



Stalexport Autostrady S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2011**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 10 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2011

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 separate financial statements of Stalexport Autostrady S.A., seated in Katowice, ul. Mickiewicza 29 (“the Company”), which comprise the separate statement of financial position as at 31 December 2011, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these 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 Company’s activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the 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 Company and members of the Supervisory Board are required to ensure that the financial statements and the Report on the Company’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 financial statements and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the 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 about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 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 separate financial statements of Stalexport Autostrady S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2011 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the Report on the Company'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 with amendments) and the information is consistent with the 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

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

1 March 2012
Cracow

Signed on the Polish original

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



Stalexport Autostrady S.A.

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

Financial Year ended
31 December 2011

The report supplementing the auditor's opinion
contains 10 pages

Report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2011



Stalexport Autostrady S.A.
*Report supplementing the opinion on the separate financial statements
for the financial year ended 31 December 2011*

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1. General

1.1. General information about the Company

1.1.1. Company name

Stalexport Autostrady S.A.

1.1.2. Registered office

ul. Mickiewicza 29
40-085 Katowice

1.1.3. Registration 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
Share capital as at balance sheet date:	PLN 185,446,517.25

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2011, the Management Board of the Company was comprised of the following members:

- Emil Wąsacz – President of the Management Board,
- Mieczysław Skołożyński – 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. Auditor information

1.2.1. Key certified auditor information

Name and surname:	Arkadiusz Cieślik
Registration number:	90066

Name and surname:	Renata Kucharska
Registration number:	90118



1.2.2. Audit firm 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 audit firms under number 458.

1.3. Prior period financial statements

The separate financial statements for the period ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 4 April 2011 where it was resolved to allocate the profit for the prior financial year of PLN 4,127,013.91 to cover the loss for the prior years.

The separate financial statements were submitted to the Registry Court on 6 April 2011 and were published in Monitor Polski B No. 1046 on 13 June 2011 r.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Stalexport Autostrady S.A. seated in Katowice, ul. Mickiewicza 29 and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2011, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The audited Company prepares its separate 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 separate 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 the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the separate financial statements in the Company's head office during the period from 17 to 18 November 2011 and from 30 January to 3 February 2012.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the 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 Company's activities.



Our responsibility is to express an opinion and to prepare a supplementing report on the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the separate financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate 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 auditor and KPMG Audyt Sp. z o.o. fulfill independence requirements 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 from 2009, 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.

2. Financial analysis of the Company

2.1. Summary of the separate financial statements

2.1.1. Separate statement of financial position

ASSETS	31.12.2011	% of total	31.12.2010	% of total
	PLN '000		PLN '000	
Non-current assets				
Property, plant and equipment	1,213	0.5	1,829	0.7
Intangible assets	167	0.1	207	0.1
Investment property	4,356	1.9	3,500	1.4
Investments in subsidiaries and associates	79,045	34.9	42,442	16.7
Other non-current investments	400	0.2	1,012	0.4
Total non-current assets	85,181	37.6	48,990	19.3
Current assets				
Other current investments	59,907	26.4	60,117	23.7
Trade and other receivables	7,508	3.3	64,660	25.5
Cash and cash equivalents	74,176	32.7	79,980	31.5
Non-current assets held for sale	30	0.0	-	-
Total current assets	141,621	62.4	204,757	80.7
TOTAL ASSETS	226,802	100.0	253,747	100.0
EQUITY AND LIABILITIES				
	31.12.2011	% of total	31.12.2010	% of total
	PLN '000		PLN '000	
Equity				
Share capital	185,447	81.8	494,524	194.9
Share capital revaluation adjustment	-	-	18,235	7.2
Treasury shares	(20)	(0.0)	(20)	(0.0)
Share premium	13,514	6.0	20,916	8.2
Revaluation reserve related to available-for-sale financial assets	(5,788)	(2.6)	(3,256)	(1.3)
Uncovered losses	(5,119)	(2.3)	(334,714)	(131.9)
Total equity	188,034	82.9	195,685	77.1
Liabilities				
Employee benefits	522	0.2	2,419	1.0
Other non-current liabilities	20,572	9.1	33,564	13.2
Total non-current liabilities	21,094	9.3	35,983	14.2
Interest-bearing loans and borrowings	-	-	6,471	2.5
Trade and other payables	15,192	6.7	15,120	6.0
Employee benefits	2,418	1.1	88	0.0
Short-term provisions	64	0.0	400	0.2
Total current liabilities	17,674	7.8	22,079	8.7
Total liabilities	38,768	17.1	58,062	22.9
TOTAL EQUITY AND LIABILITIES	226,802	100.0	253,747	100.0

2.1.2. Separate statement of comprehensive income

	1.01.2011 - 31.12.2011 PLN '000	% of total sales	1.01.2010 - 31.12.2010 PLN '000	% of total sales
Revenue	3,893	100.0	3,364	100.0
Cost of sales	(3,413)	(87.7)	(3,080)	(91.6)
<i>Gross profit on sales</i>	480	12.3	284	8.4
Other operating income	344	8.9	2,178	64.8
Administrative expenses	(8,483)	(217.9)	(10,529)	(313.0)
Other operating expenses	(7,118)	(182.9)	(569)	(16.9)
<i>Results from operating activities</i>	(14,777)	(379.6)	(8,636)	(256.7)
Finance income	12,861	330.4	15,753	468.3
Finance expenses	(3,203)	(82.3)	(2,990)	(88.9)
Net finance profits	9,658	248.1	12,763	379.4
<i>(Loss)/profit before tax</i>	(5,119)	(131.5)	4,127	122.7
Income tax expense	-	-	-	-
<i>(Loss)/profit for the period</i>	(5,119)	(131.5)	4,127	122.7
OTHER COMPREHENSIVE INCOME				
Net change in fair value of available-for-sale financial assets	(2,532)	(65.0)	(363)	(10.8)
<i>Other comprehensive income for the period</i>	(2,532)	(65.0)	(363)	(10.8)
<i>Total comprehensive income for the period</i>	(7,651)	(196.5)	3,764	111.9
<i>Earnings per share</i>				
Basic earnings per share (PLN)	(0.02)		0.02	
Diluted earnings per share (PLN)	(0.02)		0.02	



2.2. Selected financial ratios

	2011	2010	2009
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	negative value	122.7%	169.1%
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	negative value	2.2%	2.9%
3. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	17.1%	22.9%	26.5%
4. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	8.0	9.3	8.9

3. Detailed report

3.1. Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act.

3.2. Notes to the separate financial statements

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

3.3. Report on the Company's activities

The Report on the Company's activities includes, in all material respects, 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 with amendments) and the information is consistent with the separate financial statements.



3.4. Information on the opinion of the independent auditor

Based on our audit of the separate financial statements as at and for the year ended 31 December 2011, 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. 90118
Renata Kucharska

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

1 March 2012
Cracow