STALEXPORT Autostrady

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE CAPITAL GROUP

for the six-month period ended 30 June 2019

Mysłowice, 31 July 2019

Contents

Condensed consolidated interim statement of comprehensive income
for the six-month period ended 30 June

In thousands of PLN, unless stated otherwise	*Note*	***2019*** *(unaudited)*	***2018**** *(unaudited)*
Revenue	7, 9	167 962	160 244
Cost of sales	7, 10	(45 837)	(20 197)
Gross profit		**122 125**	**140 047**
Other income	11	1 987	4 910
Administrative expenses	7, 10	(62 766)	(16 588)
Other expenses	12	(321)	(3 110)
Impairment losses on trade and other receivables		(16)	(59)
Operating profit		**61 009**	**125 200**
Finance income		5 885	6 414
Finance expenses		(7 948)	(14 240)
Net finance expense	13	**(2 063)**	**(7 826)**
Share of profit of equity accounted investees (net of income tax)		**79**	**115**
Profit before income tax		**59 025**	**117 489**
Income tax expense		(21 484)	(23 526)
Profit for the period		**37 541**	**93 963**
Other comprehensive income			
Items that will never be reclassified to profit or loss for the period			
Change in fair value of equity instruments	19	(142)	382
Remeasurement of employee benefits		(107)	(33)
Income tax on other comprehensive income		48	(67)
		(201)	**282**
Items that are or may be reclassified subsequently to profit or loss for the period			
Foreign currency translation differences for foreign operations		78	62
Effective portion of changes in fair value of cash flow hedges	20.2	(48)	(297)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	20.2	1 148	1 596
Income tax on other comprehensive income		(209)	(247)
		969	**1 114**
Other comprehensive income for the period, net of income tax		**768**	**1 396**
Total comprehensive income for the period		**38 309**	**95 359**
Profit attributable to:			
owners of the Company		35 138	91 209
non-controlling interest		2 403	2 754
Profit for the period		**37 541**	**93 963**
Total comprehensive income attributable to:			
owners of the Company		35 929	92 618
non-controlling interest		2 380	2 741
Total comprehensive income for the period		**38 309**	**95 359**
Earnings per share			
Basic earnings per share (PLN)		0.14	0.37
Diluted earnings per share (PLN)		0.14	0.37

* 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

Condensed consolidated interim statement of financial position

as at

In thousands of PLN	*Note*	***30 June 2019 (unaudited)***	***31 December 2018****	***1 January 2018****
ASSETS				
Non-current assets				
Property, plant and equipment	14	31 533	33 663	36 666
Intangible assets	15	444 810	449 922	473 548
Investment property	16	6 733	3 765	3 870
Investments in associates		1 149	1 070	1 034
Other non-current investments		479 688	419 343	434 147
Deferred tax assets	17	28 103	28 582	71 019
Total non-current assets		**992 016**	**936 345**	**1 020 284**
Current assets				
Inventories		2 592	2 724	2 630
Current investments		1 651	1 823	1 403
Income tax receivables		10	18 908	2 560
Trade and other receivables	18	22 421	37 360	25 452
Cash and cash equivalents		272 604	333 741	396 900
Total current assets		**299 278**	**394 556**	**428 945**
Total assets		**1 291 294**	**1 330 901**	**1 449 229**
EQUITY AND LIABILITIES				
Equity	20			
Share capital	20.1	185 447	185 447	185 447
Share premium reserve		7 430	7 430	7 430
Fair value reserve		292	407	-
Hedging reserve	20.2	(1 518)	(2 409)	(4 443)
Other reserve capitals and supplementary capital		511 246	429 324	281 675
Foreign currency translation reserve		143	132	184
Retained earnings and uncovered losses		41 470	179 738	218 114
Total equity attributable to owners of the Company		**744 510**	**800 069**	**688 407**
Non-controlling interest		6 982	4 602	4 694
Total equity		**751 492**	**804 671**	**693 101**
Liabilities				
Non-current liabilities				
Loans and borrowings		9 888	33 229	76 295
Lease liabilities	5	3 056	-	-
Employee benefits		3 589	2 897	4 602
Deferred income		5 607	6 022	6 854
Other non-current liabilities		18 788	18 385	19 160
Provisions	21	298 254	297 363	362 244
Total non-current liabilities		**339 182**	**357 896**	**469 155**
Current liabilities				
Loans and borrowings		46 111	44 176	40 943
Lease liabilities	5	122	-	-
Derivative financial instruments		2 518	3 749	6 456
Income tax liabilities		12 738	204	337
Trade and other payables		37 736	30 287	188 104
Employee benefits		4 427	4 090	381
Deferred income**		1 592	832	832
Contract liabilities**		6 997	6 102	4 962
Provisions	21	88 379	78 894	44 958
Total current liabilities		**200 620**	**168 334**	**286 973**
Total liabilities		**539 802**	**526 230**	**756 128**
Total equity and liabilities		**1 291 294**	**1 330 901**	**1 449 229**

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

** Items restated as at 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

Condensed consolidated interim statement of cash flows
for the six-month period ended 30 June

In thousands of PLN	*Note*	***2019*** *(unaudited)*	***2018**** *(unaudited)*
Cash flows from operating activities			
Profit before income tax		**59 025**	**117 489**
Adjustments for			
Depreciation and amortisation	10	28 213	25 953
Foreign currency translation differences for foreign operations		78	62
Gain on disposal of intangible assets and property, plant and equipment	11	(187)	(9)
Interest and dividends		(2 986)	(2 287)
Share of profit of equity accounted investees		(79)	(115)
Change in receivables		14 946	(12 906)
Change in inventories		132	(53)
Change in trade and other payables		9 178	2 772
Change in provisions		1 926	(19 543)
Change in deferred income**		345	336
Change in contract liabilities**		895	388
Cash generated from operating activities		**111 486**	**112 087**
Income tax paid		10 266	(9 388)
Net cash from operating activities		**121 752**	**102 699**
Cash flows from investing activities			
Investment proceeds		**6 380**	**6 769**
Sale of intangible assets and property, plant and equipment		192	99
Dividends from equity accounted investees		-	171
Interest received		6 188	6 499
Investment expenditures		**(73 259)**	**(22 510)**
Acquisition of intangible assets and property, plant and equipment		(12 655)	(11 927)
Non-current deposits held for investment expenditures		(60 604)	(10 583)
Net cash used in investing activities		**(66 879)**	**(15 741)**
Cash flows from financing activities			
Financial expenditures		**(116 010)**	**(155 215)**
Dividends paid, including attributable to:	20.5	(91 487)	(75 699)
owners of the Company		(91 487)	(71 706)
non-controlling interest		-	(3 993)
Repayment of loans and borrowings		(21 702)	(20 036)
Interest paid		(2 696)	(3 878)
Payment of lease liabilities		(125)	-
Concession Payments		-	(55 602)
Net cash used in financing activities		**(116 010)**	**(155 215)**
Total net cash flows		**(61 137)**	**(68 257)**
Change in cash and cash equivalents		**(61 137)**	**(68 257)**
Cash and cash equivalents at the beginning of the period		**333 741**	**396 900**
Cash and cash equivalents at the end of the period		**272 604**	**328 643**

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

** Items restated for 6-month period ended 30 June 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

Condensed consolidated interim statement of changes in equity

In thousands of PLN

(unaudited)	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	-	-	-	-	-	-	***35 138***	***35 138***	***2 403***	***37 541***
Other comprehensive income:	-	-	***(115)***	***891***	***(10)***	***11***	***13***	***790***	***(23)***	***767***
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	-	-	-	1 148	-	-	-	**1 148**	-	**1 148**
Remeasurement of employee benefits	-	-	-	-	-	-	(79)	**(79)**	(28)	**(107)**
Change in fair value of equity instruments	-	-	(142)	-	-	-	-	**(142)**	-	**(142)**
Foreign currency translation differences for foreign operations	-	-	-	-	(10)	11	77	**78**	-	**78**
Income tax on other comprehensive income	-	-	27	(209)	-	-	15	**(167)**	5	**(162)**
Total comprehensive income for the period	-	-	***(115)***	***891***	***(10)***	***11***	***35 151***	***35 928***	***2 380***	***38 308***
Dividends paid	-	-	-	-	(91 487)	-	-	**(91 487)**	-	**(91 487)**
Allocation of profit to other reserve capitals and supplementary capital	-	-	-	-	173 419	-	(173 419)	**-**	**-**	**-**
As at 30 June 2019	**185 447**	**7 430**	**292**	**(1 518)**	**511 246**	**143**	**41 470**	**744 510**	**6 982**	**751 492**

* 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

Condensed consolidated interim statement of changes in equity (continued)

In thousands of PLN

(unaudited)	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*	***-***	***-***	***-***	***-***	***-***	***-***	***91 209***	***91 209***	***2 754***	***93 963***
Other comprehensive income:	***-***	***-***	***309***	***1 052***	***38***	***21***	***(11)***	***1 409***	***(13)***	***1 396***
Effective portion of changes in fair value of cash flow hedges	-	-	-	(297)	-	-	-	**(297)**	-	**(297)**
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	1 596	-	-	-	**1 596**	-	**1 596**
Remeasurement of employee benefits	-	-	-	-	-	-	(17)	**(17)**	(16)	**(33)**
Change in fair value of equity instruments	-	-	382	-	-	-	-	**382**	-	**382**
Foreign currency translation differences for foreign operations	-	-	-	-	38	21	3	**62**	-	**62**
Income tax on other comprehensive income	-	-	(73)	(247)	-	-	3	**(317)**	3	**(314)**
Total comprehensive income for the period	***-***	***-***	***309***	***1 052***	***38***	***21***	***91 198***	***92 618***	***2 741***	***95 359***
Dividends paid	-	-	-	-	-	-	(71 706)	**(71 706)**	(3 993)	**(75 699)**
Allocation of profit to supplementary capital	-	-	-	-	147 623	-	(147 623)	-	-	-
As at 30 June 2018*	**185 447**	**7 430**	**309**	**(3 391)**	**429 336**	**205**	**89 983**	**709 319**	**3 442**	**712 761**

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

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

1. Group 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.

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 30 June 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 the I semester of 2019.

The condensed consolidated interim financial statements as at the day and for the six-month period ended 30 June 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).

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.

In accordance with Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (the Official Journal of law 2018.757) the Group is required to publish the financial results for the six-month period ended 30 June 2019, which is deemed to be the current interim financial reporting period.

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 31 July 2019.

2.2. Functional and presentation currency

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

2.3. Use of estimates and judgments

The preparation of condensed consolidated 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 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.

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. 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.

In I semester 2019 the Concession Holder recognised a liability due to Payments to the State Treasury amounting to TPLN 54,558 gross (TPLN 44,356 net), out of which TPLN 47,975 was paid before the end of the reporting period. Moreover the Concession Holder estimates that out of the cash and cash equivalents amount being in his possession as at 30 June 2019, the amount of TPLN 23,456 (net) will be attributed to Payments to State Treasury as determined at the next calculation date, i.e. 30 September 2019.

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.

5. Description of significant accounting policies

Except for the changes resulting from the introduction of new standards and interpretations, as well as amendments to existing 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 described in the consolidated financial statements as at and for the year ended 31 December 2018. The changes, which had significant impact on these condensed consolidated interim financial statements, has been presented below.

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, however 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.

i) *Accounting policies applied*

Considering the extent to which IFRS 16 has affected the existing accounting policies of the Group, the accounting policies that follow apply only to cases where the Group is the lessee.

At the lease commencement date the Group recognises a right-of-use asset and a lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease, or if that rate can't be readily determined, using the Group's incremental borrowing rate.

The Group subsequently measures the lease liabilities by

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

At the lease commencement date the Group measures the right-of-use asset at cost. Subsequently these assets are measured at cost less any accumulated depreciation and impairment losses, taking into account adjustments resulting from aforementioned revaluation of lease liabilities.

If a right-of-use asset meets the definition of investment property, it is presented as such within consolidated statement of financial position.

In case of short-term leases and leases for which the underlying asset is of low value, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

ii) *Impact of initial application*

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).

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.

Consolidated statement of financial position as at 31 December 2018

In thousands of PLN	***31 December 2018*** *published*	***impact of change of treatment***		***31 December 2018*** *restated*
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
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.

Consolidated statement of financial position as at 1 January 2018

In thousands of PLN	***1 January 2018*** *published*	***impact of change of treatment***		***1 January 2018*** *restated*
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
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.

Consolidated statement of comprehensive income for six-month period ended 30 June 2018

In thousands of PLN, unless stated otherwise	***I semester 2018***	***impact of change of treatment***		***I semester 2018***
	published			*restated*
Revenue	160 244	-		160 244
Cost of sales	(19 740)	(457)	(1)	(20 197)
Gross profit	**140 504**	**(457)**		**140 047**
Other income	4 910	-		4 910
Administrative expenses	(18 393)	1 805	(2)	(16 588)
Other expenses	(3 110)	-		(3 110)
Impairment losses on trade and other receivables	(59)	-		(59)
Operating profit	**123 852**	**1 348**		**125 200**
Finance income	6 414	-		6 414
Finance expenses	(12 775)	(1 465)	(3)	(14 240)
Net finance expense	**(6 361)**	**(1 465)**		**(7 826)**
Share of profit of equity accounted investees (net of income tax)	**115**	**-**		**115**
Profit before income tax	**117 606**	**(117)**		**117 489**
Income tax expense	(23 548)	22	(4)	(23 526)
Profit for the period	**94 058**	**(95)**		**93 963**
Total comprehensive income for the period	**95 454**	**(95)**		**95 359**
Earnings per share				
Basic earnings per share (PLN)	0.37	-		0.37
Diluted earnings per share (PLN)	0.37	-		0.37

(1) Amortisation of the concession intangible assets recognised in respect of Concession fees;
(2) Withdrawal of Concession fees incurred in I semester 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 reporting period.

(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.

Business segments

Business segments include:

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

Business segments results

For the period from 1 January 2019 to 30 June 2019

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	1 674	166 288	**167 962**
Total revenue	**1 674**	**166 288**	**167 962**
Operating expenses			
Cost of sales to external customers	(1 926)	(43 911)	**(45 837)**
Total cost of sales	**(1 926)**	**(43 911)**	**(45 837)**
Other income	46	1 941	**1 987**
Other expenses	(5)	(316)	**(321)**
Impairment losses on trade and other receivables	(9)	(7)	**(16)**
Administrative expenses*	(2 556)	(60 210)	**(62 766)**
Results from operating activities	**(2 776)**	**63 785**	**61 009**
Net finance income/(expense)	1 854	(3 917)	**(2 063)**
Share of profit of equity accounted investees (net of income tax)	79	-	**79**
Income tax expense	(252)	(21 232)	**(21 484)**
Profit/(Loss) for the period	**(1 095)**	**38 636**	**37 541**
Other comprehensive income, net of income tax			**768**
Total comprehensive income for the period			**38 309**
Major non-cash items			
Depreciation and amortisation	(326)	(27 887)	**(28 213)**
Impairment losses on trade and other receivables	(9)	(7)	**(16)**
Unwinding of discount (including lease interest expense)	-	(4 890)	**(4 890)**

* 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 44,356.

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

For the period from 1 January 2018 to 30 June 2018

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	1 635	158 609	**160 244**
Total revenue	**1 635**	**158 609**	**160 244**
Operating expenses			
Cost of sales to external customers*	(1 878)	(18 319)	**(20 197)**
Total cost of sales	**(1 878)**	**(18 319)**	**(20 197)**
Other income	8	4 943	**4 951**
Other expenses	(12)	(3 139)	**(3 151)**
Impairment losses on trade and other receivables	(5)	(54)	**(59)**
Administrative expenses*/**	(2 392)	(14 196)	**(16 588)**
Operating profit	**(2 644)**	**127 844**	**125 200**
Net finance income/(expense)*	2 512	(10 338)	**(7 826)**
Share of profit of equity accounted investees (net of income tax)	115	-	**115**
Income tax expense*	(204)	(23 322)	**(23 526)**
Profit/(Loss) for the period	**(221)**	**94 184**	**93 963**
Other comprehensive income, net of income tax			**1 396**
Total comprehensive income for the period			**95 359**
Major non-cash items			
Depreciation and amortisation	(266)	(25 687)	**(25 953)**
Impairment losses on trade and other receivables	(5)	(54)	**(59)**
Unwinding of discount (including lease interest expense)	-	(9 752)	**(9 752)**

* 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

	30 June 2019	*31 December 2018**	*1 January 2018**
Management, advisory and rental services			
Assets of the segment	208 358	285 128	347 902
Liabilities of the segment	8 633	4 789	3 256
Management and operation of motorways			
Assets of the segment	1 082 936	1 045 773	1 101 327
Liabilities of the segment	531 169	521 441	752 872
Total assets	**1 291 294**	**1 330 901**	**1 449 229**
Total liabilities	**539 802**	**526 230**	**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.

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

9. Revenue

	I semester 2019			*I semester 2018*		
	Management, advisory and rental services	***Management and operation of motorways***	***Total***	***Management, advisory and rental services***	***Management and operation of motorways***	***Total***
Revenue from contracts with customers						
Toll revenue, including:	-	165 994	**165 994**	-	158 128	**158 128**
Manual toll collection (cash, bank cards)	-	104 216	**104 216**	-	104 368	**104 368**
Fleet cards	-	34 927	**34 927**	-	32 601	**32 601**
Electronic toll collection	-	24 554	**24 554**	-	17 807	**17 807**
KartA4	-	2 297	**2 297**	-	3 352	**3 352**
Revenue due to other services rendered	-	2	**2**	-	10	**10**
	-	**165 996**	**165 996**	**-**	**158 138**	**158 138**
Other revenue						
Revenue from rental of investment property	1 673	-	**1 673**	1 632	-	**1 632**
Revenue due to other services rendered	1	-	**1**	3	-	**3**
Other revenue	-	292	**292**	-	471	**471**
	1 674	**292**	**1 966**	**1 635**	**471**	**2 106**
Total	**1 674**	**166 288**	**167 962**	**1 635**	**158 609**	**160 244**

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 semester 2019	*I semester 2018**
Depreciation and amortisation	(28 213)	(25 953)
Energy and materials consumption	(2 867)	(2 306)
(Accrual)/Reversal of provision for motorway resurfacing disclosed within cost of sales (external services)**	(6 091)	17 623
Other external services	(9 750)	(9 477)
Payments to the State Treasury (net amount)	(44 356)	-
Taxes and charges	(722)	(938)
Employee benefit expenses	(15 607)	(14 580)
Other costs	(997)	(1 154)
Total expenses by nature	**(108 603)**	**(36 785)**
Cost of sales and administrative expenses	**(108 603)**	**(36 785)**

* Restated due to change of treatment with regard to Concession fees - see note 6.
** Including change of estimates related to provisions - see note 21.

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

10.1. Employee benefit expenses

	I semester 2019	*I semester 2018*
Wages and salaries	(11 986)	(11 007)
Social security contributions and other benefits	(2 715)	(2 714)
Movement in employee benefits liabilities included in profit and loss:	(906)	(859)
Post-employment benefits	(56)	(53)
Jubilee bonuses liabilities	(262)	(218)
Other employee benefits	(588)	(588)
Total	**(15 607)**	**(14 580)**

11. Other income

	I semester 2019	*I semester 2018*
Rental income from passenger service areas	1 286	1 585
Compensations, contractual penalties and costs of court proceedings received	104	146
Reimbursement of real estate tax paid for previous periods	214	3 005
Interest from receivables	6	11
Net gain on disposal of property, plant and equipment and intangible assets	187	9
Other	190	154
Total	**1 987**	**4 910**

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 semester 2019	*I semester 2018*
Donations granted	(11)	(16)
Repair of damages	(40)	(20)
Penalties, compensations, payments	(38)	(22)
Reversal of rental income from passenger service areas for previous periods due to reimbursement of real estate tax paid	(214)	(3 005)
Unrecoverable input VAT	(7)	(8)
Other	(11)	(39)
Total	**(321)**	**(3 110)**

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

13. Net finance expense

	I semester 2019	*I semester 2018**
Recognised in profit or loss for the period		
Dividend income:	7	-
- equity instruments - financial instruments measured at fair vale through other comprehensive income (held at the reporting date)	7	-
Interest income under the effective interest method on:	5 784	6 408
- cash and cash equivalents	2 498	2 921
- non-current deposits	3 286	3 485
- other	-	2
Ineffective portion of changes in fair value of cash flow hedges	4	6
Other finance income	90	-
Finance income	**5 885**	**6 414**
Interest expense on liabilities measured at amortised cost, including:	(3 335)	(8 769)
- loans and borrowings, including:	(1 856)	(2 888)
- nominal	(1 196)	(1 975)
- other	(660)	(913)
- discount of Concession Payments	-	(4 416)
- discount of Concession fees	(1 422)	(1 465)
- lease interest expense	(57)	-
Discount of provisions	(3 411)	(3 871)
Net foreign exchange loss	(17)	54
Net change in fair value of cash flow hedges reclassified from other comprehensive income	(1 148)	(1 596)
Other finance expenses	(37)	(58)
Finance expenses	**(7 948)**	**(14 240)**
Net finance expense recognised in profit or loss for the period	**(2 063)**	**(7 826)**
Recognised in other comprehensive income		
Foreign currency translation differences for foreign operations	78	62
Effective portion of changes in fair value of cash flow hedges**	(48)	(297)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period**	1 148	1 596
Change in fair value of equity instruments	(142)	382
Finance income/(expenses) recognised in other comprehensive income	**1 036**	**1 743**

* Restated due to change of treatment with regard to Concession fees - see note 6.
** The Group hedges cash flows resulting from payments of interest related to Project Loan Agreement between SAM S.A. and Consortium. For cash flow being hedged a cash flow hedge accounting is applied. Derivatives are used as hedging instruments (interest rate swap).

(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	69	123	214	208	13	**627**
Transfer from property, plant and equipment under construction	-	-	4	-	(4)	**-**
Disposals	-	(1)	(569)	(19)	(1)	**(590)**
Cost as at 30 June 2018	**20 881**	**22 964**	**17 841**	**8 119**	**193**	**69 998**
Cost as at 1 January 2019	**20 940**	**23 826**	**18 686**	**8 296**	**401**	**72 149**
Acquisitions	-	371	481	16	123	**991**
Transfer from property, plant and equipment under construction	-	171	-	196	(367)	**-**
Transfer from provisions for capital expenditure	-	-	-	-	164	**164**
Disposals	(1)	(34)	(489)	(28)	-	**(552)**
Cost as at 30 June 2019	**20 939**	**24 334**	**18 678**	**8 480**	**321**	**72 752**
Depreciation and impairment losses as at 1 January 2018	**(13 430)**	**(8 073)**	**(8 425)**	**(3 367)**	**-**	**(33 295)**
Depreciation for the period	(474)	(1 370)	(862)	(395)	-	**(3 101)**
Disposals	-	1	480	19	-	**500**
Depreciation and impairment losses as at 30 June 2018	**(13 904)**	**(9 442)**	**(8 807)**	**(3 743)**	**-**	**(35 896)**
Depreciation and impairment losses as at 1 January 2019	**(14 363)**	**(10 673)**	**(9 316)**	**(4 134)**	**-**	**(38 486)**
Depreciation for the period	(463)	(1 468)	(939)	(411)	-	**(3 281)**
Disposals	-	34	486	28	-	**548**
Depreciation and impairment losses as at 30 June 2019	**(14 826)**	**(12 107)**	**(9 769)**	**(4 517)**	**-**	**(41 219)**
Carrying amounts						
As at 1 January 2018	7 382	14 769	9 767	4 563	185	**36 666**
As at 30 June 2018	6 977	13 522	9 034	4 376	193	**34 102**
As at 1 January 2019	6 577	13 153	9 370	4 162	401	**33 663**
As at 30 June 2019	6 113	12 227	8 909	3 963	321	**31 533**

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

Impairment losses

As at 30 June 2019, 31 December 2018, 30 June 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	-	7	-	-	**7**
Transfer from intangible assets not ready for use	-	26	-	(26)	**-**
Revaluation of concession intangible assets	3 181	-	-	-	**3 181**
Cost as at 30 June 2018*	**919 862**	**12 611**	**970**	**-**	**933 443**
Cost as at 1 January 2019*	**938 183**	**12 643**	**970**	**125**	**951 921**
Acquisitions	-	49	-	3 085	**3 134**
Revaluation of concession intangible assets	16 407	-	-	-	**16 407**
Disposals	-	(53)	-	-	**(53)**
Cost as at 30 June 2019	**954 590**	**12 639**	**970**	**3 210**	**971 409**
Amortisation and impairment losses as at 1 January 2018*	**(452 783)**	**(2 954)**	**(970)**	**-**	**(456 707)**
Amortisation for the period*	(21 901)	(708)	-	-	**(22 609)**
Amortisation and impairment losses as at 30 June 2018*	**(474 684)**	**(3 662)**	**(970)**	**-**	**(479 316)**
Amortisation and impairment losses as at 1 January 2019*	**(496 718)**	**(4 311)**	**(970)**	**-**	**(501 999)**
Amortisation for the period	(23 941)	(712)	-	-	**(24 653)**
Disposals	-	53	-	-	**53**
Amortisation and impairment losses as at 30 June 2019	**(520 659)**	**(4 970)**	**(970)**	**-**	**(526 599)**
Carrying amounts					
As at 1 January 2018*	463 898	9 624	-	26	**473 548**
As at 30 June 2018*	445 178	8 949	-	-	**454 127**
As at 1 January 2019*	441 465	8 332	-	125	**449 922**
As at 30 June 2019	433 931	7 669	-	3 210	**444 810**

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

During the current reporting period the Group revalued concession intangible assets recognized in relation to estimated costs of Phase II and liabilities due to Concession fees:

(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 1,296 (I semester 2018: increase of TPLN 1,265);
(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 an increase of concession intangible assets by TPLN 14,933 (I semester 2018: increase of TPLN 1,927);
(iii) due to remeasurement of Concession fees (indexation), which resulted in their increase by TPLN 178 (I semester 2018: decrease of TPLN 11).

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

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.

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 period equalled 10.77% in I semester 2019 (I semester 2018: 9.43%). 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 30 June 2019 will range from 11.26% to 13.97% during the concession period.

As at 30 June 2019, 31 December 2018, 30 June 2018 and 1 January 2018 there were no indicators, which would require the Group to test 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 30 June 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 30 June 2019	**3 247**	**30 879**	**34 126**
Depreciation and impairment losses as at 1 January 2018	**-**	**(26 626)**	**(26 626)**
Depreciation for the period	-	(243)	**(243)**
Depreciation and impairment losses as at 30 June 2018	**-**	**(26 869)**	**(26 869)**
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	(23)	(256)	**(279)**
Depreciation and impairment losses as at 30 June 2019	**(23)**	**(27 370)**	**(27 393)**
Carrying amounts			
As at 1 January 2018	-	3 870	**3 870**
As at 30 June 2018	-	3 627	**3 627**
As at 1 January 2019	3 247	3 765	**7 012**
As at 30 June 2019	3 224	3 509	**6 733**

Investment property held by the Group as right-of-use assets is measured according to IFRS 16, i.e. at cost less any accumulated depreciation and impairment losses, taking into account adjustments resulting from revaluation of lease liabilities, with which these assets were initially recognised (see also note 5).

Other 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.

(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.

Change in temporary differences during the period

	1 January 2019*	Change of deferred tax on temporary differences recognised in		30 June 2019
		profit or loss for the period	other comprehensive income	
Concession intangible assets	**(81 918)**	1 311	-	**(80 607)**
Property, plant and equipment and other intangible assets	**38 431**	(2 960)	-	**35 471**
Investment property	**99**	(609)	-	**(510)**
Other non-current investments	**(304)**	55	(6)	**(255)**
Trade and other receivables	**(422)**	479	-	**57**
Inventories	**7**	-	-	**7**
Current investments	**175**	-	33	**208**
Cash and cash equivalents	**(285)**	117	-	**(168)**
Loans and borrowings	**319**	(218)	-	**101**
Lease liabilities	**-**	604	-	**604**
Other non-current liabilities	**2 895**	(652)	-	**2 243**
Deferred income	**1 302**	66	-	**1 368**
Contract liabilities	**1 159**	170	-	**1 329**
Employee benefits	**1 588**	218	21	**1 827**
Provisions	**71 489**	1 971	-	**73 460**
Trade and other payables	**334**	606	-	**940**
Derivative financial instruments	**587**	101	(209)	**479**
Tax loss carry-forwards	**1 923**	(175)	-	**1 748**
Valuation adjustment	**(8 797)**	(1 402)	-	**(10 199)**
Total	**28 582**	**(318)**	**(161)**	**28 103**

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

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

	1 January 2018*	Change of deferred tax on temporary differences recognised in: profit or loss for the period	other comprehensive income	30 June 2018*
Concession intangible assets	**(85 904)**	3 397	-	**(82 507)**
Property, plant and equipment and other intangible assets	**45 486**	(5 426)	-	**40 060**
Investment property	**80**	9	-	**89**
Other non-current investments	**(210)**	(25)	(69)	**(304)**
Trade and other receivables	**176**	32	-	**208**
Inventories	**7**	-	-	**7**
Current investments	**235**	-	(4)	**231**
Cash and cash equivalents	**(90)**	42	-	**(48)**
Loans and borrowings	**(95)**	94	-	**(1)**
Other non-current liabilities	**2 476**	(113)	-	**2 363**
Deferred income**	**1 460**	64	-	**1 524**
Contract liabilities**	**943**	74	-	**1 017**
Employee benefits	**1 177**	227	6	**1 410**
Provisions	**77 369**	(4 162)	-	**73 207**
Trade and other payables	**31 011**	(9 361)	-	**21 650**
Derivative financial instruments	**1 060**	-	(247)	**813**
Tax loss carry-forwards	**2 436**	(368)	-	**2 068**
Valuation adjustment	**(6 598)**	(834)	-	**(7 432)**
Total	**71 019**	**(16 350)**	**(314)**	**54 355**

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

18. Trade and other receivables

	30 June 2019	*31 December 2018*	*1 January 2018*
Trade receivables from related parties	1 784	719	490
Trade receivables from other parties	13 053	14 492	11 049
Receivables from taxes, duties, social and health insurances and other benefits	5 812	20 300	12 086
Other receivables from other parties	1 772	1 849	1 827
Total	**22 421**	**37 360**	**25 452**

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

	I semester 2019	*I semester 2018*
Balance as at 1 January	**(91 553)**	**(91 500)**
Net remeasurement of loss allowance	(16)	(59)
Amounts written off	-	5
Balance as at 30 June	**(91 569)**	**(91 554)**

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

19. Financial instruments

19.1. 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.

30 June 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**	**Total**
Financial assets measured at fair value								
Equity instruments**	1 824	-	-	**1 824**	-	-	1 824	**1 824**
	1 824	**-**	**-**	**1 824**				
Financial assets not measured at fair value								
Trade and other receivables***	-	-	16 609	**16 609**				
Bank deposits (non-current investments)	-	-	479 515	**479 515**				
Cash and cash equivalents	-	-	272 604	**272 604**				
	-	**-**	**768 728**	**768 728**				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging****	-	(2 518)	-	**(2 518)**	-	(2 518)	-	**(2 518)**
	-	**(2 518)**	**-**	**(2 518)**				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	(55 999)	**(55 999)**				
Lease liabilities	-	-	(3 178)	**(3 178)**				
Liabilities due to Concession fees	-	-	(15 007)	**(15 007)**				
Payments to the State Treasury	-	-	(6 583)	**(6 583)**				
Trade and other payables***	-	-	(27 909)	**(27 909)**				
	-	**-**	**(108 676)**	**(108 676)**				

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

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)**				

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

1 January 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**	1 473	-	-	**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 semester 2019 the Group recorded losses due to valuation of aforementioned equity instruments amounting to TPLN 142 (I semester 2018: profit of TPLN 382), 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.

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

19.2. 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

	30 June 2019	*31 December 2018*	*1 January 2018*
Number of shares at the beginning of the period	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
Nominal value of 1 share (PLN)	0.75	0.75	0.75
Nominal value of A-series issue	6 256	6 256	6 256
Nominal value of B-series issue	370	370	370
Nominal value of D-series issue	3 000	3 000	3 000
Nominal value of E-series issue	71 196	71 196	71 196
Nominal value of F-series issue	37 500	37 500	37 500
Nominal value of G-series issue	67 125	67 125	67 125
Total	**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 semester 2019 (I semester 2018: TPLN -297). As the consequence of hedged interest payments made in I semester 2019, the Group reclassified the corresponding net change in fair value of cash flow hedges of TPLN -1,148 (I semester 2018: TPLN -1,596) 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 218 was attributable to portion of changes reclassified to finance expense (I semester 2018: TPLN 56 and TPLN 303 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. Other reserve capitals and supplementary capital

Other reserve capitals may be created by the General Meeting from a part or total of approved profits of the companies constituting the Group. The General Meeting may also define a particular aim to which such resources should be assigned

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

20.5. Dividends

I semester 2019

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.

I semester 2018

On 4 April 2018 the Ordinary General Meeting of the Company decided to pay out the dividend in amount of TPLN 71,706, i.e. PLN 0.29 per share. The dividend date was set for 18 April 2018 and the dividend payment date for 18 May 2018.

On 29 March 2018 the Ordinary General Meeting of VIA4 S.A. decided to pay out the dividend for 2017. Non-controlling interest was attributed with TPLN 5,386, out of which TPLN 1,393 had been paid out in 2017 as an interim dividend.

21. Provisions

Non-current provisions	**Provisions for motorway resurfacing**	**Provisions for capital expenditures (Phase II)**	**Total**
Balance at 1 January 2018	**49 568**	**312 676**	**362 244**
Additions, including:	7 953	2 896	**10 849**
- due to discounting	*486*	*2 896*	***3 382***
Change of estimates	(18 793)	(5 272)	**(24 065)**
Reclassifications	(15 593)	(27 046)	**(42 639)**
Balance at 30 June 2018	**23 135**	**283 254**	**306 389**
Balance at 1 January 2019	**2 460**	**294 903**	**297 363**
Additions, including:	5 441	2 628	**8 069**
- due to discounting	*38*	*2 628*	***2 666***
Change of estimates	868	16 017	**16 885**
Reclassifications	(6 007)	(18 056)	**(24 063)**
Balance at 30 June 2019	**2 762**	**295 492**	**298 254**
Current provisions			
Balance at 1 January 2018	**12 620**	**32 338**	**44 958**
Additions, including:	117	372	**489**
- due to discounting	*117*	*372*	***489***
Change of estimates	(6 297)	8 464	**2 167**
Utilisation	(5 791)	(5 550)	**(11 341)**
Reclassifications	15 593	27 046	**42 639**
Balance at 30 June 2018	**16 242**	**62 670**	**78 912**
Balance at 1 January 2019	**27 614**	**51 280**	**78 894**
Additions, including:	247	498	**745**
- due to discounting	*247*	*498*	***745***
Change of estimates	(180)	212	**32**
Utilisation	(7 398)	(8 121)	**(15 519)**
Capital expenditures transferred to property, plant and equipment	-	164	**164**
Reclassifications	6 007	18 056	**24 063**
Balance at 30 June 2019	**26 290**	**62 089**	**88 379**

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 30 June 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 1.70% to 2.30%). As the result of these changes the provision for resurfacing increased by TPLN 24 (I semester 2018: increase of TPLN 245), which in line with IAS 37 was recognized as an increase of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 1,296 (I semester 2018: increase of TPLN 1,265), which was recognized as an increase of concession intangible assets.

As at 30 June 2019 the Group revalued also the provision for resurfacing and the provision for capital expenditures of Phase II following the change of estimates regarding expected expenditures and future works schedule. As the result of these changes the provision for resurfacing increased by TPLN 664 (I semester 2018: decrease of TPLN 25,335), which in line with IAS 37 was recognised as an increase of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 14,933 (I semester 2018: increase of TPLN 1,927), which was recognized as an increase of concession intangible assets.

22. Capital expenditure commitments

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 30 June 2019 the financial progress of the project (value of works recorded) amounted to TPLN 44,864 (96% of the contract value), out of which TPLN 1,323 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 29,875 (including change orders). The contract includes reconstruction of drainage for eight catchments in Silesian voivodeship. As at 30 June 2019 the financial progress of the project (value of works recorded) amounted to TPLN 28,517 (95% of the contract value), out of which TPLN 463 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 30 June 2019 the financial progress of the project (value of works recorded) amounted to TPLN 15,856 (73% of the contract value), out of which TPLN 4,427 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 30 June 2019 the financial progress of the project (value of works recorded) amounted to TPLN 2,059 (100% of the contract value), out of which TPLN 225 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 30 June 2019 the financial progress of the project (value of works recorded) amounted to TPLN 587 (7% of the contract value), all of which was recorded in 2019.

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 30 June 2019 the financial progress of the project (value of works recorded) amounted to TPLN 5,440 (11% of the contract value).

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 ultimately to TPLN 1,424. As at 30 June 2019 the financial progress of the project (value of works recorded) amounted to TPLN 1,424 (100% of the contract value).

On 30 November 2018 SAM S.A., VIA4 S.A. and Autostrade Tech S.p.A signed a Software Service Agreement pursuant to which SAM S.A. is entitled to commission investment projects related to the development of the toll collection system. In I semester 2019, under the said agreement, works were carried out, among others, on the implementation of video-tolling and automation of dedicated lanes. The value of capital expenditures for projects commissioned under the Software Maintenance Agreement amounted to TPLN 3,237 in I semester 2019.

23. Collateral established on Group's property

As at 30 June 2019 property, plant and equipment with a carrying value of TPLN 17,712 (31 December 2018: TPLN 18,776, 1 January 2018: TPLN 24,838) provided a collateral for the Project Loan Agreement.

Apart from the aforementioned securities established on property, plant and equipment, the most significant collateral established in relation to the bank loan included:

- pledge of shares of Stalexport Autoroute S.a r.l, Stalexport Autostrada Małopolska S.A. and VIA4 S.A.,
- transfer of rights deriving from agreements related to project Toll Motorway A-4 Katowice-Kraków,
- transfer of rights to bank accounts of Stalexport Autostrada Małopolska S.A.,
- cession of Stalexport Autostrada Małopolska S.A. claims in relation to project Toll Motorway A-4 Katowice-Kraków.

24. Contingent liabilities

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 23,818 (31 December 2018: TPLN 23,668, 1 January 2018: TPLN 22,758).

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

25. Related party transactions

25.1. Intragroup receivables and liabilities

30 June 2019	**Trade and other receivables**	**Trade and other payables**	**Guarantees and suspended amounts**
Atlantia S.p.A.	-	17	-
Parent entity	**-**	***17***	**-**
Biuro Centrum Sp. z o.o.	90	342	-
Associates	***90***	***342***	**-**
Pavimental S.p.A. S.A. Oddział w Polsce	-	523	3 560
Pavimental Polska Sp. z o.o.	16	8 734	4 174
Telepass S.p.A.	1 678	-	-
Autostrade Tech S.p.A.	-	2 509	-
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	***1 694***	***11 766***	***7 744***
Total	**1 784**	**12 125**	**7 744**

31 December 2018	**Trade and other receivables**	**Trade and other payables**	**Guarantees and suspended amounts**
Atlantia S.p.A.	-	17	-
Parent entity	**-**	***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**

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**

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

25.2. Related party transactions amounts

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
I semester 2019				
Biuro Centrum Sp. z o.o.	109	-	(1 507)	-
Associates	***109***	***-***	***(1 507)***	***-***
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	(331)	(718)
Pavimental Polska Sp. z o.o.	43	11	(666)	(10 718)
Autogrill Polska Sp. z o.o.	6	-	-	-
Telepass S.p.A.	4 987	-	-	-
Autostrade Tech S.p.A.	-	4	(859)	(3 286)
Other related entities	***5 036***	***15***	***(1 856)***	***(14 722)***
Total	**5 145**	**15**	**(3 363)**	**(14 722)**

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
I semester 2018				
Biuro Centrum Sp. z o.o.	106	-	(1 429)	-
Associates	***106***	***-***	***(1 429)***	***-***
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(948)
Pavimental Polska Sp. z o.o.	32	8	-	(5 505)
Autogrill Polska Sp. z o.o.	23	-	-	-
Telepass S.p.A.	3 035	-	-	-
Autostrade Tech S.p.A.	-	-	(2 404)	-
Other related entities	***3 090***	***8***	***(2 404)***	***(6 453)***
Total	**3 196**	**8**	**(3 833)**	**(6 453)**

Related party transactions were at an arm's length basis (see also point 2.3 of the Management Board`s Report on the activities of the Capital Group of Stalexport Autostrady S.A. in I semester 2019).

25.3. Transactions with key personnel

The remuneration cost of the managing and supervising personnel of the Group was as follows:

	I semester 2019	*I semester 2018*
the Company		
Management Board	***959***	***964***
Salaries	446	448
Movement in employee benefits liabilities	513	516
Supervisory Board	***35***	***35***
Salaries	35	35
Subsidiaries		
Management Boards	***1 062***	***1 057***
Salaries	1 045	1 034
Movement in employee benefits liabilities	17	23
Supervisory Boards	***2***	***2***
Salaries	2	2
Total	**2 058**	**2 058**

In the I semester of 2019 and 2018 the Group did not grant any loans to the members of Management Board or Supervisory Board Members of the companies constituting the Group. The Group also did not grant any advance payments or guarantees to the above-mentioned individuals.

26. Subsequent events

- On 19 July 2019 the Polish Financial Supervision Authority approved the Company's prospectus drawn up in connection with the intention to apply for admission and introduction to public trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) of 89,500,000 series G ordinary bearer shares (numbered from G 157,762,024 to G 247,262,023) held by Atlantia S.p.A. The prospectus was published on 24 July 2019.
- On 24 July 2019 the Management Board of SAM S.A. adopted a resolution in accordance with which it decided to make on 30 September 2019 the full prepayment of outstanding debt resulting from the Project Loan Agreement and, after making the prepayment, take any actual or legal actions to remove the debt resulting from the said agreement from the relevant register of securities.

  Taking into account the above decision of the Management Board of SAM S.A., on 24 July 2019 the Management Board of the Company adopted a resolution pursuant to which it decided that in the event that SAM S.A. effectively performs the actions referred to above, the Management Board of the Company shall take actions aimed at simplifying the Group's structure in order to reduce the costs of its operation by terminating the business activity of Stalexport Autoroute S.à r.l. with its registered office in Luxembourg (hereinafter referred to as "Holdco") and its legal status. The legal existence of Holdco will be terminated through a cross-border merger of the Company and Holdco consisting in a cross-border takeover of Holdco by the Company, without increasing the share capital of the Company, using a simplified merger procedure in accordance with the Commercial Companies Code and pursuant to the relevant provisions of Luxembourg law.

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.