 955)	(15 955)				
Trade and other payables***	-	-	(27 408)	(27 408)				
	-	-	(319 373)	(319 373)				

* Restated due to change of treatment with regard to Concession fees – see note 6.

** Equity instruments belonging to the Group are not listed on financial markets, the Group has also no information on recent observable arm's length transactions in these instruments. Considering the above, the fair value of the equity instruments determined based on the Group's share in nett assets of their issuers as at the end of the last reporting period for which the Group has adequate financial data. In I quarter 2019 the Group recorded losses due to valuation of aforementioned equity instruments amounting TPLN 155, presented within item "Change in fair value of equity instruments" of the consolidated statement of comprehensive income.

*** Without consideration of receivables due to VAT/payables due to taxes, duties, social and health insurance and other benefits, payroll liabilities, liabilities due to Concession fees, Payments to the State Treasury and Concession Payments.

**** Fair value of hedge derivatives (interest rate SWAP) is based on discounted future cash flows for undersigned transactions, constituting a difference between cash flows based on floating interest rate (6M WIBOR) and cash flows based on fixed interest rate. The fair value estimate includes a credit risk adjustment that reflects the credit risk of the Group and of the counterparty.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Hierarchy of financial instruments carried at fair value

Financial instruments carried at fair value can be classified according to the following valuation methods:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3: inputs that are not based on observable market data (unobservable inputs).

20. Equity

20.1. Share capital

	31 March 2019	31 December 2018	31 March 2018	1 January 2018
Number of shares at the beginning of the period	247 262 023	247 262 023	247 262 023	247 262 023
Number of shares at the end of the period (fully paid)	247 262 023	247 262 023	247 262 023	247 262 023
Nominal value of 1 share (PLN)	0.75	0.75	0.75	0.75
Nominal value of A-series issue	6 256	6 256	6 256	6 256
Nominal value of B-series issue	370	370	370	370
Nominal value of D-series issue	3 000	3 000	3 000	3 000
Nominal value of E-series issue	71 196	71 196	71 196	71 196
Nominal value of F-series issue	37 500	37 500	37 500	37 500
Nominal value of G-series issue	67 125	67 125	67 125	67 125
Total	185 447	185 447	185 447	185 447

20.2. Hedging reserve

Hedging reserve balance is the result of valuation of derivatives meeting the requirements of cash flow hedge accounting.

Recognized as effective changes to fair value of cash flow hedging instruments, amounted to TPLN -48 in I quarter 2019 (I quarter 2018: TPLN -306). As the consequence of hedged interest payments made in I quarter 2019, the Group reclassified the corresponding net change in fair value of cash flow hedges of TPLN -628 (I quarter 2018: TPLN -844) to finance expense. The amount of aforementioned effective changes was adjusted by change in deferred tax recognized in other comprehensive income in amount of TPLN 9, out of which TPLN 119 was attributable to portion of changes reclassified to finance expense (I quarter 2018: TPLN 58 and TPLN 160 respectively).

20.3. Fair value reserve

All gains and losses from valuation of investments in equity instruments measured at fair value through other comprehensive income are attributed to this equity item.

20.4. Dividends

On 3 April 2019 the Ordinary General Meeting of the Company decided to pay out the dividend in amount of TPLN 91,487, i.e. PLN 0.37 per share. The dividend date was set for 18 April 2019 and the dividend payment date for 20 May 2019.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

21. Provisions

For three-month periods ended 31 March 2019 and 31 March 2018

	Provisions for motorway resurfacing	Provisions for capital expenditures (Phase II)	Total
Non-current provisions			
Balance at 1 January 2018	49 568	312 676	362 244
Additions, including:	3 980	1 544	5 524
- due to discounting	245	1 544	1 789
Change of estimates	39	533	572
Reclassifications	-	(14 813)	(14 813)
Balance at 31 March 2018	53 587	299 940	353 527
Balance at 1 January 2019	2 460	294 903	297 363
Additions, including:	2 699	1 275	3 974
- due to discounting	11	1 275	1 286
Change of estimates	824	17 914	18 738
Reclassifications	-	(20 894)	(20 894)
Balance at 31 March 2019	5 983	293 198	299 181
Current provisions			
Balance at 1 January 2018	12 620	32 338	44 958
Additions, including:	62	160	222
- due to discounting	62	160	222
Change of estimates	(114)	720	606
Utilisation	(434)	(940)	(1 374)
Reclassifications	-	14 813	14 813
Balance at 31 March 2018	12 134	47 091	59 225
Balance at 1 January 2019	27 614	51 280	78 894
Additions, including:	119	222	341
- due to discounting	119	222	341
Change of estimates	66	(11 641)	(11 575)
Utilisation	(267)	(885)	(1 152)
Reclassifications	-	20 894	20 894
Balance at 31 March 2019	27 532	59 870	87 402

Provision for capital expenditures constitutes the present value of future construction costs to be incurred in relation to section Katowice-Kraków of A4 motorway (Phase II), due to obligations undertaken by Concession Holder under the Concession Agreement (see note 4).

As at 31 March 2019 the Group changed estimates regarding discount rates used for calculation of the present value of provisions for resurfacing and provision for capital expenditures of Phase II (in both cases as at 31 December 2018 the rates ranged from 1.74% to 2.94%, currently from 1.69% to 2.56%). As result of those changes the provision for resurfacing decreased by TPLN 7 (I quarter 2018: increase of TPLN 266), which in line with IAS 37 was recognized as a decrease of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 830 (I quarter 2018: increase of TPLN 1,407), which was recognized as an increase of concession intangible assets.

As at 31 March 2019 the Group made also a revaluation of provision for resurfacing and provision for capital expenditures of Phase II following the change of estimates regarding expected expenditures and future construction works schedule. As result of those changes the provision for resurfacing increased by TPLN 897 (I quarter 2018: decrease of TPLN 341), which in line with IAS 37 was recognised as an increase of operating

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 5,443 (I quarter 2018: decrease of TPLN 154), which was recognized as an increase of concession intangible assets.

22. Contingent liabilities

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 23,378 (31 December 2018: TPLN 23,668, 31 March 2018: TPLN 21,950, 1 January 2018: TPLN 22,758).

23. Related party transactions

23.1. Intragroup receivables and liabilities

31 March 2019	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	2	22	-
Associates	2	22	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	3 455
Pavimental Polska Sp. z o.o.	7	-	3 693
Telepass S.p.A.	1 148	-	-
Autostrade Tech S.p.A.	-	895	176
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	1 155	895	7 334
Total	1 157	934	7 334

31 December 2018	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	2	629	-
Associates	2	629	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	2 426	4 445
Pavimental Polska Sp. z o.o.	18	1 689	4 193
Telepass S.p.A.	699	-	-
Autostrade Tech S.p.A.	-	2 710	176
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	717	6 825	8 824
Total	719	7 471	8 824

31 March 2018	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	2	8	-
Associates	2	8	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	4 971
Pavimental Polska Sp. z o.o.	10	-	3 846
Telepass S.p.A.	648	-	-
Autostrade Tech S.p.A.	-	556	176
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	658	556	9 003
Total	660	581	9 003

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

1 January 2018	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	8	61	-
Associates	8	61	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	1 302	4 964
Pavimental Polska Sp. z o.o.	10	1 284	3 816
Telepass S.p.A.	472	-	-
Autostrade Tech S.p.A.	-	2 589	1 586
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	482	5 175	10 376
Total	490	5 253	10 376

23.2. Related party transactions amounts

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
I quarter 2019				
Biuro Centrum Sp. z o.o.	54	-	(790)	-
Associates	54	-	(790)	-
Pavimental Polska Sp. z o.o.	12	7	(67)	-
Autogrill Polska Sp. z o.o.	3	-	-	-
Telepass S.p.A.	2 287	-	-	-
Autostrade Tech S.p.A.	-	1	(431)	(950)
Other related entities	2 302	8	(498)	(950)
Total	2 356	8	(1 288)	(950)

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
I quarter 2018				
Biuro Centrum Sp. z o.o.	52	-	(732)	-
Associates	52	-	(732)	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(70)
Pavimental Polska Sp. z o.o.	8	5	-	(298)
Autogrill Polska Sp. z o.o.	13	-	-	-
Telepass S.p.A.	1 413	-	-	-
Autostrade Tech S.p.A.	-	-	(625)	-
Other related entities	1 434	5	(625)	(368)
Total	1 486	5	(1 357)	(368)

23.3. Information on transactions concluded by the Parent Entity or its subsidiaries with related entities under terms different than arm's length

All transactions concluded by the Parent Entity or its subsidiaries with related entities were concluded at arm's length.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

24. Financial results of the Capital Group and its Parent Entity for the I quarter 2019

24.1. Financial results of Stalexport Autostrady S.A.

In I quarter 2019 the Company generated revenue on sales amounting to TPLN 895, i.e. 4% higher than in comparable quarterly period of 2018 (TPLN 859). The increase of revenue in comparison to I quarter 2018 resulted mainly from greater revenue due to rental of office space.

The Company suffered a loss from operating activities for I quarter 2019 of TPLN 1,207 – loss for comparable period of 2018 amounted to TPLN 1,200. The above resulted mainly from higher costs of material and energy consumption (5% increase) and employee benefit expenses (5% increase), as well as the increase of revenue described above.

The financial activity of Stalexport Autostrady S.A. generated a profit of TPLN 11,989 for I quarter 2019 – I quarter 2018 brought a profit of TPLN 1,409. Dividends amounting to TPLN 10,908 (I quarter 2018: none) and interest on bank deposits amounting to TPLN 1,061 (I quarter 2018: TPLN 1,348) constituted the main items of financial income in I quarter 2019.

As the consequence of all the above Stalexport Autostrady S.A. generated a net profit for I quarter 2019 amounting to TPLN 10,803, comparing to TPLN 142 net profit for I quarter 2018.

24.2. Financial results of motorway business

The motorway activity, consisting mainly of exploitation, toll collecting and execution of motorway investments on section Katowice – Kraków of A4 motorway, has the biggest impact on Group's financial results. The activity is performed mainly by two related entities: Stalexport Autostrada Małopolska S.A. and VIA4 S.A. SAM S.A. organizes and supervises motorway investments and has the right to receive profits from the motorway, while VIA4 S.A. is responsible for motorway operation and on behalf of SAM S.A. collects tolls for vehicle passage.

Consolidated revenue on sales generated by motorway activity for I quarter 2019 amounted to TPLN 78,466 increasing by 4.5% in relation to revenue for I quarter 2018 (TPLN 75,101).

The aforementioned variation was mainly the consequence of:

- (i) 2.8% increase of traffic level in relation to I quarter 2018, resulting from 2.6% increase of traffic level for light vehicles and 3.7% increase of traffic level for heavy vehicles;
- (ii) increase of toll rates since 1 March 2019 respectively for:
 - a) the passage of heavy vehicles category 2 and 3 from PLN 18.00 to PLN 20.00,
 - b) the passage of heavy vehicles category 4 and 5 from PLN 30.00 to PLN 35.00.

Cost of sales and administrative expenses incurred in relation to motorway activity amounted to TPLN 64,056, increasing by 136% in relation to I quarter 2018 (TPLN 27,125). The above resulted mainly from the recognition of liability due to Payments to the State Treasury in amount of TPLN 34,941 as at 31 March 2019, as well as the increase of depreciation/amortisation costs by TPLN 1,090 (out of which TPLN 991 was attributed to concession intangible assets).

The financial activity of motorway segment for I quarter 2019 resulted in a loss amounting to TPLN 2,123, comparing to a loss of TPLN 5,388 for I quarter 2018. This positive variation was mainly the consequence of expenses due to unwinding of the discount related to the Concession Payments in amount of TPLN 2,193 recorded in I quarter 2018, as well as diminishing costs related to the Project Loan Agreement (decrease of TPLN 511) as the result of progressing payment of corresponding liabilities.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

As the consequence of all the above, the Group's motorway activity generated a net profit of TPLN 5,492 for I quarter 2019, comparing to net profit of TPLN 35,132 for I quarter 2018.

24.3. Information on construction contracts involving Stalexport Autostrada Małopolska S.A.

On 5 February 2016 SAM S.A. and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed the contract HM-3-2016 „Resurfacing 2016-2017” for the resurfacing of motorway sections with a total length of 59.9 km, resurfacing of bridges and the partial reconstruction of linear drainage within the motorway median. The current contract value amounts to TPLN 46,596 (including change orders). As at 31 March 2019 the financial progress of the project (value of works recorded) amounted to TPLN 43,540 (93% of the contract value), none of which was recorded in 2019.

On 1 April 2016 SAM S.A. and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-6-2014 “Reconstruction of A-4 motorway drainage for Silesian voivodeship section – part II” currently amounting to TPLN 29,824 (including change orders). The contract includes reconstruction of drainage for eight catchments in Silesian voivodeship. As at 31 March 2019 the financial progress of the project (value of works recorded) amounted to TPLN 28,054 (94% of the contract value), none of which was recorded in 2019.

On 4 July 2017 SAM S.A. employed Pavimental Polska Sp. z o.o. for the contract ROM48 “Renovation of M48 bridge supports” currently amounting to TPLN 21,619 (including change orders). As at 31 March 2019 the financial progress of the project (value of works recorded) amounted to TPLN 11,496 (53% of the contract value), out of which TPLN 67 was recorded in 2019.

On 18 September 2017 SAM S.A. and Zakład Budowlano-Instalacyjny „ALFA” signed a contract for the construction of superstructure and extension of the Motorway Management Building currently amounting to TPLN 2,059. As at 31 March 2019 the financial progress of the project (value of works recorded) amounted to TPLN 1,834 (89% of the contract value), none of which was recorded in 2019.

On 21 November 2018 SAM S.A. and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed a contract ROM09-54 “Renovation of bridges M09L and M09P and also replacement of expansion joints on the bridge M54P” amounting to TPLN 8,694. The scope of the contract covers design and replacement of expansion joints of the bridge M54, as well as repairs of bearings and bridge bearing supporting plinths of M09 structure. As at 31 March 2019 no capital expenditures have yet been incurred in relation to the contract.

On 4 February 2019 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract HM-4-2019 „Resurfacing 2019-2020” for the resurfacing of motorway sections with a total length of 42.4 km, resurfacing of bridges and the partial reconstruction of linear drainage within the motorway median. The value of the contract amounts to TPLN 49,689. As at 31 March 2019 no capital expenditures have yet been incurred in relation to the contract.

On 6 March 2019 SAM S.A. and company KRYMEX signed a contract for complete overhaul of linear drainage at Toll Collection Plaza “Balice” amounting to TPLN 1,386. As at 31 March 2019 no capital expenditures have yet been incurred in relation to the contract.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

25. Other important events within the Stalexport Autostrady S.A. Capital Group during the period from 1 January to 31 March 2019.

On 18 March 2019 General Meeting of Stalexport Autoroute S.à r.l. decided to pay out the dividend for 2018 in amount of TPLN 10,908 to company's sole shareholder, i.e. Stalexport Autostrady S.A.

On 21 March 2019 the Ordinary General Meeting of VIA4 S.A. decided to distribute the net profit for 2018 in amount of TPLN 11,760, with the amount of TPLN 47 assigned to cover previous years' losses, the amount of TPLN 3,045 assigned to dividend payment (paid out in full in 2018 as interim dividends) and the amount of TPLN 8,668 allocated to supplementary capital.

26. Shareholders holding directly or indirectly via their subsidiaries at least 5% of total number of votes at the Annual General Meeting of the Parent Entity at quarterly report's date

List of Shareholders holding more than 5% of total number of votes eligible for Annual General Meeting of Stalexport Autostrady S.A.:

Shareholder	Number of ordinary shares held*	Share in share capital (%)	Number of votes at AGM	Share in total number of votes at AGM (%)
Atlantia S.p.A.	151,323,463	61.20%	151,323,463	61.20%

*Based on notifications received by the Company according to article 69 and 69a in connection with article 87 of the Act on Public Offering and conditions of introducing the financial instruments to public trading and on public companies.

27. Parent Entity's shares held by managing and supervising personnel at quarterly report's date

The President of the Management Board of the Parent Entity Mr Emil Wąsacz held 59,000 shares at report's issue date. There were no changes in the number of Parent Entity's shares held by managing and supervising personnel since the previous report's issue date.

28. Subsequent events

On 26 April 2019 the Ordinary General Meeting of SAM S.A. decided to distribute the net profit for 2018 in amount of TPLN 175,128, with the amount of TPLN 10,908 assigned to dividend payment (paid out in full in 2019 as interim dividends), amount of TPLN 99,726 allocated to supplementary capital and amount of TPLN 64,494 allocated to reserve capital for future payments to shareholders (in particular dividends and interim dividends).

Explanation

This document constitutes a translation of the condensed consolidated interim financial statements of Stalexport Autostrady S.A. Capital Group, which were originally issued in Polish. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.



STALEXPORT
Autostrady

**CONDENSED SEPARATE
INTERIM FINANCIAL STATEMENTS**

for the three-month period ended
31 March 2019

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Contents

Condensed separate interim statement of comprehensive income	3
Condensed separate interim statement of financial position	4
Condensed separate interim statement of cash flows	5
Condensed separate interim statement of changes in equity	6
Notes to the condensed separate interim financial statements	
1. Company overview	7
2. Basis for preparation of condensed separate interim financial statements	7
3. Going concern.....	7
4. Description of significant accounting principles	8
5. Segment reporting.....	8
6. Investments in subsidiaries and associates	9
7. Contingent liabilities	9
8. Related party transactions.....	10
9. Subsequent events	11

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of comprehensive income
for the three-month period ended

In thousands of PLN, unless stated otherwise

	31 March 2019 <i>(unaudited)</i>	31 March 2018 <i>(unaudited)</i>
Revenue	895	859
Cost of sales	(999)	(954)
Gross loss	(104)	(95)
Other income	42	4
Administrative expenses	(1 143)	(1 099)
Other expenses	(2)	(10)
Operating loss	(1 207)	(1 200)
Finance income	12 018	1 410
Finance expenses	(29)	(1)
Net finance income	11 989	1 409
Profit before income tax	10 782	209
Income tax expense	21	(67)
Profit for the period	10 803	142
Other comprehensive income		
<i>Items that will never be reclassified to profit or loss for the period</i>		
Change in fair value of equity instruments	(155)	31
Income tax on other comprehensive income	30	(6)
Other comprehensive income for the period, net of income tax	(125)	25
Total comprehensive income for the period	10 678	167
Earnings per share		
Basic earnings per share (PLN)	0.04	0.00
Diluted earnings per share (PLN)	0.04	0.00

The condensed separate interim statement of comprehensive income should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of financial position
as at

In thousands of PLN

	31 March 2019 <i>(unaudited)</i>	31 December 2018	31 marca 2018 r. <i>(unaudited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	335	358	168
Intangible assets	1	1	1
Investment property	6 873	3 765	3 748
Investments in subsidiaries and associates	67 118	67 118	67 118
Other non-current investments	143	143	69
Finance lease receivables	2 975	3 243	3 487
Deferred tax assets	2 647	2 596	3 161
Total non-current assets	80 092	77 224	77 752
Current assets			
Current investments	1 668	1 823	1 435
Finance lease receivables	1 558	1 636	1 875
Trade and other receivables	5 726	5 584	5 876
Cash and cash equivalents	279 059	267 946	333 237
Total current assets	288 011	276 989	342 423
Total assets	368 103	354 213	420 175
EQUITY AND LIABILITIES			
Equity			
Share capital	185 447	185 447	185 447
Share premium reserve	7 430	7 430	7 430
Fair value reserve	282	407	25
Other reserve and supplementary capitals	151 717	151 717	150 215
Retained earnings	15 262	4 459	73 377
Total equity	360 138	349 460	416 494
Liabilities			
Non-current liabilities			
Lease liabilities	3 029	-	-
Employee benefits	358	99	2 414
Total non-current liabilities	3 387	99	2 414
Current liabilities			
Lease liabilities	121	-	-
Trade and other payables	1 249	1 446	1 165
Employee benefits	3 208	3 208	102
Total current liabilities	4 578	4 654	1 267
Total liabilities	7 965	4 753	3 681
Total equity and liabilities	368 103	354 213	420 175

The condensed separate interim statement of financial position should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of cash flows
for the three-month period ended

In thousands of PLN

	31 March 2019 <i>(unaudited)</i>	31 marca 2018 r. <i>(unaudited)</i>
Cash flows from operating activities		
Profit before income tax	10 782	209
Adjustments for		
Depreciation and amortisation	162	133
Interest and dividends	(11 845)	(1 342)
Change in receivables	204	196
Change in trade and other payables	444	521
Net cash used in operating activities	(253)	(283)
Cash flows from investing activities		
Investment proceeds	11 874	6 142
Dividends received	10 908	4 800
Interest received	966	1 342
Investment expenditures	(383)	(8)
Acquisition of intangible assets and property, plant and equipment	(383)	(8)
Net cash from investing activities	11 491	6 134
Cash flows from financing activities		
Financial expenditures	(125)	-
Payment of lease liabilities	(125)	-
Net cash used in financing activities	(125)	-
Total net cash flows	11 113	5 851
Change in cash and cash equivalents	11 113	5 851
Cash and cash equivalents at the beginning of the period	267 946	327 386
Cash and cash equivalents at the end of the period	279 059	333 237

The condensed separate interim statement of cash flows should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of changes in equity

In thousands of PLN

<i>(unaudited)</i>	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2019	185 447	7 430	407	151 717	4 459	349 460
Profit for the period	-	-	-	-	10 803	10 803
Other comprehensive income	-	-	(125)	-	-	(125)
Change in fair value of equity instruments	-	-	(155)	-	-	(155)
Income tax on other comprehensive income	-	-	30	-	-	30
Total comprehensive income for the period	-	-	(125)	-	10 803	10 678
As at 31 March 2019	185 447	7 430	282	151 717	15 262	360 138

	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2018	185 447	7 430	-	150 215	73 235	416 327
Profit for the period	-	-	-	-	4 432	4 432
Other comprehensive income	-	-	406	-	1	407
Change in fair value of equity instruments	-	-	493	-	-	493
Remeasurement of employee benefits	-	-	-	-	1	1
Income tax on other comprehensive income	-	-	(87)	-	-	(87)
Total comprehensive income for the period	-	-	406	-	4 433	4 839
Sale of equity instruments measured at fair value through other comprehensive income	-	-	1	-	(1)	-
Dividends paid	-	-	-	-	(71 706)	(71 706)
Allocation of profit to supplementary capital	-	-	-	1 502	(1 502)	-
As at 31 December 2018	185 447	7 430	407	151 717	4 459	349 460

<i>(unaudited)</i>	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2018	185 447	7 430	-	150 215	73 235	416 327
Profit for the period	-	-	-	-	142	142
Other comprehensive income	-	-	25	-	-	25
Change in fair value of equity instruments	-	-	31	-	-	31
Income tax on other comprehensive income	-	-	(6)	-	-	(6)
Total comprehensive income for the period	-	-	25	-	142	167
As at 31 March 2018	185 447	7 430	25	150 215	73 377	416 494

The condensed separate interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

1. Company overview

Stalexport Autostrady S.A. ("the Company") with its seat in Mysłowice, Piaskowa 20 Street, is a public listed company registered in the National Court Register under registration number KRS 16854.

As at 31 March 2019 the Company's business activity includes management and business advisory, rental of office space and also finance lease services

2. Basis for preparation of condensed separate interim financial statements

2.1. Statement of compliance

These condensed separate interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union and other regulations in force.

These condensed separate interim financial statements should be analysed together with the separate financial statements prepared as at the day and for the year ended 31 December 2018 and the condensed consolidated interim financial statements prepared as at the day and for the three-month period ended 31 March 2019.

The condensed separate interim financial statements were approved by the Management Board of the Company on 9 May 2019.

2.2. Functional and presentation currency

The condensed separate interim financial statements are presented in Polish zloty, being the functional currency and presentation currency of the Company, rounded to full thousands.

2.3. New standards and interpretations not applied in these condensed separate interim financial statements

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2019, have not been applied in preparation of these condensed separate interim financial statements. Neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the separate financial statements of the Company for the period for which they will become effective.

3. Going concern

The condensed separate interim financial statements have been prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future. As at the date of approval of these condensed separate interim financial statements, there is no evidence indicating that the Company will not be able to operate as a going concern.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

4. Description of significant accounting principles

Except for the changes described below resulting from the introduction of new standards effective for reporting periods beginning on 1 January 2019 or later, the Company while preparing these condensed separate interim financial statements applied accounting principles identical to the ones used for preparation of the separate financial statements as at the day and for the year ended 31 December 2018.

IFRS 16 Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 *Leases* and interpretations related to such agreements.

The standard introduces a single lessee accounting model for agreements meeting the definition of lease, i.e. a depreciable right-of-use asset and a lease liability are recognised in statement of financial position. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease, or if that cannot be readily determined, by using incremental borrowing rate.

Lessors will still distinguish two kinds of lease, i.e. financial lease, if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred, or otherwise an operating lease.

The Company applied IFRS 16 using the modified retrospective approach, with the cumulative effect of the implementation recognised at the date of initial application, i.e. 1 January 2019, as an adjustment to the opening balance of retained earnings at that date. As the result, the comparative information has not been restated.

So far the Company classified perpetual usufruct of land as operating lease, with the payments for perpetual usufruct expensed to profit or loss when incurred. As the result of IFRS 16 introduction the Company recognised a lease liability amounting to the present value of payments for perpetual usufruct that are not yet paid (the perpetual usufruct expires in December 2089), discounted using the Company's incremental borrowing rate (3.67%) as of initial application date. Lease liability related to payments for perpetual usufruct of land amounted to TPLN 3,247 at the date of initial application of IFRS 16. The Company recognised a right-of-use asset measured at the amount equal to the aforementioned liability, as the consequence of which Company's equity were not subject to any changes as at 1 January 2019. Considering that this right-of-use asset meets the definition of investment property, it has been presented as such within the condensed separate interim statement of financial position.

5. Segment reporting

The Company's business activity includes management and business advisory and also rental of office space and its revenue is earned exclusively in Poland.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

6. Investments in subsidiaries and associates

Investments in subsidiaries and associates relate to the following companies:

	Cost	Impairment loss	Carrying amount	Ownership
31 March 2019				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autoroute S.a r.l	67 086	-	67 086	100.00%
Biuro Centrum Sp. z o.o.	32	-	32	40,63%
Total	68 845	(1 727)	67 118	
31 December 2018				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autoroute S.a r.l	67 086	-	67 086	100.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 845	(1 727)	67 118	
31 March 2018				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autoroute S.a r.l	67 086	-	67 086	100.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 845	(1 727)	67 118	

Company's investments in subsidiaries and associates weren't subject to any changes in the 3-month period ended 31 March 2019.

7. Contingent liabilities

Contingent liabilities amounting to TPLN 23,378 (31 December 2018: TPLN 23,668, 31 March 2018: TPLN 21,950) constitute guarantees granted to related entities.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

8. Related party transactions

8.1. Intragroup receivables and liabilities

31 March 2019

Atlantia SpA	-	-	17
Parent entities	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	3
VIA4 S.A.	21	4 533	-
Subsidiaries	21	4 533	3
Biuro Centrum Sp. z o.o.	2	-	21
Associates	2	-	21
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	-	-	10
Total	23	4 533	51

Trade and other receivables	Finance lease receivables	Trade and other payables
-	-	17
-	-	17
-	-	3
21	4 533	-
21	4 533	3
2	-	21
2	-	21
-	-	10
-	-	10
23	4 533	51

31 December 2018

Atlantia SpA	-	-	17
Parent entities	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	3
VIA4 S.A.	155	4 879	-
Subsidiaries	155	4 879	3
Biuro Centrum Sp. z o.o.	2	-	629
Associates	2	-	629
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	-	-	10
Total	157	4 879	659

Trade and other receivables	Finance lease receivables	Trade and other payables
-	-	17
-	-	17
-	-	3
155	4 879	-
155	4 879	3
2	-	629
2	-	629
-	-	10
-	-	10
157	4 879	659

31 March 2018

Atlantia SpA	-	-	17
Parent entities	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	3
VIA4 S.A.	18	5 362	-
Subsidiaries	18	5 362	3
Biuro Centrum Sp. z o.o.	2	-	8
Associates	2	-	8
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	-	-	10
Total	20	5 362	38

Trade and other receivables	Finance lease receivables	Trade and other payables
-	-	17
-	-	17
-	-	3
18	5 362	-
18	5 362	3
2	-	8
2	-	8
-	-	10
-	-	10
20	5 362	38

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

8.2. Related party transactions amounts

I quarter 2019

Stalexport Autostrada Małopolska S.A.

VIA4 S.A.

Stalexport Autoroute S.a.r.l

Subsidiaries

Biuro Centrum Sp. z o.o.

Associates

Autogrill Polska Sp. z o.o.

Other related entities

Total

Revenue	Finance income (dividends)	Finance income (other)	Cost of sales
-	-	-	(7)
51	-	49	-
-	10 908	-	-
51	10 908	49	(7)
54	-	-	(789)
54	-	-	(789)
3	-	-	-
3	-	-	-
108	10 908	49	(796)

I quarter 2018

Stalexport Autostrada Małopolska S.A.

VIA4 S.A.

Subsidiaries

Biuro Centrum Sp. z o.o.

Associates

Autogrill Polska Sp. z o.o.

Other related entities

Total

Revenue	Finance income (dividends)	Finance income (other)	Cost of sales
-	-	-	(7)
45	-	62	-
45	-	62	(7)
52	-	-	(730)
52	-	-	(730)
18	-	-	-
18	-	-	-
115	-	63	(737)

9. Subsequent events

There were no significant subsequent events, which should be disclosed in the condensed separate interim financial statements for the 3-month period ended 31 March 2019.

Explanation

This document constitutes a translation of the condensed separate interim financial statements of Stalexport Autostrady S.A., which were originally issued in Polish. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.