



STALEXPORT AUTOSTRADY S.A.

**MANAGEMENT BOARD'S REPORT
ON THE ACTIVITIES
OF THE GROUP
IN THE FIRST HALF OF 2014**

Mysłowice, 25 July 2014

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Definitions and abbreviations

The table below presents the definitions of the abbreviations used in this Report.

ADT	Average Daily Traffic
AMSA	Autostrada Mazowsze S.A. in liquidation with its registered office in Katowice
ASPI	Autostrade per l'Italia S.p.A. with its registered office in Rome (Italy)
Atlantia	Atlantia S.p.A. with its registered office in Rome (Italy)
Financing Banks	Portigon AG (London Branch), FM Bank PBP S.A., DEPFA Bank Plc, KfW IPEX-Bank GmbH and Bank Polska Kasa Opieki S.A.
Biuro Centrum	Biuro Centrum Sp. z o.o. with its registered office in Katowice
Deloitte	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Deloitte Audyt Sp. z o.o.) with its registered office in Warszawa Al. Jana Pawła II nr 19, entered on the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No. 73
GDDKiA	General Directorate of National Roads and Motorways
GPW	Warsaw Stock Exchange
Capital Group, Stalexport Autostrady Group, Group	Stalexport Autostrady S.A. Group in Mysłowice
KSH	The Polish Code of Commercial Partnerships and Companies
Independent Engineer	Jacobs Polska Sp. z o.o.
PPP	Public Private Partnership
SAD	Stalexport Autostrada Dolnośląska S.A. with its registered office in Katowice
SAM, Concessionaire	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice
Report	Management Board's Report on the Activities of Stalexport Autostrady S.A. Group in the first half of 2014
Stalexport Autoroute	Stalexport Autoroute S.a.r.l. with its registered office in Luxembourg
Stalexport Autostrady, Company	Stalexport Autostrady S.A. with its registered office in Mysłowice
Concession Agreement	The Concession Agreement dated 19 September 1997 on development by adjustment of the A4 motorway section: Katowice (Murckowska Junction, 340.2 km) – Kraków (Balice Junction, 401.1 km) to the toll motorway standards and motorway operation on this section, including amendments made based on the appendices, the rights and obligations under which were transferred, in whole, from Stalexport Autostrady to SAM on 26 July 2004.
Project Loan Agreement	Loan Agreement dated 28 December 2005, entered into between SAM and the banks, i.e. WESTLB BANK POLSKA S.A., Warszawa, WESTLB AG (London Branch), DEPFA BANK PLC, Dublin, Ireland, KfW Frankfurt, Germany and BANK BPH SPÓŁKA AKCYJNA, Warszawa. The objective of the Loan Agreement was to grant the loan of PLN 380 million to finance the A4 tollmotorway project on the Katowice-Kraków section (i.e. to finance the construction works of Stage IIa and to refinance the construction works of Stage I).
VIA4	VIA4 Spółka Akcyjna with its registered office in Mysłowice
GM	General Meeting

Letter from the President of the Management Board

Dear Sir/Madam,

Dear Shareholders,

I am very proud to provide you with the Management Board's Report on the Activities of Stalexport Autostrady Group in the first half of 2014, as the achieved results still reflect an upward trend.

In the first half of this year, Stalexport Autostrady Group generated net profit in the amount of PLN 28.7 million, with revenue amounting to PLN 104.5 million.

These very good results have been achieved thanks to maintaining the discipline of operating cost, but most importantly thanks to the further increase in the traffic on the A4 Katowice-Kraków motorway – the key project of the Group. As compared to the first half of 2013, the total increase was 10.5%, including 10% for cars and as much as 13% for lorries. The average traffic throughout the first 6 months of 2014 reached 32.1 thousand vehicles per day.

Due to the constantly increasing number of vehicles, we had to undertake the measures aiming at improving the flow capacity of the Toll Collection Plazas (TCP). We have widened the TCPs in Mysłowice and Balice by 4 additional service lanes. At this time, works related to replacement of the tollbooths and toll collection equipment are being carried out, also at both TCPs. Unfortunately, these works require us to temporarily close 1 or 2 toll collection gates, which may extend the waiting time at the TCP, particularly in the holiday season characterised by increased traffic, but once the works have been completed, the service time will be reduced. The toll collection equipment being currently installed shall allow us to introduce new and faster toll payment methods, i.e. using contactless bank cards, proximity cards for regular motorway users and fleet cards. Additionally, unmanned lanes shall be launched. We also hope that together with the government party, we will be able to work out the solution which would make it possible for the vehicles with the on-board devices installed to pass through the toll collection gates at the A4 Katowice-Kraków motorway without stopping at the TCP, i.e. in the same way as it is already done at the toll collection plazas of the motorways managed by the General Director for National Roads and Motorways.

Moreover, I would like to report further changes introduced in order to arrange the Group's structure, which resulted not only in lower operation costs, but also in increased performance. In May 2014, we completed the merger between Stalexport Autostrada Dolnośląska S.A. and Stalexport Autostrady S.A. The merger of both companies was executed through assignment of the whole assets of SAD to Stalexport Autostrady S.A. with no increase in the share capital of the latter. Additionally, another Group company – Autostrady Mazowsze S.A. – is currently under liquidation.

As far as the investments in 2014 are concerned, apart from the above-mentioned replacement of the toll collection equipment, we are currently erecting noise screens along the 2.4 km section in the Małopolskie Province and the motorway water drainage system is being rebuilt along the 8 km section in the Silesia Province. This year, along the motorway section located in the Małopolskie Province, a total of approximately 13 km of the pavement shall be modernised. In addition, we are preparing for the next important projects, including the following: rebuilding of the Mysłowice Junction, extension of the Rudno and Buczyna Junctions, construction of additional rest areas and further modernisation of the water drainage system. At this time, these are in the concept or design stage.

I would like to encourage you to read this report. Hopefully, you will find it interesting. Thank you in advance for the time devoted to the reading.

Additionally, I would like to thank the Shareholders and the Supervisory Board for their consistent support and cooperation. I would also like to thank the employees of the Group for their professionalism, creativity and commitment.

Yours sincerely,

President of the Management Board

Director General

.....

/Emil Wąsacz/

1. Basic information on Stalexport Autostrady Group

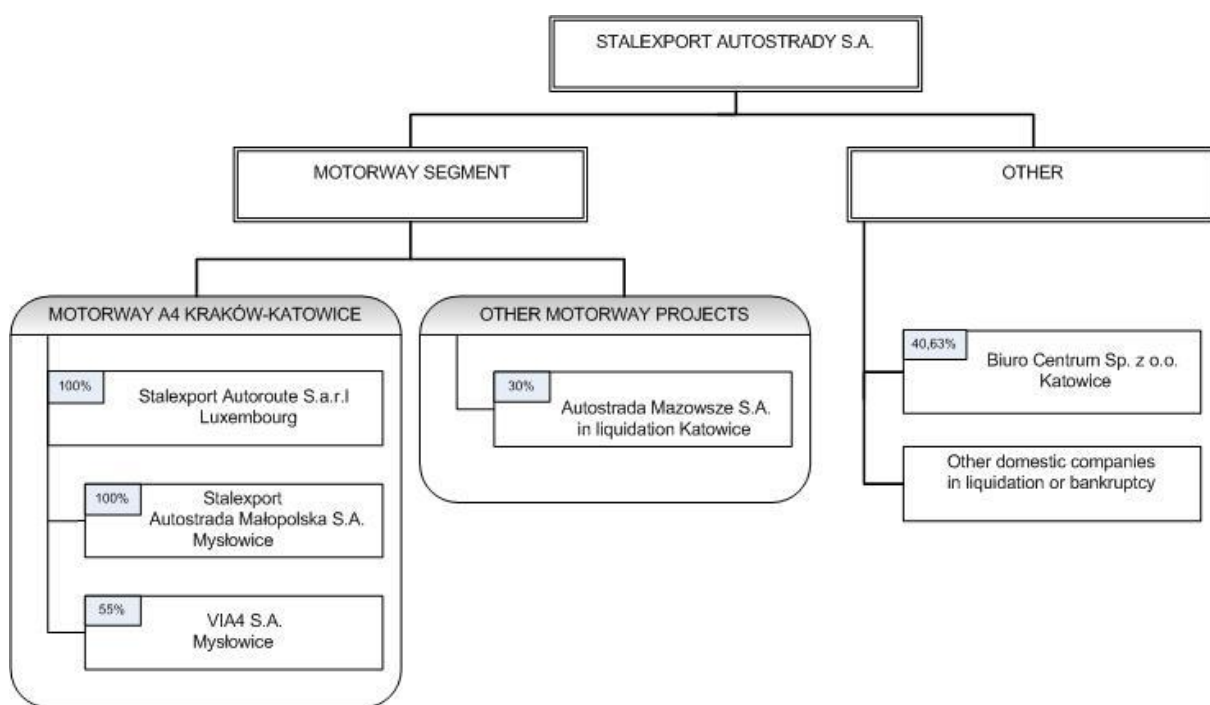
At present, the operations of the Company and entities belonging to its Group focus primarily on activities related to motorways. They include the following:

- (i) operation and maintenance of the Katowice-Kraków section of the A4 motorway. The activities are conducted by SAM and VIA4 through the special purpose vehicle: Stalexport Autoroute;
- (ii) participation in selected tenders for the construction and/or operation of other motorway sections.

Additionally, owing to the fact that Stalexport Autostrady Group co-owns the office building in the centre of Katowice, it provides services related to leasing office and parking space. These activities are carried out by the Company itself, as the owner of the property, as well as by its affiliate Biuro Centrum Sp. z o.o., as the property managing entity.

The chart below presents the organisational structure of Stalexport Autostrady Group broken down into: (i) core area of activities, i.e. the motorway segment, and (ii) other activities.

Figure 1 Organisational chart of Stalexport Autostrady Group as at 30 June 2014



Source: internal analysis

The table below includes basic consolidated data of Stalexport Autostrady Group as well as individual data regarding the three major entities belonging to the Group, i.e. Stalexport Autostrady, SAM and VIA4. Apart from the results achieved by the said companies in the first half of 2014, for the purpose of comparison, we also included the results achieved by the companies in the corresponding period of the previous year, whereas for the balance sheet data, we presented the figures as at 31 December 2013.

Table 1 Basic financial data of Stalexport Autostrady Group and its major entities

Balance sheet data	Group		Stalexport Autostrady		SAM		VIA4	
	30.06.14	31.12.13	30.06.14	31.12.13***	30.06.14	31.12.13	30.06.14	31.12.13
Non-current assets	1,107,613	1,063,618	76,802	77,689	1,093,089	1,048,293	9,346	9,823
Current assets	184,171	183,727	124,284	128,645	53,697	49,820	10,560	9,758
Equity	271,994	248,510	197,445	195,542	130,463	110,788	8,213	8,264
Non-current liabilities	871,391	870,763	1,531	1,025	869,714	869,579	5,453	5,975
Current liabilities	148,399	128,072	2,110	9,767	146,609	117,746	6,240	5,342
Net debt	52,846	87,849	-109,708	-107,037	205,555	265,482	8,811	7,699
Performance data	H1 2014	H1 2013	H1 2014	H1 2013***	H1 2014	H1 2013	H1 2014	H1 2013
Revenue on sales	104,552	94,075	1,907	1,841	102,565	92,187	19,540	17,638
Gross profit on sales	60,931	57,352	108	270	49,598	48,984	10,594	7,468
Operating result	50,198	45,675	-1,721	-1,635	43,617	42,584	8,430	4,868
Net financial income/expenses	-13,829	-19,613	3,650	1,234	-15,616	-18,983	-210	-203
Net result	28,691	20,638	1,903	-393	21,876	19,010	6,654	3,757
Operating margin*	48%	49%	-90%	-89%	43%	46%	43%	28%
ROE**	11%	8%	1%	0%	17%	17%	81%	45%

* Operating margin = operating result/revenue on sales x 100%

** ROE (return on equity) = net result/equity x 100%

***Data converted due to the merger with the subsidy – see Note 2 to the interim abridged separate financial statements of Stalexport Autostrady S.A.

Source: internal analysis

1.1. Stalexport Autostrady S.A.

ul. Piaskowa 20

41-404 Mysłowice

Phone: +(48) 32 762 75 45

Fax: +(48) 32 762 75 56

Management Board:

Emil Wąsacz – President of the Management Board, Director General

Mariusz Serwa – Vice-president of the Management Board, CFO

KRS [National Court Register]: 0000016854

Katowice-Wschód District Court in Katowice, 8th Business Department of the National Court Register

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

In 1997, Stalexport Autostrady won a tender process and was granted a concession to construct, adapt and operate Katowice-Kraków section (61 km long) of the A4 toll motorway for the period of 30 years (in 2004, the concession was transferred to the entity established solely for this purpose, namely Stalexport Autostrada Małopolska S.A.). The activities of the Company focused on two main areas, i.e. motorway services and commercial activities in the steel industry.

Since the middle of 2006, the Company has been part of the Italian Atlantia Group. At the moment, Atlantia Group manages a network of approximately 5,000 km of toll motorways in Italy, Brazil, Chile, India and in Poland, and it is an automatic motorway toll collection system leader. Atlantia is listed on the stock exchange in Milan and its market value amounts to approximately EUR 17 billion as at 30 June 2014.

The strategic investor made it possible for Stalexport Autostrady to acquire in total PLN 269,700 thousand in cash as a result of the share capital increase. At the first stage, the funds were earmarked for the completion of financial restructuring while the remaining funds are allocated to covering the Company’s own contribution into the planned motorway projects. One of the elements of the restructuring process included the spin-off and disposal of the steel operations. Since 1 October 2007, the

NIP [VAT No.]: 634-013-42-11

REGON [National Official
Business Register No.]:
271936361

Share capital: PLN
185,446,517.25 (paid in full)

www.stalexport-autostrady.pl

Company has focused only on activities related to the construction and operation of toll motorways as well as on the lease of the office space in the office building at ul. Mickiewicza 29 in Katowice, which is co-owned by the Company and in which the Company's registered office had been located until 17 May 2013.

In 2011, the shareholders decided to reduce the share capital of Stalexport Autostrady to the amount of PLN 185,446,517.25 to cover the uncovered losses brought forward as reported in the balance sheet. In this way, the period in the Company's history related to its commercial activity was definitely closed.

1.2. Entities covered by the consolidation and the methods of their consolidation

Stalexport Autostrady is the parent company and it draws up the consolidated financial statements. The entities covered by the consolidation as at 30 June 2014, except for the parent entity, have been described in the following table.

Table 2 Companies covered by the consolidation as at 30 June 2014 (apart from the Company)

Company name	Registered office	Main activities	Status of the company	Share in the capital and the total no. of votes	Control taken/Acquired on	Consolidation method
Stalexport Autoroute S.a r.l.	Luxembourg	Management activity	Subsidiary	100%	2005	Full
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of the motorway	Subsidiary	100%*	1998	Full
VIA4 S.A.	Mysłowice	Operation on the motorway	Subsidiary	55%*	1998	Full
Autostrada Mazowsze S.A. In liquidation	Katowice	Construction and operation of the motorway	Associate	30%	2007	Ownership right
Biuro Centrum Sp. z o.o.	Katowice	Management of real estate	Associate	40.63%	1994	Ownership right
Stalexport Wielkopolska Sp. z o.o. in bankruptcy**	Komorniki	Inactive	Subsidiary	97.96%	1990	-
Petrostal S.A. in liquidation**	Warszawa	Inactive	Subsidiary	100%	2005	-

* through Stalexport Autoroute S.a r.l.

** the entities not covered by the consolidation due to the limitations in exercising control

Source: internal analysis

1.3. Description of other companies of Stalexport Autostrady Group**1.3.1. Stalexport Autoroute S.a.r.l****412F, route d'Esch
L-1471 Luxembourg**

Registered under No. B 113660

in Registre de Commerce et
des Sociétés de Luxembourg

Share capital: EUR 56,149,500

Ownership structure: 100% –
Stalexport Autostrady

Stalexport Autoroute was registered on 30 December 2005. Establishing this entity was one of the prerequisites for SAM to reach the financial close, namely conclude a long-term loan agreement with a consortium of banks. On the basis of the aforementioned loan agreement, the Group acquired PLN 360,000 thousand, which was necessary to finance the investment on the A4 Katowice-Kraków motorway section.

Apart from holding shares in SAM as well as in VIA4 for the purpose of appropriate implementation of the securities package (pledge on shares) for the Project Loan Agreement, the entity does not conduct any operational activities

1.3.2. Stalexport Autostrada Małopolska S.A.

**ul. Piaskowa 20
41-404 Mysłowice
Phone: +(48) 32 762 75 55
Fax: +(48) 32 762 75 56**

Management Board:

Emil Wąsacz – President of the
Management Board

Mariusz Serwa – Vice-
president of the Management
Board, CFO

Paweł Kocot – Member of
Management Board

**KRS [National Court Register]:
0000026895**

Katowice-Wschód District
Court in Katowice, 8th
Business Department of the
National Court Register

NIP [VAT No.]: 634-22-62-054
REGON [National Official
Business Register No.]:
273796214

Share capital:
PLN 66,753,000
(paid in full)

Ownership structure:
100% – Stalexport Autostrady
(through Stalexport Autoroute)

www.autostrada-a4.pl

SAM was established on the basis of the notarial deed of 19 December 1997 as a company, which at that time was intended as a special purpose vehicle in the project based on management of the A4 motorway along Katowice-Kraków section. Therefore, the activities provided for in the Company's Statutes include management of motorway projects as well as all the tasks resulting from the applicable Concession Agreement, which encompasses management of construction, adaptation to the requirements of a toll motorway and operation of the A4 motorway Katowice-Kraków section (the aforementioned concession was initially granted to Stalexport Autostrady, later to be transferred to SAM pursuant to the decision of the Minister of Infrastructure of 28 July 2004).

Pursuant to the Concession Agreement, SAM was authorised to collect lease fees and toll for using the motorway. In line with the provisions of the same Agreement, the entity is, on the other hand,, obliged to provide continuous maintenance of the motorway and continue other necessary investment activities.

On 21 March 2005, Annexe 5 to the Concession Agreement was signed, and upon signing all appendices – on 17 October 2005 – the agreement came into force. This way, in December 2005, the Company achieved the financial close in the form of a long-term loan allocated to refinancing of Stage I, implemented by Stalexport Autostrady, as well as to further financing of the investment works as provided for in the Concession Agreement.

On 7 September 2011, SAM share capital was increased by PLN 37,200,000, i.e. from PLN 29,553,000 to PLN 66,753,000 through issue of 37,200 new ordinary registered shares of D series with a nominal value of PLN 1,000 PLN each. All new D series shares were acquired by Stalexport Autostrady against a contribution in cash. Having registered the above-mentioned increase, Stalexport Autostrady held 37,200 shares of SAM, representing 55.73% in the SAM share capital and 55.56% of votes at SAM General Meetings. All the above-mentioned SAM shares were subsequently contributed in-kind by Stalexport Autostrady to Stalexport Autoroute.

On 3 January 2012, both parties to the Concession Agreement signed Annexe 6. The purpose of the conclusion of Annexe 6 was to modify the scope of the subject of the Concession Agreement and to limit the scope of responsibilities of SAM in relation to the section encompassing the "Murckowska" junction.

SAM finances its operations with the revenue generated from toll collection, lease fees and with proceeds from the concluded Project Loan Agreement. Based on the Loan Agreement entered into in December 2005 with the Financing Banks, SAM

received external financing up to the amount of PLN 380 million for the implementation of the prepared investment programme. Having paid successive principal instalments in 2014, as at 30 June 2014, the nominal value of the loan amounted to PLN 238.9 million.

Selected financial data of SAM has been presented in the table at the beginning of this Section.

1.3.3. VIA 4 S.A.

ul. Piaskowa 20
41-404 Mysłowice
Phone: +(48) 32 762 73 50
Fax: +(48) 32 762 73 55

Management Board:

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

KRS [National Court Register]:
0000162861

Katowice-Wschód District
Court in Katowice, 8th
Business Department of the
National Court Register

NIP [VAT No.]: 634-22-98-951
REGON [National Official
Business Register No.]:
276194390

Share capital:
PLN 500,000
(paid in full)

Ownership structure:
55% – Stalexport Autostrady
(through Stalexport Autoroute)
45% – Egis Road Operation S.A.
(France)

VIA4 (formerly Stalexport Transroute Autostrada S.A.) was established on the basis of the notarial deed of 14 May 1998. The activities of VIA4 are related to the operation of the A4 toll motorway along the Katowice-Kraków section. The entity renders its services to its only customer, namely SAM, which is the managing entity with respect to this motorway section pursuant to the Concession Agreement. For its services, the entity receives lump-sum remuneration, the value of which depends mainly on the level of traffic on the motorway and the inflation rate.

The main tasks performed by VIA4 comprise the services of continuous operation and maintenance of the A4 toll motorway section (Katowice-Kraków), including the following: (i) operation of the toll collection system; (ii) management of motorway traffic; (iii) maintenance of the facilities of the motorway in proper technical condition; (iv) comprehensive maintenance of the entire motorway lane; (v) winter maintenance of the motorway; (vi) management and consulting, in particular with respect to future renovations and renewal of the road surface and projects related to improving the standard of the road.

Moreover, VIA4 executes the following tasks related to safety and road traffic which are equally important: (i) 24/7 motorway patrols, which in cooperation with the Motorway Management Centre ensure quick incidents detection; (ii) operation of the SOS telephone system alongside the motorway lane; (iii) cooperation with the police and other services with the objective to maintain the motorway's throughput in the case of collisions, accidents or other incidents.

Selected financial data of VIA4 has been presented in the table at the beginning of this Section.

1.3.4. Autostrada Mazowsze S.A. in liquidation

ul. Mickiewicza 29
40-085 Katowice
Phone: +(48) 32 207 21 56
Fax: +(48) 32 207 21 46

Liquidator: Grażyna Durbas

KRS [National Court Register]:
0000293547

Katowice-Wschód District
Court in Katowice, 8th
Business Department of the
National Court Register

NIP [VAT No.]: 634-26-58-065
REGON [National Official

AMSA was established on the basis of the notarial deed of 6 November 2007 as a special purpose vehicle set up by the consortium of SAD and Atlantia for the purposes of the tender procedure held by GDDKiA with the objective to select the entity, which would enter into the contract for construction and operation of the Stryków-Konotopa section of the A2 motorway. The negotiations with GDDKiA on agreeing the detailed provisions of the draft contract ended with reaching no agreement.

After the public party has withdrawn from the A2 motorway construction on the Stryków-Konotopa section under PPP, AMSA took part in the tender for the National Toll Collection System.

As there were no new projects in which the Company could participate, on 11 April 2013, the Annual General Meeting of Autostrada Mazowsze S.A. adopted a resolution

Business Register No.]:
240781106

to liquidate the Company.

Share capital: PLN 20,000,000,
including
PLN 12,655,000 paid in cash

Ownership structure:

70% – Atlantia S.p.A.
30% – Stalexport Autostrady

1.3.5. Biuro Centrum Sp. z o.o.

ul. Mickiewicza 29
40-085 Katowice
Phone: +(48) 32 207 22 08
Fax: +(48) 32 207 22 00

Management Board:

Józef Brol – President of the
Management Board
Andrzej Kluba – Vice-president
of the Management Board

KRS [National Court Register]:
0000087037

Katowice-Wschód District
Court in Katowice, 8th
Business Department of the
National Court Register

NIP [VAT No.]: 634-10-03422

REGON [National Official
Business Register No.]:
272254793

Share capital:
PLN 80,000
(paid in full)

Ownership structure:
59.37% – WĘGLOKOKS S.A.
40.63% – Stalexport
Autostrady

www.biurocentrum.com.pl

Biuro Centrum was established on the basis of the notarial deed of 9 June 1994.

The main area of operations of Biuro Centrum is related to administration and maintenance of the office and conference building in Katowice at ul. Mickiewicza 29 co-owned by Stalexport Autostrady (40.46%) and Węglkokoks S.A. (59.54%).

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

The supplementary activities of Biuro Centrum include catering services in “Restauracja pod wieżami” restaurant run by the Company as well as comprehensive services provided for the conference centre.

To make the structure of ownership in the real property reflect the structure of ownership in Biuro Centrum, in 2011 Węglkokoks S.A. offered to purchase 54 shares in Biuro Centrum from Stalexport Autostrady. On 23 March 2012, the agreement for the sale of the above-mentioned shares was signed. On 5 June 2012, the last of the two conditions specified in the above sale agreement was met and the shareholder structure in Biuro Centrum is as follows: Stalexport Autostrady – 40.63%, Węglkokoks S.A. – 59.37% (prior to 5 June 2012, the Company owned 74.4% and Węglkokoks S.A. owned 25.6%).

2. Significant information for assessment of Stalexport Autostrady Group's financial and material position, financial results and changes thereof as well as significant information for assessment of the capacity to meet commitments on the part of the Issuer and its Group

2.1. Presentation of financial results

The following table presents basic consolidated financial results of Stalexport Autostrady Group achieved in the first half of 2014. The results generated by the Group in the corresponding period of the previous year are provided next to them.

Table 3 Selected items from the statement of comprehensive income of Stalexport Autostrady Group in the first half of 2014 and in the corresponding period of the previous year (consolidated data)

'000 PLN	H1 2014	H1 2013	Variation
Revenue on sales	104,552	94,075	11%
Cost of sales	-43,621	-36,723	19%
Gross profit on sales	60,931	57,352	6%
Other income	2,438	1,895	29%
General administrative expenses	-13,103	-13,414	-2%
Other expenses	-68	-158	-57%
Profit/(Loss) from operating activities	50,198	45,675	10%
Financial income	7,195	8,712	-17%
Financial expenses	-21,024	-28,325	-26%
Net financial expense	-13,829	-19,613	-29%
Share in the result of associated companies	-2	15	-
Profit (Loss) before income tax	36,367	26,077	39%
Income tax	-7,676	-5,439	41%
Net profit (loss)	28,691	20,638	39%

Source: internal analysis

In the first half of 2014, the Group generated revenue on sales higher by 11% compared to the corresponding period of the previous year, mainly due to the increase in traffic on the toll section of the A4 Katowice-Kraków motorway.

Gross profit on sale increased by 6% compared to the corresponding period of the previous year. The dynamics of the increase in the gross result was mainly affected by the cost of the created resurfacing provisions included in the costs of sales (PLN 14,571 thousand in the first half of 2014 as compared to PLN 7,922 thousand in the first half of 2013).

2.1.1. Amount and structure of operating revenue

Financial results of Stalexport Autostrady Group are mainly shaped by the Group's motorway activity based on management and operation of the toll section of the A4 Katowice-Kraków motorway. The above-mentioned activity is executed by SAM's subsidiary under the Concession Agreement which shall remain in force until 2027.

The traffic intensity along the concession section of the motorway – particularly as far as lorries are concerned – depends largely on the rate of the economic development, which is indicated by the gross domestic product level (GDP).

In the first half of 2014, the Average Daily Traffic (ADT) on the concession section of the A4 Katowice-Kraków motorway amounted to 32,149 vehicles and was higher by 10.5% than the traffic level recorded in the corresponding period of 2013 (29,085 vehicles). Revenue on toll collection in the first half of 2014 amounted to

PLN 102,565 thousand, representing an increase of 11.3% compared to the corresponding period of 2013 (PLN 92,197 thousand).

As far as cars are concerned, the Average Daily Traffic increased from 24,405 vehicles in the first half of 2013 to 26,862 vehicles in the first half of 2014 (a 10.1% increase). Revenue from toll on cars in the first half of 2014 amounted to PLN 70,164 thousand, which represents an increase of 10.2% as compared to the first half of 2013 (PLN 63,643 thousand).

As far as lorries are concerned, the Average Daily Traffic increased by approximately 13.0%, i.e. from 4,680 vehicles in the first half of 2013 to 5,287 vehicles in the first half of 2014. Revenue from toll on lorries in the first half of 2014 amounted to PLN 32,401 thousand, which represents an increase of 13.5% as compared to the first half of 2013 (PLN 28,544 thousand). The difference between the dynamics of the increase in the toll revenue as compared to the dynamics of the increase in the Average Daily Traffic of lorries is due to the differences in the structure of vehicle category (various toll rates apply depending on the category).

The following table presents the Average Daily Traffic in the first half of 2014 compared to the first half of 2013, together with the dynamics of the item.

Table 4 Average Daily Traffic (ADT)

ADT	H1 2014	H1 2013	Variation
Cars	26,862	24,405	10.1%
Lorries	5,287	4,680	13.0%
Total	32,149	29,085	10.5%

Source: internal analysis

The following table presents revenue on toll collection in the first half of 2014 compared to the first half of 2013, together with the dynamics of the item.

Table 5 Revenue on toll collection

['000 PLN]	H1 2014	H1 2013	Variation
Cars	70,164	63,643	10.2%
Lorries	32,401	28,544	13.5%
Total	102,565	92,187	11.3%

Source: internal analysis

The following figures show variations of the Average Daily Traffic and revenue on toll collection in the first half of 2014 compared to the first half of 2013 on a quarterly basis, separately for cars and lorries.

Figure 2 Variations in terms of the Average Daily Traffic as well as revenue on toll collection for cars in the first half of 2014 as compared to the first half of 2013 (quarter to quarter of the previous year)

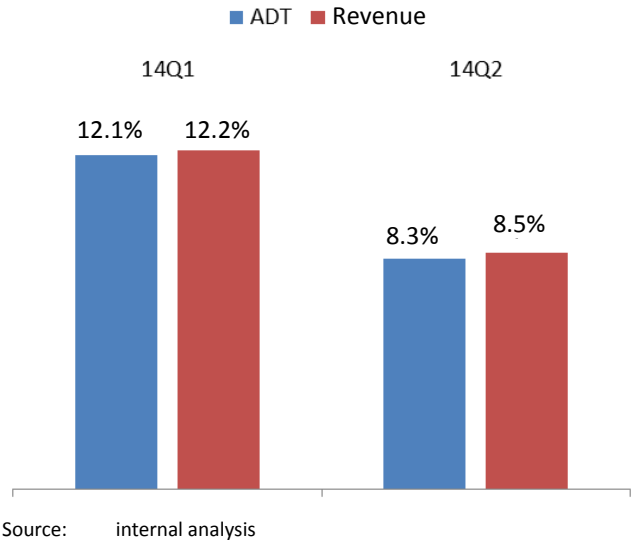
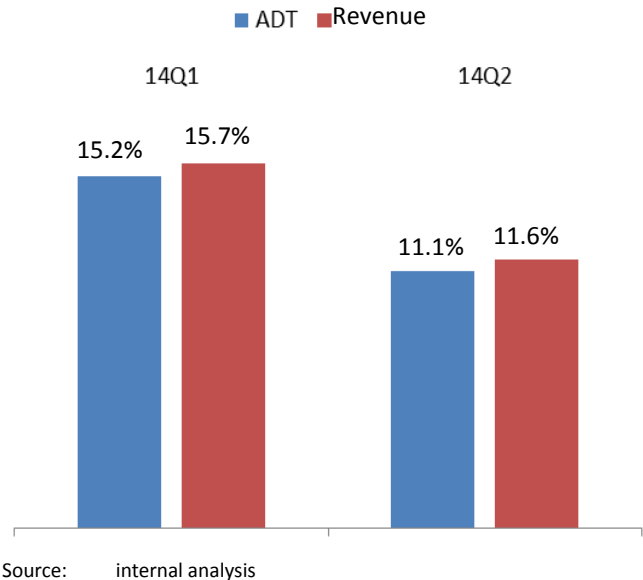


Figure 3 Variations in terms of the Average Daily Traffic as well as revenue on toll collection for lorries in the first half of 2014 as compared to the first half of 2013 (quarter to quarter of the previous year)



Apart from toll collection, the Group generated additional revenue on sales related to the use of the motorway in the amount of PLN 255 thousand, including PLN 117 thousand on the account of the damages for the infrastructure elements destroyed by the motorway users.

Apart from the motorway activity, Stalexport Autostrady Group's revenue on sales in the amount of PLN 1,732 thousand was from the lease of office space and from IT services provided in the building located at ul. Mickiewicza 29 in Katowice, which increased by 3.5% compared to the first half of 2013 (PLN 1,673 thousand).

In the first half of 2014, other revenue amounted to PLN 2,438 thousand, of which the largest item was related to lease rents for the use of the real properties within the A4 Katowice-Kraków motorway road strip, in the amount of PLN 1,286 thousand, and release of other provisions and write-offs in the amount of PLN 775 thousand.

2.1.2. Amount and structure of operating expenses

In the first half of 2014, total operating expenses of Stalexport Autostrady Group amounted to PLN 56,792 thousand, including:

- costs of sales in the amount of PLN 43,621 thousand, which compared to the corresponding period of the previous year increased by 19% (i.e. by approximately PLN 6,898 thousand). This was mainly because the cost of resurfacing provisions included in the costs of sales (external services) was higher by PLN 6,649 thousand compared to the corresponding period of the previous year;
- general administrative expenses in the amount of PLN 13,103 thousand, which decreased by PLN 311 thousand (2%) compared to the corresponding period of the previous year;
- other operational costs amounting to PLN 68 thousand.

The total value of operating expenses in the first half of 2014 amounted to PLN 56,792 thousand and was approximately 13% higher than in the corresponding period of the previous year.

2.1.3. Financial operations

In the first half of 2014, Stalexport Autostrady Group generated a negative balance on financial activities as the generated financial income of PLN 7,195 thousand was lower than the incurred financial expenses (PLN 21,024 thousand).

The financial income was mainly affected by interest on bank deposits amounting to PLN 6,976 thousand, while financial expenses were mainly affected by the discount on liabilities and provisions in the total amount of PLN 12,148 thousand, of which: (i) PLN 5,858 thousand pertained to the provision for Stage 2 construction works on the motorway; (ii) PLN 4,876 thousand pertained to the reversal of discount on liability towards the State Treasury on the account of the concession payment; and (iii) PLN 1,414 thousand pertained to the reversal of discount on the repaving provision. At this point, it needs emphasising that in line with the International Accounting Standards and the International Financial Reporting Standards, both the subordinated debt towards the National Road Fund on account of the loan granted by the European Bank for Reconstruction and Development as well as the provisions created for repaving and construction works are reported by the Group in the financial statements in their present values. Therefore, the figure reflects the nominal value of a given liability or an expected expenditure discounted as at the day the financial statements are prepared using the market interest rate.

Significant items of other financial expenses included the following: loan interest (PLN 6,389 thousand) and loss from derivative transactions (PLN 2,383 thousand).

It should also be noted that the negative balance in financial activities recorded in the first half of 2014 (PLN 13,829 thousand) was lower than in the corresponding period of the previous year (PLN 19,613 thousand). This was mainly due to reduced interest rates which resulted in lower loan interest, lower value of the discount on provision as well as lower interest revenue on bank accounts and deposits.

2.2. Material and financial position

The following table includes a synthetic report on the financial position of Stalexport Autostrady Group as well as its structure as at 30 June 2014.

Table 6 Synthetic report on the financial position of Stalexport Autostrady Group (consolidated data) – as at 30 June 2014 and 31 December 2013

'000 PLN			Dynamics 2014/2013	Structure	
	30.06.2014	31.12.2013		30.06.2014	31.12.2013
Fixed assets	1,107,613	1,063,618	4%	86%	85%
Current assets	184,171	183,727	0%	14%	15%
Equity	271,994	248,510	9%	21%	20%
Non-current liabilities	871,391	870,763	0%	67%	70%
Current liabilities	148,399	128,072	16%	11%	10%
Balance sheet total	1,291,784	1,247,345	4%	100%	100%

Source: internal analysis

At the end of the first half of 2014, the value of the fixed assets amounted to PLN 1,107,613 thousand and was lower by 4% in comparison with the figure reported at the end of 2013. This was mainly due to the following: i) the effect of an increase in the concession value by PLN 22,364 thousand related to the revaluation of the planned construction works on the A4 Katowice-Kraków motorway section; ii) the effect of a decrease in concession intangible assets in the amount of PLN 19,182 thousand as a result of depreciation; iii) an increase in fixed assets by PLN 6,215 thousand mainly due to execution of the replacement of the toll collection equipment contract; and iv) long-term investment value higher by PLN 33,877 thousand.

In the analysed period, the value of current assets increased slightly to PLN 184,171 thousand, i.e. by 0.2%.

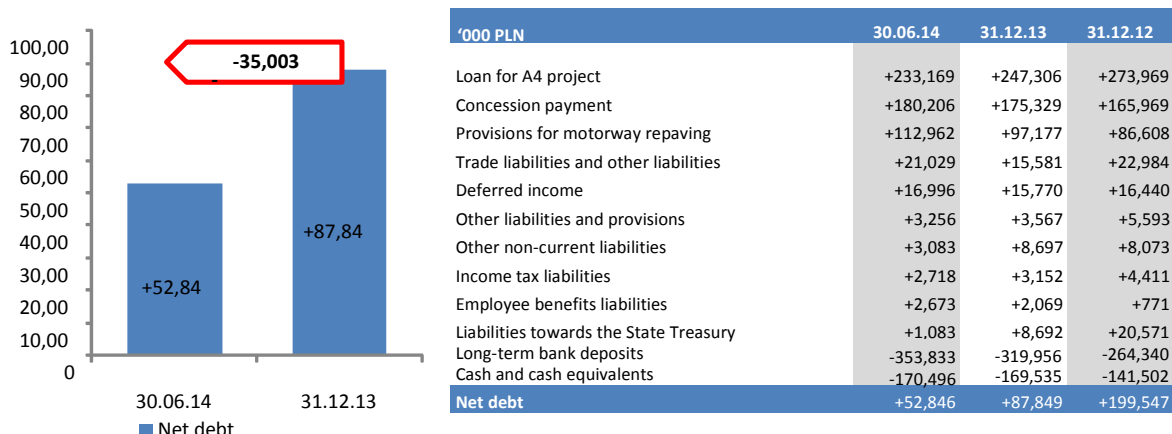
As at 30 June 2014, the total liabilities of the Group amounted to PLN 1,019,790 thousand, of which as much as 85% represented non-current liabilities (and provisions). Main liabilities and provisions are as follows:

- provisions for stage II construction works (PLN 428,867 thousand);
- bank loan (including charged interest as well as prepaid financing costs) for financing of the investments located on the A4 Katowice-Kraków motorway section (PLN 233,169 thousand);
- current value (discounted) of liabilities towards the National Road Fund on account of the concession (PLN 180,206 thousand);
- liabilities towards the State Treasury on account of the guarantees provided by Stalexport Autostrady for Huta Ostrowiec S.A. (PLN 1,083 thousand);
- provisions for motorway repaving (PLN 112,962 thousand);
- liability on account of hedging derivatives (PLN 16,972 thousand);
- prepayments on account of lease of the Rest Areas and the land where optic fibre wires are to be buried – regarding the A4 Katowice-Kraków motorway section (PLN 11,342 thousand);
- value of sold and unused subscription coupons for A4 Katowice-Kraków toll motorway (PLN 5,654 thousand).

An increase in total liabilities recorded in the first half of 2014 (including provisions) was mainly due to a change (including a change in estimates and a change related to discount and use) in the value of the provisions made by the Group for stage II construction works by PLN 18,996 thousand and provisions made for motorway repaving by PLN 15,785 thousand as well as a decrease in liabilities related to credits and loans by PLN 14,137 thousand. In addition, as far as liabilities are concerned, the amount of PLN 28,601 thousand, which includes stage II construction works to be carried out in the next 12 months, was reclassified from long- to short-term provisions.

Excluding from liabilities the provisions for stage II construction works and liability on account of hedging derivatives (including deferred tax), the Group's net debt decreased from PLN 87,849 thousand at the end of 2013 to PLN 52,846 thousand as at 30 June 2014. The net debt of the Group is primarily affected by the bank loan granted by Financing Banks for the A4 Katowice-Kraków project and the concession payment (a liability towards the National Road Fund) on the one hand and by cash in long- and short-term deposits on the other.

Figure 4 Net debt of the Group (consolidated data) – as at 31 December 2013 and 30 June 2014



Source: internal analysis

Capital expenditure incurred by Stalexport Autostrady Group in the first half of 2014 amounted to PLN 16,995 thousand and included mainly construction works carried out along the A4 Katowice-Kraków motorway section managed by the Group. These expenses were related to contracts for the rebuilding of the water drainage system at the A-4 motorway section in the Silesia Province and replacement of the toll collection equipment. Other capital expenditure of the Group pertains mainly to the purchase of the equipment required for the purpose of motorway maintenance as well as the purchase of office equipment and means of transport. All the above-mentioned measures were allowed for in the capital expenditure budget of the Group for 2014 and had been approved by Supervisory Boards of particular entities incorporated in the Group. At this point, it needs emphasising that financing of the investments resulting from the Concession Agreement entered into by SAM is secured with the Company's own funds from operation of the A4 motorway (toll) as well as the Loan Agreement entered into in December 2005 with the Financing Banks. The said agreement secured the external financing up to the amount of PLN 380,000 thousand. At the end of the first half of 2014, the nominal value of the related bank loans amounted to PLN 238,871 thousand (while taking into account the accrued interest and the prepaid financing costs, the loan amounted to PLN 233,169 thousand). The value of the Group's liabilities in this respect will decrease in future periods along with the repayment schedule until 2020.

3. Other information on Stalexport Autostrady Group

3.1. Information on contracts significant for the Group's operating activity, including contracts between the shareholders as well as insurance and cooperation contracts the Company is aware of

In the reporting period and by the date of this Report, no contracts significant for the Group's operating activity have been entered into.

3.2. Information on changes in organisational or capital relations of the Group with other entities

- On **30 May 2014**, the District Court Katowice-Wschód in Katowice issued a decision on the registration of a merger between Stalexport Autostrady S.A. and Stalexport Autostrada Dolnośląska S.A. with its registered office in Katowice (hereinafter referred to as the Acquired Company). The merger was effected pursuant to article 492 § (1)(1) of the Polish Code of Commercial Partnerships and Companies (hereinafter referred to as PCCPC), i.e. by the transfer of all assets of the Acquired Company to the Acquiring Company. Allowing for the fact that the Acquiring Company held 100% of shares in the share capital of the Acquired Company, the merger took place pursuant to article 515 § 1 of PCCPC with no increase in the share capital of the Acquiring Company. Pursuant to article 516 § 6 of PCCPC, the merger was effected by the so-called simplified method, i.e. without an audit of the merger plan.
- In the first half of 2014, the process of liquidation of Autostrada Mazowsze S.A., in accordance with the resolution of the Ordinary General Meeting of **11 April 2013**, was continued.

There were no other similar changes in the reporting period and by the date of this Report.

3.3. Information on material transactions concluded by the Company or its subsidiaries with affiliated companies on terms different than market terms

All transactions concluded by Stalexport Autostrady or its subsidiaries with affiliated companies were carried out on the market terms. However, the Management Board of Stalexport Autostrady would like to draw the attention to three material contracts entered into by its subsidiaries with the affiliated companies.

- The first material contract is the **Operation and Maintenance Agreement** which was initially entered into in 1998 by and between Stalexport Autostrady and VIA4. The current agreement was entered into by and between **SAM and VIA4** on 22 March 2006. The Maintenance and Operation Agreement was entered into for the period of the Concession Agreement (until 2027) and its scope includes clearly defined works connected with A4 concession project, including toll collection services and current maintenance and operation of the motorway (including winter maintenance). The contractual level of operator's remuneration in the period of the Agreement in a long-term separates the risk of impact of the frequent market price changes on maintenance and operation costs and ensures continuity of services and operation throughout many years of investment project execution. In the first half of 2014, the value of the transactions between SAM and VIA4 resulting from the above-mentioned Agreement amounted to PLN 19,204 thousand.

Considering the specificity and the scope of the above-mentioned Agreement and very limited market for that type of services, it is difficult to compare the provisions of the Operation and Maintenance Agreement to the terms which may be provided on the so-called free market. Nevertheless, in the opinion of the Company's Management Board, the above-mentioned Agreement was entered into on the market terms and its provisions do not differ from the terms which might be provided if it has been signed with an entity not belonging to the Group.

- The second material contract is the **Contract entered into by and between SAM and Autostrade-Tech S.p.A.** (this entity is a member of Atlantia Group which holds 100% of shares of Autostrade-Tech S.p.A.) for the **Replacement of the Toll Collection Equipment (RTCE)**.

The contractor for this Contract was selected on the basis of the established tendering procedures. On 31 May 2012, SAM sent invitations to tender to the selected companies. By the deadline (i.e. by 10 July 2012), the offers from the following two companies were submitted: (i) Autostrade-Tech S.p.A. and (ii) Egis Project S.A. As a result of the tender committee works with the participation of the Independent Engineer, the offer of Autostrade Tech S.p.A. was deemed the best. The Contract with this company was entered into on 14 September 2012 upon the approval of the Financing Banks. The Contract is being implemented based on the "Design&Build" formula. The Contract price, pursuant to the terms and conditions of the Contract, depends on the choice made by SAM as regards the functioning and interoperability of the Electronic Toll Collection (ETC) system (which is part of the RTCE Contract) with the National Toll Collection System operating on the public road network managed by GDDKiA (the so-called interoperability options). Depending on the selected interoperability option, the initial Contract value was from PLN 15,397 thousand and PLN 15,862 thousand. To ensure full compliance of the scope of the RTCE Contract with the current stage of the extension of both Toll Collection Plazas and the state of negotiations between the Concessionaire and the public party, it was necessary to issue a Variation Order as regards the interoperability. Currently, the value of the Contract amounts to PLN 19,899 thousand. The total net value of works invoiced by Autostrade-Tech S.p.A. on the account of this Contract amounts to PLN 8,415 thousand, including PLN 6,651 thousand in the first half of 2014.

In the opinion of the Company's Management Board, the above-mentioned Contract was entered into on the market terms and its terms do not differ from the terms which might be provided if it has been signed with an entity not belonging to the Group.

- The third material contract is the **Contract entered into by and between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (these entities are members of Atlantia Group which holds 99.6% of shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Polska Sp. z o.o.) for the **rebuilding of the A-4 motorway water drainage system for 11 catchments in the Silesia Province.**

The selection of the contractor for this Contract was based on the two-stage tendering procedure, the conditions of which were agreed with GDDKiA (pursuant to the provisions of the Concession Agreement, the Concessionaire selects each contractor by means of a tender and GDDKiA has a right to verify the tendering criteria and conditions before announcing each of the tenders) and with the Financing Banks. The notice of invitation to tender was published on 22 April 2013. The tender dossier was provided to five prospective tenderers. By the deadline, i.e. by 5 June 2013, only one offer submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. was received. Having opened and having verified the offer, the tender committee found it to be valid and complete. It was also found that the amount offered for the execution of the Contract is higher than the value specified in the investor's cost estimate. Upon an analysis of the offer components carried out by members of the tender committee and upon negotiations with the consortium, the Contract value was finally reduced and approved in the amount of PLN 19,803 thousand. The Contract was entered into on 26 July 2013. The work commencement order was issued on 3 September 2013 and the time for the performance of works under this Contract is 450 days from this date. On 28 February 2014, as a consequence of the Variation Order to the Contract, the scope of works was increased by an additional catchment area and the final value of works increased to the amount of PLN 20,276 thousand. The total net value of works invoiced by the consortium on the account of this Contract amounts to PLN 8,814 thousand, including PLN 7,922 thousand in the first half of 2014.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned Contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

3.4. Information on guarantees granted and received in the financial year, in particular guarantees granted to the affiliated companies

No guarantees were granted in the reporting period.

3.5. Information on issuance of securities, including the description of the usage of the proceeds of the issue by the Company

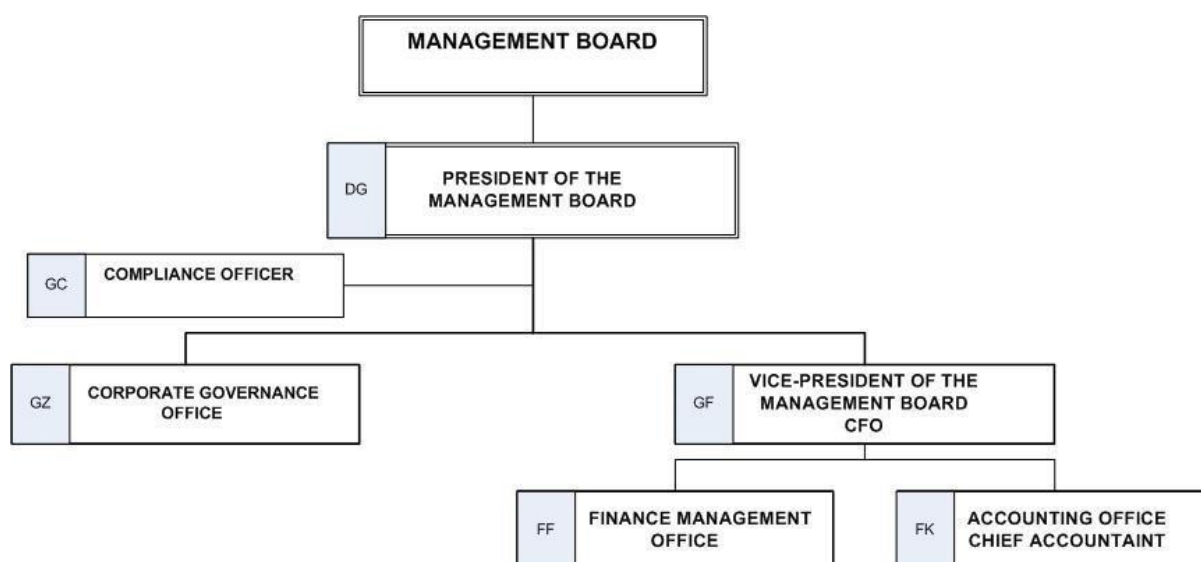
The Company did not issue any securities in the reporting period.

3.6. Information relevant for the assessment of the employment situation of Stalexport Autostrady Group

(i) Organisational structure of Stalexport Autostrady

In the first half of 2014, the Company's organisation structure did not change. The structure as at 30 June 2014 is shown below.

Figure 5 Organisational structure of Stalexport Autostrady as at 30 June 2014



Source: Company's documents

The structure of the Group as well as the description of its entities were presented in section 1 of the Report.

(ii) Employment in the Group

As at 30 June 2014, Stalexport Autostrady S.A. employed 23 persons (6.375 FTE), i.e. the number of employees slightly changed as compared to 31 December 2013 and 30 June 2013, when the Company employed 22 persons (6.125 FTE).

As at 30 June 2014, Stalexport Autostrady Group employed 275 employees, including 5 executive officers (members of Management Boards) and 18 middle management employees (directors and managers).

For comparison, as at 31 December 2013, Stalexport Autostrady Group employed 265 employees, including 5 executive officers (members of Management Boards) and 18 middle management employees (directors and managers).

An increase in employment in the Group (3.7%) is mainly due to additional employment of toll collectors in the operator company VIA4, which was necessary because of the increase in traffic on the A4 Katowice-Kraków motorway as compared to the previous year.

(iii) Changes in the line-up of the individuals responsible for management of and supervision over of the Company and the Group within the reporting period

Stalexport Autostrady

a) Management Board

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board and other members of the Management Board are appointed by the Supervisory Board at the motion of the President of the Management Board. Joint term of office of the Management Board's members lasts three successive years and their mandates expire on the day of holding the General Meeting approving the financial statements for the last full financial year of performing the function of the Management Board's member. On 5 March 2013, the Supervisory Board of Stalexport Autostrady S.A. appointed the Management Board with the following line-up for another term:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-President of the Management Board.

Within the reporting period (and until the date of Report preparation), the line-up of the Management Board did not change and is as follows:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-president of the Management Board.

b) Supervisory Board

Pursuant to § 14 of the Company's Statutes, the Supervisory Board is composed of 5 to 9 persons appointed for the joint term of office of three years. The General Management appoints and recalls members of Supervisory Board having first determined their number for a given term of office.

On 3 April 2013, the Ordinary General Meeting (by passing the Resolution No. 21) decided that the Supervisory Board of the eighth term (2013-2015) shall be composed of seven members.

In the period from 1 January 2014 to 30 June 2014 (and as at the date of the Report), the Supervisory Board was composed of the following seven members:

1. Roberto Mengucci – Chairman,
2. Aleksander Galos – Vice-chairman,
3. Michelangelo Damasco – Secretary,
4. Nicolo Caffo,
5. Pietro La Barbera,
6. Costantino Ivoi,
7. Tadeusz Włudyka.

On 5 July 2013, acting pursuant to § 25(2) of the Regulations of the Supervisory Board of Stalexport Autostrady and pursuant to Good Practices of the Companies Listed on GPW, including especially good practices for members of Supervisory Boards, the Supervisory Board appointed the Audit Committee and Remuneration Committee out of the Supervisory Board members as follows:

1) Remuneration Committee:

- Roberto Mengucci – Chairman,
- Aleksander Galos,
- Costantino Ivoi,
- Tadeusz Włudyka;

2) Audit Committee:

- Costantino Ivoi – Chairman,
- Aleksander Galos,
- Michelangelo Damasco.

In the reporting period and as at the date of the Report, the composition of the above-mentioned Committees of the Supervisory Board remained unchanged.

SAM

Within the reporting period, there were no changes in the line-up of the Management Board and the Supervisory Board of SAM.

VIA 4

Within the reporting period, the Management Board and Supervisory Board of VIA4 worked in an unchanged line-up.

AMSA

Within the reporting period, there were no changes in the line-up of the Management Board and the Supervisory Board of AMSA.

BIURO CENTRUM

Within the reporting period, there were no changes in the line-up of the Management Board and the Supervisory Board of BIURO CENTRUM.

3.7. The Company's shares and the affiliated companies' shares held by persons managing and supervising Stalexport Autostrady Group

The number and nominal value of Stalexport Autostrady's shares held by the persons managing and supervising the Company and Group companies is provided based on declarations of these persons. The situation as at 30 June 2014 (and as at the date of this Report) is presented in the table below.

Table 7 The number and nominal value of Stalexport Autostrady's shares held by persons managing and supervising the Group as at 30 June 2014 (and as at the date of this Report)

No.	Name and surname	Number of shares [units]	Nominal value [in PLN]
1.	Emil Wąsacz	59,000	44,250.00
2.	Katarzyna Bijak	2,000	1,500.00

Source: internal analysis based on declarations made by the persons managing and supervising the Group

Persons managing and supervising Stalexport Autostrady's Group companies do not hold any shares in affiliated companies of Stalexport Autostrady.

3.8. Shareholders holding directly or indirectly significant blocks of shares and the number of shares held by these shareholders, their percentage share in the share capital, the number of votes related to these shares and their percentage share in the total number of votes at the General Meeting of the Company

The table below contains a list of shareholders holding – according to the best knowledge of the Company – at least 5% of the total number of votes at the Stalexport Autostrady's GM.

Table 8 List of Stalexport Autostrady's shareholders holding significant blocks of the Company's shares

Company name	Number of ordinary bearer shares [units]	Share in share capital [%]	Number of votes at GM [units]	Share in the total number of votes at GM [%]
ASPI	149,923,463	60.63%	149,923,463	60.63%
ALTUS TFI S.A.	12,679,263	5.13%	12,679,263	5.13%

Source: internal analysis based on notifications received by the Company from shareholders pursuant to article 69 and 69a in relation to article 87 of the Act on Public Offering, on the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies.

3.9. Information on proceedings before the court, authority competent for the arbitration proceedings or public administration authority

The Company is not a party to any proceedings before the common or arbitration court of law or public administration authority in matters in the case of which the value of the subject of the dispute exceeds the amount constituting at least 10% of the Company's equity. It concerns both individual litigations and all litigations conducted by the Company or against the Company.

The remaining entities of the Group are not a party to any proceedings before the common or arbitration court of law or public administration authority in matters in the case of which the value of the subject of the dispute exceeds the amount constituting at least 10% of their equity.

4. Description of major risks and threats as well as the external and internal factors significant for development of the Company and Stalexport Autostrady Group

Major risks and threats and the external and internal factors significant for the operation of Stalexport Autostrady may be divided into two basic groups related to the following:

- A4 Katowice-Kraków project under execution

Within this scope, the risks as well as the economic and financial factors related to the general economic situation and current situation on the construction work market, as well as the risks of political and legal nature prevail.

The **economic situation** in Poland has an impact mainly on the number of vehicles using the A4 motorway (this factor affects mainly the truck traffic) and thus on the level of revenue from toll collection generated by the Concessionaire. The Group mitigates this risk by means of adequate (optimal) price policy and by taking actions aiming at the improvement of the customer service quality by the extension of the toll collection plazas on the motorway section managed by the Group and replacing toll collection equipment (currently executed), which shall make it possible for the customers to pay for using the motorway by diversified means of payment.

As far as the **construction work market** is concerned, the economic boom period increases the prices of construction services and decreases the efficiency of the A4 Katowice-Kraków project, whereas in the economic crisis period the Group may negotiate more beneficial conditions for the execution of necessary works, thus more funds remain at the disposal of the shareholders. The Company makes efforts to mitigate the risk within this area by active management, as authorised under the Concession Agreement, of the schedule of planned and carried out construction works.

Institutional and legal instability of the environment regulating the infrastructure sector in Poland is the main factor from the **political and legal risk** group. By means of promotion of good practices and solutions aiming at creation of suitable legal framework for the execution of infrastructure projects and by active participation in a public debate regarding new legislative solutions, etc., the Company makes efforts to prevent these risks. This risk group includes also the potential efforts to change the existing law, which may affect the revenue or expense level of the A4 Katowice-Kraków project. It is worth emphasising that the Concession Agreement includes provisions which make it possible to claim damages from the State Treasury if the public party takes actions that adversely affect the profitability of the A4 Katowice-Kraków project.

Additional risks are also related to the decision of **Urząd Ochrony Konkurencji i Konsumenta** [Office of Competition and Consumer Protection] (hereinafter referred to as "UOKiK") in which UOKiK stated that the practices of the Concessionaire infringed the competition by "charging unfair prices for using the toll section of the motorway in the amount specified in the price list, in spite of the repair works being carried out within this section, resulting in major traffic hindrances" and ordered to stop these practices. When performing repairs resulting in major traffic hindrances in the future, the Concessionaire should allow for the wording of the decision in the context of the policy applicable to identification of the toll rates.

- Lease of the office space and investment of the owned funds

Within this scope, the risks related to the economic situation and investment climate, as well as the risk of the market interest rate shall be mentioned.

The **economic situation** in Poland directly affects the office space lease market and thus the size of the unoccupied (unleased) space and the rent rates. The Company mitigates this risk by the application of a flexible price policy and by making other efforts to increase the attractiveness of the office space and to improve the user safety. Furthermore, the Company makes constant efforts to win new lessees.

Owing to the revenue structure and the nature of the business, the financial results of the Company are subject to a relatively high **interest rate risk**. This risk is related to the changeability of the financial markets and manifests itself in changes in the money value. Stalexport Autostrady mitigates this risk by the diversification of the periods for which the funds for future motorway projects are invested

5. Summary

Summarising the presentation of the Report, we would like to emphasise that Stalexport Autostrady Group, operating in the motorway business, has sound financial basis that guarantees the stability of its business and provides opportunities for future implementation of usually very capital-consuming projects related to the construction and management of motorways.

Vice-president of the Management Board

CFO

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/Mariusz Serwa/

President of the Management Board

Director General

.....

/Emil Wąsacz/

Mysłowice, 25 July 2014

6. Statements

- 6.1. Statement of the Management Board setting forth that according to their best knowledge, the half-year abridged consolidated financial statements as well as the comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of the Group's state of affairs and its financial position, and that the Management Board's Half-Year Report on the Activities of the Group gives a true presentation of the Group's development, achievements and position, including the description of major risks

Statement

We hereby state that according to our best knowledge, the half-year abridged consolidated financial statements of the Company for 2014 and comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of Stalexport Autostrady Group's state of affairs and its financial result.

At the same time we also declare that the half-year Management Board's Report on the Activities of Stalexport Autostrady gives a true presentation of the Group's development, achievements and position, including the description of major risks and threats.

Vice-president of the Management Board
CFO

President of the Management Board
Director General

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/Mariusz Serwa/

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/Emil Wąsacz/

Mysłowice, 25 July 2014

- 6.2. Management Board's statement according to which the entity authorised to audit financial statements, which performed the audit of the half-year abridged consolidated financial statements, was selected in accordance with the law and that the entity as well as the chartered auditors performing the task guarantee issuing an objective and independent opinion on the review of the half-year abridged consolidated financial statements, in line with the applicable provisions of the law and professional standards

Statement

We hereby state that Deloitte, authorised to audit the financial statements, reviewing the half-year abridged consolidated financial statements for 2014, has been appointed in accordance with the provisions of the law, i.e. pursuant to § 18(3)(8) of the Statutes of Stalexport Autostrady.

At the same time, we also declare that the above-mentioned entity and the chartered auditors conducting the review of these half-year abridged statements have met the conditions regarding issuing impartial and independent opinion on the review of the half-year abridged consolidated financial statements, in line with applicable provisions of the law and professional standards.

Vice-president of the Management Board
CFO

President of the Management Board
Director General

.....
/Mariusz Serwa/

.....
/Emil Wąsacz/

Mysłowice, 25 July 2014

7. Enclosures

Enclosure No. 1 – Financial highlights of Stalexport Autostrady Group

Table 9 Financial figures from the abridged interim consolidated financial statements of Stalexport Autostrady Group for the period of 6 months ended 30 June 2014

	'000 PLN		'000 EUR	
	First half of 2014	First half of 2013	First half of 2014	First half of 2013
Revenue	104,552	94,075	25,022	22,324
Operating profit	50,198	45,675	12,014	10,839
Profit before tax	36,367	26,077	8,704	6,188
Net profit for the reporting period	28,691	20,638	6,867	4,897
Net profit/(loss) on the part of owners of the Parent Company	25,697	18,947	6,150	4,496
Weighted average number of shares at the end of period (in thou.)	247,262	247,262	247,262	247,262
Profit/(Loss) of owners of the Parent Company per 1 ordinary share (in PLN/EUR)	0.10	0.08	0.02	0.02
Diluted profit/(loss) of owners of the Parent Company per 1 ordinary share (in PLN/EUR)	0.10	0.08	0.02	0.02
Net cash from operating activities	70,418	58,889	16,853	13,975
Net cash from investment activities	(43,643)	(8,776)	(10,445)	(2,083)
Net cash from financial activities	(25,814)	(25,401)	(6,178)	(6,028)
Total net cash flows	961	24,712	230	5,864
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Total assets	1,291,784	1,247,345	310,458	300,768
Fixed assets	1,107,613	1,063,618	266,196	256,467
Current assets	184,171	183,727	44,262	44,301
Total liabilities	1,019,790	998,835	245,089	240,846
Non-current liabilities	871,391	870,763	209,424	209,964
Current liabilities	148,399	128,072	35,665	30,882
Total equity	271,994	248,510	65,369	59,922
Equity of the owners of the Parent Company	268,298	244,791	64,481	59,026
Non-controlling interests	3,696	3,719	888	897
Share capital	185,447	185,447	44,569	44,716

Source: Company's documents

Table 10 Financial figures from the abridged interim separate financial statements of Stalexport Autostrady for the period of 6 months ended 30 June 2014

	First half of 2014	'000 PLN First half of 2013*	First half of 2014	'000 EUR First half of 2013
Revenue	1,907	1,841	456	437
Operating loss	(1,721)	(1,635)	(412)	(388)
Profit/(Loss) before tax	1,929	(401)	462	(95)
Net profit/(loss) for the reporting period	1,903	(393)	455	(93)
Weighted average number of shares at the end of period (in thou.)	247,262	247,262	247,262	247,262
Profit/(Loss) per 1 share (in PLN/EUR)	0.01	(0.00)	0.00	(0.00)
Diluted profit/(loss) per 1 share (in PLN/EUR)	0.01	(0.00)	0.00	(0.00)
Net cash from operating activities	(7,940)	(7,643)	(1,900)	(1,814)
Net cash from investment activities	3,471	25,246	831	5,991
Net cash from financial activities	(4,480)	17,603	(1,072)	4,177
Total net cash flows	1,907	1,841	456	437
	30.06.2014	31.12.2013*	30.06.2014	31.12.2013
Total assets	201,086	206,334	48,328	49,753
Fixed assets	76,802	77,689	18,458	18,733
Current assets	124,284	128,645	29,869	31,020
Total liabilities	3,641	10,792	875	2,602
Non-current liabilities	1,531	1,025	368	247
Current liabilities	2,110	9,767	507	2,355
Total equity	197,445	195,542	47,452	47,150
Share capital	185,447	185,447	44,569	44,716

Source: Company's documents

* Data converted due to the merger with the subsidiary – see Note 2 to the interim abridged separate financial statements of Stalexport Autostrady S.A.

Selected financial data is converted into EUR according to the following rules:

- items of the consolidated and separate financial statements concerning comprehensive income and the cash flow statement for the first half of 2014 and for the first half of 2013 based on the exchange rate being an arithmetic mean of average exchange rates announced by NBP, applicable on the last day of each month during the period, i.e. 4.1784 PLN/EUR and 4.2140 PLN/EUR respectively;
- items of assets and liabilities based on the average exchange rate published by NBP, applicable as at the balance sheet date, i.e. 4.1609 PLN/EUR as at 30 June 2014 and 4.1472 PLN/EUR as at 31 December 2013 respectively.