



Stalexport Autostrady S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2010

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

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Stalexport Autostrady S.A.

We have audited the accompanying consolidated financial statements of Stalexport Autostrady S.A. Group, seated in Katowice, 29 Mickiewicza Street (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by European Union and with other applicable regulations and preparation of the Report on the Group’s activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) (“the Accounting Act”), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our

judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of Stalexport Autostrady S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

As required under the Accounting Act, we also report that the Report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

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

Signed on the Polish original

Signed on the Polish original

.....
Certified Auditor No. 11581
Grzegorz Bies

.....
Certified Auditor No. 90066
Director
Arkadiusz Cieřlik

2 March 2011
Cracow



TRANSLATION

Stalexport Autostrady S.A. Group

Report supplementing
the auditor's opinion
on the consolidated financial
statements

Financial Year ended
31 December 2010

The report supplementing the auditor's opinion
contains 12 pages

Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2010

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

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

Stalexport Autostrady S.A. Group

1.1.2 Registered office of the Parent Company of the Group

29 Mickiewicza Street
40-085 Katowice

1.1.3 Registration of the Parent Company in the National Court Register

Registration court:	District Court in Katowice, VIII Commercial Department of the National Court Register
Date:	3 July 2001
Registration number:	KRS 0000016854
Initial capital as at balance sheet date:	PLN 494,524,046

1.1.4. Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

At 31 December 2010, the Management Board of the Parent Company was comprised of the following members:

- Emil Wąsacz – President of the Management Board,
- Mieczysław Skołożyński – Vice-President of the Management Board,
- Wojciech Gębicki – Vice-President of the Management Board.

Based on the Supervisory Board resolution dated 10 February 2011, Mr. Wojciech Gębicki was recalled from the position of Vice-President of the Management Board.

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2010, the following companies were consolidated by the Group:

Parent Company:

- Stalexport Autostrady S.A.

Subsidiaries consolidated on the full consolidation basis:

- Stalexport Autoroute S.a r.l.,
- Stalexport Autostrada Małopolska S.A.,
- Stalexport Transroute Autostrada S.A.,
- Stalexport Autostrada Dolnośląska S.A.,

- Biuro Centrum Sp. z o.o.

The following subsidiaries were consolidated until the date control by the Parent ceased:

- Stalexport Autostrada Śląska S.A. in liquidation – subject to consolidation for the period from 1 January to 28 May 2010.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname: Grzegorz Bies
Registration number: 11581

Name and surname: Arkadiusz Cieślík
Registration number: 90066

1.3.2 Authorized auditor information

Name: KPMG Audyt Sp. z o.o.
Registered office: Warsaw
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000104753
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court
Register
Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 30 March 2010.

The consolidated financial statements were submitted to the Registry Court on 17 June 2010 and were published in Monitor Polski B No. 1008 on 22 June 2010.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of Stalexport Autostrady S.A. seated in Katowice, 29 Mickiewicza Street and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.



The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Extraordinary General Meeting dated 20 January 2005.

The consolidated financial statements have been audited in accordance with the contract dated 25 June 2009, concluded on the basis of the resolution of Supervisory Board dated 12 March 2009 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's head office during the period from 8 to 9 December 2010 and from 24 to 28 January 2011.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Group's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the consolidated financial statements.

The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Sp. z o.o. fulfill independence requirements from the companies included in the Group as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion.

1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
Stalexport Autoroute S.a r.l.	Fiduciaire Patrick Sganzerla S.a r.l.	31.12.2010	unqualified opinion
Stalexport Autostrada Małopolska S.A.	KPMG Audyt Sp. z o.o. sp.k.	31.12.2010	unqualified opinion
Stalexport Transroute Autostrada S.A.	KPMG Audyt Sp. z o.o.	31.12.2010	unqualified opinion
Stalexport Autostrada Dolnośląska S.A.	4Audyt Sp. z o.o.	31.12.2010	unqualified opinion
Biuro Centrum Sp. z o.o.	4Audyt Sp. z o.o.	31.12.2010	unqualified opinion



2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2010	% of total	31.12.2009	% of total
	PLN '000		restated PLN '000	
Non-current assets				
Property, plant and equipment	18,019	1.3	16,254	1.5
Intangible assets	792,571	57.3	730,668	67.8
Prepayments for perpetual usufruct of land	-	-	116	0.0
Investment property	3,500	0.3	3,786	0.4
Investments in associates	-	-	116	0.0
Other investments	180,098	13.0	7,056	0.7
Long term prepayments	-	-	16,170	1.5
Deferred tax asset	90,271	6.5	84,418	7.8
Total non-current assets	1,084,459	78.4	858,584	79.7
Current assets				
Inventories	1,570	0.1	1,813	0.2
Other current investments	63,999	4.6	54,889	5.1
Income tax receivable	12	0.0	106	0.0
Trade and other receivables	19,903	1.5	31,432	2.9
Cash and cash equivalents	212,815	15.4	130,846	12.1
Short term prepayments	-	-	184	0.0
Total current assets	298,299	21.6	219,270	20.3
TOTAL ASSETS	1,382,758	100.0	1,077,854	100.0



Stalexport Autostrady S.A. Group
Report supplementing the opinion on the consolidated financial statements
for the financial year ended 31 December 2010
TRANSLATION

EQUITY AND LIABILITIES	31.12.2010	% of total	31.12.2009	% of total
			<i>restated</i>	
	PLN '000		PLN '000	
Equity				
Share capital	494,524	35.8	494,524	45.9
Share capital revaluation adjustment	18,235	1.3	18,235	1.7
Treasury shares	(20)	(0.0)	(20)	(0.0)
Share premium	20,916	1.5	20,916	2.0
Revaluation reserve relating to available-for-sale financial assets	(3,390)	(0.2)	(3,013)	(0.3)
Revaluation reserve relating to hedge accounting	(3,537)	(0.3)	(1,067)	(0.1)
Other reserve capital	181,240	13.1	161,643	15.0
Foreign exchange translation differences	174	0.0	167	0.0
Retained earnings and uncovered losses	(531,955)	(38.5)	(522,565)	(48.5)
Total equity attributable to equity holders of the parent	176,187	12.7	168,820	15.7
Non-controlling interests	3,895	0.3	3,634	0.3
Total equity	180,082	13.0	172,454	16.0
Liabilities				
Interest-bearing loans and borrowings	329,876	23.9	122,395	11.3
Financial lease liabilities	479	0.0	646	0.0
Employee benefits	2,824	0.2	815	0.1
Deferred income and government grants	12,676	0.9	14,796	1.4
Other long-term liabilities	182,284	13.2	185,475	17.2
Long-term provisions	514,698	37.2	448,982	41.7
Deferred tax provision	6	0.0	-	-
Total non-current liabilities	1,042,843	75.4	773,109	71.7
Interest-bearing loans and borrowings	13,627	1.0	1,470	0.2
Financial lease liabilities	218	0.0	270	0.0
Derivatives	5,269	0.4	1,599	0.2
Income tax payable	908	0.1	28	0.0
Trade and other payables	43,944	3.2	65,724	6.1
Employee benefits	125	0.0	321	0.0
Deferred income and government grants	832	0.1	1,053	0.1
Short-term provisions	94,910	6.8	61,826	5.7
Total current liabilities	159,833	11.6	132,291	12.3
Total liabilities	1,202,676	87.0	905,400	84.0
TOTAL EQUITY AND LIABILITIES	1,382,758	100.0	1,077,854	100.0



2.1.1. Consolidated statement of comprehensive income

	1.01.2010 - 31.12.2010	% of total sales	1.01.2009 - 31.12.2009 <i>restated</i>	% of total sales
	PLN '000		PLN '000	
Revenue	165,219	100.0	138,842	100.0
Cost of sales	(76,119)	(46.1)	(74,477)	(53.6)
Gross profit on sales	89,100	53.9	64,365	46.4
Other operating income	6,827	4.1	13,282	9.6
Administrative expenses	(31,457)	(19.0)	(32,830)	(23.7)
Other operating expenses	(2,491)	(1.5)	(1,948)	(1.4)
Results from operating activities	61,979	37.5	42,869	30.9
Finance income	12,966	7.8	9,572	6.9
Finance expenses	(55,219)	(33.4)	(42,306)	(30.5)
Net finance costs	(42,253)	(25.6)	(32,734)	(23.6)
Share of net loss of equity accounted associates	(116)	0.0	(1,181)	(0.9)
Profit before tax	19,610	11.9	8,954	6.4
Income tax expense	(5,128)	(3.1)	(1,384)	(0.9)
Net profit for the period	14,482	8.8	7,570	5.5
OTHER COMPREHENSIVE INCOME				
Foreign currency translation differences for foreign operations	(34)	(0.0)	(240)	(0.2)
Effective portion of changes in fair value of cash flow hedges	(3,049)	(1.9)	16,144	11.6
Net change in fair value of available-for-sale financial assets	(382)	(0.2)	(1,241)	(0.9)
Income tax on other comprehensive income	579	0.3	(3,067)	(2.2)
Other comprehensive income for the period, net of income tax	(2,886)	(1.8)	11,596	8.3
Total comprehensive income for the period	11,596	7.0	19,166	13.8
Earnings per share				
Basic earnings per share (PLN)	0.04		0.02	
Diluted earnings per share (PLN)	0.04		0.02	

2.2 Selected financial ratios

	2010	2009 <i>restated</i>	2008 <i>restated</i>
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{revenue}}$	8.8%	5.5%	2.0%
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	8.7%	4.6%	1.7%
3. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	87.0%	84.0%	86.3%
4. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.9	1.7	1.0

2.3 Interpretation of selected financial ratios

Return on sales and return on equity

The increase in return on sales and return on equity in the analysed periods was a result of significant increase in net profit.

Debt ratio

The debt ratio did not fluctuate significantly in analysed periods.

Current ratio

The increase in current ratio in the previous year was mainly attributable to financing of repairs and modernization of infrastructure with long term bank loan. Further increase in current ratio in 2010 resulted from drawing of another portion of long term bank loan that will be used i.a. for financing the short term investment expenditures and were partially lodged in short term bank accounts.

3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Stalexport Autostrady S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 r., No 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note 5.1 of the notes to the consolidated financial statements.

3.4 Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interest in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interest' share in the subsidiaries' equity as at the end of the reporting period.

3.5 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Stalexport Autostrady S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.6 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.7 Report of the Management Board of the Parent Company on the Group's activities

The Report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

3.8 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

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

Signed on the Polish original

Signed on the Polish original

.....
Certified Auditor No. 11581
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