STALEXPORT AUTOSTRADY S.A.
CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS
as at the day and for the year ended
31 December 2009

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

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Consolidated statement of comprehensive income
for the year ended

In thousands of PLN, unless stated otherwise	*Note*	*31 December 2009*	*31 December 2008*
Revenue	6	138 842	131 733
Cost of sales	6, 9	(68 261)	(61 472)
Gross profit		**70 581**	**70 261**
Other income	10	13 282	17 437
Administrative expenses	9	(32 915)	(31 853)
Other expenses	11	(1 948)	(911)
Results from operating activities		**49 000**	**54 934**
Finance income		9 572	13 206
Finance expenses		(20 386)	(26 365)
Net finance expense	12	**(10 814)**	**(13 159)**
Share of profit of equity accounted investees (net of income tax)		**(1 181)**	**(1 550)**
Profit before income tax		**37 005**	**40 225**
Income tax expense	13	(6 706)	(6 771)
Profit for the period		**30 299**	**33 454**
Other comprehensive income			
Foreign currency translation differences for foreign operations		(240)	493
Effective portion of changes in fair value of cash flow hedges		16 144	(17 462)
Net change in fair value of available-for-sale financial assets		(1 241)	(1 813)
Income tax on other comprehensive income		(3 067)	3 318
Other comprehensive income for the period, net of income tax		**11 596**	**(15 464)**
Total comprehensive income for the period		**41 895**	**17 990**
Profit attributable to:			
Owners of the Company		26 510	29 581
Minority interest		3 789	3 873
Profit for the period		**30 299**	**33 454**
Total comprehensive income attributable to:			
Owners of the Company		38 147	14 117
Minority interest		3 748	3 873
Total comprehensive income for the period		**41 895**	**17 990**
Earnings per share	25		
Basic earnings per share (PLN)		0,11	0,12
Diluted earnings per share (PLN)		0,11	0,12

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

Consolidated statement of financial position
as at

In thousands of PLN	*Note*	*31 December 2009*	*31 December 2008*
ASSETS			
Non-current assets			
Property, plant and equipment	14	509 927	469 610
Intangible assets	15	1 081	982
Prepaid perpetual usufruct of land		116	116
Investment property	16	4 318	4 609
Investments in associates	17	116	397
Other long-term investments	18	7 056	4 269
Long-term prepayments for commissions and other	19	6 341	7 363
Deferred tax assets	20	37 113	42 903
Total non-current assets		**566 068**	**530 249**
Current assets			
Inventories		1 813	1 647
Short-term investments	18	54 889	74 630
Income tax receivables	21	106	1 975
Trade and other receivables	22	31 432	27 719
Cash and cash equivalents	23	130 846	114 639
Short-term prepayments for commissions and other	19	184	108
Total current assets		**219 270**	**220 718**
Total assets		**785 338**	**750 967**

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

Consolidated statement of financial position
as at

In thousands of PLN	*Note*	*31 December 2009*	*31 December 2008*
EQUITY AND LIABILITIES			
Equity	24		
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	24b	(3 013)	(1 813)
Hedging reserve	24c	(1 067)	(14 144)
Other reserve capitals and supplementary capital		161 643	140 042
Foreign currency translation reserve		167	387
Retained earnings and uncovered losses		(320 871)	(325 760)
Total equity attributable to owners of the Company		**370 514**	**332 367**
Minority interest		3 711	3 753
Total equity		**374 225**	**336 120**
Liabilities			
Non-current liabilities			
Loans and borrowings	26	128 216	69 040
Finance lease liabilities	27	646	660
Employee benefits liabilities	28	497	592
Deferred income and government grants	30	14 796	15 849
Other non-current liabilities	29	185 475	191 853
Provisions	31	6 508	4 646
Total non-current liabilities		**336 138**	**282 640**
Current liabilities			
Loans and borrowings	26	1 470	1 488
Finance lease liabilities	27	270	1 420
Derivative financial instruments	33d, 34c	1 599	17 461
Income tax liabilities	21	28	423
Trade and other payables	32	65 724	49 271
Employee benefits liabilities	28	269	81
Deferred income and government grants	30	1 053	1 053
Provisions	31	4 562	61 010
Total current liabilities		**74 975**	**132 207**
Total liabilities		**411 113**	**414 847**
Total equity and liabilities		**785 338**	**750 967**

Consolidated statement of cash flows
for the year ended

In thousands of PLN	*Note*	*31 December 2009*	*31 December 2008*
Cash flows from operating activities			
Profit before income tax		**37 005**	**40 225**
Adjustments for:			
Depreciation and amortisation	9	28 352	23 328
Impairment of property, plant and equipment and intangible assets		53	(555)
Profit/(loss) from currency translation		(241)	493
Profit on investment activity		(3 439)	(2 398)
Profit/(loss) on sale of property, plant and equipment and intangible assets		138	(264)
Interest and dividends		2 901	(147)
Share in profit/(loss) of associated entities		1 181	1 550
Change in receivables		(3 713)	6 575
Change in inventories		(166)	147
Change in prepayments for commissions and other		946	(1 219)
Change in trade and other payables		(8 351)	(31 181)
Change in provisions		(54 586)	7 457
Change in deferred income and government grants		(1 053)	(1 053)
Proceeds/(expenditures) related to collateral requested by creditors		(2 787)	(22)
Other		-	(111)
Cash generated from operating activities		**(3 760)**	**42 825**
Income tax paid		(2 509)	(15 536)
Net cash from operating activities		**(6 269)**	**27 289**

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

Consolidated statement of cash flows
for the year ended

In thousands of PLN	*Note*	*31 December 2009*	*31 December 2008*
Cash flows from investing activities			
Investment proceeds		**36 931**	**147 764**
Sale of intangible assets and property, plant and equipment		106	307
Sale of discontinued activity		-	138 700
Dividends received		85	181
Interest received		4 800	8 264
Disposal of financial assets		30 000	23
Net cash and cash equivalents acquired due to obtaining control over subsidiary		-	289
Other proceeds		1 940	-
Investment expenditures		**(61 654)**	**(94 426)**
Acquisition of intangible assets and property, plant and equipment		(50 754)	(74 339)
Net cash expense due to loss of control over subsidiary		-	(1 454)
Acquisition of subsidiary treasury shares		-	(493)
Acquisition of financial assets		(10 000)	(15 000)
Other expenditures		(900)	(3 140)
Net cash from investing activities		**(24 723)**	**53 338**
Cash flows from financing activities			
Financial proceeds		**60 000**	**-**
Loans and borrowings drawn		60 000	-
Financial expenditures		**(12 800)**	**(12 299)**
Dividends paid		(3 790)	(3 555)
Interest paid		(7 521)	(7 330)
Payment of payables upon finance lease		(1 489)	(1 414)
Net cash from financing activities		**47 200**	**(12 299)**
Net increase in cash and cash equivalents		**16 208**	**68 328**
Change in cash as in statement of financial position		**16 208**	**68 328**
Cash and cash equivalents net of bank overdraft, at 1 January		**114 638**	**46 310**
Cash and cash equivalents net of bank overdraft, at 31 December, including:	23	**130 846**	**114 638**
Restricted cash and cash equivalents		159	152

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

Consolidated statement of changes in equity

In thousands of PLN

	Note	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	Minority interest	Total equity
As at 1 January 2008		**494 524**	**18 235**	**(19)**	**20 916**	**-**	**-**	**196 389**	**(37)**	**(411 911)**	**318 097**	**3 448**	**321 545**
Profit for the period		-	-	-	-	-	-	-	-	*29 581*	*29 581*	*3 873*	*33 454*
Other comprehensive income:		-	-	-	-	*(1 813)*	*(14 144)*	*47*	*424*	*22*	*(15 464)*	-	*(15 464)*
Effective portion of changes in fair value of cash flow hedges	24c	-	-	-	-	-	(17 462)	-	-	-	**(17 462)**	-	**(17 462)**
Net change in fair value of available-for-sale financial assets	24b	-	-	-	-	(1 813)	-	-	-	-	**(1 813)**	-	**(1 813)**
Foreign currency translation differences for foreign operations		-	-	-	-	-	-	47	424	22	**493**	-	**493**
Income tax on other comprehensive income		-	-	-	-	-	3 318	-	-	-	**3 318**	-	**3 318**
Total comprehensive income for the period		-	-	-	-	*(1 813)*	*(14 144)*	*47*	*424*	*29 603*	*14 117*	*3 873*	*17 990*
Loss coverage		-	-	-	-	-	-	(56 606)	-	56 606	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	-	-	(3 555)	**(3 555)**
Distribution of profit		-	-	-	-	-	-	212	-	(212)	-	-	-
Other		-	-	(1)	-	-	-	-	-	154	**153**	(13)	**140**
As at 31 December 2008		**494 524**	**18 235**	**(20)**	**20 916**	**(1 813)**	**(14 144)**	**140 042**	**387**	**(325 760)**	**332 367**	**3 753**	**336 120**

	Note	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	Minority 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**
Profit for the period		-	-	-	-	-	-		-	*26 510*	*26 510*	*3 789*	*30 299*
Other comprehensive income:		-	-	-	-	*(1 200)*	*13 077*	*(9)*	*(220)*	*(11)*	*11 637*	*(41)*	*11 596*
Effective portion of changes in fair value of cash flow hedges	24c	-	-	-	-	-	16 144	-	-	-	**16 144**	-	**16 144**
Net change in fair value of available-for-sale financial assets	24b	-	-	-	-	(1 200)	-	-	-	-	**(1 200)**	(41)	**(1 241)**
Foreign currency translation differences for foreign operations		-	-	-	-	-	-	(9)	(220)	(11)	**(240)**	-	**(240)**
Income tax on other comprehensive income		-	-	-	-	-	(3 067)	-	-	-	**(3 067)**	-	**(3 067)**
Total comprehensive income for the period		-	-	-	-	*(1 200)*	*13 077*	*(9)*	*(220)*	*26 499*	*38 147*	*3 748*	*41 895*
Dividends paid		-	-	-	-	-	-	-	-	-	-	(3 790)	**(3 790)**
Distribution of profit		-	-	-	-	-	-	21 610	-	(21 610)	-	-	-
As at 31 December 2009		**494 524**	**18 235**	**(20)**	**20 916**	**(3 013)**	**(1 067)**	**161 643**	**167**	**(320 871)**	**370 514**	**3 711**	**374 225**

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

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

1. Group overview

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

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

The business activities of the Group include the following:
- construction of roads and railroads, 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 31 December 2009, beside the parent Company, the Group comprised of the following entities:

Name of the entity	Seat of the entity	Main activities	Status	Ownership interest and voting rights	Date of obtaining control/Date of acquisition	Consolidation method
Stalexport Autoroute S.a r.l.	Luxemburg	Holding and administration activities	Subsidiary	100%	2005 r.	Full consolidation
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of motorway	Subsidiary	100%*	1998 r.	Full consolidation
Stalexport Transroute Autostrada S.A.	Mysłowice	Motorway operation	Subsidiary	55%*	1998 r.	Full consolidation
Stalexport Autostrada Dolnośląska S.A.	Katowice	Construction and operation of motorway	Subsidiary	100%	1997 r.	Full consolidation
Autostrada Mazowsze S.A.	Katowice	Construction and operation of motorway	Associate	30%	2007 r.	Equity method
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Subsidiary	74,38%	2007 r.	Full consolidation
Stalexport Autostrada Śląska S.A. w likwidacji	Katowice	Construction and operation of motorway	Subsidiary	100%**	2008 r.	Full consolidation

* through Stalexport Autoroute S.a r.l.

**through Stalexport Autostrada Dolnośląska S.A.

The consolidated financial statements for the year ended 31 December 2009 comprise financial statements of the Company and its subsidiaries and also Group's share in net assets of associates.

The Capital Group is also included within the consolidated financial statements of the 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.

Changes in the Capital Group's structure in 2009 were described in note number 7.

2. Basis of preparation of consolidated financial statements

Statement of compliance

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

The consolidated financial statements were approved by the Management Board of the Company on 1 March 2010.

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

Basis of valuation

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

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

New standards and interpretations

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

Standards and Interpretations endorsed by EU, which in case of the Company will become effective after 31 December 2009		
Standard/ Interpretation	**Nature of impending change in accounting policy**	**Effective date for periods beginning as the date or after that date**
Improvements to IFRS 2008: Amendments to IFRS 5 Non-current Assets Held for Sale	IFRS 5 has been amended and states that: • An entity that is committed to a sale plan involving loss of control of a subsidiary shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria set out in paragraphs 6-8 are met; • Disclosures relating to the discontinued operations are required when the subsidiary is a disposal group that meets the definition of a discontinued operation when the subsidiary is a disposal group that meets the definition of a discontinued operation.	1 July 2009

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

Revised IFRS 1 *First Time Adoption of IFRS*	The revised version restructures the format of the IFRS without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of the standard to different appendices.	1 July 2009 According to European Commission ("Commission") Regulation No 1136/2009 each entity shall apply the revised standard at the latest, as from the commencement date of its first financial year starting after 31 December 2009.
Revised IFRS 3 *Business Combinations*	The scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including: • All items of consideration transferred by the acquirer are recognized and measured at fair value as of the acquisition date, including contingent consideration. • Subsequent change in contingent consideration will be recognized in profit or loss. • Transaction costs, other than share and debt issuance costs, will be expensed as incurred. • The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.	1 July 2009 According to Commission Regulation No 495/2009 each entity shall apply the revised IFRS 3 at the latest, as from the commencement date of its first financial year starting after 30 June 2009.
Revised IAS 27 *Consolidated and Separate Financial Statements*	In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.	1 July 2009 According to Commission Regulation No 494/2009 each entity shall apply the amendments to IAS 27 at the latest, as from the commencement date of its first financial year starting after 30 June 2009.
Amendments to IAS 32 *Improving Disclosures about Financial Instruments*	The amendment requires that rights, options or warrants to acquire a fixed number of entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants *pro rata* to all of its existing owners of the same class of its own non – derivative equity instruments.	1 February 2010 According to Commission Regulation No 1293/2009 each entity shall apply the amendments at the latest, as from the commencement date of its first financial year starting after 31 January 2009.

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

Amendment to IAS 39, *Financial Instruments: Recognition and Measurement*	The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances.	1 July 2009 According to Commission Regulation No 839/2009 each entity shall apply the revised standard at the latest, as from the commencement date of its first financial year starting after 30 June 2009.
IFRIC 12 *Service Concession Arrangements*	The Interpretation provides guidance to private sector entities on certain recognition and measurement with respect to accounting for public-to-private service concession arrangements.	1 January 2008 According to Commission Regulation No 254/2009 each entity shall apply IFRIC 12 at the latest, as from the commencement date of its first financial year starting after the date of entry into force of the Regulation i.e. 28 March 2009.
IFRIC 15 *Agreements for the Construction of Real Estate*	IFRIC 15 clarifies that revenue arising from agreements for the construction of real estate is recognised by reference to the stage of completion of the contract activity in the following cases: • the agreement meets the definition of a construction contract in accordance with IAS 11.3; • the agreement is only for the rendering of services in accordance with IAS 18 (e.g., the entity is not required to supply construction materials); and • the agreement is for the sale of goods but the revenue recognition criteria of IAS 18.14 are met continuously as construction progresses. In all other cases, revenue is recognised when all of the revenue recognition criteria of IAS 18.14 are satisfied (e.g., upon completion of construction or upon delivery).	1 January 2009 According to Commission Regulation No 636/2009 each entity shall apply the revised standard at the latest, as from the commencement date of its first financial year starting after 31 December 2009.
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	The Interpretation explains the type of exposure that may be hedged, where in the group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation.	1 October 2008 According to Commission Regulation No 460/2009 each company shall apply IFRIC 16 as at the latest, as from the commencement date of its first financial year starting after 30 June 2009.

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

IFRIC 17 *Distributions of Non-cash Assets to Owners*	The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.	1 July 2009 According to Commission Regulation No 1142/2009 each entity shall apply the revised standard at the latest as from the commencement date of its first financial year starting after 31 October 2009.
IFRIC 18 *Transfers of Assets from Customers*	The Interpretation applies to agreements in which an entity receives an item of property, plant and equipment from a customer that the entity must use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both. This Interpretation also applies to agreements in which the entity receives cash from customer when that amount of cash must be used only to construct or acquire an item of property. The entity that received a contribution within the scope of the interpretation recognises this item as an asset if it determines that the transferred item meets the definition of an asset. The corresponding amount will be recognised as revenue. The exact timing of the revenue recognition will depend on the facts and circumstances of each particular arrangement.	1 July 2009 According to Commission Regulation No 1164/2009 each entity shall apply the revised standard at the latest, as from the commencement date of its first financial year starting after 31 October 2009.

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

Standards and Interpretations awaiting endorsement by the EU		
Standard/Interpretation	**Nature of impending change in accounting policy**	**Effective date for periods beginning as the date or after that date**
Improvements to IFRS 2009	The *Improvements to IFRSs 2009* contains 15 amendments to 12 standards.	1 January 2010 except changes to IFRIC 9 *Reassessment of Embedded Derivatives* –Scope of IFRIC 9 and revised IFRS 3 and IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* – Amendment to the restriction on the entity that can hold hedging instruments, IAS 38 *Intangible Assets* – Additional consequential amendments arising from revised IFRS 3, IFRS 2 *Share – based Payments* – Scope of IFRS 2 and revised IFRS 3 *Business Combinations* – where the effective date is 1 July 2009 and IAS 18 *Revenue* – Determining whether an entity is acting as a principal or as an agent where the effective date is not given
Amendments to IFRS *1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*	The amendment consists in issuing additional optional exemptions for first-time adopters of IFRSs with respect to: • establishing of deemed cost for oil and gas assets; • reassessment of lease determination; • establishing of deemed cost for operations subject to rate regulation.	1 January 2010
Amendments to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*	The proposed amendment would provide relief to first-time adopters from the requirement to provide comparative period disclosures for the information required to be presented by the Amendments to IFRS 7 if the first IFRS reporting period starts earlier than 1 January 2010.	1 July 2010
Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*	The amendments require an entity receiving goods or services in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction and the receiving entity has no obligation to settle the payment.	1 January 2010

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

IFRS 9 *Financial Instruments*	The standard is issued as part of comprehensive review of financial instruments accounting. The new standard reduces the complexity of the current requirements and to replace IAS 39 *Financial Instruments: Recognition and Measurement.* The new standard deals with classification and measurement of financial assets only.	1 January 2013
Revised IAS 24 *Related Party Disclosures*	The changes introduced relate mainly to the related party disclosure requirements for government – related entities and the definition of a related party.	1 January 2011
Amendments to IFRIC 14 *Prepayments of a Minimum Funding*	Under the amended IFRIC 14 prepayments made to the plan where there are Minimum Funding Requirements would be recognized as an asset.	1 January 2009
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with IAS 39.41. The above described equity instruments shall be measured at the fair value and the difference between the carrying amount of the financial liability extinguished and the initial measurement of the equity instruments issued should be recognized in profit or loss.	1 July 2010

Use of estimates and judgments

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

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

Judgments and estimates made by the Management Board while applying IFRS EU, which had significant impact on consolidated financial statements, have been discussed in notes 20, 21, 22, 28, 31, 33 and 37.

3. Going concern

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

4. Information concerning the Concession Agreement

The activities of the Group include primarily business related to the management, construction by transformation to the toll motorway and operation of the section Katowice – Kraków of A-4 motorway, performed 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 and the conducting and completion of the remaining of the construction works as specified in the Concession Agreement.

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

The Concession Agreement specifies the ways of earning the revenues by the Concession Holder from execution of the project. Principal revenues of the Concession Holder are:
a) toll revenues,
b) revenues due to reimbursement for the passage of toll-exempted vehicles.

Rates of tolls for the use of the toll motorway aforementioned in point (a) are set in accordance with:
- polish act on toll motorways;
- decree on detailed rules for establishing and adjusting rates of tolls for the use of the toll motorway and resolutions of the Concession Agreement.

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

The Concession Holder is responsible for the operation and maintenance of the toll motorway until the termination or expiry of the Concession Agreement, which determines detailed range of the Concession Holder's obligations.

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

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

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

During the term of the Concession Agreement the Concession Holder is obliged to maintain proper standard of the road surface of the toll motorway and to carry out periodic heavy maintenance works of the toll motorway. In 2009 works on the first heavy maintenance were continued and principally completed in November.

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

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

5. Significant accounting policies

The accounting policies set out below have been applied to all periods presented in these consolidated financial statements, and have been applied by Group entities, except as explained in point 5.26, which addresses changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation (see point 5.27).

5.1. *Basis of consolidation*

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

(ii) Associates
Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or jointly controlled entity.

(iii) Consolidation adjustments
Intergroup balances, and any unrealized gains and losses or income and expenses arising from intergroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

5.2. *Foreign currencies*

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

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

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

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

(iii) Hedge of net investment in foreign operation

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

5.3. *Property, plant and equipment*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see point 5.13).

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) shall be capitalised as part of the cost of that asset. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are costs which could have been avoided, if the capital expenditure on qualified asset had not been incurred. The capitalisation of borrowing costs as part of the cost of a qualifying asset shall commence when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

Reclassification to investment property

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

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

Subsequent expenditures

The Group recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

Depreciation

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

The estimated useful lives are as follows:

Motorway lane	concession period
Other buildings	10-40 years
Machinery and equipment	5-12 years
Vehicles	5-10 years
Other	1-5 years

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

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

5.4. *Intangible assets*

Intangible assets that are acquired by the Group are stated at cost less accumulated depreciation and impairment losses (see point 5.13).

Subsequent expenditures

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

Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

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

5.5. *Investment property*

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at are stated at cost less accumulated depreciation and impairment losses (see point 5.13).

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

5.6. *Leased assets*

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

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

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

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

5.7. *Perpetual usufruct of land*

The Group classifies perpetual usufruct of land as operating lease. The prepayments for perpetual usufruct of land are disclosed separately on the face of the consolidated statement of financial position. The prepayments for perpetual usufruct are expensed to profit or loss in the period of lease.

5.8. *Investments in subsidiaries and associates*

Investments in subsidiaries and associates are measured at cost less impairment losses (see point 5.13).

5.9. *Long and short term receivables*

Long and short term receivables are non-derivative financial assets and financial assets not quoted in an active market. They are initially recognized at fair value and are subsequently measured at amortized cost less impairment losses (see point 5.13).

5.10. *Inventories*

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

5.11. *Non-current assets held for sale*

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

5.12. *Cash and cash equivalents*

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

5.13. *Impairment*

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment.

All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

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

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

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

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

Non-current assets held for sale

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

5.14. *Equity*

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

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of treasury shares

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

Hedging reserve

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

5.15. *Employee benefits*

Retirement awards

The Group companies in accordance with Labour Code or their internal remuneration policies are obliged to payment of retirement awards.

The Group's obligation resulting from retirement awards is measured by estimation of future salary of a given employee for the period in which an employee will reach retirement age and by estimation of future retirement award. Retirement awards are discounted using market Treasury bond return rate at the balance sheet date. The retirement award obligation is recognized proportionally to the projected length of service of a given employee. Disclosing liability due to retirement awards, the Group discloses total actuarial profits or losses as profit or loss, within the period in which they were indentified.

Jubilee bonuses

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

The Group's obligation resulting from jubilee bonuses is measured by estimation of future salary of a given employee for the period in which an employee will become entitled to a particular jubilee bonus and by estimation of future jubilee bonus. Jubilee bonuses are discounted using market Treasury bond return rate at the balance sheet date. Disclosing liability due to jubilee bonuses, the Group discloses total actuarial profits or losses as profit or loss, within the period in which they were indentified.

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

Short-term employee benefits

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

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

5.16. *Provisions*

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

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

5.17. *Trade and other payables*

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

5.18. *Interest-bearing bank loans and borrowings*

Interest–bearing loans and borrowings are recognized initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost on an effective interest basis.

5.19. *Revenue on sales*

Goods sold

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

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

Rental income

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

Revenue from motorway management and operation

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

5.20. *Lease payments*

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

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

5.21. *Financial income and expenses*

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

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

5.22. *Income tax*

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.
Current tax is the expected tax payable on the taxable income of the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

5.23. *Discontinued operations*

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

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

5.24. *Earnings per share (EPS)*

In preparation of consolidated financial statements basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There were no factors that would result in dilution of earnings per share.

5.25. *Financial instruments*

Non-derivative financial instruments

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities (State Treasury bonds and others) to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Any sale or reclassification of a more than significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the consolidated statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the consolidated statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

5.26. *Changes in accounting policies during the reporting period*

Presentation of financial statements

As a result of changes in IAS 1 *Presentation of financial statements*, which became effective as of 1 January 2009, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are also presented in the consolidated statement of comprehensive income. This presentation has been applied in these consolidated financial statements as of and for the twelve months period ended on 31 December 2009. Comparative information has been re-presented so that it also is in conformity with the revised standard. Considering that this change of accounting policy is strictly presentational, its implementation had no impact on earnings per share.

Operating segments

On 1 January 2009, IFRS 8 *Operating segments* became effective, replacing IAS 14 *Segment reporting*. The Standard introduces the “management approach” to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Group’s Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance. The above change had no influence on Group’s segment reporting.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) shall be capitalized as part of the cost of that asset starting from 1 January 2009. The capitalization of borrowing costs as part of the cost of a qualifying asset shall commence when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

In earlier reporting periods, the Group immediately recognized all borrowing costs as an expense. This change in accounting policy was due to the adoption of revised IAS 23 *Borrowing Costs*. In accordance with the transitional provisions of such standard comparative figures have not been restated. The value of capitalized borrowing costs in 2009 amounted to TPLN 204.

5.27. *Changes in classification*

During the current year 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 were properly reclassified. That resulted in TPLN 1,471 being reclassified from ‘Cost of sales’ to ‘Administrative expenses’ (TPLN 1,668 for comparative amounts).

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

6. Segment reporting

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

Business segments

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

Business segments results

For the year ended 31 December 2009

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	9 173	129 669	**138 842**
Total revenue	**9 173**	**129 669**	**138 842**
Operating expenses			
Cost of sales to external customers	(8 067)	(60 194)	**(68 261)**
Total cost of sales	**(8 067)**	**(60 194)**	**(68 261)**
Other income	10 458	2 824	**13 282**
Other expenses	(569)	(1 379)	**(1 948)**
Administrative expenses	(12 120)	(20 795)	**(32 915)**
Results from operating activities	**(1 125)**	**50 125**	**49 000**
Net finance income/(expense)	4 453	(15 267)	**(10 814)**
Share of profit of equity accounted investees (net of income tax)	-	(1 181)	**(1 181)**
Income tax	(10)	(6 696)	**(6 706)**
Profit for the period	**3 318**	**26 981**	**30 299**
Other comprehensive income for the period, net of income tax	(1 481)	13 077	**11 596**
Total comprehensive income for the period	**1 837**	**40 058**	**41 895**
Major non-cash items			
Depreciation and amortisation	(744)	(27 608)	**(28 352)**
Creation or reversal of allowances	7 034	(53)	**6 981**
Recognition of tax receivables	3 100	-	**3 100**
Revaluation of investment	202	-	**202**

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

For the year ended 31 December 2008

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	9 736	121 997	**131 733**
Total revenue	**9 736**	**121 997**	**131 733**
Operating expenses			
Cost of sales to external customers	(7 984)	(53 488)	**(61 472)**
Total cost of sales	**(7 984)**	**(53 488)**	**(61 472)**
Other income	13 137	4 300	**17 437**
Other expenses	(863)	(48)	**(911)**
Administrative expenses	(9 383)	(22 470)	**(31 853)**
Results from operating activities	**4 643**	**50 291**	**54 934**
Net finance income/(expense)	1 681	(14 840)	**(13 159)**
Share of profit of equity accounted investees (net of income tax)	-	(1 550)	**(1 550)**
Income tax	(19)	(6 752)	**(6 771)**
Profit for the period	**6 305**	**27 149**	**33 454**
Other comprehensive income for the period, net of income tax	(1 320)	(14 144)	**(15 464)**
Total comprehensive income for the period	**4 985**	**13 005**	**17 990**
Major non-cash items			
Depreciation and amortisation	(675)	(22 653)	**(23 328)**
Creation or reversal of allowances	12 569	561	**13 130**
Revaluation of investment	401	-	**401**

Financial situation according to business segments

As at 31 December 2009

	Management, advisory and rental services	Management and operation of motorways	Total
Assets of the segment	174 236	611 102	**785 338**
Total assets			**785 338**
Liabilities of the segment	63 686	347 427	**411 113**
Total liabilities			**411 113**

As at 31 December 2008

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

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

Geographical segments

In presenting information for geographical segments, segments revenue is based on the geographical location of Group's customers.

The capital expenditures are not allocated into geographical segments as the same non-current assets are used for activities in all segments.

Geographical segments results for the year ended 31 December 2009

	Poland	Other countries	Total
Revenue	138 842	-	**138 842**

Geographical segments results for the year ended 31 December 2008

	Poland	Other countries	Total
Revenue	131 475	258	**131 733**

Major customer

In years ended 31 December 2009 and 31 December 2008 revenue from State Treasury for the passage of toll-exempted vehicles amounted to TPLN 32,712 and TPLN 32,497 respectively and constituted more than 10% of total revenue (including the effect of provisions recognized for revenue reduction).

7. Changes in the Capital Group structure

On 29 December 2009 the Company bought from Stalexport Autostrada Dolnośląska S.A. 60 thousands shares in Autostrada Mazowsze S.A. of total nominal value of TPLN 6,000 for the total price of TPLN 198.6. The acquired shares represent 30% of Autostrada Mazowsze S.A. share capital and 30% of votes at its General Meeting. From Capital Group's perspective the described transaction did not influence the status of associate of Autostrada Mazowsze S.A. and did not influence consolidated financial statements.

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

Both as at 31 December 2009 and 31 December 2008 the Group wasn't in possession of any assets or liabilities classified as held for sale.

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

9. Expenses by kind

	2009	*2008*
Depreciation and amortisation (notes 14, 15, 16)	(28 352)	(23 328)
Energy and materials consumption	(6 524)	(5 571)
Accrual of provision for motorway resurfacing disclosed within cost of sales (external services)	(20 382)	(17 090)
Other external services	(18 821)	(23 429)
Taxes and charges	(1 078)	(911)
Personal expenses, including:	(23 085)	(20 283)
- wages and salaries	(19 804)	(16 863)
- compulsory social security contributions and other benefits	(3 281)	(3 420)
Other costs	(2 886)	(2 574)
Cost of goods and materials sold	(101)	-
Total expenses by kind	**(101 229)**	**(93 186)**
Change in inventories, deferred income and cost in relation to operating activity	53	(139)
Cost of sales and administrative expenses	**(101 176)**	**(93 325)**

10. Other income

	2009	*2008*
Rental income from passenger service sites	2 152	2 116
Reversal of allowance for receivables	7 044	12 594
Reversal of tangible assets impairment	-	555
Compensations and contractual penalties received	206	46
Reimbursed costs of court proceedings	44	44
Interest from receivables	54	218
Recognition of tax receivables	3 100	-
Net gain on sale of property, plant and equipment and intangible assets	-	264
Other	682	1 600
	13 282	**17 437**

11. Other expenses

	2009	*2008*
Penalties, compensation, payments	(179)	(56)
Other provisions and allowances	(1 419)	-
Loss on disposal of property, plant and equipment and intangible assets	(61)	-
Interest from liabilities	(93)	(200)
Other	(196)	(655)
	(1 948)	**(911)**

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

12. Net finance expense

	2009	*2008*
Recognised in profit or loss		
Dividends and share in related parties profits	85	180
Interest income, including:	5 524	8 817
- bank accounts and deposits	5 332	8 574
- other	192	243
Net gain on disposal of investments	-	1 471
Revaluation of investment	202	401
Sale of irrecoverable claims	-	247
Other financial income, including:	3 761	2 090
- net foreign exchange gain	423	-
- profit on investment in asset management funds (financial assets measured at fair value through profit or loss)	3 237	685
- tax interest cancelled	-	1 375
- other financial income	101	30
Financial income	**9 572**	**13 206**
Interest expense on liabilities valued at amortised cost, including:	(19 618)	(25 976)
- loans and borrowings, including:	(7 552)	(8 321)
- to related entities	-	(233)
- discount	(8 331)	(10 754)
- other	(3 735)	(6 901)
Other financial costs including:	(768)	(389)
- net foreign exchange loss	-	(100)
- allowance for interest accrued	(10)	(19)
- loss on derivatives	(603)	-
- other financial costs	(155)	(270)
Financial expenses	**(20 386)**	**(26 365)**
Net finance expense recognised in profit or loss	**(10 814)**	**(13 159)**
Recognised in other comprehensive income		
Foreign currency translation differences for foreign operations	(240)	493
Effective portion of changes in fair value of cash flow hedges	16 144	(17 462)
Net change in fair value of available-for-sale financial assets	(1 241)	(1 813)
Net financial income/(expenses) recognised in other comprehensive income, net of tax	**14 663**	**(18 782)**

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

13. Income tax

Income tax recognized in profit or loss

	2009	*2008*
Current income tax expense	**(3 983)**	**(13 257)**
Deferred tax expense	**(2 723)**	**6 486**
Creation/ reversal of temporary differences	(2 723)	6 486
Income tax recognised in profit or loss	**(6 706)**	**(6 771)**

The income tax rate which embraced the Group's activity was 19% in 2008-2009. It is assumed that the income tax rate shouldn't change in upcoming years.

Effective tax rate

	2009		*2008*	
	%		%	
Profit before income tax		**37 005**		**40 225**
Income tax using the domestic corporate tax rate	(19,0%)	(7 031)	(19,0%)	(7 643)
Permanent differences	(2,1%)	(794)	(2,2%)	(887)
Valuation adjustment / unidentified deferred tax assets	3,0%	1 119	4,4%	1 759
	(18,1%)	**(6 706)**	**(16,8%)**	**(6 771)**

Income tax recognized in other comprehensive income

	2009		*2008*	
	Before tax	**Tax (expense)/ benefit**	**Before tax**	**Tax (expense)/ benefit**
Effective portion of changes in fair value of cash flow hedges*	16 144	(3 067)	(17 462)	3 318
	16 144	**(3 067)**	**(17 462)**	**3 318**

*- cash flow hedges are further described in notes 33d and 34c

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

14. Property, plant and equipment

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2008	**330 388**	**41 090**	**10 573**	**7 307**	**110 679**	**500 037**
Acquisitions	603	286	971	236	72 182	**74 278**
Transfer from property, plant and equipment under construction	151 100	113	126	219	(151 982)	**(424)**
Disposals	(15)	(377)	(687)	(50)	(380)	**(1 509)**
Reclassifications*	467	-	-	-	-	**467**
Cost as at 31 December 2008	**482 543**	**41 112**	**10 983**	**7 712**	**30 499**	**572 849**
Cost as at 1 January 2009	**482 543**	**41 112**	**10 983**	**7 712**	**30 499**	**572 849**
Acquisitions	8	562	462	25	67 415	**68 472**
Transfer from property, plant and equipment under construction	29 890	143	124	82	(30 254)	**(15)**
Recognition due to stock-taking	-	34	-	-	-	**34**
Disposals	-	(565)	(849)	(48)	-	**(1 462)**
Reclassifications**	14 390	(12 219)	-	(2 171)	-	**-**
Cost as at 31 December 2009	**526 831**	**29 067**	**10 720**	**5 600**	**67 660**	**639 878**

*-reclassification of the office building's part to/from investment property (see note 16)

**-reclassification of the traffic safety equipment to 'Buildings and construction'

(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 2008	**(39 773)**	**(28 331)**	**(7 275)**	**(5 556)**	**(1 127)**	**(82 062)**
Depreciation for the period	(19 790)	(1 459)	(1 068)	(609)	-	**(22 926)**
Disposals	-	377	670	117	-	**1 164**
Reclassifications*	(285)	-	-	-	-	**(285)**
Reversal of impairment loss	-	-	-	-	870	**870**
Depreciation and impairment losses as at 31 December 2008	**(59 848)**	**(29 413)**	**(7 673)**	**(6 048)**	**(257)**	**(103 239)**
Depreciation and impairment losses as at 1 January 2009	**(59 848)**	**(29 413)**	**(7 673)**	**(6 048)**	**(257)**	**(103 239)**
Depreciation for the period	(25 447)	(960)	(1 046)	(443)	-	**(27 896)**
Recognition due to stock-taking	-	(34)	-	-	-	**(34)**
Disposals	-	562	622	34	-	**1 218**
Reclassifications**	(4 985)	3 970	-	1 015	-	**-**
Depreciation and impairment losses as at 31 December 2009	**(90 280)**	**(25 875)**	**(8 097)**	**(5 442)**	**(257)**	**(129 951)**
Carrying amounts						
At 1 January 2008	290 615	12 759	3 298	1 751	109 552	417 975
At 31 December 2008	422 695	11 699	3 310	1 664	30 242	469 610
At 1 January 2009	422 695	11 699	3 310	1 664	30 242	469 610
At 31 December 2009	436 551	3 192	2 623	158	67 403	509 927

*-reclassification of the office building's part to/from investment property (see note 16)

**-reclassification of the traffic safety equipment to 'Buildings and construction'

Impairment loss
As at 31 December 2009, the Group recognized impairment related to property, plant and equipment under construction of TPLN 257 (31 December 2008: TPLN 257). Impairment losses relate to investment projects put on hold.

Leased plant and machinery
The Group leases certain equipment and vehicles under a number of finance lease agreements. At 31 December 2009, the net carrying amount of leased plant and machinery was TPLN 1,076 (31 December 2008: TPLN 1,469). The leased equipment secures lease obligations.

Collateral
In addition to non-current assets described above, as at 31 December 2009 property, plant and equipment with a carrying value of TPLN 11,880 (31 December 2008: 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 were subject to mortgage for the total amount of TPLN 1,155 as at 31 December 2008. In December 2009 the Group received a notice from the District Court Katowice-Wschód that the mortgage was stroke off.

Property, plant and equipment under construction
At 31 December 2009, property, plant and equipment under construction relate mainly to works on a number of bridges located along the motorway and works related to drainage of the motorway.

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

15. Intangible assets

	Concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Cost as at 1 January 2008	**733**	**1 210**	**-**	**1 943**
Acquisitions	37	38	843	**918**
Disposals	(23)	-	-	**(23)**
Cost as at 31 December 2008	**747**	**1 248**	**843**	**2 838**
Cost as at 1 January 2009	**747**	**1 248**	**843**	**2 838**
Acquisitions	151	-	150	**301**
Transfer from intangible assets not ready for use	710	-	(710)	**-**
Disposals	(8)	(21)	-	**(29)**
Cost as at 31 December 2009	**1 600**	**1 227**	**283**	**3 110**

Amortisation of intangible assets and impairment losses

	Concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Amortisation and impairment losses as at 1 January 2008	**(688)**	**(1 076)**	-	**(1 764)**
Amortisation for the period	(48)	(44)	-	**(92)**
Disposals	23	-	-	**23**
Other decreases	-	(23)	-	**(23)**
Amortisation and impairment losses as at 31 December 2008	**(713)**	**(1 143)**	**-**	**(1 856)**
Amortisation and impairment losses as at 1 January 2009	**(713)**	**(1 143)**	**-**	**(1 856)**
Amortisation for the period	(96)	(54)	-	**(150)**
Disposals	8	22	-	**30**
Impairment loss	(53)	-	-	**(53)**
Amortisation and impairment losses as at 31 December 2009	**(854)**	**(1 175)**	**-**	**(2 029)**
Carrying amounts				
At 1 January 2008	45	134	-	179
At 31 December 2008	34	105	843	982
At 1 January 2009	34	105	843	982
At 31 December 2009	746	52	283	1 081

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

As at 31 December 2009, the Group recognized impairment related to intangible assets of TPLN 53 (31 December 2008: none).

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

16. Investment property

	31 December 2009	31 December 2008
Cost at the beginning of the period	**12 233**	**12 276**
Transfer from property, plant and equipment under construction	15	424
Reclassification (see note 14)	-	(467)
Cost at the end of the period	**12 248**	**12 233**
Depreciation and impair. losses at the beginning of the period	**(7 624)**	**(7 599)**
Depreciation for the period	(306)	(310)
Reclassification (see note 14)	-	285
Depreciation and impairment losses at the end of the period	**(7 930)**	**(7 624)**
Carrying amounts at the beginning of the period	**4 609**	**4 677**
Carrying amounts at the end of the period	**4 318**	**4 609**

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

Based on property expert's valuation conducted in August 2006, the fair value of the building, part of which was classified as investment property, was estimated at PLN 14.5 million. As at 31 December 2009 the Group classified 88.6% part of this building to the investment property (this indicator is subject to revision on semi-annual basis).

Consolidated rental income in 2009 amounted to TPLN 3,200 (in 2008: TPLN 3,233) and was presented in profit or loss under "Revenue" - attributable costs were presented under "Cost of sales".

In order to secure the payment of other liabilities, Group's investment property was subject to mortgage for the total amount of TPLN 8,978 as at 31 December 2008. In December 2009 the Group received a notice from the District Court Katowice-Wschód that the mortgage was stroke off.

17. Investments in associates

Basic financial data of associated entities is presented below:

	% of shares owned	Carrying value of shares	Assets	Liabilities	Equity	Revenue	Profit / (loss) for the period
31 December 2009							
Autostrada Mazowsze S.A.	30,00%	116	1 212	826	386	-	(3 937)
Total		**116**					
31 December 2008							
Autostrada Mazowsze S.A.	30,00%	397	4 010	2 687	1 323	-	(6 879)
Total		**397**					

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

18. Other investments

Other long-term investments

	31 December 2009	31 December 2008
Long-term deposits	6 987	4 200
Other	69	69
Total other long-term investments	**7 056**	**4 269**

As at 31 December 2009 and 31 December 2008 long-term deposits in the amount of TPLN 4,387 and TPLN 4,200 respectively comprised cash kept on reserve account designated to cover uninsured losses, established in accordance with the provisions of Concession Agreement and Project Loan Agreement. Additionally as at 31 December 2009 long-term deposits in the amount of TPLN 2,600 comprise cash secured at a deposit account as a collateral for the multipurpose credit line (see note 26).

Short-term investments

	31 December 2009	31 December 2008
Equity instruments available for sale (shares of non-related entities)	5 954	6 993
Investments in asset management funds	48 935	65 697
Other	-	1 940
Total short-term investments	**54 889**	**74 630**

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

As at 31 December 2009 the shares of these companies were subject to an impairment amounting to TPLN 6,431 (as at 31 December 2008: TPLN 6,431) and TPLN 1,266 (as at 31 December 2008: TPLN 1,468) respectively. Due to the fact, that since fourth quarter of 2008 Centrozap S.A. is listed on Warsaw Stock Exchange, market quotations of its shares have become the base for the definition of their fair value. The effect of this valuation, apart from impairment recognition, is recognized as other comprehensive income in consolidated statement of comprehensive income (see also note 24b).

As at 31 December 2008 other short-term investments comprised interest-bearing recognizance, paid as a collateral for performance guarantees issued.

19. Prepayments for commissions and other

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

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

20. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Property, plant and equipment	6 258	63	(238)	(463)	6 020	(400)
Investment property	471	479	-	-	471	479
Investments in associates	26	10	-	-	26	10
Long-term prepayments for commissions and other	-	-	(1 205)	(1 400)	(1 205)	(1 400)
Trade and other receivables	647	1 241	(472)	(1 162)	175	79
Short-term investments	2 043	1 845	-	-	2 043	1 845
Cash and cash equivalents	-	-	(117)	(59)	(117)	(59)
Short-term prepayments for commissions and other	-	-	(35)	(20)	(35)	(20)
Long-term finance lease liabilities	123	116	-	-	123	116
Other long-term liabilities	26 396	25 613	-	-	26 396	25 613
Long-term deferred income and government grants	2 810	3 010	-	-	2 810	3 010
Employee benefits liabilities	142	124	-	-	142	124
Long-term provisions	1 236	883	-	-	1 236	883
Loans and borrowings	-	104	(98)	-	(98)	104
Short-term finance lease liabilities	51	267	-	-	51	267
Trade and other payables	1 329	564	(1)	-	1 328	564
Short-term provisions	866	11 592	-	-	866	11 592
Short-term deferred income and government grants	200	200	-	-	200	200
Derivative financial instruments	304	3 318	-	-	304	3 318
Deferred tax assets/liabilities on temporary differences	42 902	49 429	(2 166)	(3 104)	40 736	46 325
Tax value of loss carry-forwards recognised	9 261	23 761	-	-	9 261	23 761
Deferred tax assets/liabilities	52 163	73 190	(2 166)	(3 104)	49 997	70 086
Set off of tax	(2 166)	(3 104)	2 166	3 104	-	-
Valuation adjustment	(12 884)	(27 183)	-	-	(12 884)	(27 183)
Net deferred tax assets as in statement of financial position	37 113	42 903	-	-	37 113	42 903

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

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

Change in temporary differences during the period

	1 January 2009	Change of deffered tax on temporary differences recognised in		31 December 2009
		profit or loss for the period	other comprehensive income	
Property, plant and equipment	(400)	6 420	-	6 020
Investment property	479	(8)	-	471
Investments in associates	10	16	-	26
Long-term prepayments for commissions and other	(1 400)	195	-	(1 205)
Trade and other receivables	79	96	-	175
Short-term investments	1 845	(38)	236	2 043
Cash and cash equivalents	(59)	(58)	-	(117)
Short-term prepayments for commissions and other	(20)	(15)	-	(35)
Long-term finance lease liabilities	116	7	-	123
Other long-term liabilities	25 613	783	-	26 396
Long-term deferred income and government grants	3 010	(200)	-	2 810
Employee benefits liabilities	124	18	-	142
Long-term provisions	883	353	-	1 236
Loans and borrowings	104	(202)	-	(98)
Short-term finance lease liabilities	267	(216)	-	51
Trade and other payables	564	764	-	1 328
Short-term provisions	11 592	(10 726)	-	866
Short-term deferred income and government grants	200	-	-	200
Derivative financial instruments	3 318	53	(3 067)	304
Tax value of loss carry-forwards recognised	23 761	(14 500)	-	9 261
Valuation adjustment	(27 183)	14 535	(236)	(12 884)
	42 903	**(2 723)**	**(3 067)**	**37 113**

Notes to the consolidated financial statements

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

	1 January 2008	Change of deffered tax on temporary differences recognised in		31 December 2008
		profit or loss for the period	other comprehensive income	
Property, plant and equipment	(4 230)	3 830	-	(400)
Investment property	508	(29)	-	479
Investments in associates	63	(53)	-	10
Long-term prepayments for commissions and other	(1 170)	(230)	-	(1 400)
Trade and other receivables	4 315	(4 236)	-	79
Short-term investments	1 482	19	344	1 845
Cash and cash equivalents	(7)	(52)	-	(59)
Short-term prepayments for commissions and other	(18)	(2)	-	(20)
Long-term finance lease liabilities	255	(139)	-	116
Other long-term liabilities	24 092	1 521	-	25 613
Long-term deferred income and government grants	3 210	(200)	-	3 010
Employee benefits liabilities	118	6	-	124
Long-term provisions	10 092	(9 209)	-	883
Loans and borrowings	(117)	221	-	104
Short-term finance lease liabilities	237	30	-	267
Trade and other payables	1 716	(1 152)	-	564
Short-term provisions	962	10 630	-	11 592
Short-term deferred income and government grants	200	-	-	200
Derivative financial instruments	-	-	3 318	3 318
Tax value of loss carry-forwards recognised	39 745	(15 984)	-	23 761
Valuation adjustment	(48 354)	21 515	(344)	(27 183)
	33 099	**6 486**	**3 318**	**42 903**

Tax losses

According to the tax law regulations, tax loss incurred in a given tax year can reduce taxable income over the next five consecutive tax years, however the decrease in any of those years cannot exceed 50% of the loss for a given year. As at 31 December 2009 the amount of tax losses remaining to be utilized amounted to TPLN 48,747 (31 December 2008: TPLN 125,058). As at 31 December 2009 and 31 December 2008 the Group has not recognized deferred tax assets on the tax losses carry forwards due to uncertainty of utilization of corresponding benefits.

Amount of loss	*Expiry date*
14 492	2010
3 436	2011
8 202	2012
14 259	2013
8 358	2014
48 747	

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

21. Income tax receivables and liabilities

As at 31 December 2009 the income tax receivables amounted to TPLN 1,482 (31 December 2008: TPLN 3,360), of which TPLN 1,376 was the amount due from the tax authority to be settled with future income tax liabilities and TPLN 106 due from the tax authority as the result of the difference between payments made for the current year and the amount of tax payable. Due to uncertain recovery of some of these receivables as at 31 December 2009, an allowance of TPLN 1,376 was recognized (as at 31 December 2008: TPLN 1,385).

Income tax liabilities of TPLN 28 (31 December 2008: TPLN 423) represent the difference between payments made for the previous and current year and the amount of tax payable.

22. Trade and other receivables

	31 December 2009	31 December 2008
Trade receivables from related parties	18	885
Trade receivables from other parties	10 689	12 982
Receivables from taxes, duties, social and health insurances and other benefits	20 255	11 440
Other receivables from other parties	470	2 412
	31 432	**27 719**

Receivables from taxes, duties, social and health insurances and other benefits comprise inter alia: (i) receivables resulting from the unfair, in the opinion of the Group, decision of the Comptroller of the I Tax Office in Sosnowiec dated 26 August 2008 that determined the excess of input VAT over output VAT for the period of August 2004 and which resulted in payment of TPLN 5,952 made to tax bodies, (ii) receivables in the amount of TPLN 3,100 recognised by the Group in 2009 as a consequence of the decision of the Provincial Administrative Court in Gliwice dated 24 April 2009 that overruled the decision of the Comptroller of the I Tax Office in Sosnowiec dated 28 March 2008 that determined the excess of input VAT over output VAT for the period of January 2003 and for which tax bodies did not lodge a complaint.

On 2 November 2009 the Provincial Administrative Court in Gliwice dismissed the complaint of the Group at the decision of the Director of Tax Chamber in Katowice dated 30 March 2009. The aforementioned decision partly remained in effect the decision of the Comptroller of the I Tax Office in Sosnowiec dated 26 August 2008. The Group lodged a complaint for the decision. In the opinion of the Group a chance to win the dispute should be estimated as high.

Trade receivables are presented net of allowances for doubtful debts amounting to TPLN 114,550 (31 December 2008: TPLN 136,393).

The table below presents ageing of trade and other receivables together with the amount of corresponding allowances.

	31 December 2009	31 December 2008
Gross overdue receivables		
up to 1 month	227	699
1-6 months	42	706
6 months-1 year	18	223
over 1 year	121 618	145 286
	121 905	**146 914**
allowances for overdue and doubtful debts	(114 337)	(136 180)
Net overdue receivables	**7 568**	**10 734**

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

Change in allowances for bad debt was as follows:

	2009	2008
Allowances for bad debts as at 1 January	(136 393)	(162 027)
Created allowances	(61)	(446)
Reversed allowances	7 110	13 043
Utilised allowances	14 794	13 037
Allowances for bad debts as at 31 December	**(114 550)**	**(136 393)**

The allowances for doubtful debts within trade receivables were recognized due to expected difficulties with collection of amounts due from some customers. The allowances for other receivables concern mainly receivables arisen as a result of loans guarantees granted to entities which were not able to settle their liabilities.

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

Overdue net receivables in amount of TPLN 7,307 are secured on the customer's property, which value exceeds the value of these receivables. Fair value of collateral mentioned, based of expert's evaluations conducted in 2007 and 2009, amounts to PLN 11.8 million.

In 2009, in line with received payments and based on analysis of probability of post balance sheet date retrieval, the Group reversed some allowances for overdue receivables concerning discontinued activity. Allowances amounting to TPLN 7,110 were reversed, of which TPLN 6,020 concerned Huta Ostrowiec S.A. w upadłości, TPLN 508 Stalexport Wielkopolska Sp. z o.o. w upadłości, TPLN 450 Centrozłom-Stalexport S.A. w upadłości and TPLN 132 other entities.

23. Cash and cash equivalents

	31 December 2009	31 December 2008
Cash in hand	58	50
Bank balances	7 022	7 373
Short-term bank deposits	123 368	106 855
Restricted bank balances	159	152
Cash in transit	239	209
Cash and cash equivalents in the consolidated statement of financial position	**130 846**	**114 639**
Bank overdraft	-	(1)
Cash and cash equivalents in the consolidated statement of cash flows	**130 846**	**114 638**

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

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

24. Equity

a. Share capital

	31 December 2009	31 December 2008
Number of shares at the beginning of the period	247 262 023	247 262 023
Number of shares at the end of the period (fully paid)	247 262 023	247 262 023
Nominal value of shares (PLN)	2	2
Nominal value of A-series issue	16 682	16 682
Nominal value of B-series issue	986	986
Nominal value of D-series issue	8 000	8 000
Nominal value of E-series issue	189 856	189 856
Nominal value of F-series issue	100 000	100 000
Nominal value of G-series issue	179 000	179 000
	494 524	**494 524**

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

In 2009 the share capital wasn’t subject to any changes.

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

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

b. Valuation of available-for-sale financial assets reserve

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

c. Hedging reserve

Hedging reserve balance is the result of valuation of derivatives meeting the requirements of cash flow hedge accounting. Recognized as effective changes to fair value of cash flow hedging instruments, amounted to TPLN 16,144 in 2009 (2008: TPLN 17,462 (negative value)). This value has been reduced by change in deferred tax amounting to TPLN 3,067 (negative value) (2008: TPLN 3,318), recognised in other comprehensive income.

d. Other reserve capitals and supplementary capital

Other reserve capitals may be created by the General Meeting from a part or total of approved profits of the companies constituting the Group. General Meeting may also define a particular aim to which such resources should be assigned.

25. Earnings per share

The calculation of basic earnings per share was performed based on the net profit attributable to shareholders of the Parent Company of TPLN 26,510 (2008: TPLN 29,581) and a weighted average number of ordinary shares outstanding as at 31 December 2009 of 247,262 thousand (31 December 2008: 247,262 thousand). Those numbers were determined using the way shown below.

Net profit per ordinary share attributable to shareholders of the Parent Company

	2009	2008
Profit attributable to shareholders of the Parent Company (in TPLN)	26 510	29 581
Weighted average number of ordinary shares at the end of the period (thousands of shares)	247 262	247 262
Profit per ordinary share attributable to shareholders of the Parent Company (in PLN)	**0,11**	**0,12**

As at 31 December 2009 and 31 December 2008 no factors were determined that would result in dilution of profit per one share.

26. Loans and borrowings

	31 December 2009	31 December 2008
Non-current portion of secured bank loans	128 216	69 040
Non-current loans and borrowings	**128 216**	**69 040**
Bank overdraft	-	1
Current portion of secured bank loans	1 470	1 487
Current loans and borrowings	**1 470**	**1 488**

On 28 December 2005, a long-term loan agreement was signed by and between Stalexport Autostrada Małopolska S.A. and commercial banks. In 2009 the Company made further drawings in the total amount of PLN 60 million.

On 26 October 2009, a Multipurpose credit line agreement was signed by Stalexport Autostrady S.A. and Fortis Bank Polska S.A. that enables crediting in form of bank overdrafts (up to TPLN 400) and guarantee line (up tp TPLN 2,000). In 2009 the Company did not use any form of crediting mentioned in the agreement, which is to be in force up to 25 October 2019.

a. Loans and borrowings repayment schedule

As at 31 December 2009

	Total	up to 1 year	1 year to 3 years	3 years to 5 years	over 5 years
Secured bank loans	129 686	1 470	13 765	21 123	93 328

As at 31 December 2008

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

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

b. Terms and conditions of loans and borrowings repayment

	Currency	Nominal rate	Repayment year	Liabilities at 31 December 2009	Liabilities at 31 December 2008
Loans					
Bank overdraft	PLN			-	1
Banking Consotrium	PLN	WIBOR 6M + margin	2020*	129 686	70 527
Total loans and borrowings				**129 686**	**70 528**

* - payments up to year 2020

c. Collaterals on Group's property

Apart from securities established on property, plant and equipment described in note 14, the most significant collateral established in relation to bank loan includes:

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

27. Finance lease liabilities

Repayment schedule of finance lease liabilities

31 December 2009	Minimum lease payments	Interest	Principal
up to 1 year	332	62	270
1 to 5 years	723	77	646
	1 055	**139**	**916**

31 December 2008	Minimum lease payments	Interest	Principal
up to 1 year	1 521	101	1 420
1 to 5 years	750	90	660
	2 271	**191**	**2 080**

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

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

28. Employee benefits liabilities

Non-current	**31 December 2009**	**31 December 2008**
Retirement pay liabilities	181	257
Annuity severance pay liabilities	14	11
Jubilee bonuses liabilities	302	324
Total	**497**	**592**
Current		
Retirement pay liabilities	65	46
Annuity severance pay liabilities	1	1
Jubilee bonuses liabilities	30	34
Other employee benefits	173	-
Total	**269**	**81**

Amounts of future employee benefits liabilities were calculated on the basis of actuarial appraisal model.

Employee benefits liabilities were calculated according to following assumptions:.

	31 December 2009	**31 December 2008**
Discount rate	5.8%	5.5%
Future remuneration increase	2%-5%	2,5%-4%

29. Other long-term liabilities

	31 December 2009	**31 December 2008**
Liabilities upon guarantees granted	46 556	59 549
Concession payments	138 919	132 304
	185 475	**191 853**

Liabilities upon guarantees granted relates to guarantee provided to the State Treasury in respect of loan guarantee given to Huta Ostrowiec for modernization of the production line. In August 2008 the Company begun the repayment of principal liability. Repayment schedule for these guarantee liabilities is presented in the chart below.

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 amounted to TPLN 223,870. The applied discount rate was 5.95% (in 2008: 5.95%).

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

Repayment schedule for other long-term liabilities

As at 31 December 2009	Total	up to 1 year	1-3 years	3-5 years	over 5 years
Liabilities upon guarantees granted	59 548	12 992	25 985	20 571	-
Concession payments	138 919	-	-	-	138 919
TOTAL	**198 467**	**12 992**	**25 985**	**20 571**	**138 919**

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

30. Deferred income and government grants

	31 December 2009	31 December 2008
Long-term		
Deferred rent income (mainly Passangers Service Sites)	13 400	14 225
Other	1 396	1 624
Total	**14 796**	**15 849**
Short-term		
Deferred rent income (mainly Passangers Service Sites)	825	825
Other	228	228
Total	**1 053**	**1 053**

31. Provisions

Long-term provisions	Provisions for motorway resurfacing	Other provisions	Total
Balance at 1 January 2008	**53 118**	**5**	**53 123**
Additions, including:	1 671	-	**1 671**
- due to discounting	*170*	-	***170***
Reversal	-	(5)	**(5)**
Reclassifications*	(50 143)	-	**(50 143)**
Balance at 31 December 2008	**4 646**	**-**	**4 646**
Balance at 1 January 2009	**4 646**	**-**	**4 646**
Additions, including:	1 862	-	**1 862**
- due to discounting	*270*	-	***270***
Balance at 31 December 2009	**6 508**	**-**	**6 508**

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

Short-term provisions	Provisions for motorway resurfacing	Other provisions	Total
Balance at 1 January 2008	**-**	**5 076**	**5 076**
Additions, including:	19 694	18 558	**38 252**
- due to discounting	*3 751*	-	***3 751***
Utilisation	(32 449)	(12)	**(32 461)**
Reclassifications*	50 143	-	**50 143**
Balance at 31 December 2008	**37 388**	**23 622**	**61 010**
Balance at 1 January 2009	**37 388**	**23 622**	**61 010**
Additions, including:	20 237	2 385	**22 622**
- due to discounting	*1 446*	-	***1 446***
Utilisation	(54 496)	(24 574)	**(79 070)**
Balance at 31 December 2009	**3 129**	**1 433**	**4 562**

* transfer from long-term to short-term part

On 25 February 2009 an agreement was concluded between Stalexport Autostrada Małopolska S.A. and Minister of Infrastructure, which determined the corrected Negotiated Rate and defined financial settlement conditions. In accordance with the agreement the company was obliged to reimburse to the National Road Fund the net amount of TPLN 25,510, due to decrease of the rate for the passage of toll-exempted vehicles (vignette vehicles), for the period from May 2007 to February 2009. As the result of the above, the provision of TPLN 24,574 was utilized.

The amount payable to the State National Road Fund was reimbursed by offsetting with receivables resulting from the passage of vignette vehicles. As at 31 December 2009 the payables were fully repaid.

Other provisions as at 31 December 2009 comprise mainly a provision recognized based on a 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 990 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.

32. Trade and other payables (short-term)

	31 December 2009	31 December 2008
Trade payables to related parties	16 577	7 979
Trade payables to other parties	6 102	6 044
Amounts due to taxes, duties, social and health insurance and other benefits	1 245	2 842
Payroll liabilities	1 883	1 490
Liabilities upon guarantees granted	12 992	12 992
Other payables and accruals to related parties	12 497	3 305
Other payables and accruals to other parties	14 428	14 619
	65 724	**49 271**

The balance of other payables and accruals consists mainly of suspended amounts from execution of construction contracts and guarantee deposits concerning already completed construction works. The value of above-mentioned payables amounted to TPLN 24,797 as at 31 December 2009 (as at 31 December 2008: TPLN 16,027).

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

33. Financial instruments

a. Classification of financial instruments

31 December 2009

	Long-term	Short-term	Total
Financial assets measured at fair value through profit or loss	-	48 935	48 935
Available-for-sale financial assets	69	5 954	6 023
Long-term deposits	6 987	-	6 987
Cash and cash equivalents	-	130 846	130 846
Hedge derivatives	-	(1 599)	(1 599)
Loans and receivables	-	11 177	11 177
Financial liabilities valued at amortized cost	(314 337)	(66 219)	(380 556)
	(307 281)	**129 094**	**(178 187)**

31 December 2008

	Long-term	Short-term	Total
Financial assets measured at fair value through profit or loss	-	65 697	65 697
Available-for-sale financial assets	69	6 993	7 062
Long-term deposits	4 200	-	4 200
Cash and cash equivalents	-	114 639	114 639
Hedge derivatives	-	(17 461)	(17 461)
Loans and receivables	-	18 219	18 219
Financial liabilities valued at amortized cost	(261 553)	(49 337)	(310 890)
	(257 284)	**138 750**	**(118 534)**

Within financial assets measured at fair value through profit or loss, the Group presents investments in assets management funds, which are recognised in short-term investments (note 18).

Available-for-sale financial assets include mainly shares of Centrozap S.A. and Beskidzki Dom Maklerski S.A.

Long-term deposits comprise cash kept on reserve account designated to cover uninsured losses, established in accordance with the provisions of Concession Agreement and Credit Agreement, as well as other deposits being collaterals for credit agreements.

Loans and receivables comprise trade and other receivables.

Financial liabilities recognized at amortized cost include trade payables, other payables, loans and borrowings, and finance lease liabilities.

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

b. Effective interest rates and appraisal dates

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

31 December 2009

	Effective rate	Total	< 6 months	> 5 years
Long-term deposits	4.17%	6 987	6 987	-
Cash and cash equivalents	5.24%	130 846	130 846	-
Investments in asset management funds - bonds and deposits	4.30%	36 917	36 917	-
Project Loan Agreement	5.93%	129 686	129 686	-
Concession payments	5.95%	138 919	-	138 919
Finance lease liabilities	5.74%	916	916	-
Liabilities upon guarantees granted	5.20%	59 547	59 547	-

31 December 2008

	Effective rate	Total	< 6 months	> 5 years
Long-term deposits	5.70%	4 200	4 200	-
Cash and cash equivalents	5.25%	114 639	114 639	-
Investments in asset management funds - bonds and deposits	6.10%	63 898	63 898	-
Other short-term investments	4.60%	1 940	1 940	-
Project Loan Agreement	7.59%	70 526	70 526	-
Concession payments	5.95%	132 304	-	132 304
Finance lease liabilities	13.12%	2 080	2 080	-
Liabilities upon guarantees granted	7.79%	72 541	72 541	-

c. Fair value

Fair value on financial instruments

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

Cash and cash equivalents, short-term bank deposits and short-term bank loans. The carrying amounts of instruments listed above approximate fair value because of quick maturity of these instruments.

Trade receivables, other receivables, trade payables. The carrying amounts of instruments listed above approximate fair value because of short term nature of these instruments.

Interest bearing loans and borrowings. The carrying amount of instruments listed above approximate fair value due to the variable nature of the related interest rates, based on market rates.

Available-for-sale financial assets. Include shares disclosed at their fair value based on their market value at the balance sheet date (without consideration of transaction costs). Shares of companies which are not listed on financial markets, and for which there are no alternative measures to define their fair value, are disclosed at cost net of any impairment losses.

Investments in assets management funds. The carrying amount equals their fair value based on market quotations.

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

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

Hierarchy of financial instruments carried at fair value

Financial instruments carried at fair value can be classified to the following valuation models:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices),
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the valuation of available-for-sale financial assets measured at fair value in the amount of TPLN 4,581 as at 31 December 2009 (31 December 2008: TPLN 5,822) and investments in asset management funds measured at fair value in the amount of TPLN 48,935 as at 31 December 2009 (31 December 2008: TPLN 65,697), Level 1 was used.

For the valuation of derivatives carried at fair value in the amount of TPLN 1,599 as at 31 December 2009 (31 December 2008: TPLN 17,461), Level 2 was used.

d. Hedge accounting

Cash flow hedge accounting

The Group hedges cash flows resulting from payments of interest related to Project Loan Agreement between SAM S.A. and banks' consortium. For cash flow being hedged cash flow hedge accounting is applied. Derivatives are used as hedging instruments (interest rate swap).

Expected performance of cash flow being hedged shall take place in semi-annual periods between the 31 March 2009 and the 28 December 2020. Expected date of hedging transaction impact onto profit and loss matches the date of performance of cash flows being hedged (see also notes 33c and 5.25 *Derivative financial instruments, including hedge accounting*).

Liability deriving from the valuation of the hedging instruments as at 31 December 2009 amounts to TPLN 1,599 (31 December 2008: TPLN 17,461). The impact of cash flow hedge accounting identified as effective, was recognized in other comprehensive income.

34. Financial risk management

a. Credit risk

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

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

	31 December 2009	31 December 2008
Other long-term investments	7 056	4 269
Short-term investments	54 889	74 630
Trade and other receivables	31 432	27 719
Cash and cash equivalents	130 846	114 639
	224 223	**221 257**

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

b. Stock exchange indexes fluctuations risk

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

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

	31 December 2009	31 December 2008
Investments in asset management funds - shares	2 105	1 799
Available-for-sale financial assets	4 581	5 822
	6 686	**7 621**

c. Market risk

Market risk is the risk that changes in market demand, supply and prices, as well as other factors will affect the Group's financial results and controlled assets value (such as foreign exchange rates, interest rates and cost of capital). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The Group's exposure to the interest rate risk relates mainly to cash and cash equivalents, interest-bearing loans and borrowings and other payables based on floating interest rate WIBOR + margin.

The table below presents susceptibility profile (the Group's maximum exposure) to the risk of interest rate fluctuations through presentation of financial instruments according to fixed and floating interest rate:

	Current value 31 December 2009	Current value 31 December 2008
Fixed interest rate instruments		
Financial assets	36 137	50 134
	36 137	**50 134**
Floating interest rate instruments		
Financial assets	138 613	128 403
Financial liabilities	(327 598)	(275 965)
	(188 985)	**(147 562)**

In accordance with provisions of financing agreements concluded on 27 May 2008, SAM S.A. and three banks: WestLB Bank Polska S.A., PEKAO S.A., DEPFA Bank, struck interest rate swaps transactions in relation to Project Loan Agreement. The aim of those transactions was to swap cash flow based on floating interest rate (6M WIBOR) for cash flow based on fixed interest rate. As at 31 December 2009, SAM S.A. owned interest rate swaps hedging against the risk of future interest rates fluctuations in relation to bank loan amounting to PLN 190 million, which constituted up to 50% of maximum amount of bank loan, which might be drawn in accordance with Project Loan Agreement (during the period from 30 September 2008 to 30 September 2010 the transactions secure interest flows in relation to bank loan of PLN 70 million, during the period from 1 October 2010 to 28 December 2020 the transactions will hedge interest flows in relation to bank loan up to PLN 190 million). The maturities of secured interest payments in derivative transactions equal the maturities of interest flows resulting from the Credit Agreement.

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

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

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

	Profit or loss		**Equity**	
	increase 100 pb	decrease 100 pb	increase 100 pb	decrease 100 pb
2009				
Floating interest rate instruments	(1 890)	1 890	(1 890)	1 890
Fixed interest rate instruments	(316)	1 568	(316)	1 568
Hedge derivatives	-	-	9 515	(9 515)
2008				
Floating interest rate instruments	(1 476)	1 476	(1 476)	1 476
Fixed interest rate instruments	(1 521)	1 435	(1 521)	1 435
Hedge derivatives	-	-	11 776	(11 776)

Foreign currency risk

At the end of 2009 foreign currency risk concerned mainly cash deposits.

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

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

31 December 2009	**EUR**	**USD**
Cash and cash equivalents	1 011	191
Trade and other payables	(407)	-
Statement of financial position exposure	**604**	**191**

31 December 2008	**EUR**	**USD**
Cash and cash equivalents	921	439
Trade and other payables	(601)	-
Statement of financial position exposure	**320**	**439**

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

	Profit or loss		**Equity**	
	increase of exchange rates by 5%	decrease of exchange rates by 5%	increase of exchange rates by 5%	decrease of exchange rates by 5%
2009	40	(40)	40	(40)
2008	38	(38)	38	(38)

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

d. Risk of loss of financial liquidity

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

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

Liquidity management focuses on detailed analysis, planning and taking suitable actions related to working capital and net financial indebtedness.

The table below shows the maximum Group's exposure to liquidity risk:

31 December 2009

Non-derivative financial liabilities	Balance sheet value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Long term liabilities upon guarantees granted	59 547	(66 779)	(7 979)	(7 805)	(15 104)	(35 891)	-
Concession payments	138 919	(223 870)	-	-	-	-	(223 870)
Secured bank loans	129 686	(187 861)	(3 367)	(3 958)	(12 286)	(51 253)	(116 997)
Finance lease liabilities	916	(1 055)	(200)	(132)	(265)	(458)	-
Trade and other payables	52 733	(52 733)	(52 733)	-	-	-	-
Derivatives inflows/(outflows)							
Interest rate swaps used for hedging	1 599	(20 151)	(551)	(551)	(2 993)	(7 837)	(8 219)
	383 400	(552 449)	(64 830)	(12 446)	(30 648)	(95 439)	(349 086)

31 December 2008

Non-derivative financial liabilities	Balance sheet value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Long term liabilities upon guarantees granted	72 541	(96 946)	(8 399)	(9 196)	(17 679)	(46 957)	(14 715)
Concession payments	132 304	(223 870)	-	-	-	-	(223 870)
Secured bank loans	70 527	(118 843)	(2 909)	(2 941)	(5 834)	(29 366)	(77 793)
Finance lease liabilities	2 080	(2 257)	(824)	(699)	(286)	(448)	-
Trade and other payables	36 279	(36 279)	(36 279)	-	-	-	-
Derivatives inflows/(outflows)							
Interest rate swaps used for hedging	17 461	9 649	250	250	501	3 836	4 812
	331 192	(468 546)	(48 161)	(12 586)	(23 298)	(72 935)	(311 566)

e. Capital management

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

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

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

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

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

35. Operating leases

Operating lease agreements, where the Group is as a lessee

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

	31 December 2009	31 December 2008
up to 1 year	1	59
1 -5 years	-	16
	1	**75**

36. Capital expenditure commitments

On 16 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.

On 24 September 2008 SAM S.A. signed a contract with Czmuda S.A. for implementation of changes covered by the project of final traffic organization on the concession part of A-4 motorway Katowice – Kraków (km 340+200 – 401+100) in the area of vertical road marking. Under the agreement road marking will be exchanged and expanded in line with changes in traffic organization. The contract amounts to TPLN 3,116. In 2009 works in value of TPLN 1,143 were completed.

37. Contingent liabilities

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 14,552 (31 December 2008: TPLN 14,371). In comparative period the Group also recognized contingent liabilities relating to guarantees granted to third parties in the amount of TPLN 1,699 as at 31 December 2008.

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

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

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

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

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

38. Transactions with related parties

a. Intergroup receivables and liabilities

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**

31 December 2008	**Receivables**	**Payables**
Atlantia S.p.A.	-	17
Pavimental S.p.A. S.A. Oddział w Polsce	11	11 267
Autostrada Mazowsze S.A.	874	-
TOTAL	**885**	**11 284**

b. Transactions with related parties

2009	**Revenue**	**Other income**	**Cost of acquired goods and services**	**Cost of acquired property, plant and equipment and resurfacing works**
Pavimental S.p.A. S.A. Oddział w Polsce	6	31	(31)	(106 879)
Pavimental Polska Sp. z o.o.	95	1	-	-
Autostrada Mazowsze S.A.	887	-	-	-
Wycliffe Management Sp. z o.o.	-	-	(86)	-
TOTAL	**988**	**32**	**(117)**	**(106 879)**

2008	**Revenue**	**Finance income**	**Cost of acquired goods and services**	**Cost of acquired property, plant and equipment and resurfacing works**	**Finance expenses**
Atlantia S.p.A.	-	3 500	(17)	-	-
Autostrade per l'Italia	254	-	-	-	-
Pavimental S.p.A. S.A. Oddział w Polsce	6	-	(39)	(33 041)	-
Pavimental Polska Sp. z o.o.	34	-	-	-	-
Autostrada Mazowsze S.A.	749	-	-	-	-
Stalexport Autostrada Śląska S.A.	14	-	-	-	(233)
TOTAL	**1 057**	**3 500**	**(56)**	**(33 041)**	**(233)**

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

c. Transactions with key personnel

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

	2009	2008
Parent Company		
Management Board	3 856	2 048
Key personnel	1 407	699
Supervisory Board	88	101
Subsidiaries		
Management Boards	1 988	2 447
Key personnel	1 743	1 962
Supervisory Boards	637	582
	9 719	**7 839**

In 2009 and 2008 the Group did not grant any loans to the Members of Management Board or Supervisory Board Members of the companies constituting the Group or their close relatives, who are the Members of the Group companies Supervisory Boards or who are significant shareholders of the Company or its subsidiaries. The Group did not grant to the above mentioned individuals any advance payments or guarantees.

39. Subsequent events

There were no significant subsequent events after the period and that should be disclosed in the consolidated financial statements for 2009.