STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the nine-month period ended 30 September 2018

Mysłowice, 8 November 2018

Contents

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

In thousands of PLN, unless stated otherwise	**Note**	***30 September 2018***		***30 September 2017***	
		3 months	**9 months**	**3 months**	**9 months**
		(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue	8	94 963	255 207	90 299	240 765
Cost of sales	9	(20 562)	(40 302)	(19 894)	(50 982)
Gross profit		**74 401**	**214 905**	**70 405**	**189 783**
Other income	10	780	5 683	893	2 671
Administrative expenses	9	(8 873)	(27 266)	(8 986)	(24 872)
Other expenses	11	(72)	(3 175)	(54)	(266)
Reversal of impairments losses/(Impairment losses) on trade and other receivables		-	(59)	6	6
Results from operating activities		**66 236**	**190 088**	**62 264**	**167 322**
Finance income		3 276	9 744	3 298	9 516
Finance expenses		(5 448)	(18 277)	(7 917)	(23 577)
Net finance expense	12	**(2 172)**	**(8 533)**	**(4 619)**	**(14 061)**
Share of profit of equity accounted investees (net of income tax)		**58**	**173**	**34**	**129**
Profit before income tax		**64 122**	**181 728**	**57 679**	**153 390**
Income tax expense		(12 136)	(35 684)	(10 891)	(29 745)
Profit for the period		**51 986**	**146 044**	**46 788**	**123 645**
Other comprehensive income					
Items that will never be reclassified to profit or loss for the period					
Change in fair value of equity instruments		(42)	340	-	-
Remeasurement of employee benefits		-	(33)	-	(35)
Income tax on other comprehensive income		8	(59)	-	7
		(34)	**248**	**-**	**(28)**
Items that are or may be reclassified subsequently to profit or loss for the period					
Foreign currency translation differences for foreign operations		(97)	(35)	58	34
Effective portion of changes in fair value of cash flow hedges		(74)	(371)	(99)	(417)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period		758	2 354	967	2 977
Income tax on other comprehensive income		(130)	(377)	(165)	(486)
		457	**1 571**	**761**	**2 108**
Other comprehensive income for the period, net of income tax		**423**	**1 819**	**761**	**2 080**
Total comprehensive income for the period		**52 409**	**147 863**	**47 549**	**125 725**
Profit attributable to:					
owners of the Company		50 508	141 812	45 325	119 381
non-controlling interest		1 478	4 232	1 463	4 264
Profit for the period		**51 986**	**146 044**	**46 788**	**123 645**
Total comprehensive income attributable to:					
owners of the Company		50 931	143 644	46 086	121 474
non-controlling interest		1 478	4 219	1 463	4 251
Total comprehensive income for the period		**52 409**	**147 863**	**47 549**	**125 725**
Earnings per share					
Basic earnings per share (PLN)		0.20	0.57	0.18	0.48
Diluted earnings per share (PLN)		0.20	0.57	0.18	0.48

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

Condensed consolidated interim statement of financial position

as at

In thousands of PLN	Note	30 September 2018 (unaudited)	30 June 2018 (unaudited)	31 December 2017	30 September 2017 (unaudited)
ASSETS					
Non-current assets					
Property, plant and equipment	13	33 350	34 102	36 666	41 274
Intangible assets	14	433 419	444 902	463 855	458 092
Investment property		3 505	3 627	3 870	3 996
Investments in associates		1 036	978	1 034	984
Other non-current investments		418 215	445 204	434 147	450 724
Deferred tax assets	15	52 371	53 143	69 829	84 361
Total non-current assets		**941 896**	**981 956**	**1 009 401**	**1 039 431**
Current assets					
Inventories		2 852	2 683	2 630	2 466
Current investments		1 379	1 421	1 403	1 412
Income tax receivables		227	4 754	2 560	-
Trade and other receivables	16	18 835	38 358	25 452	13 463
Cash and cash equivalents		419 222	328 643	396 900	417 930
Total current assets		**442 515**	**375 859**	**428 945**	**435 271**
Total assets		**1 384 411**	**1 357 815**	**1 438 346**	**1 474 702**
EQUITY AND LIABILITIES					
Equity	18				
Share capital	18.1	185 447	185 447	185 447	185 447
Share premium reserve		7 430	7 430	7 430	7 430
Fair value reserve	18.3	276	309	-	-
Hedging reserve	18.2	(2 837)	(3 391)	(4 443)	(5 132)
Other reserve capitals and supplementary capital		429 318	429 336	281 675	281 703
Foreign currency translation reserve		128	205	184	197
Retained earnings and uncovered losses		145 655	95 150	223 186	189 189
Total equity attributable to owners of the Company		**765 417**	**714 486**	**693 479**	**658 834**
Non-controlling interest		4 920	3 442	4 694	4 952
Total equity		**770 337**	**717 928**	**698 173**	**663 786**
Liabilities					
Non-current liabilities					
Loans and borrowings		33 105	55 476	76 295	76 398
Employee benefits		2 479	2 479	4 602	4 209
Deferred income		6 230	6 438	6 854	7 062
Other non-current liabilities		5 781	5 422	6 374	78 288
Provisions	19	315 397	306 389	362 244	355 963
Total non-current liabilities		**362 992**	**376 204**	**456 369**	**521 920**
Current liabilities					
Loans and borrowings		43 315	42 312	40 943	39 341
Derivative financial instruments		3 608	5 038	6 456	6 446
Income tax liabilities		323	319	337	8 393
Trade and other payables		127 783	126 790	184 935	171 769
Employee benefits		3 610	3 378	381	335
Deferred income		6 849	6 934	5 794	6 258
Provisions	19	65 594	78 912	44 958	56 454
Total current liabilities		**251 082**	**263 683**	**283 804**	**288 996**
Total liabilities		**614 074**	**639 887**	**740 173**	**810 916**
Total equity and liabilities		**1 384 411**	**1 357 815**	**1 438 346**	**1 474 702**

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

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

In thousands of PLN	*30 September 2018*		*30 September 2017*	
	3 months	**9 months**	**3 months**	**9 months**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Cash flows from operating activities				
Profit before income tax	**64 122**	**181 728**	**57 679**	**153 390**
Adjustments for				
Depreciation and amortisation	12 856	38 352	11 726	34 792
Foreign currency translation differences for foreign operations	(97)	(35)	58	34
Loss on investment activity	-	-	67	76
(Gain)/Loss on disposal of intangible assets and property, plant and equipment	7	(2)	(4)	55
Interest and dividends	(1 049)	(3 330)	(379)	(935)
Share of profit of equity accounted investees	(58)	(173)	(34)	(129)
Change in receivables	19 523	6 617	692	2 009
Change in inventories	(169)	(222)	(24)	73
Change in trade and other payables	2 297	5 409	2 889	15 323
Change in provisions	1 166	(18 377)	(2 851)	(8 449)
Change in deferred income	(293)	431	(518)	203
Other adjustments	6	-	-	-
Cash generated from operating activities	**98 311**	**210 398**	**69 301**	**196 442**
Income tax paid	(6 955)	(16 343)	(6 097)	(30 114)
Net cash from operating activities	**91 356**	**194 055**	**63 204**	**166 328**
Cash flows from investing activities				
Investment proceeds	**30 083**	**26 269**	**4 659**	**11 239**
Sale of intangible assets and property, plant and equipment	2	101	4	4
Non-current deposits held for investment expenditures	25 795	15 212	-	-
Dividends from equity accounted investees	-	171	-	165
Interest received	4 286	10 785	4 655	11 070
Investment expenditures	**(6 697)**	**(18 624)**	**(7 682)**	**(30 702)**
Acquisition of intangible assets and property, plant and equipment	(6 697)	(18 624)	(6 494)	(25 784)
Non-current deposits held for investment expenditures	-	-	(1 188)	(4 917)
Acquisition of financial assets	-	-	-	(1)
Net cash from/(used in) investing activities	**23 386**	**7 645**	**(3 023)**	**(19 463)**
Cash flows from financing activities				
Financial proceeds	**-**	**-**	**-**	**38**
Sale of treasury shares	-	-	-	38
Financial expenditures	**(24 163)**	**(179 378)**	**(26 371)**	**(95 932)**
Dividends paid, including attributable to:	-	(75 699)	(2 723)	(48 805)
owners of the Company	-	(71 706)	-	(44 507)
non-controlling interest	-	(3 993)	(2 723)	(4 298)
Repayment of loans and borrowings	(20 852)	(40 888)	(19 251)	(37 749)
Interest paid	(3 311)	(7 189)	(4 397)	(9 378)
Concession Payments	-	(55 602)	-	-
Net cash used in financing activities	**(24 163)**	**(179 378)**	**(26 371)**	**(95 894)**
Total net cash flows	**90 579**	**22 322**	**33 810**	**50 971**
Change in cash and cash equivalents	**90 579**	**22 322**	**33 810**	**50 971**
Cash and cash equivalents at the begining of the period	**328 643**	**396 900**	**384 120**	**366 959**
Cash and cash equivalents at the end of the period	**419 222**	**419 222**	**417 930**	**417 930**

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

Condensed consolidated interim statement of changes in equity

In thousands of PLN

(unaudited)	Share capital	Treasury shares	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2017	**185 447**	**(20)**	**7 430**	**-**	**(7 206)**	**231 486**	**137**	**164 555**	**581 829**	**4 999**	**586 828**
Profit for the period	-	-	-	-	-	-	-	***119 381***	***119 381***	***4 264***	***123 645***
Other comprehensive income:	-	-	-	-	***2 074***	***(23)***	***60***	***(18)***	***2 093***	***(13)***	***2 080***
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(417)	-	-	-	**(417)**	-	**(417)**
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	-	2 977	-	-	-	**2 977**	-	**2 977**
Remeasurement of employee benefits	-	-	-		-	-	-	(19)	**(19)**	(16)	**(35)**
Foreign currency translation differences for foreign operations	-	-	-	-	-	(23)	60	(3)	**34**	-	**34**
Income tax on other comprehensive income	-	-	-	-	(486)	-	-	4	**(482)**	3	**(479)**
Total comprehensive income for the period	-	-	-	-	***2 074***	***(23)***	***60***	***119 363***	***121 474***	***4 251***	***125 725***
Sale of treasury shares	-	20	-	-	-	-	-	18	**38**	-	**38**
Dividends paid	-	-	-	-	-	-	-	(44 507)	**(44 507)**	(4 298)	**(48 805)**
Allocation of profit to supplementary capital*	-	-	-	-	-	50 240	-	(50 240)	**-**	-	**-**
As at 30 September 2017	**185 447**	**-**	**7 430**	**-**	**(5 132)**	**281 703**	**197**	**189 189**	**658 834**	**4 952**	**663 786**

	Share capital	Treasury shares	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2017	**185 447**	**(20)**	**7 430**	**-**	**(7 206)**	**231 486**	**137**	**164 555**	**581 829**	**4 999**	**586 828**
Profit for the period	-	-	-	-	-	-	-	***153 382***	***153 382***	***5 398***	***158 780***
Other comprehensive income:	-	-	-	-	***2 763***	***(51)***	***47***	***(22)***	***2 737***	***(11)***	***2 726***
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(431)	-	-	-	**(431)**	-	**(431)**
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	-	3 842	-	-	-	**3 842**	-	**3 842**
Remeasurement of employee benefits	-	-	-	-	-	-	-	(21)	**(21)**	(14)	**(35)**
Foreign currency translation differences for foreign operations	-	-	-	-	-	(51)	47	(5)	**(9)**	-	**(9)**
Income tax on other comprehensive income	-	-	-	-	(648)	-	-	4	**(644)**	3	**(641)**
Total comprehensive income for the period	-	-	-	-	***2 763***	***(51)***	***47***	***153 360***	***156 119***	***5 387***	***161 506***
Sale of treasury shares	-	20	-	-	-	-	-	18	**38**	-	**38**
Dividends paid	-	-	-	-	-	-	-	(44 507)	**(44 507)**	(5 692)	**(50 199)**
Allocation of profit to supplementary capital*	-	-	-	-	-	50 240	-	(50 240)	**-**	-	**-**
As at 31 December 2017	**185 447**	**-**	**7 430**	**-**	**(4 443)**	**281 675**	**184**	**223 186**	**693 479**	**4 694**	**698 173**

(unaudited)	Share capital	Treasury shares	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2018	**185 447**	**-**	**7 430**	**-**	**(4 443)**	**281 675**	**184**	**223 186**	**693 479**	**4 694**	**698 173**
Profit for the period	-	-	-	-	-	-	-	***141 812***	***141 812***	***4 232***	***146 044***
Other comprehensive income:	-	-	-	***275***	***1 606***	***20***	***(56)***	***(13)***	***1 832***	***(13)***	***1 819***
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**
Change in fair value of equity instruments	-	-	-	340	-	-	-	-	**340**	-	**340**
Remeasurement of employee benefits	-	-	-	-	-	-	-	(17)	**(17)**	(16)	**(33)**
Foreign currency translation differences for foreign operations	-	-	-	-	-	20	(56)	1	**(35)**	-	**(35)**
Income tax on other comprehensive income	-	-	-	(65)	(377)	-	-	3	**(439)**	3	**(436)**
Total comprehensive income for the period	-	-	-	***275***	***1 606***	***20***	***(56)***	***141 799***	***143 644***	***4 219***	***147 863***
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)	**-**	-	**-**
As at 30 September 2018	**185 447**	**-**	**7 430**	**276**	**(2 837)**	**429 318**	**128**	**145 655**	**765 417**	**4 920**	**770 337**

*Item adjusted by dividends paid in previous years directly from the supplementary capitals of the subsidiaries.

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

1. Group overview

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

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

The business activities of the Group include the following:

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

As at 30 September 2018, 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.;
** 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 2018.

The condensed consolidated interim financial statements as at the day and for the nine-month period ended 30 September 2018 comprise financial statements of the Company and its subsidiaries and also Group's share in net assets of associates.

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

2. Basis for preparation of condensed consolidated interim financial statements

2.1. Statement of compliance

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

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 2017.

The condensed consolidated interim financial statements were approved by the Management Board of the Company on 8 November 2018.

2.2. Functional and presentation currency

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

2.3. Use of estimates and judgments

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

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

Judgments and estimates made by the Management Board, which have significant impact on condensed consolidated interim financial statements, have been disclosed in notes 14, 15, 16 and 19.

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 2018, have not been applied in preparation of these condensed consolidated interim financial statements. Apart from IFRS 16 *Leases,* which has already been endorsed by EU and will be effective for reporting periods beginning on 1 January 2019 or later, 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.

MSSF 16 *Leases*

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

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

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

The Group is still analysing the expected impact of IFRS 16 application on its future financial statements, therefore the aforementioned impact couldn't have been reliably estimated at the date of approval of these condensed consolidated interim financial statements.

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.

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 project.

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

Moreover, as determined by the Concession Agreement, after fulfilment of conditions therein defined, the Concession Holder will be obliged to make concession payments ("Concession Payments"), as well as payments from profits for the benefit of the National Road Fund. Concession Payments constitute 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).

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

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

According to provisions of the Concession Agreement between SAM S.A. and the Minister of Infrastructure and also of the Project Loan Agreement between SAM S.A. and consortium ("Consortium") of: PEKAO S.A., FMS WERTMANAGEMENT, KfW IPEX-Bank, Raiffeisen Bank Polska S.A. and Portigon AG (London Branch), the possibility of aforementioned payments to the National Road Fund, as well as dividend payments to the shareholder(s) of SAM S.A., depends, among others, on completion of specified construction phases, achieving minimum level of debt service ratios and assuring the sufficient coverage of reserve accounts.

5. Description of significant accounting principles

Except for the changes described below resulting from the introduction of new standards effective for reporting periods beginning on 1 January 2018 or later, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017.

IFRS 15 *Revenue from Contracts with Customers*

The standard applies to nearly all contracts with customers (the main exceptions are leases, financial instruments and insurance contracts), replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts* and a number of revenue-related interpretations.

The fundamental principle of the standard is that the revenue is recognised in the amount constituting transaction price, when the control over goods or services is transferred to customers. All goods and services sold in bundles, which can be considered distinct based on a contract with a customer, should be accounted for separately. Furthermore, as a general rule, all discounts and rebates in respect of the transaction price, should be allocated to each element of such bundle.

The Group has adopted IFRS 15 by means of modified retrospective method, according to which the cumulative effect of the implementation is recognised at the date of initial application, i.e. 1 January 2018. Considering the nature of Group's business, categories of revenue (notes 8 and 10) as well as the provisions of contracts with customers, the application of IFRS 15 had bearing neither on Group's equity as of the aforementioned date, nor on Group's revenue recognition policy.

IFRS 9 *Financial Instruments*

The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting, replacing IAS 39 *Financial Instruments: Recognition and Measurement*.

Classification, measurement and impairment - the standard introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held, as well as a new expected-loss impairment model, which requires timely recognition of expected credit losses.

Hedge accounting - the standard introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

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

(i) Classification and measurement

IFRS 9 defines three principal categories for financial assets: (i) measured at amortised cost, (ii) measured at fair value through other comprehensive income and (iii) measured at fair value through profit or loss. The standard eliminates categories defined in IAS 39: financial assets held to maturity, loans and receivables, as well as financial assets available for sale.

Analysis of IFRS 9 impact on the consolidated financial statements included the appraisal of business model and cash flow characteristics for financial assets owned, i.e. equity instruments, trade and other receivables, non-current deposits, as well as cash and cash equivalents.

The following table shows the impact of IFRS 9 application on the categories and carrying amounts of Group's financial assets as of 1 January 2018.

	Category of financial assets		**Carrying amount**	
	IAS 39	*IFRS 9*	*IAS 39*	*IFRS 9*
Equity instruments (Other non-current investments)	Available-for-sale financial assets	Measured at fair value through other comprehensive income	70	70
Equity instruments (Current investments)	Available-for-sale financial assets	Measured at fair value through other comprehensive income	1 403	1 403
Trade and other receivables	Loans and receivables	Measured at amortised cost	13 366	13 366
Non-current deposits	Loans and receivables	Measured at amortised cost	434 077	434 077
Cash and cash equivalents	Loans and receivables	Measured at amortised cost	396 900	396 900
Total			**845 816**	**845 816**

Group's available-for-sale financial assets for which there were no reliable ways to determine their fair value, were up till now measured at costs less any impairment loss. According to new standard such assets will be measured at fair value (however in limited circumstances cost may be an appropriate estimate of fair value), which subsequent changes, as per option foreseen in the standard (which the Group elected), will be recognised in other comprehensive income (without possibility of subsequent transfer to profit or loss for the period). The introduction of IFRS 9 has not resulted in a change of the measurement model of Group's other financial assets, i.e. after initial recognition they will continue to be measured at amortised cost.

(ii) Impairment

In case of the Group the new expected credit loss impairment model applies only to financial assets measured at amortised cost.

In line with IFRS 9, the Group recognises expected credit loss amounting to:

- to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; or
- to 12-month expected credit losses if the credit risk on a financial instrument has not increased significantly since initial recognition.

In relation to trade receivables the Group, in line with the option foreseen in the standard, measures loss allowances at an amount equal to lifetime expected credit losses, using a provision matrix. The Group applies its historical credit loss experience, adjusted in certain cases to reflect the impact of forward-looking information.

The introduction of the new impairment model for Group's receivables did not result in a change of the amount of allowances as of 1 January 2018, comparing to the level resulting from the previous policy in this respect.

Impairment losses related to trade and other receivables have been presented separately in the condensed consolidated interim statement of comprehensive income. Due to the above, the Group reclassified accordingly the reversal of impairment losses amounting to TPLN 6 incurred in the 9-month period ended 30 September 2017 from the item other expenses of the condensed consolidated interim statement of comprehensive income for that period.

(iii) Hedge accounting

The Group has elected to adopt new hedge accounting model introduced by IFRS 9, requirements of which have been applied prospectively in line with the transition provisions. This change had no bearing on the qualification of hedging relationships, which therefore were regarded as continuing hedging relationships.

(iv) Transition provisions

Changes in accounting policies resulting from the adoption of IFRS 9, except for changes related to hedge accounting described above, have been applied retrospectively by the Group.

With respect to classification and measurement of financial instruments (including impairment), the Group has used the exemption foreseen in the standard and has not restated the data for the previous reporting periods.

The adoption of the standard had no impact on Group's equity at the date of its initial application, i.e. 1 January 2018.

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

6. Segment reporting

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

The Group operates in one geographical segment – entire revenue is earned in Poland.

Business segments

Business segments include:

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

Business segments results

For the 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
Operating revenues						
Revenue from external customers	800	2 435	94 163	252 772	**94 963**	**255 207**
Total revenue	**800**	**2 435**	**94 163**	**252 772**	**94 963**	**255 207**
Operating expenses						
Cost of sales to external customers	(883)	(2 761)	(19 679)	(37 541)	**(20 562)**	**(40 302)**
Total cost of sales	**(883)**	**(2 761)**	**(19 679)**	**(37 541)**	**(20 562)**	**(40 302)**
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)	(7 869)	(23 870)	**(8 873)**	**(27 266)**
Results from operating activities	**(1 085)**	**(3 729)**	**67 321**	**193 817**	**66 236**	**190 088**
Net finance income/(expense)	1 192	3 704	(3 364)	(12 237)	**(2 172)**	**(8 533)**
Share of profit of equity accounted investees (net of income tax)	58	173	-	-	**58**	**173**
Income tax expense	(86)	(290)	(12 050)	(35 394)	**(12 136)**	**(35 684)**
Profit/(Loss) for the period	**79**	**(142)**	**51 907**	**146 186**	**51 986**	**146 044**
Other comprehensive income, net of income tax	(3)	304	426	1 515	**423**	**1 819**
Total comprehensive income for the period	**76**	**162**	**52 333**	**147 701**	**52 409**	**147 863**
Major non-cash items						
Depreciation and amortisation	(133)	(399)	(12 723)	(37 953)	**(12 856)**	**(38 352)**
Reversal/(recognition) of allowances for receivables	(3)	(8)	3	(51)	**-**	**(59)**
Unwinding of discount	-	-	(3 351)	(11 638)	**(3 351)**	**(11 638)**

(*) Administrative expenses in "Management, advisory and rental services" segment comprise all administrative expenses of the Company.

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

For the three and nine-month periods ended 30 September 2017

	Management, advisory and rental services		Management and operation of motorways		Total	
	3 months	9 months	3 months	9 months	3 months	9 months
Operating revenues						
Revenue from external customers	797	2 423	89 502	238 342	**90 299**	**240 765**
Total revenue	**797**	**2 423**	**89 502**	**238 342**	**90 299**	**240 765**
Operating expenses						
Cost of sales to external customers	(910)	(2 841)	(18 984)	(48 141)	**(19 894)**	**(50 982)**
Total cost of sales	**(910)**	**(2 841)**	**(18 984)**	**(48 141)**	**(19 894)**	**(50 982)**
Other income	3	16	891	2 656	**894**	**2 672**
Other expenses	(1)	(4)	(54)	(263)	**(55)**	**(267)**
Reversal of impairments losses on trade and other receivables	6	6	-	-	**6**	**6**
Administrative expenses (*)	(898)	(2 982)	(8 088)	(21 890)	**(8 986)**	**(24 872)**
Results from operating activities	**(1 003)**	**(3 382)**	**63 267**	**170 704**	**62 264**	**167 322**
Net finance income/(expense)	1 190	3 604	(5 809)	(17 665)	**(4 619)**	**(14 061)**
Share of profit of equity accounted investees (net of income tax)	34	129	-	-	**34**	**129**
Income tax expense	(97)	(233)	(10 794)	(29 512)	**(10 891)**	**(29 745)**
Profit for the period	**124**	**118**	**46 664**	**123 527**	**46 788**	**123 645**
Other comprehensive income, net of income tax	62	39	699	2 041	**761**	**2 080**
Total comprehensive income for the period	**186**	**157**	**47 363**	**125 568**	**47 549**	**125 725**
Major non-cash items						
Depreciation and amortisation	(143)	(439)	(11 583)	(34 353)	**(11 726)**	**(34 792)**
Reversal/(recognition) of allowances for receivables	6	6	-	-	**6**	**6**
Unwinding of discount	-	-	(5 025)	(14 753)	**(5 025)**	**(14 753)**
Revaluation of investments	(67)	(76)	-	-	**(67)**	**(76)**

(*) Administrative expenses in "Management, advisory and rental services" segment comprise all administrative expenses of the Company.

Financial position according to business segments as at

	30 September 2018	*30 June 2018*	*31 December 2017*	*30 September 2017*
Management, advisory and rental services				
Assets of the segment	283 070	283 095	347 902	347 550
Liabilities of the segment	3 896	3 954	3 256	2 882
Management and operation of motorways				
Assets of the segment	1 101 341	1 074 720	1 090 444	1 127 152
Liabilities of the segment	610 178	635 933	736 917	808 034
Total assets	**1 384 411**	**1 357 815**	**1 438 346**	**1 474 702**
Total liabilities	**614 074**	**639 887**	**740 173**	**810 916**

7. Periodicity and seasonality of the business

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

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

8. Revenue

	30 September 2018		*30 September 2017*	
	3 months	**9 months**	**3 months**	**9 months**
Toll revenue, including:	93 913	252 041	89 372	237 779
Manual toll collection (cash, bank cards)	65 587	169 955	64 271	165 507
Fleet cards	16 532	49 133	15 422	45 333
Subscription coupons	-	-	150	1 167
Electronic toll collection	10 297	28 104	7 468	19 638
KartA4	1 497	4 849	2 061	6 134
Revenue from rental of investment property	799	2 431	786	2 386
Revenue due to other services provided	5	18	17	165
Other revenue	246	717	124	435
Total	**94 963**	**255 207**	**90 299**	**240 765**

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 (subscription coupons, 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.

9. Expenses by nature

	30 September 2018		*30 September 2017*	
	3 months	**9 months**	**3 months**	**9 months**
Depreciation and amortisation	(12 856)	(38 352)	(11 726)	(34 792)
Energy and materials consumption	(924)	(3 230)	(860)	(3 229)
(Accrual)/Reversal of provision for motorway resurfacing disclosed within cost of sales (external services)*	(2 177)	15 446	(3 183)	(1 194)
Other external services	(6 127)	(17 409)	(6 158)	(14 630)
Taxes and charges	(325)	(1 263)	(451)	(1 453)
Employee benefit expenses	(6 564)	(21 144)	(6 019)	(19 131)
Other costs	(462)	(1 616)	(483)	(1 424)
Cost of goods and materials sold	-	-	-	(1)
Total expenses by nature	**(29 435)**	**(67 568)**	**(28 880)**	**(75 854)**
Cost of sales and administrative expenses	**(29 435)**	**(67 568)**	**(28 880)**	**(75 854)**

* Including change of estimates related to provisions - see note 19.

9.1. Employee benefit expenses

	30 September 2018		*30 September 2017*	
	3 months	**9 months**	**3 months**	**9 months**
Wages and salaries	(5 119)	(16 126)	(4 677)	(14 692)
Social security contributions and other benefits	(1 152)	(3 866)	(1 049)	(3 316)
Movement in employee benefits liabilities included in profit and loss:	(293)	(1 152)	(293)	(1 123)
Post-employment benefits	-	(53)	-	(48)
Jubilee bonuses liabilities	-	(218)	-	(194)
Other employee benefits	(293)	(881)	(293)	(881)
Total	**(6 564)**	**(21 144)**	**(6 019)**	**(19 131)**

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

10. Other income

	30 September 2018		*30 September 2017*	
	3 months	**9 months**	**3 months**	**9 months**
Rental income from passenger service areas	637	2 222	777	2 280
Compensations, contractual penalties and costs of court proceedings received	53	199	23	150
Reimbursement of real estate tax paid for previous periods	-	3 005	-	-
Interest from receivables	8	16	3	25
Recorded surpluses	7	10	-	-
Net gain on disposal of property, plant and equipment and intangible assets	-	2	4	-
Other	75	229	86	216
Total	**780**	**5 683**	**893**	**2 671**

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

11. Other expenses

	30 September 2018		*30 September 2017*	
	3 months	**9 months**	**3 months**	**9 months**
Donations granted	-	(16)	(32)	(49)
Repair of damages	(5)	(25)	(7)	(35)
Penalties, compensations, payments	(27)	(49)	(8)	(20)
Reversal of rental income from passenger service areas for previous periods due to reimbursement of real estate tax paid	-	(3 005)	-	-
Net loss on disposal of property, plant and equipment and intangible assets	(7)	-	-	(55)
Unrecoverable input VAT	(4)	(12)	(2)	(9)
Other	(29)	(68)	(5)	(98)
Total	**(72)**	**(3 175)**	**(54)**	**(266)**

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

12. Net finance expense

	30 September 2018		*30 September 2017*	
	3 months	**9 months**	**3 months**	**9 months**
Recognised in profit or loss for the period				
Interest income, including:	3 142	9 550	3 248	9 411
- from bank accounts and deposits	3 142	9 548	3 248	9 410
- other	-	2	-	1
Net foreign exchange gain	134	188	50	105
Ineffective portion of changes in fair value of cash flow hedges	-	6	-	-
Finance income	**3 276**	**9 744**	**3 298**	**9 516**
Interest expense on liabilities measured at amortised cost, including:	(2 826)	(10 130)	(4 789)	(14 394)
- loans and borrowings, including:	(1 340)	(4 228)	(1 855)	(5 711)
- nominal	(904)	(2 879)	(1 279)	(3 960)
- other	(436)	(1 349)	(576)	(1 751)
- discount of Concession Payments	(1 486)	(5 902)	(2 934)	(8 683)
Discount of provisions	(1 865)	(5 736)	(2 091)	(6 070)
Revaluation of investments	-	-	(67)	(76)
Net change in fair value of cash flow hedges reclassified from other comprehensive income	(758)	(2 354)	(967)	(2 977)
Ineffective portion of changes in fair value of cash flow hedges	-	-	-	(54)
Other finance expenses	1	(57)	(3)	(6)
Finance expenses	**(5 448)**	**(18 277)**	**(7 917)**	**(23 577)**
Net finance expense recognised in profit or loss for the period	**(2 172)**	**(8 533)**	**(4 619)**	**(14 061)**
Recognised in other comprehensive income				
Foreign currency translation differences for foreign operations	(97)	(35)	58	34
Effective portion of changes in fair value of cash flow hedges (*)	(74)	(371)	(99)	(417)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period (*)	758	2 354	967	2 977
Change in fair value of equity instruments	(42)	340	-	-
Finance income/(expenses) recognised in other comprehensive income	**545**	**2 288**	**926**	**2 594**

(*) The Group hedges cash flows resulting from payments of interest related to Project Loan Agreement between SAM S.A. and Consortium.
For cash flow being hedged a cash flow hedge accounting is applied. Derivatives are used as hedging instruments (interest rate swap).
For further information see Group's consolidated financial statements for the year 2017 - notes 32.2 and 33.3.

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

13. Property, plant and equipment

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2017	**20 525**	**16 559**	**15 862**	**6 433**	**1 154**	**60 533**
Acquisitions	9	1 457	77	108	10 867	**12 518**
Transfer from property, plant and equipment under construction	-	440	-	19	(459)	**-**
Transfer from provisions for capital expenditure	-	74	-	37	-	**111**
Transfer to inventory	-	-	-	-	(392)	**(392)**
Transfer of prepayments for property, plant and equipment	-	-	-	-	844	**844**
Disposals	-	(61)	(93)	(5)	-	**(159)**
Cost as at 30 September 2017	**20 534**	**18 469**	**15 846**	**6 592**	**12 014**	**73 455**
Cost as at 1 January 2018	**20 812**	**22 842**	**18 192**	**7 930**	**185**	**69 961**
Acquisitions	89	197	902	241	7	**1 436**
Transfer from property, plant and equipment under construction	-	-	4	-	(4)	**-**
Disposals	(9)	(117)	(570)	(21)	-	**(717)**
Cost as at 30 September 2018	**20 892**	**22 922**	**18 528**	**8 150**	**188**	**70 680**
Depreciation and impairment losses as at 1 January 2017	**(12 582)**	**(6 112)**	**(7 064)**	**(2 695)**	**-**	**(28 453)**
Depreciation for the period	(675)	(1 474)	(1 164)	(515)	-	**(3 828)**
Disposals	-	61	34	5	-	**100**
Depreciation and impairment losses as at 30 September 2017	**(13 257)**	**(7 525)**	**(8 194)**	**(3 205)**	**-**	**(32 181)**
Depreciation and impairment losses as at 1 January 2018	**(13 430)**	**(8 073)**	**(8 425)**	**(3 367)**	**-**	**(33 295)**
Depreciation for the period	(710)	(2 058)	(1 294)	(592)	-	**(4 654)**
Disposals	4	114	480	21	-	**619**
Depreciation and impairment losses as at 30 September 2018	**(14 136)**	**(10 017)**	**(9 239)**	**(3 938)**	**-**	**(37 330)**
Carrying amounts						
As at 1 January 2017	7 943	10 447	8 798	3 738	1 154	32 080
As at 30 September 2017	7 277	10 944	7 652	3 387	12 014	41 274
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

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

Impairment losses

As at 30 September 2018, 31 December 2017 and 30 September 2017 there were no indicators, which would require the Group to test property, plant and equipment for impairment.

14. Intangible assets

	Concession intangible assets	Other concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Cost as at 1 January 2017	**883 326**	**6 559**	**970**	**23**	**890 878**
Acquisitions	-	19	-	26	**45**
Transfer from intangible assets not ready for use	-	23	-	(23)	**-**
Revaluation of concession intangible assets	3 777	-	-	-	**3 777**
Cost as at 30 September 2017	**887 103**	**6 601**	**970**	**26**	**894 700**
Cost as at 1 January 2018	**897 251**	**12 578**	**970**	**26**	**910 825**
Acquisitions	-	8	-	69	**77**
Transfer from intangible assets not ready for use	-	26	-	(26)	**-**
Revaluation of concession intangible assets	2 821	-	-	-	**2 821**
Cost as at 30 September 2018	**900 072**	**12 612**	**970**	**69**	**913 723**
Amortisation and impairment losses as at 1 January 2017	**(402 977)**	**(2 102)**	**(970)**	**-**	**(406 049)**
Amortisation for the period	(29 950)	(609)	-	-	**(30 559)**
Amortisation and impairment losses as at 30 September 2017	**(432 927)**	**(2 711)**	**(970)**	**-**	**(436 608)**
Amortisation and impairment losses as at 1 January 2018	**(443 046)**	**(2 954)**	**(970)**	**-**	**(446 970)**
Amortisation for the period	(32 271)	(1 063)	-	-	**(33 334)**
Amortisation and impairment losses as at 30 September 2018	**(475 317)**	**(4 017)**	**(970)**	**-**	**(480 304)**
Carrying amounts					
As at 1 January 2017	480 349	4 457	-	23	484 829
As at 30 September 2017	454 176	3 890	-	26	458 092
As at 1 January 2018	454 205	9 624	-	26	463 855
As at 30 September 2018	424 755	8 595	-	69	433 419

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

(i) due to changes of discount rates used for valuation of provision for capital expenditures (see note 19), which resulted in their increase by TPLN 1,422 (out of which by TPLN 157 was in III quarter); and
(ii) due to changes of estimates regarding construction works schedule and capital expenditures, which according to the Concession Agreement are to be executed by the Group before the end of the concession period (see note 19), resulting in the increase of concession intangible assets by TPLN 1,399 (however a decrease of TPLN 528 was observed in III quarter).

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

The annual amortisation rate calculated based on estimated traffic increase during the concession period in relation to present net value of intangible asset at the beginning of the quarterly period equalled 9.44% in III quarter 2018 (III quarter 2017: 8.27%). According to current amortisation schedule, based on updated estimates of traffic increase, the proportion of annual amortisation costs to the carrying value of intangible asset as at 30 September 2018 will range from 10.12% to 12.86% during the concession period.

As at 30 September 2018, 31 December 2017 and 30 September 2017 there were no indicators, which would require the Group to test intangible assets for impairment.

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

15. Deferred tax

Deferred tax assets have not been identified in full amount of excess of negative temporary differences over positive temporary differences, due to uncertainty regarding the utilization of some of the temporary differences.

	Assets				Liabilities				Net			
	30 September 2018	30 June 2018	31 December 2017	30 September 2017	30 September 2018	30 June 2018	31 December 2017	30 September 2017	30 September 2018	30 June 2018	31 December 2017	30 September 2017
Deferred tax assets/liabilities	131 687	134 822	154 906	169 232	(79 316)	(81 679)	(85 077)	(84 871)	52 371	53 143	69 829	84 361
Set off of tax	(79 316)	(81 679)	(85 077)	(84 871)	79 316	81 679	85 077	84 871	-	-	-	-
Net deferred tax assets/liabilities as in statement of financial position	52 371	53 143	69 829	84 361	-	-	-	-	52 371	53 143	69 829	84 361

Changes of deferred tax assets / liabilities for three and nine-month periods ended 30 September 2018 and 30 September 2017 were following:

	Change of deferred tax on temporary differences recognised in	
	profit or loss for the period	comprehensive income
30 September 2018		
3 months	(650)	(122)
9 months	(17 022)	(436)
30 September 2017		
3 months	(1 852)	(165)
9 months	(5 143)	(479)

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

16. Allowances for current receivables

Trade and other receivables are presented net of allowances for doubtful debts amounting to TPLN 91,554 (30 June 2018: TPLN 91,554, 31 December 2017: TPLN 91,500, 30 September 2017: TPLN 91,554).

Change in allowances for bad debt was as follows:

	3 quarters 2018	*3 quarters 2017*
Allowances for bad debts as at 1 January	**(91 500)**	**(91 565)**
Allowances recognised	(72)	(2)
Allowances reversed	13	8
Allowances utilised	5	5
Allowances for bad debts as at 30 September	**(91 554)**	**(91 554)**

	III quarter 2018	*III quarter 2017*
Allowances for bad debts as at 1 July	**(91 554)**	**(91 560)**
Allowances recognised	(6)	-
Allowances reversed	6	6
Allowances for bad debts as at 30 September	**(91 554)**	**(91 554)**

According to the Group, the collection of receivables which have not been subject to allowances is not considered doubtful.

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

17. Financial instruments

17.1. 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 2018	Carrying amount				Fair value			
	Financial instruments measured at fair value through other comprehensive income	Hedge derivatives measured at fair value	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments**	1 813	-	-	**1 813**	-	-	1 813	**1 813**
	1 813	**-**	**-**	**1 813**				
Financial assets not measured at fair value								
Trade and other receivables***	-	-	12 966	**12 966**				
Non-current deposits	-	-	417 781	**417 781**				
Cash and cash equivalents	-	-	419 222	**419 222**				
	-	**-**	**849 969**	**849 969**				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging****	-	(3 608)	-	**(3 608)**	-	(3 608)	-	**(3 608)**
	-	**(3 608)**	**-**	**(3 608)**				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	(76 420)	**(76 420)**				
Concession Payments*****	-	-	(109 072)	**(109 072)**				
Trade and other payables***	-	-	(22 375)	**(22 375)**				
	-	**-**	**(207 867)**	**(207 867)**				

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

30 June 2018	Carrying amount				Fair value			
	Financial instruments measured at fair value through other comprehensive income	Hedge derivatives measured at fair value	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments**	1 855	-	-	**1 855**	-	-	1 855	**1 855**
	1 855	**-**	**-**	**1 855**				
Financial assets not measured at fair value								
Trade and other receivables***	-	-	14 927	**14 927**				
Non-current deposits	-	-	444 770	**444 770**				
Cash and cash equivalents	-	-	328 643	**328 643**				
	-	**-**	**788 340**	**788 340**				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging****	-	(5 038)	-	**(5 038)**	-	(5 038)	-	**(5 038)**
	-	**(5 038)**	**-**	**(5 038)**				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	(97 788)	**(97 788)**				
Concession Payments*****	-	-	(107 586)	**(107 586)**				
Trade and other payables***	-	-	(22 119)	**(22 119)**				
	-	**-**	**(227 493)**	**(227 493)**				

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

31 December 2017*	Carrying amount					Fair value			
	Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Equity instruments**	-	1 473	-	-	**1 473**				
Trade and other receivables***	13 366	-	-	-	**13 366**				
Non-current deposits	434 077	-	-	-	**434 077**				
Cash and cash equivalents	396 900	-	-	-	**396 900**				
	844 343	**1 473**	**-**	**-**	**845 816**				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging****	-	-	(6 456)	-	**(6 456)**	-	(6 456)	-	**(6 456)**
	-	**-**	**(6 456)**	**-**	**(6 456)**				
Financial liabilities not measured at fair value									
Loans and borrowings	-	-	-	(117 238)	**(117 238)**				
Concession Payments*****	-	-	-	(158 772)	**(158 772)**				
Trade and other payables***	-	-	-	(30 345)	**(30 345)**				
	-	**-**	**-**	**(306 355)**	**(306 355)**				

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

*30 September 2017**	Carrying amount					Fair value			
	Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Equity instruments**	-	1 481	-	-	**1 481**				
Trade and other receivables***	13 460	-	-	-	**13 460**				
Non-current deposits	450 655	-	-	-	**450 655**				
Cash and cash equivalents	417 930	-	-	-	**417 930**				
	882 045	**1 481**	**-**	**-**	**883 526**				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging****	-	-	(6 446)	-	**(6 446)**	-	(6 446)	-	**(6 446)**
	-	**-**	**(6 446)**	**-**	**(6 446)**				
Financial liabilities not measured at fair value									
Loans and borrowings	-	-	-	(115 739)	**(115 739)**				
Concession Payments*****	-	-	-	(215 383)	**(215 383)**				
Trade and other payables***	-	-	-	(29 233)	**(29 233)**				
	-	**-**	**-**	**(360 355)**	**(360 355)**				

* The Group has initially applied IFRS 9 at 1 January 2018 with the comparative information not restated in line with transition option chosen.

** Prior to 1 January 2018, shares of companies which were not listed on financial markets and for which there were no alternative measures to define their fair value, were disclosed at cost net of any impairment losses and classified as available-for-sale financial assets. From 1 January 2018 these assets are classified as measured at fair value through other comprehensive income.

*** Without consideration of receivables/payables due to taxes, duties, social and health insurance and other benefits, as well as the current portion of the 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.

***** For the Concession Payments it is not possible to assess their fair value due to the lack of active market for similar financial instruments.

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

17.2. 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).

18. Equity

18.1. Share capital

	30 September 2018	*30 June 2018*	*31 December 2017*	*30 September 2017*
Number of shares at the beginning of the period	247 262 023	247 262 023	247 262 023	247 262 023
Number of shares at the end of the period (fully paid)	247 262 023	247 262 023	247 262 023	247 262 023
Nominal value of 1 share (PLN)	0.75	0.75	0.75	0.75
Nominal value of A-series issue	6 256	6 256	6 256	6 256
Nominal value of B-series issue	370	370	370	370
Nominal value of D-series issue	3 000	3 000	3 000	3 000
Nominal value of E-series issue	71 196	71 196	71 196	71 196
Nominal value of F-series issue	37 500	37 500	37 500	37 500
Nominal value of G-series issue	67 125	67 125	67 125	67 125
Total	**185 447**	**185 447**	**185 447**	**185 447**

18.2. 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 -371 in the period of 3 quarters 2018, out of which TPLN -74 in III quarter (3 quarters 2017: TPLN -417, III quarter 2017: TPLN -99). As the consequence of hedged interest payments made in the period of 3 quarters 2018, the Group reclassified the corresponding net change in fair value of cash flow hedges of TPLN -2,354, out of which TPLN -758 in III quarter (3 quarters 2017: TPLN -2,977, III quarter 2017: TPLN -967) 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 70, out of which TPLN 447 was attributable to portion of changes reclassified to finance expense (3 quarters 2017: TPLN 80 and TPLN 566 respectively).

18.3. 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.

18.4. Dividends

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.

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

19. Provisions

For nine-month periods ended 30 September 2018 and 30 September 2017

Non-current provisions	**Provisions for motorway resurfacing**	**Provisions for capital expenditures (Phase II)**	**Total**
Balance at 1 January 2017	**43 884**	**300 918**	**344 802**
Additions, including:	12 261	4 353	**16 614**
- due to discounting	*611*	*4 353*	***4 964***
Change of estimates	(6 995)	12 601	**5 606**
Reclassifications	(932)	(10 127)	**(11 059)**
Balance at 30 September 2017	**48 218**	**307 745**	**355 963**
Balance at 1 January 2018	**49 568**	**312 676**	**362 244**
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)**
Balance at 30 September 2018	**20 090**	**295 307**	**315 397**
Current provisions			
Balance at 1 January 2017	**36 221**	**51 636**	**87 857**
Additions, including:	453	653	**1 106**
- due to discounting	*453*	*653*	***1 106***
Change of estimates	(3 461)	(8 824)	**(12 285)**
Utilisation	(15 799)	(15 595)	**(31 394)**
Capital expenditures transferred to property, plant and equipment under construction	-	111	**111**
Reclassifications	932	10 127	**11 059**
Balance at 30 September 2017	**18 346**	**38 108**	**56 454**
Balance at 1 January 2018	**12 620**	**32 338**	**44 958**
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**
Balance at 30 September 2018	**18 693**	**46 901**	**65 594**

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

For three-month periods ended 30 September 2018 and 30 September 2017

Non-current provisions	**Provisions for motorway resurfacing**	**Provisions for capital expenditures (Phase II)**	**Total**
Balance at 1 July 2017	**45 443**	**318 409**	**363 852**
Additions, including:	4 016	1 564	**5 580**
- due to discounting	*223*	*1 564*	***1 787***
Change of estimates	(309)	(18 450)	**(18 759)**
Reclassifications	(932)	6 222	**5 290**
Balance at 30 September 2017	**48 218**	**307 745**	**355 963**
Balance at 1 July 2018	**23 135**	**283 254**	**306 389**
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)**
Balance at 30 September 2018	**20 090**	**295 307**	**315 397**
Current provisions			
Balance at 1 July 2017	**25 713**	**36 009**	**61 722**
Additions, including:	127	177	**304**
- due to discounting	*127*	*177*	***304***
Change of estimates	(301)	17 608	**17 307**
Utilisation	(8 125)	(9 464)	**(17 589)**
Reclassifications	932	(6 222)	**(5 290)**
Balance at 30 September 2017	**18 346**	**38 108**	**56 454**
Balance at 1 July 2018	**16 242**	**62 670**	**78 912**
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**
Balance at 30 September 2018	**18 693**	**46 901**	**65 594**

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 2018 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 2017 the rates ranged from 2% to 3.62%, currently from 1.86% to 3.55%). As result of these changes the provision for resurfacing increased by TPLN 226 (however a decrease of TPLN 19 was observed 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 1,422 (out of which by TPLN 157 in III quarter), which was recognized as an increase of concession intangible assets.

As at 30 September 2018 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 26,147 (out of which by TPLN 812 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 1,399 (however a decrease of TPLN 528 was observed in III quarter), which was recognized as an increase of concession intangible assets.

20. Collateral established on Group's property

As at 30 September 2018 property, plant and equipment with a carrying value of TPLN 19,660 (30 June 2018: TPLN 20,506, 31 December 2017: TPLN 24,838, 30 September 2017: TPLN 20,683) 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.

21. Contingent liabilities

Contingent liabilities amounting to TPLN 23,465 (30 June 2018: TPLN 22,496, 31 December 2017: TPLN 22,758, 30 September 2017: TPLN 22,401) constitute guarantees granted to related entities.

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

22. Transactions with related parties

22.1. Intragroup receivables and liabilities

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

30 June 2018	**Receivables**	**Trade payables**	**Guarantees and suspended amounts**
Atlantia S.p.A.	-	17	-
Parent entities	***-***	***17***	***-***
Biuro Centrum Sp. z o.o.	2	10	-
Associates	***2***	***10***	***-***
Pavimental S.p.A. S.A. Oddział w Polsce	-	993	3 986
Pavimental Polska Sp. z o.o.	4	-	2 596
Telepass S.p.A.	694	-	-
Autogrill Polska Sp. z o.o.	-	-	10
Autostrade Tech S.p.A.	-	1 693	176
Other related entities	***698***	***2 686***	***6 768***
Total	**700**	**2 713**	**6 768**

31 December 2017	**Receivables**	**Trade payables**	**Guarantees and suspended amounts**
Atlantia S.p.A.	-	17	-
Parent entities	***-***	***17***	***-***
Biuro Centrum Sp. z o.o.	8	61	-
Associates	***8***	***61***	***-***
Pavimental S.p.A. S.A. Oddział w Polsce	-	1 302	4 964
Pavimental Polska Sp. z o.o.	10	1 284	3 816
Telepass S.p.A.	472	-	-
Autogrill Polska Sp. z o.o.	-	-	10
Autostrade Tech S.p.A.	-	2 589	1 586
Other related entities	***482***	***5 175***	***10 376***
Total	**490**	**5 253**	**10 376**

30 September 2017	**Receivables**	**Trade payables**	**Guarantees and suspended amounts**
Atlantia S.p.A.	-	17	-
Parent entities	***-***	***17***	***-***
Biuro Centrum Sp. z o.o.	6	9	-
Associates	***6***	***9***	***-***
Pavimental S.p.A. S.A. Oddział w Polsce	-	2 652	4 607
Pavimental Polska Sp. z o.o.	10	2 746	3 216
Autogrill Polska Sp. z o.o.	-	-	10
Autostrade Tech S.p.A.	-	967	1 586
Telepass S.p.A	525	-	-
Other related entities	***535***	***6 365***	***9 419***
Total	**541**	**6 391**	**9 419**

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

22.2. Related parties transactions amounts

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)	-
Associates	***53***	***-***	***(658)***	***-***
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	-	-	-
Autostrade Tech S.p.A.	-	-	(837)	-
Telepass S.p.A	1 734	-	-	-
Other related entities	***1 757***	***12***	***(837)***	***(3 590)***
Total	**1 810**	**12**	**(1 495)**	**(3 590)**

III quarter 2017	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
Biuro Centrum Sp. z o.o.	62	-	(683)	-
Associates	***62***	***-***	***(683)***	***-***
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(7 767)
Pavimental Polska Sp. z o.o.	31	3	(24)	(5 904)
Autogrill Polska Sp. z o.o.	15	-	-	-
Autostrade Tech S.p.A.	-	-	(317)	(885)
Telepass S.p.A	1 248	-	-	-
Other related entities	***1 294***	***3***	***(341)***	***(14 556)***
Total	**1 356**	**3**	**(1 024)**	**(14 556)**

3 quarters 2018	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
Biuro Centrum Sp. z o.o.	159	-	(2 087)	-
Associates	***159***	***-***	***(2 087)***	***-***
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	-	-	-
Autostrade Tech S.p.A.	-	-	(3 241)	-
Telepass S.p.A	4 769	-	-	-
Other related entities	***4 847***	***20***	***(3 241)***	***(10 043)***
Total	**5 006**	**20**	**(5 328)**	**(10 043)**

3 quarters 2017	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
Biuro Centrum Sp. z o.o.	194	-	(2 133)	-
Associates	***194***	***-***	***(2 133)***	***-***
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(12 718)
Pavimental Polska Sp. z o.o.	73	13	(188)	(12 964)
Autogrill Polska Sp. z o.o.	43	-	-	-
Autostrade Tech S.p.A.	118	4	(1 062)	(11 459)
Telepass S.p.A	3 168	16	-	-
Other related entities	***3 402***	***33***	***(1 250)***	***(37 141)***
Total	**3 596**	**33**	**(3 383)**	**(37 141)**

22.3. 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.

23. Financial results of the Capital Group and its Parent Entity for the III quarter 2018

23.1. Financial results of Stalexport Autostrady S.A.

In III quarter 2018 the Company generated revenue on sales amounting to TPLN 851, i.e. at similar level as in comparable quarterly period of 2017 (TPLN 843) and 14% lower than in II quarter 2018. The decrease of revenue in comparison to II quarter 2018 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 2018 of TPLN 970 – for similar period of 2017 a loss amounting to TPLN 924 was incurred. The cumulative operating loss for 3 quarters 2018 amounted to TPLN 3,175 (3 quarters 2017: loss of TPLN 3,003). The aforementioned negative variation is mainly the consequence of higher costs of external services (by 6%) and employee benefit expenses (by 4%) recorded in the period of 3 quarters 2018.

The financial activity of Stalexport Autostrady S.A. generated a profit of TPLN 5,554 for III quarter 2018 (III quarter 2017: TPLN 1,300). Dividends amounting to TPLN 4,400 (III quarter 2017: none) and interest on bank deposits amounting to TPLN 1,103 (III quarter 2017: TPLN 1,314) constituted the main items of financial income in III quarter 2018.

As the result, Stalexport Autostrady S.A. generated a net profit for the III quarter 2018 amounting to TPLN 4,528 (3 quarters 2018: net profit of TPLN 5,021), comparing to TPLN 281 net profit for III quarter 2017 (3 quarters 2017: net profit of TPLN 68,235).

23.2. 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 2018 amounted to TPLN 94,163, increasing by 5.2% in relation to revenue for III quarter 2017 (TPLN 89,502) and by 12.8% in relation to revenue for II quarter 2018 (TPLN 83,508).

The aforementioned variation in relation to III quarter 2017 was mainly the consequence of 5.4% increase of traffic level, resulting from 5.9% increase of traffic level for light vehicles and 2.9% increase of traffic level for heavy vehicles.

The variation in relation to II quarter 2018 was mainly the consequence of 14.1% increase of traffic level, which comprised of 16.6% increase of traffic level for light vehicles and 1.1% increase of traffic level for heavy vehicles.

Operating expenses incurred in relation to motorway activity amounted to TPLN 27,617 for III quarter 2018, increasing by 1.8% in relation to III quarter 2017 (TPLN 27,126). The above resulted mainly from the increase of depreciation/amortisation costs by TPLN 1,130 (out of which TPLN 724 was attributed to concession intangible assets), as well as the decrease of accrued cost of provision for motorway resurfacing by the amount of TPLN 1,006, 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 221) and lower current accrued cost of the provision recorded in III quarter 2018 (decrease of TPLN 785).

The financial activity of motorway segment for III quarter 2018 resulted in a loss amounting to TPLN 3,364, comparing to a loss of TPLN 5,809 for III quarter 2017. This positive variation was mainly the consequence of diminishing costs related to the Project Loan Agreement and expenses due to unwinding of the discount related to the Concession Payments, which decreased by TPLN 515 and TPLN 1,448 respectively, mainly as the result of progressing payment of these liabilities.

As the result of all the above, the Group's motorway activity generated a net profit of TPLN 51,907 for III quarter 2018 (3 quarters 2018: profit of TPLN 146,186), comparing to net profit of TPLN 46,664 for III quarter 2017 (3 quarters 2017: profit of TPLN 123,527).

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

On 14 September 2012 SAM S.A. and Autostrade Tech S.p.A. signed the contract WUPO 2012 "Tolling Equipment Replacement". The current contract net value, including also costs of support and maintenance during the contract period, amounts to TPLN 37,850. As at 30 September 2018 the financial progress of the project amounted to TPLN 37,744 (99% of the contract value), out of which TPLN 954 was recorded in 2018.

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 45,081 (including change orders). As at 30 September 2018 the financial progress of the project (value of works recorded) amounted to TPLN 43,349 (96% of the contract value), out of which TPLN 8,234 was recorded in 2018.

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 28,927 (including change orders). The contract includes reconstruction of drainage for eight catchments in Silesian voivodeship. As at 30 September 2018 the financial progress of the project (value of works recorded) amounted to TPLN 24,327 (84% of the contract value), out of which TPLN 1,809 was recorded in 2018.

On 22 June 2017 SAM S.A. and RE-Bau Sp. z o.o. signed the contract F2b-11-2017 "Construction of noise screens 2, 10, 12 and 28a" eventually amounting to TPLN 3,350. As at 30 September 2018 the financial progress of the project (value of works recorded) amounted to TPLN 3,350 (100% of the contract value), out of which TPLN 3,115 was recorded in 2018.

On 4 July 2017 SAM S.A. employed Pavimental Polska Sp. z o.o. for the contract ROM48 "Renovation of M48 bridge supports" amounting to TPLN 21,300. As at 30 September 2018 the financial progress of the project (value of works recorded) amounted to TPLN 2,107 (10% of the contract value), unchanged in comparison to 31 December 2017.

On 18 September 2017 SAM S.A. and Zakład Budowlano-Instalacyjny „ALFA" signed a contract for the construction of superstructure and extension of the Motorway Management Building currently amounting to TPLN 2,059. As at 30 September 2018 the financial progress of the project (value of works recorded) amounted to TPLN 1,802 (87% of the contract value), out of which TPLN 1,136 was recorded in 2018.

On 7 May 2018 SAM S.A. signed a contract with Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. for a complex modernization of 5 motorway culverts amounting to TPLN 2,887. As at 30 September 2018 the financial progress of the project (value of works recorded) amounted to TPLN 1,337 (46% of the contract value).

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

24. 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.

25. 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.

26. 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 2018.

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.