STALEXPORT AUTOSTRADY S.A.
CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS
as at the day and for the year ended
31 December 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.

Contents

Consolidated profit and loss account

For the year ended

In thousands of PLN	*Note*	*31 December 2008*	*31 December 2007*	
			Continued operations	Discontinued operations
Revenue on sales	6	131 733	127 379	414 081
Cost of sales	6,9	(63 140)	(54 708)	(395 488)
Gross sale profit/(loss)		**68 593**	**72 671**	**18 593**
Other income	10	17 437	13 746	1 186
Distribution expenses	9	-	-	(12 647)
General administrative expenses	9	(30 185)	(35 363)	(15 836)
Other expenses	11	(911)	(983)	(2 702)
Profit/(loss) from operating activities		**54 934**	**50 071**	**(11 406)**
Loss on sale of discontinued activity		**-**	**-**	**(21 964)**
Financial income		13 206	54 173	1 405
Financial expenses		(26 365)	(27 063)	(1 773)
Net financial income/(expenses)	12	**(13 159)**	**27 110**	**(368)**
Share in profit/(loss) of associated entities		**(1 550)**	**101**	-
Profit/(loss) before tax		**40 225**	**77 282**	**(33 738)**
Income tax	13	(6 771)	(8 232)	(148)
Profit/(loss) for the period		**33 454**	**69 050**	**(33 886)**
attributable to:				
Shareholders of the Parent company		29 581	65 715	(33 846)
Minority shareholders		3 873	3 335	(40)
Earnings per share	25			
Basic earnings per share (PLN)		0,12	0,32	(0,16)
Diluted earnings per share (PLN)		0,12	0,32	(0,16)
Earnings per share (total continued and discontinued operations)				
Basic earnings per share (PLN)		0,12	0,16	
Diluted earnings per share (PLN)		0,12	0,16	

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

Consolidated balance sheet

As at

In thousands of PLN	*Note*	*31 December 2008*	*31 December 2007*
ASSETS			
Non-current assets			
Property, plant and equipment	14	469 610	417 975
Intangible assets	15	982	179
Prepaid perpetual usufruct of land		116	116
Investment property	16	4 609	4 677
Investments in associates	17	397	362
Other long-term investments	18	4 269	4 247
Long-term receivables		-	100
Long-term prepayments for commissions and other	19	7 363	6 160
Deferred tax assets	20	42 903	33 099
Total non-current assets		**530 249**	**466 915**
Current assets			
Inventories		1 647	1 794
Short-term investments	18	74 630	58 578
Income tax receivables	21	1 975	-
Trade and other receivables	22	27 719	175 343
Cash and cash equivalents	23	114 639	46 310
Short-term prepayments for commissions and other	19	108	92
Total current assets		**220 718**	**282 117**
Total assets		**750 967**	**749 032**

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

Consolidated balance sheet

As at

In thousands of PLN	*Note*	*31 December 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
Valuation of available-for-sale financial assets reserve	24b	(1 813)	-
Hedging reserve	24c	(14 144)	-
Other reserve capitals and supplementary capital		140 042	196 389
Foreign currency translation reserve		387	(37)
Retained earnings and uncovered losses		(325 760)	(411 911)
Total equity attributable to equity holders of the parent		**332 367**	**318 097**
Minority interest		3 753	3 448
Total equity		**336 120**	**321 545**
Liabilities			
Non-current liabilities			
Loans and borrowings	26	69 040	68 969
Finance lease liabilities	27	660	1 343
Employee benefits liabilities	28	592	482
Deferred income and government grants	30	15 849	16 902
Other long-term liabilities	29	191 853	198 111
Long-term provisions	31	4 646	53 123
Total non-current liabilities		**282 640**	**338 930**
Current liabilities			
Loans and borrowings	26	1 488	3 859
Finance lease liabilities	27	1 420	1 373
Derivative financial instruments	33d,34c	17 461	-
Income tax liabilities	21	423	1 039
Trade and other payables	32	49 271	76 004
Employee benefits liabilities	28	81	153
Deferred income and government grants	30	1 053	1 053
Short-term provisions	31	61 010	5 076
Total current liabilities		**132 207**	**88 557**
Total liabilities		**414 847**	**427 487**
Total equity and liabilities		**750 967**	**749 032**

Consolidated statement of cash flows

For the year ended

In thousands of PLN	*Note*	*31 December 2008*	*31 December 2007*
Cash flows from operating activities			
Profit / (Loss) before tax		**40 225**	**43 544**
Adjustments for:			
Depreciation	9	23 328	22 002
Reversal of impairment of property, plant and equipment	10	(555)	-
Profit/(loss) from currency translation		493	-
Profit/(loss) on investment activity		(2 398)	(2 833)
Profit/(loss) on sale of property, plant and equipment	10,11	(264)	107
Interest and dividends		(147)	314
Loss on disposal of discontinued activity		-	21 964
Share in profit/(loss) of associated entities		1 550	(101)
Change in receivables		6 575	26 206
Change in inventories		147	(15 290)
Change in prepayments for commissions and other		(1 219)	(167)
Change in trade and other payables		(31 181)	(60 943)
Change in provisions		7 457	(106 574)
Change in deferred income and government grants		(1 053)	(1 471)
Proceeds/(expenditures) related to collateral requested by creditors		(22)	5 822
Other adjustments		(111)	41
Cash generated from operating activities		**42 825**	**(67 379)**
Income tax paid		(15 536)	(16 993)
Net cash from operating activities		**27 289**	**(84 372)**

Consolidated statement of cash flows

For the year ended

In thousands of PLN	*Note*	*31 December 2008*	*31 December 2007*
Cash flows from investing activities			
Investment proceeds		**147 764**	**17 008**
Sale of intangible assets and property, plant and equipment		307	165
Sale of discontinued activity		138 700	9 720
Dividends received		181	32
Interest received		8 264	5 921
Disposal of financial assets		23	620
Net cash and cash equivalents acquired due to obtaining control over subsidiary	7	289	550
Investment expenditures		**(94 426)**	**(162 076)**
Acquisition of intangible assets and property, plant and equipment		(74 339)	(111 927)
Net cash expense due to loss of control over subsidiary	7	(1 454)	-
Acquisition of subsidiary treasury shares	7	(493)	-
Acquisition of financial assets		(15 000)	(50 149)
Other expenditure		(3 140)	-
Net cash from investing activities		**53 338**	**(145 068)**
Cash flows from financing activities			
Financial proceeds		**-**	**259 985**
Net proceeds from shares issue		-	199 985
Loans and borrowings drawn		-	60 000
Financial expenditures		**(12 299)**	**(51 819)**
Dividends paid		(3 555)	(2 991)
Repayment of loans and borrowings		-	(40 967)
Interest paid		(7 330)	(6 129)
Payment of payables upon finance lease contract		(1 414)	(1 732)
Net cash from financing activities		**(12 299)**	**208 166**
Net increase/decrease in cash and cash equivalents		**68 328**	**(21 274)**
Balance sheet change in cash		**68 328**	**(21 274)**
Cash and cash equivalents net of bank overdraft, at 1 January		**46 310**	**67 584**
Cash and cash equivalents net of bank overdraft, at 31 December, including:	23	**114 638**	**46 310**
Restricted cash and cash equivalents		152	81

Consolidated statement of changes in equity

In thousands of PLN

	Note	Issued Share Capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Valuation of available-for-sale financial assets 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**	**18 235**	**(21)**	**2 887**	**-**	**-**	**149 424**	**(46)**	**(399 670)**	**86 333**	**4 108**	**90 441**
Profit/(loss) for the period		-	-	-	-	-	-	-	-	31 869	**31 869**	3 295	**35 164**
Conversion of foreign subsidiaries		-	-	-	-	-	-	-	9	-	**9**	-	**9**
Total profits/(losses) recognised directly in equity		-	-	-	-	-	-	-	*9*	-	*9*	-	*9*
Total profits/(losses) recognised in the period		-	-	-	-	-	-	-	*9*	*31 869*	*31 878*	*3 295*	*35 173*
Issue of share capital	24	179 000	-	-	20 985	-	-	-	-	-	*199 985*	-	*199 985*
Loss coverage		-	-	-	(2 887)	-	-	(43)	-	2 930	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	(2 991)	**(2 991)**
Distribution of profit		-	-	-	-	-	-	47 014	-	(47 014)	-	-	-
Changes within the Group		-	-	-	-	-	-	-	-	-	-	(965)	**(965)**
Other		-	-	2	(69)	-	-	(6)	-	(26)	**(98)**	-	**(98)**
As at 31 December 2007		**494 524**	**18 235**	**(19)**	**20 916**	**-**	**-**	**196 389**	**(37)**	**(411 911)**	**318 097**	**3 448**	**321 545**

	Note	Issued Share Capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Valuation of available-for-sale financial assets 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**
Profit/(loss) for the period		-	-	-	-	-	-	-	-	29 581	**29 581**	3 873	**33 454**
Conversion of foreign subsidiaries		-	-	-	-	-	-	47	424	22	**493**	-	**493**
Valuation of available-for-sale financial assets	24b	-	-	-	-	(1 813)	-	-	-	-	**(1 813)**	-	**(1 813)**
Valuation of financial instruments for which the Group applies hedge accounting	24c	-	-	-	-	-	(14 144)	-	-	-	**(14 144)**	-	**(14 144)**
Total profits/(losses) recognised directly in equity		-	-	-	-	*(1 813)*	*(14 144)*	*47*	*424*	*22*	**(15 464)**	-	*(15 464)*
Total profits/(losses) recognised in the period		-	-	-	-	*(1 813)*	*(14 144)*	*47*	*424*	*29 603*	*14 117*	*3 873*	*17 990*
Loss coverage		-	-	-	-	-	-	(56 606)	-	56 606	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	(3 555)	**(3 555)**
Distribution of profit		-	-	-	-	-	-	212	-	(212)	-	-	-
Other		-	-	(1)	-	-	-	-	-	154	**153**	(13)	**140**
As at 31 December 2008		**494 524**	**18 235**	**(20)**	**20 916**	**(1 813)**	**(14 144)**	**140 042**	**387**	**(325 760)**	**332 367**	**3 753**	**336 120**

Additional information to the consolidated financial statements
(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 listed 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 constitutes 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 31 December 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. w likwidacji	Katowice	Construction and operation of motorway	Subsidiary	37,50%/100% **	2008 r.	Full consolidation

* through Stalexport Autoroute S.a.r.l.
**through Stalexport Autostrada Dolnośląska S.A.

The consolidated financial statements for the year ended 31 December 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 financial statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS EU) and other regulations in force.

The consolidated financial statements were approved by the Management Board of the Company on 12 March 2009.

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 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 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	
Amendment to IFRS 2 *Share-based Payment* The amendments to the Standard clarify the definition of vesting conditions and introduce the concept of non-vesting conditions. Non-vesting conditions are to be reflected in grant-date fair value and failure to meet non-vesting conditions will generally result in treatment as a cancellation.	1 January 2009
IFRS 8 *Operating Segments* The Standard introduces the “management approach” to segment reporting and 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 Group’s 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)

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 (effectively combining the income statement and all non-owner changes in equity in a single statement), or in two separate statements (a separate income statement followed by a statement of comprehensive income).	1 January 2009
Revised IAS 23 *Borrowing Costs* The revised Standard removes the option to expense borrowing costs and requires the capitalization of borrowing costs that relate to qualifying assets (those that take a substantial period of time to get ready for use or sale).	1 January 2009
Amendments to IAS 27 *Consolidated and Separate Financial Statements* The amendments 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. In addition, the amendments provide guidance when the receipt of dividend income is deemed to be an indicator of impairment.	1 January 2009
Amendments to IAS 32 *Financial Instruments: Presentation*, and IAS 1 *Presentation of Financial Statements* The amendments introduce an exemption to the principle otherwise applied in IAS 32 for the classification of instruments as equity; the amendments allow certain puttable instruments issued by an entity that would normally be classified as liabilities to be classified as equity if, and only if, they meet certain conditions.	1 January 2009
IFRIC 13 *Customer Loyalty Programmes* The Interpretation explains how entities that grant loyalty award credits to customers who buy 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
Improvements to IFRS 2008 Improvements to IFRS 2008 introduce 35 changes and are divided into two parts: - Part I introduces 24 changes of 15 standards that result in changes for presentation, recognition and measurements purposes; - Part II introduces 11 changes to 9 standards that are terminology and editorial changes.	1 January 2009 except changes to IFRS 5 *Non-current Assets Held for Sale* – where the effective date is 1 July 2009

Standards and Interpretations awaiting approval by the European Union	
Revised IFRS 1 *First Time Adoption of IFRS* The revised version restructures the format of the IFRS without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of the standard to different appendices.	1 January 2009

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

Revised IFRS 3 *Business Combinations* The scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including: - All items of consideration transferred by the acquirer are recognised and measured at fair value as of the acquisition date, including contingent consideration. - Subsequent change in contingent consideration will be recognized in profit or loss. - Transaction costs, other than share and debt issuance costs, will be expensed as incurred. - The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.	1 July 2009
Revised IAS 27 *Consolidated and Separate Financial Statements* In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.	1 July 2009
Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances.	1 July 2009
Amendment to IAS 39 *Reclassification of Financial Assets: Effective Date and Transition* The amendment clarifies the effective date when reclassification of non-derivative financial assets out of the fair value through profit and loss or out of available-for-sale categories is permitted (applies to reclassifications in circumstances allowed by amendments to IAS 39 issued on 27 November 2008). The amendments described above are applicable on or after 1 July 2008 and no reclassification shall be applied retrospectively. Any reclassification made on or after 1 November 2008 shall take effect only from the date when the reclassification is made and hence may not be applied retrospectively.	1 July 2008
IFRIC 12 *Service Concession Arrangements* The Interpretation provides guidance to private sector entities on certain recognition and measurement with respect to accounting for public-to-private service concession arrangements.	1 January 2008*

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

IFRIC 15 *Agreements for the Construction of Real Estate* IFRIC 15 clarifies that revenue arising from agreements for the construction of real estate is recognised by reference to the stage of completion of the contract activity in the following cases: - the agreement meets the definition of a construction contract in accordance with IAS 11.3; - the agreement is only for the rendering of services in accordance with IAS 18 (e.g., the entity is not required to supply construction materials); and - the agreement is for the sale of goods but the revenue recognition criteria of IAS 18.14 are met continuously as construction progresses. In all other cases, revenue is recognised when all of the revenue recognition criteria of IAS 18.14 are satisfied (e.g., upon completion of construction or upon delivery).	1 January 2009
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* The Interpretation explains the type of exposure that may be hedged, where in the group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation.	1 October 2008
IFRIC 17 *Distributions of Non-cash Assets to Owners* The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.	1 July 2009
IFRIC 18 *Transfers of Assets from Customers* The Interpretation applies to agreements in which an entity receives an item of property, plant and equipment from a customer that the entity must use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both. This Interpretation also applies to agreements in which the entity receives cash from customer when that amount of cash must be used only to construct or acquire an item of property. The entity that received a contribution within the scope of the interpretation recognises this item as an asset if it determines that the transferred item meets the definition of an asset. The corresponding amount will be recognised as revenue. The exact timing of the revenue recognition will depend on the facts and circumstances of each particular arrangement.	1 July 2009

*During the endorsement procedure the effective date might be subject to change.

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 financial statements, have been discussed in notes 20, 21, 22, 28, 31, 33 and 37.

3. Going concern

The consolidated 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 Infrastructure and also of the Project Loan Agreement between SAM S.A. and consortium of following banks: BPH S.A. (currently PEKAO 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, among others on, 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

The accounting principles set out below have been applied consistently to all periods presented in the consolidated 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
Intergroup balances, and any unrealized gains and losses or income and expenses arising from intergroup 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 particular 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	10-40 years
Machinery and equipment	5-12 years
Vehicles	5-10 years
Other	1-5 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 classified 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. 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 treasury shares

When treasury shares are bought, 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 their internal remuneration policies 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.
Disclosing liability due to retirement awards, the Group discloses total actuarial profits or losses as income or costs in profit and loss account, within the period in which they were indentified.

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. Disclosing liability due to jubilee bonuses, the Group discloses total actuarial profits or losses as income or costs in profit and loss account, within the period in which they were indentified.

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 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.

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.

(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 no longer active in the following segments: trade activity in steel goods branch, production of steel structures and other activities.

Business segments results

For the year ended 31 December 2008

	Management, advisory and rental services	Management and operation of motorways	Total
I. Operating revenues			
Revenue from external customers	9 736	121 997	**131 733**
Total revenue	**9 736**	**121 997**	**131 733**
II. Operating expenses			
Cost of sales to external customers	(9 652)	(53 488)	**(63 140)**
Total cost of sales	**(9 652)**	**(53 488)**	**(63 140)**
Other income	13 137	4 300	**17 437**
Other expenses	(863)	(48)	**(911)**
General administrative expenses	(7 715)	(22 470)	**(30 185)**
III. Segment result	**4 643**	**50 291**	**54 934**
IV. Unallocated income/expense			
Net financial income/(expenses)			**(13 159)**
Share in profit/(loss) of associated entities			**(1 550)**
Income tax			**(6 771)**
V. Net profit (loss)			**33 454**
Major non-cash items:			
Depreciation	(675)	(22 653)	**(23 328)**
Creation or reversal of allowances	12 569	561	**13 130**
Revaluation of investment value	401	-	**401**

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

For the year ended 31December 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	1 927	125 452	360 826	48 216	5 039	541 460
Total revenue	**1 927**	**125 452**	**360 826**	**48 216**	**5 039**	**541 460**
II. Operating expenses						
Cost of sales to external customers	(2 174)	(52 534)	(343 718)	(48 625)	(3 145)	**(450 196)**
Total cost of sales	**(2 174)**	**(52 534)**	**(343 718)**	**(48 625)**	**(3 145)**	**(450 196)**
Other income	7 057	6 689	1 034	138	14	**14 932**
Other expenses	(644)	(339)	(2 279)	(383)	(40)	**(3 685)**
Distribution expenses	-	-	(11 096)	(1 404)	(147)	**(12 647)**
General administrative expenses for continued operations	(13 338)	(22 025)	-	-	-	**(35 363)**
Loss on sale of discontinued activity	-	-	(19 139)	(2 557)	(268)	**(21 964)**
III. Segment result	**(7 172)**	**57 243**	**(14 372)**	**(4 615)**	**1 453**	**32 537**
IV. Unallocated income/expense						
General administrative expenses for discontinued operations						**(15 836)**
Net financial income/(expenses)						**26 742**
Share in profit/(loss) of associated entities						**101**
Income tax						**(8 380)**
V. Net profit (loss)						**35 164**
Major non-cash items:						
Depreciation	(658)	(21 344)	-	-	-	**(22 002)**
Loss on sale of discontinued activity	-	-	(19 139)	(2 557)	(268)	**(21 964)**
Creation or reversal of allowances	4 603	8	(699)	-	-	**3 912**
Reversal of provision for WRJ	37 577	-	-	-	-	**37 577**
Revaluation of investment value	2 713	-	-	-	-	**2 713**

The loss on disposal of discontinued activity was allocated according to operating revenues structure within business segments of discontinued activity.

Financial situation according to business segments

At 31 December 2008

	Management, advisory and rental services	Management and operation of motorways	Total
Assets of the segment	191 824	559 143	**750 967**
Total assets			**750 967**
Liabilities of the segment	75 685	339 162	**414 847**
Total liabilities			**414 847**

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**
Total assets			**749 032**
Liabilities of the segment	119 728	307 759	**427 487**
Total liabilities			**427 487**

Additional information to the consolidated financial statements
(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 non-current assets are used for activities in all segments.

Geographical segments results for the year ended 31 December 2008

	Poland	Other countries	Total
Revenue from external customers	131 475	258	**131 733**

Geographical segments results for the year ended 31 December 2007

	Poland		Other countries					Total
	Continued operations	Discontinued operations	Discontinued operations					
			Argentina	Ukraine	Germany	USA	Other	
Revenue from external customers	127 379	228 884	74 558	39 004	30 952	16 053	24 630	**541 460**

(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 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)**

On 17 December 2008 Stalexport Autostrada Śląska S.A. repurchased 62,5% of its treasury shares for annulment. As the consequence Stalexport Autostrada Dolnośląska S.A. acquired control over above mentioned entity. At the same time liquidation procedure of Stalexport Autostrada Śląska S.A has commenced.

Events described in above paragraph had following impact on Group's assets and liabilities:

	Disclosed value
Trade and other receivables	8 553
Cash and cash equivalents	289
Trade and other payables	(7 604)
Identified net assets	**1 238**
% identified net assets acquired	62.5%
Net assets acquired	774
Share in net assets before obtaining control	464
The excess of share in fair value of identified net assets over acquisition cost	281
Cost of treasury shares acquisition	(493)
Cash and cash equivalents acquired	289
Net cash and cash equivalents acquired	(204)

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

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

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

9. Expenses by kind

	2008	*2007* Continued operations	*2007* Discontinued operations
Depreciation (notes 14, 15, 16)	(23 328)	(22 002)	-
Energy and materials consumption	(5 571)	(2 982)	(42 412)
Accrual of provision for motorway resurfacing disclosed within cost of sales (external services)	(17 090)	(19 384)	-
Other external services	(23 429)	(18 125)	(17 112)
Taxes and charges	(911)	(808)	(2 180)
Staff costs:	(20 283)	(22 007)	(16 343)
- wages and salaries	(16 863)	(18 773)	(13 417)
- compulsory social security contributions and other benefits	(3 420)	(3 234)	(2 926)
Other	(2 574)	(3 768)	(1 141)
Cost of goods and materials sold	-	-	(336 367)
Total expenses by kind	**(93 186)**	**(89 076)**	**(415 555)**
Impairment of inventories	-	-	(7 368)
Change in inventories, deferred income and cost in relation to operating activity	(139)	(995)	(1 048)
Cost of sales, distribution expenses and general administrative expenses	**(93 325)**	**(90 071)**	**(423 971)**

10. Other income

	2008	*2007* Continued operations	*2007* Discontinued operations
Rental income from passenger services sites	2 116	2 073	-
Reversal of allowance for receivables	12 594	4 612	-
Reversal of tangible assets impairment	555	-	-
Compensations and contractual penalties received	46	3 207	150
Reimbursed costs of court proceedings	44	-	-
Interest from receivables	218	-	-
Release of other provisions	5	-	-
Forgiven liabilities	18	1 934	7
Net gain on sale of property, plant and equipment	264	-	-
Other	1 577	1 920	1 028
	17 437	**13 746**	**1 186**

11. Other expenses

	2008	*2007* Continued operations	*2007* Discontinued operations
Shortages of non-current and current assets	(6)	(52)	-
Penalties, compensation, payments	(56)	(378)	(886)
Other provisions and allowances	-	(31)	(60)
Loss on disposal of property, plant and equipment	-	(103)	(4)
Interest from liabilities	(200)	-	-
Other	(649)	(419)	(1 752)
	(911)	**(983)**	**(2 702)**

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

12. Net financial income/(expenses)

	2008	*2007* Continued operations	Discontinued operations
Dividends and share in related parties profits	180	32	-
Interest income, including:	8 817	7 944	79
- bank accounts and deposits	8 574	7 102	47
- loans granted	-	31	-
- other	243	811	32
Profit on disposal of investments	1 471	120	-
Revaluation of investment	401	2 713	-
Reversal of the provision for guarantees given for WRJ	-	37 577	-
Sale of irrecoverable claims	247	1 900	-
Other financial income, including:	2 090	3 887	1 326
- excess of foreign exchange rate gains	-	27	-
- profit on investment in asset management funds	685	349	-
- tax interest cancelled	1 375	-	-
- bank loans interest cancelled	-	3 464	-
- profit from transactions on derivatives	-	-	1 150
- other financial income	30	47	176
Financial income	**13 206**	**54 173**	**1 405**
Interest expense, including :	(25 976)	(26 176)	(1 400)
- loans and borrowings, including:	(8 321)	(5 373)	(1 199)
- to related entities	(233)	(187)	-
- discount	(10 754)	(12 980)	(70)
- other	(6 901)	(7 823)	(131)
Other financial costs including:	(389)	(888)	(374)
- excess of foreign exchange rate losses	(100)	-	(44)
- allowance for interest accrued	(19)	(613)	-
- other financial costs	(270)	(275)	(330)
Financial expenses	**(26 365)**	**(27 063)**	**(1 773)**
Net financial income/(expenses)	**(13 159)**	**27 110**	**(368)**

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

13. Income tax

	2008	*2007*
Current income tax expense	**(13 257)**	**(15 808)**
from continued operations	(13 257)	(15 717)
from discontinued operations	-	(91)
Deferred tax expense	**6 486**	**7 428**
Creation/ reversal of temporary differences on continued operations	6 486	7 485
Creation/ reversal of temporary differences on discontinued operations	-	(57)
Income tax recognized in profit and loss statement (total from continued and discontinued operations)	**(6 771)**	**(8 380)**

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

	2008		*2007*	
	%		%	
Profit before tax from continued operations		40 225		77 282
Loss before tax from discontinued operations		-		(33 738)
Profit/(loss) before tax (total from continued and discontinued operations)		**40 225**		**43 544**
Income tax using the domestic corporate tax rate	(19,0%)	(7 643)	(19,0%)	(8 273)
Permanent differences	(2,2%)	(887)	1,1%	467
Valuation adjustment/unidentified deferred tax assets	4,4%	1 759	(1,3%)	(574)
	(16,8%)	**(6 771)**	**(19,2%)**	**(8 380)**

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

14. Property, plant and equipment

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Gross value at 1 January 2007	**312 139**	**41 353**	**8 803**	**7 198**	**29 881**	**399 374**
Acquisitions	13	208	250	21	105 102	**105 594**
Transfer from fixed assets under construction	23 202	89	1 296	71	(24 658)	**-**
Disposals	(332)	(750)	(77)	(62)	-	**(1 221)**
Reclassifications*	(4 634)	54	288	(76)	314	**(4 054)**
Acquisition through business combination	-	136	13	155	40	**344**
Gross value at 31 December 2007	**330 388**	**41 090**	**10 573**	**7 307**	**110 679**	**500 037**
Gross value at 1 January 2008	**330 388**	**41 090**	**10 573**	**7 307**	**110 679**	**500 037**
Acquisitions	603	286	971	236	72 182	**74 278**
Transfer from fixed assets under construction	151 100	113	126	219	(151 982)	**(424)**
Disposals	(15)	(377)	(687)	(50)	(380)	**(1 509)**
Reclassifications*	467	-	-	-	-	**467**
Gross value at 31 December 2008	**482 543**	**41 112**	**10 983**	**7 712**	**30 499**	**572 849**

* - includes mainly reclassification of the part of the office building to/from investment property (see also note 16)

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

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Depreciation and impairment at 1 January 2007	**(24 284)**	**(27 484)**	**(6 124)**	**(5 036)**	**(812)**	**(63 740)**
Depreciation for the period	(18 596)	(1 433)	(1 126)	(501)	**-**	**(21 656)**
Disposals	308	684	64	62	-	**1 118**
Reclassifications*	2 799	13	(76)	73	(315)	**2 494**
Acquisition through business combination	-	(111)	(13)	(154)	-	**(278)**
Depreciation and impairment at 31 December 2007	**(39 773)**	**(28 331)**	**(7 275)**	**(5 556)**	**(1 127)**	**(82 062)**
Depreciation and impairment at 1 January 2008	**(39 773)**	**(28 331)**	**(7 275)**	**(5 556)**	**(1 127)**	**(82 062)**
Depreciation for the period	(19 790)	(1 459)	(1 068)	(609)	-	**(22 926)**
Disposals	-	377	670	117	-	**1 164**
Reclassifications*	(285)	-	-	-	-	**(285)**
Reversal/utilization of the impairment	-	-	-	-	870	**870**
Depreciation and impairment at 31 December 2008	**(59 848)**	**(29 413)**	**(7 673)**	**(6 048)**	**(257)**	**(103 239)**
Carrying amounts						
At 1 January 2007	287 855	13 869	2 679	2 162	29 069	335 634
At 31 December 2007	290 615	12 759	3 298	1 751	109 552	417 975
At 1 January 2008	290 615	12 759	3 298	1 751	109 552	417 975
At 31 December 2008	422 695	11 699	3 310	1 664	30 242	469 610

* - includes mainly reclassification of the part of the office building to/from investment property (see also note 16)

Impairment loss
As at 31 December 2008, the Group recognized impairment related to property, plant and equipment under construction of TPLN 257 (31 December 2007: TPLN 1,127). Impairment losses relate to investment projects put on hold.

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 31 December 2008, the net carrying amount of leased plant and machinery was TPLN 1,469 (31 December 2007: TPLN 1,266). The leased equipment secures lease obligations.

Collateral
In addition to non-current assets described above, as at 31 December 2008 property, plant and equipment with a carrying value of TPLN 13,174 (31 December 2007: TPLN 14,334) provided a 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). The mortgage will be cancelled as soon as the arrangement with creditors is formally settled (see note 32).

Property, plant and equipment under construction
At 31 December 2008, property, plant and equipment under construction relate mainly to works on a number of bridges located along the motorway and continued construction of acoustic screens and emergency passages.

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

15. Intangible assets

	Concessions, licences, software and other	Other intangible assets	Prepayments for intangible assets	Total
Gross value at 1 January 2007	**663**	**1 098**	**-**	**1 761**
Acquisitions	17	-	-	**17**
Disposals	(177)	-	-	**(177)**
Reclassifications*	181	111	-	**292**
Acquisition through business combination	49	-	-	**49**
Gross value at 31 December 2007	**733**	**1 210**	**-**	**1 943**
Gross value at 1 January 2008	**733**	**1 210**	**-**	**1 943**
Acquisitions	37	38	843	**918**
Disposals	(23)	-	-	**(23)**
Gross value at 31 December 2008	**747**	**1 248**	**843**	**2 838**

Depreciation of intangible assets and impairment losses

	Concessions, licences, software and other	Other intangible assets	Prepayments for intangible assets	Total
Depreciation and impairment at 1 January 2007	**(591)**	**(907)**	**-**	**(1 498)**
Depreciation for the period	(68)	(58)	-	**(126)**
Disposals	(138)	(110)	-	**(248)**
Reclassifications*	157	-	-	**157**
Acquisition through business combination	(48)	-	-	**(48)**
Depreciation and impairment at 31 December 2007	**(688)**	**(1 076)**	**-**	**(1 764)**
Depreciation and impairment at 1 January 2008	**(688)**	**(1 076)**	**-**	**(1 764)**
Depreciation for the period	(48)	(44)	-	**(92)**
Disposals	23	-	-	**23**
Other decreases	-	(23)	-	**(23)**
Depreciation and impairment at 31 December 2008	**(713)**	**(1 143)**	**-**	**(1 856)**
Carrying amounts				
At 1 January 2007	72	191	-	263
At 31 December 2007	45	134	-	179
At 1 January 2008	45	134	-	179
At 31 December 2008	34	105	843	982

* - transfer to/from group of assets held for sale

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

During the years ended 31 December 2008 and 31 December 2007 no impairment losses were recognized.

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

16. Investment property

	31 December 2008	31 December 2007
Gross value at the beginning of the period	**12 276**	**7 641**
Transfer from fixed assets under construction	424	-
Reclassification (see note 14)	(467)	4 635
Gross value at the end of the period	**12 233**	**12 276**
Depreciation and impair. losses at the beginning of the period	**(7 599)**	**(4 581)**
Depreciation for the period	(310)	(220)
Reclassification (see note 14)	285	(2 798)
Depreciation and impairment losses at the end of the period	**(7 624)**	**(7 599)**
Carrying amounts at the beginning of the period	**4 677**	**3 060**
Carrying amounts at the end of the period	**4 609**	**4 677**

Investment property comprises a part of office building designated for 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 14.5 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 2008 amounted to TPLN 2,909 (in 2007: TPLN 1,927) 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. The mortgage will be cancelled as soon as the arrangement with creditors is formally settled (see note 32).

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
31 December 2008							
Autostrada Mazowsze S.A.	30.0%	397	4 010	2 687	1 323	-	(6 879)
Total		**397**					
31 December 2007							
Stalexport Autostrada Śląska S.A.	37.5%	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

	31 December 2008	31 December 2007
Long-term deposits	4 200	4 178
Other	69	69
Total other long-term investments	**4 269**	**4 247**

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

Short-term investments

	31 December 2008	31 December 2007
Equity instruments available for sale (shares of non-related entities)	6 993	8 406
Investments in asset management funds	65 697	50 172
Other	1 940	-
Total short-term investments	**74 630**	**58 578**

Financial instruments available for sale comprise investments in Centrozap S.A. and Beskidzki Dom Maklerski S.A..

As at 31 December 2008 the shares of these companies were subject to an impairment 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. Due to the fact, that since fourth quarter of 2008 Centrozap S.A. is listed on Warsaw Stock Exchange, market quotations of its shares have become the base for the definition of their fair value. The effect of this valuation, apart from impairment recognition, is recognized directly through equity (see also note 24b).

Other short-term investment comprise interest-bearing recognizance, paid as a collateral for performance guarantees issued.

19. Prepayments for 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	
	31 December 2008	**31 December 2007**	**31 December 2008**	**31 December 2007**	**31 December 2008**	**31 December 2007**
Plant, property and equipment	63	44	(463)	(4 274)	(400)	(4 230)
Investment property	479	508	-	-	479	508
Investments in subsidiaries and associates	10	63	-	-	10	63
Long-term prepayments for commissions and other	-	-	(1 400)	(1 170)	(1 400)	(1 170)
Trade and other receivables	1 241	5 029	(1 162)	(714)	79	4 315
Short-term investments	1 845	1 482	-	-	1 845	1 482
Cash and cash equivalents	-	-	(59)	(7)	(59)	(7)
Short-term prepayments for commissions and other	-	-	(20)	(18)	(20)	(18)
Long term finance lease liabilities	116	255	-	-	116	255
Other long-term liabilities	25 613	24 092	-	-	25 613	24 092
Long term deferred income and government grants	3 010	3 210	-	-	3 010	3 210
Employee benefits liabilities	124	118	-	-	124	118
Long-term provisions	883	10 092	-	-	883	10 092
Loans and borrowings	104	-	-	(117)	104	(117)
Short term finance lease liabilities	267	237	-	-	267	237
Trade and other payables	564	1 716	-	-	564	1 716
Short-term provisions	11 592	962	-	-	11 592	962
Short term deferred income and government grants	200	200	-	-	200	200
Derivative financial instruments	3 318	-	-	-	3 318	-
Deferred tax assets/liabilities on temporary differences	49 429	48 008	(3 104)	(6 300)	46 325	41 708
Tax value of loss carry-forwards recognised	23 761	39 745	-	-	23 761	39 745
Deferred tax assets/liabilities	73 190	87 753	(3 104)	(6 300)	70 086	81 453
Compensation of tax assets/liabilities	(3 104)	(6 300)	3 104	6 300	-	-
Valuation adjustment	(27 183)	(48 354)	-	-	(27 183)	(48 354)
Net deferred tax assets	42 903	33 099	-	-	42 903	33 099

Additional information to the consolidated financial statements

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

Deferred tax assets have not been identified in full amount of excess of negative temporary differences and tax losses over positive temporary differences, due to uncertainty of utilization of differences mentioned.

Change in temporary differences during the period

	1 January 2008	Change of deffered tax on temporary differences recognised in		31 December 2008
		profit and loss account	equity	
Plant, property and equipment	(4 230)	3 830	-	(400)
Investment property	508	(29)	-	479
Investments in subsidiaries and associates	63	(53)	-	10
Long-term prepayments for commissions and other	(1 170)	(230)	-	(1 400)
Trade and other receivables	4 315	(4 236)	-	79
Short-term investments	1 482	363	-	1 845
Cash and cash equivalents	(7)	(52)	-	(59)
Short-term prepayments for commissions and other	(18)	(2)	-	(20)
Long term finance lease liabilities	255	(139)	-	116
Other long-term liabilities	24 092	1 521	-	25 613
Long term deferred income and government grants	3 210	(200)	-	3 010
Employee benefits liabilities	118	6	-	124
Long-term provisions	10 092	(9 209)	-	883
Loans and borrowings	(117)	221	-	104
Short term finance lease liabilities	237	30	-	267
Trade and other payables	1 716	(1 152)	-	564
Short-term provisions	962	10 630	-	11 592
Short term deferred income and government grants	200	-	-	200
Derivative financial instruments	-	-	3 318	3 318
Tax losses carried forward	39 745	(15 984)	-	23 761
Valuation adjustment	(48 354)	21 171	-	(27 183)
	33 099	**6 486**	**3 318**	**42 903**

	1 January 2007	Change of deffered tax on temporary differences recognised in		31 December 2007
		profit and loss account	equity	
Plant, property and equipment	(123)	(4 107)	-	(4 230)
Investment property	320	188	-	508
Investments in subsidiaries and associates	-	63	-	63
Long-term prepayments for commissions and other	-	(1 170)	-	(1 170)
Trade and other receivables	25 879	(21 564)	-	4 315
Short-term investments	1 718	(236)	-	1 482
Cash and cash equivalents	(23)	16	-	(7)
Short-term prepayments for commissions and other	(1)	(17)	-	(18)
Assets in group held for sale	1 991	(1 991)	-	-
Long term finance lease liabilities	493	(238)	-	255
Other long-term liabilities	5 024	19 068	-	24 092
Long term deferred income and government grants	3 427	(217)	-	3 210
Employee benefits liabilities	16	102	-	118
Long-term provisions	18 584	(8 492)	-	10 092
Loans and borrowings	260	(377)	-	(117)
Short term finance lease liabilities	258	(21)	-	237
Trade and other payables	212	1 504	-	1 716
Short-term provisions	20	942	-	962
Short term deferred income and government grants	158	42	-	200
Liabilities classified as held for sale	1 459	(1 459)	-	-
Tax losses carried forward	63 552	(23 807)	-	39 745
Valuation adjustment	(97 267)	48 913	-	(48 354)
	25 957	**7 142**	**-**	**33 099**

(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 any of those years cannot exceed 50% of the loss for a given year. As at 31 December 2008 the amount of tax losses remaining to be utilized amounted to TPLN 125,058 (31 December 2007: TPLN 209,183). As at 31 December 2008 and 31 December 2007 the Group has not recognized deferred tax assets on the tax losses carry forwards due to uncertainty of utilization of corresponding benefits.

Amount of loss	*Expiry date*
92 919	2009
14 493	2010
3 490	2011
8 256	2012
5 902	2013
125 058	

21. Income tax receivables and liabilities

As at 31 December 2008 the income tax receivables amounted to TPLN 3,360 (31 December 2007: TPLN 1,358), of which TPLN 1,385 was the amount due from the tax authority to be settled with future income tax liabilities and TPLN 1,975 due from the tax authority as the result of the difference between payments made for the previous and current year and the amount of tax payable. Due to uncertain recovery of some of these receivables as at 31 December 2008, an allowance of TPLN 1,385 was recognized (as at 31 December 2007: TPLN 1,358).

Income tax liabilities of TPLN 423 (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

	31 December 2008	**31 December 2007**
Trade receivables from related parties	885	9
Trade receivables from other parties	12 982	8 084
Receivables from taxes, duties, social and health insurances and other benefits	11 440	21 893
Other receivables from related parties	-	2 846
Other receivables from other parties	2 412	142 511
	27 719	**175 343**

Trade receivables are presented net of allowances for doubtful debts amounting to TPLN 136,393 (31 December 2007: TPLN 162,027).

The table below presents ageing of trade and other receivables together with the amount of corresponding allowances. Additionally in 2008 the Group created an allowance amounting to TPLN 213 for receivables, which despite not being overdue were already considered doubtful.

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

	31 December 2008	31 December 2007
Gross overdue receivables		
up to 1 month	699	495
1-6 months	706	595
6 months-1 year	223	315
over 1 year	145 286	164 212
	146 914	**165 617**
allowances for overdue and doubtful debts	(136 180)	(161 735)
Net overdue receivables	**10 734**	**3 882**

Change in allowances for bad debt was as follows:

	2008	2007
Allowances for bad debts as at 1 January	(162 027)	(289 748)
Created allowances	(446)	(1 989)
Reversed allowances	13 043	7 112
Utilised allowances	13 037	142 765
Reclassifications*	-	(20 167)
Allowances for bad debts as at 31 December	**(136 393)**	**(162 027)**

*transfer to group of assets held for sale

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 arisen as a result of loans guarantees granted to entities which were 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 7,512 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.

In 2008, in line with received payments and based on analysis of probability of post balance sheet date retrieval, the Group reversed some allowances for overdue receivables concerning discontinued activity. Allowances amounting to TPLN 13,043 were reversed, of which TPLN 4,858 concerned Huta Kościuszko S.A., TPLN 3,661 Huta Ostrowiec S.A. w upadłości, TPLN 2,862 Prinż Holding S.A. , TPLN 1,073 Stalexport Wielkopolska Sp. z o.o. w upadłości and TPLN 589 other entities.

23. Cash and cash equivalents

	31 December 2008	31 December 2007
Cash in hand	50	52
Bank balances	7 373	21 743
Short-term bank deposits	106 855	24 288
Restricted bank balances	152	81
Cash in transit	209	146
Cash and cash equivalents in the balance sheet	**114 639**	**46 310**
Bank overdraft	(1)	-
Cash and cash equivalents in the statement of cash flows	**114 638**	**46 310**

Restricted bank balances refer to resources at the disposal of company social contribution fund.

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

24. Equity

a. Share capital

	31 December 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 PLN 2.2458. 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. Valuation of available-for-sale financial assets reserve

All profits and losses from valuation of available-for-sale financial assets (apart from impairment losses and exchange rate changes), for which it is possible to declare their fair vale based on regulatory market, or in any other reliable way, are attributed to this item of the equity.

c. 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 17,461(negative value) in 2008. This value has been reduced by change in deferred tax amounting to TPLN 3,318, charged directly against equity.

d. 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 29,581 (2007: net profit of TPLN 65,715 for continued operations and net loss of TPLN 33,846 for discontinued operations, respectively) and a weighted average number of ordinary shares outstanding as at 31 December 2008 of 247,262 thousand (31 December 2007: 204,106 thousand). Those numbers were determined using the way shown below.

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

	2008	**2007**	
		Continued operations	Discontinued operations
Net profit/(loss) for the period	**29 581**	**65 715**	**(33 846)**

b. Weighted average number of ordinary shares of the Parent Company

	2008	**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 (189 days in 2007)	-	46 343 836	46 343 836
Weighted average number of ordinary shares at the end of the period	**247 262 023**	**204 105 859**	**204 105 859**

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

	2008	**2007**	
		Continued operations	Discontinued operations
Net profit/(loss) attributable to Company's shareholders (in TPLN)	29 581	65 715	(33 846)
Weighted average number of ordinary shares at the end of the period (thousands of shares)	247 262	204 106	204 106
Net profit/(loss) per ordinary share attributable to Company's shareholders (in PLN)	**0,12**	**0,32**	**(0,16)**
Net profit/(loss) per ordinary share attributable to Company's shareholders (in PLN) - total of continued and discontiunued activity	**0,12**	**0,16**	

As at 31 December 2008 and 31 December 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

	31 December 2008	31 December 2007
Secured bank loans	69 040	68 969
Non-current loans and borrowings	**69 040**	**68 969**
Bank overdraft	1	-
Current portion of secured bank loans	1 487	420
Current portion of loans from related parties	-	3 439
Current loans and borrowings	**1 488**	**3 859**

a. Loans and borrowings repayment schedule

	Total	up to 1 year	1 year to 3 years	3 years to 5 years	over 5 years
Secured bank loans	70 527	1 487	-	12 879	56 161

b. Terms and conditions of loans and borrowings repayment

	Currency	Nominal rate	Repayment year	Liabilities at 31 December 2008	Liabilities at 31 December 2007
Loans					
Bank overdraft	PLN			1	-
Banking Consotrium	PLN	WIBOR 6M + 1,75% margin	2020*	70 527	69 389
Loans from related parties					
Stalexport Autostrada Śląska S. A.	PLN	WIBOR 6M + 1% margin	2008	-	3 439
Total loans and borrowings				**70 528**	**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, the most significant collateral established in relation to bank loan includes:

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

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

27. Finance lease liabilities

Repayment schedule of finance lease liabilities

31 December 2008	Minimum lease payments	Interest	Principal
up to 1 year	1 521	101	1 420
1 to 5 years	750	90	660
	2 271	**191**	**2 080**
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	**31 December 2008**	**31 December 2007**
Retirement pay liabilities	257	220
Annuity severance pay liabilities	11	11
Jubilee bonuses liabilities	324	251
Total	**592**	**482**
Current		
Retirement pay liabilities	46	34
Annuity severance pay liabilities	1	1
Jubilee bonuses liabilities	34	118
Total	**81**	**153**

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

	31 December 2008	**31 December 2007**
Discount rate	5.5%	6.0%
Future remuneration increase	2.5%-4%	2.5%-3%

29. Other long-term liabilities

	31 December 2008	**31 December 2007**
Liabilities upon guarantees granted	59 549	72 541
Concession payments	132 304	125 471
Other liabilities	-	99
	191 853	**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. In August 2008 the Company begun the repayment of principal liability. Repayment schedule for these guarantee liabilities is presented in the chart below.

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

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 31 December 2008	Total	up to 1 year	1-3 years	3-5 years	over 5 years
Liabilities upon guarantees granted	72 541	12 992	25 985	25 985	7 579
Concession payments	132 304	-	-	-	132 304
TOTAL	**204 845**	**12 992**	**25 985**	**25 985**	**139 883**

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	31 December 2008	31 December 2007
Deferred rent income (mainly Passangers Service Sites)	14 225	15 050
Other	1 624	1 852
Total	**15 849**	**16 902**
Short-term		
Deferred rent income (mainly Passangers Service Sites)	825	825
Other	228	228
Total	**1 053**	**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**	**6 503**	**75 800**	**5**	**167 885**
Additions, including:	-	773	25 317	-	**26 090**
- due to discounting	-	-	*5 934*	-	***5 934***
Utilisation	(48 000)	(3 812)	(47 999)	-	**(99 811)**
Reversal	(37 577)	(3 464)	-	-	**(41 041)**
Balance at 31 December 2007	**-**	**-**	**53 118**	**5**	**53 123**
Balance at 1 January 2008	**-**	**-**	**53 118**	**5**	**53 123**
Additions, including:	-	-	1 671	-	**1 671**
- due to discounting	-	-	*170*	-	***170***
Utilisation	-	-	-	-	**-**
Reversal	-	-	-	(5)	**(5)**
Reclassifications*	-	-	(50 143)	-	**(50 143)**
Balance at 31 December 2008	**-**	**-**	**4 646**	**-**	**4 646**

Short-term provisions	**Provision for other costs upon arrangement with creditors**	**Provisions for motorway resurfacing**	**Other provisions**	**Total**
Balance at 1 January 2007	**171**	**-**	**-**	**171**
Additions	-	-	5 076	**5 076**
Utilisation	(171)	-	-	**(171)**
Balance at 31 December 2007	**-**	**-**	**5 076**	**5 076**
Balance at 1 January 2008	**-**	**-**	**5 076**	**5 076**
Additions, including:	-	19 694	18 558	**38 252**
- due to discounting		*3 751*	-	***3 751***
Utilisation	-	(32 449)	(12)	**(32 461)**
Reclassifications*	-	50 143	-	**50 143**
Balance at 31 December 2008	**-**	**37 388**	**23 622**	**61 010**

*transfer from long-term to short-term part

As the result of the arrangement concluded on 21 August 2007 between Stalexport Autostrady S.A. and Walcownia Rur Silesia S.A. (“WRS”), on 12 November 2007 the agreement between Stalexport Autostrady S.A. and WRS was concluded, which led to complete settlement of Stalexport Autostrady S.A. liabilities due to guarantee in form of bill of exchange issued on 7 November 1997 by Stalexport S.A. to State Treasury.

As the consequence of agreement mentioned above the Group paid PLN 48 million to WRS resulting in expiration of liabilities due to guarantee in form of bill of exchange issued by the Group to State Treasury for Walcownia Rur Jedność Sp. z o.o. (“WRJ”). The aforementioned bills of exchange constituted a collateral for guarantee given by State Treasury concerning bank loans raised by WRJ on 6 October 1997.

The excess of provision created for the abovementioned purpose amounting to TPLN 37,577 was disclosed under financial income in 2007.

Other short-term provisions consist of provision created for the estimated rate decrease for the passage of toll-exempted vehicles (vignette vehicles).

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

32. Trade and other payables

	31 December 2008	31 December 2007
Trade payables to related parties	7 979	-
Trade payables to other parties	6 044	16 238
Amounts due to taxes, duties, socialand health insurance and other benefits	2 842	1 708
Liabilities to other parties upon arrangement with creditors due up to 1 year	-	23 685
Payroll liabilities	1 490	7 340
Liabilities upon guarantees granted	12 992	5 414
Other payables and accruals to related parties	3 305	-
Other payables and accruals to other parties	14 619	21 619
	49 271	**76 004**

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 arrangement with creditors of TPLN 241,558. 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 execution of construction contracts and guarantee deposits concerning already completed construction works. The value of above-mentioned payables amounted to TPLN 16,027 as at 31 December 2008 (as at 31 December 2007: TPLN 20,059).

33. Financial instruments

a. Classification of financial instruments

31 December 2008

	Long term	Short term	Total
Financial assets measured at fair value through profit and loss account	-	65 697	65 697
Available-for-sale financial assets	69	6 993	7 062
Held-to-maturity financial assets	4 200	-	4 200
Hedge derivatives	-	(17 461)	(17 461)
Loans and receivables	-	132 858	132 858
Financial liabilities valued at amortized cost	(261 553)	(49 337)	(310 890)

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	100	199 760	199 860
Financial liabilities valued at amortized cost	(268 324)	(79 528)	(347 852)

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

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 kept 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, cash and cash equivalents, and also other short-term investments (interest-bearing recognizance).

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

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:

31 December 2008

	Effective rate	Total	< 6 months	> 5 years
Cash and cash equivalents	5.25%	114 639	114 639	-
Investments in asset management funds - bonds and deposits	6.1%	63 898	63 898	-
Other short-term investments	4.6%	1 940	1 940	-
Project Loan Agreement	8.41%	(69 040)	(69 040)	-
Concession payments	5.95%	(132 304)	-	(132 304)
Finance lease liabilities	13.12%	(2 080)	(2 080)	-
Liabilities upon guarantees granted	7.79%	(72 541)	(72 541)	-

31 December 2007

	Effective rate	Total	< 6 months	> 5 years
Cash and cash equivalents	5.05%	46 310	46 310	-
Other receivables - escrow account	4.7%	100 000	100 000	-
Investments in asset management funds - bonds and deposits	5.55%	45 218	45 218	-
Project Loan Agreement	6.2%	(68 969)	(68 969)	-
Concession payments	5.95%	(125 471)	-	(125 471)
Finance lease liabilities	13.4%	(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.
- Available-for-sale financial assets. Include shares disclosed at their fair value based on their market value at the balance sheet date (without consideration of transaction costs). Shares of companies which are not listed

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

on financial markets, and for which there are no alternative measures to define their fair value, are disclosed at cost net of any impairment losses.

- 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.

d. Hedge accounting

Cash flow hedge accounting

The Group hedges cash flows resulting from payments of interest related to Project 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 performance 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 performance of cash flows being hedged.
Liability deriving from the valuation of the hedging instruments as at 31 December 2008 amounts to TPLN 17,461 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 receivables 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:

	31 December 2008	31 December 2007
Other long term investments	4 269	4 247
Short term investments	74 630	58 578
Trade and other receivables	27 719	175 343
Cash and cash equivalents	114 639	46 310
	221 257	**284 478**

b. Stock exchange indexes fluctuations risk

Stock exchange indexes fluctuations risk relates to risk of possible financial losses due to fluctuations of stock exchange quotations. The risk concerns the shares of public listed companies within investments in asset management funds and shares of public listed companies disclosed as available-for-sale financial assets.

The following table shows Group's maximum exposure to stock exchange indexes fluctuations risk:

	31 December 2008	31 December 2007
Investments in asset management funds - shares	1 799	4 954
Available-for-sale financial assets	5 517	-
	7 316	**4 954**

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

c. 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 financial results and controlled assets value (such as foreign exchange rates, interest rates and cost of capital). 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 loans and 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 presentation of financial instruments according to fixed and floating interest rate:

	Current value 31 December 2008	Current value 31 December 2007
Fixed interest rate instruments		
Financial assets	50 134	30 945
Financial liabilities	-	-
	50 134	**30 945**
Floating interest rate instruments		
Financial assets	128 403	160 583
Financial liabilities	(275 965)	(298 796)
	(147 562)	**(138 213)**

In accordance with provisions of financing agreements concluded on 27 May 2008, SAM S.A. and three banks: WestLB Bank Polska S.A., PEKAO S.A., DEPFA Bank, struck interest rate swaps transactions in relation to Project Loan Agreement. The aim of those transactions was to swap cash flow based on floating interest rate (6M WIBOR) for cash flow based on fixed interest rate. As at 31 December 2008, SAM S.A. owned interest rate swaps hedging against the risk of future interest rates fluctuations in relation to bank loan amounting to PLN 190 million, which constituted up to 50% of maximum amount of bank loan, which might be drawn in accordance with Project Loan Agreement (during the period from 30 September 2008 to 30 September 2010 the transactions secure interest flows in relation to bank loan of PLN 70 million, during the period from 1 October 2010 to 28 December 2020 the transactions will hedge interest flows in relation to bank loan up to PLN 190 million).

In managing interest rate risk, the Group, in addition to transactions described above, 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 has conducted sensitivity analysis of floating and fixed 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 current year period and comparable previous year period.

Additional information to the consolidated financial statements

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

	Profit & loss account		Equity	
	increase 100 pb	decrease 100 pb	increase 100 pb	decrease 100 pb
2008				
Floating interest rate instruments	(1 476)	1 476	(1 476)	1 476
Fixed interest rate instruments	(1 521)	1 435	(1 521)	1 435
Hedge derivatives	-	-	11 776	(11 776)
2007				
Floating interest rate instruments	(1 382)	1 382	(1 382)	1 382
Fixed interest rate instruments	(712)	672	(712)	672

Foreign currency risk

At the end of 2008 foreign currency risk concerned mainly cash deposits

The table below shows profile of the Group's sensibility (maximum exposure) to exchange rate change through presentation of financial instruments by currencies in which they are denominated:

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

31 December 2008		
	EUR	**USD**
Cash and cash equivalents	921	439
Trade and other payables	(601)	-
Foreign exchange rate balance sheet exposure	**320**	**439**

31 December 2007		
	EUR	**USD**
Cash and cash equivalents	2 206	438
Trade and other payables	(371)	-
Foreign exchange rate balance sheet exposure	**1 835**	**438**

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

	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	38	(38)	38	(38)
2007	114	(114)	114	(114)

d. 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 necessary to fulfill Group's financial and investment liabilities using the most attractive sources of financing.

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

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:

31 December 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	72 541	96 946	8 399	9 196	17 679	46 957	14 715
Concession payments	132 304	223 870	-	-	-	-	223 870
Secured bank loans	70 527	71 486	1 486	-	-	12 879	57 121
Finance lease liabilities	2 080	2 257	824	699	286	448	-
Trade and other payables	36 279	36 279	36 279	-	-	-	-
	313 731	430 838	46 988	9 895	17 965	60 284	295 706

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	68 969	70 418	418	-	-	-	70 000
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	24 475	24 475	-	-	-	-
	349 140	469 918	78 886	8 829	18 984	47 582	315 637

e. Capital management

The Group's policy is to maintain strong capital base, which should be foundation for positive perception of the Group by investors, creditors and market and should lead to further business development. The Group monitors the changes in ownership, return on equity and debt/equity ratios.

The Group's aim is to achieve return on equity ratio at the level considered satisfactory by 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 Commercial 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.

35. Operating leases

Operating lease agreements, where the Group is as a lessee

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

	31 December 2008	31 December 2007
up to 1 year	59	218
1 -5 years	16	75
	75	**293**

36. Capital expenditure commitments

As the consequence of obligations deriving from the Concession Agreement in 2008, 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.. The contract was finalized in 2008. Contract's net value amounted to TPLN 178,447.

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

The contract was concluded with Signalco Ltd. Sp. z o.o. and Tubosider S.p.A.. The contract was finalized in the third quarter of 2008 and its net value amounted to TPLN 20,349.
On 3 November 2008 Stalexport Autostrada Małopolska S.A. received banks approval for construction/financing of screen nr 27 and enlargement of screen nr 7 (b). As the consequence of above mentioned approval, on 4 November 2008 an Independent Engineer issued the Adjustment Order no. 5 to Contract no. F2a-3-2005 for additional construction works concerning screens 7b and 27. The value of additional construction works was calculated at TPLN 3,643. In February 2009 the additional works have been completed.

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. In 2008 the contractor performed repair and resurfacing works amounting to TPLN 33,041. As at 31 December 2008 the contract was completed in 23,2% of its contractual value.

4. Other contracts

Additionally, on 22 September 2008 SAM S.A. concluded an agreement with Gliwickie Przedsiębiorstwo Budownictwa Przemysłowego S.A. for construction of garages at OUA Brzęczkowice. The contract's value amounts to TPLN 3,284. As at 31 December 2008 construction works amounting to TPLN 1,517 were performed, which represents 46,2% of the contract's total value.

The Group recognizes a provision for resurfacing (see also 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 14,371 (31 December 2007: TPLN 14,405), and to other entities amounting to TPLN 1,699 (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.
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. At the moment, the issue is subject to Competition and Consumer Protection Court in Warsaw proceedings.

According to the Management Board of the Stalexport Autostrada Małopolska S.A. and the Management Board of the Group, the execution of the repair and investments deriving from the Concession Agreement and other applicable regulations concerning paid motorways, does not constitute a breach of the provisions regarding competition and consumer protection.

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

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

On 8 January 2008, the Group received a suit from the District Court in Katowice filed by CTL Maczki Bór Sp. z o.o. against: (i) the State Treasury represented by GDDKiA, (ii) Stalexport Autostrady S.A., and (iii) Stalexport Autostrada Małopolska S.A., in relation to the use of certain lots of land in the motorway lane without signing any agreement in the period from 26 May 1998 to 2 June 2006. The claimant requested to be paid PLN 4.3 million plus interest. The claimant requested that joint and several liability be determined to pay the above amount, including respectively: (i) from the State Treasury: the total amount of the claim, (ii) from Stalexport Autostrady S.A.: PLN 3.3 million, (iii) from Stalexport Autostrada Małopolska S.A.: PLN 1 million. In January 2008, the companies replied to the suit, asking that the claim be dismissed entirely due to the right granted by the Minister to hold land in good faith, according to the Concession, the Concession Agreement and accompanying agreements.

38. Transactions with related parties

a. Intergroup receivables and liabilities

31 December 2008	Receivables	Payables	Loans and borrowings
Atlantia S.p.A.	-	17	-
Pavimental S.p.A.	11	11 267	-
Autostrada Mazowsze S.A.	874	-	-
TOTAL	**885**	**11 284**	**-**

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

2008	Revenue on sales	Financial income	Cost of acquired services	Cost of acquired property, plant and equipment	Financial expenses
Atlantia S.p.A.	-	3 500	(17)	-	-
Autostrade per l'Italia	254	-	-	-	-
Pavimental S.p.A.*	6	-	(13 406)	(19 674)	-
Pavimental Sp. z o.o.	34	-	-	-	-
Autostrada Mazowsze S.A.	749	-	-	-	-
Stalexport Autostrada Śląska S.A.	14	-	-	-	(233)
TOTAL	**1 057**	**3 500**	**(13 423)**	**(19 674)**	**(233)**

2007	Revenue on sales	Financial income	Cost of acquired services	Financial expenses
Biuro Centrum Spółka z o.o.	31	-	(1 364)	-
Stalexport Autostrada Śląska S.A.	13	-	(4)	(187)
TOTAL	**44**	**-**	**(1 368)**	**(187)**

*Cost of services acquired from Pavimental S.p.A. includes costs of resurfacing of motorway amounting to TPLN 13,367.

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

c. Transactions with key personnel

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

	2008	2007
Parent Company		
Management Board	2 048	5 304
Key personnel	699	1 377
Supervisory Board	101	155
Subsidiaries		
Management Boards	2 447	1 564
Key personnel	1 962	1 410
Supervisory Boards	582	450
	7 839	**10 260**

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

- On 23 February 2009 the General Directorate for National Roads and Motorways (GDDKiA) informed Company's subsidiary Stalexport Autostrada Dolnośląska S.A. that the Consortium Stalexport Autostrada Dolnośląska S.A./Autostrade per l'Italia S.p.A has been prequalified to the tender concerning planning and adoption of section Wrocław-Sośnica of A4 Wrocław-Katowice Motorway to the standard of toll motorway and toll collection. Apart from abovementioned consortium, requirements for tender involvement were met by: Consortium Egis Projects S.A./Strabag Sp. z o.o. and Consortium Alcatel-Lucent Polska Sp. z o.o./Thales Transportation Systems S.A./Budimex-Dromex S.A. On 25 February 2009 GDDKiA provided prequalified consortia with detailed significant public order requirements (SIWZ), setting the deadline for offer submission to 7 April 2009.

- On 27 February 2009 the associated company Autostrada Mazowsze S.A. together with Public Negotiator (GDDKiA, Minister of Infrastructure) signed a protocol ending negotiations on tender for construction and operation of toll motorway A2 section Stryków-Konotopa and company's involvement in this project. On the same day GDDKiA and Ministry of Infrastructure informed on their internet websites, that after analyzing offers submitted by companies involved in negotiations, and in accordance with GDDKiA recommendations, the Minister of Infrastructure decided that the section Łódź-Warszawa (Stryków – Konotopa) of A2 motorway (91 km) will be constructed within "Projektuj i Buduj" system (Design and Build). According to the statement, the decision was made after further negotiations with parties involved became impossible. Based on above, the tender should be considered terminated.