Stalexport Autostrady S.A.

SA- PSr 2008

Consolidated financial statements for I Semester 2008

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Katowice, 18 August 2008

KPMG Audyt Sp. z o.o.
Biuro w Krakowie
al. Armii Krajowej 18
30-150 Kraków
Poland

Telefon +48 12 424 94 00
Fax +48 12 424 94 01
E-mail krakow@kpmg.pl
Internet www.kpmg.pl

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY S.A. GROUP FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

To the Shareholders of Stalexport Autostrady S.A.

Introduction

We have reviewed the accompanying interim consolidated financial statements of Stalexport Autostrady S.A. Group, with its registered office in Katowice, 29 Mickiewicza Street that consist of the consolidated balance sheet as at 30 June 2008, with total assets and total liabilities and equity of PLN 754,733 thousand, the consolidated profit and loss account for the period from 1 January 2008 to 30 June 2008 with a net profit of PLN 23,144 thousand, the consolidated statement of changes in equity for the period from 1 January 2008 to 30 June 2008 with an increase in equity of PLN 23,295 thousand, the consolidated cash flow statement for the period from 1 January 2008 to 30 June 2008 with an increase in cash amounting to PLN 102,545 thousand, and explanatory notes.

Management of Stalexport Autostrady S.A. is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the International Accounting Standard 34 *"Interim Financial Reporting"* as adopted by the European Union and other applicable regulations. Our responsibility is to express a conclusion on these interim consolidated financial statements, based on our review.

Scope of Review

We conducted our review in accordance with Standard No. 4 of the professional standards *General principles for the review of financial statements*, issued by the National Council of Certified Auditors and with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of Stalexport Autostrady S.A. Group as at 30 June 2008, and its financial performance and its cash flows for the period from 1 January 2008 to 30 June 2008 in accordance with the International Accounting Standard 34 *"Interim Financial Reporting"* as adopted by the European Union.

signed on the Polish original

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Certified Auditor No. 90066/7583
Arkadiusz Cieślik

signed on the Polish original

....

On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 90066/7583
Arkadiusz Cieślik,
Member of the Management Board

Cracow, 14 August 2008

STALEXPORT AUTOSTRADY S.A.
CAPITAL GROUP

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six-month period ended
30 June 2008

Explanation
This document constitutes a translation of the financial statements of the entity named above. The original financial statements and the report of the independent auditor were issued in Polish. The document below comprises the English translation of terminology used in the Polish original. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.

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Consolidated interim profit and loss account

For the six-month period ended

In thousands of PLN	*Note*	*30 June 2008*	*30 June 2007 restated* Continued operations	Discontinued operations
Revenue on sales		69 753	64 782	279 431
Cost of sales		(30 016)	(41 338)	(262 316)
Gross sale profit/(loss)		**39 737**	**23 444**	**17 115**
Other income	10	10 096	8 894	1 034
Distribution expenses		-	-	(8 682)
General administrative expenses		(15 177)	(11 907)	(12 360)
Other expenses	11	(398)	(205)	(1 593)
Profit/(loss) from operating activities		**34 258**	**20 226**	**(4 486)**
Impairment of assets classified as held for sale		**-**	**-**	**(16 095)**
Financial income		7 867	3 933	769
Financial expenses		(13 985)	(15 338)	(1 251)
Net financial expenses	12	**(6 118)**	**(11 405)**	**(482)**
Share in profit/(loss) of associated entities		**(495)**	**71**	-
Profit/(loss) before tax		**27 645**	**8 892**	**(21 063)**
Income tax	13	(4 501)	(1 975)	(81)
Profit/(loss) for the period		**23 144**	**6 917**	**(21 144)**
attributable to:				
Shareholders of the Parent company		21 255	5 187	(21 196)
Minority shareholders		1 889	1 730	52
Earnings per share	25			
Basic earnings per share (PLN)		0,09	0,03	(0,13)
Diluted earnings per share (PLN)		0,09	0,03	(0,13)
Earnings per share (total continued and discontinued operations)				
Basic earnings per share (PLN)		0,09	(0,10)	
Diluted earnings per share (PLN)		0,09	(0,10)	

The consolidated interim profit and loss account should be analyzed together with the additional information, which constitutes integral part of the consolidated interim financial statements

Consolidated interim balance sheet

As at

In thousands of PLN	*Note*	*30 June 2008*	*31 December 2007*
ASSETS			
Non-current assets			
Property, plant and equipment	14	446 029	417 975
Intangible assets	15	157	179
Prepaid perpetual usufruct of land		116	116
Investment property	16	4 762	4 677
Investments in associates	17	716	362
Other long-term investments	18	4 360	4 247
Long-term receivables		-	100
Long-term prepayments for commissions and other	19	7 206	6 160
Deferred tax assets	20	34 930	33 099
Total non-current assets		**498 276**	**466 915**
Current assets			
Inventories		1 511	1 794
Short-term investments	18	73 402	58 578
Derivative financial instruments	33 d	3 434	-
Income tax receivables	21	7	-
Trade and other receivables	22	29 138	175 343
Cash and cash equivalents	23	148 860	46 310
Short-term prepayments for commissions and other	19	105	92
Total current assets		**256 457**	**282 117**
Total assets		**754 733**	**749 032**

Consolidated interim balance sheet

As at

In thousands of PLN	*Note*	*30 June 2008*	*31 December 2007*
EQUITY AND LIABILITIES			
Equity	24		
Issued share capital		494 524	494 524
Share capital revaluation adjustment		18 235	18 235
Treasury shares		(20)	(19)
Share premium reserve		20 916	20 916
Hedging reserve	24b	2 782	-
Other reserve capitals and supplementary capital		139 818	196 389
Foreign currency translation reserve		(189)	(37)
Retained earnings and uncovered losses		(333 926)	(411 911)
Total equity attributable to equity holders of the parent		**342 140**	**318 097**
Minority interest		2 700	3 448
Total equity		**344 840**	**321 545**
Liabilities			
Long-term liabilities			
Loans and borrowings	26	69 004	68 969
Finance lease liabilities	27	1 021	1 343
Employee benefits liabilities	28	462	482
Deferred income and government grants	30	16 376	16 902
Other long-term liabilities	29	194 563	198 111
Long-term provisions	31	3 646	53 123
Total long-term liabilities		**285 072**	**338 930**
Short-term liabilities			
Loans and borrowings	26	4 970	3 859
Finance lease liabilities	27	1 384	1 373
Income tax liabilities	21	791	1 039
Trade and other payables	32	57 305	76 004
Employee benefits liabilities	28	178	153
Deferred income and government grants	30	1 695	1 053
Short-term provisions	31	58 498	5 076
Total short-term liabilities		**124 821**	**88 557**
Total liabilities		**409 893**	**427 487**
Total equity and liabilities		**754 733**	**749 032**

Consolidated interim statement of cash flows

For the six-month period ended

In thousands of PLN	*Note*	*30 June 2008*	*30 June 2007*
Cash flows from operating activities			
Profit / (Loss) before tax		**27 645**	**(12 171)**
Adjustments for:			
Depreciation	9	10 837	10 707
Profit/(loss) from currency translation		(164)	-
Profit/(loss) on investment activity		(1 297)	-
Profit/(loss) on sale of property, plant and equipment	10,11	(97)	17
Interest and dividends		305	12 020
Impairment of assets classified as held for sale		-	16 095
Share in profit/(loss) of associated entities		495	(71)
Change in receivables		7 248	23 908
Change in inventories		283	(38 239)
Change in prepayments for commissions and other		(1 059)	(1 925)
Change in trade and other payables		(20 156)	(22 882)
Change in provisions		3 945	21 609
Change in deferred income and government grants		116	(949)
Procees/(expenditures) related to collateral requested by creditors		(113)	10 072
Other adjustments		188	(584)
Cash generated from operating activities		**28 176**	**17 607**
Income tax paid		(6 921)	(7 303)
Net cash from operating activities		**21 255**	**10 304**

Consolidated interim statement of cash flows

For the six-month period ended

In thousands of PLN	*Note*	*30 June 2008*	*30 June 2007*
Cash flows from investing activities			
Investment proceeds		**142 750**	**4 078**
Sale of intangible assets and property, plant and equipment		98	125
Sale of discontinued activity		138 700	-
Dividends received		2	-
Interest received		3 927	3 950
Repayment of loans granted		-	3
Disposal of financial assets		23	-
Investment expenditures		**(55 024)**	**(16 149)**
Acquisition of intangible assets and property, plant and equipment		(38 570)	(15 611)
Net cash expense due to loss of control over subsidiary		(1 454)	-
Acquisition of financial assets		(15 000)	-
Other expenditure		-	(538)
Net cash from investing activities		**87 726**	**(12 071)**
Cash flows from financing activities			
Financial proceeds		**-**	**199 985**
Net proceeds from shares issue		-	199 985
Financial expenditures		**(6 436)**	**(18 084)**
Dividends paid		(2 624)	(1 575)
Repayment of loans and borrowings		-	(7 666)
Interest paid		(3 126)	(7 851)
Payment of payables upon finance lease contract		(686)	(992)
Net cash from financing activities		**(6 436)**	**181 901**
Net increase/decrease in cash and cash equivalents		**102 545**	**180 134**
Balance sheet change in cash		**102 545**	**180 134**
Cash and cash equivalents net of bank overdraft, at 1 January		**46 310**	**69 032**
Cash and cash equivalents net of bank overdraft, at 30 June, including:	23	**148 855**	**249 166**
Restricted cash and cash equivalents		2 117	203 101

Consolidated interim statement of changes in equity

In thousands of PLN

	Note	Issued Share Capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Revaluation reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to equity holders of the parent	Minority interest	Total equity
As at 1 January 2007		**315 524**	**-**	**(71)**	**2 887**	**19 338**	**-**	**149 424**	**(46)**	**(301 682)**	**185 374**	**5 636**	**191 010**
Adjustments		-	18 235	50	-	(19 338)	-	-	-	(97 988)	**(99 041)**	(1 528)	**(100 569)**
As at 1 January 2007 after adjustments		**315 524**	**18 235**	**(21)**	**2 887**	**-**	**-**	**149 424**	**(46)**	**(399 670)**	**86 333**	**4 108**	**90 441**
Net profit/(loss)		-	-	-	-	-	-	-	-	(16 009)	**(16 009)**	1 782	**(14 227)**
Conversion of foreign subsidiaries		-	-	-	-	-	-	-	48	-	**48**	-	**48**
Total profits/(losses) recognised in the period		-	-	-	-	-	-	-	***48***	***(16 009)***	***(15 961)***	***1 782***	***(14 179)***
Issue of share capital	24	179 000	-	-	20 985	-	-	-	-	-	***199 985***	-	***199 985***
Loss coverage		-	-	-	(2 887)	-	-	(43)	-	2 930	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	(2 125)	**(2 125)**
Distribution of profit		-	-	-	-	-	-	47 014	-	(47 014)	-	-	-
Other		-	-	1	-	-	-		-	(198)	**(197)**	-	**(197)**
As at 30 June 2007		**494 524**	**18 235**	**(20)**	**20 985**	**-**	**-**	**196 395**	**2**	**(459 961)**	**270 160**	**3 765**	**273 925**

	Note	Issued Share Capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Revaluation reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to equity holders of the parent	Minority interest	Total equity
As at 1 January 2008		**494 524**	**18 235**	**(19)**	**20 916**	**-**	**-**	**196 389**	**(37)**	**(411 911)**	**318 097**	**3 448**	**321 545**
Adjustments		-	-	-	-	-		-	-	-	-	-	-
As at 1 January 2008 after adjustments		**494 524**	**18 235**	**(19)**	**20 916**	**-**	**-**	**196 389**	**(37)**	**(411 911)**	**318 097**	**3 448**	**321 545**
Net profit/(loss)		-	-	-	-	-	-	-	-	21 255	**21 255**	1 889	**23 144**
Conversion of foreign subsidiaries		-	-	-	-	-	-	(7)	(152)	(5)	**(164)**		**(164)**
Valuation of financial instruments for which the Group applies hedge accounting	24b	-	-	-	-	-	2 782	-	-	-	**2 782**	-	**2 782**
Total profits/(losses) recognised in the period		-	-	-	-	-	***2 782***	***(7)***	***(152)***	***21 250***	***23 873***	***1 889***	***25 762***
Loss coverage		-	-	-		-	-	(56 606)	-	56 606	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	(2 624)	**(2 624)**
Distribution of profit		-	-	-	-	-	-	42	-	(42)	-	-	-
Other		-	-	(1)		-	-	-	-	171	**170**	(13)	**157**
As at 30 June 2008		**494 524**	**18 235**	**(20)**	**20 916**	**-**	**2 782**	**139 818**	**(189)**	**(333 926)**	**342 140**	**2 700**	**344 840**

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

1. Group overview

Stalexport Autostrady S.A („the Company") with its seat in Katowice, Mickiewicza 29 Street, is a public company registered in the National Court Register under registration number KRS 16854.

Till 30 August 2007 the Company's name was Stalexport S.A..

The Company together with its subsidiaries consitutes Stalexport Autostrady Capital Group ("Group", "Capital Group").

The business activities of the Group include the following:

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

As at 30 June 2008, beside the parent 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.	Luxemburg	Holding and administration activities	Subsidiary	100%	2005 r.	Full consolidation
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of motorway	Subsidiary	100%*	1998 r.	Full consolidation
Stalexport Transroute Autostrada S.A.	Mysłowice	Motorway operation	Subsidiary	55,00%*	1998 r.	Full consolidation
Stalexport Autostrada Dolnośląska S.A.	Katowice	Construction and operation of motorway	Subsidiary	100%	1997 r.	Full consolidation
Autostrada Mazowsze S.A.	Katowice	Construction and operation of motorway	Associate	30%**	2007 r.	Equity method
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Subsidiary	74,38%	2007 r.	Full consolidation
Stalexport Autostrada Śląska S.A.	Katowice	Construction and operation of motorway	Associate	37,50%**	2001 r.	Equity method

* through Stalexport Autoroute S.a.r.l.

**through Stalexport Autostrada Dolnośląska S.A.

The consolidated interim financial statements for the six-month period ended 30 June 2008 comprises 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 parent entity of the highest level Atlantia S.p. A. (Italy).

Changes in the Capital Group's structure in 2008 were described in note number 7.

2. Basis of preparation of consolidated interim financial statements

Statement of compliance

The 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.

The consolidated interim financial statements were approved by the Management Board of the Company on 14 August 2008.

IFRS EU contain all International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as well as related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) except for the below listed Standards and Interpretations which are awaiting approval of the European Union as well as those Standards and Interpretations which have been approved by the European Union but are not yet effective.

Basis of valuation

The consolidated interim financial statements have been prepared on the historical cost basis, except for the following:

- derivative financial instruments measured at fair value;
- available-for-sale financial assets measured at fair value.

Functional and presentation currency

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

New standards and interpretations

The Group did not take the opportunity of earlier application of new Standards and Interpretations which have been published and approved by the European Union and which will come into effect after the balance sheet date. Moreover, at the balance sheet date the Group had not completed the process of assessing the impact of the new standards and interpretations, which will come into effect after the balance sheet date, on the consolidated financial statements of the Group for the period in which they will be applied for the first time.

Standards and Interpretations approved or awaiting approval by the European Union	Effective date
Standards and Interpretations approved by the European Union	
IFRS 8 *Operating Segments* The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	1 January 2009

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

Standards and Interpretations awaiting approval by the European Union	
Revised IAS 23 *Borrowing Costs* The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.	1 January 2009
Revised IAS 1 *Presentation of Financial Statements* The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).	1 January 2009
IFRIC 12 *Service Concession Arrangements* The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements.	1 January 2008*
IFRIC 13 *Customer Loyalty Programmes* The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services (‘awards’) to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations.	1 July 2008*
Revised IFRS 3 *Business Combinations* The scope of the revised standard has been broadened (some business combinations excluded from the previous version of the standard have not been excluded from the scope of the revised IFRS 3). A definition of a business has been altered in order to be more precise. The definition of contingent liabilities capable of being recognised in the business combination has been narrowed. Transaction costs are no longer included in the cost of the combination. Rules of recognition of contingent consideration have been modified (to fair value measurement). Non-controlling (minority) interest may be measured at fair value.	1 July 2009
Amendments to IAS 27 *Consolidated and Separate Financial Statements* In relation with the revised IFRS 3 (above), the changes introduced to IAS 27 include the following: - changed definition of non-controlling (minority) interest; - regulation of recognition and measurement of transactions with non-controlling interest while retaining control; - changed recognition and measurement of loss of control; - new disclosure requirements.	1 July 2009
Amendments to IFRS 2 *Share based payments* The amendments introduce guidance on accounting for non-vesting conditions.	1 January 2009

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

Amendments to IAS 32: *Financial Instruments - Presentation* and IAS 1: *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation The amendments provide an exemption to the principle otherwise applied in IAS 32 for the classification of some puttable financial instruments as equity. The amendments require certain financial instruments that represent a residual interest in the net assets of an entity, which would otherwise be classified as financial liabilities, to be classified as equity, if both the financial instrument and the capital structure of the issuing entity meet certain conditions.	1 January 2009
Amendments to IFRS 1 and IAS 27: *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* The amendments to IFRS 1 allows a first-time adopter, at its date of transition to IFRSs in its separate financial statements, to use a deemed cost to account for an investment in a subsidiary, jointly controlled entity or associate. The election of whether or not to use deemed cost, and which measurement to use as deemed cost (either previous GAAP carrying amount or fair value determined in accordance with IAS 39), is made on an investment-by-investment basis. There are also additional disclosure requirements for a first time adopter electing to use a deemed cost. The amendments to IAS 27 remove the definition of “cost method” currently set out in IAS 27, and instead require all dividends from a subsidiary, jointly controlled entity or associate to be recognised as income in the separate financial statements of the investor when the right to receive the dividend is established. The amendments specify also the accounting in the separate financial statements of a newly formed entity that becomes that new parent of another entity in a group under certain conditions.	1 January 2009
Improvements to International Financial Reporting Standards 2008 *The Improvements to IFRSs 2008* contains 35 amendments and is divided into two parts: - Part I includes 24 amendments to 15 standards that result in accounting changes for presentation, recognition or measurement purposes - Part II includes 11 terminology or editorial amendments to 9 standards that the IASB expects to have either no or only minimal effects on accounting.	1 January 2009 or – in case of improvements to IFRS 5 *Non-current Assets Held for Sale* – 1 July 2009
IFRIC 15 *Agreements for the Construction of Real Estate* The Interpretation addresses which standards (IAS 11 *Construction Contracts* or IAS 18 *Revenue*) are applicable for the agreements for the construction of real estate, and the timing of revenue recognition.	1 January 2009
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* The Interpretation applies to all entities using net investment hedging for investments in foreign operations. This Interpretation clarifies that net investment hedging may be applied only when the net assets of the foreign operation are included in the financial statements of the entity.	1 October 2008

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS EU 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 ongoing basis. Revisions to 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 while applying IFRS EU, which had significant impact on consolidated interim financial statements , have been discussed in notes 20, 21, 22, 28, 33 and 37.

3. Going concern

The 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.

4. Information concerning the Concession Agreement

The activities of the Group include primarily business related to the management, construction by transformation to the toll motorway and operation of the section Katowice – Kraków of A-4 motorway, performed 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, by transformation to the toll motorway, of the A-4 motorway on the section from Katowice (junction Murckowska, km 340.2) to Krakow (junction Balice I, km 401.1) and its subsequent operation and the conducting and completion of the remaining of the 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 2027. The Concession Agreement specifies the ways of earning the revenues by the Concession Holder from execution of the project. Principal revenues of the Concession Holder are:

a) toll revenues,
b) revenues due to reimbursement for the passage of toll-exempted vehicles.

Rates of tolls for the use of the toll motorway aforementioned in point (a) are set in accordance with:

- Polish Act on Toll Motorways;
- Decree on detailed rules for establishing and adjusting rates of tolls for the use of the toll motorway and resolutions of the Concession Agreement.

Conditions of obtaining the revenues as stated in point (b) above are set in accordance with above-mentioned regulations.

Throughout the term of this 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.

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

The Concession Holder is obliged, among other things, to perform construction works.

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, which are 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, structures and facilities constructed by the Concession Holder will be transferred to the State Treasury.

During the term of the Concession Agreement the Concession Holder is obliged to maintain proper standard of the road surface of the toll motorway and to carry out periodic heavy maintenance works of the toll motorway. In 2007 a first heavy maintenance commenced, completion of which is scheduled for the end of 2009.

As determined by the Concession Agreement, after fulfilment of conditions therein defined, the Concession Holder will be obliged to make concession payments to the National Road Fund constituting so-called subordinate debt (obligation due to loan received by State Treasury from the European Bank for Reconstruction and Development („EBRD") for the purpose of financing the construction of A-4 Toll Motorway Katowice-Kraków taken over by the Concession Holder).

According to provisions of the Concession Agreement between SAM S.A. and the Minister of Transport and also of the Project Loan Agreement between SAM S.A. and consortium of following banks: BPH S.A., DEPFA BANK PLC, KfW, WESTLB BANK POLSKA S.A. and WESTLB AG (London Branch), the possibility of dividend payment by Stalexport Autostrada Małopolska S.A. to its shareholders depends on, among others, completion of specified construction phase, achieving minimum level of debt service ratios, and assuring the sufficient coverage of reserve accounts.

5. Description of significant accounting principles

Apart from presentation changes described in point 5.25, the accounting principles set out below have been applied consistently to all periods presented in the consolidated interim financial statements, and have been applied consistently by all Group entities.

5.1. *Basis of consolidation*

(i) Subsidiaries
Subsidiaries are entities controlled by the parent Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates
Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence commences until

the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Consolidation adjustments

Intragroup balances, and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

5.2. *Foreign currencies*

(i) Foreign currency transactions

Transactions in foreign currencies on the day of transaction are translated into Polish zloty at the National Bank of Poland average exchange rate for particulare currency at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the average NBP rate at that date. Foreign exchange differences arising on settlement of foreign transactions or balance sheet translation are recognized in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the average NBP rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the average NBP rate at the date the fair value was determined.

(ii) Conversion of foreign subsidiaries

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to Polish zloty at an average NBP rate at the reporting date.

The income and expenses of foreign operations excluding foreign operations in hyperinflationary economies are translated to Polish zloty at average NBP rates at the dates of the transactions. The income and expenses of foreign operations in hyperinflationary economies are translated at average NBP rates at the reporting date. Foreign currency differences are recognised directly within a separate item of the equity– "Foreign currency translation reserve". When a foreign operation is partly or fully disposed of, the cumulative amount in equity is transferred to the profit and loss statement.

Prior to translating the financial statements of foreign operations in hyperinflationary economies, its financial statements for the current period including comparative data are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

(iii) Hedge of net investment in foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in foreign operation are recognised directly in equity. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the profit and loss account.

5.3. *Property, plant and equipment*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see point 5.12).

Items of property, plant and equipment include road surface of the Motorway stated initially at cost being the equivalent of discounted concession payments and depreciated over the period of the Concession.

The cost includes the purchase price of the assets and costs directly related to the purchase and completion of the asset, so that it can be available for use, including the transport, loading, unloading and storing costs. Rebates, discounts and other similar reductions decrease the cost. The construction cost of property, plant and equipment or assets under construction includes total cost incurred by the entity in the period of their construction, assembly, adjustment and modernization till the date of their transfer to use (or up to the balance sheet date, if the asset was not transferred to use before this date). The construction cost also includes preliminary estimates of the cost of dismantling and removing the components of tangible fixed assets and the restoration cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the purchase of the asset are recognised an expense in the period in which they are incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

Subsequent expenditures

The Group recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost can be measured reliably. All other expenditures are recognized in the income statement as an expense as incurred.

Depreciation

Items of property, plant and equipment, relatively their significant and separate components, are depreciated on a straight – line basis over their estimated useful lives, considering residual values. Land is not depreciated.

The estimated useful lives are as follows:

Motorway lane	concession period
Other buildings	40 years
Machinery and equipment	5-12 years
Vehicles	5-10 years
Furniture, fixtures and fittings	3-5 years

If the estimated useful live of items of property, plant and equipment attributable to the Concession Agreement exceeds the period of Concession Agreement, the depreciation period is shortened to the remaining period of Concession Agreement.

The useful lives, depreciation methods and residual values (if significant) are reassessed annually.

5.4. *Intangible assets*

Intangible assets that are acquired by the Group are stated at cost less accumulated depreciation and impairment losses (see point 5.12).

Subsequent expenditures

Subsequent expenditures on capitalized intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the income statement as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

- intellectual property rights — up to 5 years
- computer software — up to 5 years
- licenses — from 2 to 5 years

5.5. *Investment property*

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of investment property, considering residual values. The group assumed 40-year period of economic useful life for the part of the building classified as investment property.

5.6. *Leased assets*

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.
Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. If it is not certain that at the conclusion of the lease agreement the ownership of the leased assets will be transferred to the Group, the assets are depreciated over the shorter of period of the lease and economic useful life of the assets.

Minimum lease payments made under finance leases are apportioned between reduction of the outstanding liability and the finance expense. The finance charge is allocated to each period during the lease term via effective interest rate method.

Other leases which are not calssified as finance lease contracts are treated as operating lease.

5.7. *Perpetual usufruct of land*

The Group classifies perpetual usufruct of land as operating lease. The prepayments for perpetual usufruct of land are disclosed separately on the face of the balance sheet. The prepayments for perpetual usufruct are expensed to income statement during the period of lease.

5.8. *Long and short term receivables*

Long and short term receivables are non-derivative financial assets and financial assets not quoted in an active market with fixed or determinable payments. They are initially recognized at fair value and are subsequently measured at amortized cost less impairment losses (see point 5.12).

5.9. *Inventories*

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is determined based on the first in, first out principle. The costs include expenditure incurred in acquiring the inventories and their adoption for use or sales. In the case of finished goods and work in progress, costs include an appropriate share of overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

5.10. *Non-current assets held for sale*

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, as at the day of initial classification as held for sale, the assets (or disposal group) are measured at the lower of their carrying amount or fair value less cost to sell.

5.11. *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

5.12. *Impairment*

Financial assets

Financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit and loss account. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit and loss account.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is not recognised directly in profit and loss account. If the fair value of available-for-sale financial assets that are debt securities increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, the reversal of previously recognised impairment loss is recognised in profit and loss account.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit and loss account. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In case of assets, which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-current assets held for sale

An impairment loss in respect of disposal group is allocated to assets on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit and loss account. Gains are not recognised in excess of any cumulative impairment loss.

5.13. *Equity*

Since November 1993 until December 1996 the Group operated in a hyperinflationary economy. IAS 29 *Financial Reporting in Hyperinflationary Economies* requires restatement of each element of share capital (apart from undistributed profit and revaluation reserves) applying general price index. Retrospective application of IAS 29 influenced the increase of share capital revaluation in correspondence with the decrease in retained earnings.

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Hedging reserve

Hedging reserve balance is the result of valuation changes of cash flow hedging instruments, which are considered effective and also respective changes of deferred tax.

5.14. *Employee benefits*

Retirement awards

The Group companies in accordance with Labour Code or collective labour agreement are obliged to payment of retirement awards.
The Group's obligation resulting from retirement awards is measured by estimation of future salary of a given employee for the period in which an employee will reach retirement age and by estimation of future retirement award. Retirement awards are discounted using market Treasury bond return rate at the balance sheet date. The retirement award obligation is recognized proportionally to the projected length of service of a given employee.

Jubilee bonuses

Some of the Group's companies offer its employees jubilee bonuses which depends on the current length of service of a given employee and an employee's salary at the vesting moment.

The Group's obligation resulting from jubilee bonuses is measured by estimation of future salary of a given employee for the period in which an employee will become entitled to a particular jubilee bonus and by estimation of future jubilee bonus. Jubilee bonuses are discounted using market Treasury bond return rate at the balance sheet date.

Staff rotation is estimated on the basis of historical data and forecasts on level of employment in the future.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.15. *Provisions*

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

(i)Provision for heavy maintenance of the road surface of a motorway
Based on the obligation resulting from the Concession Agreement the Group recognizes a provision for heavy maintenance of the road surface of the motorway relating to the operation and maintenance of the road surface of the motorway. The provision is recognized based on estimated cost of resurfacing proportionally to the usage degree. The estimated value is discounted at the reporting date.

5.16. *Trade and other payables*

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost. Current liabilities are not discounted.

5.17. *Interest-bearing bank loans and borrowings*

Interest–bearing loans and borrowings are recognized initially at fair value less attributable transaction costs.
Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost on an effective interest basis.

5.18. *Revenue*

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or continuing Group involvement with the goods.

Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Revenue from motorway management and exploitation

Revenue from motorway exploitation is identified according to accrual principle, that is in respective periods when motorway lane is used.

5.19. *Lease payments*

Payments made under operating leases are recognised in profit and loss statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between reduction of the outstanding liability and the finance expense. The finance charge is allocated to each period during the lease term via effective interest rate method.

5.20. *Financial income and expenses*

Financial income comprises interest income on funds invested by the Group, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit and loss account, foreign currency gains, and gains on hedging instruments that are recognised in profit and loss account. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit and loss account, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit and loss account. All borrowing costs are recognised in profit and loss account using the effective interest method.

5.21. *Income tax*

Income tax expense comprises current and deferred tax. Income tax is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity. In the latter case it is recognised in equity.

Current tax is the expected tax payable on the taxable income of the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. These reductions are reversed when it is probable that sufficient taxable profits will be available.

5.22. *Discontinued operations*

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively for future resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

5.23. *Earnings per share (EPS)*

In preparation of consolidated interim financial statements basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date.
There were no factors that would result in dilution of earnings per share.

5.24. *Financial instruments*

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value, except for investments valued at their fair value through profit and loss account, increased by any directly attributable transaction costs.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Held-to-maturity financial assets

Held-to-maturity financial assets include assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are valued at amortized cost calculated using the effective interest rate method.

Assets in this category are recognized as non-current assets, if the realization date exceeds 12 months from the balance sheet date.

Financial assets measured at their fair value through profit and loss account

Financial assets acquired for the purpose of generating a profit from short-term price fluctuations are classified as financial assets measured at fair value through profit and loss account. They are valued at fair value, without transaction costs, and with the consideration of the market value as at balance sheet date. Changes in fair value are recognized in the income statement.

Assets in this category are classified as current assets, if the management of the Group has the positive intention to realize them within 12 months of the balance sheet date.

Available-for-sale financial assets

All remaining financial assets, which have not been classified as loans and receivables are considered available-for-sale financial assets.

Available-for-sale financial assets are valued at fair value without transaction costs, considering the market value as at balance sheet date. If the financial assets are not listed on a stock exchange and if there are no alternative ways to verify their fair value, available-for-sale financial assets are valued at costs less any impairment loss.

Gains or losses, except for impairment losses, , if there is a market price established by the regulated market or for which the fair value may be established in a reliable way, are recognized directly in equity. A decline in the value of the available-for-sale financial assets resulting from impairment loss is recognized in profit and loss account as a financial cost

Loans and receivables

Subsequent to initial recognition, loans and receivables are valued at amortized cost.

Derivative financial instruments

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in profit and loss account when incurred. Subsequent to initial recognition, derivatives are valued at fair value and changes therein are recognized immediately in income statement, unless a given derivative has a hedging purpose.

The Group does not apply fair value hedge accounting.

Derivatives defined as hedging instruments, from which it is expected, that cash flow related to them should compensate changes in cash flow of item being hedged, are recognized in accordance with cash flow hedging accounting, provided that all following conditions are met:

- upon establishing a hedge, hedging relations are formally set and documented, as well as Group's risk management goal and hedge strategy;
- it is expected that hedge shall be highly effective in compensating for changes in cash flow resulting from risk being hedged, in compliance with primarily documented risk management strategy, relating to these specific hedging holdings;
- the planned transaction being the subject of hedge must be highly probable and must be endangered by cash flow changes, which in result may have a bearing on profit and loss account;
- hedge effectiveness may be reliably determined;
- hedge is subject to constant evaluation and its high effectiveness is confirmed throughout all of the reporting periods, for which the hedge has been established.

If the cash flow hedge accounting is applied, the Group :

- recognizes directly in equity a part of profits or losses related to hedging instrument constituting effective hedge, whereas
- ineffective part of profits and losses related to hedging instrument is recognized in profit and loss account.

If a transaction subject to hedge results in recognition of a financial asset item or financial liability item, the related profits or losses, which were recognized directly in equity, are transferred to profit and loss account either in that same period, or else, in those periods, during which acquired asset or accepted liability have a bearing on the profit and loss account. However, if the Group expects that all or a part of losses directly recognized under equity shall not be recovered in one or more future periods, then the expected unrecoverable amount should be recognized in the profit and loss account.

If hedging of planned transaction results in the recognition of non-financial asset item or non-financial liability item, or else, planned transaction related to non-financial asset item or non-financial liability item becomes a probable future liability, for which the fair value hedge is applied, the Group excludes related profits or losses, which were directly recognized in equity and includes them in primary acquisition cost or in other balance sheet value of assets or liabilities.

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

The Group stops applying the principles of cash flow hedge accounting, if:

- hedging instrument expires, is sold, dissolved, or exercised – then, cumulated profits or losses made in those periods, in which the hedge was effective are still recognized under separate item of equity, until the conclusion of planned transaction;
- hedge ceases to meet criteria of hedge accounting – in such a case cumulated profits or losses related to hedging instrument, charged directly to equity, continue to be recognized under a separate item of equity, until the conclusion of planned transaction;
- conclusion of planned transaction is no longer expected – then, all cumulated profits or losses related to the hedging instrument, charged directly to equity are recognized in profit and loss account.

If the Group cancels hedging relation, cumulated profits or losses related to hedging instrument and charged directly to equity, continue to be recognized under a separate item of equity, until the conclusion of planned transaction or until the moment at which the conclusion is no longer expected.

5.25. *Presentation changes*

The Group made presentation changes regarding depreciation of property, plant and equipment subject to Concession Agreement and also regarding expenses related to rental of investment property, reclassifying them from general administrative expenses to cost of sales.

Comparable data for 6 month period ended 30 June 2007, was subject to appriopriate changes. Tha table below presents the total impact of introduced adjustments for comaprable data.

Item	Consolidated data for 6 months period ended 30 June 2007	Description	Value of the adjustment	Data for 6 month period ended 30 June 2007 restated
General administrative expenses (continued operations)	**(22 408)**	Reclassification	10 501	(11 907)
Cost of sales (continued operations)	**(30 837)**	Reclassification	(10 501)	(41 338)

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

6. Segment reporting

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

Business segments

Business segments include:
- management, advisory and rental services,
- management and operation of motorways.

As the result of Group reorganisation, starting from the fourth quarter of 2007, the Group is not active in the following segments: trade activity in steel goods branch, production activity: steel structures and other activities.

Business segments results

For the six-month period ended 30 June 2008

	Management, advisory and rental services	Management and operation of motorways	Total
I. Operating revenues			
Revenue from external customers	4 493	65 260	**69 753**
Total revenue	**4 493**	**65 260**	**69 753**
II. Operating expenses			
Cost of sales to external customers	(4 535)	(25 481)	**(30 016)**
Total cost of sales	**(4 535)**	**(25 481)**	**(30 016)**
Other income	7 940	2 156	**10 096**
Other expenses	(395)	(3)	**(398)**
General administrative expenses	(3 578)	(11 599)	**(15 177)**
III. Segment result	**3 925**	**30 333**	**34 258**
IV. Unallocated income/expense			
Net financial expenses			**(6 118)**
Share in profit/(loss) of associated entities			**(495)**
Income tax			**(4 501)**
V. Net profit (loss)			**23 144**
Major non-cash items:			
Depreciation	(321)	(10 516)	**(10 837)**
Creation or reversal of allowances	7 517	-	**7 517**
Revaluation of investment value	401	-	**401**

Additional information to the consolidated interim financial statements

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

For the six-month period ended 30 June 2007

	Continued operations		Discontinued operations			
	Management, advisory and rental services	Management and operation of motorways	Steel goods trade	Steel structures production	Other	Total
I. Operating revenues						
Revenue from external customers	878	63 904	249 548	26 118	3 765	344 213
Total revenue	**878**	**63 904**	**249 548**	**26 118**	**3 765**	**344 213**
II. Operating expenses						
Cost of sales to external customers	(941)	(40 397)	(229 680)	(31 019)	(1 617)	**(303 654)**
Total cost of sales	**(941)**	**(40 397)**	**(229 680)**	**(31 019)**	**(1 617)**	**(303 654)**
Other income	4 129	4 765	928	103	3	**9 928**
Other expenses	(187)	(18)	(1 413)	(174)	(6)	**(1 798)**
Distribution expenses	-	-	(8 175)	(492)	(15)	**(8 682)**
General administrative expenses for continued operations	(3 171)	(8 736)	-	-	-	**(11 907)**
Impairment of assets classified as held for sale	-	-	(14 580)	(1 515)	-	**(16 095)**
III. Segment result	**708**	**19 518**	**(3 372)**	**(6 979)**	**2 130**	**12 005**
IV. Unallocated income/expense						
General administrative expenses for discontinued operations						**(12 360)**
Net financial expenses						**(11 887)**
Share in profit/(loss) of associated entities						**71**
Income tax						**(2 056)**
V. Net profit (loss)						**(14 227)**
Major non-cash items:						
Depreciation	(250)	(10 457)	-	-	-	**(10 707)**
Impairment of assets classified as held for sale	-	-	(14 580)	(1 515)	-	**(16 095)**
Creation or reversal of allowances	2 000	-	1	(3 698)	-	**(1 697)**

Financial situation according to business segments

At 30 June 2008

	Management, advisory and rental services	Management and operation of motorways	Total
Assets of the segment	201 656	553 077	**754 733**
Unallocated assets	-	-	**-**
Total assets			**754 733**
Liabilities of the segment	87 690	322 203	**409 893**
Unallocated liabilities	-	-	**-**
Total liabilities			**409 893**

At 31 December 2007

	Management, advisory and rental services	Management and operation of motorways	Total
Assets of the segment	227 799	521 233	**749 032**
Unallocated assets	-	-	**-**
Total assets			**749 032**
Liabilities of the segment	119 728	307 759	**427 487**
Unallocated liabilities	-	-	**-**
Total liabilities			**427 487**

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

Geographical segments

In presenting information for geographical segments, segments revenue is based on the geographical location of Group's customers.
The capital expenditures are not allocated into geographical segments as the same fixed assets are used for activities in all segments.

Geographical segments results for the six-month period ended 30 June 2008

	Poland	Other countries	Total
Revenue from external customers	69 499	254	**69 753**

Geographical segments results for the six-month period ended 30 June 2007

	Poland		Other countries					Total
	Continued operations	Discontinued operations	Discontinued operations					
			Argentina	Ukraine	Germany	USA	Other	
Revenue from external customers	64 782	150 598	53 444	26 188	17 192	15 179	16 830	**344 213**

Seasonality

Group's activity is not subject to significant seasonal fluctuations.

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

7. Changes in the Capital Group structure

On 29 February 2008 the subsidiary Stalexport Autostrada Dolnośląska S.A. based in Katowice, signed an agreement with Atlantia S.p.A. to sell 70% of shares of Autostrada Mazowsze S.A.. The shares were sold at their nominal value for the total amount of TPLN 3,500. From Capital Group's perspective starting from 1 March 2008 Autostrada Mazowsze S.A. is now treated as an associated entity.

The components of assets and liabilities of Autostrada Mazowsze S.A. at the date of sale and also the impact of this transaction on consolidated interim financial statements are presented below:

	29 February 2008
Trade and other receivables	352
Cash and cash equivalents	4 954
Total assets	**5 306**
Trade and other payables	(2 375)
Total liabilities	**(2 375)**
Net assets	2 931
% of net assets sold	70%
Net assets sold	2 052
Income from sale	3 500
Income from sale less value of net assets sold	**1 448**
Cash and cash equivalents received	3 500
Cash and cash equivalents sold	(4 954)
Net cash flow	**(1 454)**

8. Disposal group classified as held for sale and discontinued operations

Both as at 30 June 2008 and 31 December 2007 the Group wasn't in possession of any assets or liabilities classified as held for sale.

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

9. Expenses by kind

	I Semester 2008	*I Semester 2007*	
		Continued operations	Discontinued operations
Depreciation (notes 14, 15, 16)	10 837	10 707	-
Energy and materials consumption	3 309	1 623	23 315
External services	11 629	6 322	10 630
Taxes and charges	497	369	1 438
Personnel expenses:	9 717	6 940	10 950
- wages and salaries	7 889	5 552	8 912
- compulsory social security contributions and other benefits	1 828	1 388	2 038
Other	1 863	3 373	850
Total expenses by kind	**37 852**	**29 334**	**47 183**

10. Other income

	I Semester 2008	*I Semester 2007*	
		Continued operations	Discontinued operations
Rental income from Passenger Services Sites	1 058	1 658	-
Reversal of allowance for receivables	7 609	2 000	-
Compensations and contractual penalties received	13	1 806	-
Reimbursed costs of court proceedings	26	1 126	-
Interest from receivables	208	-	-
Release of other provisions	5	-	-
Forgiven liabilities	18	1 900	-
Net gain on sale of property, plant and equipment	97	-	-
Other	1 062	404	1 034
	10 096	**8 894**	**1 034**

11. Other expenses

	I Semester 2008	*I Semester 2007*	
		Continued operations	Discontinued operations
Provisions for employee benefits	-	-	(299)
Penalties, compensation, payments	(20)	-	-
Other provisions and allowances	(260)	-	-
Loss from disposal of property, plant and equipment	-	(16)	(1)
Other	(118)	(189)	(1 293)
	(398)	**(205)**	**(1 593)**

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

12. Net financial expenses

	I Semester 2008	*I Semester 2007*	
		Continued operations	Discontinued operations
Dividends and share in subsidiary profits	2	-	-
Interest income, including:	4 257	3 888	62
- bank accounts and deposits	4 039	3 497	32
- other	218	391	30
Profit on disposal of investments	1 471	-	-
Revaluation of investment	401	-	-
Sale of irrecoverable claims	247	-	-
Other financial income, including:	1 489	45	707
- excess of foreign exchange gains	19	40	466
- tax interest cancelled	1 434	-	-
- other financial income	36	5	241
Financial income	**7 867**	**3 933**	**769**
Interest expense, including :	(13 138)	(14 963)	(1 007)
- loans and borrowings, including:	(4 048)	(3 005)	(820)
- to related entities	(116)	(87)	-
- discount	(5 387)	(8 119)	-
- other	(3 703)	(3 839)	(187)
Other financial costs including:	(847)	(375)	(244)
- allowance for interest accrued	(97)	(288)	-
- loss on investment in asset management funds	(575)	-	-
- other financial costs	(175)	(87)	(244)
Financial expenses	**(13 985)**	**(15 338)**	**(1 251)**
Net financial expenses	**(6 118)**	**(11 405)**	**(482)**

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

13. Income tax

	I Semester 2008	*I Semester 2007*
Current income tax expense	**(6 984)**	**(7 857)**
from continued operations	(6 984)	(7 776)
from discontinued operations	-	(81)
Deferred tax expense	**2 483**	**5 801**
Creation/ reversal of temporary differences on continued operations	2 483	5 801
Income tax recognized in profit and loss statement (total from continued and discontinued operations)	**(4 501)**	**(2 056)**

The income tax rate which embraced the Group's activity was 19% in 2007-2008. It is assumed that the income tax rate shouldn't change in upcoming years.

Effective tax rate

	I Semester 2008		*I Semester 2007*	
	%		%	
Profit before tax from continued operations		27 645		8 892
Loss before tax from discontinued operations		-		(21 063)
Profit/(loss) before tax (total from continued and discontinued operations)		**27 645**		**(12 171)**
Income tax using the domestic corporate tax rate	(19,0%)	(5 253)	(19,0%)	2 312
Permanent differences	(0,6%)	(173)	(1,2%)	143
Unused tax losses and other unused deff. tax assets	(1,3%)	(367)	(4,1%)	501
Valuation adjustment to deffered tax assets	4,6%	1 292	41,2%	(5 012)
	(16,3%)	**(4 501)**	**16,9%**	**(2 056)**

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

14. Property, plant and equipment

	Land and buildings	Plant and equipment	Vehicles	Other	Under construction	Total
Gross value at 1 January 2007	**312 139**	**41 352**	**8 803**	**7 199**	**29 881**	**399 374**
Acquisitions	13	21		16	14 616	**14 666**
Transfer from fixed assets under construction	4 107	-	1 172	-	(5 279)	**-**
Disposals	-	(357)	-	(57)	-	**(414)**
Gross value at 30 June 2007	**316 259**	**41 016**	**9 975**	**7 158**	**39 218**	**413 626**
Gross value at 1 January 2008	**330 388**	**41 090**	**10 573**	**7 307**	**110 679**	**500 037**
Acquisitions	604	178	568	80	37 486	**38 916**
Transfer from fixed assets under construction	77 259	35	126	9	(77 853)	**(424)**
Disposals	(15)	(72)	(535)	(30)	(354)	**(1 006)**
Reclassification*	466	-	-	-	-	**466**
Gross value at 30 June 2008	**408 702**	**41 231**	**10 732**	**7 366**	**69 958**	**537 989**

* - transfer of the part of the office building to the investment property (see also note 16)

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

	Land and buildings	Plant and equipment	Vehicles	Other	Under construction	Total
Depreciation and impairment losses at 1 January 2007	**(24 284)**	**(27 483)**	**(6 124)**	**(5 037)**	**(812)**	**(63 740)**
Depreciation for the period	(9 063)	(693)	(533)	(281)	**-**	**(10 570)**
Disposals	-	350	-	57	-	**407**
Depreciation and impairment losses at 30 June 2007	**(33 347)**	**(27 826)**	**(6 657)**	**(5 261)**	**(812)**	**(73 903)**
Depreciation and impairment losses at 1 January 2008	**(39 773)**	**(28 331)**	**(7 275)**	**(5 556)**	**(1 127)**	**(82 062)**
Depreciation for the period	(9 154)	(703)	(530)	(246)	-	**(10 633)**
Disposals	-	72	535	97	315	**1 019**
Reclassification*	(284)	-	-	-	-	**(284)**
Depreciation and impairment losses at 30 June 2008	**(49 211)**	**(28 962)**	**(7 270)**	**(5 705)**	**(812)**	**(91 960)**
Carrying amounts						
At 1 Jan 2007	287 855	13 869	2 679	2 162	29 069	335 634
At 30 June 2007	282 912	13 190	3 318	1 897	38 406	339 723
At 1 Jan 2008	290 615	12 759	3 298	1 751	109 552	417 975
At 30 June 2008	359 491	12 269	3 462	1 661	69 146	446 029

* - transfer of the part of the office building to the investment property (see also note 16)

Impairment loss
As at 30 June 2008, the Group recognized impairment losses related to property, plant and equipment under construction of TPLN 812 (31 December 2007: TPLN 1,127). Impairment losses relate to abandoned investment projects.

Leased plant and machinery
The Group leases certain equipment and vehicles under a number of finance lease agreements. All the lease agreements give to the Group the right to purchase the equipment after lease period at the beneficial price. At 30 June 2008, the net carrying amount of leased plant and machinery was TPLN 1,381 (31 December 2007: TPLN 1,266). The leased equipment secures lease obligations.

Collateral
At 30 June 2008 property, plant and equipment with a carrying value of TPLN 13,570 (31 December 2007: TPLN 14,334) was provided as collateral for bank loans and overdrafts. Moreover, in order to secure the payment of other liabilities, Group's tangible assets were subject to mortgage for the total amount of TPLN 1,155 (31 December 2007: TPLN 898).

Property, plant and equipment under construction
At 30 June 2008, property, plant and equipment under construction relate mainly to works on a number of bridges located along the motorway and started construction of the acoustic baffles.

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

15. Intangible assets

	Concessions, licences, software and other	Other intangible assets	Total
Gross value at 1 January 2007	**664**	**1 047**	**1 711**
Acquisitions	13	-	**13**
Disposals	(14)	-	**(14)**
Gross value at 30 June 2007	**663**	**1 047**	**1 710**
Gross value at 1 January 2008 r.	**733**	**1 210**	**1 943**
Acquisitions	32	-	**32**
Disposals	-	(7)	**(7)**
Gross value at 30 June 2008	**765**	**1 203**	**1 968**

Depreciation of intangible assets and impairment losses

	Concessions, licences, software and other	Other intangible assets	Total
Depreciation and impairment losses at 1 January 2007	**(591)**	**(856)**	**(1 447)**
Depreciation for the period	(17)	(24)	**(41)**
Depreciation and impairment losses at 30 June 2007	**(608)**	**(880)**	**(1 488)**
Depreciation and impairment losses at 1 January 2008	**(688)**	**(1 076)**	**(1 764)**
Depreciation for the period	(23)	(24)	**(47)**
Depreciation and impairment losses at 30 June 2008	**(711)**	**(1 100)**	**(1 811)**
Carrying amounts			
At 1 Jan 2007	73	191	264
At 30 June 2007	55	167	222
At 1 Jan 2008	45	134	179
At 30 June 2008	54	103	157

The depreciation and impairment charge on intangible assets is recognized in the administrative expenses.

During the six-month period ended 30 June 2008 and 30 June 2007 no impairment losses were recognized.

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

16. Investment property

	30 June 2008	30 June 2007
Gross value at the beginning of the period	**12 276**	**7 641**
Transfer from fixed assets under construction	424	-
Reclassification (see note 14)	(466)	-
Gross value at the end of the period	**12 234**	**7 641**
Depreciation and impair. losses at the beginning of the period	**(7 599)**	**(4 581)**
Depreciation for the period	(157)	(96)
Reclassification (see note 14)	284	-
Depreciation and impairment losses at the end of the period	**(7 472)**	**(4 677)**
Carrying amounts at the beginning of the period	**4 677**	**3 060**
Carrying amounts at the end of the period	**4 762**	**2 964**

Investment property comprises a part of office building designated for the rental.

Based on property expert's valuation conducted in August 2006, the fair value of the building, part of which was classified as investment property, was estimated at PLN 15,1 million. The Group classified 88,6% part of this building to the investment property (this indicator is subject to revision on semi-annual basis).

Consolidated rental income in the first semester of 2008 amounted to TPLN 1,355 (in the first semester of 2007: TPLN 878) and it was presented in the profit or loss account under "Revenue on sales" - attributable costs were presented under "Cost of sales".

The investment property is subject to mortgage for the amount of TPLN 8,978 (31 December 2007: TPLN 10,442) to secure the Group's liabilities.

17. Investments in associates

Basic financial data of associated entities is presented below:

	% of shares owned	Carrying value of shares	Assets	Liabilities	Equity	Revenues	Profit / (loss) for the period
30 June 2008							
Autostrada Mazowsze S.A.	30,00%	375	2 138	890	1 248	-	(2 954)
Stalexport Autostrada Śląska S.A.	37,50%	341	8 605	7 695	910	-	26
Total		**716**					
31 December 2007							
Stalexport Autostrada Śląska S.A.	37,50%	362	8 656	7 689	966	-	114
Total		**362**					

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

18. Other investments

Other long-term investments

	30 June 2008	31 December 2007
Long-term deposits	4 291	4 178
Other	69	69
Total other long-term investments	**4 360**	**4 247**

As at 30 June 2008 and 31 December 2007 long-term deposits comprised cash frozen on reserve account designated to cover uninsured losses, established in accordance with the provisions of Concession Agreement and credit agreement.

Short-term investments

	30 June 2008	31 December 2007
Equity instruments available for sale (shares of non-related entities)	8 806	8 406
Investments in asset management funds	64 596	50 172
Total short-term investments	**73 402**	**58 578**

Financial instruments available for sale comprise investments in Centrozap S.A and BDM S.A.

As for 31st December 2007 the shares of these companies were subject to an impairment loss amounting to TPLN 6,431 (as at 31 December 2007: TPLN 6,831) and TPLN 1,468 (as at 31 December 2007: TPLN 1,468) respectively.

19. Prepayments fo commissions and other

The position relates to prepaid commission concerning not used part of consortium loan, which will be accounted for using the effective interest rate method, over the period of the loan.

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

20. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	30 June 2008	**31 December 2007**	**30 June 2008**	**31 December 2007**	**30 June 2008**	**31 December 2007**
Plant, property and equipment	63	44	(3 010)	(4 274)	(2 947)	(4 230)
Investment property	489	508	-	-	489	508
Investments in subsidiaries and associates	58	63	-	-	58	63
Long-term prepayments for commissions and other	-	-	(1 369)	(1 170)	(1 369)	(1 170)
Trade and other receivables	3 404	5 029	(1 337)	(714)	2 067	4 315
Short-term investments	1 482	1 482	-	-	1 482	1 482
Cash and cash equivalents	-	-	(21)	(7)	(21)	(7)
Short-term prepayments for commissions and other	-	-	(20)	(18)	(20)	(18)
Long term finance lease liabilities	183	255	-	-	183	255
Other long-term liabilities	24 847	24 092	-	-	24 847	24 092
Long term deferred income and government grants	3 110	3 210	-	-	3 110	3 210
Employee benefits liabilities	131	118	-	-	131	118
Long-term provisions	693	10 092	-	-	693	10 092
Loans and borrowings	120	-	-	(117)	120	(117)
Short term finance lease liabilities	260	237	-	-	260	237
Trade and other payables	431	1 716	-	-	431	1 716
Short-term provisions	11 114	962	-	-	11 114	962
Short term deferred income and government grants	322	200	-	-	322	200
Derivative financial instruments	-	-	(652)	-	(652)	-
Deferred tax assets/liabilities on temporary differences	46 707	48 008	(6 409)	(6 300)	40 298	41 708
Tax value of loss carry-forwards recognised	41 694	39 745	-	-	41 694	39 745
Compensation of tax assets/liabilities	(6 409)	(6 300)	6 409	6 300	-	-
Valuation adjustment	(47 062)	(48 354)	-	-	(47 062)	(48 354)
Net deferred tax assets	34 930	33 099	-	-	34 930	33 099

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

As a result of uncertainty in realization of negative temporary differences in the foreseeable future, the Group recognized only a part of the deferred tax assets, both as at 30 June 2008 and 31 December 2007.

Change in temporary differences during the period

	1 January 2008	Change of deffered tax on temporary differences recognised in		30 June 2008
		profit and loss account	equity	
Plant, property and equipment	(4 230)	1 283	-	(2 947)
Investment property	508	(19)	-	489
Investments in subsidiaries and associates	63	(5)	-	58
Long-term prepayments for commissions and other	(1 170)	(199)	-	(1 369)
Trade and other receivables	4 315	(2 248)	-	2 067
Short-term investments	1 482	-	-	1 482
Cash and cash equivalents	(7)	(14)	-	(21)
Short-term prepayments for commissions and other	(18)	(2)	-	(20)
Long term finance lease liabilities	255	(72)	-	183
Other long-term liabilities	24 092	755	-	24 847
Long term deferred income and government grants	3 210	(100)	-	3 110
Employee benefits liabilities	118	13	-	131
Long-term provisions	10 092	(9 399)	-	693
Loans and borrowings	(117)	237	-	120
Short term finance lease liabilities	237	23	-	260
Trade and other payables	1 716	(1 285)	-	431
Short-term provisions	962	10 152	-	11 114
Short term deferred income and government grants	200	122	-	322
Derivative financial instruments	-	-	(652)	(652)
Tax losses carried forward	39 745	1 949	-	41 694
Valuation adjustment	(48 354)	1 292	-	(47 062)
	33 099	**2 483**	**(652)**	**34 930**

	1 January 2007	Change of deffered tax on temporary differences recognised in profit and loss account	30 June 2007
Plant, property and equipment	(123)	(470)	(593)
Investment property	320	-	320
Trade and other receivables	25 879	448	26 327
Short-term investments	1 718	-	1 718
Cash and cash equivalents	(23)	10	(13)
Short-term prepayments for commissions and other	(1)	(6)	(7)
Assets in group held for sale	1 991	3 081	5 072
Long-term liabilities from credits and loans	-	3	3
Long term finance lease liabilities	493	(119)	374
Other long-term liabilities	5 024	1 076	6 100
Long term deferred income and government grants	3 427	(98)	3 329
Employee benefits liabilities	16	1	17
Long-term provisions	18 584	4 845	23 429
Loans and borrowings	260	(6)	254
Short term finance lease liabilities	258	(9)	249
Trade and other payables	212	-	212
Short-term provisions	20	743	763
Short term deferred income and government grants	158	-	158
Liabilities classified as held for sale	1 459	(197)	1 262
Tax losses carried forward	63 552	1 511	65 063
Valuation adjustment	(97 267)	(5 012)	(102 279)
	25 957	**5 801**	**31 758**

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

Tax losses

According to the tax law regulations, tax loss incurred in a given tax year can reduce taxable income over the next five consecutive tax years, however the decrease in whichever of those years cannot exceed 50% of the loss for a given year. As at 30 June 2008 the amount of tax losses remaining to be utilized amounted to TPLN 219,442 (31 December 2007: TPLN 209,183). As at 30 June 2008 and 31 December 2007 the Group has not recognized deferred tax assets on the tax losses carry forwards due to uncertainty of utilizations the benefits therefrom.

as at 30 June 2008

Amount of loss	***Expiry date***
81 125	2008
95 600	2009
19 939	2010
8 705	2011
8 943	2012
5 131	2013
219 442	

21. Income tax receivables and liabilities

As at 30 June 2008 the income tax receivables accounted to TPLN 1,365 (31 December 2007: TPLN 1,358). These receivables due from the tax authority will be settled with future income tax liabilities due to the tax authorities. Due to uncertain recovery of these receivables as at 30 June 2008, an impairment loss of TPLN 1,358 was recognized (as at 31 December 2007: TPLN 1,358).

Income tax liabilities of TPLN 791 (31 December 2007: TPLN 1,039) represent the amount due to the tax authority with regard to the difference between payments made for the previous and current year and the amount of tax payable.

22. Trade and other receivables

	30 June 2008	**31 December 2007**
Trade receivables from related parties	328	9
Trade receivables from other parties	16 434	8 084
Receivables from taxes, duties, social and health insurances and other benefits	6 948	21 893
Other receivables from related parties	2 846	2 846
Other receivables from other parties	2 582	142 511
	29 138	**175 343**

Trade receivables are presented net of allowances for doubtful debts amounting to TPLN 148,335 (31 December 2007: TPLN 162,027).

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

The table below presents overdue trade and other receivables together with the amount of the allowances for doubtful debts.

	30 June 2008	31 December 2007
Gross overdue receivables		
up to 1 month	344	495
1-6 months	811	595
6 months-1 year	533	315
over 1 year	156 461	164 212
	158 149	**165 617**
allowances for overdue and doubtful debts	(148 335)	(161 735)
Net overdue receivables	**9 814**	**3 882**

Change in allowances for doubtful debts was as follows:

	I Semester 2008	I Semester 2007
Allowances for bad debts as at 1 January	(162 027)	(292 309)
Created allowances	(134)	(1 271)
Reversed allowances	7 646	2 983
Utilised allowances	6 180	5 477
Allowances for bad debts as at 30 June	**(148 335)**	**(285 120)**

The allowances for doubtful debts within trade receivables were recognized due to expected difficulties with collection of amounts due from some customers. The allowances for other receivables concern mainly receivables arised as a result of loans guarantees granted to entities which are not able to settle their liabilities.
According to the Group, the collection of receivables which have not been subject to allowances, is not doubtful.

Overdue net receivables in amount of TPLN 8,025 are secured on the customer's property, which value exceeds the value of these receivables. Fair value of collateral mentioned, based of expert's evaluation conducted in 2004, amounts to PLN 14,3 million.

23. Cash and cash equivalents

	30 June 2008	31 December 2007
Cash in hand	61	52
Bank balances	114 828	21 743
Short-term bank deposits	31 434	24 288
Restricted bank balances	2 117	81
Cash in transit	420	146
Cash and cash equivalents in the balance sheet	**148 860**	**46 310**
Bank overdraft	(5)	-
Cash and cash equivalents in the statement of cash flows	**148 855**	**46 310**

Restricted bank balances refer to resources at the disposal of company social contribution fund and also deposits provided as collateral for performance guarantees issued.

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

24. Equity

a. Share capital

	30 June 2008	31 December 2007
Number of shares at the beginning of the period	247 262 023	157 762 023
G-series shares issue	-	89 500 000
Number of shares at the end of the period (fully paid)	247 262 023	247 262 023
Nominal value of shares (PLN)	2	2
Nominal value of A-series issue	16 682	16 682
Nominal value of B-series issue	986	986
Nominal value of D-series issue	8 000	8 000
Nominal value of E-series issue	189 856	189 856
Nominal value of F-series issue	100 000	100 000
Nominal value of G-series issue	179 000	179 000
	494 524	**494 524**

Since November 1993 until December 1996 the Group operated in hyperinflation. IAS 29 *Financial Reporting in Hyperinflationary Economies* requires restatement of each element of share capital (apart from undistributed profit and revaluation reserves) using general price indexation in hyperinflation. Such retrospective implementation would result in decrease of retained earnings in that period by TPLN 18 235 and in adjustment of retained earnings in that same amount.

On 25 June 2007 the share capital was increased by TPLN 179,000 as a result of 89 500 thousand G series shares issue with the nominal value of 2 PLN, which were taken by the current shareholder Atlantia S.p.A. (formerly Autostrade S.p.A.), and fully paid in cash. The issue price of one share was 2.2458 PLN. The costs of G series share issue in the amount of TPLN 1,047 decreased the share premium reserve.

In 2008 the share capital wasn't subject to any changes.

On 18 January 2008 Atlantia S.p.A submitted a non-cash contribution to its subsidiary Autostrade per l'Italia S.p.A. seated in Rome, in form of all shares of Stalexport Autostrady S.A. in its possession. As a result of shares acquisition, Autostrade per l'Italia S.p.A. has currently a block of 139,059,182 shares and the same number of votes at the General Meeting of the Company.

The holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at shareholders meeting of the Company. All shares entitle the shareholders to Company's assets in the same extent in case of division.

b. 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 3,434 in the first semester of 2008. This value has been reduced by change in deferred tax amounting to TPLN 652, charged directly to capital as per relevant provisions of hedge accounting.

c. 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. General meeting may also define a particular aim to which such resources should be assigned.

25. Earnings per share

The calculation of basic earnings per share was performed based on the net profit attributable to the ordinary shareholders of Parent Company of TPLN 21,255 (I semester 2007: net profit of TPLN 5,187 for continued operations and net loss of TPLN 21,196 for discontinued operations, respectively) and a weighted average number of ordinary shares outstanding as at 30 June 2008 of 247,262 thousand (30 June 2007: 160,248 thousand). Those numbers were determined using the way shown below.

a. Net profit attributable to the Shareholders of the Parent Company

	I Semester 2008	I Semester 2007	
		Continued operations	Discontinued operations
Net profit/(loss) for the period	**21 255**	**5 187**	**(21 196)**

b. Weighted average number of ordinary shares

	I Semester 2008	I Semester 2007	
Number of ordinary shares at the beginning of the period	247 262 023	157 762 023	157 762 023
Effect of G-series shares issue (5 days in I Sem. 2007)	-	2 486 111	2 486 111
Weighted average number of ordinary shares at the end of the period	**247 262 023**	**160 248 134**	**160 248 134**

c. Net profit/(loss) per ordinary share attributable to Shareholders of the Parent Company

	I Semester 2008	I Semester 2007	
		Continued operations	Discontinued operations
Net profit/(loss) attributable to Company's shareholders (in TPLN)	21 255	5 187	(21 196)
Weighted average number of ordinary shares at the end of the period (thousands of shares)	247 262	160 248	160 248
Net profit/(loss) per ordinary share attributable to Company's shareholders (in PLN)	**0,09**	**0,03**	**(0,13)**

As at 30 June 2008 and 30 June 2007 no factors were determined that would result in dilution of profit/(loss) per one share.

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

26. Loans and borrowings

	30 June 2008	31 December 2007
Secured bank loans	69 004	68 969
Non-current loans and borrowings	**69 004**	**68 969**
Bank overdraft	5	-
Current portion of secured bank loans	1 431	420
Current portion of loans from related parties	3 534	3 439
Current loans and borrowings	**4 970**	**3 859**

a. Loans and borrowings repayment schedule

	Total	up to 1 year	1 year to 3 years	3 years to 5 years
Secured bank loans	70 435	1 431	25 015	43 989
Loans from related parties	3 534	3 534	-	-
TOTAL	**73 969**	**4 965**	**25 015**	**43 989**

b. Terms and conditions of loans and borrowings repayment

	Currency	Nominal rate	Repayment year	Liabilities at 30 June 2008	Liabilities at 31 December 2007
Loans					
Bank overdraft	PLN			5	-
Banking Consotrium	PLN	WIBOR 6M + 1,75% margin	2020*	70 435	69 389
Loans from related parties					
Stalexport Autostrada Śląska S. A.	PLN	WIBOR 6M + 1% margin	2008	3 534	3 439
Total loans and borrowings				**73 974**	**72 828**

*payments max. up to year 2020

c. Collaterals on Group's property

Apart from securities established on property, plant and equipment and investment properties described in notes 14 and 16 respectively, there are no other securities established on Group's assets.

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

27. Finance lease liabilities

Repayment schedule of finance lease liabilities

30 June 2008	Minimum lease payments	Interest	Principal
up to 1 year	1 568	184	1 384
1 to 5 years	1 075	55	1 020
over 5 years	1	-	1
	2 644	**239**	**2 405**
31 December 2007			
up to 1 year	1 627	253	1 373
1 to 5 years	1 389	46	1 343
	3 016	**299**	**2 716**

As described in note 14 until the repayment of finance lease liabilities, the leased assets secure lease obligations.

28. Employee benefits liabilities

Non-current	30 June 2008	31 December 2007
Retirement pay liabilities	226	220
Annuity severance pay liabilities	10	11
Jubilee bonuses liabilities	226	251
Total	**462**	**482**
Current		
Retirement pay liabilities	50	34
Annuity severance pay liabilities	1	1
Jubilee bonuses liabilities	127	118
Total	**178**	**153**

Amounts of future employee benefits liabilities were calcualted on the basis of actuarial appraisal model. Employee benefits liabilities were calculated according to following assumptions:

	30 June 2008	31 December 2007
Discount rate	6,0%	6,0%
Future remuneration increase	2,5%-3%	2,5%-3%

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

29. Other long-term liabilities

	30 June 2008	31 December 2007
Liabilities upon guarantees granted	66 045	72 541
Concession payments	128 518	125 471
Other liabilities	-	99
	194 563	**198 111**

Liabilities upon guarantees granted relates to guarantee provided to the State Treasury in respect of loan guarantee given to Huta Ostrowiec for modernization of the production line. The repayment of those liabilities will begin after the repayment of liabilities upon arrangement with creditors, expected for August 2008. Repayment schedule for these guarantee liabilities is presented in the chart below. Information on liabilities upon the arrangement with creditors procedure is presented in note 32.

According to the Concession Agreement the Group is obliged to make concession payments to National Road Fund (acquired liability relating to loan received by the Treasury from EBRD). The nominal value of the liability according to appendix 7 to the Concession Agreement amounted to TPLN 223,870. The applied discount rate was 5,95% (in 2007: 5,95%).

a. Repayment schedule for other long-term liabilities

As at 30 June 2008	**Total**	**up to 1 year**	**1-3 years**	**3-5 years**	**over 5 years**
Liabilities upon guarantees granted	77 955	11 910	25 985	25 985	14 075
Concession payments	128 518	-	-	-	128 518
Liabilities upon arrangement with creditors	2 036	2 036	-	-	-
TOTAL	**208 509**	**13 946**	**25 985**	**25 985**	**142 593**

As at 31 December 2007	**Total**	**up to 1 year**	**1-3 years**	**3-5 years**	**over 5 years**
Liabilities upon guarantees granted	77 955	5 414	25 985	25 985	20 571
Concession payments	125 471	-	-	-	125 471
Liabilities upon arrangement with creditors	23 685	23 685	-	-	-
Other	99	-	99	-	-
TOTAL	**227 210**	**29 099**	**26 084**	**25 985**	**146 042**

30. Deferred income and government grants

Long-term	**30 June 2008**	**31 December 2007**
Deferred rent income (mainly Passangers Service Sites)	14 637	15 050
Other	1 739	1 852
Total	**16 376**	**16 902**

Short-term		
Deferred rent income (mainly Passangers Service Sites)	1 467	825
Other	228	228
Total	**1 695**	**1 053**

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

31. Provisions

Long-term provisions	Provision for guarantee liability	Provision for other costs upon arrangement with creditors	Provisions for motorway resurfacing	Other provisions	Total
Balance at 1 January 2007	**85 577**	**6 507**	**75 800**	**60**	**167 944**
Additions, including:	-	-	28 919	53	28 972
- due to discounting	-	-	*4 647*	-	*4 647*
Utilisation	-	-	(3 129)	-	(3 129)
Reversal	-	(3 464)	-	-	(3 464)
Balance at 30 June 2007	**85 577**	**3 043**	**101 590**	**113**	**190 323**
Balance at 1 January 2008	**-**	**-**	**53 118**	**5**	**53 123**
Additions, including:	-	-	10 357	-	10 357
- due to discounting	-	-	*2 340*	-	*2 340*
Utilisation	-	-	(10 651)	-	(10 651)
Reversal	-	-	-	(5)	(5)
Reclassification*	-	-	(49 178)	-	(49 178)
Balance at 30 June 2008	**-**	**-**	**3 646**	**-**	**3 646**

Short-term provisions	Provision for other costs upon arrangement with creditors	Provisions for motorway resurfacing	Other provisions	Total
Balance at 1 January 2007	**171**	-	**16**	**187**
Additions	3 828	-	68	**3 896**
Utilisation	(221)	-	-	**(221)**
Balance at 30 June 2007	**3 778**	-	**84**	**3 862**
Balance at 1 January 2008	**-**	**-**	**5 076**	**5 076**
Additions	-	-	4 255	**4 255**
Utilisation	-	-	(11)	**(11)**
Reclassification*	-	49 178	-	**49 178**
Balance at 30 June 2008	**-**	**49 178**	**9 320**	**58 498**

Other short-term provisions consist mainly of provision created for the estimated rate decrease for the passage of toll-exempted vehicles in amount of TPLN 8,959.

32. Trade and other payables

	30 June 2008	31 December 2007
Trade payables to other parties	19 405	16 238
Amounts due to taxes, duties, socialand health insurance and other benefits	1 771	1 708
Liabilities to other parties upon arrangement with creditors due up to 1 year	2 036	23 685
Payroll liabilities	664	7 340
Other payables and accruals	33 429	27 033
	57 305	**76 004**

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

According to the arrangement with creditors approved by the Regional Court in Katowice on 27 June 2002, the liabilities included in the arrangement proceedings will be written off after fulfillment of terms of the arrangement.

In the prior years, the Group wrote off the liabilities subject to the composition agreement of TPLN 241,558. As at 30 June 2008, TPLN 2,036 (31 December 2007:TPLN 23,685) remains payable to fulfil the terms of the arrangement. The Group made the final payment of liability upon arrangement with creditors in July 2008. At the moment, after submission of an appropriate application, the Group awaits for the formal settlement of arrangement with creditors by the Regional Court in Katowice.

The balance of other payables and accruals consists mainly of suspended amounts from the realization of building contracts and guarantee deposits concerning already completed construction works. The value of above-mentioned payables amounted to TPLN 18,387 as at 30 June 2008 (as at 31 December 2007: TPLN 20,059).

33. Financial instruments

a. Classification of financial instruments

30 June 2008

	Long term	**Short term**	**Total**
Financial assets measured at fair value through profit and loss account	-	64 596	64 596
Available-for-sale financial assets	69	8 806	8 875
Held-to-maturity financial assets	4 291	-	4 291
Hedge derivatives	-	3 434	3 434
Loans and receivables	-	171 087	171 087
Financial liabilities valued at amortized cost	(264 588)	(62 110)	(326 698)

31 December 2007

	Long term	**Short term**	**Total**
Financial assets measured at fair value through profit and loss account	-	50 172	50 172
Available-for-sale financial assets	69	8 406	8 475
Held-to-maturity financial assets	4 178	-	4 178
Loans and receivables	-	199 760	199 760
Financial liabilities valued at amortized cost	(268 324)	(79 528)	(347 852)

Within financial assets measured at fair value through profit and loss account, the Group presents investments in assets management funds, which are recognised in short-term investments (note 18).
Available-for-sale financial assets include mainly shares of Centrozap S.A. and Beskidzki Dom Maklerski S.A..

Held-to-maturity financial assets comprise cash frozen on reserve account designated to cover uninsured losses, established in accordance with the provisions of Concession Agreement and credit agreement.

Loans and receivables comprise trade and other receivables.

Financial liabilities recognized at amortized cost include trade payables, other payables, loans and borrowings, finance leasing liabilities and liabilities under the arrangement with creditors.

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

b. Effective interest rates and appraisal dates

The charts below contains effective interest rates on income-earning assets and interest-bearing liabilities, divided into the following groups:

30 June 2008

	Effective rate	Total	< 6 months	> 5 years
Cash and cash equivalents	5,80%	148 860	148 860	-
Investments in asset management funds - bonds and cash and cash equivalents	6,10%	60 753	60 753	-
Loans received	7,81%	(3 534)	(3 534)	-
Banking Consotrium loan	8,41%	(70 435)	(70 435)	-
Concession payments	5,95%	(128 518)	-	(128 518)
Finance lease liabilities	13,60%	(2 405)	(2 405)	-
Liabilities upon guarantees granted	7,79%	(77 955)	(77 955)	-
Liabilities upon arrangement with creditors	8,15%	(2 036)	(2 036)	-

31 December 2007

	Effective rate	Total	< 6 months	> 5 years
Cash and cash equivalents	5,05%	46 310	46 310	-
Other receivables - escrow account	4,70%	100 000	100 000	-
Investments in asset management funds - bonds and cash and cash equivalents	5,55%	45 218	45 218	-
Loans received	6,99%	(3 439)	(3 439)	-
Banking Consotrium loan	6,20%	(69 389)	(69 389)	-
Concession payments	5,95%	(125 471)	-	(125 471)
Finance lease liabilities	13,40%	(2 716)	(2 716)	-
Liabilities upon guarantees granted	7,02%	(77 955)	(77 955)	-
Liabilities upon arrangement with creditors	7,18%	(23 685)	(23 685)	-

c. Fair value

Fair value of financial instruments

The following are details of the fair value of the financial instruments for which it is practicable to estimate such value:

- Cash and cash equivalents, short-term bank deposits and short-term bank loans. The carrying amounts of instruments listed above approximate fair value because of quick maturity of these instruments.
- Trade receivables, other receivables, trade payables. The carrying amounts of instruments listed above approximate fair value because of short term nature of these instruments.
- Interest bearing loans and borrowings. The carrying amount of instruments listed above approximate fair value due to the variable nature of the related interest rates.
- Equity instruments available for sale. These are shares presented at purchase price net of any impairment losses. Impairment losses charge financial expenses. Shares owned by the Group are not quoted in financial markets, thus the Group has no reference sources so as to establish their fair value.
- Investments in assets management funds. The carrying amount equals their fair value based on market quotations.

For concession payments it is not possible to assess their fair value due to the lack of active market of similar financial instruments.

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

d. Hedge accounting

Cash flow hedge accounting

The Group hedges cash flows resulting from payments of interest related to Consortium Loan Agreement between SAM S.A. and banks' consortium. For cash flow being hedged cash flow hedge accounting is applied. Derivatives are used as hedging instruments (percentage swap).
Expected realisation of cash flow being hedged shall take place in semi-annual periods between the 31 March 2009 and the 28 December 2020. Expected date of hedging transaction impact onto profit and loss account matches the date of realization of cash flows being hedged.
Fair value of the hedging instruments as at the 30 June 2008 amounted toTPLN 3,434. The impact of cash flow hedge accounting identified as effective, was recognized directly in consolidated equity.

34. Financial risk management

a. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations, and it arises principally from the Group's receivable from customers and investment securities. The Group places its cash and cash equivalents in financial instruments with high credit ratings.

The following table shows the maximum Group's exposure to credit risk:

	30 June 2008	31 December 2007
Other long term investments	4 360	4 247
Short term investments	73 402	58 578
Trade and other receivables	29 138	175 343
Cash and cash equivalents	148 860	46 310
	255 760	**284 478**

b. Market risk

Market risk is the risk that changes in market demand, supply and prices, as well as other factors will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The Group's exposure to the interest rate risk relates mainly to cash and cash equivalents, interest-bearing borrowings and other payables based on floating interest rate WIBOR + margin.
The table below presents susceptibility profile (the Group's maximum exposure) to the risk of interest rate fluctuations through financial instruments presentation according to the fixed and floating interest rate:

	Current value 30 June 2008	Current value 31 December 2007
Fixed interest rate instruments		
Financial assets	42 637	30 945
Financial liabilities	-	-
	42 637	**30 945**
Floating interest rate instruments		
Financial assets	171 267	164 761
Financial liabilities	(284 888)	(302 655)
	(113 621)	**(137 894)**

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

In managing interest rate risk, the Group aims to reduce the impact of interest rate fluctuations via current monitoring of financial market. Moreover, some investments are independent on WIBOR rate fluctuations.

The Group does not possess financial instruments based on fixed interest rate measured at their fair value in profit and loss account, consequently the change of interest rate will not affect the valuation of these instruments nor will it affect the profit and loss account.

The Group has conducted sensitivity analysis of floating interest rate financial instruments and hedge derivatives to changes of market interest rates. The table below presents the impact of increase or decrease of interest rate by 100 basis points on the income statement and equity. The analysis assumes that all other variables such as foreign exchange rates remain constant.The analysis was performed for the 6 months period of current year and comparable period of the previous year.

	Profit & loss account		**Equity**	
	increase 100 pb	decrease 100 pb	increase 100 pb	decrease 100 pb
2008				
Floating interest rate instruments	(1 136)	1 136	(1 136)	1 136
Derivative financial instruments	-	-	9 750	(9 750)
2007				
Floating interest rate instruments	(1 379)	1 379	(1 379)	1 379

Foreign currency risk

At the end of the first semester 2008 foreign currency risk concerns only cash deposits
The table below shows profile of the Group's sensibility (maximal exposure) to exchange rate change through presentation of financial instruments in division by currencies in which they are denominated:

Assets/liabilities by currency after conversion into PLN (in TPLN)

30 June 2008	**Continued operations**		**Discontinued operations**	
	EUR	**USD**	**EUR**	**USD**
Trade and other receivables	53	-	-	-
Cash and cash equivalents	218	472	-	-
Trade and other payables	(553)	-	-	-
Foreign exchange balance sheet exposure	**(282)**	**472**	**-**	**-**

31 December 2007	**Continued operations**		**Discontinued operations**	
	EUR	**USD**	**EUR**	**USD**
Cash and cash equivalents	2 205	597	-	-
Trade and other payables	(108)	-	-	-
Foreign exchange balance sheet exposure	**2 097**	**597**	**-**	**-**

The Group performed sensitivity analysis of financial instruments denominated in foreign currencies to rate fluctuations. The table below presents a 5 percent strengthening or weakening of Polish zloty against the following currencies that would have an impact on the profit and loss account and equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

	Profit & loss account		Equity	
	increase of exchange rates by 5%	decrease of exchange rates by 5%	increase of exchange rates by 5%	decrease of exchange rates by 5%
2008	10	(10)	10	(10)
2007	135	(135)	135	(135)

c. Risk of loss of financial liquidity

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, possession of financial means which necessary to fulfill Group's financial and investment liabilities using the most attractive sources of financing.

Liquidity management focuses on detailed analysis, planning and taking suitable actions related to working capital and net financial indebtedness.
The table below shows the maximum Group's exposure to liquidity risk:

30 June 2008

Financial liabilities excluding derivatives	Balance sheet value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Long term liabilities upon guarantees granted	77 955	96 946	8 399	9 196	17 679	46 957	14 715
Concession payments	128 518	223 870	-	-	-	-	223 870
Secured bank loans	70 435	83 655	3 119	1 688	3 376	75 472	-
Loans received	3 534	3 664	3 664	-	-	-	-
Finance lease liabilities	2 405	2 552	772	772	750	257	1
Trade and other payables	43 359	43 359	43 359	-	-	-	-
Liabilities upon arrangement with creditors	2 036	2 074	2 074	-	-	-	-
	328 242	456 120	61 387	11 656	21 805	122 686	238 586

31 December 2007

Financial liabilities excluding derivatives	Balance sheet value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Long term liabilities upon guarantees granted	77 955	97 795	2 751	8 100	17 662	47 515	21 767
Concession payments	125 471	223 870					223 870
Secured bank loans	69 389	83 913	1 688	1 688	3 376	72 907	4 254
Loans received	3 439	3 439	3 439	-	-	-	-
Finance lease liabilities	2 716	3 016	898	729	1 322	67	-
Trade and other payables	46 905	46 905	46 905	-	-	-	-
Liabilities upon arrangement with creditors	23 685	24 579	16 521	8 058	-	-	-
	349 560	483 517	72 202	18 575	22 360	120 489	249 891

d. Capital management

The Group's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the changes in ownership, return on equity and debt/equity ratios.

The Group's aim is to achieve return on equity on the level that is satisfactory to the shareholders.

The parent company and its subsidiaries, which are the joint stock companies, are subject to the regulation resulting from art. 396 § 1 of the Polish Comercial Companies Code, which requires that at least 8% of profit for a given business year should be assigned for supplementary capital, until this capital reaches at least 1/3 of the share capital.

There were no changes in the capital management policy during the year.

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

35. Operating leases

Operating lease agreements, where the Group is as a lessee

The estimated payments resulting from operating lease agreements are shown below:

	30 June 2008	31 December 2007
continued operations		
up to 1 year	85	73
1 -5 years	5	35
	90	**108**

36. Capital expenditure commitments

As a result of obligations stated in the Concession Agreement as at 30 June 2008, certain construction works were performed within the following contracts:

1. Contract F2a-6-2006 – Repair of motorway bridges and resurfacing

The contract was concluded on 26 February 2007 with Budimex Dromex S.A.. Contract's net value amounts to TPLN 178,447. As at 30 June 2008 the contract was completed in 90,8%.

2. Contract F2a-3-2005 – Construction of acoustic baffles No. 5, 6, 7a, 8, 9, 28, 29, 30 i 31

The contract was concluded with Signalco Ltd. Sp. z o.o. and Tubosider S.p.A..
Contract's net value amounts to TPLN 20,349. As at 30 June 2008 the contract was completed in 99,5%.

3. Contract F2a-8-2007 – Repair of motorway bridges and resurfacing

On 28 March 2008, SAM S.A. concluded a contract with Pavimental S.p.A. involving the repair of 10 bridge facilities (6, 11, 12, 23 27, 30, 31, 42, 43, 44) situated along the motorway or above it, the repair of surface of traffic lanes and emergency lanes on a distance of approximately 26 km, repair of bituminous surface of two toll collection squares and repair of sidings of two motorway junctions. The value of the contract amounts to TPLN 142,188 and the contract-set project completion deadline was defined as the end of 2009.

The Group recognizes a provision for resurfacing (see als note 31) in accordance with the polices described in point 5 "Description of significant accounting principles".

37. Contingencies, guarantees and other commitments

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 14,231 (31 December 2007: TPLN 14,405), and to other entities amounting to TPLN 2,216 (31 December 2007: TPLN 1,529).

In October 2007, the Office of Competition and Consumer Protection commenced antimonopoly proceedings against Stalexport Autostrada Małopolska S.A. in relation to the suspicion of abuse of dominant position on the market of paid passage of the section of the motorway A-4 Katowice – Kraków, through the imposition of unfair prices for the crossing through the paid section of the motorway in the magnitude as stated in the price list during the time of repairing of this section of the motorway, causing significant hindrance to vehicle traffic, which may constitute an infringement of the art. 9 sect. 2 pt. 1 of the act of law on competition and consumer protection.
In response to the summons of the Office, the Group submitted relevant information required in relation to the proceedings in progress, and it made the necessary explanations.

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

On 25 April 2008, the Office of Competition and Consumer Protection issued a decision, in which it has been recognized that the Stalexport Autostrada Małopolska S.A. breached the above-mentioned art. 9 sect. 2 pt. 1 of the act of law on competition and consumer protection, simultaneously instructing it to relinquish the practices being the subject matter of the antimonopoly proceedings. The Office of Competition and Consumer Protection imposed on the Group a financial penalty in the amount of TPLN 1,300 payable to the Treasury. The decision is not valid and the Group availed of its right to make an appeal.

In the opinion of the Management Board of the Stalexport Autostrada Małopolska S.A. and also of the Management Board of the Group, the execution of the repair and investment tasks as realized on the basis of the Concession Agreement and the generally binding provisions relating to paid motorways does not constitute a breach of the provisions regarding competition and consumer protection.

Henceforth, in the consolidated interim financial statement no provisions have been created for the penalty resulting from the Office of Competition and Consumer Protection decision.

38. Transactions with related parties

a. Intragroup receivables and liabilities

30 June 2008	Receivables	Payables	Loans and borrowings
Autostrade per l'Italia	328	-	-
Stalexport Autostrada Śląska S.A.	2 846	-	3 534
TOTAL	**3 174**	**-**	**3 534**

31 December 2007	Receivables	Payables	Loans and borrowings
Stalexport Autostrada Śląska S.A.	2 855	-	3 439
TOTAL	**2 855**	**-**	**3 439**

b. Transactions with related parties

I Semester 2008	Revenue on sales	Financial income	Financial expenses
Atlantia S.p.A.	-	3 500	-
Autostrade per l'Italia	254	-	-
Autostrada Mazowsze S.A.	1	-	-
Stalexport Autostrada Śląska S.A.	7	-	(116)
TOTAL	**262**	**3 500**	**(116)**

I Semester 2007	Revenue on sales	Cost of sales	Financial expenses
Biuro Centrum Spółka z o.o.	31	(1 364)	-
Stalexport Autostrada Śląska S.A.	6	-	(87)
TOTAL	**37**	**(1 364)**	**(87)**

Additional information to the consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

c. Transactions with key management

The remuneration of the key management and supervising personnel of the Group was as follows:

	I Semester 2008	I Semester 2007
Parent Company		
Management Board	796	993
Key management	300	280
Supervisory Board	60	82
Subsidiaries		
Management Boards	1 053	1 144
Supervisory Boards	281	401
Key management	771	692
	3 261	**3 592**

In the first semester of 2008 and 2007 the Group did not grant any loans to the Members of Management Board or Supervisory Board Members of the companies constituting the Group or their close relatives, who are the Members of the Group companies Supervisory Boards or who are significant shareholders of the Company or its subsidiaries. The Group did not grant to the above mentioned individuals any advance payments or guarantees.

39. Subsequent events

- In July 2008 the Group has made the final payment in favour of the bondholders due to the obligations ensuing from the arrangement with creditors, thus fulfilling its provisions in full. At the same time, the Group has turned to the Regional Court in Katowice with an application for formal closing of the arrangement with creditors.

- On 28 July 2008, final negotiations commenced between the associate company Autostrada Mazowsze S.A. and General Directorate for National Roads and Motorways having as its objective the selection of the best offer for the construction and operation of the section of the Motorway A-2 between Stryków and the Konotopa junction (91 km).

KPMG Audyt Sp. z o.o.
Biuro w Krakowie
al. Armii Krajowej 18
30-150 Kraków
Poland

Telefon +48 12 424 94 00
Fax +48 12 424 94 01
E-mail krakow@kpmg.pl
Internet www.kpmg.pl

INDEPENDENT AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY S.A. FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

To the Shareholders of Stalexport Autostrady S.A.

Introduction

We have reviewed the accompanying condensed interim unconsolidated financial statements of Stalexport Autostrady S.A., with its registered office in Katowice, 29 Mickiewicza Street that consist of the condensed unconsolidated balance sheet as at 30 June 2008, with total assets and total liabilities and equity of PLN 280,843 thousand, the condensed unconsolidated profit and loss account for the period from 1 January 2008 to 30 June 2008 with a net profit of PLN 4,307 thousand, the condensed unconsolidated statement of changes in equity for the period from 1 January 2008 to 30 June 2008 with an increase in equity of PLN 4,306 thousand, the condensed unconsolidated cash flow statement for the period from 1 January 2008 to 30 June 2008 with an increase in cash amounting to PLN 94,531 thousand and selected explanatory notes.

Management of the Company is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with the International Accounting Standard 34 *"Interim Financial Reporting"* as adopted by the European Union and other applicable regulations. Our responsibility is to express a conclusion on these condensed interim financial statements, based on our review.

Scope of Review

We conducted our review in accordance with Standard No. 4 of the professional standards *General principles for the review of financial statements* issued by the Polish National Council of Certified Auditors and with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements of Stalexport Autostrady S.A. are not prepared, in all material respects, in accordance with the International Accounting Standard 34 *"Interim Financial Reporting"* as adopted by the European Union.

signed on the Polish original

....

Certified Auditor No. 90066/7583
Arkadiusz Cieślik

signed on the Polish original

....

On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 90066/7583
Arkadiusz Cieślik,
Member of the Management Board

Cracow, 14 August 2008

STALEXPORT AUTOSTRADY S.A.

CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS for the six-month period ended 30 June 2008

Explanation
This document constitutes a translation of the financial statements of the entity named above. The original financial statements and the report of the independent auditor were issued in Polish. The document below comprises the English translation of terminology used in the Polish original. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.

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Condensed unconsolidated interim profit and loss account

For the six-month period ended

In thousands of PLN	***30 June 2008***	***30 June 2007*** *restated* Continued operations	Discontinued operations
Revenue on sales	1 515	935	228 380
Cost of sales	(1 233)	(941)	(218 614)
Gross sale profit/(loss)	**282**	**(6)**	**9 766**
Other income	7 961	4 129	883
Distribution expenses	-	-	(4 231)
General administrative expenses	(3 799)	(3 171)	(10 789)
Other expenses	(394)	(187)	(1 498)
Profit/(loss) from operating activities	**4 050**	**765**	**(5 869)**
Impairment of assets classified as held for sale	**-**	**-**	**(12 977)**
Financial income	5 425	4 861	715
Financial expenses	(5 168)	(5 344)	(1 169)
Net financial expenses	**257**	**(483)**	**(454)**
Profit/(loss) before tax	**4 307**	**282**	**(19 300)**
Income tax	-	-	-
Profit/(loss) for the period	**4 307**	**282**	**(19 300)**
Earnings per share			
Basic earnings per share (PLN)	0,02	0,00	(0,12)
Diluted earnings per share (PLN)	0,02	0,00	(0,12)
Earnings per share (total continued and discontinued operations)			
Basic earnings per share (PLN)	0,02	(0,12)	
Diluted earnings per share (PLN)	0,02	(0,12)	

The condensed unconsolidated interim profit and loss account should be analyzed together with the additional information, which constitutes integral part of the condensed unconsolidated interim financial statements

Condensed unconsolidated interim balance sheet

As at

In thousands of PLN	***30 June 2008***	***31 December 2007***
ASSETS		
Non-current assets		
Property, plant and equipment	1 650	1 787
Intangible assets	4	5
Prepaid perpetual usufruct of land	116	116
Investment property	4 762	4 677
Investments in subsidiaries and associates	50 476	50 476
Long-term receivables	34 937	34 009
Total non-current assets	**91 945**	**91 070**
Current assets		
Inventories	-	50
Short-term investments	73 001	58 577
Income tax receivables	7	-
Trade and other receivables	11 509	151 066
Cash and cash equivalents	104 381	9 845
Total current assets	**188 898**	**219 538**
Total assets	**280 843**	**310 608**

The condensed unconsolidated interim balance sheet should be analyzed together with the additional information, which constitutes integral part of the condensed unconsolidated interim financial statements

Condensed unconsolidated interim balance sheet

As at

In thousands of PLN	***30 June 2008***	***31 December 2007***
EQUITY AND LIABILITIES		
Equity		
Issued share capital	494 524	494 524
Share capital revaluation adjustment	18 235	18 235
Treasury shares	(20)	(19)
Share premium reserve	20 916	20 916
Uncovered losses	(345 103)	(349 410)
Total equity	**188 552**	**184 246**
Liabilities		
Long-term liabilities		
Employee benefits liabilities	344	373
Other long-term liabilities	66 045	72 541
Long-term provisions	-	5
Total long-term liabilities	**66 389**	**72 919**
Short-term liabilities		
Loans and borrowings	9 853	10 608
Finance lease liabilities	-	126
Trade and other payables	15 532	42 641
Employee benefits liabilities	157	68
Short-term provisions	360	-
Total short-term liabilities	**25 902**	**53 443**
Total liabilities	**92 291**	**126 362**
Total equity and liabilities	**280 843**	**310 608**

The condensed unconsolidated interim balance sheet should be analyzed together with the additional information, which constitutes integral part of the condensed unconsolidated interim financial statements

Condensed unconsolidated interim statement of cash flows

For the six-month period ended

In thousands of PLN	*30 June 2008*	*30 June 2007*
Cash flows from operating activities		
Profit / (Loss) before tax	**4 307**	**(19 018)**
Adjustments for:		
Depreciation	284	250
Profit/(loss) on investment activity	552	-
Profit/(loss) on sale of property, plant and equipment	(18)	26
Interest and dividends	(2 246)	(2 359)
Impairment of assets classified as held for sale	-	12 977
Change in receivables	(78)	32 918
Change in inventories	50	(36 793)
Change in trade and other payables	(33 583)	(23 289)
Change in provisions	355	552
Change in deferred income and government grants	-	(312)
Other adjustments	-	(634)
Cash generated from operating activities	**(30 377)**	**(35 682)**
Income tax paid	-	-
Net cash from operating activities	**(30 377)**	**(35 682)**

The condensed unconsolidated interim statement of cash flows should be analyzed together with the additional information, which constitutes integral part of the condensed unconsolidated interim financial statements

Condensed unconsolidated interim statement of cash flows

For the six-month period ended

In thousands of PLN	*30 June 2008*	*30 June 2007*
Cash flows from investing activities		
Investment proceeds	**141 312**	**4 541**
Sale of intangible assets and property, plant and equipment	19	71
Sale of discontinued activity	138 700	-
Dividends received	39	2 097
Interest received	2 531	2 369
Repayment of loans granted	-	4
Disposal of financial assets	23	-
Investment expenditures	**(15 320)**	**(1 008)**
Acquisition of intangible assets and property, plant and equipment	(320)	(1 008)
Acquisition of financial assets	(15 000)	-
Net cash from investing activities	**125 992**	**3 533**
Cash flows from financing activities		
Financial proceeds	**-**	**199 985**
Net proceeds from shares issue	-	199 985
Financial expenditures	**(1 084)**	**(10 282)**
Repayment of loans and borrowings	(902)	(7 751)
Interest paid	(182)	(2 210)
Payment of payables upon finance lease contract	-	(321)
Net cash from financing activities	**(1 084)**	**189 703**
Net increase/decrease in cash and cash equivalents	**94 531**	**157 554**
Balance sheet change in cash	**94 531**	**157 554**
Cash and cash equivalents net of bank overdraft, at 1 January	**9 845**	**24 266**
Cash and cash equivalents net of bank overdraft, at 30 June, including:	**104 376**	**181 820**
Restricted cash and cash equivalents	1 946	203 101

The condensed unconsolidated interim statement of cash flows should be analyzed together with the additional information, which constitutes integral part of the condensed unconsolidated interim financial statements

Condensed unconsolidated interim statement of changes in equity

In thousands of PLN

	Issued Share Capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Revaluation reserve	Other reserve capitals and supplementary capital	Uncovered losses	Total equity
As at 1 January 2007	**315 524**	**-**	**(21)**	**2 887**	**131 813**	**43**	**(345 156)**	**105 090**
Adjustments	-	18 235	-	-	(131 813)	-	(14 374)	**(127 952)**
As at 1 January 2007 after adjustments	**315 524**	**18 235**	**(21)**	**2 887**	**-**	**43**	**(359 530)**	**(22 862)**
Net profit/(loss)	-	-	-	-	-	-	(19 018)	**(19 018)**
Total profits/(losses) recognised in the period	-	-	-	-	-	-	***(19 018)***	***(19 018)***
Issue of share capital	179 000	-	-	20 985	-	-	**-**	**199 985**
Loss coverage	-	-	-	(2 887)	-	(43)	2 930	**-**
Other	-	-	1	-	-	-	-	**1**
As at 30 June 2007	**494 524**	**18 235**	**(20)**	**20 985**	**-**	**-**	**(375 618)**	**158 106**

	Issued Share Capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Revaluation reserve	Other reserve capitals and supplementary capital	Uncovered losses	Total equity
As at 1 January 2008	**494 524**	**18 235**	**(19)**	**20 916**	**-**	**-**	**(349 410)**	**184 246**
Adjustments	-	-	-	-	-	-	-	**-**
As at 1 January 2008 after adjustments	**494 524**	**18 235**	**(19)**	**20 916**	**-**	**-**	**(349 410)**	**184 246**
Net profit/(loss)	-	-	-	-	-	-	4 307	**4 307**
Total profits/(losses) recognised in the period	-	-	-	-	-	-	***4 307***	***4 307***
Other	-	-	(1)	-	-	-	-	**(1)**
As at 30 June 2008	**494 524**	**18 235**	**(20)**	**20 916**	**-**	**-**	**(345 103)**	**188 552**

The condensed unconsolidated interim statement of changes in equity should be analyzed together with the additional information, which constitutes integral part of the condensed unconsolidated interim financial statements

Additional information to the condensed unconsolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

1. Accounting principles

Accounting principles significant for the preparation of these condensed unconsolidated interim financial statements, have been defined, apart from the issue of investment recognition described below, within the additional information to the consolidated interim financial statements of Stalexport Autostrady S.A. Capital Group.

In the condensed unconsolidated interim financial statements investments in subsidiaries and associates have been recognized at acquisition cost net of impairment losses.

These condensed unconsolidated interim financial statements should be read with the consideration of the consolidated interim financial statements

2. Investments in subsidiaries and associates

Investments in subsidiaries, associates and jointly controlled entities relate to the following companies:

	Acquisition cost	Impairment loss	Carrying value	% of shares owned
30 June 2008				
Stalexport Autostrada Dolnośląska S.A.	28 075	(7 548)	20 528	100,00%
Petrostal S.A. w likwidacji (in liquidation)	1 727	(1 727)	-	100,00%
Stalexport Wielkopolska Sp. z o.o. w upadłości (under bankruptcy)	12 072	(12 072)	-	97,96%
Stalexport Autoroute S.a r.l	29 886	-	29 886	100,00%
Biuro Centrum Sp. z o.o.	62	-	62	74,38%
Total	**71 822**	**(21 347)**	**50 476**	

	Acquisition cost	Impairment loss	Carrying value	% of shares owned
31 December 2007				
Stalexport Autostrada Dolnośląska S.A.	28 075	(7 548)	20 528	100,00%
Petrostal S.A. w likwidacji (in liquidation)	1 727	(1 727)	-	100,00%
Stalexport Wielkopolska Sp. z o.o. w upadłości (under bankruptcy)	12 072	(12 072)	-	97,96%
Stalexport Autoroute S.a r.l	29 886	-	29 886	100,00%
Biuro Centrum Sp. z o.o.	62	-	62	74,38%
Total	**71 822**	**(21 347)**	**50 476**	

The financial data concerning investments which are not subject to 100% impairment loss are presented below:

	% of shares owned	Assets	Liabilities	Equity	Revenues on sales	Profit / (loss) for the period
30 June 2008						
Stalexport Autostrada Dolnośląska S.A.	100,00%	17 683	295	17 388	995	(1 490)
Stalexport Autoroute S.a r.l	100,00%	164 423	2	164 421	-	3 090
Biuro Centrum Sp. z o.o.	74,38%	3 072	2 541	531	4 496	104
Total		**185 178**	**2 838**	**182 340**	**5 491**	**1 704**
31 December 2007						
Stalexport Autostrada Dolnośląska S.A.	100,00%	17 690	1 315	16 375	-	(1 987)
Stalexport Autoroute S.a r.l	100,00%	172 418	13	172 405	-	3 573
Biuro Centrum Sp. z o.o.	74,38%	1 721	1 211	511	8 231	58
Total		**191 829**	**2 539**	**189 291**	**8 231**	**1 644**