# CONSOLIDATED HALF-YEAR REPORT OF

# STALEXPORT AUTOSTRADY S.A.

## COVERING THE PERIOD OF 1ST SEMESTER 2010

CONSOLIDATED HALF-YEAR REPORT INCLUDES:

- INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS;
- CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS;
- INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS;
- CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS;
- MANAGEMENT BOARD'S REPORT FROM THE ACTIVITIES OF STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP IN THE 1ST SEMESTER 2010.

KATOWICE. AUGUST 02, 2010

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*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

# INDEPENDENT AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY S.A. GROUP FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

To the Shareholders of Stalexport Autostrady S.A.

*Introduction*

We have reviewed the accompanying condensed interim consolidated financial statements of Stalexport Autostrady S.A. Group, with its registered office in Katowice, 29 Mickiewicza Street, that consist of the condensed consolidated statement of financial position as at 30 June 2010, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flow for the period from 1 January 2010 to 30 June 2010 and selected explanatory information.

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

*Scope of Review*

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of Stalexport Autostrady S.A. Group are not prepared, in all material respects, in accordance with IAS 34.

*Signed on the Polish original*

On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
registration number 458

..............................................
Certified Auditor No. 90118
Renata Kucharska

*Signed on the Polish original*

On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
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Certified Auditor No. 90066
Arkadiusz Cieślik, Director

2 August 2010
Cracow, Poland

# STALEXPORT AUTOSTRADY S.A.
# CAPITAL GROUP

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## for the six-month period ended 30 June 2010

**Explanation**
This document constitutes a translation of the financial statements of the entity named above. The original financial statements 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

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

| *In thousands of PLN, unless stated otherwise* | *Note* | *30 June 2010* | *30 June 2009 (*)* |
|---|---|---|---|
| Revenue | | 75 232 | 65 193 |
| Cost of sales | 8 | (42 049) | (38 153) |
| **Gross profit** | | **33 183** | **27 040** |
| Other income | 9 | 2 150 | 5 583 |
| Administrative expenses | 8 | (14 710) | (13 747) |
| Other expenses | 10 | (1 441) | (322) |
| **Results from operating activities** | | **19 182** | **18 554** |
| Finance income | | 20 217 | 4 861 |
| Finance expenses | | (24 896) | (21 503) |
| **Net finance expense** | 11 | **(4 679)** | **(16 642)** |
| **Share of profit of equity accounted investees (net of income tax)** | | **(56)** | **(397)** |
| **Profit before income tax** | | **14 447** | **1 515** |
| Income tax expense | | (3 281) | (147) |
| **Profit for the period** | | **11 166** | **1 368** |
| **Other comprehensive income** | | | |
| Foreign currency translation differences for foreign operations | | (19) | 33 |
| Effective portion of changes in fair value of cash flow hedges | | (5 281) | 13 559 |
| Net change in fair value of available-for-sale financial assets | | (668) | 2 290 |
| Income tax on other comprehensive income | | 1 003 | (2 576) |
| **Other comprehensive income for the period, net of income tax** | | **(4 965)** | **13 306** |
| **Total comprehensive income for the period** | | **6 201** | **14 674** |
| **Profit/(Loss) attributable to:** | | | |
| Owners of the Company | | 9 041 | (419) |
| Non-controlling interest | | 2 125 | 1 787 |
| **Profit for the period** | | **11 166** | **1 368** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 4 085 | 12 881 |
| Non-controlling interest | | 2 116 | 1 793 |
| **Total comprehensive income for the period** | | **6 201** | **14 674** |
| **Earnings per share** | | | |
| Basic earnings per share (PLN) | | 0,04 | (0,00) |
| Diluted earnings per share (PLN) | | 0,04 | (0,00) |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

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

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

| *In thousands of PLN* | *Note* | *30 June 2010* | *31 December 2009 (*)* | *1 January 2009 (*)* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 12 | 16 573 | 15 835 | 16 925 |
| Intangible assets | 13 | 721 711 | 730 668 | 798 055 |
| Prepaid perpetual usufruct of land | | 116 | 116 | 116 |
| Investment property | | 4 165 | 4 318 | 4 609 |
| Investments in associates | | 60 | 116 | 397 |
| Other long-term investments | | 7 143 | 7 056 | 4 269 |
| Long-term prepayments for commissions and other | | 15 046 | 16 170 | 20 172 |
| Deferred tax assets | 14 | 86 085 | 84 348 | 84 821 |
| **Total non-current assets** | | **850 899** | **858 627** | **929 364** |
| | | | | |
| **Current assets** | | | | |
| Inventories | | 1 460 | 1 813 | 1 647 |
| Short-term investments | | 60 983 | 54 889 | 74 630 |
| Income tax receivables | | - | 106 | 1 975 |
| Trade and other receivables | 15 | 21 169 | 31 432 | 27 719 |
| Cash and cash equivalents | | 165 299 | 130 846 | 114 639 |
| Short-term prepayments for commissions and other | | - | 184 | 108 |
| **Total current assets** | | **248 911** | **219 270** | **220 718** |
| | | | | |
| **Total assets** | | **1 099 810** | **1 077 897** | **1 150 082** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

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

| *In thousands of PLN* | *Note* | *30 June 2010* | *31 December 2009 (*)* | *1 January 2009 (*)* |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | 16 | | | |
| Share capital | 16a | 494 524 | 494 524 | 494 524 |
| Share capital revaluation adjustment | 16a | 18 235 | 18 235 | 18 235 |
| Treasury shares | | (20) | (20) | (20) |
| Share premium reserve | | 20 916 | 20 916 | 20 916 |
| Fair value reserve | 16c | (3 672) | (3 013) | (1 813) |
| Hedging reserve | 16b | (5 345) | (1 067) | (14 144) |
| Other reserve capitals and supplementary capital | | 181 274 | 161 643 | 140 042 |
| Foreign currency translation reserve | | 154 | 167 | 387 |
| Retained earnings and uncovered losses | | (532 825) | (522 229) | (504 462) |
| **Total equity attributable to owners of the Company** | | **173 241** | **169 156** | **153 665** |
| Non-controlling interest | | 2 914 | 3 711 | 3 753 |
| **Total equity** | | **176 155** | **172 867** | **157 418** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Loans and borrowings | | 141 589 | 122 395 | 65 877 |
| Finance lease liabilities | | 537 | 646 | 660 |
| Employee benefits liabilities | | 495 | 497 | 592 |
| Deferred income and government grants | | 14 270 | 14 796 | 15 849 |
| Other non-current liabilities | 17 | 166 774 | 185 475 | 191 853 |
| Provisions | 18 | 444 457 | 448 982 | 493 796 |
| **Total non-current liabilities** | | **768 122** | **772 791** | **768 627** |
| **Current liabilities** | | | | |
| Loans and borrowings | | 2 235 | 1 470 | 1 488 |
| Finance lease liabilities | | 212 | 270 | 1 420 |
| Derivative financial instruments | | 6 895 | 1 599 | 17 461 |
| Income tax liabilities | | 1 078 | 28 | 423 |
| Trade and other payables | | 43 851 | 65 724 | 49 271 |
| Employee benefits liabilities | | 106 | 269 | 81 |
| Deferred income and government grants | | 1 733 | 1 053 | 1 053 |
| Provisions | 18 | 99 423 | 61 826 | 152 840 |
| **Total current liabilities** | | **155 533** | **132 239** | **224 037** |
| **Total liabilities** | | **923 655** | **905 030** | **992 664** |
| **Total equity and liabilities** | | **1 099 810** | **1 077 897** | **1 150 082** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

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

| *In thousands of PLN* | *30 June 2010* | *30 June 2009 (*)* |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit before income tax** | **14 447** | **1 515** |
| | | |
| **Adjustments for:** | | |
| Depreciation and amortisation | 18 395 | 17 228 |
| Impairment of property, plant and equipment and intangible assets | (264) | - |
| (Profit)/Loss from currency translation | (18) | 25 |
| Profit on investment activity | (1 143) | (1 348) |
| (Profit)/Loss on sale of property, plant and equipment and intangible assets | (7) | 94 |
| Interest and dividends | 2 370 | 943 |
| Share in loss of associated entities | 56 | 397 |
| Change in receivables | 10 263 | 862 |
| Change in inventories | 353 | (82) |
| Change in prepayments for commissions and other | 1 308 | - |
| Change in trade and other payables | (19 185) | 7 871 |
| Change in provisions | 27 742 | (6 354) |
| Change in deferred income and government grants | 154 | 134 |
| Proceeds/(expenditures) related to collateral requested by creditors | (87) | (100) |
| | | |
| **Cash generated from operating activities** | **54 384** | **21 185** |
| | | |
| Income tax paid | (2 859) | (1 423) |
| | | |
| **Net cash from operating activities** | **51 525** | **19 762** |

(*) - restated in relation to changes resulting from restatement of consolidated statement of financial position and consolidated interim statement of comprehensive income, described in note 5.v)

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

| *In thousands of PLN* | *30 June 2010* | *30 June 2009 (*)* |
|---|---|---|
| **Cash flows from investing activities** | | |
| **Investment proceeds** | **12 757** | **4 550** |
| Sale of intangible assets and property, plant and equipment | 7 | 79 |
| Dividends received | 8 | - |
| Interest received | 3 161 | 2 531 |
| Disposal of financial assets | 9 581 | - |
| Other proceeds from financial assets | - | 1 940 |
| **Investment expenditures** | **(43 047)** | **(37 130)** |
| Acquisition of intangible assets and property, plant and equipment | (27 847) | (25 130) |
| Acquisition of financial assets | (15 200) | (10 000) |
| Other expenditures | - | (2 000) |
| **Net cash from investing activities** | **(30 290)** | **(32 580)** |
| **Cash flows from financing activities** | | |
| **Financial proceeds** | **20 000** | **-** |
| Loans and borrowings drawn | 20 000 | - |
| **Financial expenditures** | **(6 782)** | **(6 316)** |
| Dividends paid | (1 575) | (1 624) |
| Interest paid | (5 040) | (3 911) |
| Payment of payables upon finance lease | (167) | (781) |
| **Net cash from financing activities** | **13 218** | **(6 316)** |
| **Net increase in cash and cash equivalents** | **34 453** | **(19 134)** |
| **Change in cash as in statement of financial position** | **34 453** | **(19 134)** |
| **Cash and cash equivalents net of bank overdraft, at 1 January** | **130 846** | **114 639** |
| **Cash and cash equivalents net of bank overdraft, at 30 June, including:** | **165 299** | **95 505** |
| Restricted cash and cash equivalents | 313 | 285 |

(*) - restated in relation to changes resulting from restatement of consolidated statement of financial position and consolidated interim statement of comprehensive income, described in note 5.v)

## Condensed consolidated interim statement of changes in equity

*In thousands of PLN*

| | Share capital | Share capital revaluation adjustment | Treasury shares | Share premium reserve | Fair value reserve | Hedging reserve | Other reserve capitals and supplementary capital | Foreign currency translation reserve | Retained earnings and uncovered losses | Total equity attributable to owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2009** | **494 524** | **18 235** | **(20)** | **20 916** | **(1 813)** | **(14 144)** | **140 042** | **387** | **(325 760)** | **332 367** | **3 753** | **336 120** |
| Changes of accounting policies | - | - | - | - | - | - | - | - | (178 702) | **(178 702)** | - | **(178 702)** |
| **As at 1 January 2009 (*)** | **494 524** | **18 235** | **(20)** | **20 916** | **(1 813)** | **(14 144)** | **140 042** | **387** | **(504 462)** | **153 665** | **3 753** | **157 418** |
| ***Profit/(Loss) for the period*** | - | - | - | - | - | - | - | - | *(419)* | *(419)* | *1 787* | *1 368* |
| ***Other comprehensive income:*** | - | - | - | - | *2 284* | *10 983* | *39* | *6* | *(12)* | *13 300* | *6* | *13 306* |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | - | - | 13 559 | - | - | - | **13 559** | - | **13 559** |
| Net change in fair value of available-for-sale financial assets | - | - | - | - | 2 284 | - | - | - | - | **2 284** | 6 | **2 290** |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | - | 39 | 6 | (12) | **33** | - | **33** |
| Income tax on other comprehensive income | - | - | - | - | - | (2 576) | - | - | - | **(2 576)** | - | **(2 576)** |
| ***Total comprehensive income for the period*** | - | - | - | - | *2 284* | *10 983* | *39* | *6* | *(431)* | *12 881* | *1 793* | *14 674* |
| Dividends paid | - | - | - | - | - | - | - | - | - | - | (2 892) | **(2 892)** |
| Distribution of profit | - | - | - | - | - | - | 21 610 | - | (21 610) | - | - | - |
| **As at 30 June 2009 (*)** | **494 524** | **18 235** | **(20)** | **20 916** | **471** | **(3 161)** | **161 691** | **393** | **(526 503)** | **166 546** | **2 654** | **169 200** |

| | Share capital | Share capital revaluation adjustment | Treasury shares | Share premium reserve | Fair value reserve | Hedging reserve | Other reserve capitals and supplementary capital | Foreign currency translation reserve | Retained earnings and uncovered losses | Total equity attributable to owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2010** | **494 524** | **18 235** | **(20)** | **20 916** | **(3 013)** | **(1 067)** | **161 643** | **167** | **(320 871)** | **370 514** | **3 711** | **374 225** |
| Changes of accounting policies | - | - | - | - | - | - | - | - | (201 358) | **(201 358)** | - | **(201 358)** |
| **As at 1 January 2010 (*)** | **494 524** | **18 235** | **(20)** | **20 916** | **(3 013)** | **(1 067)** | **161 643** | **167** | **(522 229)** | **169 156** | **3 711** | **172 867** |
| ***Profit for the period*** | - | - | - | - | - | - | - | - | *9 041* | *9 041* | *2 125* | *11 166* |
| ***Other comprehensive income:*** | - | - | - | - | *(659)* | *(4 278)* | *7* | *(13)* | *(13)* | *(4 956)* | *(9)* | *(4 965)* |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | - | - | (5 281) | - | - | - | **(5 281)** | - | **(5 281)** |
| Net change in fair value of available-for-sale financial assets | - | - | - | - | (659) | - | - | - | - | **(659)** | (9) | **(668)** |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | - | 7 | (13) | (13) | **(19)** | - | **(19)** |
| Income tax on other comprehensive income | - | - | - | - | - | 1 003 | - | - | - | **1 003** | - | **1 003** |
| ***Total comprehensive income for the period*** | - | - | - | - | *(659)* | *(4 278)* | *7* | *(13)* | *9 028* | *4 085* | *2 116* | *6 201* |
| Dividends paid | - | - | - | - | - | - | - | - | - | - | (2 913) | **(2 913)** |
| Distribution of profit | - | - | - | - | - | - | 19 907 | - | (19 907) | - | - | - |
| Changes in Capital Group | - | - | - | - | - | - | (283) | - | 283 | - | - | - |
| **As at 30 June 2010** | **494 524** | **18 235** | **(20)** | **20 916** | **(3 672)** | **(5 345)** | **181 274** | **154** | **(532 825)** | **173 241** | **2 914** | **176 155** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

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

*(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.

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

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

As at 30 June 2010, 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 | Management activities | Subsidiary | 100% | 2005 | Full consolidation |
| Stalexport Autostrada Małopolska S.A. | Mysłowice | Construction and operation of motorway | Subsidiary | 100%* | 1998 | Full consolidation |
| Stalexport Transroute Autostrada S.A. | Mysłowice | Motorway operation | Subsidiary | 55%* | 1998 | Full consolidation |
| Stalexport Autostrada Dolnośląska S.A. | Katowice | Construction and operation of motorway | Subsidiary | 100% | 1997 | Full consolidation |
| Autostrada Mazowsze S.A. | Katowice | Construction and operation of motorway | Associate | 30% | 2007 | Equity method |
| Biuro Centrum Sp. z o.o. | Katowice | Real estate administration | Subsidiary | 74.38% | 2007 | Full consolidation |

* through Stalexport Autoroute S.a r.l.

The condensed consolidated interim financial statements as at the day and for the six-month period ended 30 June 2010 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), a parent company to inter alia Autostrade per l'Italia S.p.A., a majority shareholder of the Company.

On 31 May 2010 the General Meeting of Stalexport Autostrada Śląska S.A. in liquidation (100% owned subsidiary through Stalexport Autostrada Dolnośląska S.A.) was held approving the liquidation statements and Liquidator's report on the activity of the company for the period from 1 January to 28 May 2010. Following the end of liquidation proceedings a petition to remove the company from the National Court Register was submitted on 9 June 2010. These condensed consolidated interim financial statements comprise financial results of Stalexport Autostrada Śląska S.A. in liquidation presented in liquidation statements of the company.

## 2. Basis for preparation of condensed consolidated interim financial statements

*Statement of compliance*

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

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) the Company is required to publish the financial results for the six-month period ended 30 June 2010 which is deemed to be the current interim financial reporting period.

Condensed consolidated interim financial statements do not include all the information required for yearly financial statements and therefore should be analyzed together with the Group's consolidated financial statements as at the day and for the year ended 31 December 2009.

The condensed consolidated interim financial statements were approved by the Management Board of the Company on 2 August 2010.

*Basis for valuation*

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

- derivative financial instruments measured at fair value;
- available-for-sale financial assets measured at fair value,
- financial assets measured at fair value through profit or loss.

*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.

*Use of estimates and judgments*

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

The estimates and underlying assumptions are reviewed on an 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, which have significant impact on condensed consolidated interim financial statements, have been disclosed in notes 5 iii), 13, 14, 15, 17, 18.

## 3. Going concern

The condensed consolidated interim financial statements have been prepared under the assumption that the Group will continue to operate as a going concern for the foreseeable future.

## 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 mainly by the Company's subsidiary, Stalexport Autostrada Małopolska S.A. ("Concession Holder", "SAM S.A."). These activities are regulated by the concession agreement ("Concession Agreement").

The subject of the Concession Agreement is completion of construction of the A-4 motorway (by transformation to the toll motorway) on the section from Katowice (junction Murckowska, km 340.2) to Krakow (junction Balice I, km 401.1) and its subsequent operation as well as conducting and completion of the remaining construction works as specified in the Concession Agreement.

The Concession Agreement has been concluded for a time equal to the term of the concession i.e. 30 years ending in March 2027.

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.

Toll rates 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,
- resolutions of the Concession Agreement.

Conditions for revenue recognition as stated in point (b) above are set in accordance with polish act on toll motorways, Concession Agreement and the decree on public roads.

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.

In return the Concession Holder is responsible for the operation and maintenance of the toll motorway until the termination or expiry of the Concession Agreement, which determines detailed range of the Concession Holder's obligations, and is obliged to perform precisely specified construction works.

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).

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

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

According to provisions of the Concession Agreement between SAM S.A. and the Minister of Infrastructure and also of the Project Loan Agreement between SAM S.A. and consortium of following banks: 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 phases, achieving minimum level of debt service ratios, and assuring the sufficient coverage of reserve accounts.

## 5. Description of significant accounting principles

Except for changes summarized below, in particular those described in note 5.iii) resulting from the implementation of ***Service concession arrangements*** (**IFRIC 12)** interpretation, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at the day and for the year ended 31 December 2009.

### *i) Accounting for acquisitions of non-controlling interests*

As a result of changes in IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

Moreover the term “non-controlling interest” (NCI) replaces “minority interest”. At an acquisition date, the acquirer may choose, on a transaction-by-transaction basis, whether to measure NCI at fair value; or at the NCI’s proportionate share of the net identifiable assets of the entity acquired. The revised IAS 27 requires an entity to attribute the NCI’s share of profit or loss to the NCI even if this results in the NCI having a deficit balance.

The changes in accounting policies were applied prospectively and had no influence on Group’s financial data for the period from 1 January till 30 June 2010; i.e. the period in which the revised standards were applied for the first time. The term “minority interest” was replaced by “non-controlling interest”.

### *ii) Accounting for business combinations*

As a result of changes in IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* all business combinations occurring after 1 January 2010 will be accounted for according to the policy described below.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred comprises the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree’s employees (acquiree’s awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at fair value or its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

The changes in accounting policies were applied prospectively and had no influence on Group's financial data for the period from 1 January till 30 June 2010; i.e. the period in which the revised standards were applied for the first time.

### *iii) IFRIC 12 – Service Concession Arrangements*

Interpretation IFRIC 12, which gives guidance on the accounting by operators for public-to-private service concession arrangements, was endorsed by European Union with the Commission Regulation (EC) No 254/2009 on 25 March 2009.

Stalexport Autostrady S.A. Capital Group, in accordance with the provisions of abovementioned regulation, applied IFRIC 12 for the period starting on 1 January 2010. The changes in accounting policies were applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. As a consequence data for comparative periods presented in this condensed consolidated interim financial statements were restated (see note 5.v) on page 15).

### *a. Accounting treatment of concession agreements under IFRIC 12*

Under the terms of contractual arrangements within the scope of this IFRIC 12, the operator acts as a service provider. The operator constructs or upgrades infrastructure (construction or upgrade services – the revenue is recognised in accordance with IAS 11 *Construction contracts*) used to provide a public service and operates and maintains that infrastructure (operation services – the revenue is recognized in accordance with IAS 18 *Revenue*) for a specified period of time.

If the operator provides construction or upgrade services the consideration received or receivable by the operator shall be recognised at its fair value. The consideration may be rights to:

- *a financial asset*: The operator shall recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services;
- *an intangible asset*: The operator shall recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

  Under this model, the operator's rights are recognised in the consolidated statement of financial position under concession intangible assets in the fair value of construction or upgrade services. It is amortised over the term of the arrangement, starting from the beginning of rendering services to public.

If the operator is paid for the construction services partly by a financial asset and partly by an intangible asset it is necessary to account separately for each component of the operator's consideration. The consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

Intangible asset model has been applied to the Concession Agreement, concerning Stalexport Autostrada Małopolska S.A. (see note 4).

The operator may have contractual obligations it must fulfill as a condition of its licence (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure, except for upgrade element shall be recognised and measured in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

In line with adopted interpretation of IFRIC 12, when the contract requires the operator to incur replacement costs independently of the use of the concession infrastructure during the concession, these expenditures, if regarded as capital expenditures, should be included in concession intangible asset's cost. Bearing in mind, that these outflows are not contingent on use of infrastructure, the operator should recognise a provision in accordance with IAS 37 (with the above mentioned intangible asset as a corresponding item) for the present value of the best estimate of the amount of the future replacement costs to be incurred due to obligation undertaken. The provision shall be recognized when the obligation is accepted.

### *b. Implementation of IFRIC 12 by Stalexport Autostrady S.A. Capital Group*

In accordance with IAS 8, the Group applied IFRIC 12 retrospectively, since the date the Concession was granted (year 1997), i.e. the moment when the Group accepted an obligation to construct/adapt and maintain the motorway.

As the result of IFRIC 12 implementation, the Group recognised an intangible asset as the consideration given for the adaptation of motorway to toll motorway requirements (Phase I) and for construction/upgrade works, which according to the Concession Agreement were to be executed in later periods (Phase II). The cost of the element of the intangible asset recognized in relation to Phase I expenditures, was defined as the value of costs incurred during its execution (including borrowing costs) and the cost of the element of the intangible asset recognized in relation to estimated costs of Phase II, was determined as the present value of those future outflows at the date of initial recognition (without borrowing costs recognition).

In line with applied interpretation, the element of the intangibles recognized in relation to obligation to bear Phase II expenditures, was recorded in correspondence with the provision. A present value of future outflows was calculated, through discounting of their estimated nominal value, using non-current risk-free interest rate, which was determined by the Group on the basis of historical and current return on non-current Treasury Bonds.

All changes in provision's estimates due to:

- changes of interest rates;
- changes of renovation works schedule;
- changes in capital expenditures estimates;

are reflected in the valuation of intangible assets. In accordance with IAS 8 they impact the consolidated statement of comprehensive income prospectively, being recognized in the period of change and in future periods, if they are also affected by the change.

The unwinding of the discount related to provision is recognized as finance expense of the period.

Concession intangible assets comprise also an element reclassified from property, plant and equipment, which cost was determined as the present value of discounted concession payments (see also note 17) at the date of their recognition i.e. TPLN 96,364.

According to IAS 38 *Intangible Assets*, an intangible asset with a finite useful life, is subject to amortization over its useful life.

The intangible asset recognized as the result of Concession Agreement is to be amortised from the beginning of toll collection (year 2000), until expiration date of aforementioned Agreement (year 2027).

Using IAS 38 guidelines, the Group applied amortization method, which in its view reflects in most appropriate way the manner in which future economic benefits deriving from intangible asset will be consumed, i.e. unit of production method based on forecasted annual average traffic increase during the concession period on the section of motorway subject to concession. The annual amortization rate calculated based on estimated traffic increase during the concession period in relation to present net value of intangible asset at the beginning of the period equaled 4.67% in I Semester 2010 (I Semester 2009: 3.93%). According to current amortization schedule the proportion of annual amortization costs to the net value of intangible asset as at 30 June 2010 will range from 4.85% to 6.92% during the concession period.

Impact of the abovementioned changes on consolidated financial statements of the Group was presented in note 5.v) *Impact of the changes in accounting policies and other changes on the consolidated financial statements*.

### *iv) Changes in classification*

In the consolidated financial statements for 2009 the Group implemented some classification changes to consolidated statement of comprehensive income by moving some costs previously presented as cost of sales to administrative expenses in order to reflect more appropriately their nature. Comparative amounts in this condensed consolidated interim financial statements were properly reclassified. That resulted in TPLN 754 being reclassified from ‘Cost of sales’ to ‘Administrative expenses’ in consolidated statement of comprehensive income for the six-month period ended 30 June 2009.

### *v) Impact of the changes in accounting policies and other changes on the consolidated financial statements*

*Consolidated statement of financial position*

| *In thousands of PLN* | *31 December 2009* published | *impact IFRIC 12* | *other changes (6)* | *31 December 2009* restated | *1 January 2009* published | *impact IFRIC 12* | *other changes (6)* | *1 January 2009* restated |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| **Non-current assets** | | | | | | | | |
| Property, plant and equipment | 509 927 | (478 030) **(1)** | (16 062) | 15 835 | 469 610 | (436 607) **(1)** | (16 078) | 16 925 |
| Intangible assets | 1 081 | 729 587 **(2)** | - | 730 668 | 982 | 797 073 **(2)** | - | 798 055 |
| Prepaid perpetual usufruct of land | 116 | - | - | 116 | 116 | - | - | 116 |
| Investment property | 4 318 | - | - | 4 318 | 4 609 | - | - | 4 609 |
| Investments in associates | 116 | - | - | 116 | 397 | - | - | 397 |
| Other long-term investments | 7 056 | - | - | 7 056 | 4 269 | - | - | 4 269 |
| Long-term prepayments for commissions and other | 6 341 | - | 9 829 | 16 170 | 7 363 | - | 12 809 | 20 172 |
| Deferred tax assets | 37 113 | 47 157 **(3)** | 78 | 84 348 | 42 903 | 41 898 **(3)** | 20 | 84 821 |
| **Total non-current assets** | **566 068** | **298 714** | **(6 155)** | **858 627** | **530 249** | **402 364** | **(3 249)** | **929 364** |
| **Current assets** | | | | | | | | |
| Inventories | 1 813 | - | - | 1 813 | 1 647 | - | - | 1 647 |
| Short-term investments | 54 889 | - | - | 54 889 | 74 630 | - | - | 74 630 |
| Income tax receivables | 106 | - | - | 106 | 1 975 | - | - | 1 975 |
| Trade and other receivables | 31 432 | - | - | 31 432 | 27 719 | - | - | 27 719 |
| Cash and cash equivalents | 130 846 | - | - | 130 846 | 114 639 | - | - | 114 639 |
| Short-term prepayments for commissions and other | 184 | - | - | 184 | 108 | - | - | 108 |
| **Total current assets** | **219 270** | **-** | **-** | **219 270** | **220 718** | **-** | **-** | **220 718** |
| **Total assets** | **785 338** | **298 714** | **(6 155)** | **1 077 897** | **750 967** | **402 364** | **(3 249)** | **1 150 082** |
| **EQUITY AND LIABILITIES** | | | | | | | | |
| **Equity** | | | | | | | | |
| Share capital | 494 524 | - | - | 494 524 | 494 524 | - | - | 494 524 |
| Share capital revaluation adjustment | 18 235 | - | - | 18 235 | 18 235 | - | - | 18 235 |
| Treasury shares | (20) | - | - | (20) | (20) | - | - | (20) |
| Share premium reserve | 20 916 | - | - | 20 916 | 20 916 | - | - | 20 916 |
| Fair value reserve | (3 013) | - | - | (3 013) | (1 813) | - | - | (1 813) |
| Hedging reserve | (1 067) | - | - | (1 067) | (14 144) | - | - | (14 144) |
| Other reserve capitals and supplementary capital | 161 643 | - | - | 161 643 | 140 042 | - | - | 140 042 |
| Foreign currency translation reserve | 167 | - | - | 167 | 387 | - | - | 387 |
| Retained earnings and uncovered losses | (320 871) | (201 024) **(4)** | (334) | (522 229) | (325 760) | (178 616) **(4)** | (86) | (504 462) |
| **Total equity attributable to owners of the Company** | **370 514** | **(201 024)** | **(334)** | **169 156** | **332 367** | **(178 616)** | **(86)** | **153 665** |
| Non-controlling interest | 3 711 | - | - | 3 711 | 3 753 | - | - | 3 753 |
| **Total equity** | **374 225** | **(201 024)** | **(334)** | **172 867** | **336 120** | **(178 616)** | **(86)** | **157 418** |
| **Liabilities** | | | | | | | | |
| **Non-current liabilities** | | | | | | | | |
| Loans and borrowings | 128 216 | - | (5 821) | 122 395 | 69 040 | - | (3 163) | 65 877 |
| Finance lease liabilities | 646 | - | - | 646 | 660 | - | - | 660 |
| Employee benefits liabilities | 497 | - | - | 497 | 592 | - | - | 592 |
| Deferred income and government grants | 14 796 | - | - | 14 796 | 15 849 | - | - | 15 849 |
| Other non-current liabilities | 185 475 | - | - | 185 475 | 191 853 | - | - | 191 853 |
| Provisions | 6 508 | 442 474 **(5)** | - | 448 982 | 4 646 | 489 150 **(5)** | - | 493 796 |
| **Total non-current liabilities** | **336 138** | **442 474** | **(5 821)** | **772 791** | **282 640** | **489 150** | **(3 163)** | **768 627** |
| **Current liabilities** | | | | | | | | |
| Loans and borrowings | 1 470 | - | - | 1 470 | 1 488 | - | - | 1 488 |
| Finance lease liabilities | 270 | - | - | 270 | 1 420 | - | - | 1 420 |
| Derivative financial instruments | 1 599 | - | - | 1 599 | 17 461 | - | - | 17 461 |
| Income tax liabilities | 28 | - | - | 28 | 423 | - | - | 423 |
| Trade and other payables | 65 724 | - | - | 65 724 | 49 271 | - | - | 49 271 |
| Employee benefits liabilities | 269 | - | - | 269 | 81 | - | - | 81 |
| Deferred income and government grants | 1 053 | - | - | 1 053 | 1 053 | - | - | 1 053 |
| Provisions | 4 562 | 57 264 **(5)** | - | 61 826 | 61 010 | 91 830 **(5)** | - | 152 840 |
| **Total current liabilities** | **74 975** | **57 264** | **-** | **132 239** | **132 207** | **91 830** | **-** | **224 037** |
| **Total liabilities** | **411 113** | **499 738** | **(5 821)** | **905 030** | **414 847** | **580 980** | **(3 163)** | **992 664** |
| **Total equity and liabilities** | **785 338** | **298 714** | **(6 155)** | **1 077 897** | **750 967** | **402 364** | **(3 249)** | **1 150 082** |

## Notes to the condensed consolidated interim financial statements

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

(1) Derecognition of infrastructure under the control of the grantor, which is used by the Group to render public services (previously recognised as property, plant and equipment);

(2) Recognition of an intangible asset as described in note 5.iii.b);

(3) Total impact of IFRIC 12 adjustments on deferred tax assets;

(4) Total impact of IFRIC 12 adjustments on retained earnings and uncovered losses, including profit/loss for the period;

(5) Recognition of provision in relation to intangible asset, at fair value of future estimated capital expenditures of Phase II;

(6) An adjustment for recognition of finance and legal advisory costs, that were previously accounted as cost of property, plant and equipment and the resulting adjustment of settlement of loan based on effective interest rate method.

### *Consolidated interim statement of comprehensive income*

| *In thousands of PLN* | *30 June 2009* **6 months published** | *impact IFRIC 12* | | *other changes (4)* | *30 June 2009* **6 months restated** |
|---|---|---|---|---|---|
| Revenue | 65 193 | - | | - | 65 193 |
| Cost of sales | (35 711) | (3 196) | **(1)** | 754 | (38 153) |
| **Gross profit/(loss)** | **29 482** | **(3 196)** | | **754** | **27 040** |
| | | | | | |
| Other income | 5 583 | - | | - | 5 583 |
| Administrative expenses | (12 993) | - | | (754) | (13 747) |
| Other expenses | (322) | - | | - | (322) |
| **Results from operating activities** | **21 750** | **(3 196)** | | **-** | **18 554** |
| | | | | | |
| Finance income | 4 861 | - | | - | 4 861 |
| Finance expenses | (10 740) | (10 617) | **(2)** | (146) | (21 503) |
| **Net finance income/(expense)** | **(5 879)** | **(10 617)** | | **(146)** | **(16 642)** |
| | | | | | |
| **Share of profit of equity accounted investees (net of income tax)** | **(397)** | - | | - | **(397)** |
| | | | | | |
| **Profit/(Loss) before income tax** | **15 474** | **(13 813)** | | **(146)** | **1 515** |
| | | | | | |
| Income tax expense | (2 799) | 2 624 | **(3)** | 28 | (147) |
| | | | | | |
| **Profit/(Loss) for the period** | **12 675** | **(11 189)** | | **(118)** | **1 368** |
| | | | | | |
| **Other comprehensive income** | | | | | |
| Foreign currency translation differences for foreign operations | 33 | - | | - | 33 |
| Effective portion of changes in fair value of cash flow hedges | 13 559 | - | | - | 13 559 |
| Net change in fair value of available-for-sale financial assets | 2 290 | - | | - | 2 290 |
| Income tax on other comprehensive income | (2 576) | - | | - | (2 576) |
| | | | | | |
| **Other comprehensive income for the period, net of income tax** | **13 306** | **-** | | **-** | **13 306** |
| | | | | | |
| **Total comprehensive income for the period** | **25 981** | **(11 189)** | | **(118)** | **14 674** |
| | | | | | |
| **Profit/(Loss) attributable to:** | | | | | |
| Owners of the Company | 10 888 | (11 189) | | (118) | (419) |
| Non-controlling interest | 1 787 | - | | - | 1 787 |
| **Profit/(Loss) for the period** | **12 675** | **(11 189)** | | **(118)** | **1 368** |
| | | | | | |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | 24 188 | (11 189) | | (118) | 12 881 |
| Non-controlling interest | 1 793 | - | | - | 1 793 |
| **Total comprehensive income for the period** | **25 981** | **(11 189)** | | **(118)** | **14 674** |

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

(1) Total impact of property, plant and equipment straight-line method depreciation reversal and accounting for unit of production method (natural method) amortization of intangible assets;

(2) Unwinding of the discount related to the provision for future capital expenditures of Phase II;

(3) Total impact of IFRIC 12 adjustments on deferred tax for the period;

(4) Adjustment of settlement of loan based on effective interest rate method (see adjustment 6 in consolidated statement of financial position) and classification change described in point iv) *Changes in classification.*

## 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.

***Business segments results***

***For the six-month period ended 30 June 2010***

| | Management, advisory and rental services | Management and operation of motorways | Total |
|---|---|---|---|
| **Operating revenues** | | | |
| Revenue from external customers | 4 760 | 70 472 | **75 232** |
| Total revenue | **4 760** | **70 472** | **75 232** |
| **Operating expenses** | | | |
| Cost of sales to external customers | (4 276) | (37 773) | **(42 049)** |
| Total cost of sales | **(4 276)** | **(37 773)** | **(42 049)** |
| Other income | 436 | 1 714 | **2 150** |
| Other expenses | (84) | (1 357) | **(1 441)** |
| Administrative expenses | (5 036) | (9 674) | **(14 710)** |
| **Results from operating activities** | **(4 200)** | **23 382** | **19 182** |
| Net finance income/(expense) | 1 797 | (6 476) | **(4 679)** |
| Share of profit of equity accounted investees (net of income tax) | (56) | - | **(56)** |
| Income tax | (43) | (3 238) | **(3 281)** |
| **Profit/(Loss) for the period** | **(2 502)** | **13 668** | **11 166** |
| Other comprehensive income for the period, net of income tax | (687) | (4 278) | **(4 965)** |
| **Total comprehensive income for the period** | **(3 189)** | **9 390** | **6 201** |
| | | | |
| **Major non-cash items** | | | |
| Depreciation and amortisation | (344) | (18 051) | **(18 395)** |
| Other provisions | - | (1 300) | **(1 300)** |
| Creation or reversal of allowances | 4 | 264 | **268** |
| Unwinding of discount | - | (16 950) | **(16 950)** |
| Revaluation of concession payments | - | 15 804 | **15 804** |
| Revaluation of investment | 269 | - | **269** |

## Notes to the condensed consolidated interim financial statements

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

***For the six-month period ended 30 June 2009***

| | Management, advisory and rental services | Management and operation of motorways | Total (*) |
|---|---|---|---|
| **Operating revenues** | | | |
| Revenue from external customers | 4 628 | 60 565 | **65 193** |
| Total revenue | **4 628** | **60 565** | **65 193** |
| **Operating expenses** | | | |
| Cost of sales to external customers | (4 045) | (34 108) | **(38 153)** |
| Total cost of sales | **(4 045)** | **(34 108)** | **(38 153)** |
| Other income | 4 109 | 1 474 | **5 583** |
| Other expenses | (322) | - | **(322)** |
| Administrative expenses | (4 195) | (9 552) | **(13 747)** |
| **Results from operating activities** | **175** | **18 379** | **18 554** |
| Net finance income/(expense) | 1 856 | (18 498) | **(16 642)** |
| Share of profit of equity accounted investees (net of income tax) | - | (397) | **(397)** |
| Income tax | (40) | (107) | **(147)** |
| **Profit/(Loss) for the period** | **1 991** | **(623)** | **1 368** |
| Other comprehensive income for the period, net of income tax | 2 323 | 10 983 | **13 306** |
| **Total comprehensive income for the period** | **4 314** | **10 360** | **14 674** |
| | | | |
| **Major non-cash items** | | | |
| Depreciation and amortisation | (330) | (16 898) | **(17 228)** |
| Recognition of tax receivables | 3 100 | - | **3 100** |
| Creation or reversal of allowances | 962 | - | **962** |
| Unwinding of discount | - | (15 332) | **(15 332)** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

***Financial position according to business segments as at***

| | *30 June 2010* | *31 December 2009 (*)* | *1 January 2009 (*)* |
|---|---|---|---|
| **Management, advisory and rental services** | | | |
| Assets of the segment | 165 506 | 174 236 | 191 824 |
| Liabilities of the segment | 56 424 | 63 686 | 75 685 |
| **Management and operation of motorways** | | | |
| Assets of the segment | 934 304 | 903 661 | 958 258 |
| Liabilities of the segment | 867 231 | 841 344 | 916 979 |
| | | | |
| **Total assets** | **1 099 810** | **1 077 897** | **1 150 082** |
| **Total liabilities** | **923 655** | **905 030** | **992 664** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

### *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 all non-current assets used by the Group are located in Poland.

## Notes to the condensed consolidated interim financial statements

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

***Geographical segments results for the six-month period ended 30 June 2010***

| | Poland | Other countries | Total |
|---|---|---|---|
| Revenue | 75 232 | - | **75 232** |

***Geographical segments results for the six-month period ended 30 June 2009***

| | Poland | Other countries | Total |
|---|---|---|---|
| Revenue | 65 178 | 15 | **65 193** |

## 7. Periodicity and seasonality of the business

Group's activity is not significantly influenced by periodicity and seasonality issues.

## 8. Expenses by kind

| | *I Semester 2010* | *I Semester 2009 (*)* |
|---|---|---|
| Depreciation and amortisation | (18 395) | (17 228) |
| Energy and materials consumption | (4 005) | (3 654) |
| Accrual of provision for motorway resurfacing disclosed within cost of sales (external services) | (13 562) | (10 301) |
| Other external services | (8 752) | (8 519) |
| Taxes and charges | (669) | (565) |
| Personnel expenses, including: | (10 567) | (10 468) |
| - wages and salaries | (8 943) | (8 660) |
| - compulsory social security contributions and other | (1 624) | (1 808) |
| Other costs | (1 590) | (1 734) |
| **Total expenses by kind** | **(57 540)** | **(52 469)** |
| Change in inventories, deferred income and cost in relation to operating activity | 781 | 569 |
| **Cost of sales and administrative expenses** | **(56 759)** | **(51 900)** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

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

## 9. Other income

| | *I Semester 2010* | *I Semester 2009 (*)* |
|---|---|---|
| Rental income from passenger service sites | 1 096 | 1 140 |
| Reversal of allowance for receivables | 4 | 962 |
| Reversal of property, plant and equipment and intangible assets impairment | 264 | - |
| Compensations and contractual penalties received | 193 | 192 |
| Reimbursed costs of court proceedings | 13 | 26 |
| Recognition of tax receivables | 392 | 3 100 |
| Net gain on sale of property, plant and equipment and intangible assets | 7 | - |
| Other | 181 | 163 |
| | **2 150** | **5 583** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

## 10. Other expenses

| | *I Semester 2010* | *I Semester 2009 (*)* |
|---|---|---|
| Penalties, compensations, payments | (55) | (23) |
| Other provisions and allowances | (1 300) | - |
| Net loss on sale of property, plant and equipment and intangible assets | - | (94) |
| Interest from liabilities | - | (83) |
| Other | (86) | (122) |
| | **(1 441)** | **(322)** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

**Notes to the condensed consolidated interim financial statements**
*(all amounts in PLN thousand (TPLN), unless stated otherwise)*

## 11. Net finance expense

| | *I Semester 2010* | *I Semester 2009 (*)* |
|---|---|---|
| ***Recognised in profit or loss for the period*** | | |
| Dividends and share in related parties profits | 8 | - |
| Interest income, including: | 3 164 | 3 115 |
| - bank accounts and deposits | 3 163 | 2 923 |
| - other | 1 | 192 |
| Revaluation of investment | 269 | - |
| Other financial income, including: | 16 776 | 1 746 |
| - net foreign exchange gain | 76 | 139 |
| - profit on investment in asset management funds (financial assets measured at fair value through profit or loss) | 889 | 1 355 |
| - revaluation of concession payments (accounted for applying fair value method; see note 17) | 15 804 | - |
| - reversal of allowances for accrued interest | 7 | - |
| - profit on derivatives | - | 252 |
| Financial income | **20 217** | **4 861** |
| | | |
| Interest expense on liabilities valued at amortised cost, including: | (24 328) | (21 434) |
| - loans and borrowings | (4 363) | (3 648) |
| - discount | (16 950) | (15 332) |
| - other | (3 015) | (2 454) |
| Other financial costs, including: | (568) | (69) |
| - loss on derivatives | (565) | - |
| - other financial costs | (3) | (69) |
| Financial expenses | **(24 896)** | **(21 503)** |
| | | |
| **Net finance expense recognised in profit or loss for the period** | **(4 679)** | **(16 642)** |
| | | |
| ***Recognised in other comprehensive income*** | | |
| Foreign currency translation differences for foreign operations | (19) | 33 |
| Effective portion of changes in fair value of cash flow hedges (**) | (5 281) | 13 559 |
| Net change in fair value of available-for-sale financial assets | (668) | 2 290 |
| | | |
| **Net financial income/(expenses) recognised in other comprehensive income, net of tax** | **(5 968)** | **15 882** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

(**) - 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 (interest rate swap). For further information see consolidated financial statements for the year 2009 - notes 33d and 34c.

**Notes to the condensed consolidated interim financial statements**
*(all amounts in PLN thousand (TPLN), unless stated otherwise)*

## 12. Property, plant and equipment

| | Buildings and constructions | Plant and equipment | Vehicles | Other | Under construction | Total |
|---|---|---|---|---|---|---|
| **Cost as at 1 January 2009 (*)** | **18 557** | **25 739** | **10 983** | **4 469** | **307** | **60 055** |
| Acquisitions | - | 175 | 345 | 33 | 858 | **1 411** |
| Transfer from property, plant and equipment under construction | - | 362 | - | - | (362) | **-** |
| Disposals | - | (85) | (702) | (28) | - | **(815)** |
| Reclassifications | - | (6) | - | 6 | - | **-** |
| **Cost as at 30 June 2009 (*)** | **18 557** | **26 185** | **10 626** | **4 480** | **803** | **60 651** |
| | | | | | | |
| **Cost as at 1 January 2010 (*)** | **19 096** | **25 944** | **10 720** | **4 536** | **432** | **60 728** |
| Acquisitions | - | 126 | 74 | 16 | 1 422 | **1 638** |
| Disposals | - | (652) | (25) | (1 354) | (50) | **(2 081)** |
| **Cost as at 30 June 2010** | **19 096** | **25 418** | **10 769** | **3 198** | **1 804** | **60 285** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

## Notes to the condensed consolidated interim financial statements

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

| | Buildings and constructions | Plant and equipment | Vehicles | Other | Under construction | Total |
|---|---|---|---|---|---|---|
| **Depreciation and impairment losses as at 1 January 2009 (*)** | **(7 030)** | **(24 075)** | **(7 673)** | **(4 095)** | **(257)** | **(43 130)** |
| Depreciation for the period | (416) | (335) | (517) | (201) | - | **(1 469)** |
| Disposals | - | 84 | 544 | 14 | - | **642** |
| Reclassifications | - | 3 | - | (3) | - | **-** |
| **Depreciation and impairment losses as at 30 June 2009 (*)** | **(7 446)** | **(24 323)** | **(7 646)** | **(4 285)** | **(257)** | **(43 957)** |
| **Depreciation and impairment losses as at 1 January 2010 (*)** | **(7 863)** | **(24 272)** | **(8 097)** | **(4 404)** | **(257)** | **(44 893)** |
| Depreciation for the period | (420) | (358) | (301) | (38) | - | **(1 117)** |
| Disposals | - | 662 | 25 | 1 354 | - | **2 041** |
| Reversal of impairment loss | - | - | - | - | 257 | **257** |
| **Depreciation and impairment losses as at 30 June 2010** | **(8 283)** | **(23 968)** | **(8 373)** | **(3 088)** | **-** | **(43 712)** |
| **Carrying amounts** | | | | | | |
| At 1 January 2009 (*) | 11 527 | 1 664 | 3 310 | 374 | 50 | 16 925 |
| At 30 June 2009 (*) | 11 111 | 1 862 | 2 980 | 195 | 546 | 16 694 |
| At 1 January 2010 (*) | 11 233 | 1 672 | 2 623 | 132 | 175 | 15 835 |
| At 30 June 2010 | 10 813 | 1 450 | 2 396 | 110 | 1 804 | 16 573 |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

**Notes to the condensed consolidated interim financial statements**
*(all amounts in PLN thousand (TPLN), unless stated otherwise)*

### *Impairment losses*

As at 30 June 2010 the Group did not recognize impairment losses on property, plant and equipment. In presented comparative data as at 31 December, 30 June and 1 January 2009 impairment on property, plant and equipment under construction in the amount of TPLN 257 was recognized, that related to investment projects put on hold.

## 13. Intangible assets

| | Concession intangible assets | Other concessions, licences, software and other | Other intangible assets | Intangible assets not ready for use | Total |
|---|---|---|---|---|---|
| **Cost as at 1 January 2009 (*)** | **907 018** | **624** | **1 248** | **843** | **909 733** |
| Acquisitions | - | 286 | 18 | 62 | **366** |
| Transfer from intangible assets not ready for use | - | 55 | - | (55) | **-** |
| Disposals | - | (6) | - | (165) | **(171)** |
| **Cost as at 30 June 2009 (*)** | **907 018** | **959** | **1 266** | **685** | **909 928** |
| **Cost as at 1 January 2010 (*)** | **870 580** | **1 477** | **1 227** | **283** | **873 567** |
| Acquisitions | - | 12 | 2 | 1 | **15** |
| Revaluation of concession intengible assets | 8 161 | - | - | - | **8 161** |
| Disposals | - | (297) | - | - | **(297)** |
| **Cost as at 30 June 2010** | **878 741** | **1 192** | **1 229** | **284** | **881 446** |
| **Amortisation and impairment losses as at 1 January 2009 (*)** | **(109 945)** | **(590)** | **(1 143)** | - | **(111 678)** |
| Amortisation for the period | (15 530) | (48) | (28) | - | **(15 606)** |
| Disposals | - | 6 | (11) | - | **(5)** |
| **Amortisation and impairment losses as at 30 June 2009 (*)** | **(125 475)** | **(632)** | **(1 182)** | - | **(127 289)** |
| **Amortisation and impairment losses as at 1 January 2010 (*)** | **(141 006)** | **(718)** | **(1 175)** | **-** | **(142 899)** |
| Amortisation for the period | (17 044) | (56) | (25) | - | **(17 125)** |
| Disposals | - | 285 | (3) | - | **282** |
| Reversal of impairment loss | - | 7 | - | - | **7** |
| **Amortisation and impairment losses as at 30 June 2010** | **(158 050)** | **(482)** | **(1 203)** | **-** | **(159 735)** |
| **Carrying amounts** | | | | | |
| At 1 January 2009 (*) | 797 073 | 34 | 105 | 843 | 798 055 |
| At 30 June 2009 (*) | 781 543 | 327 | 84 | 685 | 782 639 |
| At 1 January 2010 (*) | 729 574 | 759 | 52 | 283 | 730 668 |
| At 30 June 2010 | 720 691 | 710 | 26 | 284 | 721 711 |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

As at 30 June 2010, the Group recognized impairment related to intangible assets of TPLN 46 (31 December 2009: TPLN 53, 30 June 2009: none, 1 January 2009: none).

In current period the Group changed the discount rates used for valuation of provision for capital expenditures of Phase II (see note 18), which resulted in revaluation of the element of intangible asset recognized in relation to estimated costs of Phase II by TPLN 8,161 (increase).

**Notes to the condensed consolidated interim financial statements**
*(all amounts in PLN thousand (TPLN), unless stated otherwise)*

## 14. Deferred tax

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 tax losses and a part of temporary differences.

### *Change in temporary differences during the period*

| | 1 January 2010 (*) | Change of deffered tax on temporary differences recognised in | | 30 June 2010 |
|---|---|---|---|---|
| | | profit or loss for the period | other comprehensive income | |
| Property, plant and equipment | (41 696) | (180) | - | (41 876) |
| Investment property | 471 | (4) | - | 467 |
| Investments in associates | 26 | 8 | - | 34 |
| Long-term prepayments for commissions and other | (1 205) | (1 654) | - | (2 859) |
| Trade and other receivables | 175 | (1 173) | - | (998) |
| Short-term investments | 2 043 | (175) | 123 | 1 991 |
| Cash and cash equivalents | (117) | 16 | - | (101) |
| Short-term prepayments for commissions and other | (35) | 35 | - | - |
| Non-current finance lease liabilities | 123 | (21) | - | 102 |
| Other non-current liabilities | 26 396 | (2 320) | - | 24 076 |
| Non-current deferred income and government grants | 2 810 | 29 | - | 2 839 |
| Employee benefits liabilities | 142 | (32) | - | 110 |
| Non-current provisions | 85 306 | (719) | - | 84 587 |
| Loans and borrowings | (98) | (983) | - | (1 081) |
| Current finance lease liabilities | 51 | (11) | - | 40 |
| Trade and other payables | 1 328 | (189) | - | 1 139 |
| Current provisions | 11 747 | 6 756 | - | 18 503 |
| Current deferred income and government grants | 200 | - | - | 200 |
| Derivative financial instruments | 304 | (53) | 1 003 | 1 254 |
| Tax value of loss carry-forwards recognised | 9 261 | 246 | - | 9 507 |
| Valuation adjustment | (12 884) | 1 158 | (123) | (11 849) |
| | **84 348** | **734** | **1 003** | **86 085** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)

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

## 15. Allowances for current receivables

Trade and other receivables are presented net of allowances for doubtful debts amounting to TPLN 113,918 (31 December 2009: TPLN 114,550, 30 June 2009: TPLN 135,431, 1 January 2009: TPLN 136,393).

Change in allowances for bad debt was as follows:

| | I Semester 2010 | I Semester 2009 |
|---|---|---|
| **Allowances for bad debts as at 1 January** | (114 550) | (136 393) |
| Created allowances | (43) | (23) |
| Reversed allowances | 66 | 985 |
| Utilised allowances | 609 | - |
| **Allowances for bad debts as at 30 June** | **(113 918)** | **(135 431)** |

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.

## 16. Equity

### a. Share capital

| | 30 June 2010 | 31 December 2009 | 1 January 2009 |
|---|---|---|---|
| Number of shares at the beginning of the period | 247 262 023 | 247 262 023 | 247 262 023 |
| Number of shares at the end of the period (fully paid) | 247 262 023 | 247 262 023 | 247 262 023 |
| Nominal value of shares (PLN) | 2 | 2 | 2 |
| Nominal value of A-series issue | 16 682 | 16 682 | 16 682 |
| Nominal value of B-series issue | 986 | 986 | 986 |
| Nominal value of D-series issue | 8 000 | 8 000 | 8 000 |
| Nominal value of E-series issue | 189 856 | 189 856 | 189 856 |
| Nominal value of F-series issue | 100 000 | 100 000 | 100 000 |
| Nominal value of G-series issue | 179 000 | 179 000 | 179 000 |
| | **494 524** | **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 the adjustment of share capital valuation in the same amount.

### b. Hedge reserve

Hedging reserve balance is the result of valuation of derivatives meeting the requirements of cash flow hedge accounting. Recognised as effective changes to fair value of cash flow hedging instruments, amounted to TPLN 5,281 (negative value) in I Semester 2010 (I Semester 2009: TPLN 13,559). This value has been reduced by change in deferred tax amounting to TPLN 1,003 (I Semester 2009: TPLN - 2,576), recognized in other comprehensive income.

### c. Fair value 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 define their fair vale based on regulatory market, or in any other reliable way, are attributed to this item of equity. In I Semester 2010, the corresponding losses attributable to owners of the Company amounted to TPLN 659 (I Semester 2009: profit of TPLN 2,284).

## 17. Other long-term liabilities

According to the Concession Agreement the Group is obliged to make Concession payments to National Road Fund (acquired liability relating to loan drawn by the Treasury from EBRD). The nominal value of the liability according to appendix 7 of the Concession Agreement amounts to TPLN 223,870. In the process of preparation of these condensed consolidated interim financial statements as at the day and for the six-month period ended 30 June 2010 the Group changed the expected schedule of outflows regarding those liabilities. Due to the fact, that the present value of expected cash flows based on the new schedule of outflows (calculated using the previous discount rate) differed by more than 10% from the present value of expected cash flows based on the previous schedule of outflows, the Group derecognized the liability and recognized a new liability for Concession payments. A discount rate of 5.60% was used to discount the new liability (rate of 5.95% was applied to discount previously recognized liability). The difference in value of the liability resulting from that operation amounted to TPLN 15,804 and was recognized as financial income for the period.

**Notes to the condensed consolidated interim financial statements**
*(all amounts in PLN thousand (TPLN), unless stated otherwise)*

## 18. Provisions

| Non-current provisions | Provisions for motorway resurfacing | Provisions for capital expenditures (Phase II) | Other provisions | Total |
|---|---|---|---|---|
| **Balance at 1 January 2009 (*)** | **4 646** | **489 150** | **-** | **493 796** |
| Additions, including: | 931 | 9 884 | - | **10 815** |
| *- due to discounting* | *135* | *9 884* | - | ***10 019*** |
| Reclassifications | - | (24 989) | - | **(24 989)** |
| **Balance at 30 June 2009 (*)** | **5 577** | **474 045** | **-** | **479 622** |
| | | | | |
| **Balance at 1 January 2010 (*)** | **6 508** | **442 474** | **-** | **448 982** |
| Additions, including: | 14 263 | 20 590 | - | **34 853** |
| *- due to discounting (**)* | *8 107* | *20 590* | - | ***28 697*** |
| Reclassifications | - | (39 378) | - | **(39 378)** |
| **Balance at 30 June 2010** | **20 771** | **423 686** | **-** | **444 457** |
| | | | | |
| **Current provisions** | | | | |
| | | | | |
| **Balance at 1 January 2009 (*)** | **37 388** | **91 830** | **23 622** | **152 840** |
| Additions, including: | 10 950 | 734 | 952 | **12 636** |
| *- due to discounting* | *1 446* | *734* | - | ***2 180*** |
| Utilisation | (5 231) | (16 846) | (24 574) | **(46 651)** |
| Reclassifications | - | 24 989 | - | **24 989** |
| **Balance at 30 June 2009 (*)** | **43 107** | **100 707** | **-** | **143 814** |
| | | | | |
| **Balance at 1 January 2010 (*)** | **3 129** | **57 264** | **1 433** | **61 826** |
| Additions, including: | - | 693 | 1 363 | **2 056** |
| *- due to discounting* | - | *693* | - | ***693*** |
| Utilisation | (481) | (2 831) | (54) | **(3 366)** |
| Reversal | (471) | - | - | **(471)** |
| Reclassifications | - | 39 378 | - | **39 378** |
| **Balance at 30 June 2010** | **2 177** | **94 504** | **2 742** | **99 423** |

(*) - restated in accordance with the changes of accounting policies, described in note 5.v)
(**) - amounts comprise the impact of lapse of time (unwinding of discount) and changes of applied discount rates

Provisions for capital expenditures is recognized in the present value of the amount of the future construction costs on the section Katowice-Kraków of A4 motroway (Phase II), due to obligations undertaken by Concession Holder under the Concession Agreement (see note 4).

On 30 June 2010 the Group changed estimates regarding discount rates used for calculation of the present value of provision for resurfacing (previously 6% rate was used – currently the rates range from 4.16% to 5.39%) and provision for capital expenditures of Phase II (previously the rates ranged from 5.07% to 5.78% – now from 4.16% to 5.39% ). As result of that changes the provision for resurfacing increased by TPLN 7,877, which in line with IAS 37 was recognized in operating expenses for the period, and at the same time the provision for capital expenditures (Phase II) increased by TPLN 8,161, which was recognized as an increase of concession intangible assets according to accounting policy described in note 5.iii).b.

Other provisions at 30 June 2010 comprise mainly:

(i) provision recognised based on the sentense of Competition and Consumer Protection Court in Warsaw in the amount of TPLN 1,300:

In October 2007, the Office of Competition and Consumer Protection commenced an antimonopoly proceeding 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, a supposed 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 issued 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 State Treasury. The Group launched an appeal to the Competition and Consumer Protection Court in Warsaw. On 10 May 2010 the abovementioned court issued a sentence upholding the decision of the Office of Competition and Consumer Protection. On 28 June 2010 the Group made an appeal to the Appeal Competition and Consumer Protection Court in Warsaw.

(ii) provision recognized based on the sentence of the District Court in Katowice dated 18 December 2009 responding to claim lodged by CTL Maczki Bór Sp. z o.o. for compensation for the use of certain lots of land in the motorway lane without valid agreement. The court awarded to CTL Maczki Bór Sp. z o.o. the amount of TPLN 40 plus interest from Stalexport Autostrady S.A. and TPLN 996 plus interest from Stalexport Autostrada Małopolska S.A. Abovementioned interest were also subject to provision. On 25 January 2010 both Stalexport Autostrady S.A. and Stalexport Autostrada Małopolska S.A. appealed against the sentence of the District Court in Katowice to the Appeal Court in Katowice. During the last hearing dated 26 May 2010 the Appeal Court asked the District Court to supplement documentation. The date of next hearing will be set by the Appeal Court.

## 19. Capital expenditure commitments

In December 2009 SAM S.A. selected a contractor in a tender for the completion of Contract F2b-1-2009 “Repairs of 22 bridges”. The contract was signed with consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. for the total amount of TPLN 130,194. The works will start in 2010 and should be completed by the end of 2012. The contractor finished the mobilisation phase and the construction phase has commenced.

## 20. Collateral established on Group’s property

The Group leases certain equipment and vehicles under a number of finance lease agreements. At 30 June 2010, the net carrying amount of leased plant and machinery was TPLN 949 (31 December 2009: TPLN 1,076, 1 January 2009: TPLN 1,469). The leased equipment secures lease obligations.

In addition to fixed assets described above, as at 30 June 2010 property, plant and equipment with a carrying value of TPLN 11,188 (31 December 2009: TPLN 11,880, 1 January 2009: TPLN 13,174) provided a collateral for bank loans and overdrafts. Moreover, in order to secure the payment of other liabilities, Group’s tangible assets and investment property were subject to mortgage for the total amount of TPLN 1,155 and TPLN 8,978 respectively as at 1 January 2009. In December 2009 the Group received a notice from the District Court Katowice-Wschód that the mortgages were stroke off.

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

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

- 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.

## 21. Contingent laibilities

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 15,510 (31 December 2009: TPLN 14,552, 1 January 2009: TPLN 14,371).

## 22. Transactions with related parties

### a. Intragroup receivables and liabilities

| **30 June 2010** | **Receivables** | **Payables** |
|---|---|---|
| Pavimental S.p.A. S.A. Oddział w Polsce | - | 7 052 |
| Pavimental Polska Sp. z o.o. | 7 | - |
| Atlantia S.p.A. | - | 17 |
| **TOTAL** | **7** | **7 069** |

| **31 December 2009** | **Receivables** | **Payables** |
|---|---|---|
| Pavimental S.p.A. S.A. Oddział w Polsce | 7 | 29 055 |
| Pavimental Polska Sp. z o.o. | 11 | - |
| Atlantia S.p.A. | - | 16 |
| Autostrada Mazowsze S.A. | - | 2 |
| **TOTAL** | **18** | **29 073** |

| **1 January 2009** | **Receivables** | **Payables** |
|---|---|---|
| Pavimental S.p.A. S.A. Oddział w Polsce | 11 | 11 267 |
| Atlantia S.p.A. | - | 17 |
| Autostrada Mazowsze S.A. | 874 | - |
| **TOTAL** | **885** | **11 284** |

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

## b. Transactions with related parties

| I Semester 2010 | Revenue | Other income | Capital expenditures and resurfacing works |
|---|---|---|---|
| Pavimental S.p.A. S.A. Oddział w Polsce | - | 6 | 1 360 |
| Pavimental Polska Sp. z o.o. | 44 | 7 | - |
| Autostrada Mazowsze S.A. | 31 | - | - |
| **TOTAL** | **75** | **13** | **1 360** |

| I Semester 2009 | Revenue | Cost of acquired goods and services | Capital expenditures and resurfacing works |
|---|---|---|---|
| Pavimental S.p.A. S.A. Oddział w Polsce | 15 | - | 13 748 |
| Pavimental Polska Sp. z o.o. | 39 | - | - |
| Autostrada Mazowsze S.A. | 625 | - | - |
| Wycliffe Management Sp. z o.o. | - | (71) | - |
| **TOTAL** | **679** | **(71)** | **13 748** |

## c. Transactions with key personnel

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

| | I Semester 2010 | I Semester 2009 |
|---|---|---|
| **Parent Company** | | |
| Management Board | 1 316 (*) | 881 |
| Key personnel | 498 | 390 |
| Supervisory Board | 46 | 44 |
| | | |
| **Subsidiaries** | | |
| Management Boards | 979 | 1 083 |
| Key personnel | 826 | 957 |
| Supervisory Boards | 217 | 351 |
| | **3 882** | **3 706** |

(*) - includes provision for short-term employee benefits in the amount of TPLN 347

In the I Semester of 2010 and 2009 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. The Group did not grant to the above mentioned individuals any advance payments or guarantees.

## 23. Subsequent events

There were no significant subsequent events after the period end that should be additionally disclosed in the condensed consolidated interim financial statements for the six-month period ended 30 June 2010.

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*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

# INDEPENDENT AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY S.A. FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

To the Shareholders of Stalexport Autostrady S.A.

*Introduction*

We have reviewed the accompanying condensed interim unconsolidated financial statements of Stalexport Autostrady S.A., with its registered office in Katowice, 29 Mickiewicza Street, that consist of the condensed unconsolidated statement of financial position as at 30 June 2010, the condensed unconsolidated statement of comprehensive income, the condensed unconsolidated statement of changes in equity, the condensed unconsolidated statement of cash flow for the period from 1 January 2010 to 30 June 2010 and selected explanatory information.

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

*Scope of Review*

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements of Stalexport Autostrady S.A. are not prepared, in all material respects, in accordance with IAS 34.

*Signed on the Polish original*

On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
registration number 458

..............................................
Certified Auditor No. 90118
Renata Kucharska

*Signed on the Polish original*

On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
registration number 458

..............................................
Certified Auditor No. 90066
Arkadiusz Cieślik, Director

2 August 2010
Cracow, Poland

# STALEXPORT AUTOSTRADY S.A.

## CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

## for the six-month period ended 30 June 2010

**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

## Condensed unconsolidated interim statement of comprehensive income
### for the six-month period ended

| *In thousands of PLN, unless stated otherwise* | *30 June 2010* | *30 June 2009* |
|---|---|---|
| Revenue | 1 581 | 1 586 |
| Cost of sales | (1 542) | (1 335) |
| **Gross profit/(loss)** | **39** | **251** |
| Other income | 442 | 4 145 |
| Administrative expenses | (4 411) | (3 558) |
| Other expenses | (82) | (320) |
| **Results from operating activities** | **(4 012)** | **518** |
| Finance income | 7 411 | 5 849 |
| Finance expenses | (1 574) | (6 659) |
| **Net finance income/(expense)** | **5 837** | **(810)** |
| **Profit/(loss) before income tax** | **1 825** | **(292)** |
| Income tax expense | - | - |
| **Profit/(loss) for the period** | **1 825** | **(292)** |
| **Other comprehensive income** | | |
| Net change in fair value of available-for-sale financial assets | (634) | 2 170 |
| **Other comprehensive income for the period, net of income tax** | **(634)** | **2 170** |
| **Total comprehensive income for the period** | **1 191** | **1 878** |
| **Earnings per share** | | |
| Basic earnings per share (PLN) | 0,01 | (0,00) |
| Diluted earnings per share (PLN) | 0,01 | (0,00) |

## Condensed unconsolidated interim statement of financial position
**as at**

| *In thousands of PLN* | *Note* | *30 June 2010* | *31 December 2009* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 1 417 | 1 510 |
| Intangible assets | | 238 | 260 |
| Prepaid perpetual usufruct of land | | 116 | 116 |
| Investment property | | 4 165 | 4 318 |
| Investments in subsidiaries and associates | 2 | 54 355 | 53 580 |
| Other long-term investments | | 2 600 | 2 600 |
| **Total non-current assets** | | **62 891** | **62 384** |
| | | | |
| **Current assets** | | | |
| Short-term investments | | 57 247 | 54 649 |
| Trade and other receivables | | 51 228 | 52 886 |
| Cash and cash equivalents | | 83 504 | 91 299 |
| **Total current assets** | | **191 979** | **198 834** |
| | | | |
| **Total assets** | | **254 870** | **261 218** |

## Condensed unconsolidated interim statement of financial position
**as at**

| *In thousands of PLN* | *30 June 2010* | *31 December 2009* |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | 494 524 | 494 524 |
| Share capital revaluation adjustment | 18 235 | 18 235 |
| Treasury shares | (20) | (20) |
| Share premium reserve | 20 916 | 20 916 |
| Fair value reserve | (3 527) | (2 893) |
| Uncovered losses | (336 903) | (338 728) |
| **Total equity** | **193 225** | **192 034** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Employee benefits | 406 | 390 |
| Other non-current liabilities | 40 060 | 46 556 |
| **Total non-current liabilities** | **40 466** | **46 946** |
| **Current liabilities** | | |
| Loans and borrowings | 6 390 | 6 315 |
| Trade and other payables | 14 630 | 15 547 |
| Employee benefits | 106 | 269 |
| Provisions | 53 | 107 |
| **Total current liabilities** | **21 179** | **22 238** |
| **Total liabilities** | **61 645** | **69 184** |
| **Total equity and liabilities** | **254 870** | **261 218** |

## Condensed unconsolidated interim statement of cash flows
### for the six-month period ended

| *In thousands of PLN* | *30 June 2010* | *30 June 2009* |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit/(loss) before income tax** | **1 825** | **(292)** |
| | | |
| **Adjustments for:** | | |
| Depreciation and amortisation | 305 | 289 |
| (Profit)/loss on investment activity | (1 888) | 3 110 |
| (Gain)/loss on sale of property, plant and equipment and intangible assets | - | 130 |
| Interest and dividends | (4 106) | (2 057) |
| Change in trade and other receivables | 1 658 | (1 533) |
| Change in trade and other payables | (7 578) | (7 262) |
| Change in provisions | (54) | - |
| | | |
| **Net cash from operating activities** | **(9 838)** | **(7 615)** |
| | | |
| **Cash flows from investing activities** | | |
| **Investment proceeds** | **13 807** | **4 138** |
| Proceeds from sale of intangible assets and property, plant and equipment | - | 1 |
| Dividends received | 2 008 | 143 |
| Interest received | 2 218 | 2 054 |
| Proceeds from sale of financial assets | 9 581 | - |
| Other proceeds from financial assets | - | 1 940 |
| | | |
| **Investment expenditures** | **(11 719)** | **(22 261)** |
| Acquisition of intangible assets and property, plant and equipment | (19) | (235) |
| Acquisition of financial assets | (11 700) | (10 000) |
| Other expenditures | - | (12 026) |
| | | |
| **Net cash from investing activities** | **2 088** | **(18 123)** |
| | | |
| **Cash flows from financing activities** | | |
| **Financial proceeds** | **-** | **-** |
| | | |
| **Financial expenditures** | **(45)** | **(137)** |
| Interest paid | (45) | (137) |
| | | |
| **Net cash from (used in) financing activities** | **(45)** | **(137)** |
| | | |
| **Net increase (decrease) in cash and cash equivalents** | **(7 795)** | **(25 875)** |
| **Change in cash as in statement of financial position** | **(7 795)** | **(25 875)** |
| **Cash and cash equivalents net of bank overdraft at 1 January** | **91 299** | **88 925** |
| **Cash and cash equivalents net of bank overdraft at 30 June, including:** | **83 504** | **63 050** |
| Restricted cash and cash equivalents | 65 | 82 |

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

## Condensed unconsolidated interim statement of changes in equity

*In thousands of PLN*

| | Share capital | Share capital revaluation adjustment | Treasury shares | Share premium reserve | Fair value reserve | Uncovered losses | Total equity |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2009** | **494 524** | **18 235** | **(20)** | **20 916** | **(1 718)** | **(344 150)** | **187 787** |
| ***Profit/(loss) for the period*** | - | - | - | - | - | *(292)* | *(292)* |
| ***Other comprehensive income for the period, net of income tax*** | - | - | - | - | *2 170* | - | *2 170* |
| Net change in fair value of available-for-sale financial assets | - | - | - | - | 2 170 | - | **2 170** |
| ***Total comprehensive income for the period*** | - | - | - | - | *2 170* | *(292)* | *1 878* |
| **As at 30 June 2009** | **494 524** | **18 235** | **(20)** | **20 916** | **452** | **(344 442)** | **191 835** |

| | Share capital | Share capital revaluation adjustment | Treasury shares | Share premium reserve | Fair value reserve | Uncovered losses | Total equity |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2010** | **494 524** | **18 235** | **(20)** | **20 916** | **(2 893)** | **(338 728)** | **192 034** |
| ***Profit/(loss) for the period*** | - | - | - | - | - | *1 825* | *1 825* |
| ***Other comprehensive income for the period, net of income tax*** | - | - | - | - | *(634)* | - | *(634)* |
| Net change in fair value of available-for-sale financial assets | - | - | - | - | (634) | - | *(634)* |
| ***Total comprehensive income for the period*** | - | - | - | - | *(634)* | *1 825* | *1 191* |
| **As at 30 June 2010** | **494 524** | **18 235** | **(20)** | **20 916** | **(3 527)** | **(336 903)** | **193 225** |

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

## 1. Accounting principles

The Company applied accounting principles identical to the ones used for preparation of financial statements for the year ended 31 December 2009. The condensed unconsolidated interim financial statements should be analyzed together with condensed consolidated interim financial statements prepared for the six-month period ended 30 June 2010.

## 2. Investments in subsidiaries and associates

Investments in subsidiaries and associates relate to the following companies:

| | Cost | Impairment loss | Carrying amount | Ownership |
|---|---|---|---|---|
| **30 June 2010** | | | | |
| Stalexport Autostrada Dolnośląska S.A. | 40 102 | (15 763) | 24 339 | 100,00% |
| Petrostal S.A. w likwidacji | 1 727 | (1 727) | - | 100,00% |
| Stalexport Wielkopolska Sp. z o.o. w upadłości | 12 072 | (12 072) | - | 97,96% |
| Stalexport Autoroute S.a r.l | 29 886 | - | 29 886 | 100,00% |
| Biuro Centrum Sp. z o.o. | 62 | - | 62 | 74,38% |
| Autostrada Mazowsze S.A. | 199 | (131) | 68 | 30,00% |
| **Total** | **84 048** | **(29 693)** | **54 355** | |
| **31 December 2009** | | | | |
| Stalexport Autostrada Dolnośląska S.A. | 40 102 | (16 586) | 23 516 | 100,00% |
| Petrostal S.A. w likwidacji | 1 727 | (1 727) | - | 100,00% |
| Stalexport Wielkopolska Sp. z o.o. w upadłości | 12 072 | (12 072) | - | 97,96% |
| Stalexport Autoroute S.a r.l | 29 886 | - | 29 886 | 100,00% |
| Biuro Centrum Sp. z o.o. | 62 | - | 62 | 74,38% |
| Autostrada Mazowsze S.A. | 199 | (83) | 116 | 30,00% |
| **Total** | **84 048** | **(30 468)** | **53 580** | |

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

| | Ownership | Assets | Liabilities | Equity | Revenue | Profit or loss |
|---|---|---|---|---|---|---|
| **30 June 2010** | | | | | | |
| Grupa Kapitałowa Stalexport Autostrada Dolnośląska S.A. | 100,00% | 24 507 | - | 24 507 | - | 309 |
| Stalexport Autoroute S.a r.l | 100,00% | 199 531 | 34 | 199 497 | - | 1 902 |
| Biuro Centrum Sp. z o.o. | 74,38% | 1 734 | 1 143 | 591 | 5 007 | 68 |
| Autostrada Mazowsze S.A. | 30,00% | 217 | 18 | 199 | - | (187) |
| **Total** | | **225 989** | **1 195** | **224 794** | **5 007** | **2 092** |
| **31 December 2009** | | | | | | |
| Grupa Kapitałowa Stalexport Autostrada Dolnośląska S.A. | 100,00% | 24 237 | 38 | 24 199 | 801 | (2 708) |
| Stalexport Autoroute S.a r.l | 100,00% | 197 909 | 30 | 197 879 | - | 4 521 |
| Biuro Centrum Sp. z o.o. | 74,38% | 1 353 | 815 | 538 | 9 246 | (83) |
| Autostrada Mazowsze S.A. | 30,00% | 1 212 | 826 | 386 | - | (3 937) |
| **Total** | | **224 711** | **1 709** | **223 002** | **10 047** | **(2 207)** |

As the result of half-year valuation of investments, the Entity reversed impairment losses in amount of TPLN 823 in relation to Stalexport Autostrada Dolnośląska S.A.'s shares, concurrently recognizing an additional impairment loss of TPLN 48 in relation to Autostrada Mazowsze S.A's shares.

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

## 3. Transactions with related parties

### a. Intergroup receivables and liabilities

| 30 June 2010 | Receivables | Payables | Loans and borrowings |
|---|---|---|---|
| Atlantia SpA | - | 17 | - |
| Stalexport Autostrada Małopolska S.A. | 36 702 | - | - |
| Stalexport Transroute Autostrada S.A. | 95 | - | - |
| Stalexport Autostrada Dolnośląska S.A. | - | - | 6 390 |
| Biuro Centrum Spółka z o.o. | 1 | 7 | - |
| **Total** | **36 798** | **24** | **6 390** |

| 31 December 2009 | Receivables | Payables | Loans and borrowings |
|---|---|---|---|
| Atlantia SpA | - | 16 | - |
| Stalexport Autostrada Małopolska S.A. | 35 298 | - | - |
| Stalexport Transroute Autostrada S.A. | 89 | - | - |
| Stalexport Autostrada Dolnośląska S.A. | - | - | 6 315 |
| Biuro Centrum Spółka z o.o. | 29 | 5 | - |
| Autostrada Mazowsze S.A. | - | 2 | - |
| **Total** | **35 416** | **23** | **6 315** |

Receivables from Stalexport Autostrada Małopolska S.A. result from the agreement on transfer of the capital expenditures of Phase I, related to adoption of the motorway to toll motorway requirements.

### b. Transactions with related parties

| I semester 2010 | Revenue | Finance income | Cost of sales | Finance expenses |
|---|---|---|---|---|
| Stalexport Autostrada Małopolska S.A. | - | 1 404 | - | - |
| Stalexport Transroute Autostrada S.A. | 122 | - | - | - |
| Stalexport Autostrada Dolnośląska S.A. | 37 | 823 | - | (120) |
| Stalexport Autoroute S.a.r.l | - | 2 000 | - | - |
| Biuro Centrum Spółka z o.o. | 98 | - | (1 592) | - |
| Stalexport Autostrada Śląska S.A. | 6 | - | - | - |
| Autostrada Mazowsze S.A. | 31 | - | - | (48) |
| **Total** | **294** | **4 227** | **(1 592)** | **(168)** |

| I semester 2009 | Revenue | Other income | Finance income | Cost of sales | Finance expenses |
|---|---|---|---|---|---|
| Stalexport Autostrada Małopolska S.A. | - | - | 1 777 | - | - |
| Stalexport Transroute Autostrada S.A. | 114 | - | - | - | - |
| Stalexport Autostrada Dolnośląska S.A. | 57 | - | - | - | (4 596) |
| Biuro Centrum Spółka z o.o. | 36 | 40 | 143 | (1 426) | - |
| Stalexport Autostrada Śląska S.A. | 8 | - | - | - | - |
| Autostrada Mazowsze S.A. | 53 | - | - | - | - |
| Wycliffe Management Sp. z o.o. | - | - | - | (71) | - |
| **Total** | **268** | **40** | **1 920** | **(1 497)** | **(4 596)** |

# MANAGEMENT BOARD'S REPORT

FROM THE ACTIVITIES OF

# STALEXPORT AUTOSTRADY S.A. GROUP

IN 1ST SEMESTER 2010

KATOWICE, AUGUST 2, 2010

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*(This document is a free translation of the Polish original.
The binding Polish original should be referred to in matters of interpretation.)*

## List of Tables



## List of Drawings





*(This document is a free translation of the Polish original.
The binding Polish original should be referred to in matters of interpretation.)*

## Definitions and abbreviations

The table below presents the definition of abbreviations used in this Document.

| | |
|---|---|
| STX Autostrady, Company, Issuer | Stalexport Autostrady S.A. with its registered office in Katowice |
| Capital Group, CG, GK STX Autostrady | Stalexport Autostrady S.A. Group in Katowice |
| SAM | Stalexport Autostrada Małopolska SA with its registered office in Mysłowice |
| STA | Stalexport Transroute Autostrada S.A. with its registered office in Mysłowice |
| SAD | Stalexport Autostrada Dolnośląska SA with its registered office in Katowice |
| AMSA | Autostrada Mazowsze SA with its registered office in Katowice |
| STX Autoroute | Stalexport Autoroute S.a.r.l. with its registered office in Luxemburg |
| Biuro Centrum | Biuro Centrum Sp. z o.o. with its registered office in Katowicach |
| Atlantia | Atlantia S.p.A with its registered office in Rome (Italy) |
| ASPI | Autostrade per l'Italia S.p.A with its registered office in Rome (Italy) |
| GDDKiA | General Directorate of Domestic Roads and Motorways |
| Concession Agreement | The Concession Contract dated September 19, 1997 on building through conversion of A4 motorway section: Katowice (Murckowska junction, km 340,2) – Kraków (Balice junction, km 401,1) to the toll motorway standards and motorway operation on this section, including amendments made based on the appendices, which rights and obligations were totally passed from STX Autostrady to SAM on July 26, 2004. |
| IFRS | International Financial Reporting Standards |
| IFRIC, Committee | International Financial Reporting Interpretations Committee |
| IFRIC12 | Interpretation of IFRIC dated November 30, 2006, concerning application of IFRS by companies involved in service concession arrangements |
| KPMG | KPMG Audyt Sp. z o.o. with its registered office in Warsaw |
| GM | General Meeting |
| PPP | Public-Private Partnership |
| Document, Report | Management Board's Report from activities of Stalexport Autostrady S.A. Group in the 1st semester 2010 |
| Ksh | Commercial companies code |



*(This document is a free translation of the Polish original.*
*The binding Polish original should be referred to in matters of interpretation.)*

## Letter from the President of Managing Board

Ladies and Gentlemen,
Dear Shareholders,

I hereby provide you with the Report of the Management Board from the activities of the GK STX Autostrady for the first half of the year 2010.

I have the pleasure to inform you that both the Company and the Capital Group achieved a net profit for the first half of 2010, at the same time reaching better results than in the similar period of the previous year. I would also like to remind you that in the year 2009, in order to reduce the cost of personnel, we started the process of consolidating the management positions in the Capital Group. That process has been continued also throughout the first half of this year. Thanks to that, besides measurable financial savings, which will partly provide results even this year, and fully in the years to follow, we significantly enhanced management efficiency, through improved information flow and co-ordination of activities between companies belonging to the Capital Group. As a result of those and other changes in the organization, we achieved a structure capable of reacting quickly and flexibly to changes in the economic environment.

In line with the Enactment of the EC Commission No. 254/2009 of March 25, 2009, the Group applied for the first time, for the turnover year commencing on January 1, 2010 the principles stipulated in IFRIC 12, which had significant influence upon the shape of this consolidated financial report. As a result of the retrospective consideration of the changes in the accounting policy principles, resulting from the implementation of IFRIC 12, also the financial reports for the historic periods have been transformed, which has been presented in detail in the Abbreviated mid-year consolidated financial report of the Group for the six months, ending on June 30, 2010. The presentation illustrating the impact of IFRIC 12 upon consolidated financial reports of the GK STX Autostrady is available at the website of the Company (www.stalexport-autostrady.pl) in the bookmark „Financial Reports" 2010 and in the „Press Centre" under the date of 2010-05-12.

The Management Board of STX Autostrady attaches much importance to the application of transparent principles of running business activities, the expression of which is the Code of Ethics, approved in the Company in December 2009, applicable starting on January 1, 2010, which reflects ethical values professed by the GK STX Autostrady. The Code has the aim of simplifying unequivocal interpretation of the basic values followed by the firm, it reinforces the corporate culture and serves as a tool in the process of building and maintaining the reputation of the Capital Group. The contents of the Code of Ethics are available at the website of the Company www.stalexport-autostrady.pl in the bookmark „Corporate governance".

*Dear Shareholders,*

At present we focus our work in the Capital Group upon the project related to the tender for construction/ installation and operation of electronic toll collection in Poland (National Toll Collection System). In that undertaking, we are supported by our main shareholder, namely Autostrade per l'Italia S.p.A (ASPI), which has extensive many years' experience in that respect. I would like to assure you that we will do everything possible to turn the results of our activities into a source of value growth of the Company and the GK STX Autostrady.

I hereby express our thanks to the Shareholders, Supervisory Board, and other Stakeholders for their co-operation and trust which they constantly provide for the Company Stalexport Autostrady and for the entire Capital Group.

Sincerely yours,

Best regards,

President of the Management Board
CEO

……………………………………

/Emil Wąsacz/



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*The binding Polish original should be referred to in matters of interpretation.)*

# 1. Basic information on the GK STX Autostrady

## 1.1. Introduction

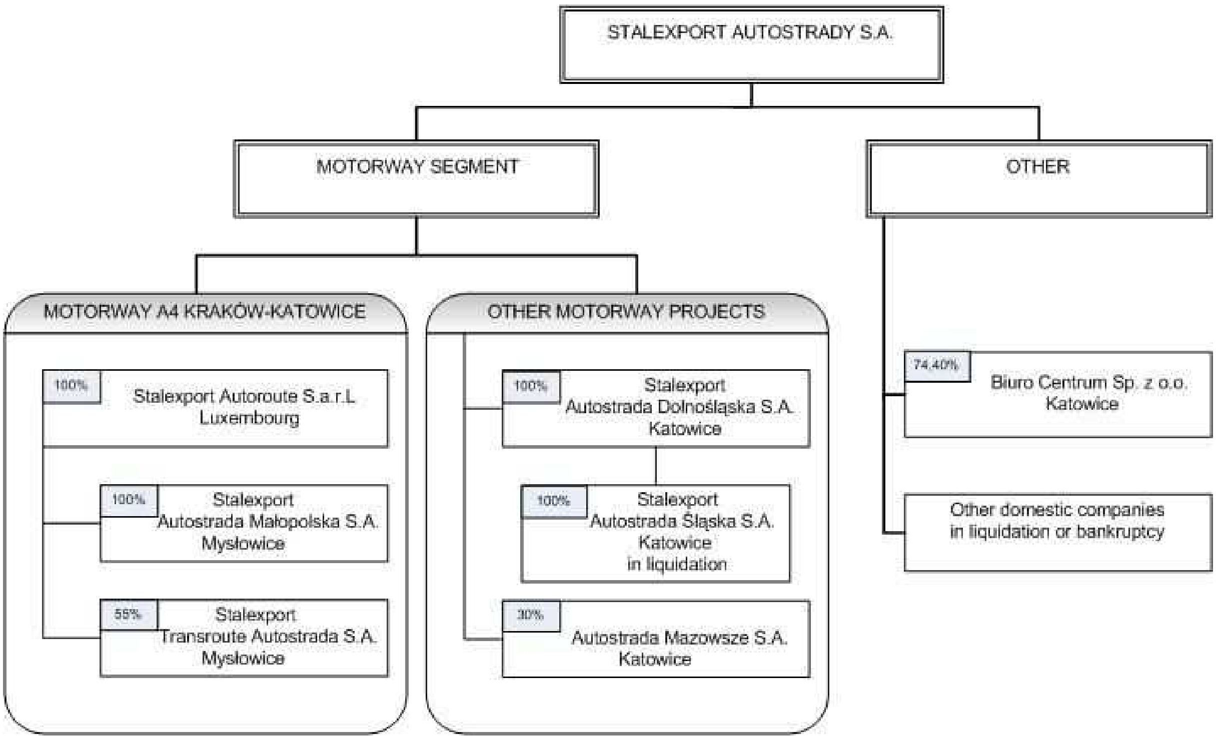
The activities of the Company and the entities comprising its Capital Group focus only on motorway business which includes:

- operation and maintenance of the A4 motorway section Katowice-Kraków. The activities are conducted by SAM and STA as well as by holding special purpose vehicle STX Autoroute;
- participation in selected tenders for the construction and / or operations of other motorway sections. Except for the Company, those tasks are also implemented by SAD and AMSA.

Additionally, owing to the fact that the GK STX Autostrady co-owns an office building in the centre of Katowice, it provides services related to leasing office space and parking places. These activities are carried out by the Company itself, as the owner of the property, as well as by its subsidiary Biuro Centrum, as the property manager.

The chart below presents the organisational structure of the GK STX Autostrady broken down into core area of activities: (i) motorway segment; and (ii) other activities.

**Chart 1 Organisational scheme of the GK STX Autostrady as at June 30, 2010**




Source: Company own materials

The table below presents the basic consolidated financial data of GK STX Autostrady as well as the data of three biggest entities from the Capital Group: STX Autostrady, SAM and STA. For comparative purposes, the results recorded by the companies in 1st semester 2010 are presented alongside their results from the earlier period, i.e. 1st semester 2009 – comparability assured, which were transformed related to implementation of IFRIC 12.



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**Table 1 Basic financial data of GK STX Autostrady and the most important entities from the Capital Group [in kPLN]**

| | Capital Group | | STX Autostrady | | SAM | | STA | |
|---|---|---|---|---|---|---|---|---|
| **Selected items from balance sheet** | 30.06.2010 | 31.12.09 | 30.06.10 | 31.12.09 | 30.06.10 | 31.12.09 | 30.06.10 | 31.12.09 |
| Non-current assets | 850 899 | 858 627 | 62 891 | 62 384 | 839 621 | 846 795 | 2 504 | 2 726 |
| Current assets | 248 911 | 219 270 | 191 979 | 198 834 | 66 299 | 30 265 | 11 101 | 9 601 |
| Equity | 176 155 | 172 867 | 193 227 | 192 034 | 3 921 | 204 | 6 251 | 8 032 |
| Non-current liabilities | 768 122 | 772 791 | 40 466 | 46 946 | 727 044 | 725 106 | 612 | 738 |
| Current liablities | 155 533 | 132 239 | 21 179 | 22 238 | 174 955 | 151 750 | 6 742 | 3 557 |
| **Selected items from profit & loss** | 1H2010 | 1H2009 | 1H2010 | 1H2009 | 1H2010 | 1H2009 | 1H2010 | 1H2009 |
| Revenue on sales | 75 232 | 65 193 | 1 581 | 1 586 | 70 208 | 59 733 | 15 875 | 14 854 |
| Gross sale proft (loss) | 33 183 | 27 040 | 39 | 251 | 24 061 | 18 850 | 7 940 | 6 972 |
| EBITDA | 52 439 | 46 083 | -3 707 | 807 | 50 178 | 41 930 | 6 079 | 5 488 |
| Profit (loss) from operating activity | 19 182 | 18 554 | -4 012 | 518 | 17 556 | 15 255 | 5 796 | 5 000 |
| Net financial income (espenses) | -4 679 | -16 642 | 5 837 | -810 | -7 430 | -19 739 | 1 | -53 |
| Net profit (loss) | 11 166 | 1 368 | 1 825 | -292 | 7 994 | -3 632 | 4 692 | 3 986 |
| EBIT margin | 25% | 28% | -254% | 33% | 25% | 26% | 37% | 34% |
| ROE | 6% | 1% | 1% | 0% | 204% | - | 75% | 50% |

*EBITDA = EBIT + amortization + increase in provision – reversal of provision from operating activity*
*EBIT margin =profit from operating activities / revenue on sales x 100%*
*ROE (return on equity) = net profit / equity x 100%*

- *transformed financial statement including IFRIC12*

Source: Company own materials

## 1.2. Stalexport Autostrady S.A.

ul. Mickiewicza 29
40-085 Katowice
tel. +(48) 32 251 21 81
fax +(48) 32 207 23 83

**Management Board:**
Emil Wąsacz – President of the Management Board, General Director
Mieczysław Skołożyński – Vice-President of the Management Board, Financial Director
Wojciech Gębicki - Vice-President of the Management Board, Operating Director

**KRS:** 0000016854
District Court in Katowice 8th Business Department of the National Court Register

**NIP (tax identification number):** 634-013-42-11

STX Autostrady (formerly Stalexport S.A.) commenced its operations on January 1, 1963 as Przedsiębiorstwo Handlu Zagranicznego „Stalexport". It specialised in exporting and importing steel products as well as importing raw materials for the Polish steel industry. In 1993, the company was transformed into a Company wholly owned by the State Treasury and privatised, while as of October 26, 1994 the shares of the Company are listed at the Warsaw Stock Exchange.

In 1997, the STX Autostrady won a tender process and was granted a concession to construct, adapt and operate A4 toll motorway section Katowice-Kraków (61km long) for the period of 30 years (in 2004, the concession was transferred to an entity created solely for this purpose, namely Stalexport Autostrada Małopolska S.A). Since then the activities of the Company focused on two main areas, i.e. motorway services and commercial activities including exporting, importing and trading in Polish steel products, steel raw materials as well as steel products processing.

Starting from the half of 2006, the Company has been a part of an Italian Capital Group Atlantia S.p.A with its registered office located in Rome. The group manages a network of more than 4,200km of toll motorways in Europe, the USA, Brazil and Chile and is a leader with respect to automatic motorway toll collections systems. Atlantia S.p.A is listed at the stock exchange in Milan and its market value amounts to ca. EUR 9 bn as at the day of the preparation of this Report.

The strategic investor allowed the STX Autostrady to acquire in total PLN 269,700k in

**REGON (statistical number):** 271936361

**Share capital:**
PLN 494,524,046 paid in full
www.stalexport-autostrady.pl

cash as a result of the share capital increase.

At the first stage, the funds were earmarked to the financial restructuring, while the remaining funds were used to cover the own contribution of the Company into the planned motorway projects. One of the elements of the restructuring process included the separation and sale of the steel part. Since October 1, 2009 the Company has focused only on activities related to the construction and operations of toll motorways as well as to the lease of office space in the office building at ul. Mickiewicza 29 in Katowice. The building is co-owned by the Company and is a seat of its registered office.

Selected financial data of the Company are presented in a table at the beginning of this chapter.

## 1.3. Entities covered by the consolidation and the methods of their consolidation

STX Autostrady is the dominant company and it draws up the consolidated financial statement. The entities covered by the consolidation as at June 30, 2010, except for the dominant entity are described in the below table.

**Table 2 Companies covered by the consolidation, consolidation methods description**

| Entity | Seat | Consolidation method | Share in capital | Number of votes | Date of control |
|---|---|---|---|---|---|
| **STX Autoroute** | Luksemburg | full | 100% | 100% | 2005 |
| **SAM** | Mysłowice | full | 100%* | 100%* | 1998 |
| **STA** | Mysłowice | full | 55%* | 55%* | 1998 |
| **SAD** | Katowice | full | 100% | 100% | 1997 |
| **Biuro Centrum** | Katowice | full | 74,38% | 74,38% | 2007 |
| **AMSA** | Katowice | Ownership right | 30%** | 30%** | 2007 |
| **SAŚ in liquidation*** ** | Katowice | full | 100%** | 100%** | 2008 |

* *via STX Autoroute*
** *via SAD*
*** *On May 31, 2010 the Extraordinary General Assembly (Meeting) of Shareholders of Stalexport Autostrada Śląska S.A. in liquidation approved the liquidation report, as well as report of the Liquidator concerning the activity of that company for the period between January 1 and May 28, 2010. In connection with the completion of the liquidation proceedings, on June 9, 2010 a motion was lodged to cross out that entity from the State Court Register. The mid-year consolidated financial report of GK STX Autostrady comprises the financial results of the company Stalexport Autostrada Śląska S.A. in liquidation, disclosed in the liquidation report of the same company.*

Source: Company own materials

## 1.4. Description of other companies of the GK STX Autostrady

### 1.4.1. Stalexport Autoroute S.a.r.l.

412F, route d'Esch
L-2086 Luxembourg

**registered under** B 113660 in Registre de Commerce et des Sociétés de Luxembourg

**Share capital:**
EUR 47,565,000

**Ownership structure:**
100% - STX Autostrady

Stalexport Autoroute S.a.r.l. with its registered office in Luxemburg was set up on December 30, 2005. Establishing this entity was one of the basic requirements for Stalexport Autostrada Małopolska S.A. to reach financial close, namely conclude a long-term loan agreement with a consortium of banks. On the basis of the aforementioned loan agreement, the Company acquired PLN 380m which was necessary to finance the modernisation of road surface and bridge structures of the A4 motorway section Katowice-Kraków.

Apart from holding shares in Stalexport Autostrada Małopolska S.A. as well as in Stalexport Transroute Autostrada S.A., the entity does not conduct any operational activities in order to efficiently implement securities package (pledge on shares) for the above-mentioned loan agreement.

### 1.4.2. Stalexport Autostrada Małopolska S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 76 27 555
fax +(48) 32 76 27 556

Stalexport Autostrada Małopolska S.A. was established on the basis of a notarial deed on December 19, 1997 as a company, which at that time was intended as a special purpose vehicle in the project of managing A4 motorway section Katowice-Kraków. Statutory activities of this entity comprise managing motorway projects as well as all

**Management Board:**
Wojciech Gębicki – President of the Management Board
Mariusz Serwa – Vice-President of the Management Board, Financial Director
Paweł Kocot – member of the Management Board

**KRS**: 0000026895
District Court in Katowice 8th Business Department of the National Court Register

**NIP**: 634-22-62-054
**REGON**: 273796214

**Share capital:** PLN 29,553,000

**Ownership structure:**
100% - STX Autostrady
(through STX Autoroute)

www.autostrada-a4.pl

tasks resulting from the applicable concession agreement, which includes managing the construction, adaptation to the requirements of a toll motorway and operation of the A4 motorway section Katowice-Kraków (the afore-mentioned concession was initially granted to STX Autostrady, later to be transferred to SAM pursuant to the decision of the Minister of Infrastructure of July 28, 2004).

Pursuant to that concession agreement, SAM was authorised to collect lease fee and toll for driving the motorway. In line with the provisions of the agreement the entity is, on the other hand, obliged to provide continuous maintenance of the motorway and continue other necessary investment activities.

On March 21, 2005, annex no. 5 to the concession agreement was signed, and upon signing all appendices – on October 17, 2005 – the agreement has entered into force. It allowed for financial close in the form of a long-term loan allocated to refinancing of stage 1, implemented by STX Autostrady as well as for further financing of investment works as prescribed in the concession agreement.

Investment processes which are currently delivered by the entity at the A4 section Katowice-Kraków result from the obligation stipulated by the provisions of the concession agreement. The works are mainly connected with the renovation of road surface and bridge structures, construction of some motorway junctions as well as with environment protection: motorway drainage system, animal crossings and acoustic screens.

SAM finances its operations with revenues generated from toll collection, lease fees as well as with inflows from the concluded loan agreement. The loan agreement concluded in December 2005 with a consortium of banks, allowed SAM to obtain external financing up to PLN 380m of the assumed investment programme. At the end of 1st half 2010 the nominal value of the loan funds which were utilised stood at PLN 150,000k.

Selected financial data of SAM are presented in a table at the beginning of this chapter.

### 1.4.3. Stalexport Transroute Autostrada S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 76 27 350
fax +(48) 32 76 27 355

**Management Board:**
Henry Skiba – President of the Management Board
Mieczysław Skołożyński – Vice-President of the Management Board

**KRS**: 0000162861
District Court in Katowice 8th Business Department of the National Court Register

**NIP**: 634-22-98-951
**REGON**: 276194390

**Share capital** PLN 500,000

**Ownership structure**:
55% - STX Autostrady (through STX Autoroute)
45% - Transroute International S.A. (France)

www.sta.pl

Stalexport Transroute Autostrada S.A. with its registered office in Mysłowice was established on the basis of a notarial deed on May 14, 1998. The activities of STA are related to the operation of the A-4 toll motorway section Katowice-Kraków. The entity renders its services to its only customer, namely SAM, which is the managing entity with respect to this motorway section pursuant to the concession agreement. For its services, the entity receives lump-sum remuneration, the value of which mainly depends on the level of traffic on the motorway and the rate of inflation.

The main tasks realised by STA comprise the services of continuous operation and maintenance of the A-4 toll motorway section (Katowice-Kraków), including:

- operation of the toll collection system;
- management of motorway traffic;
- maintenance of the facilities of the motorway in proper technical condition;
- comprehensive maintenance of the entire motorway lane;
- winter maintenance of the motorway;
- management and consulting, in particular with respect to future renovations and renewal of the surface and projects related to improving the standard of the road.

Moreover, STA executes the following tasks related to safety and road traffic which are equally important:

- 24h/day motorway patrols, which in cooperation with the Motorway Management Centre ensure very quick incidents detection;
- operation of the SOS telephone system alongside motorway lane;
- cooperation with the police and other services in maintaining motorway throughput in the case of collisions, accidents or other incidents.

Selected financial data of STA are presented in a table at the beginning of this chapter.

### 1.4.4. Stalexport Autostrada Dolnośląska S.A.

ul. Mickiewicza 29
40-085 Katowice
tel. +(48) 32 207 21 64
fax +(48) 32 207 26 17

**Management Board**
Zbigniew Czapla-Nowicki – President of the Management Board
Marek Długajczyk – Vice-President of the Management Board

**KRS**: 0000066811
District Court in Katowice 8th Business Department of the National Court Register

**NIP**: 634-22-45-392
**REGON**: 273710840

**Share capital**: PLN 40,100,000

**Ownership structure**:
100% - STX Autostrady

Stalexport Autostrada Dolnośląska S.A. with its registered office in Katowice was established on the basis of a notarial deed on July 2, 1997. The main area of operations of SAD included winning and managing motorway projects as well as the participation in selected tenders for the construction and / or operation of the subsequent motorway sections. In 2008 – 1st half 2009 the company participated in two tender processes related to:

- adapting the A4 motorway section Wrocław-Sośnica (162km) to the toll motorway standards and the toll collection – GDDKiA selected the competitive bid. SAD lodged an appeal from that decision which was rejected. The claim in this matter was not settled by the Regional Court in Warsaw in favour SAD;
- adapting the A2 motorway section Konin-Stryków (103km) to the toll motorway standards and the toll collection – competitive bid was selected in this tender.

At the end of 1st half 2009 the Management Board of STX Autostrady S.A. decided to limit the operating activities of SAD. In future that entity as special purpose vehicle may participate in successive tenders in which the GK STX Autostrady will take part individually.
At present there are no employees in the company.

### 1.4.5. Autostrada Mazowsze S.A.

ul. Mickiewicza 29
40-085 Katowice
tel. +(48) 32 207 21 64
fax +(48) 32 207 26 17

**Management Board:**
Wojciech Gębicki – President of the Management Board
Zbigniew Czapla-Nowicki – Vice-President of the Management Board

**KRS**: 0000293547
District Court in Katowice 8th Business Department of the National Court Register

**NIP**: 634-26-58-065
**REGON**: 240781106

**Share capital**:
PLN 20,000,000

**Ownership structure**:
70% - Atlantia S.p.A.
30% - SAD

AMSA was established on the basis of a notarial deed of November 6, 2007, as a special purpose vehicle set up by the consortium of SAD and Atlantia for the purposes of a tender process carried out by GDDRM . The tender aimed at selecting the entity which will sign an agreement for the construction and operation of the A-2 motorway section Stryków-Konotopa. The negotiations with GDDKiA on agreeing the detailed stipulations of the draft contract ended with reaching agreement. So in December 2009 the ownership of shares of AMSA were transferred from SAD to STX Autostrady holding company.

The basic activity of AMSA is to be the management of motorway projects at the level of the Atlantia Capital Group. After the public party gave up the execution of the A2 motorway, section Stryków - Konotopa within the framework of PPP, AMSA made a bid in the tender for the execution of Electronic Toll Collection System.

On March 5, 2010 AMSA, as the leader of the syndicate (consortium), which also comprised Autostrade per l'Italia S.p.A., Asseco Polska S.A., Asseco Czech Republic A.S., as well as Fela Management AG, filed a pre-qualification bid in the limited tender organised by the General Directorate of National Roads and Motorways (GDDKiA) for the National Toll Collection System, including the activities related to Electronic Toll collection. Deadline for submission of offer to GDDKiA for the execution of that order expires on August 16, 2010. Selection of the contractor and signing of contract should take place in the 3rd quarter of 2010.

At the moment that entity does not have any employees.

### 1.4.6. Biuro Centrum Sp. z o.o.

ul. Mickiewicza 29
40-085 Katowice
tel. +(48) 32 207 22 08
fax +(48) 32 207 22 00

Biuro Centrum Sp. z o.o. was established on the basis of a notarial deed on June 9, 1994.

The main area of operations of Biuro Centrum is related to managing and technical

**Management Board:**
Ireneusz Sakowski – President of the Management Board

**KRS**: 0000087037
District Court in Katowice 8th Business Department of the National Court Register

**NIP**: 634-10-03422
**REGON**: 272254793

**Share capital**: PLN 80,000

**Ownership structure**:
74.4% - STX Autostrady
25.6% - WĘGLOKOKS S.A.

www.biurocentrum.com.pl

operation of the office and conference building in Katowice at ul. Mickiewicza 29.

Biuro Centrum guarantees high standards and professionalism in all services concerning property management and its technical operations. It has modern organisational, technical and office facilities.

The supplementary range of activities of Biuro Centrum includes catering services in *Restauracja pod wieżami* restaurant it runs as well as comprehensive services provided for the conference centre.

# 2. Essential information for the evaluation of the financial situation, assets situation and financial result of the GK STX Autostrady and their changes and essential information for the evaluation of the possibilities to execute liabilities by the Issuer and its Capital Group

## 2.1. IFRIC 12

Until the year 2005 companies listed on stock exchanges of the European Union applied different accounting standards from those binding in their home countries. As a result, the financial reports published by them contained data, the comparison of which posed numerous problems – also to experienced analysts of capital markets – and oftentimes happened to be impossible.

In order to standardise the principles, European Union introduced International Standards of Financial Statements (MSSF) as the only binding ones for preparation of consolidated financial reports by banks as well as by the issuers of stock permitted for public trading in one of the regulated markets of the European Economic Area (European Union member states plus Norway, Liechtenstein, Iceland). It is worthwhile stressing here that the notion of MSSF (International Standards of Financial Statements) comprises all the regulations which are the basis for the preparation of financial statements by companies listed on the stock exchange, thus not only the standards labelled with that application, but also all International Accounting Standards, as well as interpretations made on their basis. In turn, the only body authorised to issue binding interpretations of MSSF (International Standards of Financial Statements) is IFRIC. All the interpretations published by IFRIC have consecutive numbers attached.

On November 30, 2006 the Committee published the interpretation of IFRIC 12, referring to companies participating in the concession agreements for services. It contains the guidelines concerning running the accounting by entities participating in concession agreements for services, concluded between public and private sector.

In accordance with the Enactment of the Commission of European Communities No. 254/2009 of March 25, 2009, all the entities (units) apply IFRIC 12 at the latest with the commencing of the first turnover year that begins after the day of the enactment's coming into force, that is after March 28, 2009.

The concession granted to the Group, for using and making benefits from the real estates located within the Roadway of the Motorway A4, section Katowice-Kraków is within the scope of definition of concession for services described in IFRIC 12, thus starting from the turnover year 2010 the Group is obliged to apply the interpretation of IFRIC 12 when preparing financial statements. Due to retrospective consideration of changes of accounting policy, resulting from implementation of IFRIC 12 the Group also transformed the financial reports pertaining to historic periods.

Technical issues related to implementation of IFRIC 12 have been presented in detail in the financial statement.

## 2.2. Financial performance – description

The basic consolidated financial results of the STX Autostrady Capital Group achieved in the 1st semester of 2010 were presented in the below table. Beside quoted results achieved in the analogous period of the previous year were transformed related to implementation of IFRIC 12.

**Table 3 The profit and loss account of the STX Autostrady GK in 1st semesters of 2010 and 2009 – consolidated data**

| PLN'000 | 1H2010 | 1H2009 | *variation* |
|---|---|---|---|
| Revenue on sales | 75 232 | 65 193 | *15%* |
| Cost of sales | -42 049 | -38 153 | *10%* |
| **Gross sale profit (loss)** | **33 183** | **27 040** | ***23%*** |
| Other operating income | 2 150 | 5 583 | *-61%* |
| Cost of sales | 0 | 0 | - |
| General administrative expenses | -14 710 | -13 747 | *7%* |
| Other expenses | -1 441 | -322 | *348%* |
| **Profit (loss) from operating activities** | **19 182** | **18 554** | ***3%*** |
| Financial income | 20 217 | 4 861 | *316%* |
| Financial expenses | -24 896 | -21 503 | *16%* |
| **Net financial income (expenses)** | **-4 679** | **-16 642** | ***-72%*** |
| Share in profit (loss) of associated entities | -56 | -397 | *-86%* |
| **Profit (loss) befor tax** | **14 447** | **1 515** | ***854%*** |
| Income tax | -3 281 | -147 | *2132%* |
| **Net profit (loss)** | **11 166** | **1 368** | ***716%*** |

Source: own study

As a result of the activities of the Capital Group (GK) STX Autostrady carried out in the first half of the year 2010, the group revealed a consolidated net profit in the amount of 11,166 thousand PLN (Polish zloty), which was eight times higher than in the same period of the previous year. That increase was mainly the result of two factors: (i) increase of tolls collected for using the toll-section of the A4 motorway, and - as a result - higher revenues generated on tolls, and (ii) reduction of the negative balance on financial activity, due to reassessment of payments due to concession for motorway operation.

The main influence upon the financial results of the Capital Group (GK) STX Autostrady is that of the motorway activity, which consists of managing and operating the toll section of motorway A-4, Katowice-Kraków, executed by the dependent company SAM, within the framework of the Concession Agreement it signed, binding until 2027. Having in mind the perceptible improvement of journey comfort when travelling the toll section of the motorway, the long time over which the tolls remained at the same nominal level, the necessity of providing sources of financing for an extensive investment programme, as well as the suitable return rate on the capital invested, expected by shareholders, the Group STX Autostrady took a decision to raise, starting on December 1, 2009, the tolls for passing each of the two toll-collection plazas:

- from 6.50PLN to 8.00PLN for light vehicles (automobiles);
- from 12.50PLN to 13.50PLN for heavy vehicles (trucks and lorries), which are not subject of the obligation of purchasing vignettes.

In the first half of 2010 the Capital Group (GK) STX Autostrady generated revenues from toll collection in the amount of 70,206 thousand PLN, whereas during the same period of the previous year such revenues amounted to 59,727 thousand PLN. The increase of revenues on tolls was mainly the effect of raising the rates for travelling the motorway, but also was due to increased truck and lorry traffic, in comparison with the same period of the previous year.

In comparison with the same period of the previous year, in the first half of 2010 the traffic of heavy vehicles which actually paid the toll increased by 31%, largely due to presence of vehicles that have the total mass between 3.5 and 12.5 tonnes, which vehicles lost the ability of using vignettes. It is worthwhile to add, that in the period discussed here also the indexing of the payments for vehicles covered by the vignette system took place. Besides toll collection, additional revenues were generated for operation of the motorway, amounting to 266 thousand PLN.

**Table 4 Structure of toll revenues in 1st semesters of 2010 and 2009**

| PLN'000 | 1H2010 | 1H2009 | *variation* |
|---|---|---|---|
| Toll revenues from light vehicles | 49 293 | 41 366 | 19% |
| Toll revenues from heavy vehicles | 3 949 | 2 870 | 38% |
| Revenues from vignette vehicles | 16 964 | 15 491 | 10% |
| *refund for vehicles exempted from toll* | *16 964* | *16 443* | *3%* |
| *provision for renegotiation of vignette rates* | *0* | *-952* | *-100%* |
| **Total** | **70 206** | **59 727** | **18%** |

Source: own study

Besides the motorway-related activity, revenues on sales for the Capital Group (GK) STX Autostrady, in the amount of 4,760 thousand PLN were due to management of a real property and renting out office space. In the first half of 2010 their value increased by 3% in comparison with the same period of the previous year.

In the first half of 2010 the other revenues amounted to 2,150 thousand PLN, of which:

- 1,096 thousand PLN were rents for the use of real properties located in the roadway of motorway A4, section Katowice – Kraków;
- 392 thousand PLN were revenues due to refund of the VAT;
- 257 thousand PLN were revenues due to the dissolution of the updated provisions for fixed assets in construction;
- 405 thousand PLN were other revenues, not listed under the bullet points above.

It should be mentioned here that in the previous periods other revenues comprised relatively high revenues, due to the recovered trade-related and tax-related receivables, connected with the trade activity in which the company had been previously involved. In congruence with the previous estimations made by the Management Board of STX Autostrady, revenues of that type presently have but a slight influence upon the results generated by the Group.

In the first half of 2010 the costs of operations of Capital Group (GK) STX Autostrady amounted to a total of 58,200 thousand PLN and were by more than 11% higher than in the same period of the previous year. The cost increase noted was mainly due to reassessment of provisions made for planned further pavement replacement. Due to the change of interest rates used for calculation of discount, the total value of provisions made for pavement replacement increase by 3,261 thousand PLN in the first half of 2010, in comparison with the same period of the previous year.

Over the period analysed, the cost of management of the Capital Group amounted to 14,710 thousand PLN, that is 7% more than in the first half of 2009. That has been the result of, among other things, comprising in the SAM costs of work related to the replacement of vertical signs on the motorway, higher costs of financial advising and services of Independent Engineer, as well as provisions set up for future bonuses. The amount of other costs was 1,441 thousand PLN in total, of which 1,300 thousand PLN were provisions set up by SAM due to the penalty imposed by the Office for Protection of Competition and Consumers (UOKiK) because of over-use the monopolist position on the A-4 motorway. The decision of the Court for Protection of Competition and Consumers (Sąd Ochrony Konkurencji i Konsumentów) od May 10, 2010, confirming the decision of the Office for Protection of Competition and Consumers (UOKiK) of April 28, 2008, was appealed against to the Court of Appeal (Sąd Apelacyjny) in Warszawa. In the opinion of Group Management Board, there are no justified reasons for imposing upon SAM a penalty because of over-use of monopolist position, as that entity has been carrying out its activities on the basis of agreement with the Ministry of Infrastructure, and is involved in activities – among other repairs and toll collection – for which it has been obliged by the Concession Agreement. For that reason, there are real chances for the Court of Appeal to annul the penalty imposed upon SAM by the Office for Protection of Competition and Consumers (UOKiK).

Due to the fact that the above factors influence the revenue and cost sides, in the first half of 2010 the consolidated profit of the Group on operations amounted to 19,182 thousand PLN and was by 3% higher than in the same period of the previous year.

In the first of 2010 the Capital Group (GK) STX Autostrady had a negative balance on financial activities: the financial revenues achieved, in the amount of 20,217 thousand PLN were lower than the financial costs (24,896 thousand PLN). The level of financial revenues was mainly influenced by the re-assessment – related to the change in the payment schedule to the National Road Fund (Krajowy Fundusz Drogowy – of the liability due to the Concession Agreement, for the amount of 15,804 thousand PLN. On the other hand, the financial costs have been decisively influenced by the discounting of liabilities and reserves (provisions) in the total amount of 16,950 thousand PLN, of which: (i) 13,122 thousand PLN applied to provisions for construction works of phase II on the motorway;(ii) 3,598 thousand PLN concerned the liabilities towards State Treasury due to payments for concession and (iii) 230 thousand PLN applied to provision for replacement of pavement.

Moreover, among financial revenues there is interest on time deposits, in the amount of 3,163 thousand PLN, as well as profit from investments in investment funds, in the amount of 889 thousand PLN. Among other financial costs, important items included interest on the loan (4,363 thousand PLN) and interest on liabilities due to sureties, towards to State Treasury (1,447 thousand PLN).

It is worth mentioning here that, in line with the International Accounting Standards and International Financial Reporting Standards, both the debt subordinated to the National Road Fund (Krajowy Fundusz Drogowy) due to the loan provided by the European Bank of Reconstruction and Development, as well as the provisions made for pavement replacement and construction works are revealed by the Capital Group in its financial reports in their current value. That amount thus demonstrates the nominal value of a given liability or expected expenditure discounted for the day on which the financial statements are prepared, using the market discount rate.

## 2.3. State of affairs

The synthetic balance sheet of the STX Autostrady Capital Group, including its structure and its trend, is presented in the table below.

**Table 5 Synthetic balance sheet of STX Autostrady GK as at June 30, 2010 & December 31st 2010 – consolidated**

| PLN'000 | 30.06.2010 | 31.12.2009 | *Trend 2010/2009* | Structure 30.06.2010 | Structure 31.12.2009 |
|---|---|---|---|---|---|
| Non-current assets | 850 899 | 858 627 | *-1%* | 77% | 80% |
| Current assets | 248 911 | 219 270 | *14%* | 23% | 20% |
| Equity | 176 155 | 172 867 | *2%* | 16% | 16% |
| Non-current liabilities | 768 122 | 772 791 | *-1%* | 70% | 72% |
| Current liabilities | 155 533 | 132 239 | *18%* | 14% | 12% |
| **Balance sum** | **1 099 810** | **1 077 897** | ***2%*** | | |

Source: own study

In the analysed period, the value of the balance sheet total increased by 2%, mainly as a result of increase in circulating assets and short term liabilities.

In the first half of 2010 the value of fixed assets reached the amount of 850,899 thousand PLN, being slightly decreased due to depreciation of intangible and legal assets which, after the transformations of the balance sheet in line with the guidelines included in IFRIC 12 – constituted the main item (721,711 thousand PLN) not only of fixed assets, but also of total assets. Another important item of fixed assets are assets due to deferred income tax, the value of which amounted to 86,085 thousand PLN at the end of the first half of 2010.

In the structure of circulating assets, the most important item is cash, in the amount of 165,299 thousand PLN, the value of which increased in the analysed period by 34,453 thousand PLN. That has been the consequence of drawing further tranches (portions) of a bank loan for investments executed at the section of A4 motorway: Katowice-Kraków. Another important short-term asset item are investments, for the total amount of 60,983 thousand PLN, which are made up of means kept at investment funds, amounting to 55,428 thousand PLN as well as shares of the following companies: (i) Centrozap S.A. (3,913 thousand PLN); and (ii) Beskidzki Dom Maklerski S.A. (1,642 thousand PLN) meant for sale.



*(This document is a free translation of the Polish original.
The binding Polish original should be referred to in matters of interpretation.)*

As on 30th June 2010 the liabilities in total of the Capital Group amounted to 923,655 thousand PLN, out of which non-current liabilities constituted 83% . The main liabilities are comprised of:

- provisions in the amount of 518,190 thousand PLN set up for construction works of phase II;
- debt subordinated to the National Road Fund (KFD) by virtue of the concession included in the balance sheet in the discounted value of 126,714 thousand PLN;
- bank loan used in the amount of 143,824 thousand PLN (including interest and prepayment of financing costs) appropriated for financing the investment conducted on the A-4 Katowice-Kraków motorway section;
- liabilities towards the State Treasury by virtue of the guarantees granted to Ostrowiec Mill S.A. in the amount of 53,053 thousand PLN;
- liabilities, guaranty deposits and costs retained by virtue of construction contracts in a total amount of 19,382 thousand PLN;
- provisions in the amount of 22,948 thousand PLN set up for the replacement of pavement;
- prepayments by virtue of deferred settlement obtained compensation for mining damages and rents for the use of real properties located in the motorway A4, section Katowice – Kraków, in total amount of 14,270 thousand PLN.

Increase in the level of liabilities observed over the first half of 2010 resulted mainly from drawing further tranches (portions) of a bank loan, the total amount of which was 20,000 thousand PLN, it was also caused by re-assessment of the provisions for construction works and replacement of pavement. Within the same liabilities, re-classification has been performed, from long term to short term liabilities, concerning the provisions for construction works of phase II, in the amount of 39,378 thousand PLN.

# 3. Other information on the GK STX Autostrady

## 3.1. Information on concluded agreements significant for the Capital Group's operations, including the agreements, the Company is knowledgeable about, concluded between the shareholders, insurance agreements or cooperation agreements

In the reporting period there were no such agreements.

## 3.2. Information on the changes in organizational or capital relations of the Capital Group with other entities

On May 11, 2010 the Management Board of STX Autostrady received from Kairos Investment Management Limited with seat in London a notification on an increase in shareholding in the Company by KIM S.p.A. with seat in Milan.

Referring to the aforementioned notification, prior to May 6, 2010 KIM SpA with its seat in Milan held 12,326,534 shares (and the same number of votes) of STX Autostrady S.A., which represented 4,99 % of the Company's share capital ( and in the total number of votes) across the following funds:

1. Kairos Fund Ltd. – 9,178,432 shares (3.71%),
2. Kairos Focus Fund Ltd. – 2,129,295 shares (0.86 %),
3. Kairos Centauro - 1,018,807 shares (0.41%).

Due to an acquisition of the Company's shares on May 6, 2010, KIM S.p.A holds at present 12,391,265 shares (and the same number of votes) of Stalexport Autostrady S.A., which represents 5,01 % of the Company's share capital (and in the total number of votes) across the following funds:

1. Kairos Fund Ltd. – 9,178,432 shares (3.71%),
2. Kairos Focus Fund Ltd. – 2,129,295 shares (0.86 %),
3. Kairos Centauro – 1,083.538 shares (0.44%).

There were not other similar changes in the reporting period.

## 3.3. Information regarding transactions concluded by the Company or by its subsidiary with related entities on non-market terms

All transactions concluded by STX Autostrady or by its subordinate unit with related entities were made on market terms. However, the Management Board of STX Autostrady would like to point out two important contracts concluded between the Company's subordinate units and related entities.

The first of them is the Maintenance and Operation Contract, concluded originally in 1998 between STX Autostrady and STA. Current contract was signed between SAM and STA on March 21, 2006. The Maintenance and Operation Contract was concluded for the validity period of the Licence Agreement (until 2027), and it strictly concerns the work related to the A-4 license project, including the toll collection services and running maintenance and operation of the motorway (with winter season maintenance). In compliance with project finance principles, the running maintenance and operation services directly related to the investment project, are usually, for the period of its implementation, contracted with a specially separated project company (commonly referred to as "the operator") in order to limit the operator risks solely to the separated investment project. Thus the operator's activity is focused on a given project, and the operator entity becomes part of the financial security system for the bank-granted credit. The contractual level of operator remuneration is a long-term risk separator with regard to volatile market prices of maintenance and operation, and ensures a continuity of services and operation during the long period of investment project implementation. The value of transactions concluded between SAM and STA pursuant to the said contract amounted to 15,539 thousands PLN in 1st semester 2010.

Due to the specific nature and scope of the above-mentioned contract, as well as the limited market for such services, it is difficult to refer the Contract's provisions to actual conditions obtainable on the so-called free market. Nonetheless, in the opinion of the Company's Management Board the said Contract was concluded on market terms, and its provisions do not diverge from the conditions obtainable by Group-external entities, were they a party to this contract.

Another contract to be mentioned here is Contract No. F2b-1-2009 signed by SAM and Pavimental S.p.A. (entity of the Atlantia capital group - Atlantia owns 100% of ASPI stock, and ASPI owns 71.6% of Pavimental stock), concerning the restoration of 22 bridges in A-4 motorway. Contractor of this project was selected on the basis of a two-stage procurement procedure whose conditions were agreed upon with GDDKiA (in accordance with the provisions of the License Agreement, the Licensee shall choose each contractor in a procurement procedure, and GDDKiA reserves the right to verify the criteria and procurement conditions before each procurement is announced).
The announcement on tender was published in the Official Journal of the European Union – a Supplement to the Offical Jurnal of the European Union No. TED-publication 2009/S123-179334-PL dated July 1, 2009. In response to the announcement, a pre-qualification application has been filed by: (i) Budimex Dromex S.A.; (ii) WARBUD S.A. (iii) consortium Pavimental S.p.A. and Pavimental Polska Sp. z o.o., as well as (iv) Sinohydro Corporation Ltd. from China. The pre-qualification stage has been overcome positively by the first three companies, and ultimately the offers have been made by: (i) Budimex Dromex S.A.; (ii) WARBUD S.A. as well as (iii) consortium Pavimental S.p.A. and Pavimental Polska Sp. z o.o. As a result of the tender procedure, comprising assessment of quality criteria as well as price criterion, the offer made by the consortium Pavimental S.p.A. and Pavimental Polska Sp. z o.o. has been considered the most advantageous, and that entity has been selected the contract Provider. The total value of contracted works amounts to 103,194,265.00 PLN net. The instructions to start work were given on December 22, 2009, and the Contract is expected to be completed in the year 2012. In that case, having in mind the procedure of selecting the entity to execute the Contract, in the opinion of the Company's Management Board its conditions should be considered market-oriented.

In connection with the execution of Contract No. F2b-1-2009, in the first half of 2010 the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o., preparatory work has been executed for the benefit of SAM, which work has not been invoiced.

## 3.4. Information on suretyships and guarantees granted and obtained in the turnover year, in particular suretyships and guarantees granted to affiliated entities.

In the reporting period no suretyships or guarantees were granted.

## 3.5. Information on the issuance of securities along with the description of the utilization of inflows from the issuance by the Company

In the reporting period the Company did not issue any securities.

## 3.6. significant for the evaluation of the HR matters of the GK STX Autostrady

(i) Organizational scheme of STX Autostrady

Organizational scheme of the Company changed in 1st half changed slightly and its current status is presented in Chart 2.

The employment increased and as at June 30, 2010 and amounted to 26 persons (25 full time jobs).



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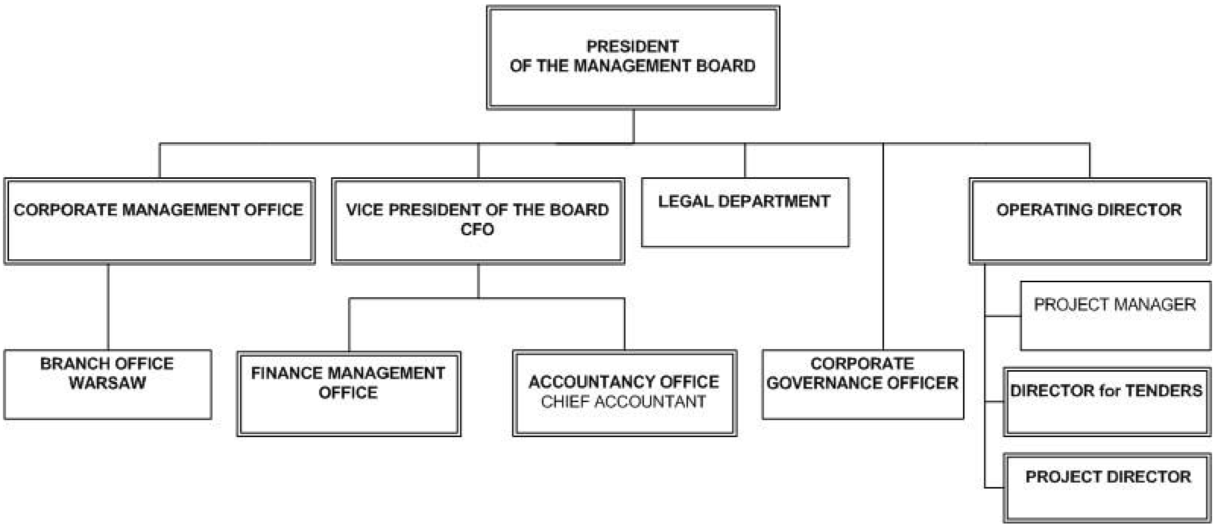
**Chart 2 STX Autostrady organizational scheme as at June 30, 2009**




: Company's materials

The structure of the Capital Group along with the description of its companies is presented in points 1.1 to 1.4 of this Report.

(ii) Employment in the Capital Group

In the 1st semester 2010 the consolidation process of management posts in the Capital Group, launched in the second half of 2009 to limit the personal costs, was carried on, and:

1) Mr. Wojciech Gębicki acts as: Vice-President of STX Autostrady's Management Board, President of AMSA's Management Board and President of SAM's Management Board,
2) Mr. Mieczysław Skołożyński acts as: Vice-President of STX Autostrady's Management Board and Vice-President of STA's Management Board,
3) Mr. Zbigniew Czapla-Nowicki acts as: Project Director in STX Autostrady, Vice-President of AMSA's Management Board and President of SAD's Management Board,
4) Mr. Marek Długajczyk acts as: Director of Finance Management in STX Autostrady and Vice-President of SAD's Management Board,
5) Mr. Ireneusz Sakowski acts as: Director for Tenders in STX Autostrady and President of the Management Board of Biuro Centrum.

As at June 30, 2010 there are 271 employees in the CG STX Autostrady including 6 managing persons (top management ) and 22 middle managers (director and managers). While as at June 30, 2009 there were 287 employees, including 10 managing persons (top management) and 36 middle managers (director and managers). So one can notice the decline by more than 5 % in employment in the CG, and nearly by 40 % in the group of managing persons and middle managers.

(iii) The changes in the composition of the persons managing and supervising the Company and its Capital Group in the reporting period

## STX Autostrady

### a) Management Board

Pursuant to §10 of the Company's Statutes, the Management Board consists of 1 - 3 persons. President of the Management Board is appointed by the Supervisory Board, the other members of the Board are appointed by the Supervisory Board, upon the motion of the President of Management Board. Joint term of the Management Board's members lasts three successive years and their mandates expire on the day of the General Meeting approving the financial statement for the last full turnover year of performing the function of the Board's member.

In the reporting period the composition of the Management Board did not change and it was as follows:

| | | | |
|---|---|---|---|
| 1. | Emil | Wąsacz | - President of the Management Board |
| 2. | Mieczysław | Skołożyński | - Vice-President of the Management Board |
| 3. | Wojciech | Gębicki | - Vice-President of the Management Board |

### b) Supervisory Board

Pursuant §14 of the Company's Statutes, Supervisory Board consists of 5 – 9 persons appointed for the joint term of three years. General Meeting appoints and recalls the members of Supervisory Board fixing first their number for a given term. General Meeting on March 30, 2010 in the resolution no 22 decided that the Supervisory Board of VII term will consist of eight members.

From January 1, 2010 to the day of drawing up the report, the Supervisory Board' s composition was changing.

From January 1, 2010 to March 30, 2010 the Board consisted of seven persons:

| | | | |
|---|---|---|---|
| 1. | Roberto | Mengucci | - Chairman |
| 2. | Aleksander | Galos | - Vice-Chairman |
| 3. | Michelangelo | Damasco | - Secretary |
| 4. | Dario | Cipriani | |
| 5. | Costantino | Ivoi | |
| 6. | Massimo | Lapucci | |
| 7. | Tadeusz | Włudyka | |

On March 30, 2010 the Ordinary General Meeting appointed the members of the Supervisory Board for VII term, i.e.:

| | | | |
|---|---|---|---|
| 1. | Roberto | Mengucci | - Chairman |
| 2. | Aleksander | Galos | - Vice-Chairman |
| 3. | Michelangelo | Damasco | - Secretary |
| 4. | Dario | Cipriani | |
| 5. | Costantino | Ivoi | |
| 6. | Christopher | Melnyk | |
| 7. | Massimo | Lapucci | |
| 8. | Tadeusz | Włudyka | |

On April 15, 2010 the first meeting of the Supervisory Board of VII term was held on which Mr. Roberto Mengucci was re-elected the Chairman of the Supervisory Board.



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As at January 1, 2010 the committees of the Supervisory Board acted in the following composition:

1) Audit Committee:
   - Massimo Lapucci – Chairman;
   - Dario V.Cipriani;
   - .Costantino Ivoi.

2) Management Board's Remuneration Committee:
   - Roberto Mengucci – Chairman;
   - Costantino Ivoi
   - Aleksander Galos;
   - Tadeusz Włudyka.

On April 15, 2010 the members of the Supervisory Board in resolutions no 22/2010 and 23/2010 appointed the unchanged compositions of the Audit and Remuneration Committees for VII term of the Supervisory Board – however Mr Costantino Ivoi was appointed the new chairman of the Audit Committee.

As at June 30, 2010 the Committees of the Supervisory Board acted in the composition:

1) Audit Committee:
   - Costantino Ivoi - Chairman;
   - Dario V.Cipriani;
   - Massimo Lapucci.

3) Remuneration Committee:
   - Roberto Mengucci – Chairman;
   - Costantino Ivoi
   - Aleksander Galos;
   - Tadeusz Włudyka.

**STA**

On March 19, 2010 the composition of the Management Board of STA was changed. Mr. Henri Skiba was appointed the President of the Management Board of STA on behalf of EGIS Road Operation, and Mr. Mieczysław Skołożyński was appointed Vice-President of the Management Board, on behalf of Stalexport Autoroute S.a.r.l.

The Supervisory Board was also changed: Mr. Mieczysław Skołożyński was replaced by Mr. Emil Wąsacz who was appointed President of the Supervisory Board, and Mr. Mariusz Serwa was replaced by Mr. Wojciech Gębicki who was appointed the Secretary of the Supervisory Board.

The new Management Board of STA changed the organizational structure of the company by forming a new post of Managing Director subordinated directly to the Company's Management Board and Mr. Andrzej Łopuszyński was appointed to that post; so far he performed the function of Vice-President of the Management Board of STA.
At present the the Supervisory Board of STA is composed of:

- Emil Wąsacz – chairman of the Supervisory Board (appointed by Stalexport Autoroute S.a.r.l.)
- Wojciech Gębicki – secretary of the Supervisory Board (appointed by Stalexport Autoroute S.a.r.l.)
- Costantino Ivoi – member of the Supervisory Board (appointed by Stalexport Autoroute S.a.r.l.)
- Francois Bienvenue – vice-charman of the Supervisory Board (appointed by Egis Road Operation)
- Yannick Mallet – member of the Supervisory Board (appointed by Egis Road Operation)
- Krzysztof Bernatowicz - member of the Supervisory Board (appointed by Egis Road Operation)

**SAD**

As Mr. Andrzej Kluba resigned from the function of the President of the Management Board of SAD on February 1, 2010, the new Management Board of SAD was appointed and it is composed of: Mr. Zbigniew Czapla-Nowicki – President of the Management Board and Mr. Marek Długajczyk - Vice-President of the Management Board.

**AMSA**

As Mr. Andrzej Kluba resigned from the function of the Supervisory Board's Chairman on February 1, 2010, the Management Board of AMSA was appointed and it is composed of: Mr. Wojciech Gębicki – President of the Management Board and Mr. Zbigniew Czapla-Nowicki – Vice-President of the Management Board.

On February 8, 2010 the General Meeting of AMSA appointed the Supervisory Board composed of:

- Mieczysław Skołożyński – Chairman of the Supervisory Board
- Andrzej Bartosiak vel Adamiak – Vice-Chairman of the Supervisory Board
- Katarzyna Bijak – Secretary

In other companies of GK STX Autostrady there were no changes in the persons managing and supervising the companies.

## 3.7. Company's shares as well as stocks in the entities connected with the Company held by the GK STX Autostrady managing and supervising persons

The number along with the nominal value of STX Autostrady shares held by the persons managing and supervising the Company and the Capital Group, are specified on the base of the statements submitted by particular persons. The table below presents the data as at June 30, 2010 (and as on the day of publication of the Report).

**Table 6 Number and nominal value of STX Autostrady shares held by the Capital Group's managing and supervising persons**

| Item | Name and surname | Number of shares [items] | Nominal value [in PLN] |
|---|---|---|---|
| 1. | Emil Wąsacz | 59,000 | 118,000 |
| 2. | Wojciech Gębicki | 19,000 | 38,000 |
| 3. | Dario V.Cipriani | 10 | 20 |
| 4. | Katarzyna Bijak | 2,000 | 4,000 |
| 5. | Marek Długajczyk | 2,067 | 4,134 |

Source: own study based on the statements submitted by the Capital Group's managing and supervising persons

The persons managing and supervising the companies of the GK STX Autostrady do not hold any stocks or shares in entities affiliated with STX Autostrady.

## 3.8. Shareholders holding directly or indirectly significant block of shares along with showing the number of shares held by these entities, their percent share in equity, number of votes resulting from them and their share in % in total number of votes at the general meeting of the Company

The shareholders holding at least 5% in total number of votes at the Company's general meeting as at June 30, 2010 and on the day of publishing the Report are presented in the table below.



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**Table 7 List of shareholders of STX Autostrady holding significant block of shares of the Company**

| Name of the entity | Number of ordinary bearer shares [units] | Share in share capital [%] | Number of votes at GM | Share in the total number of votes at the GM |
|---|---|---|---|---|
| Autostrade per l'Italia S.p.A. | 139,059,182 | 56.24 % | 139,059,182 | 56.24 % |
| Bank Ochrony Środowiska S.A. | 12,810,333 | 5.18 % | 12,810,333 | 5.18 % |
| Kairos Investment Management SpA | 12,391,265 | 5.01.% | 12,391,265 | 5.01 % |
| Other shareholders | 83,001,243 | 33.57 % | 83,001,243 | 33.57 % |
| **Total** | **247,262,023** | **100.00%** | **247,262,023** | **100.00%** |

Source: Own study

## 3.9. Information on judicial proceedings pending in court, proper authority for the arbitration proceedings or the authority of the public administration

The Company is not a Party of any proceedings in common, arbitration court of law, and also the bodies of the public administration in cases, in which the value of the subject of the dispute exceeds the amount constituting at least 10% of the equity of the Company. It concerns both a single case and all the cases conducted by the Company and against the Company.

Also the Companies of the Capital Group are not the Parties of any proceedings – except for SAM - in common, arbitration court of law, and also the bodies of the public administration in cases, in which the value of the subject of the dispute exceeds the amount constituting at least 10 % of their equity.

SAM:

1) On sentence dated December 18, 2009 of the District Court in Katowice I Civil department upon the action of CTL Maczki Bór Sp. z o.o. against SAM, State Treasury and STX Autostrady for usage of land located in the roadstrip of motorway – the Court adjudged from SAM for CTL Maczki Bór Sp. z o.o. an amount of PLN 995,593.28 along with the statutory interest as from April 3, 2007. The sentence is not legally valid. On January 25, 2010 SAM lodged an appeal against the sentence.

2) On May 10, 2010 Court for Consumer and Competition Protection maintained in force the decision of Antimonopoly Office dated 28.04.2008 imposing:
   - payment by SAM a penalty of PLN 1,3 million for exercise of monopolistic position on A4 motorway Katowice-Kraków;
   - abandoning monopolistic position, understood as charging of full toll rates during the repairs of the motorway.

   On June 28, 2010 SAM filed in Administrative Court in Warsaw an appeal against the sentence.



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# 4. Description of the main risks and hazards as well as the characterization of the external and internal factors crucial for the development of the Company and the GK STX Autostrady Capital Group

- **Basic risk groups and threat groups for the activities run by the Company**

The motorway activity sphere is characterised by two main groups of risk: economic and political one. The main factor of **risk having economic character** at present is the economic slow-down, and general decrease of consumption, which is accompanied by deteriorated investment climate in the banking sector, including the increasing risk of financing long-term investments in infrastructure. The company is able to minimise such risk by co-operating with financial institutions, which possess thorough knowledge about the specificity of infrastructure-related projects and many years of experience in co-operating when financing such projects that have been executed by strategic investor, namely the company ASPI. Additional risk factor are the prices of services in construction sector, as well as concentration in the market of construction services in Poland. The company tries to counteract the above, among others by co-operating with other entities belong to the capital group ASPI, which specialise in road construction.

The main risk factors having **political character** are the inconsiderate attempts of changing the existing law as regards motorway issues, exerting pressure upon introducing changes to the conditions of the concession agreement, lack of institutional and legal stability of the environment regulating the infrastructure sector in Poland. The manifestations of that risk include: proposals of amendments to be introduced to certain acts of law, proposals of amendments to the Concession Agreement, prolongation in time or cancellation of tender proceedings, as well as frequent changes in the State policy towards the sector, or re-organising the institutions responsible for the sector regulation. The company attempts to counteract the above risks through: presentation of threats resulting from possible introduction of those changes, promotion of good practices, as well as institutional and legal solutions applied in other countries, and via active participation in social consultations over new legislative solutions pertaining to the sector.

- **External and internal factors valid for the development of the Company and Capital Group.**

(i) Proposal of the General Director of National Roads and Motorways and the Minister of Infrastructure, concerning making changes/ amendments to the Concession Agreement.

On January 13, 2010 the Management Board of the susidiary company SAM received from the General Director of National Roads and Motorways (GDDKiA) a proposal of introducing changes/ amendments to the Concession Agreement currently in force. The Management Board of SAM performed an analysis of the impact of the suggested changes upon the economic and legal situation of SAM and communicated its standpoint to GDDKiA. It should be stressed here, that introduction of any changes/ amendments to the Concession Agreement requires consent from the Management Board of SAM and its Supervisory Board, as well as consents from the banks financing that project.

The intention of the Management Board of SAM is not to introduce changes to the Concession Agreement, which could have a negative impact upon the existing or future economic and legal situation of SAM and the Capital Group STX Autostrady.

(ii) Other factors.

- On December 24, 2008 the Act of law of November 7, 2008 became binding, which changed the Act of law on public roads and some other Acts of law (Official Journal of Law (Dz.U.) No. 218 of 2008, item 1391). The coming into force of that Act of law caused the drivers of vehicles having the permissible total mass between 3.5t and 12.0t not to be obliged to purchase vignettes in order to make use of national roads, including motorways. After the above mentioned Act of law became binding, those users pay the current toll for travelling the motorway, while SAM is not entitled to refund for vignette-using vehicles, from the



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National Road Fund. The Capital Group has been continuously monitoring the influence of that Act of law upon the economic situation of the company.

- The Capital Group intends to monitor the progress of investment works carried out by the town of Jaworzno on the national road No. 79, in the aspect of potential influence of those works upon the level of traffic at the toll section of the motorway A4 (Katowice-Kraków).
- Moreover, the Capital Group intends to follow closely the course of legislative work related to the draft Act of law, submitted by MPs, on toll motorways and the National Road Fund, which among other things includes a stipulation on cancellation of tolls for the period of repairs. At the meeting of the sub-Commission of Infrastructure, held on February 18, 2010 that MP-submitted draft of the Act of law on changing the above mentioned Act of law.
- The Capital Group, together with the local administration of the Małopolskie province, and self-governments of towns adjacent to the A4 motorway, has been carrying out an analysis concerning the possibilities of speeding up the extension of Byczyna and Rudno exits/ entry points.

For the scope in which the other factors described in this point will exert a negative influence upon the economic situation of SAM, and in consequence the entire Capital Group, the Capital Group is entitled – on the basis of stipulations of the Concession Agreement – to approach the Minister of Infrastructure representing the State Treasury with a claim for full compensation.

## 5. Summary

Summing up GK STX Autostrady acting on motorway business is the entity with solid financial bases giving possibilities for future usually capital intensive projects related to the construction and management of the motorway network.

| Vice-President of Management Board | Vice-President of Management Board | President of Management Board |
|---|---|---|
| Operating Director | Financial Director | General Manager |
| ……………………………………… | ……………………………………… | ……………………………………… |
| /Wojciech Gębicki/ | /Mieczysław Skołożyński/ | /Emil Wąsacz/ |

Katowice, August 2, 2010



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# 6. Declarations

## 6.1. Declaration of the Management Board setting forth that according to their best knowledge, the semi-annual abridged consolidated financial statement as well as the comparable data have been drawn up in line with the applicable accounting standards and they give true, fair and clear view of the Capital Group 's state of affairs and its financial result, as well as the Management Board's semi-report on the activities of the Company's Capital Group comprises a true picture of the Company's Capital Group development and achievements and situation, including the description of basic risks.

**Declaration**

We hereby state that according to our best knowledge, the semi-annual abridged consolidated financial statement of the Company for 2010 as well as comparable data have been drawn up in line with the applicable accounting standards and they give true, fair and clear view of the GK STX Autostrady's state of affairs as well as its the financial result.

We also declare that the semi-annual report of the Management Board from the activities of the GK STX Autostrady reflects a true picture of the Capital Group's development, achievements and situation, including the description of basic risks and threats.

| | | |
|---|---|---|
| Vice-President of Management Board | Vice-President of Management Board | President of Management Board |
| Operating Director | Financial Director | General Manager |
| …………………………………… | …………………………………… | …………………………………… |
| /Wojciech Gębicki/ | /Mieczysław Skołożyński/ | /Emil Wąsacz/ |

Katowice, August 2, 2010



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## 6.2. Declaration of the Management Board stating that the entity entitled to audit the annual financial statements, reviewing the semi-annual abridged consolidated financial statement, has been selected in accordance with the provisions of law and that this entity as well as chartered auditors reviewing the statement have met the conditions regarding issuing impartial and independent report on reviewing the semi-annual abridged consolidated financial statement, in line with the appropriate provisions of the national law and the professional standards.

**Declaration**

We hereby state that KPMG Audyt Sp. z o.o. with its registered office in Warsaw, entitled to audit the financial statements, reviewing the semi-annual abridged consolidated financial statement for 2010, has been selected in accordance with the provisions of law i.e. pursuant to §18 section 3 item 8 of the Statutes of STX Autostrady.

At the same time we also declare that the above-mentioned entity and the chartered auditors reviewing the semi-annual abridged consolidated financial statement have met the conditions regarding issuing impartial and independent report on reviewing the semi-annual abridged consolidated financial statement, in line with the appropriate provisions of law and the professional standards.

| | | |
|---|---|---|
| Vice-President of Management Board | Vice-President of Management Board | President of Management Board |
| Operating Director | Financial Director | General Manager |
| …………………………………… | …………………………………… | …………………………………… |
| /Wojciech Gębicki/ | /Mieczysław Skołożyński/ | /Emil Wąsacz/ |

Katowice, August 2, 2010



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# Attachement 1 - selected financial data of GK STX Autostrady

**Table 8 Financial data concerning the condensed consolidated interim financial statements for the six-month period ended June 30, 2010**

| | TPLN | | TEUR | |
|---|---|---|---|---|
| | 1H2010 | 1H2009 | 1H 2010 | 1H2009 |
| Revenue on sales | 75 232 | 65 193 | 18 789 | 14 428 |
| Profit/(loss) from operating activities | 19 182 | 18 554 | 4 791 | 4 106 |
| Profit/(loss) before tax | 14 447 | 1 515 | 3 608 | 335 |
| Profit/(loss) for the period | 11 166 | 1 368 | 2 789 | 303 |
| Profit/(loss) for the period attributable to owners of the Parent | 9 041 | (419) | 2 258 | (93) |
| Weighted average number of shares at the end of the period (in thousands of shares) | 247 262 | 247 262 | 247 262 | 247 262 |
| Basic earnings per share (PLN/EUR) | 0,04 | (0,00) | 0,01 | (0,00) |
| Diluted earnings per share (PLN/EUR) | 0,04 | (0,00) | 0,01 | (0,00) |
| Net cash from operating activities | 51 525 | 19 762 | 12 868 | 4 374 |
| Net cash from investing activities | (30 290) | (32 580) | (7 565) | (7 211) |
| Net cash from financing activities | 13 218 | (6 316) | 3 301 | (1 398) |
| | 30.06.2010 | 31.12.2009 | 30.06.2010 | 31.12.2009 |
| Total assets | 1 099 810 | 1 077 897 | 265 283 | 262 377 |
| Non-current assets | 850 899 | 858 627 | 205 244 | 209 003 |
| Current assets | 248 911 | 219 270 | 60 039 | 53 374 |
| Total liabilities | 923 655 | 905 030 | 222 793 | 220 298 |
| Non-current liabilities | 768 122 | 772 791 | 185 277 | 188 109 |
| Current liabilities | 155 533 | 132 239 | 37 516 | 32 189 |
| Total equity | 176 155 | 172 867 | 42 490 | 42 079 |
| Equity attributable to equity holders of the Parent | 173 241 | 169 156 | 41 787 | 41 175 |
| Non-controlling interest | 2 914 | 3 711 | 703 | 903 |
| Issued share capital | 494 524 | 494 524 | 119 283 | 120 375 |

Sources: own study



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**Table 9 Financial data concerning the condensed unconsolidated interim financial statements for the six-month period ended June 30, 2010**

| | TPLN | | TEUR | |
|---|---|---|---|---|
| | 1H2010 | 1H 2009 | 1H2010 | 1H2009 |
| Revenue on sales | 1 581 | 1 586 | 395 | 351 |
| Profit/(loss) from operating activities | (4 012) | 518 | (1 002) | 115 |
| Profit/(loss) before tax | 1 825 | (292) | 456 | (65) |
| Profit/(loss) for the period | 1 825 | (292) | 456 | (65) |
| Weighted average number of shares at the end of the period (in thousands of shares) | 247 262 | 247 262 | 247 262 | 247 262 |
| Basic earnings per share (PLN/EUR) | 0,01 | (0,00) | 0,00 | (0,00) |
| Diluted earnings per share (PLN/EUR) | 0,01 | (0,00) | 0,00 | (0,00) |
| Net cash from operating activities | (9 838) | (7 615) | (2 457) | (1 685) |
| Net cash from investing activities | 2 088 | (18 123) | 521 | (4 011) |
| Net cash from financing activities | (45) | (137) | (11) | (30) |
| | 30.06.2010 | 31.12.2009 | 30.06.2010 | 31.12.2009 |
| Total assets | 254 870 | 261 218 | 61 477 | 63 585 |
| Non-current assets | 62 891 | 62 384 | 15 170 | 15 185 |
| Current assets | 191 979 | 198 834 | 46 307 | 48 399 |
| Total liabilities | 61 645 | 69 184 | 14 869 | 16 840 |
| Non-current liabilities | 40 466 | 46 946 | 9 761 | 11 427 |
| Current liabilities | 21 179 | 22 238 | 5 109 | 5 413 |
| Total equity | 193 225 | 192 034 | 46 607 | 46 744 |
| Issued share capital | 494 524 | 494 524 | 119 283 | 120 375 |

Sources: own study

Selected financial data has been translated to EUR according to following rules:

a) items of the statement of comprehensive income and the statement of cash flows for the Ist semester 2010 and I semester 2009 according to exchange rate, calculated as an average of average NBP exchange rates at the last day of every month comprising the accounting period, i.e. 4.004 PLN/EUR and 4.5184 PLN/EUR respectively;

b) items of the statement of financial position according to average NBP exchange rate at the reporting date i.e. 4.1458 PLN/EUR at June 30, 2010 and 4.1082 PLN/EUR at December 31, 2009 respectively.