



**STALEXPORT**  
**Autostrady**

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

for the nine-month period ended  
30 September 2019

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019**

*These condensed consolidated interim financial statements are unaudited*

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**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019**

*These condensed consolidated interim financial statements are unaudited*

**Condensed consolidated interim statement of comprehensive income**  
**for the three and nine-month periods ended**

<i>In thousands of PLN, unless stated otherwise</i>	Note	<b>30 September 2019</b>		<b>30 September 2018*</b>	
		<b>3 months</b> <i>(unaudited)</i>	<b>9 months</b> <i>(unaudited)</i>	<b>3 months</b> <i>(unaudited)</i>	<b>9 months</b> <i>(unaudited)</i>
Revenue	7, 9	98 244	266 206	94 963	255 207
Cost of sales	7, 10	(18 691)	(64 528)	(20 792)	(40 989)
<b>Gross profit</b>		<b>79 553</b>	<b>201 678</b>	<b>74 171</b>	<b>214 218</b>
Other income	11	1 473	3 455	780	5 683
Administrative expenses	7, 10	(55 982)	(118 748)	(7 970)	(24 558)
Other expenses	12	(93)	(409)	(72)	(3 175)
Reversal of impairments losses/(Impairment losses) on trade and other receivables		6	(10)	-	(59)
<b>Operating profit</b>		<b>24 957</b>	<b>85 966</b>	<b>66 909</b>	<b>192 109</b>
Finance income		3 048	8 912	3 276	9 744
Finance expenses		(5 455)	(13 382)	(6 150)	(20 444)
<b>Net finance expense</b>	13	<b>(2 407)</b>	<b>(4 470)</b>	<b>(2 874)</b>	<b>(10 700)</b>
<b>Share of profit of equity accounted investees (net of income tax)</b>		<b>5</b>	<b>84</b>	<b>58</b>	<b>173</b>
<b>Profit before income tax</b>		<b>22 555</b>	<b>81 580</b>	<b>64 093</b>	<b>181 582</b>
Income tax expense		(13 271)	(34 755)	(12 130)	(35 656)
<b>Profit for the period</b>		<b>9 284</b>	<b>46 825</b>	<b>51 963</b>	<b>145 926</b>
<b>Other comprehensive income</b>					
<i>Items that will never be reclassified to profit or loss for the period</i>					
Change in fair value of equity instruments	19	-	(142)	(42)	340
Remeasurement of employee benefits		-	(107)	-	(33)
Income tax on other comprehensive income		-	48	8	(59)
		-	(201)	(34)	248
<i>Items that are or may be reclassified subsequently to profit or loss for the period</i>					
Foreign currency translation differences for foreign operations		47	125	(97)	(35)
Effective portion of changes in fair value of cash flow hedges	20.2	2	(46)	(74)	(371)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	20.2	1 872	3 020	758	2 354
Income tax on other comprehensive income		(356)	(565)	(130)	(377)
		<b>1 565</b>	<b>2 534</b>	<b>457</b>	<b>1 571</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>1 565</b>	<b>2 333</b>	<b>423</b>	<b>1 819</b>
<b>Total comprehensive income for the period</b>		<b>10 849</b>	<b>49 158</b>	<b>52 386</b>	<b>147 745</b>
<b>Profit attributable to:</b>					
owners of the Company		7 862	43 000	50 485	141 694
non-controlling interest		1 422	3 825	1 478	4 232
<b>Profit for the period</b>		<b>9 284</b>	<b>46 825</b>	<b>51 963</b>	<b>145 926</b>
<b>Total comprehensive income attributable to:</b>					
owners of the Company		9 426	45 355	50 908	143 526
non-controlling interest		1 423	3 803	1 478	4 219
<b>Total comprehensive income for the period</b>		<b>10 849</b>	<b>49 158</b>	<b>52 386</b>	<b>147 745</b>
<b>Earnings per share</b>					
Basic earnings per share (PLN)		0.03	0.17	0.20	0.57
Diluted earnings per share (PLN)		0.03	0.17	0.20	0.57

\* 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019**

*These condensed consolidated interim financial statements are unaudited*

**Condensed consolidated interim statement of financial position**  
**as at**

<i>In thousands of PLN</i>	Note	<b>30 September 2019</b> <i>(unaudited)</i>	<b>30 June 2019</b> <i>(unaudited)</i>	<b>31 December 2018*</b>	<b>30 September 2018*</b> <i>(unaudited)</i>	<b>1 January 2018*</b>
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	14	31 234	31 533	33 663	33 350	36 666
Intangible assets	15	442 717	444 810	449 922	442 414	473 548
Investment property	16	6 594	6 733	3 765	3 505	3 870
Investments in associates		920	1 149	1 070	1 036	1 034
Other non-current investments		439 921	479 688	419 343	418 215	434 147
Deferred tax assets	17	26 058	28 103	28 582	53 589	71 019
<b>Total non-current assets</b>		<b>947 444</b>	<b>992 016</b>	<b>936 345</b>	<b>952 109</b>	<b>1 020 284</b>
<b>Current assets</b>						
Inventories		3 120	2 592	2 724	2 852	2 630
Current investments		1 651	1 651	1 823	1 379	1 403
Income tax receivables		-	10	18 908	227	2 560
Trade and other receivables	18	18 326	22 421	37 360	18 835	25 452
Cash and cash equivalents		313 625	272 604	333 741	419 222	396 900
<b>Total current assets</b>		<b>336 722</b>	<b>299 278</b>	<b>394 556</b>	<b>442 515</b>	<b>428 945</b>
<b>Total assets</b>		<b>1 284 166</b>	<b>1 291 294</b>	<b>1 330 901</b>	<b>1 394 624</b>	<b>1 449 229</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	20.1	185 447	185 447	185 447	185 447	185 447
Share premium reserve		7 430	7 430	7 430	7 430	7 430
Fair value reserve		292	292	407	276	-
Hedging reserve	20.2	-	(1 518)	(2 409)	(2 837)	(4 443)
Other reserve capitals and supplementary capital		511 271	511 246	429 324	429 318	281 675
Foreign currency translation reserve		112	143	132	128	184
Retained earnings and uncovered losses		49 385	41 470	179 738	140 465	218 114
<b>Total equity attributable to owners of the Company</b>		<b>753 937</b>	<b>744 510</b>	<b>800 069</b>	<b>760 227</b>	<b>688 407</b>
Non-controlling interest		8 405	6 982	4 602	4 920	4 694
<b>Total equity</b>		<b>762 342</b>	<b>751 492</b>	<b>804 671</b>	<b>765 147</b>	<b>693 101</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Loans and borrowings		-	9 888	33 229	33 105	76 295
Lease liabilities	5	3 084	3 056	-	-	-
Employee benefits		3 940	3 589	2 897	2 479	4 602
Deferred income		5 399	5 607	6 022	6 230	6 854
Other non-current liabilities		20 300	18 788	18 385	18 777	19 160
Provisions	21	320 743	298 254	297 363	315 397	362 244
<b>Total non-current liabilities</b>		<b>353 466</b>	<b>339 182</b>	<b>357 896</b>	<b>375 988</b>	<b>469 155</b>
<b>Current liabilities</b>						
Loans and borrowings		-	46 111	44 176	43 315	40 943
Lease liabilities	5	124	122	-	-	-
Derivative financial instruments		-	2 518	3 749	3 608	6 456
Income tax liabilities		19 198	12 738	204	323	337
Trade and other payables		75 578	37 736	30 287	130 190	188 104
Employee benefits		785	4 427	4 090	3 610	381
Deferred income**		1 212	1 592	832	1 209	832
Contract liabilities**		6 951	6 997	6 102	5 640	4 962
Provisions	21	64 510	88 379	78 894	65 594	44 958
<b>Total current liabilities</b>		<b>168 358</b>	<b>200 620</b>	<b>168 334</b>	<b>253 489</b>	<b>286 973</b>
<b>Total liabilities</b>		<b>521 824</b>	<b>539 802</b>	<b>526 230</b>	<b>629 477</b>	<b>756 128</b>
<b>Total equity and liabilities</b>		<b>1 284 166</b>	<b>1 291 294</b>	<b>1 330 901</b>	<b>1 394 624</b>	<b>1 449 229</b>

\* 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

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019**

*These condensed consolidated interim financial statements are unaudited*

**Condensed consolidated interim statement of cash flows**  
**for the three and nine-month periods ended**

In thousands of PLN	Note	30 September 2019		30 September 2018*	
		3 months (unaudited)	9 months (unaudited)	3 months (unaudited)	9 months (unaudited)
<b>Cash flows from operating activities</b>					
<b>Profit before income tax</b>					
		<b>22 555</b>	<b>81 580</b>	<b>64 093</b>	<b>181 582</b>
<b>Adjustments for</b>					
Depreciation and amortisation	10	14 361	42 574	13 086	39 039
Foreign currency translation differences for foreign operations		47	125	(97)	(35)
(Gain)/Loss on disposal of intangible assets and property, plant and equipment	11	5	(182)	7	(2)
Interest and dividends		119	(2 867)	(1 043)	(3 330)
Share of profit of equity accounted investees		(5)	(84)	(58)	(173)
Change in receivables		4 088	19 034	19 523	6 617
Change in inventories		(528)	(396)	(169)	(222)
Change in trade and other payables		34 738	43 916	2 096	4 868
Change in provisions		(7 256)	(5 330)	1 166	(18 377)
Change in deferred income**		(588)	(243)	(583)	(247)
Change in contract liabilities**		(46)	849	290	678
<b>Cash generated from operating activities</b>					
		<b>67 490</b>	<b>178 976</b>	<b>98 311</b>	<b>210 398</b>
Income tax paid		(5 112)	5 154	(6 955)	(16 343)
<b>Net cash from operating activities</b>					
		<b>62 378</b>	<b>184 130</b>	<b>91 356</b>	<b>194 055</b>
<b>Cash flows from investing activities</b>					
<b>Investment proceeds</b>					
		<b>42 880</b>	<b>10 681</b>	<b>30 083</b>	<b>26 269</b>
Sale of intangible assets and property, plant and equipment		11	203	2	101
Proceeds from non-current deposits held for investment expenditures		38 579	-	25 795	15 212
Dividends received		7	7	-	-
Dividends from equity accounted investees		234	234	-	171
Interest received		4 049	10 237	4 286	10 785
<b>Investment expenditures</b>					
		<b>(4 626)</b>	<b>(39 306)</b>	<b>(6 697)</b>	<b>(18 624)</b>
Acquisition of intangible assets and property, plant and equipment		(4 626)	(17 281)	(6 697)	(18 624)
Non-current deposits held for investment expenditures		-	(22 025)	-	-
<b>Net cash from/(used in) investing activities</b>					
		<b>38 254</b>	<b>(28 625)</b>	<b>23 386</b>	<b>7 645</b>
<b>Cash flows from financing activities</b>					
<b>Financial expenditures</b>					
		<b>(59 611)</b>	<b>(175 621)</b>	<b>(24 163)</b>	<b>(179 378)</b>
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		(56 020)	(77 723)	(20 852)	(40 888)
Interest paid		(3 590)	(6 285)	(3 311)	(7 189)
Payment of lease liabilities		(1)	(126)	-	-
Concession Payments		-	-	-	(55 602)
<b>Net cash used in financing activities</b>					
		<b>(59 611)</b>	<b>(175 621)</b>	<b>(24 163)</b>	<b>(179 378)</b>
<b>Total net cash flows</b>					
		<b>41 021</b>	<b>(20 116)</b>	<b>90 579</b>	<b>22 322</b>
<b>Change in cash and cash equivalents</b>					
		<b>41 021</b>	<b>(20 116)</b>	<b>90 579</b>	<b>22 322</b>
<b>Cash and cash equivalents at the beginning of the period</b>					
		<b>272 604</b>	<b>333 741</b>	<b>328 643</b>	<b>396 900</b>
<b>Cash and cash equivalents at the end of the period</b>					
		<b>313 625</b>	<b>313 625</b>	<b>419 222</b>	<b>419 222</b>

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

\*\* Items restated for 9-month period ended 30 September 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
<b>As at 1 January 2019</b>	<b>185 447</b>	<b>7 430</b>	<b>407</b>	<b>(2 409)</b>	<b>429 324</b>	<b>132</b>	<b>184 975</b>	<b>805 306</b>	<b>4 602</b>	<b>809 908</b>
Impact of change of treatment*	-	-	-	-	-	-	(5 237)	(5 237)	-	(5 237)
<b>As at 1 January 2019*</b>	<b>185 447</b>	<b>7 430</b>	<b>407</b>	<b>(2 409)</b>	<b>429 324</b>	<b>132</b>	<b>179 738</b>	<b>800 069</b>	<b>4 602</b>	<b>804 671</b>
<b>Profit for the period</b>	-	-	-	-	-	-	<b>43 000</b>	<b>43 000</b>	<b>3 825</b>	<b>46 825</b>
<b>Other comprehensive income:</b>	-	-	<b>(115)</b>	<b>2 409</b>	<b>15</b>	<b>(20)</b>	<b>66</b>	<b>2 355</b>	<b>(22)</b>	<b>2 333</b>
Effective portion of changes in fair value of cash flow hedges	-	-	-	(46)	-	-	-	(46)	-	(46)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	3 020	-	-	-	3 020	-	3 020
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	-	-	-	-	15	(20)	130	125	-	125
Income tax on other comprehensive income	-	-	27	(565)	-	-	15	(523)	6	(517)
<b>Total comprehensive income for the period</b>	-	-	<b>(115)</b>	<b>2 409</b>	<b>15</b>	<b>(20)</b>	<b>43 066</b>	<b>45 355</b>	<b>3 803</b>	<b>49 158</b>
Dividends paid	-	-	-	-	(91 487)	-	-	(91 487)	-	(91 487)
Allocation of profit to other reserve capitals and supplementary capital	-	-	-	-	173 419	-	(173 419)	-	-	-
<b>As at 30 September 2019</b>	<b>185 447</b>	<b>7 430</b>	<b>292</b>	<b>-</b>	<b>511 271</b>	<b>112</b>	<b>49 385</b>	<b>753 937</b>	<b>8 405</b>	<b>762 342</b>

\* 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
<b>As at 1 January 2018</b>	<b>185 447</b>	<b>7 430</b>	-	<b>(4 443)</b>	<b>281 675</b>	<b>184</b>	<b>223 186</b>	<b>693 479</b>	<b>4 694</b>	<b>698 173</b>
Impact of change of treatment*	-	-	-	-	-	-	(5 072)	(5 072)	-	(5 072)
<b>As at 1 January 2018*</b>	<b>185 447</b>	<b>7 430</b>	-	<b>(4 443)</b>	<b>281 675</b>	<b>184</b>	<b>218 114</b>	<b>688 407</b>	<b>4 694</b>	<b>693 101</b>
<b>Profit for the period*</b>	-	-	-	-	-	-	<b>180 971</b>	<b>180 971</b>	<b>5 292</b>	<b>186 263</b>
<b>Other comprehensive income:</b>			<b>406</b>	<b>2 034</b>	<b>26</b>	<b>(52)</b>	<b>(17)</b>	<b>2 397</b>	<b>(21)</b>	<b>2 376</b>
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)
<b>Total comprehensive income for the period</b>	-	-	<b>406</b>	<b>2 034</b>	<b>26</b>	<b>(52)</b>	<b>180 954</b>	<b>183 368</b>	<b>5 271</b>	<b>188 639</b>
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)	-	-	-
<b>As at 31 December 2018*</b>	<b>185 447</b>	<b>7 430</b>	<b>407</b>	<b>(2 409)</b>	<b>429 324</b>	<b>132</b>	<b>179 738</b>	<b>800 069</b>	<b>4 602</b>	<b>804 671</b>

\* 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
<b>As at 1 January 2018</b>	<b>185 447</b>	<b>7 430</b>	-	<b>(4 443)</b>	<b>281 675</b>	<b>184</b>	<b>223 186</b>	<b>693 479</b>	<b>4 694</b>	<b>698 173</b>
Impact of change of treatment*	-	-	-	-	-	-	(5 072)	(5 072)	-	(5 072)
<b>As at 1 January 2018*</b>	<b>185 447</b>	<b>7 430</b>	-	<b>(4 443)</b>	<b>281 675</b>	<b>184</b>	<b>218 114</b>	<b>688 407</b>	<b>4 694</b>	<b>693 101</b>
<b>Profit for the period*</b>	-	-	-	-	-	-	<b>141 694</b>	<b>141 694</b>	<b>4 232</b>	<b>145 926</b>
<b>Other comprehensive income:</b>	-	-	<b>275</b>	<b>1 606</b>	<b>20</b>	<b>(56)</b>	<b>(13)</b>	<b>1 832</b>	<b>(13)</b>	<b>1 819</b>
Effective portion of changes in fair value of cash flow hedges	-	-	-	(371)	-	-	-	(371)	-	(371)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	2 354	-	-	-	2 354	-	2 354
Remeasurement of employee benefits	-	-	-	-	-	-	(17)	(17)	(16)	(33)
Change in fair value of equity instruments	-	-	340	-	-	-	-	340	-	340
Foreign currency translation differences for foreign operations	-	-	-	-	20	(56)	1	(35)	-	(35)
Income tax on other comprehensive income	-	-	(65)	(377)	-	-	3	(439)	3	(436)
<b>Total comprehensive income for the period</b>	-	-	<b>275</b>	<b>1 606</b>	<b>20</b>	<b>(56)</b>	<b>141 681</b>	<b>143 526</b>	<b>4 219</b>	<b>147 745</b>
Sale of equity instruments measured at fair value through other comprehensive income	-	-	1	-	-	-	(1)	-	-	-
Dividends paid	-	-	-	-	-	-	(71 706)	(71 706)	(3 993)	(75 699)
Allocation of profit to supplementary capital	-	-	-	-	147 623	-	(147 623)	-	-	-
<b>As at 30 September 2018*</b>	<b>185 447</b>	<b>7 430</b>	<b>276</b>	<b>(2 837)</b>	<b>429 318</b>	<b>128</b>	<b>140 465</b>	<b>760 227</b>	<b>4 920</b>	<b>765 147</b>

\* 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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”) 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 September 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 period of 3 quarters 2019.

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

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## **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 7 November 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.

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**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.

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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.

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 30 September 2019 the Group recognised a liability due to Payments to the State Treasury amounting to TPLN 44,444. In the period of 3 quarters 2019 the expenses due to Payments to the State Treasury amounted to TPLN 88,800 (3 quarters 2018: none).

## **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.

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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).

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## **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.

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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*

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

- (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.

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

*Consolidated statement of financial position as at 30 September 2018*

<i>In thousands of PLN</i>	<b>30 September 2018</b>	<b>impact of change of treatment</b>	<b>30 September 2018</b>
	<i>published</i>		<i>restated</i>
<b>ASSETS</b>			
Intangible assets	433 419	8 995 (1)	442 414
Deferred tax assets	52 371	1 218 (2)	53 589
Others	456 106	-	456 106
<b>Non-current assets</b>	<b>941 896</b>	<b>10 213</b>	<b>952 109</b>
<b>Current assets</b>	<b>442 515</b>	<b>-</b>	<b>442 515</b>
<b>Total assets</b>	<b>1 384 411</b>	<b>10 213</b>	<b>1 394 624</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained earnings and uncovered losses	145 655	(5 190) (3)	140 465
Others	619 762	-	619 762
<b>Total equity attributable to owners of the Company</b>	<b>765 417</b>	<b>(5 190)</b>	<b>760 227</b>
Non-controlling interest	4 920	-	4 920
<b>Total equity</b>	<b>770 337</b>	<b>(5 190)</b>	<b>765 147</b>
<b>Liabilities</b>			
Other non-current liabilities	5 781	12 996 (4)	18 777
Others	357 211	-	357 211
<b>Non-current liabilities</b>	<b>362 992</b>	<b>12 996</b>	<b>375 988</b>
Trade and other payables	127 783	2 407 (4)	130 190
Others	123 299	-	123 299
<b>Current liabilities</b>	<b>251 082</b>	<b>2 407</b>	<b>253 489</b>
<b>Total liabilities</b>	<b>614 074</b>	<b>15 403</b>	<b>629 477</b>
<b>Total equity and liabilities</b>	<b>1 384 411</b>	<b>10 213</b>	<b>1 394 624</b>

- (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.



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*Consolidated statement of financial position as at 1 January 2018*

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

- (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.

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*Consolidated statement of comprehensive income for nine-month period ended 30 September 2018*

<i>In thousands of PLN, unless stated otherwise</i>	<b>3 quarters 2018</b>	<b>impact of change of treatment</b>	<b>3 quarters 2018</b>
	<i>published</i>		<i>restated</i>
Revenue	255 207	-	255 207
Cost of sales	(40 302)	(687) (1)	(40 989)
<b>Gross profit</b>	<b>214 905</b>	<b>(687)</b>	<b>214 218</b>
Other income	5 683	-	5 683
Administrative expenses	(27 266)	2 708 (2)	(24 558)
Other expenses	(3 175)	-	(3 175)
Impairment losses on trade and other receivables	(59)	-	(59)
<b>Operating profit</b>	<b>190 088</b>	<b>2 021</b>	<b>192 109</b>
Finance income	9 744	-	9 744
Finance expenses	(18 277)	(2 167) (3)	(20 444)
<b>Net finance expense</b>	<b>(8 533)</b>	<b>(2 167)</b>	<b>(10 700)</b>
<b>Share of profit of equity accounted investees (net of income tax)</b>	<b>173</b>	<b>-</b>	<b>173</b>
<b>Profit before income tax</b>	<b>181 728</b>	<b>(146)</b>	<b>181 582</b>
Income tax expense	(35 684)	28 (4)	(35 656)
<b>Profit for the period</b>	<b>146 044</b>	<b>(118)</b>	<b>145 926</b>
<b>Total comprehensive income for the period</b>	<b>147 863</b>	<b>(118)</b>	<b>147 745</b>
<b>Earnings per share</b>			
Basic earnings per share (PLN)	0.57	-	0.57
Diluted earnings per share (PLN)	0.57	-	0.57

- (1) Amortisation of the concession intangible assets recognised in respect of Concession fees;
- (2) Withdrawal of Concession fees incurred in the period of 3 quarters 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.

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**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 and nine-month periods ended 30 September 2019*

	Management, advisory and rental services		Management and operation of motorways		Total	
	3 months	9 months	3 months	9 months	3 months	9 months
<b>Operating revenues</b>						
Revenue from external customers	836	2 510	97 408	263 696	98 244	266 206
<b>Total revenue</b>	<b>836</b>	<b>2 510</b>	<b>97 408</b>	<b>263 696</b>	<b>98 244</b>	<b>266 206</b>
<b>Operating expenses</b>						
Cost of sales to external customers	(909)	(2 835)	(17 782)	(61 693)	(18 691)	(64 528)
<b>Total cost of sales</b>	<b>(909)</b>	<b>(2 835)</b>	<b>(17 782)</b>	<b>(61 693)</b>	<b>(18 691)</b>	<b>(64 528)</b>
Other income	8	54	1 465	3 401	1 473	3 455
Other expenses	(2)	(7)	(91)	(402)	(93)	(409)
Reversal of impairments losses/(Impairment losses) on trade and other receivables	5	(4)	1	(6)	6	(10)
Administrative expenses*	(221)	(2 777)	(55 761)	(115 971)	(55 982)	(118 748)
<b>Results from operating activities</b>	<b>(283)</b>	<b>(3 059)</b>	<b>25 240</b>	<b>89 025</b>	<b>24 957</b>	<b>85 966</b>
Net finance income/(expense)	651	2 505	(3 058)	(6 975)	(2 407)	(4 470)
Share of profit of equity accounted investees (net of income tax)	5	84	-	-	5	84
Income tax expense	(419)	(671)	(12 852)	(34 084)	(13 271)	(34 755)
<b>Profit/(Loss) for the period</b>	<b>(46)</b>	<b>(1 141)</b>	<b>9 330</b>	<b>47 966</b>	<b>9 284</b>	<b>46 825</b>
Other comprehensive income, net of income tax					1 565	2 333
<b>Total comprehensive income for the period</b>	<b>(46)</b>	<b>(1 141)</b>	<b>9 330</b>	<b>47 966</b>	<b>10 849</b>	<b>49 158</b>
<b>Major non-cash items</b>						
Depreciation and amortisation	(163)	(489)	(14 198)	(42 085)	(14 361)	(42 574)
Reversal of impairments losses/(Impairment losses) on trade and other receivables	5	(4)	1	(6)	6	(10)
Unwinding of discount (including lease interest expense)*	(86)	(86)	(2 251)	(7 141)	(2 337)	(7 227)

\* 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 88,800 (for nine-month period of 2019).

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*For the three and nine-month periods ended 30 September 2018*

	Management, advisory and rental services		Management and operation of motorways		Total	
	3 months	9 months	3 months	9 months	3 months	9 months
<b>Operating revenues</b>						
Revenue from external customers	800	2 435	94 163	252 772	94 963	255 207
<b>Total revenue</b>	<b>800</b>	<b>2 435</b>	<b>94 163</b>	<b>252 772</b>	<b>94 963</b>	<b>255 207</b>
<b>Operating expenses</b>						
Cost of sales to external customers	(883)	(2 761)	(19 909)	(38 228)	(20 792)	(40 989)
<b>Total cost of sales</b>	<b>(883)</b>	<b>(2 761)</b>	<b>(19 909)</b>	<b>(38 228)</b>	<b>(20 792)</b>	<b>(40 989)</b>
Other income	8	16	772	5 708	780	5 724
Other expenses	(3)	(15)	(69)	(3 201)	(72)	(3 216)
Reversal of impairments losses/(Impairment losses) on trade and other receivables	(3)	(8)	3	(51)	-	(59)
Administrative expenses**	(1 004)	(3 396)	(6 966)	(21 162)	(7 970)	(24 558)
<b>Results from operating activities</b>	<b>(1 085)</b>	<b>(3 729)</b>	<b>67 994</b>	<b>195 838</b>	<b>66 909</b>	<b>192 109</b>
Net finance income/(expense)	1 192	3 704	(4 066)	(14 404)	(2 874)	(10 700)
Share of profit of equity accounted investees (net of income tax)	58	173	-	-	58	173
Income tax expense	(86)	(290)	(12 044)	(35 366)	(12 130)	(35 656)
<b>Profit/(Loss) for the period</b>	<b>79</b>	<b>(142)</b>	<b>51 884</b>	<b>146 068</b>	<b>51 963</b>	<b>145 926</b>
Other comprehensive income, net of income tax					423	1 819
<b>Total comprehensive income for the period</b>	<b>79</b>	<b>(142)</b>	<b>51 884</b>	<b>146 068</b>	<b>52 386</b>	<b>147 745</b>
<b>Major non-cash items</b>						
Depreciation and amortisation*	(133)	(399)	(12 953)	(38 640)	(13 086)	(39 039)
Reversal of impairments losses/(Impairment losses) on trade and other receivables	(3)	(8)	3	(51)	-	(59)
Unwinding of discount (including lease interest expense)*	-	-	(4 053)	(13 805)	(4 053)	(13 805)

\* 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 September 2019	30 June 2019	31 December 2018*	30 September 2018*	1 January 2018*
<b>Management, advisory and rental services</b>					
Assets of the segment	205 360	208 358	285 128	283 070	347 902
Liabilities of the segment	5 242	8 633	4 789	3 896	3 256
<b>Management and operation of motorways</b>					
Assets of the segment	1 078 806	1 082 936	1 045 773	1 111 554	1 101 327
Liabilities of the segment	516 582	531 169	521 441	625 581	752 872
<b>Total assets</b>	<b>1 284 166</b>	<b>1 291 294</b>	<b>1 330 901</b>	<b>1 394 624</b>	<b>1 449 229</b>
<b>Total liabilities</b>	<b>521 824</b>	<b>539 802</b>	<b>526 230</b>	<b>629 477</b>	<b>756 128</b>

\* 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.

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**9. Revenue**

	<b>3 quarters 2019</b>			<b>3 quarters 2018</b>		
	<b>Management, advisory and rental services</b>	<b>Management and operation of motorways</b>	<b>Total</b>	<b>Management, advisory and rental services</b>	<b>Management and operation of motorways</b>	<b>Total</b>
<b>Revenue from contracts with customers</b>						
Toll revenue, including:	-	263 222	<b>263 222</b>	-	252 041	<b>252 041</b>
Manual toll collection (cash, bank cards)	-	167 199	<b>167 199</b>	-	169 955	<b>169 955</b>
Fleet cards	-	53 065	<b>53 065</b>	-	49 133	<b>49 133</b>
Electronic toll collection	-	39 472	<b>39 472</b>	-	28 104	<b>28 104</b>
KartA4	-	3 486	<b>3 486</b>	-	4 849	<b>4 849</b>
Revenue due to other services rendered	-	4	<b>4</b>	-	13	<b>13</b>
	-	<b>263 226</b>	<b>263 226</b>	-	<b>252 054</b>	<b>252 054</b>
<b>Other revenue</b>						
Revenue from rental of investment property	2 508	-	<b>2 508</b>	2 431	-	<b>2 431</b>
Revenue due to other services rendered	2	-	<b>2</b>	4	-	<b>4</b>
Other revenue	-	470	<b>470</b>	-	718	<b>718</b>
	<b>2 510</b>	<b>470</b>	<b>2 980</b>	<b>2 435</b>	<b>718</b>	<b>3 153</b>
<b>Total</b>	<b>2 510</b>	<b>263 696</b>	<b>266 206</b>	<b>2 435</b>	<b>252 772</b>	<b>255 207</b>
<b>III quarter 2019</b>						
	<b>Management, advisory and rental services</b>	<b>Management and operation of motorways</b>	<b>Total</b>	<b>Management, advisory and rental services</b>	<b>Management and operation of motorways</b>	<b>Total</b>
<b>Revenue from contracts with customers</b>						
Toll revenue, including:	-	97 228	<b>97 228</b>	-	93 913	<b>93 913</b>
Manual toll collection (cash, bank cards)	-	62 983	<b>62 983</b>	-	65 587	<b>65 587</b>
Fleet cards	-	18 138	<b>18 138</b>	-	16 532	<b>16 532</b>
Electronic toll collection	-	14 918	<b>14 918</b>	-	10 297	<b>10 297</b>
KartA4	-	1 189	<b>1 189</b>	-	1 497	<b>1 497</b>
Revenue due to other services rendered	-	2	<b>2</b>	-	3	<b>3</b>
	-	<b>97 230</b>	<b>97 230</b>	-	<b>93 916</b>	<b>93 916</b>
<b>Other revenue</b>						
Revenue from rental of investment property	835	-	<b>835</b>	799	-	<b>799</b>
Revenue due to other services rendered	1	-	<b>1</b>	1	-	<b>1</b>
Other revenue	-	178	<b>178</b>	-	247	<b>247</b>
	<b>836</b>	<b>178</b>	<b>1 014</b>	<b>800</b>	<b>247</b>	<b>1 047</b>
<b>Total</b>	<b>836</b>	<b>97 408</b>	<b>98 244</b>	<b>800</b>	<b>94 163</b>	<b>94 963</b>

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.

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**10. Expenses by nature**

	<b>30 September 2019</b>		<b>30 September 2018*</b>	
	<b>3 months</b>	<b>9 months</b>	<b>3 months</b>	<b>9 months</b>
Depreciation and amortisation	(14 361)	(42 574)	(13 086)	(39 039)
Energy and materials consumption	(1 128)	(3 995)	(924)	(3 230)
(Accrual)/Reversal of provision for motorway resurfacing disclosed within cost of sales (external services)**	1 354	(4 737)	(2 177)	15 446
Other external services	(8 935)	(18 685)	(5 224)	(14 701)
Payments to the State Treasury (net amount)	(44 444)	(88 800)	-	-
Taxes and charges	(340)	(1 062)	(325)	(1 263)
Employee benefit expenses	(6 264)	(21 871)	(6 564)	(21 144)
Other costs	(555)	(1 552)	(462)	(1 616)
<b>Total expenses by nature</b>	<b>(74 673)</b>	<b>(183 276)</b>	<b>(28 762)</b>	<b>(65 547)</b>
<b>Cost of sales and administrative expenses</b>	<b>(74 673)</b>	<b>(183 276)</b>	<b>(28 762)</b>	<b>(65 547)</b>

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

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

**10.1. Employee benefit expenses**

	<b>30 September 2019</b>		<b>30 September 2018</b>	
	<b>3 months</b>	<b>9 months</b>	<b>3 months</b>	<b>9 months</b>
Wages and salaries	(5 859)	(17 845)	(5 119)	(16 126)
Social security contributions and other benefits	(1 195)	(3 910)	(1 152)	(3 866)
Movement in employee benefits liabilities included in profit and loss:	790	(116)	(293)	(1 152)
Post-employment benefits	-	(56)	-	(53)
Jubilee bonuses liabilities	-	(262)	-	(218)
Other employee benefits	790	202	(293)	(881)
<b>Total</b>	<b>(6 264)</b>	<b>(21 871)</b>	<b>(6 564)</b>	<b>(21 144)</b>

**11. Other income**

	<b>30 September 2019</b>		<b>30 September 2018</b>	
	<b>3 months</b>	<b>9 months</b>	<b>3 months</b>	<b>9 months</b>
Rental income from passenger service areas	794	2 080	637	2 222
Compensations, contractual penalties and costs of court proceedings received	675	779	53	199
Reimbursement of real estate tax paid for previous periods	-	214	-	3 005
Interest from receivables	4	10	5	16
Net gain on disposal of property, plant and equipment and intangible assets	-	182	-	2
Other	-	190	85	239
<b>Total</b>	<b>1 473</b>	<b>3 455</b>	<b>780</b>	<b>5 683</b>

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

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**12. Other expenses**

	<b>30 September 2019</b>		<b>30 September 2018</b>	
	<b>3 months</b>	<b>9 months</b>	<b>3 months</b>	<b>9 months</b>
Donations granted	(22)	(33)	-	(16)
Repair of damages	(30)	(70)	(5)	(25)
Penalties, compensations, payments	(15)	(53)	(27)	(49)
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	(5)	-	(7)	-
Unrecoverable input VAT	(5)	(12)	(4)	(12)
Other	(16)	(27)	(29)	(68)
<b>Total</b>	<b>(93)</b>	<b>(409)</b>	<b>(72)</b>	<b>(3 175)</b>

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**13. Net finance expense**

	<b>30 September 2019</b>		<b>30 September 2018*</b>	
	<b>3 months</b>	<b>9 months</b>	<b>3 months</b>	<b>9 months</b>
<b>Recognised in profit or loss for the period</b>				
Dividend income:	-	7	-	-
- equity instruments - financial instruments measured at fair value through other comprehensive income (held at the reporting date)	-	7	-	-
Interest income under the effective interest method on:	2 893	8 677	3 142	9 550
- cash and cash equivalents	1 153	3 651	1 611	4 532
- non-current deposits	1 740	5 026	1 531	5 016
- other	-	-	-	2
Net foreign exchange gain	46	29	134	188
Ineffective portion of changes in fair value of cash flow hedges	-	-	-	6
Other finance income	109	199	-	-
<b>Finance income</b>	<b>3 048</b>	<b>8 912</b>	<b>3 276</b>	<b>9 744</b>
Interest expense on liabilities measured at amortised cost, including:	(1 828)	(5 163)	(3 528)	(12 297)
- loans and borrowings, including:	(1 125)	(2 981)	(1 340)	(4 228)
- nominal	(496)	(1 692)	(904)	(2 879)
- other	(629)	(1 289)	(436)	(1 349)
- discount of Concession Payments	-	-	(1 486)	(5 902)
- discount of Concession fees	(674)	(2 096)	(702)	(2 167)
- lease interest expense	(29)	(86)	-	-
Discount of provisions	(1 634)	(5 045)	(1 865)	(5 736)
Net change in fair value of cash flow hedges reclassified from other comprehensive income	(1 872)	(3 020)	(758)	(2 354)
Ineffective portion of changes in fair value of cash flow hedges	(32)	(28)	-	-
Other finance expenses	(89)	(126)	1	(57)
<b>Finance expenses</b>	<b>(5 455)</b>	<b>(13 382)</b>	<b>(6 150)</b>	<b>(20 444)</b>
<b>Net finance expense recognised in profit or loss for the period</b>	<b>(2 407)</b>	<b>(4 470)</b>	<b>(2 874)</b>	<b>(10 700)</b>
<b>Recognised in other comprehensive income</b>				
Foreign currency translation differences for foreign operations	47	125	(97)	(35)
Effective portion of changes in fair value of cash flow hedges	2	(46)	(74)	(371)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	1 872	3 020	758	2 354
Change in fair value of equity instruments	-	(142)	(42)	340
<b>Finance income/(expenses) recognised in other comprehensive income</b>	<b>1 921</b>	<b>2 957</b>	<b>545</b>	<b>2 289</b>

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



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**14. Property, plant and equipment**

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
<b>Cost as at 1 January 2018</b>	<b>20 812</b>	<b>22 842</b>	<b>18 192</b>	<b>7 930</b>	<b>185</b>	<b>69 961</b>
Acquisitions	89	197	902	241	7	1 436
Transfer from property, plant and equipment under construction	-	-	4	-	(4)	-
Disposals	(9)	(117)	(570)	(21)	-	(717)
<b>Cost as at 30 September 2018</b>	<b>20 892</b>	<b>22 922</b>	<b>18 528</b>	<b>8 150</b>	<b>188</b>	<b>70 680</b>
<b>Cost as at 1 January 2019</b>	<b>20 940</b>	<b>23 826</b>	<b>18 686</b>	<b>8 296</b>	<b>401</b>	<b>72 149</b>
Acquisitions	-	1 202	778	56	327	2 363
Transfer from property, plant and equipment under construction	-	276	-	195	(471)	-
Transfer from provisions for capital expenditure	-	-	-	-	164	164
Disposals	-	(45)	(623)	(40)	-	(708)
<b>Cost as at 30 September 2019</b>	<b>20 940</b>	<b>25 259</b>	<b>18 841</b>	<b>8 507</b>	<b>421</b>	<b>73 968</b>
<b>Depreciation and impairment losses as at 1 January 2018</b>	<b>(13 430)</b>	<b>(8 073)</b>	<b>(8 425)</b>	<b>(3 367)</b>	-	<b>(33 295)</b>
Depreciation for the period	(710)	(2 058)	(1 294)	(592)	-	(4 654)
Disposals	4	114	480	21	-	619
<b>Depreciation and impairment losses as at 30 September 2018</b>	<b>(14 136)</b>	<b>(10 017)</b>	<b>(9 239)</b>	<b>(3 938)</b>	-	<b>(37 330)</b>
<b>Depreciation and impairment losses as at 1 January 2019</b>	<b>(14 363)</b>	<b>(10 673)</b>	<b>(9 316)</b>	<b>(4 134)</b>	-	<b>(38 486)</b>
Depreciation for the period	(695)	(2 217)	(1 405)	(618)	-	(4 935)
Disposals	-	45	602	40	-	687
<b>Depreciation and impairment losses as at 30 September 2019</b>	<b>(15 058)</b>	<b>(12 845)</b>	<b>(10 119)</b>	<b>(4 712)</b>	-	<b>(42 734)</b>
<b>Carrying amounts</b>						
As at 1 January 2018	7 382	14 769	9 767	4 563	185	36 666
As at 30 September 2018	6 756	12 905	9 289	4 212	188	33 350
As at 1 January 2019	6 577	13 153	9 370	4 162	401	33 663
As at 30 September 2019	5 882	12 414	8 722	3 795	421	31 234

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**Impairment losses**

As at 30 September 2019, 31 December 2018, 30 September 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
<b>Cost as at 1 January 2018*</b>	<b>916 681</b>	<b>12 578</b>	<b>970</b>	<b>26</b>	<b>930 255</b>
Acquisitions	-	8	-	69	<b>77</b>
Transfer from intangible assets not ready for use	-	26	-	(26)	-
Revaluation of concession intangible assets	2 810	-	-	-	<b>2 810</b>
<b>Cost as at 30 September 2018*</b>	<b>919 491</b>	<b>12 612</b>	<b>970</b>	<b>69</b>	<b>933 142</b>
<b>Cost as at 1 January 2019*</b>	<b>938 183</b>	<b>12 643</b>	<b>970</b>	<b>125</b>	<b>951 921</b>
Acquisitions	-	51	-	5 476	<b>5 527</b>
Revaluation of concession intangible assets	24 489	-	-	-	<b>24 489</b>
Disposals	-	(53)	-	-	<b>(53)</b>
<b>Cost as at 30 September 2019</b>	<b>962 672</b>	<b>12 641</b>	<b>970</b>	<b>5 601</b>	<b>981 884</b>
<b>Amortisation and impairment losses as at 1 January 2018*</b>	<b>(452 783)</b>	<b>(2 954)</b>	<b>(970)</b>	-	<b>(456 707)</b>
Amortisation for the period*	(32 958)	(1 063)	-	-	<b>(34 021)</b>
<b>Amortisation and impairment losses as at 30 September 2018*</b>	<b>(485 741)</b>	<b>(4 017)</b>	<b>(970)</b>	-	<b>(490 728)</b>
<b>Amortisation and impairment losses as at 1 January 2019*</b>	<b>(496 718)</b>	<b>(4 311)</b>	<b>(970)</b>	-	<b>(501 999)</b>
Amortisation for the period	(36 153)	(1 068)	-	-	<b>(37 221)</b>
Disposals	-	53	-	-	<b>53</b>
<b>Amortisation and impairment losses as at 30 September 2019</b>	<b>(532 871)</b>	<b>(5 326)</b>	<b>(970)</b>	-	<b>(539 167)</b>
<b>Carrying amounts</b>					
As at 1 January 2018*	463 898	9 624	-	26	<b>473 548</b>
As at 30 September 2018*	433 750	8 595	-	69	<b>442 414</b>
As at 1 January 2019*	441 465	8 332	-	125	<b>449 922</b>
As at 30 September 2019	429 801	7 315	-	5 601	<b>442 717</b>

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

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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 1,895, out of which by TPLN 599 in III quarter (3 quarters 2018: increase of TPLN 1,422, III quarter 2018: increase of TPLN 157);
- (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 22,415, out of which by TPLN 7,482 in III quarter (3 quarters 2018: increase of TPLN 1,399, III quarter 2018: decrease of TPLN 528);
- (iii) due to remeasurement of Concession fees (indexation), which resulted in their increase by TPLN 179 (3 quarters 2018: decrease of TPLN 11).

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 10.73% in III quarter 2019 (III quarter 2018: 9.44%). 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 September 2019 will range from 11.34% to 14.51% during the concession period.

As at 30 September 2019, 31 December 2018, 30 September 2018 and 1 January 2018 there were no indicators, which would require the Group to test intangible assets for impairment.

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**16. Investment property**

	Right-of-use assets	Other investment property	Total
<b>Cost as at 1 January 2018</b>	-	30 496	30 496
<b>Cost as at 30 September 2018</b>	-	30 496	30 496
<b>Cost as at 31 December 2018</b>	-	30 879	30 879
Impact of initial application of IFRS 16	3 247	-	3 247
<b>Cost as at 1 January 2019</b>	3 247	30 879	34 126
<b>Cost as at 30 September 2019</b>	3 247	30 879	34 126
<b>Depreciation and impairment losses as at 1 January 2018</b>	-	(26 626)	(26 626)
Depreciation for the period	-	(365)	(365)
<b>Depreciation and impairment losses as at 30 September 2018</b>	-	(26 991)	(26 991)
<b>Depreciation and impairment losses as at 31 December 2018</b>	-	(27 114)	(27 114)
Impact of initial application of IFRS 16	-	-	-
<b>Depreciation and impairment losses as at 1 January 2019</b>	-	(27 114)	(27 114)
Depreciation for the period	(34)	(384)	(418)
<b>Depreciation and impairment losses as at 30 September 2019</b>	(34)	(27 498)	(27 532)
<b>Carrying amounts</b>			
As at 1 January 2018	-	3 870	3 870
As at 30 September 2018	-	3 505	3 505
As at 1 January 2019	3 247	3 765	7 012
As at 30 September 2019	3 213	3 381	6 594

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.

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**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 9-month periods ended 30 September 2019 and 30 September 2018

	1 January 2019*	Change of deferred tax on temporary differences recognised in		30 September 2019
		profit or loss for the period	other comprehensive income	
Concession intangible assets	<b>(81 918)</b>	2 096	-	<b>(79 822)</b>
Property, plant and equipment and other intangible assets	<b>38 431</b>	(4 873)	-	<b>33 558</b>
Investment property	<b>99</b>	(605)	-	<b>(506)</b>
Other non-current investments	<b>(304)</b>	281	(6)	<b>(29)</b>
Trade and other receivables	<b>(422)</b>	616	-	<b>194</b>
Inventories	<b>7</b>	-	-	<b>7</b>
Current investments	<b>175</b>	-	33	<b>208</b>
Cash and cash equivalents	<b>(285)</b>	214	-	<b>(71)</b>
Loans and borrowings	<b>319</b>	(319)	-	<b>-</b>
Lease liabilities	<b>-</b>	609	-	<b>609</b>
Other non-current liabilities	<b>2 895</b>	(583)	-	<b>2 312</b>
Deferred income	<b>1 302</b>	(45)	-	<b>1 257</b>
Contract liabilities	<b>1 159</b>	161	-	<b>1 320</b>
Employee benefits	<b>1 588</b>	(447)	21	<b>1 162</b>
Provisions	<b>71 489</b>	1 709	-	<b>73 198</b>
Trade and other payables	<b>334</b>	638	-	<b>972</b>
Derivative financial instruments	<b>587</b>	(22)	(565)	<b>-</b>
Tax loss carry-forwards	<b>1 923</b>	239	-	<b>2 162</b>
Valuation adjustment	<b>(8 797)</b>	(1 676)	-	<b>(10 473)</b>
<b>Total</b>	<b>28 582</b>	<b>(2 007)</b>	<b>(517)</b>	<b>26 058</b>

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

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	1 January 2018*	Change of deferred tax on temporary differences recognised in		30 September 2018*
		profit or loss for the period	other comprehensive income	
Concession intangible assets	(85 904)	5 510	-	(80 394)
Property, plant and equipment and other intangible assets	45 486	(7 383)	-	38 103
Investment property	80	14	-	94
Other non-current investments	(210)	216	(69)	(63)
Trade and other receivables	176	32	-	208
Inventories	7	-	-	7
Current investments	235	-	4	239
Cash and cash equivalents	(90)	30	-	(60)
Loans and borrowings	(95)	(150)	-	(245)
Other non-current liabilities	2 476	(16)	-	2 460
Deferred income**	1 460	(47)	-	1 413
Contract liabilities**	943	129	-	1 072
Employee benefits	1 177	199	6	1 382
Provisions	77 369	(4 981)	-	72 388
Trade and other payables	31 011	(9 253)	-	21 758
Derivative financial instruments	1 060	(1)	(377)	682
Tax loss carry-forwards	2 436	(459)	-	1 977
Valuation adjustment	(6 598)	(834)	-	(7 432)
<b>Total</b>	<b>71 019</b>	<b>(16 994)</b>	<b>(436)</b>	<b>53 589</b>

\* 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).

**Change in temporary differences during 3-month periods ended 30 September 2019 and 30 September 2018**

	1 July 2019	Change of deferred tax on temporary differences recognised in		30 September 2019
		profit or loss for the period	other comprehensive income	
Concession intangible assets	(80 607)	785	-	(79 822)
Property, plant and equipment and other intangible assets	35 471	(1 913)	-	33 558
Investment property	(510)	4	-	(506)
Other non-current investments	(255)	226	-	(29)
Trade and other receivables	57	137	-	194
Inventories	7	-	-	7
Current investments	208	-	-	208
Cash and cash equivalents	(168)	97	-	(71)
Loans and borrowings	101	(101)	-	-
Lease liabilities	604	5	-	609
Other non-current liabilities	2 243	69	-	2 312
Deferred income	1 368	(111)	-	1 257
Contract liabilities	1 329	(9)	-	1 320
Employee benefits	1 827	(665)	-	1 162
Provisions	73 460	(262)	-	73 198
Trade and other payables	940	32	-	972
Derivative financial instruments	479	(123)	(356)	-
Tax loss carry-forwards	1 748	414	-	2 162
Valuation adjustment	(10 199)	(274)	-	(10 473)
<b>Total</b>	<b>28 103</b>	<b>(1 689)</b>	<b>(356)</b>	<b>26 058</b>

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	1 July 2018*	Change of deferred tax on temporary differences recognised in		30 September 2018*
		profit or loss for the period	other comprehensive income	
Concession intangible assets	(82 507)	2 113	-	(80 394)
Property, plant and equipment and other intangible assets	40 060	(1 957)	-	38 103
Investment property	89	5	-	94
Other non-current investments	(304)	241	-	(63)
Trade and other receivables	208	-	-	208
Inventories	7	-	-	7
Current investments	231	-	8	239
Cash and cash equivalents	(48)	(12)	-	(60)
Loans and borrowings	(1)	(244)	-	(245)
Other non-current liabilities	2 363	97	-	2 460
Deferred income**	1 524	(111)	-	1 413
Contract liabilities**	1 017	55	-	1 072
Employee benefits	1 410	(28)	-	1 382
Provisions	73 207	(819)	-	72 388
Trade and other payables	21 650	108	-	21 758
Derivative financial instruments	813	(1)	(130)	682
Tax loss carry-forwards	2 068	(91)	-	1 977
Valuation adjustment	(7 432)	-	-	(7 432)
<b>Total</b>	<b>54 355</b>	<b>(644)</b>	<b>(122)</b>	<b>53 589</b>

\* 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 September 2019	30 June 2019	31 December 2018	30 September 2018	1 January 2018
Trade receivables from related parties	1 298	1 784	719	866	490
Trade receivables from other parties	13 719	13 053	14 492	11 082	11 049
Receivables due to VAT and other taxes and charges	2 275	5 812	20 300	5 869	12 086
Other receivables from other parties	1 034	1 772	1 849	1 018	1 827
<b>Total</b>	<b>18 326</b>	<b>22 421</b>	<b>37 360</b>	<b>18 835</b>	<b>25 452</b>

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

	3 quarters 2019	3 quarters 2018
Balance as at 1 January	(91 553)	(91 500)
Net remeasurement of loss allowance	(10)	(59)
Amounts written off	-	5
<b>Balance as at 30 September</b>	<b>(91 563)</b>	<b>(91 554)</b>

  

	III quarter 2019	III quarter 2018
Balance as at 1 July	(91 569)	(91 554)
Net remeasurement of loss allowance	6	-
<b>Balance as at 30 September</b>	<b>(91 563)</b>	<b>(91 554)</b>

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**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 September 2019**

	Carrying amount			Fair value			
	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>							
Equity instruments**	1 824	-	<b>1 824</b>	-	-	1 824	<b>1 824</b>
	<b>1 824</b>	-	<b>1 824</b>				
<b>Financial assets not measured at fair value</b>							
Trade and other receivables***	-	16 051	<b>16 051</b>				
Bank deposits (non-current investments)	-	439 748	<b>439 748</b>				
Cash and cash equivalents	-	313 625	<b>313 625</b>				
	-	<b>769 424</b>	<b>769 424</b>				
<b>Financial liabilities not measured at fair value</b>							
Lease liabilities	-	(3 208)	<b>(3 208)</b>				
Liabilities due to Concession fees	-	(15 682)	<b>(15 682)</b>				
Payments to the State Treasury	-	(44 444)	<b>(44 444)</b>				
Trade and other payables***	-	(26 470)	<b>(26 470)</b>				
	-	<b>(89 804)</b>	<b>(89 804)</b>				



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**30 June 2019**

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

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**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
<b>Financial assets measured at fair value</b>								
Equity instruments**	1 966	-	-	<b>1 966</b>	-	-	1 966	<b>1 966</b>
	<b>1 966</b>	-	-	<b>1 966</b>				
<b>Financial assets not measured at fair value</b>								
Trade and other receivables***	-	-	17 060	<b>17 060</b>				
Bank deposits (non-current investments)	-	-	419 200	<b>419 200</b>				
Cash and cash equivalents	-	-	333 741	<b>333 741</b>				
	-	-	<b>770 001</b>	<b>770 001</b>				
<b>Financial liabilities measured at fair value</b>								
Interest rate swaps used for hedging****	-	(3 749)	-	<b>(3 749)</b>	-	(3 749)	-	<b>(3 749)</b>
	-	<b>(3 749)</b>	-	<b>(3 749)</b>				
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings	-	-	(77 405)	<b>(77 405)</b>				
Liabilities due to Concession fees	-	-	(15 234)	<b>(15 234)</b>				
Trade and other payables***	-	-	(24 903)	<b>(24 903)</b>				
	-	-	<b>(117 542)</b>	<b>(117 542)</b>				

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**30 September 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
<b>Financial assets measured at fair value</b>								
Equity instruments**	1 813	-	-	<b>1 813</b>	-	-	1 813	<b>1 813</b>
	<b>1 813</b>	-	-	<b>1 813</b>				
<b>Financial assets not measured at fair value</b>								
Trade and other receivables***	-	-	12 966	<b>12 966</b>				
Bank deposits (non-current investments)	-	-	417 781	<b>417 781</b>				
Cash and cash equivalents	-	-	419 222	<b>419 222</b>				
	-	-	<b>849 969</b>	<b>849 969</b>				
<b>Financial liabilities measured at fair value</b>								
Interest rate swaps used for hedging****	-	(3 608)	-	<b>(3 608)</b>	-	(3 608)	-	<b>(3 608)</b>
	-	<b>(3 608)</b>	-	<b>(3 608)</b>				
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings	-	-	(76 420)	<b>(76 420)</b>				
Concession Payments	-	-	(109 072)	<b>(109 072)</b>				
Liabilities due to Concession fees	-	-	(15 403)	<b>(15 403)</b>				
Trade and other payables***	-	-	(19 426)	<b>(19 426)</b>				
	-	-	<b>(220 321)</b>	<b>(220 321)</b>				

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**1 January 2018\***

	Carrying amount			Total	Fair value			Total
	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	
<b>Financial assets measured at fair value</b>								
Equity instruments**	1 473	-	-	1 473	-	-	1 473	1 473
	<b>1 473</b>	-	-	<b>1 473</b>				
<b>Financial assets not measured at fair value</b>								
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				
	-	-	<b>844 343</b>	<b>844 343</b>				
<b>Financial liabilities measured at fair value</b>								
Interest rate swaps used for hedging****	-	(6 456)	-	(6 456)	-	(6 456)	-	(6 456)
	-	<b>(6 456)</b>	-	<b>(6 456)</b>				
<b>Financial liabilities not measured at fair value</b>								
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)				
	-	-	<b>(319 373)</b>	<b>(319 373)</b>				

\* 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 net assets of their issuers as at the end of the last reporting period for which the Group has adequate financial data. In the period of 3 quarters 2019 the Group recorded losses due to valuation of aforementioned equity instruments amounting to TPLN 142 (3 quarters 2018: profit of TPLN 340), 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.

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**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**

	<b>30 September 2019</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 September 2018</b>	<b>1 January 2018</b>
Number of shares at the beginning of the period	247 262 023	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	247 262 023
Nominal value of 1 share (PLN)	0.75	0.75	0.75	0.75	0.75
Nominal value of A-series issue	6 256	6 256	6 256	6 256	6 256
Nominal value of B-series issue	370	370	370	370	370
Nominal value of D-series issue	3 000	3 000	3 000	3 000	3 000
Nominal value of E-series issue	71 196	71 196	71 196	71 196	71 196
Nominal value of F-series issue	37 500	37 500	37 500	37 500	37 500
Nominal value of G-series issue	67 125	67 125	67 125	67 125	67 125
<b>Total</b>	<b>185 447</b>	<b>185 447</b>	<b>185 447</b>	<b>185 447</b>	<b>185 447</b>

**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 -46 in the period of 3 quarters 2019, out of which TPLN 2 in III quarter (3 quarters 2018: TPLN -371, III quarter 2018: TPLN -74). As the consequence of hedged interest payments made in the period of 3 quarters 2019, as well as due to early settlement of hedging transactions as a result of full prepayment of the Project Loan Agreement, the Group reclassified the corresponding net change in fair value of cash flow hedges of TPLN -3,020, out of which TPLN -1,872 in III quarter (3 quarters 2018: TPLN -2,354, III quarter 2018: TPLN -758) to finance expense. The amount of aforementioned effective changes was adjusted by the change in deferred tax recognized in other comprehensive income in amount of TPLN 9, out of which TPLN 574 was attributable to portion of changes reclassified to finance expense (3 quarters 2018: TPLN 70 and TPLN 447 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

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**20.5. Dividends**

*3 quarters 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.

*3 quarters 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.

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**21. Provisions**

For nine-month periods ended 30 September 2019 and 30 September 2018

	Provisions for motorway resurfacing	Provisions for capital expenditures (Phase II)	Total
<b>Non-current provisions</b>			
<b>Balance at 1 January 2018</b>	<b>49 568</b>	<b>312 676</b>	<b>362 244</b>
Additions, including:	11 073	4 267	15 340
- due to discounting	598	4 267	4 865
Change of estimates	(13 473)	18 151	4 678
Reclassifications	(27 078)	(39 787)	(66 865)
<b>Balance at 30 September 2018</b>	<b>20 090</b>	<b>295 307</b>	<b>315 397</b>
<b>Balance at 1 January 2019</b>	<b>2 460</b>	<b>294 903</b>	<b>297 363</b>
Additions, including:	8 161	3 876	12 037
- due to discounting	50	3 876	3 926
Change of estimates	(1 122)	39 902	38 780
Reclassifications	(9 285)	(18 152)	(27 437)
<b>Balance at 30 September 2019</b>	<b>214</b>	<b>320 529</b>	<b>320 743</b>
<b>Current provisions</b>			
<b>Balance at 1 January 2018</b>	<b>12 620</b>	<b>32 338</b>	<b>44 958</b>
Additions, including:	196	675	871
- due to discounting	196	675	871
Change of estimates	(12 448)	(15 330)	(27 778)
Utilisation	(8 753)	(10 569)	(19 322)
Reclassifications	27 078	39 787	66 865
<b>Balance at 30 September 2018</b>	<b>18 693</b>	<b>46 901</b>	<b>65 594</b>
<b>Balance at 1 January 2019</b>	<b>27 614</b>	<b>51 280</b>	<b>78 894</b>
Additions, including:	358	761	1 119
- due to discounting	358	761	1 119
Change of estimates	(2 252)	(15 592)	(17 844)
Utilisation	(14 933)	(10 327)	(25 260)
Capital expenditures transferred to property, plant and equipment	-	164	164
Reclassifications	9 285	18 152	27 437
<b>Balance at 30 September 2019</b>	<b>20 072</b>	<b>44 438</b>	<b>64 510</b>

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For three-month periods ended 30 September 2019 and 30 September 2018

	Provisions for motorway resurfacing	Provisions for capital expenditures (Phase II)	Total
<b>Non-current provisions</b>			
<b>Balance at 1 July 2018</b>	<b>23 135</b>	<b>283 254</b>	<b>306 389</b>
Additions, including:	3 120	1 371	4 491
- due to discounting	112	1 371	1 483
Change of estimates	5 320	23 423	28 743
Reclassifications	(11 485)	(12 741)	(24 226)
<b>Balance at 30 September 2018</b>	<b>20 090</b>	<b>295 307</b>	<b>315 397</b>
<b>Balance at 1 July 2019</b>	<b>2 762</b>	<b>295 492</b>	<b>298 254</b>
Additions, including:	2 720	1 248	3 968
- due to discounting	12	1 248	1 260
Change of estimates	(1 990)	23 885	21 895
Reclassifications	(3 278)	(96)	(3 374)
<b>Balance at 30 September 2019</b>	<b>214</b>	<b>320 529</b>	<b>320 743</b>
<b>Current provisions</b>			
<b>Balance at 1 July 2018</b>	<b>16 242</b>	<b>62 670</b>	<b>78 912</b>
Additions, including:	79	303	382
- due to discounting	79	303	382
Change of estimates	(6 151)	(23 794)	(29 945)
Utilisation	(2 962)	(5 019)	(7 981)
Reclassifications	11 485	12 741	24 226
<b>Balance at 30 September 2018</b>	<b>18 693</b>	<b>46 901</b>	<b>65 594</b>
<b>Balance at 1 July 2019</b>	<b>26 290</b>	<b>62 089</b>	<b>88 379</b>
Additions, including:	111	263	374
- due to discounting	111	263	374
Change of estimates	(2 072)	(15 804)	(17 876)
Utilisation	(7 535)	(2 206)	(9 741)
Reclassifications	3 278	96	3 374
<b>Balance at 30 September 2019</b>	<b>20 072</b>	<b>44 438</b>	<b>64 510</b>

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 September 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 1.58% to 1.72%). As result of these changes the provision for resurfacing increased by TPLN 29 (out of which by TPLN 5 in III quarter), 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 1,895 (out of which by TPLN 599 in III quarter), which was recognized as an increase of concession intangible assets.

As at 30 September 2019 the Group also remeasured the 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 these changes the provision for resurfacing decreased by TPLN 3,403 (out of which by TPLN 4,067 in III quarter), which in line with IAS 37 was recognised as a decrease of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 22,415 (out of which by TPLN 7,482 in III quarter), which was recognized as an increase of concession intangible assets.



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## **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 September 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 30,015 (including change orders). The contract includes reconstruction of drainage for eight catchments in Silesian voivodeship. As at 30 September 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 September 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 amounting ultimately to TPLN 2,059. As at 30 September 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 currently to TPLN 9,264 (including change orders). 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 September 2019 the financial progress of the project (value of works recorded) amounted to TPLN 2,127 (23% 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 September 2019 the financial progress of the project (value of works recorded) amounted to TPLN 14,450 (29% 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 September 2019 the financial progress of the project (value of works recorded) amounted to TPLN 1,424 (100% of the contract value).

On 9 July 2019 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-10-2018 “Reconstruction of A-4 motorway drainage – part III” including reconstruction of drainage for one catchment in Małopolskie voivodeship. The value of the contract amounts to TPLN 15,033. As at 30 September 2019 no capital expenditures have yet been incurred in relation to the contract.

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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 the period of 3 quarters 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 4,623 in the period of 3 quarters 2019.

**23. Collateral established on Group's property**

As at 30 September 2019 property, plant and equipment with a carrying value of TPLN 16,774 (30 June 2019: TPLN 17,712, 31 December 2018: TPLN 18,776, 30 September 2018: TPLN 19,660, 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.

Following the full prepayment of the outstanding debt resulting from the Project Loan Agreement, Stalexport Autostrada Małopolska S.A. will request the security agent to release the established securities.

**24. Contingent liabilities**

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 24,483 (30 June 2019: TPLN 23,818, 31 December 2018: TPLN 23,668, 30 September 2018: TPLN 23,465, 1 January 2018: TPLN 22,758).

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**25. Related party transactions**

**25.1. Intragroup receivables and liabilities**

	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
<b>30 September 2019</b>			
Atlantia S.p.A.	-	17	-
<b>Parent entities</b>	-	<b>17</b>	-
Biuro Centrum Sp. z o.o.	48	8	-
<b>Associates</b>	<b>48</b>	<b>8</b>	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	1 093	3 714
Pavimental Polska Sp. z o.o.	32	3 428	5 038
Telepass S.p.A.	1 213	-	-
Autostrade Tech S.p.A.	5	4 918	-
Autogrill Polska Sp. z o.o.	-	-	10
<b>Other related entities</b>	<b>1 250</b>	<b>9 439</b>	<b>8 762</b>
<b>Total</b>	<b>1 298</b>	<b>9 464</b>	<b>8 762</b>
<b>30 June 2019</b>			
Atlantia S.p.A.	-	17	-
<b>Parent entities</b>	-	<b>17</b>	-
Biuro Centrum Sp. z o.o.	90	342	-
<b>Associates</b>	<b>90</b>	<b>342</b>	-
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
<b>Other related entities</b>	<b>1 694</b>	<b>11 766</b>	<b>7 744</b>
<b>Total</b>	<b>1 784</b>	<b>12 125</b>	<b>7 744</b>
<b>31 December 2018</b>			
Atlantia S.p.A.	-	17	-
<b>Parent entities</b>	-	<b>17</b>	-
Biuro Centrum Sp. z o.o.	2	629	-
<b>Associates</b>	<b>2</b>	<b>629</b>	-
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
<b>Other related entities</b>	<b>717</b>	<b>6 825</b>	<b>8 824</b>
<b>Total</b>	<b>719</b>	<b>7 471</b>	<b>8 824</b>

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<b>30 September 2018</b>	<b>Trade and other receivables</b>	<b>Trade and other payables</b>	<b>Guarantees and suspended amounts</b>
Atlantia S.p.A.	-	17	-
<b>Parent entities</b>	-	<b>17</b>	-
Biuro Centrum Sp. z o.o.	109	10	-
<b>Associates</b>	<b>109</b>	<b>10</b>	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	4 072
Pavimental Polska Sp. z o.o.	19	771	2 969
Telepass S.p.A.	738	-	-
Autostrade Tech S.p.A.	-	1 854	176
Autogrill Polska Sp. z o.o.	-	-	10
<b>Other related entities</b>	<b>757</b>	<b>2 625</b>	<b>7 227</b>
<b>Total</b>	<b>866</b>	<b>2 652</b>	<b>7 227</b>

<b>1 January 2018</b>	<b>Trade and other receivables</b>	<b>Trade and other payables</b>	<b>Guarantees and suspended amounts</b>
Atlantia S.p.A.	-	17	-
<b>Parent entities</b>	-	<b>17</b>	-
Biuro Centrum Sp. z o.o.	8	61	-
<b>Associates</b>	<b>8</b>	<b>61</b>	-
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
<b>Other related entities</b>	<b>482</b>	<b>5 175</b>	<b>10 376</b>
<b>Total</b>	<b>490</b>	<b>5 253</b>	<b>10 376</b>

**25.2. Related party transactions amounts**

<b>3 quarters 2019</b>	<b>Revenue</b>	<b>Other income</b>	<b>Cost of acquired goods and services</b>	<b>Capital expenditures and resurfacing works</b>
Biuro Centrum Sp. z o.o.	164	-	(2 207)	-
<b>Associates</b>	<b>164</b>	-	<b>(2 207)</b>	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	(1 298)	(1 291)
Pavimental Polska Sp. z o.o.	101	9	(2 297)	(18 098)
Autogrill Polska Sp. z o.o.	9	-	-	-
Telepass S.p.A.	7 872	-	-	-
Autostrade Tech S.p.A.	-	10	(1 326)	(5 612)
<b>Other related entities</b>	<b>7 982</b>	<b>19</b>	<b>(4 921)</b>	<b>(25 001)</b>
<b>Total</b>	<b>8 146</b>	<b>19</b>	<b>(7 128)</b>	<b>(25 001)</b>

<b>3 quarters 2018</b>	<b>Revenue</b>	<b>Other income</b>	<b>Cost of acquired goods and services</b>	<b>Capital expenditures and resurfacing works</b>
Biuro Centrum Sp. z o.o.	159	-	(2 087)	-
<b>Associates</b>	<b>159</b>	-	<b>(2 087)</b>	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(1 809)
Pavimental Polska Sp. z o.o.	51	20	-	(8 234)
Autogrill Polska Sp. z o.o.	27	-	-	-
Telepass S.p.A.	4 769	-	-	-
Autostrade Tech S.p.A.	-	-	(3 241)	-
<b>Other related entities</b>	<b>4 847</b>	<b>20</b>	<b>(3 241)</b>	<b>(10 043)</b>
<b>Total</b>	<b>5 006</b>	<b>20</b>	<b>(5 328)</b>	<b>(10 043)</b>

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III quarter 2019	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
Biuro Centrum Sp. z o.o.	55	-	(700)	-
<b>Associates</b>	<b>55</b>	<b>-</b>	<b>(700)</b>	<b>-</b>
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	(967)	(573)
Pavimental Polska Sp. z o.o.	58	(2)	(1 631)	(7 380)
Autogrill Polska Sp. z o.o.	3	-	-	-
Telepass S.p.A.	2 885	-	-	-
Autostrade Tech S.p.A.	-	6	(467)	(2 326)
<b>Other related entities</b>	<b>2 946</b>	<b>4</b>	<b>(3 065)</b>	<b>(10 279)</b>
<b>Total</b>	<b>3 001</b>	<b>4</b>	<b>(3 765)</b>	<b>(10 279)</b>

III quarter 2018	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
Biuro Centrum Sp. z o.o.	53	-	(658)	-
<b>Associates</b>	<b>53</b>	<b>-</b>	<b>(658)</b>	<b>-</b>
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(861)
Pavimental Polska Sp. z o.o.	19	12	-	(2 729)
Autogrill Polska Sp. z o.o.	4	-	-	-
Telepass S.p.A.	1 734	-	-	-
Autostrade Tech S.p.A.	-	-	(837)	-
<b>Other related entities</b>	<b>1 757</b>	<b>12</b>	<b>(837)</b>	<b>(3 590)</b>
<b>Total</b>	<b>1 810</b>	<b>12</b>	<b>(1 495)</b>	<b>(3 590)</b>

**25.3. 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.

**25.4. Transactions with key personnel**

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

	30 September 2019		30 September 2018	
	3 months	9 months	3 months	9 months
<b>the Company</b>				
<b>Management Board</b>	<b>(618)</b>	<b>341</b>	<b>452</b>	<b>1 416</b>
Salaries	243	689	199	647
Movement in employee benefits liabilities	(861)	(348)	253	769
<b>Supervisory Board</b>	<b>17</b>	<b>52</b>	<b>18</b>	<b>53</b>
Salaries	17	52	18	53
<b>Subsidiaries</b>				
<b>Management Boards</b>	<b>635</b>	<b>1 697</b>	<b>590</b>	<b>1 647</b>
Salaries	607	1 652	488	1 522
Movement in employee benefits liabilities	28	45	102	125
<b>Supervisory Boards</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
Salaries	-	2	-	2
<b>Total</b>	<b>34</b>	<b>2 092</b>	<b>1 060</b>	<b>3 118</b>

In the period of 3 quarters 2019 and 3 quarters 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.

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

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## **26. Financial results of the Capital Group and its Parent Entity for the III quarter 2019**

### **26.1. Financial results of Stalexport Autostrady S.A.**

In III quarter 2019 the Company generated revenue on sales amounting to TPLN 886, i.e. 4% higher as in comparable quarterly period of 2018 (TPLN 851) and 13% lower than in II quarter 2019. The decrease of revenue in comparison to II quarter 2019 results mainly from the fact that the Company charges VIA4 S.A. on semi-annual basis for performance guarantee issued in relation to execution of motorway operation contract.

The Company suffered a loss from operating activities for III quarter 2019 of TPLN 192 – for similar period of 2018 a loss amounting to TPLN 970 was incurred. The cumulative operating loss for 3 quarters 2019 amounted to TPLN 2,550 (3 quarters 2018: loss of TPLN 3,175). The aforementioned positive variation is mainly the consequence of lower employee benefit expenses recorded in the period of 3 quarters 2019 (by 39% in relation to 3 quarters 2018), dominantly due to lower than forecasted benefits paid to the Management Board of the Company based on the 3-year incentive scheme endorsed by the Supervisory Board in 2016.

The financial activity of Stalexport Autostrady S.A. generated a profit of TPLN 972 for III quarter 2019 (III quarter 2018: TPLN 5,554). Interest on bank deposits amounting to TPLN 729 (III quarter 2018: TPLN 1,103) and dividends amounting to TPLN 234 (III quarter 2018: TPLN 4,400) constituted the main items of financial income in III quarter 2019.

As the result, Stalexport Autostrady S.A. generated a net profit for the III quarter 2019 amounting to TPLN 376 (3 quarters 2019: net profit of TPLN 10,786), comparing to TPLN 4,528 net profit for III quarter 2018 (3 quarters 2018: net profit of TPLN 5,021).

### **26.2. 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 consolidated 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 III quarter 2019 amounted to TPLN 97,408, increasing by 3.4% in relation to revenue for III quarter 2018 (TPLN 94,163) and by 10.9% in relation to revenue for II quarter 2019 (TPLN 87,822).

The aforementioned variation in relation to III quarter 2018 was mainly the consequence of:

- (i) 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.
- (ii) 1% decrease of traffic level in relation to III quarter 2018, resulting from 1% decrease of traffic level for light vehicles and 0,9% decrease of traffic level for heavy vehicles.

The variation in relation to II quarter 2019 was mainly the consequence of 12.1% increase of traffic level, which comprised of 14.4% increase of traffic level for light vehicles and 0.5% increase of traffic level for heavy vehicles.

Operating expenses incurred in relation to motorway activity amounted to TPLN 73,634 for III quarter 2019, increasing by 173% in relation to III quarter 2018 (TPLN 26,944).

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The above resulted mainly from the recognition of liability due to Payments to the State Treasury in amount of TPLN 44,444 as at 30 September 2019, increase of other services costs by TPLN 3,618 and depreciation/amortisation costs by TPLN 1,245 (out of which TPLN 1,155 was attributed to concession intangible assets), as well as the decrease of accrued cost of provision for motorway resurfacing by the amount of TPLN 3,531, which comprised of a positive variance between the effects of estimates changes in relation to the provision recorded during the periods subject to comparison (TPLN 3,231) and lower current accrued cost of the provision recorded in III quarter 2019 (decrease of TPLN 300).

The financial activity of motorway segment for III quarter 2019 resulted in a loss amounting to TPLN 3,058, comparing to a loss of TPLN 4,066 for III quarter 2018. This positive variation is primarily the consequence of expenses due to unwinding of the discount related to the Concession Payments in amount of TPLN 1,486 incurred in III quarter 2018, as well as higher by TPLN 1,114 losses from valuation of hedge derivatives reclassified from other comprehensive income in III quarter 2019, mainly as the result of full prepayment of Project Loan Agreement.

As the result of all the above, the Group's motorway activity generated a net profit of TPLN 9,330 for III quarter 2019 (3 quarters 2019: profit of TPLN 47,966), comparing to net profit of TPLN 51,884 for III quarter 2018 (3 quarters 2018: profit of TPLN 146,068).

**27. Other important events within the Stalexport Autostrady S.A. Capital Group during the period from 1 July to 30 September 2019**

▪ 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.

On 30 September 2019 SAM S.A. made aforementioned full prepayment, i.e. TPLN 56,020 for the repayment of principal, TPLN 1,091 for the repayment of interest and TPLN 2,548 for payments resulting from transactions hedging against the risk of interest rates fluctuations (Interest Rate Swaps).

▪ 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.

On 30 September 2019 the Management Board of the Company, acting jointly with the sole member of the Management Board of Holdco, adopted the plan for the aforementioned cross-border merger of the Company and Holdco.

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**28. 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.

**29. 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 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.

**30. Subsequent events**

There were no significant subsequent events, which should be disclosed in the condensed consolidated interim financial statements for the 9-month period ended 30 September 2019.

**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.*