STALEXPORT AUTOSTRADY S.A.

SEPARATE
FINANCIAL STATEMENTS

as at the day and for the year ended
31 December 2011

Katowice, 1 March 2012

Contents

Separate statement of comprehensive income
for the year ended 31 December

In thousands of PLN, unless stated otherwise	*Note*	*2011*	*2010*
Revenue	5	3 893	3 364
Cost of sales	5,7	(3 413)	(3 080)
Gross profit		**480**	**284**
Other income	8	344	2 178
Administrative expenses	7	(8 483)	(10 529)
Other expenses	9	(7 118)	(569)
Results from operating activities		**(14 777)**	**(8 636)**
Finance income		12 861	15 753
Finance expenses		(3 203)	(2 990)
Net finance income	10	**9 658**	**12 763**
Profit/(Loss) before income tax		**(5 119)**	**4 127**
Income tax expense		-	-
Profit/(Loss) for the period		**(5 119)**	**4 127**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	10	(2 532)	(363)
Other comprehensive income for the period, net of income tax		**(2 532)**	**(363)**
Total comprehensive income for the period		**(7 651)**	**3 764**
Earnings per share	22		
Basic earnings per share (PLN)		(0.02)	0.02
Diluted earnings per share (PLN)		(0.02)	0.02

Separate statement of financial position
as at

In thousands of PLN	*Note*	*31 December 2011*	*31 December 2010*
ASSETS			
Non-current assets			
Property, plant and equipment	12	1 213	1 829
Intangible assets	13	167	207
Investment property	14	4 356	3 500
Investments in subsidiaries and associates	15	79 045	42 442
Other non-current investments	16	400	1 012
Total non-current assets		**85 181**	**48 990**
Current assets			
Current investments	16	59 907	60 117
Trade and other receivables	19	7 508	64 660
Cash and cash equivalents	20	74 176	79 980
Non-current assets held for sale	6	30	-
Total current assets		**141 621**	**204 757**
Total assets		**226 802**	**253 747**
EQUITY AND LIABILITIES			
Equity	21		
Share capital		185 447	494 524
Share capital revaluation adjustment		-	18 235
Treasury shares		(20)	(20)
Share premium reserve		13 514	20 916
Fair value reserve	21.2	(5 788)	(3 256)
Uncovered losses		(5 119)	(334 714)
Total equity		**188 034**	**195 685**
Liabilities			
Non-current liabilities			
Employee benefits	24	522	2 419
Other non-current liabilities	25	20 572	33 564
Total non-current liabilities		**21 094**	**35 983**
Current liabilities			
Loans and borrowings	23	-	6 471
Trade and other payables	27	15 192	15 120
Employee benefits	24	2 418	88
Provisions	26	64	400
Total current liabilities		**17 674**	**22 079**
Total liabilities		**38 768**	**58 062**
Total equity and liabilities		**226 802**	**253 747**

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

Separate statement of cash flows
for the year ended 31 December

In thousands of PLN	*Note*	*2011*	*2010*
Cash flows from operating activities			
Profit/(Loss) before income tax		**(5 119)**	**4 127**
Adjustments for			
Depreciation and amortisation	7	706	679
Impairment losses on intangible assets and property, plant and equipment	9	8	-
Profit on investment activity		(1 143)	(5 484)
(Gain)/Loss on sale of intangible assets and property, plant and equipment	8, 9	(30)	89
Interest and dividends		(11 008)	(7 960)
Change in receivables		7 058	1 120
Change in trade and other payables		(12 790)	(11 564)
Change in provisions		(336)	293
Proceeds related to collateral requested by creditors		-	2 200
Net cash used in operating activities		**(22 654)**	**(16 500)**
Cash flows from investing activities			
Investment proceeds		**23 980**	**17 811**
Proceeds from sale of intangible assets and property, plant and equipment		33	27
Proceeds from redemption of subsidiary's shares		12 894	-
Dividends received		6 877	4 528
Interest received		4 176	3 671
Proceeds from sale of financial assets		-	9 585
Investment expenditures		**(614)**	**(12 547)**
Acquisition of intangible assets and property, plant and equipment		(614)	(247)
Loans granted		-	(600)
Acquisition of financial assets		-	(11 700)
Net cash from investing activities		**23 366**	**5 264**
Cash flows from financing activities			
Financial expenditures		**(6 516)**	**(83)**
Repayment of loans and borrowings		(6 200)	-
Interest paid		(316)	(83)
Net cash used in financing activities		**(6 516)**	**(83)**
Net change in cash and cash equivalents		**(5 804)**	**(11 319)**
Change in cash as in statement of financial position	20	**(5 804)**	**(11 319)**
Cash and cash equivalents at 1 January		**79 980**	**91 299**
Cash and cash equivalents at 31 December, including:		**74 176**	**79 980**
Restricted cash and cash equivalents		21	6

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

Separate statement of changes in equity

In thousands of PLN

	Share capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Fair value reserve	Uncovered losses	Total equity
As at 1 January 2010	**494 524**	**18 235**	**(20)**	**20 916**	**(2 893)**	**(338 841)**	**191 921**
Profit for the period	-	-	-	-	-	***4 127***	***4 127***
Other comprehensive income for the period, net of income tax	-	-	-	-	***(363)***	-	***(363)***
Net change in fair value of available-for-sale financial assets	-	-	-	-	(363)	-	**(363)**
Total comprehensive income for the period	-	-	-	-	***(363)***	***4 127***	***3 764***
As at 31 December 2010	**494 524**	**18 235**	**(20)**	**20 916**	**(3 256)**	**(334 714)**	**195 685**

	Share capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Fair value reserve	Uncovered losses	Total equity
As at 1 January 2011	**494 524**	**18 235**	**(20)**	**20 916**	**(3 256)**	**(334 714)**	**195 685**
Loss for the period	-	-	-	-	-	(5 119)	**(5 119)**
Other comprehensive income for the period, net of income tax	-	-	-	-	***(2 532)***	-	***(2 532)***
Net change in fair value of available-for-sale financial assets	-	-	-	-	(2 532)	-	**(2 532)**
Total comprehensive income for the period	-	-	-	-	***(2 532)***	***(5 119)***	***(7 651)***
Coverage of losses from previous years	(309 077)	(18 235)	-	(7 402)	-	334 714	-
As at 31 December 2011	**185 447**	**-**	**(20)**	**13 514**	**(5 788)**	**(5 119)**	**188 034**

1. Company 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.

As at 31 December 2011 the Company's business activity includes management and business advisory and also rental of office space.

The Company is a parent entity of Stalexport Autostrady S.A. Capital Group and prepares consolidated financial statements.

The Company is a part of the Capital Group Atlantia S.p.A. (Italy) and it is included within the consolidated financial statements drawn up by the parent company of the highest level Atlantia S.p.A., which among other entities controls Company's main shareholder i.e. Autostrade per l'Italia S.p.A.

2. Basis of preparation of separate financial statements

2.1. Statement of compliance

The separate 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 Company prepares also the consolidated financial statements drawn up in accordance with IFRS EU.

The separate financial statements were approved by the Management Board of the Company on 1 March 2012.

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 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.

2.2. Basis for valuation

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

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

2.3. Functional and presentation currency

The separate financial statements are presented in Polish zloty, being the functional currency and presentation currency of the Company, rounded to full thousands.

2.4. New standards and interpretations not adopted

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2011, have not been applied in preparation of these separate financial statements. Apart from IFRS 9 *Financial instruments*, IFRS 12 *Disclosure of Interests in Other Entities* and IFRS 13 *Fair Value Measurement*, which await EU endorsement, neither of the new standards nor amendments to the already existing standards, is expected to have a significant impact on the separate financial statements of the Company.

2.5. Use of estimates and judgements

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. These 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 separate financial statements, have been discussed in notes 14, 15, 16, 17, 18, 19, 24, 26, 30.

3. Going concern

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

4. Description of significant accounting principles applied

The accounting principles set out below have been applied consistently in all accounting periods presented within the separate financial statements.

4.1. Foreign currency transactions

Transactions in foreign currencies on the day of transaction are translated into Polish zloty at the National Bank of Poland (“NBP”) 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.

4.2. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 4.12).

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 end of the reporting period, if the asset was not transferred to use before this date). If required, 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 capitalized 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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

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 completed, 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 Company 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 Company and the cost can be measured reliably. The expenditures related to maintenance of property part and equipment are recognized as incurred.

Depreciation

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

The Company adopted following useful lives for particular categories of property plant and equipment:

- buildings 25-40 years
- plant and equipment 1-15 years
- vehicles 5 years
- other 1-5 years

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

4.3. Intangible assets

Intangible assets that are acquired by the Company are measured at cost less accumulated depreciation and impairment losses (see note 4.12).

Subsequent expenditures

Subsequent expenditures on existing intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss 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 3-5 years

The adequacy of amortisation methods, useful lives and residual values is reviewed at each reporting date and adjusted if appropriate.

4.4. Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and impairment losses (see note 4.12).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of investment property (residual values are taken into account). The Company assumed 40-year period of economic useful life for the part of the office building classified as investment property.

4.5. Property, plant and equipment under lease

Lease agreements in terms of which the Company 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, and then are subject to depreciation and impairment losses (see note 4.12). Subsequent to initial recognition, the property, plant and equipment under financial lease is accounted for in accordance with the accounting policy applicable to entity-owned property, plant and equipment. If it is not certain, that at the conclusion of the lease agreement the ownership of the leased assets will be transferred to the Company, the assets are depreciated over the shorter of periods 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.

4.6. Perpetual usufruct of land

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

4.7. Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost less impairment losses (see note 4.12).

4.8. Trade and other receivables

Trade and other 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 note 4.12).

4.9. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined based on the first in, first out principle. The cost includes expenditure incurred directly in acquiring the inventories and their adoption for use or sale.

4.10. Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company'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.

4.11. Cash and Cash equivalents

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

4.12. Impairment losses

4.12.1. Financial assets

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 Company on terms that it 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 Company considers evidence of impairment for loans granted, receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans granted, receivables and held-to-maturity investment securities are assessed for specific impairment.

All individually significant loans granted, 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. Loans granted, receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment 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 loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. 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 financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent periods, 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.

4.12.2. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, 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.

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.

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.

4.12.3. 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 Company'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.

4.13. Equity

Until the end of 1996 the Company operated in a hyperinflationary economy. IAS 29 *Financial Reporting in Hyperinflationary Economies* requires restatement of each element of share capital applying general price index, beginning from the moment the equity was introduced till 31 December 1996. Retrospective application of IAS 29 influenced the increase of share capital revaluation in correspondence with the decrease in retained earnings.

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

Repurchase of treasury shares

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

4.14. Employee benefits

4.14.1. Retirement awards

The Company in accordance with its remuneration rules is obliged to payment of retirement awards.

The Company'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 end of reporting period. The retirement award obligation is recognized proportionally to the projected length of service of a given employee. Recognising the liability due to retirement awards, the Company discloses total actuarial gains or losses in profit or loss, within the period in which they were indentified.

4.14.2. Jubilee bonuses

The Company offers its employees jubilee bonuses, which depend on the current length of service of a given employee and the current average remuneration in the industry.

The Company'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 end of the reporting period. Disclosing liability due to jubilee bonuses, the Company discloses total actuarial gains or losses in 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.

4.14.3. Current employee benefits

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

A liability is recognised in the amount expected to be paid under short-term cash bonus if the Company 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.

4.15. Provisions

A provision is recognized in the statement of financial position, when the Company 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.16. Trade and other payables

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

4.17. Interest-bearing bank loans and borrowings

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

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

4.18. Revenue

4.18.1. Sale of goods

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 Company involvement with the goods.

4.18.2. Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

4.19. Lease payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis 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.

4.20. Finance income and expenses

Finance income comprises interest income on funds invested by the Company, 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 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 Company’s right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, losses on the disposal of available-for-sale financial assets, 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. All borrowing costs are recognised in profit or loss using the effective interest method.

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.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

4.21. 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 payables or receivables due to tax on taxable income of the year, calculated 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, temporary differences in relation to investments in subsidiaries, which utilization in foreseeable future is considered doubtful. 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 utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. These reductions are reversed when it is probable that sufficient taxable profits will be available.

4.22. Discontinued operations

A discontinued operation is a component of the Company'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 statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

4.23. Earnings per share (EPS)

In preparation of separate 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 for the reporting date.

For the periods presented within these separate financial statements, there were no factors, that would result in dilution of earnings per share.

4.24. Financial instruments

4.24.1. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Company recognises loans, receivables and deposits when they arise. All other financial assets (including assets designated at fair value through profit or loss) are recognised on the trade date at which the Company becomes a party to the contractual provisions of the financial instrument.

The Company derecognises 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 Company is recognised as a separate asset or liability.

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

Held-to-maturity financial assets

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

Any sale or reclassification of a more than insignificant 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 would prevent the Company 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 Company manages such investments and makes purchase and sale decisions based on their fair value. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised 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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise loans granted and also 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 Company's cash management are included as a component of cash and cash equivalents for the purpose of the 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 or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are valued at fair value (without consideration of transaction costs), based on their market value as at the reporting date. If the financial assets are not listed on a stock exchange and if there are no alternative ways to verify their fair value, available-for-sale financial assets are valued at costs less any impairment loss.

Gains or losses, except for impairment losses, if there is a market price established by the regulated market or for which the fair value may be established in a reliable way, are recognised in other comprehensive income. A decline in the value of the available-for-sale financial assets resulting from impairment loss is recognized in profit or loss.

Non-derivative financial liabilities

The Company recognises debt securities issued and subordinated liabilities when they arise. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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

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

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

4.24.2. Derivative financial instruments

Derivative financial instruments are recognized initially at fair value - attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are valued at fair value and changes therein are recognized immediately in profit or loss.

5. Segment reporting

5.1. Business and geographical segments

The Company's business activity includes management and business advisory and also rental of office space. The revenue is generated exclusively from Poland based customers.

5.2. Major customer

Revenues from one of the customers of management, advisory and rental services segment exceeded 10% of revenue and amounted to TPLN 619 for 2011 (for 2010: TPLN 613).

6. Non-current assets held for sale

In December 2011 the Management of the Company decided to sell 33.75% of Biuro Centrum Sp. z o.o. shares. Efforts have been commenced which should lead to execution of the sale of shares – it is expected that the transaction will be completed in I quarter 2012. As the consequence of the above, as at 31 December 2011 the shares which cost amounted to TPLN 30 were classified as non-current assets held for sale.

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

7. Expenses by nature

	2011	*2010*
Depreciation and amortisation	(706)	(679)
Energy and materials consumption	(1 260)	(1 208)
External services	(3 051)	(3 301)
Taxes and charges	(468)	(494)
Personnel expenses, including:	(6 197)	(7 728)
- wages and salaries	(5 567)	(7 055)
- compulsory social security contributions and other benefits	(630)	(673)
Other costs	(214)	(199)
Total expenses by nature	**(11 896)**	**(13 609)**
Cost of sales and administrative expenses	**(11 896)**	**(13 609)**

8. Other income

	2011	*2010*
Proceeds from sale of debt	30	-
Reversal of allowances for receivables	-	1 744
Compensations and contractual penalties received	15	-
Reimbursed costs of court proceedings	47	18
Interest from receivables	208	4
Recognition of tax receivables	-	392
Reversal of other provisions and allowances	14	-
Net gain on sale of property, plant and equipment and intangible assets	30	-
Other	-	20
Total	**344**	**2 178**

9. Other expenses

	2011	*2010*
Allowances for receivables	(7 034)	-
Penalties, compensations, charges	(16)	(54)
Other provisions and allowances	(13)	(346)
Net loss on sale of property, plant and equipment and intangible assets	-	(89)
Unrecoverable input VAT	(53)	(54)
Other	(2)	(26)
Total	**(7 118)**	**(569)**

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

10. Net finance income

	2011	*2010*
Recognised in profit or loss for the period		
Dividends	6 945	4 528
Interest income, including:	4 001	5 823
- on bank deposits	3 961	3 908
- on loans granted	40	12
- from related entities	40	12
- unwinding of discount on receivables	-	1 903
- from related entities	-	1 903
Revaluation of investments	-	2 240
Other financial income, including:	1 915	3 162
- profit on investment in asset management funds (financial assets measured at their fair value through profit or loss)	1 915	3 155
- reversal of allowances for interest receivables	-	7
Finance income	**12 861**	**15 753**
Interest expense (on liabilities measured at amortised cost), including :	(2 390)	(2 985)
- loans and borrowings, including:	(45)	(239)
- to related entities	(45)	(239)
- other	(2 345)	(2 746)
Revaluation of investments	(813)	-
Other financial costs, including:	-	(5)
- net foreign exchange loss	-	(5)
Finance expenses	**(3 203)**	**(2 990)**
Net finance income recognised in profit or loss for the period	**9 658**	**12 763**
Recognised in other comprehensive income		
Net change in fair value of available-for-sale financial assets	(2 532)	(363)
Finance expenses recognised in other comprehensive income	**(2 532)**	**(363)**

11. Income tax

Income tax recognised in profit or loss for the period

The income tax rate which embraced the Company's activity amounted to 19% in 2010-2011. It is assumed that the income tax rate shouldn't change in upcoming years.

In 2011 the Company generated a taxable income of TPLN 873 (2010: tax loss of TPLN 6,107), however due to utilization of tax losses for previous years it was not subject to current income tax obligations.

Considering the uncertainty of utilization of the excess of negative temporary differences and also outstanding tax losses carried forward over positive temporary differences in the foreseeable future, as at 31 December 2011 and 31 December 2010 the Company identified deferred tax assets only to the amount of deferred tax liabilities (see also note 17).

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

12. Property, plant and equipment

	Buildings	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2010	**2 985**	**14 047**	**190**	**890**	**-**	**18 112**
Acquisitions	1	33	182	5	-	**221**
Disposals	-	(7)	(1)	-	-	**(8)**
Cost as at 31 December 2010	**2 986**	**14 073**	**371**	**895**	**-**	**18 325**
Cost as at 1 January 2011	**2 986**	**14 073**	**371**	**895**	**-**	**18 325**
Acquisitions	-	15	176	42	634	**867**
Transfer from property, plant and equipment under construction	-	55	-	-	(479)	**(424)**
Disposals	-	-	(1)	(49)	-	**(50)**
Reclassification to investment property	(1 260)	(12 028)	-	-	-	**(13 288)**
Other reclassifications	38	(500)	-	(65)	-	**(527)**
Cost as at 31 December 2011	**1 764**	**1 615**	**546**	**823**	**155**	**4 903**

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

	Buildings	Plant and equipment	Vehicles	Other	Under construction	Total
Depreciation and impairment losses as at 1 January 2010	**(1 919)**	**(13 380)**	**(57)**	**(827)**	**-**	**(16 183)**
Depreciation for the period	(88)	(124)	(50)	(59)	-	**(321)**
Disposals	-	7	1	-	-	**8**
Depreciation and impairment losses as at 31 December 2010	**(2 007)**	**(13 497)**	**(106)**	**(886)**	**-**	**(16 496)**
Depreciation and impairment losses as at 1 January 2011	**(2 007)**	**(13 497)**	**(106)**	**(886)**	**-**	**(16 496)**
Depreciation for the period	(44)	(11)	(91)	(67)	-	**(213)**
Disposals	-	-	1	46	-	**47**
Reclassification to investment property	861	11 584	-	-	-	**12 445**
Other reclassifications	(39)	425	-	141	-	**527**
Depreciation and impairment losses as at 31 December 2011	**(1 229)**	**(1 499)**	**(196)**	**(766)**	**-**	**(3 690)**
Carrying amounts						
As at 1 January 2010	1 066	667	133	63	-	**1 929**
As at 31 December 2010	979	576	265	9	-	**1 829**
As at 1 January 2011	979	576	265	9	-	**1 829**
As at 31 December 2011	535	116	350	57	155	**1 213**

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

13. Intangible assets

	Concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Cost as at 1 January 2010	**401**	**970**	**-**	**1 371**
Acquisitions	12	-	1	**13**
Cost as at 31 December 2010	**413**	**970**	**1**	**1 384**
Cost as at 1 January 2011	**413**	**970**	**1**	**1 384**
Acquisitions	51	-	-	**51**
Disposals	(44)	-	(1)	**(45)**
Cost as at 31 December 2011	**420**	**970**	**-**	**1 390**

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 2010	**(141)**	**(970)**	**-**	**(1 111)**
Amortisation for the period	(66)	-	-	**(66)**
Amortisation and impairment losses as at 31 December 2010	**(207)**	**(970)**	**-**	**(1 177)**
Amortisation and impairment losses as at 1 January 2011	**(207)**	**(970)**	**-**	**(1 177)**
Amortisation for the period	(82)	-	-	**(82)**
Disposals	44	-	-	**44**
Impairment losses	(8)	-	-	**(8)**
Amortisation and impairment losses as at 31 December 2011	**(253)**	**(970)**	**-**	**(1 223)**
Carrying amounts				
As at 1 January 2010	260	-	-	**260**
As at 31 December 2010	206	-	1	**207**
As at 1 January 2011	206	-	1	**207**
As at 31 December 2011	167	-	-	**167**

The amortisation of intangible assets is recognized in administrative expenses.

As at 31 December 2011, the Company recognized an impairment loss in relation to intangible assets amounting to TPLN 8 (31 December 2010: none).

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

14. Investment property

	31 December 2011	*31 December 2010*
Cost at the beginning of the period	**11 689**	**11 683**
Transfer from property, plant and equipment under construction	424	6
Reclassification from property, plant and equipment	13 288	-
Cost at the end of the period	**25 401**	**11 689**
Depreciation and impairment losses at the beginning of the period	**(8 189)**	**(7 897)**
Depreciation for the period	(411)	(292)
Reclassification from property, plant and equipment	(12 445)	-
Depreciation and impairment losses at the end of the period	**(21 045)**	**(8 189)**
Carrying amounts at the beginning of the period	**3 500**	**3 786**
Carrying amounts at the end of the period	**4 356**	**3 500**

Investment property is measured at cost less accumulated depreciation and impairment losses (see note 4.4).

Investment property comprises a designated for rental part of office building situated at Mickiewicza St. In 2011 the Company reclassified to investment property additional components of the office building as well as adjacent parking lots (including parking lot at Sokolska St.), which so far were disclosed within property, plant and equipment.

Based on property expert's valuation conducted in July 2010, the fair value of the Company-owned part of the building at Mickiewicza St., and the fair value of perpetual usufruct of land on which aforementioned building is situated, were estimated at PLN 19.2 million – the fair value of the investment property situated at Sokolska St. was estimated at PLN 6.4 million.

As at 31 December 2011 the Company classified 88.6% of the owned part of the building at Mickiewicza St. and 100% of the parking lot at Sokolska St. as the investment property (these indicators are subject to revision on semi-annual basis).

Rental income (office and parking space) in 2011 amounted to TPLN 3,392 (in 2010: TPLN 2,980) and it was presented in profit or loss under "Revenue".

15. Investments in subsidiaries and associates

Investments in subsidiaries, associates and joint-ventures included following entities:

	Cost	Impairment loss	Carrying amount	Ownership
31 December 2011				
Stalexport Autostrada Dolnośląska S.A.	27 208	(15 281)	11 927	100.00%
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Wielkopolska Sp. z o.o. w upadłości	12 072	(12 072)	-	97.96%
Stalexport Autoroute S.a r.l	67 086	-	67 086	100.00%
Biuro Centrum Sp. z o.o.	32	-	32	74.38%*
Autostrada Mazowsze S.A.	199	(199)	-	30.00%
Total	**108 324**	**(29 279)**	**79 045**	

(*) comprises also shares presented as non-current assets held for sale;

	Cost	Impairment loss	Carrying amount	Ownership
31 December 2010				
Stalexport Autostrada Dolnośląska S.A.	27 208	(14 714)	12 494	100.00%
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Wielkopolska Sp. z o.o. w upadłości	12 072	(12 072)	-	97.96%
Stalexport Autoroute S.a r.l	29 886	-	29 886	100.00%
Biuro Centrum Sp. z o.o.	62	-	62	74.38%
Autostrada Mazowsze S.A.	199	(199)	-	30.00%
Total	**71 154**	**(28 712)**	**42 442**	

Following the valuation of investments at the end of reporting period, an additional impairment loss of TPLN 567 was recognised in relation to Stalexport Autostrada Dolnośląska S.A. shares.

On 22 September 2011 the Katowice-East District Court in Katowice registered share capital increase in Stalexport Autostrada Małopolska S.A. by the amount of TPLN 37,200. All newly issued shares were acquired by Stalexport Autostrady S.A. in exchange for a cash contribution. The liability resulting from the obligation to pay up for newly issued shares was settled by means of offsetting with receivables in the amount TPLN 37,200 deriving from the agreement on transfer of the capital expenditures of Phase I, related to the adoption of the motorway to toll motorway requirements.

On 26 October 2011 the Shareholders Meeting of Stalexport Autoroute S.a r.l. was held, where the resolution on share capital increase by the amount of TEUR 8,585 by means of the issue of 343,380 new shares with a par value of EUR 25 each, was passed. All the shares were acquired by the Company through contribution of 37,200 shares of Stalexport Autostrada Małopolska S.A., with a total nominal value of TPLN 37,200.

Financial information on above entities, which shares were not subject to 100% impairment was as follows:

	Ownership	Assets	Liabilities	Equity	Revenue	Profit or loss
31 December 2011						
Stalexport Autostrada Dolnośląska S.A.	100.00%	11 934	7	11 927	-	533
Stalexport Autoroute S.a r.l	100.00%	274 792	128	274 664	-	5 214
Biuro Centrum Sp. z o.o.	74.38%*	1 949	1 271	678	9 735	370
Autostrada Mazowsze S.A.	30.00%	174	658	(484)	-	(119)
Total		**288 849**	**2 064**	**286 785**	**9 735**	**5 998**
31 December 2010						
Stalexport Autostrada Dolnośląska S.A.	100.00%	25 395	12 901	12 494	-	1 189
Stalexport Autoroute S.a r.l	100.00%	191 042	28	191 014	-	4 810
Biuro Centrum Sp. z o.o.	74.38%	1 625	1 227	398	9 539	175
Autostrada Mazowsze S.A.	30.00%	255	620	(365)	-	(751)
Total		**218 317**	**14 776**	**203 541**	**9 539**	**5 423**

(*) comprises also shares presented as non-current assets held for sale;

There is a pledge established on shares of company Stalexport Autoroute S.a r.l and shares of companies Stalexport Autostrada Małopolska S.A. and Stalexport Transroute Autostrada S.A. (currently VIA4 S.A.) owned by Stalexport Autoroute S.a r.l, as a security of a bank loan granted to subsidiary Stalexport Autostrada Małopolska S.A.

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

16. Other investments

16.1. Other non-current investments

	31 December 2011	*31 December 2010*
Non-current deposits	400	400
Loans granted	-	612
Total	**400**	**1 012**

Non-current bank deposits constitute collateral for multipurpose credit line (see note 23).

16.2. Current investments

	31 December 2011	*31 December 2010*
Available-for-sale financial assets (shares in unrelated entities)	3 203	5 836
Investments in asset management funds	56 197	54 281
Loans granted	507	-
Total	**59 907**	**60 117**

Financial instruments available-for-sale comprise shares of Centrozap S.A. and Dom Maklerski BDM S.A. As at 31 December 2011 the shares of these companies were subject to an impairment amounting to TPLN 6,331 (as at 31 December 2010: TPLN 6,331) and TPLN 883 (as at 31 December 2010: TPLN 782) respectively. Due to the fact, that since the fourth quarter of 2008 Centrozap S.A. is listed on Warsaw Stock Exchange, market quotations of its shares have become the basis for the definition of their fair value. The effect of this valuation, apart from impairment recognition, is recognized in other comprehensive income in statement of comprehensive income (see also note 21.2).

Loans granted comprise loan to an associated company Autostrada Mazowsze S.A., which according to the agreement should be repaid by 31 March 2012. In 2011 the aforementioned loan was subject to an impairment loss of TPLN 145.

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

17. Deferred tax

17.1. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items of assets and liabilities:

	Assets		Liabilities		Net	
	31 December 2011	*31 December 2010*	*31 December 2011*	*31 December 2010*	*31 December 2011*	*31 December 2010*
Property, plant and equipment	75	68	-	-	**75**	**68**
Intangible assets	-	-	(4)	(8)	**(4)**	**(8)**
Investment property	456	464	-	-	**456**	**464**
Investments in subsidiaries and associates	2 939	2 837	-	-	**2 939**	**2 837**
Other non-current investments	6	6	-	-	**6**	**6**
Trade and other receivables	1 298	438	-	(926)	**1 298**	**(488)**
Current investments	2 470	1 970	(1 722)	-	**748**	**1 970**
Cash and cash equivalents	-	-	(117)	(158)	**(117)**	**(158)**
Employee benefits	559	476	-	-	**559**	**476**
Loans and borrowings	-	52	-	-	**-**	**52**
Trade and other payables	232	276	-	-	**232**	**276**
Provisions	12	11	-	-	**12**	**11**
Deferred tax assets/liabilities on temporary differences	**8 047**	**6 598**	**(1 843)**	**(1 092)**	**6 204**	**5 506**
Tax loss carry-forwards	5 756	6 356	-	-	**5 756**	**6 356**
Set off of tax	(1 843)	(1 092)	1 843	1 092	**-**	**-**
Valuation adjustment	(11 960)	(11 862)	-	-	**(11 960)**	**(11 862)**
Net deferred tax assets as in statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**

Considering the uncertainty of utilization of the excess of negative temporary differences and also outstanding tax losses carried forward over positive temporary differences in the foreseeable future, the Company both as at 31 December 2011 and 31 December 2010 recorded a valuation adjustment as a result of which net deferred tax assets were not recognized.

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

17.2. Tax losses

According to the tax regulations, tax loss incurred in a given tax year can reduce taxable income over the next five consecutive tax years, however the decrease in whichever of those years cannot exceed 50% of the loss for a given year. As at 31 December 2011 the maximum amount of tax losses remaining to be utilized during next five tax years amounted to TPLN 30,297 (31 December 2010: TPLN 33,454). As at 31 December 2011 and 31 December 2010 the Company did not recognize deferred tax assets on the tax losses carry forwards due to uncertainty of utilization of corresponding benefits.

Amount of loss	*Expiry date*
7 433	2012
10 945	2013
8 865	2014
3 054	2015
30 297	

18. Income tax receivables

As at 31 December 2011 the income tax receivables accounted for TPLN 1,341 (31 December 2010: TPLN 1,391). These receivables will be settled with future income tax liabilities due to tax authorities. Due to uncertain recovery of these receivables as at 31 December 2011, an impairment loss of TPLN 1,341 was recognized (as at 31 December 2010: TPLN 1,391).

19. Trade and other receivables

	31 December 2011	*31 December 2010*
Trade receivables from related entities	125	108
Trade receivables from other entities	7 124	7 166
Receivables from taxes, duties, social and health insurances and other benefits	183	6 944
Other receivables from related entities	1	50 094
Other receivables from other entities	75	348
Total	**7 508**	**64 660**

As at 31 December 2010 receivables from taxes, duties, social and health insurance and other benefits consisted mainly of amount receivable due to VAT paid as the result of incorrect, according to the Company, 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. The Company pledged for a refund of tax paid due to aforementioned decision. On 2 November 2009 the Provincial Administrative Court in Gliwice dismissed the complaint of the Company in respect of the decision of the Director of Tax Chamber in Katowice dated 30 March 2009, which partly kept in effect the aforementioned decision of the Comptroller of the I Tax Office in Sosnowiec dated 26 August 2008. The Company exercised its right for final appeal. On 29 March 2011 a hearing took place in front of the Supreme Administrative Court, which resulted in the dismissal of Company's appeal. Due to above the Company recognized an allowance for the abovementioned receivables in the amount of TPLN 6,894. As a rule the sentences of the Supreme Administrative Court are legally binding. The Company is currently analysing various subsequent actions with the assistance of tax advisors.

Trade and other receivables are presented net of allowances for doubtful debts amounting to TPLN 113,392 (31 December 2010: TPLN 110,515).

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

The table below presents overdue trade and other receivables together with the amount of the allowances for doubtful debts.

	31 December 2011	*31 December 2010*
Overdue receivables (gross)		
up to 1 month	77	35
1-6 months	42	14
6 months-1 year	100	27
over 1 year	113 205	117 639
	113 424	**117 715**
allowances for overdue and doubtful debts	(106 285)	(110 302)
Overdue receivables (net)	**7 139**	**7 413**

Movement of allowance for doubtful debts was as follows:

	2011	*2010*
Allowances for bad debts as at 1 January	**(110 515)**	**(114 531)**
allowances recognised	(7 007)	(56)
allowances reversed	41	1 822
allowances utilized	4 120	2 250
reclassifications	(31)	-
Allowances for bad debts as at 31 December	**(113 392)**	**(110 515)**

The allowances for doubtful debts within trade receivables were recognized due to expected difficulties in 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 are not able to settle their liabilities and VAT receivables mentioned above.

According to the Company, the collection of receivables which have not been subject to allowances is not doubtful. Overdue net receivables in amount of TPLN 7,020 are secured on the customer's property, which value exceeds the value of these receivables.

In 2011, in line with received payments and based on analysis of probability of post balance sheet date retrieval, the Company reversed some allowances for overdue receivables concerning the activity discontinued in previous years and current activity. Allowances amounting to TPLN 41 were reversed.

20. Cash and cash equivalents

	31 December 2011	*31 December 2010*
Bank balances	6	42
Short-term deposits	74 149	79 932
Restricted bank balances	21	6
Cash and cash equivalents in the statement of financial position	**74 176**	**79 980**
Cash and cash equivalents in the statement of cash flows	**74 176**	**79 980**

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

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

21. Equity

21.1. Share capital

	31 December 2011	*31 December 2010*
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 1 share (PLN)	0.75	2.00
Nominal value of A-series issue	6 256	16 682
Nominal value of B-series issue	370	986
Nominal value of D-series issue	3 000	8 000
Nominal value of E-series issue	71 196	189 856
Nominal value of F-series issue	37 500	100 000
Nominal value of G-series issue	67 125	179 000
Total	**185 447**	**494 524**

From November 1993 till December 1996 the Company 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 resulted in decrease of retained earnings in that period by TPLN 18,235 and share capital revaluation adjustment in that same amount.

On 4 April 2011 the General Meeting of Stalexport Autostrady S.A. decided to reduce the share capital of the Company by the amount of TPLN 309,077 by decreasing the nominal value of each share form PLN 2 to PLN 0.75. Simultaneously a resolution on coverage of previous years' losses in the amount of TPLN 334,714 was passed. The amount was covered through the settlement of:

(i) "Share capital revaluation adjustment" in the amount of TPLN 18,235,
(ii) capital of TPLN 309,077 resulting from the reduction of share capital of the Company,
(iii) a part of "Share premium reserve" in the amount of TPLN 7,402.

On 13 April 2011 the District Court Katowice-East in Katowice, VIII Economic Department of the National Court Register recorded the decrease of Company's share capital.

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

21.2. Fair value reserve

All profits and losses from valuation of available-for-sale financial assets (apart from impairment losses and exchange rate changes), for which it is possible to declare their fair value based on regulatory market, or in any other reliable way, are attributed to this item of the equity. In 2011 the corresponding losses amounted to TPLN 2,532 (2010: loss of TPLN 363).

21.3. 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 Company. The General Meeting may also define a particular aim to which such resources should be assigned.

22. Earnings per share

The calculation of basic earnings per share was performed based on the net loss attributable to the ordinary shareholders of the Company of TPLN 5,119 (2010: net profit of TPLN 4,127) and a weighted average number of ordinary shares at the reporting date of 247,262 thousand (31 December 2010: 247,262 thousand).

Net profit attributable to shareholders per ordinary share

	2011	*2010*
Profit/(Loss) for the period attributable to Company's shareholders (in TPLN)	(5 119)	4 127
Weighted average number of ordinary shares at the end of the period (thousands of shares)	247 262	247 262
Profit/(Loss) for the period per ordinary share attributable to Company's shareholders (in PLN)	**(0.02)**	**0.02**

As at 31 December 2011 and 31 December 2010 no factors were determined that would result in dilution of profit per one share.

23. Loans and borrowings

	31 December 2011	*31 December 2010*
Loans from related entities	-	6 471
Current loans and borrowings	**-**	**6 471**

Terms and conditions of loans and borrowings repayment

	Currency	Nominal interest rate	Year of maturity	Carrying amount at 31 December 2011	Carrying amount at 31 December 2010
Loans from related entities					
Stalexport Autostrada Dolnośląska S.A.	PLN	WIBOR 1M + 0.25% margin	2011	-	6 471
Total loans and borrowings				**-**	**6 471**

On 26 October 2009 the Company signed a multipurpose credit line agreement, which currently enables crediting in form of bank overdraft (with TPLN 200 limit). The agreement expires on 25 October 2019.

Collateral on Company's property

Apart from securities established on Company's property described in notes 15 and 16 respectively, there were no other securities established on Company's assets.

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

24. Employee benefits

	31 December 2011	*31 December 2010*
Non-current		
Retirement pay liabilities	112	88
Annuity severance pay liabilities	14	14
Jubilee bonuses liabilities	396	354
Other employee benefits	-	1 963
Total	**522**	**2 419**
Current		
Retirement pay liabilities	35	65
Annuity severance pay liabilities	1	1
Jubilee bonuses liabilities	50	22
Other employee benefits	2 332	-
Total	**2 418**	**88**

Amounts of future employee benefits due to retirement pay, annuity severance pay and jubilee bonuses were calculated on the basis of actuarial appraisal model.

Other employee benefits constitute a forecasted bonus payment for which Company's Management Board is eligible based on 3-year incentive scheme endorsed by the Supervisory Board in 2010.

Employee benefits liabilities due to retirement pay, annuity severance pay and jubilee bonuses were calculated according to following assumptions:

	31 December 2011	*31 December 2010*
Discount rate	5.75%	5.50%
Future remuneration increase	2.60%-5.00%	2.50%-5.00%

25. Other non-current liabilities

	31 December 2011	*31 December 2010*
Liabilities upon guarantees granted	20 572	33 564
Other non-current liabilities	**20 572**	**33 564**

Liabilities upon guarantees granted relate 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 began the repayment of principal liability. Repayment schedule for these guarantee liabilities is presented in the chart below.

Repayment schedule for liabilities upon guarantees granted

as at 31 December 2011

	Total	**up to 1 year**	**1 year to 3 years**	**3 years to 5 years**
Liabilities upon guarantees granted	**33 564**	12 992	20 572	-

as at 31 December 2010

	Total	**up to 1 year**	**1 year to 3 years**	**3 years to 5 years**
Liabilities upon guarantees granted	**46 556**	12 992	25 985	7 579

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

26. Provisions

Other provisions	*2011*	*2010*
As at 1 January	**400**	**107**
Recognition	5	346
Utilization	(327)	-
Reversal	(14)	(53)
As at 31 December	**64**	**400**
Non-current	-	-
Current	64	400
Total	**64**	**400**

Other provisions as at 31 December 2011 comprise a provision in amount of TPLN 64 recognized due to decision of District Court in Katowice from 18 December 2009 in relation to claim filed by CTL Maczki Bór Sp. z o.o. In accordance with the decision the Company was obliged to pay to CTL Maczki Bór Sp. z o.o. the amount of TPLN 40 including interest. On 25 January 2010 the Company submitted an appeal to the Court of Appeal in Katowice, which hasn't been processed so far.

27. Trade and other payables (current)

	31 December 2011	*31 December 2010*
Trade payables to related entities	143	135
Trade payables to other entities	201	227
Amounts due to taxes, duties, social and other benefits	112	171
Payroll liabilities	961	1 113
Liabilities upon guarantees granted	12 992	12 992
Other payables and accruals to related entities	333	7
Other payables and accruals to other entities	450	475
Total	**15 192**	**15 120**

28. Financial instruments

28.1. Classification of financial instruments

31 December 2011

	Non-current	Current	Total
Investments in asset management funds (financial assets measured at their fair value through profit or loss)	-	56 197	**56 197**
Available-for-sale financial assets	-	3 233	**3 233**
Non-current deposits	400	-	**400**
Cash and cash equivalents	-	74 176	**74 176**
Loans and receivables	-	7 832	**7 832**
Financial liabilities valued at amortised cost	(20 572)	(15 080)	**(35 652)**

31 December 2010

	Non-current	Current	Total
Investments in asset management funds (financial assets measured at their fair value through profit or loss)	-	54 281	**54 281**
Available-for-sale financial assets	-	5 836	**5 836**
Non-current deposits	400	-	**400**
Cash and cash equivalents	-	79 980	**79 980**
Loans and receivables	612	57 716	**58 328**
Financial liabilities valued at amortised cost	(33 564)	(21 420)	**(54 984)**

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

Available-for-sale financial assets include shares of Centrozap S.A., Dom Maklerski BDM S.A. and also non-current assets held for sale.

Non-current deposits constitute collateral for credit line agreement (note 23).

Loans and receivables comprise loans granted and also trade and other receivables.

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

28.2. Effective interest rates and appraisal dates

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

31 December 2011

	Effective interest rate	Total	< 6 months
Non-current deposits	4.15%	400	400
Loans granted	6.76%	507	507
Cash and cash equivalents	5.00%	74 176	74 176
Investments in asset management funds - bonds and deposits	5.16%	38 747	38 747
Liabilities upon guarantees granted	6.26%	(33 564)	(33 564)

31 December 2010

	Effective interest rate	Total	< 6 months
Non-current deposits	3.79%	400	400
Loans granted	5.64%	612	612
Cash and cash equivalents	4.58%	79 980	79 980
Investments in asset management funds - bonds and deposits	4.44%	37 286	37 286
Loans received	3.89%	(6 471)	(6 471)
Liabilities upon guarantees granted	5.14%	(46 556)	(46 556)

28.3. Fair value

28.3.1. Fair value of financial instruments

The details on fair value of the financial instruments for which it is practicable to estimate such value are presented below:

- *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, loans granted.* The carrying amount of instruments listed above approximate fair value due to the variable nature of the related market-based interest rates.
- *Available-for-sale financial assets.* Include shares disclosed at their fair value based on their market value at the balance sheet date (without consideration of transaction costs). Shares of companies which are not listed 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.

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

28.3.2. Fair value hierarchy

Financial instruments measured at fair value can be classified according to the following valuation methods:

- 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).

Level 1 method was used for the valuation of available-for-sale financial assets measured at fair value in amount of TPLN 1,447 at 31 December 2011 (at 31 December 2010: TPLN 3,979) and for investments in asset management funds measured at fair value in amount of TPLN 56,197 at 31 December 2011 (at 31 December 2010: TPLN 54,281).

29. Financial risk management

29.1. Credit risk

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

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

	31 December 2011	*31 December 2010*
Other non-current investments	400	1 012
Current investments	59 907	60 117
Trade and other receivables	7 508	64 660
Cash and cash equivalents	74 176	79 980
Total	**141 991**	**205 769**

29.2. 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 recognised as available-for-sale financial assets.

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

	31 December 2011	*31 December 2010*
Investments in asset management funds - shares	3 704	4 417
Available-for-sale financial assets	1 447	3 979
Total	**5 151**	**8 396**

29.3. Market risk

Market risk is the risk that changes in market demand, supply and prices, as well as other factors will affect the Company'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.

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

Interest rate risk

The Company's exposure to the interest rate risk relates mainly to cash and cash equivalents, interest-bearing borrowings and other payables based on floating interest rate WIBOR + margin. The Company doesn't hedge against the risk of interest rate fluctuations.

The table below presents susceptibility profile of the Company (maximum exposure) to the risk of interest rate fluctuations by means of financial instruments presentation according to the fixed and floating interest rate:

	Carrying amount *31 December 2011*	Carrying amount *31 December 2010*
Fixed interest rate instruments		
Financial assets	25 792	23 972
Financial liabilities	-	-
Total	**25 792**	**23 972**
Floating interest rate instruments		
Financial assets	88 038	94 306
Financial liabilities	(33 564)	(53 027)
Total	**54 474**	**41 279**

While managing interest rate risk, the Company aims to reduce the impact of interest rate fluctuations via current monitoring of financial market. Moreover, some investments are independent on WIBOR rate fluctuations.

The Company has conducted sensitivity analysis of floating and fixed interest rate financial instruments to fluctuations of market interest rates. The table below presents the impact of increase or decrease of interest rate by 100 basis points on the profit or loss and equity. The analysis assumes that all other variables such as foreign exchange rates remain constant. The analysis was performed for current and comparable reporting periods.

	Profit or loss for the period		**Equity**	
	increase 100 bp	decrease 100 bp	increase 100 bp	decrease 100 bp
2011				
Floating interest rate instruments	545	(545)	545	(545)
Fixed interest rate instruments	(342)	356	(342)	356
2010				
Floating interest rate instruments	413	(413)	413	(413)
Fixed interest rate instruments	(461)	487	(461)	487

Foreign currency risk

At the end of 2011 foreign currency risk concerns mainly trade and other payables.

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

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

31 December 2011

	EUR
Trade and other payables	(18)
Statement of financial position exposure	**(18)**

31 December 2010

	EUR
Trade and other payables	(16)
Statement of financial position exposure	**(16)**

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

The Company 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% in relation to all foreign currencies, on profit or loss and on equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss for the period		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%
2011	(1)	1	(1)	1
2010	(1)	1	(1)	1

29.4. Liquidity risk

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

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

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

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

31 December 2011						
Non-derivative financial liabilities	**Carrying amount**	**Expected cash flows**	**up to 6 months**	**6-12 months**	**1-2 years**	**2-5 years**
Liabilities upon guarantees granted	**33 564**	**(36 360)**	(7 454)	(7 265)	(13 906)	(7 735)
Trade and other payables	**2 200**	**(2 200)**	(2 200)	-	-	-
Total	**35 764**	**(38 560)**	**(9 654)**	**(7 265)**	**(13 906)**	**(7 735)**

31 December 2010						
Non-derivative financial liabilities	**Carrying amount**	**Expected cash flows**	**up to 6 months**	**6-12 months**	**1-2 years**	**2-5 years**
Liabilities upon guarantees granted	**46 556**	**(50 944)**	(7 623)	(7 456)	(14 412)	(21 453)
Loans received	**6 471**	**(6 471)**	(6 471)	-	-	-
Trade and other payables	**2 128**	**(2 128)**	(2 128)	-	-	-
Total	**55 155**	**(59 543)**	**(16 222)**	**(7 456)**	**(14 412)**	**(21 453)**

29.5. Capital management

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

The Company aims to achieve a return on equity ratio at the level considered satisfactory by the shareholders.

The Company is 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 accounting year should be assigned to 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 accounting year.

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

30. Contingencies, guarantees and other commitments

Contingent liabilities relate to guarantees given to related entities amounting to TPLN 17,565 (31 December 2010: TPLN 15,472).

31. Related parties transactions

31.1. Intergroup receivables and liabilities

31 December 2011	Receivables	Payables	Loans granted	Loans and borrowings
Atlantia SpA	-	18	-	-
Stalexport Autostrada Małopolska S.A.	1	-	-	-
Stalexport Transroute Autostrada S.A.	114	-	-	-
Biuro Centrum Spółka z o.o.	11	458	-	-
Autostrada Mazowsze S.A.	-	-	507	-
Total	**126**	**476**	**507**	**-**

31 December 2010	Receivables	Payables	Loans granted	Loans and borrowings
Atlantia SpA	-	16	-	-
Stalexport Autostrada Małopolska S.A.	37 200	-	-	-
Stalexport Transroute Autostrada S.A.	102	-	-	-
Stalexport Autostrada Dolnośląska S.A.	12 894	-	-	6 471
Biuro Centrum Spółka z o.o.	6	126	-	-
Stalexport Autostrada Śląska S.A.	-	-	612	-
Total	**50 202**	**142**	**612**	**6 471**

31.2. Related parties transactions

2011	Revenue	Finance income	Cost of sales	Finance expenses
Stalexport Autostrada Małopolska S.A.	-	-	(3)	-
Stalexport Transroute Autostrada S.A.	334	-	-	-
Stalexport Autostrada Dolnośląska S.A.	58	1 100	-	(45)
Stalexport Autoroute S.a.r.l	-	5 420	-	-
Biuro Centrum Spółka z o.o.	282	67	(3 124)	-
Autostrada Mazowsze S.A.	63	40	-	-
Autogrill Polska Sp. z o.o.	39	-	-	-
Total	**776**	**6 627**	**(3 127)**	**(45)**

2010	Revenue	Finance income	Cost of sales	Finance expenses
Stalexport Autostrada Małopolska S.A.	-	1 903	-	-
Stalexport Transroute Autostrada S.A.	279	-	-	-
Stalexport Autostrada Dolnośląska S.A.	68	-	-	(239)
Stalexport Autoroute S.a.r.l	-	4 450	-	-
Biuro Centrum Spółka z o.o.	206	-	(3 011)	-
Stalexport Autostrada Śląska S.A.	6	-	-	-
Autostrada Mazowsze S.A.	55	12	-	-
Total	**614**	**6 365**	**(3 011)**	**(239)**

In 2011 the Company recognised impairment losses in relation to Stalexport Autostrada Dolnośląska S.A. shares and loan granted to associated entity Autostrada Mazowsze S.A. in amount of TPLN 567 and TPLN 145 respectively (see notes 15 and 16.2). In 2010 the Company reversed impairment losses of TPLN 1,872 in relation to shares of Stalexport Autostrada Dolnośląska S.A. and recognized an impairment loss in amount of TPLN 116 in relation to Autostrada Mazowsze S.A. shares.

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

31.3. Transactions with key personnel

The remuneration of the managing and supervising personnel of the Company was as follows:

	2011	*2010*
Management Board	2 931	4 514
Supervisory Board	63	85
Total	**2 994**	**4 599**

In 2011 and 2010 the Company did not grant any loans, advances or guarantees to the members of the Management Board and Supervisory Board.

Remuneration for 2011 includes provision for Management Board bonuses for the year 2011 recognised as at 31 December 2011 in amount of TPLN 396 (the provision as at 31 December 2010 amounted to TPLN 745) and also estimated remuneration based on 3-year incentive scheme (see note 24).

32. Subsequent events

There were no significant subsequent events, which should be disclosed in the separate financial statements for the year 2011.