



**STALEXPORT AUTOSTRADY S.A.  
CAPITAL GROUP**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

as at the day and for the year ended  
31 December 2015

## **Contents**

<b>Consolidated statement of comprehensive income</b>	<b>3</b>
<b>Consolidated statement of financial position</b>	<b>4</b>
<b>Consolidated statement of cash flows</b>	<b>6</b>
<b>Consolidated statement of changes in equity</b>	<b>7</b>
<b>Notes to the consolidated financial statements</b>	<b>8</b>

**Consolidated statement of comprehensive income  
for the year ended 31 December**

<i>In thousands of PLN, unless stated otherwise</i>	<b>Note</b>	<b>2015</b>	<b>2014</b>
Revenue	6, 8	262 508	222 543
Cost of sales	6, 9	(65 584)	(89 543)
<b>Gross profit</b>		<b>196 924</b>	<b>133 000</b>
Other income	10	7 321	4 603
Administrative expenses	6, 9	(34 182)	(29 746)
Other expenses	11	(351)	(597)
<b>Results from operating activities</b>		<b>169 712</b>	<b>107 260</b>
Finance income		13 827	14 576
Finance expenses		(35 523)	(41 435)
<b>Net finance expense</b>	12	<b>(21 696)</b>	<b>(26 859)</b>
<b>Share of profit of equity accounted investees (net of income tax)</b>	17	<b>101</b>	<b>42</b>
<b>Profit before income tax</b>		<b>148 117</b>	<b>80 443</b>
Income tax expense	13	(28 707)	(15 040)
<b>Profit for the period</b>		<b>119 410</b>	<b>65 403</b>
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified to profit or loss for the period</i>			
Remeasurement of employee benefits	27	44	(57)
Income tax on other comprehensive income	13.3	(7)	9
		<b>37</b>	<b>(48)</b>
<i>Items that are or may be reclassified subsequently to profit or loss for the period</i>			
Foreign currency translation differences for foreign operations		(30)	(9)
Effective portion of changes in fair value of cash flow hedges	23.3	(718)	(10 281)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	23.3	5 286	4 827
Income tax on other comprehensive income	13.3	(868)	1 036
		<b>3 670</b>	<b>(4 427)</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>3 707</b>	<b>(4 475)</b>
<b>Total comprehensive income for the period</b>		<b>123 117</b>	<b>60 928</b>
<b>Profit attributable to:</b>			
Owners of the Company		113 599	60 497
Non-controlling interest		5 811	4 906
<b>Profit for the period</b>		<b>119 410</b>	<b>65 403</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		117 299	56 031
Non-controlling interest		5 818	4 897
<b>Total comprehensive income for the period</b>		<b>123 117</b>	<b>60 928</b>
<b>Earnings per share</b>	24		
Basic earnings per share (PLN)		0.46	0.24
Diluted earnings per share (PLN)		0.46	0.24

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

**Consolidated statement of financial position**  
**as at**

*In thousands of PLN*

	<i>Note</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	35 649	39 213
Intangible assets	15	522 681	584 423
Investment property	16	4 176	3 996
Investments in associates	17	833	732
Other non-current investments	18	506 623	400 043
Non-current receivables		816	-
Deferred tax assets	19	99 471	105 113
<b>Total non-current assets</b>		<b>1 170 249</b>	<b>1 133 520</b>
<b>Current assets</b>			
Inventories		2 038	2 230
Current investments	18	1 581	1 734
Income tax receivables	20	-	1
Trade and other receivables	21	13 422	11 133
Cash and cash equivalents	22	188 007	167 257
<b>Total current assets</b>		<b>205 048</b>	<b>182 355</b>
<b>Total assets</b>		<b>1 375 297</b>	<b>1 315 875</b>

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

**Consolidated statement of financial position (continued)**

as at

<i>In thousands of PLN</i>	<i>Note</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	23.1	185 447	185 447
Treasury shares		(20)	(20)
Share premium reserve		7 430	7 430
Hedging reserve	23.3	(11 330)	(15 030)
Other reserve capitals and supplementary capital		320 644	262 049
Foreign currency translation reserve		134	160
Retained earnings and uncovered losses		(84 183)	(139 213)
<b>Total equity attributable to owners of the Company</b>		<b>418 122</b>	<b>300 823</b>
Non-controlling interest	23.5	4 973	4 101
<b>Total equity</b>		<b>423 095</b>	<b>304 924</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	25	153 154	186 241
Employee benefits	27	1 891	3 890
Deferred income	29	8 518	9 349
Other non-current liabilities	28	199 812	192 032
Provisions	30	403 585	482 569
<b>Total non-current liabilities</b>		<b>766 960</b>	<b>874 081</b>
<b>Current liabilities</b>			
Loans and borrowings	25	34 831	32 448
Finance lease liabilities	26	-	17
Derivative financial instruments	32.2, 33.3	15 250	19 826
Income tax liabilities	20	11 082	2 773
Trade and other payables	31	21 268	29 461
Employee benefits	27	3 633	435
Deferred income	29	5 975	6 126
Provisions	30	93 203	45 784
<b>Total current liabilities</b>		<b>185 242</b>	<b>136 870</b>
<b>Total liabilities</b>		<b>952 202</b>	<b>1 010 951</b>
<b>Total equity and liabilities</b>		<b>1 375 297</b>	<b>1 315 875</b>

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

**Consolidated statement of cash flows**  
**for the year ended 31 December**

<i>In thousands of PLN</i>	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>			
<b>Profit before income tax</b>		<b>148 117</b>	<b>80 443</b>
<b>Adjustments for</b>			
Depreciation and amortisation	9	44 073	43 496
Recognition of impairment on property, plant and equipment and intangible assets		31	52
Foreign currency translation differences for foreign operations		(30)	(9)
Loss on investment activity	12	153	55
(Gain)/Loss on disposal of intangible assets and property, plant and equipment	10, 11	(51)	482
Interest and dividends		2 872	2 826
Share in profit of associated entities		(101)	(42)
Change in receivables		(2 289)	(1 076)
Change in inventories		192	116
Change in trade and other payables		11 331	3 671
Change in provisions		9 149	28 337
Change in deferred income		(982)	(295)
<b>Cash generated from operating activities</b>		<b>212 465</b>	<b>158 056</b>
Income tax paid		(15 630)	(15 137)
<b>Net cash from operating activities</b>		<b>196 835</b>	<b>142 919</b>
<b>Cash flows from investing activities</b>			
<b>Investment proceeds</b>		<b>12 382</b>	<b>14 816</b>
Sale of intangible assets and property, plant and equipment		176	71
Dividends received		189	61
Interest received		12 017	14 682
Other proceeds from financial assets		-	2
<b>Investment expenditures</b>		<b>(137 177)</b>	<b>(109 717)</b>
Acquisition of intangible assets and property, plant and equipment		(31 134)	(29 271)
Non-current deposits held for investment expenditures	18	(106 043)	(80 446)
<b>Net cash used in investing activities</b>		<b>(124 795)</b>	<b>(94 901)</b>
<b>Cash flows from financing activities</b>			
<b>Financial expenditures</b>		<b>(51 290)</b>	<b>(50 296)</b>
Dividends paid		(4 946)	(4 515)
Repayment of loans and borrowings	25	(32 175)	(30 380)
Interest paid		(14 152)	(15 357)
Repayment of finance lease liabilities		(17)	(44)
<b>Net cash used in financing activities</b>		<b>(51 290)</b>	<b>(50 296)</b>
<b>Total net cash flows</b>		<b>20 750</b>	<b>(2 278)</b>
<b>Change in cash and cash equivalents</b>		<b>20 750</b>	<b>(2 278)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>167 257</b>	<b>169 535</b>
<b>Cash and cash equivalents at 31 December</b>	22	<b>188 007</b>	<b>167 257</b>

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

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

**Consolidated statement of changes in equity**

*In thousands of PLN*

	Note	Share capital	Treasury shares	Share premium reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
<b>As at 1 January 2014</b>		<b>185 447</b>	<b>(20)</b>	<b>7 430</b>	<b>(10 612)</b>	<b>203 060</b>	<b>191</b>	<b>(140 705)</b>	<b>244 791</b>	<b>3 719</b>	<b>248 510</b>
<b>Profit for the period</b>		-	-	-	-	-	-	<b>60 497</b>	<b>60 497</b>	<b>4 906</b>	<b>65 403</b>
<b>Other comprehensive income:</b>		-	-	-	<b>(4 418)</b>	<b>23</b>	<b>(31)</b>	<b>(39)</b>	<b>(4 465)</b>	<b>(9)</b>	<b>(4 474)</b>
Effective portion of changes in fair value of cash flow hedges	23.3	-	-	-	(10 281)	-	-	-	(10 281)	-	(10 281)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	23.3	-	-	-	4 827	-	-	-	4 827	-	4 827
Remeasurement of employee benefits	27	-	-	-	-	-	-	(46)	(46)	(11)	(57)
Foreign currency translation differences for foreign operations		-	-	-	-	23	(31)	-	(8)	-	(8)
Income tax on other comprehensive income	13.3	-	-	-	1 036	-	-	7	1 043	2	1 045
<b>Total comprehensive income for the period</b>		-	-	-	<b>(4 418)</b>	<b>23</b>	<b>(31)</b>	<b>60 458</b>	<b>56 032</b>	<b>4 897</b>	<b>60 929</b>
Dividends paid		-	-	-	-	-	-	-	-	(4 515)	(4 515)
Allocation of profit to supplementary capital		-	-	-	-	58 966	-	(58 966)	-	-	-
<b>As at 31 December 2014</b>		<b>185 447</b>	<b>(20)</b>	<b>7 430</b>	<b>(15 030)</b>	<b>262 049</b>	<b>160</b>	<b>(139 213)</b>	<b>300 823</b>	<b>4 101</b>	<b>304 924</b>
<b>As at 1 January 2015</b>		<b>185 447</b>	<b>(20)</b>	<b>7 430</b>	<b>(15 030)</b>	<b>262 049</b>	<b>160</b>	<b>(139 213)</b>	<b>300 823</b>	<b>4 101</b>	<b>304 924</b>
<b>Profit for the period</b>		-	-	-	-	-	-	<b>113 599</b>	<b>113 599</b>	<b>5 811</b>	<b>119 410</b>
<b>Other comprehensive income:</b>		-	-	-	<b>3 700</b>	<b>(1)</b>	<b>(26)</b>	<b>27</b>	<b>3 700</b>	<b>7</b>	<b>3 707</b>
Effective portion of changes in fair value of cash flow hedges	23.3	-	-	-	(718)	-	-	-	(718)	-	(718)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	23.3	-	-	-	5 286	-	-	-	5 286	-	5 286
Remeasurement of employee benefits	27	-	-	-	-	-	-	36	36	8	44
Foreign currency translation differences for foreign operations		-	-	-	-	(1)	(26)	(3)	(30)	-	(30)
Income tax on other comprehensive income	13.3	-	-	-	(868)	-	-	(6)	(874)	(1)	(875)
<b>Total comprehensive income for the period</b>		-	-	-	<b>3 700</b>	<b>(1)</b>	<b>(26)</b>	<b>113 626</b>	<b>117 299</b>	<b>5 818</b>	<b>123 117</b>
Dividends paid		-	-	-	-	-	-	-	-	(4 946)	(4 946)
Allocation of profit to supplementary capital		-	-	-	-	58 596	-	(58 596)	-	-	-
<b>As at 31 December 2015</b>		<b>185 447</b>	<b>(20)</b>	<b>7 430</b>	<b>(11 330)</b>	<b>320 644</b>	<b>134</b>	<b>(84 183)</b>	<b>418 122</b>	<b>4 973</b>	<b>423 095</b>

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

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**1. Group overview**

Stalexport Autostrady S.A. (“the Company”) with its seat in Mysłowice, Piaskowa 20 Street, is a public listed company registered in the National Court Register under registration number KRS 16854.

The Company together with its subsidiaries constitutes Stalexport Autostrady S.A. Capital Group (“Group”, “Capital Group”).

The business activities of the Group include the following:

- construction of roads and railroads, in particular services related to managing, construction by adapting to the requirements of toll motorway and exploitation of the section of A-4 motorway Katowice-Kraków,
- management and business advisory,
- rental services.

As at 31 December 2015, beside the Company, the Group comprised of the following entities:

Name of the entity	Seat of the entity	Main activities	Status	Ownership interest and voting rights	Date of obtaining control/Date of acquisition	Consolidation method
Stalexport Autoroute S.a r.l.	Luxembourg	Management activities	Subsidiary	100%	2005	Full consolidation
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of motorway	Subsidiary	100%*	1998	Full consolidation
VIA4 S.A.	Mysłowice	Motorway operation	Subsidiary	55%*	1998	Full consolidation
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Associate	40.63%	1994	Equity method
Petrostal S.A. w likwidacji**	Warszawa	Non-operational	Subsidiary	100%	2005	-

\* through Stalexport Autoroute S.a r.l.;

\*\* this entity is not subject to consolidation due to existing limitations regarding control exercise;

The consolidated financial statements as at the day and for the year ended 31 December 2015 comprise financial statements of the Company and its subsidiaries and also Group’s share in net assets of associates.

The Capital Group is also included within the consolidated financial statements of the parent entity of the highest level Atlantia S.p.A. (Italy), a parent company to inter alia Autostrade per l’Italia S.p.A., a majority shareholder of the Company.

**2. Basis of preparation of the consolidated financial statements**

**2.1. Statement of compliance**

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

The consolidated financial statements were approved by the Management Board of the Company on 2 March 2016.



**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

---

IFRS EU contain all International Accounting Standards (“IAS”), International Financial Reporting Standards (“IFRS”) as well as related Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) except for the 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 of measurement**

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

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

**2.3. Functional and presentation currency**

These consolidated financial statements are presented in Polish zloty, being the functional currency and presentation currency of the Group, rounded to the nearest thousand.

**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 2015, have not been applied in preparation of these consolidated financial statements. Apart from IFRS 9 *Financial instruments*, which awaits EU endorsement, neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the consolidated financial statements of the Group for the period for which they will become effective, however it needs to be underlined that aforementioned impact couldn't have been reasonably estimated at the end of reporting period.

**2.5. Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting 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 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, which had significant impact on the consolidated financial statements, have been discussed in notes 13, 15, 18, 19, 20, 21, 27, 28, 30, 32, 33 and 36.

**3. Going concern**

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

#### **4. Information concerning the Concession Agreement**

The activities of the Group include primarily business related to the management, construction by transformation to toll motorway and operation of the section Katowice – Kraków of A-4 motorway, performed mainly by the Company's subsidiary Stalexport Autostrada Małopolska S.A. ("Concession Holder", "SAM S.A."). These activities are regulated by the concession agreement ("Concession Agreement").

The subject of the Concession Agreement is completion of construction of the A-4 motorway (by transformation to the toll motorway) on the section from Katowice (junction Murckowska, km 340.2) to Krakow (junction Balice I, km 401.1) and its subsequent operation as well as conducting and completion of the remaining construction works as specified in the Concession Agreement.

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

As specified in the Concession Agreement, toll revenues constitute the principal source of income from the execution of the project.

Throughout the term of the Concession Agreement, the Concession Holder shall have the right to use and receive profits from the road strip of the motorway. The right includes among other things the right to demolish and remove the existing buildings, facilities, equipment, trees and plants, subject to any relevant legal provisions.

In return the Concession Holder is responsible for the operation and maintenance of the toll motorway until the termination or expiry of the Concession Agreement, which determines detailed range of the Concession Holder's obligations, and is obliged to perform precisely specified construction works.

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

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

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

According to provisions of the Concession Agreement between SAM S.A. and the Minister of Infrastructure and Construction and also of the Project Loan Agreement between SAM S.A. and consortium ("Consortium") of: PEKAO S.A., FMS WERTMANAGEMENT, KfW IPEX-Bank, FM Bank PBP S.A. and Portigon AG (London Branch), the possibility of dividend payment by SAM S.A. to its shareholder(s) depends, among others, on completion of specified construction phases, achieving minimum level of debt service ratios, and assuring the sufficient coverage of reserve accounts.

## **5. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

The application of new standards, amendments to standards and interpretations, which became effective for annual periods beginning on 1 January 2015, had no significant impact on Group accounting policies, and as a result on these consolidated financial statements.

### **5.1. Basis of consolidation**

#### **5.1.1. Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has a rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **5.1.2. Non-controlling interest**

In the consolidated statement of financial position the Group discloses non-controlling interest within equity, separately from the equity attributable to the owners of the Company.

Changes in the Group's interest in a subsidiary that do not result in the Company's loss of control over the subsidiary are accounted for as equity transactions.

#### **5.1.3. Associates and joint arrangements**

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

A joint arrangement is a contractual arrangement, whereby two or more parties undertake business activity subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In neither of reporting periods included in these consolidated financial statements, the Group had any interest in joint arrangements.

#### **5.1.4. Consolidation adjustments**

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

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

*Notes to the consolidated financial statements*

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

---

**5.2. Foreign currency**

**5.2.1. 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 for the period. 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.

**5.2.2. Conversion of foreign subsidiaries**

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

The income and expenses of foreign operations excluding foreign operations in hyperinflationary economies are translated to Polish zloty at exchange rate, calculated as an average of average NBP exchange rates at the last day of every month comprising the accounting period. The income and expenses of foreign operations in hyperinflationary economies are translated at average NBP rates at the reporting date. Foreign currency differences are recognised in other comprehensive income, and presented in the "Foreign currency translation reserve" in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss.

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

**5.2.3. Hedge of net investment in foreign operation**

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount within equity is transferred to profit or loss as part of the profit or loss on disposal.

### **5.3. Service concession arrangements**

The Group recognizes as service concession arrangements the public-to-private service concession arrangements if:

- the grantor controls or regulates what services the Group must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Such arrangements apply to infrastructure that the Group constructs or acquires from a third party for the purpose of the service arrangement, as well as existing infrastructure to which the grantor gives the Group access for the purpose of the service arrangement.

Such infrastructure shall not be recognised as property, plant and equipment of the Group because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the Group. The Group has access to operate the infrastructure to provide the public service on behalf of the grantor in accordance with the terms specified in the contract.

Under the terms of service concession arrangements the Group acts as a service provider. The Group constructs or upgrades infrastructure (construction or upgrade services – the revenue is recognised in accordance with accounting policies applied for construction contracts) used to provide a public service and operates and maintains that infrastructure (operation services – the revenue is recognized in accordance with policy described in note 5.17.3) for a specified period of time.

If the Group provides construction or upgrade services the consideration received or receivable by the Group shall be recognized in consolidated statement of financial position as an asset. The consideration may be recognized as:

- a financial asset: The Group shall recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services;
- an intangible asset: The Group shall recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the service is rendered. Under intangible asset model, the Group's rights are recognised in the consolidated statement of financial position under concession intangible assets in the fair value of construction or upgrade services. They are amortised over the term of the arrangement, starting from the beginning of rendering services to public.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset it is necessary to account separately for each component of the Group's consideration. The consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

The Group may have contractual obligations it must fulfil as a condition of its licence a) to maintain the infrastructure to a specified level of serviceability or b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure, except for upgrade element shall be recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

When the contract requires the Group to incur during the concession period capital expenditures related to replacement independently of the use of the concession infrastructure during the concession, these capital expenditures should be included in concession intangible asset's cost. Bearing in mind, that these outflows are

*Notes to the consolidated financial statements*

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

---

not contingent on use of infrastructure, the Group should recognise a provision (with the above mentioned intangible asset as a corresponding item) for the present value of the best estimate of the amount of the future replacement costs to be incurred due to obligation undertaken. The provision shall be recognized when the obligation is accepted

**Concession Agreement – A-4 Katowice-Kraków motorway**

Intangible asset model has been applied to the Concession Agreement, concerning Stalexport Autostrada Małopolska S.A.

The Group recognised an intangible asset as the consideration given for the adaptation of motorway to toll motorway requirements (Phase I) and for construction/upgrade works, which according to the Concession Agreement were to be executed in later periods (Phase II). The cost of the element of the intangible asset recognized in relation to Phase I expenditures, was defined as the value of costs incurred during its execution (including borrowing costs) and the cost of the element of the intangible asset recognized in relation to estimated costs of Phase II, was determined as the present value of those future outflows at the date of initial recognition (without borrowing costs recognition).

The element of the intangibles recognized in relation to obligation to bear Phase II expenditures, was recorded in correspondence with the provision. A present value of future outflows was calculated, through discounting of their estimated nominal value, using non-current risk-free interest rate, which was determined by the Group on the basis of historical and current return on non-current State Treasury Bonds.

All changes in provision's estimates due to:

- changes of interest rates;
- changes of construction works schedule;
- changes in capital expenditures estimates;

are reflected in the valuation of intangible assets and impact the consolidated statement of comprehensive income prospectively, being recognized in the period of change and in future periods, if they are also affected by the change.

The unwinding of the discount related to provision is recognized as finance expense of the period.

Concession intangible assets comprise also an element reclassified from property, plant and equipment, which cost was determined as the present value of discounted concession payments at the date of their recognition.

According to policies described in note 5.4, an intangible asset with a finite useful life is subject to amortisation over its useful life.

The concession intangible asset is to be amortised from the beginning of toll collection (year 2000), until the expiration date of the Concession Agreement (year 2027).

The Group applied amortisation method, which in its view reflects in most appropriate way the manner in which future economic benefits deriving from intangible asset will be consumed, i.e. unit of production method based on forecasted annual average traffic increase during the concession period on the section of motorway subject to concession.

*Notes to the consolidated financial statements*

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

---

#### **5.4. Other intangible assets**

Other intangible assets are measured at cost less accumulated depreciation and impairment losses (see note 5.12).

##### **Subsequent expenditures**

Subsequent expenditures on existing other 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 as incurred.

##### **Amortisation**

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of other 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
- licences                                2-5 years

If the estimated useful life of intangible assets attributable to the Concession Agreement other than the ones described in 5.3 exceeds the concession period, the amortisation period is shortened to the remaining concession period.

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

#### **5.5. Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 5.12).

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). The construction cost also includes preliminary estimates of the cost of dismantling and removing the components of tangible fixed assets and the restoration cost, if required.

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 significant 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.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

---

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**

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

**Subsequent expenditures**

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

**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 Group adopted following useful lives for particular categories of property, plant and equipment:

- buildings and constructions                      5-40 years
- plant and equipment                                3-15 years
- vehicles     3-10 years
- other     1-10 years

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

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

**5.6. 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 5.12).

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 Group assumed 40-year period of economic useful life for the part of the office building classified as investment property.

Considering that the aforementioned office building and its component parts are only marginally used in administrative activities, all these assets are treated entirely as investment property.

**5.7. Property, plant and equipment under lease**

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

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and then are subject to depreciation and impairment losses (see note 5.12). Subsequent to initial recognition, the property, plant and equipment under finance lease is accounted for in accordance with the accounting policy applicable to group-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 Group, the assets are depreciated over the shorter of period of the lease and economic useful life of the assets.



*Notes to the consolidated financial statements*

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

---

Minimum lease payments made under finance leases are apportioned between reduction of the outstanding liability and the finance expense. The finance expenses is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

**5.8. Perpetual usufruct of land**

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

**5.9. 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.

**5.10. 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 Group's accounting policies. Thereafter, as at the day of initial classification as held for sale, the assets (or disposal group) are measured at the lower of their carrying amount or fair value less cost to sell.

**5.11. Financial instruments**

**5.11.1. Non-derivative financial instruments**

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

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

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

*Held-to-maturity financial assets*

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

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

---

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 Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

*Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. 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 recognized 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 trade and other receivables.

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

*Available-for-sale financial assets*

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

Available-for-sale financial assets are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in consolidated statement of comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

*Non-derivative financial liabilities*

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

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

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

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

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

#### **5.11.2. Derivative financial instruments, including hedge accounting**

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

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

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

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

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

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

### **5.12. Impairment**

#### **5.12.1. Financial assets (including receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

*Notes to the consolidated financial statements*

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

---

The Group 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 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 loans granted, receivables and held-to-maturity investment securities with similar risk characteristics.

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

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

Impairment losses on available-for-sale investment securities are recognized by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognized in profit or loss.

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.

In case of equity accounted investees, the investment is treated as a single asset and is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever there are indicators of the impairment. A potential impairment loss is recognised in profit or loss for the period, and is reversed if there has been a favourable change in the investment's recoverable amount.

#### 5.12.2. Non-financial assets

The carrying amounts of the Group'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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated annually.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax

*Notes to the consolidated financial statements*

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

---

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In case of assets, which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

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

**5.12.3. Non-current assets held for sale**

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

**5.13. Equity**

**Ordinary shares**

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

**Repurchase of treasury shares**

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

**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.

**Hedging reserve**

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

**5.14. Employee benefits**

**5.14.1. Retirement and disability benefits**

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

The Group's obligation resulting from retirement/disability benefits is measured by estimation of future salary of a given employee for the period in which an employee will receive the benefit and by estimation of future retirement/disability benefit. Retirement/disability benefits are discounted using market State Treasury bond return rate at the end of the reporting period. The retirement/disability benefit obligation is recognized

*Notes to the consolidated financial statements*

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

---

proportionally to the projected length of service of a given employee. Recognizing the liability due to retirement/disability benefits, the Group discloses total actuarial gains or losses in other comprehensive income for the period in which they were identified.

**5.14.2. Jubilee bonuses**

Some of the Group's companies offer 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 Group's obligation resulting from jubilee bonuses is measured by estimation of future salary of a given employee for the period in which an employee will become entitled to a particular jubilee bonus and by estimation of future jubilee bonus. Jubilee bonuses are discounted using market State Treasury bond return rate at the end of the reporting period. Recognizing the liability due to jubilee bonuses, the Group discloses total actuarial gains or losses in profit or loss, within the period in which they were identified.

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

**5.14.3. 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 employee benefits, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**5.15. Provisions**

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

**Provision for motorway resurfacing**

Due to the obligation deriving from the Concession Agreement, which concerns operation and maintenance of motorway, the Group recognizes a provision for its resurfacing. The provision is recognized based on estimated cost of resurfacing proportionally to the usage degree. The estimated amount is discounted at the reporting date.

**Provision for capital expenditures related to replacement and upgrade of infrastructure**

Accounting policies applied to provision for capital expenditures of Phase II are described in note 5.3.

**5.16. Deferred income**

Deferred income constitutes mainly (i) prepayments received due to rental agreements (mainly passengers service sites), and also (ii) amounts received due to sale of subscription coupons for A4 Katowice - Kraków motorway.

After initial recognition according to fair value, the deferred income recorded in reference to (i) is recognized as other income within profit or loss on the straight-line basis over a rental agreement period, (ii) is recognized as revenue in profit or loss for the period, in which the subscription coupon is utilized.

## **5.17. Revenue**

### **5.17.1. Goods sold**

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

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

### **5.17.2. Rental income**

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

### **5.17.3. Revenue from motorway management and operation**

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

## **5.18. Finance income and expenses**

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

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and liabilities, losses on 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. 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.

## **5.19. 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, differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

*Notes to the consolidated financial statements*

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

---

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

**5.20. Discontinued operations**

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

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

**5.21. Earnings per share (EPS)**

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

There were no factors that would result in dilution of earnings per share in the reporting periods presented in these consolidated financial statements.



**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**6. Segment reporting**

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

The Group operates in one geographical segment – entire revenue is earned in Poland.

**Business segments**

Business segments include:

- management, advisory and rental services,
- management and operation of motorways.

**Business segments results**

*For the year ended 31 December 2015*

	Management, advisory and rental services	Management and operation of motorways	Total
<b>Operating revenues</b>			
Revenue from external customers	3 364	259 144	<b>262 508</b>
Total revenue	<b>3 364</b>	<b>259 144</b>	<b>262 508</b>
<b>Operating expenses</b>			
Cost of sales to external customers	(3 917)	(61 667)	<b>(65 584)</b>
Total cost of sales	<b>(3 917)</b>	<b>(61 667)</b>	<b>(65 584)</b>
Other income	155	7 198	<b>7 353</b>
Other expenses	(53)	(330)	<b>(383)</b>
Administrative expenses (*)	(3 873)	(30 309)	<b>(34 182)</b>
<b>Results from operating activities</b>	<b>(4 324)</b>	<b>174 036</b>	<b>169 712</b>
Net finance income/(expense)	2 753	(24 449)	<b>(21 696)</b>
Share of profit of equity accounted investees (net of income tax)	101	-	<b>101</b>
Income tax expense	27	(28 734)	<b>(28 707)</b>
<b>Profit/(Loss) for the period</b>	<b>(1 443)</b>	<b>120 853</b>	<b>119 410</b>
Other comprehensive income, net of income tax	(26)	3 733	<b>3 707</b>
<b>Total comprehensive income for the period</b>	<b>(1 469)</b>	<b>124 586</b>	<b>123 117</b>
<b>Major non-cash items</b>			
Depreciation and amortisation	(535)	(43 538)	<b>(44 073)</b>
Reversal/(recognition) of other provisions	2	(68)	<b>(66)</b>
Reversal/(recognition) of allowances for receivables	1	1	<b>2</b>
Unwinding of discount	-	(19 615)	<b>(19 615)</b>
Revaluation of investment	(153)	-	<b>(153)</b>

(\*) Administrative expenses in "Management, advisory and rental services" segment comprise all administrative expenses of the Company.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

**Notes to the consolidated financial statements**

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

For the year ended 31 December 2014

	Management, advisory and rental services	Management and operation of motorways	Total
<b>Operating revenues</b>			
Revenue from external customers	3 432	219 111	<b>222 543</b>
Total revenue	<b>3 432</b>	<b>219 111</b>	<b>222 543</b>
<b>Operating expenses</b>			
Cost of sales to external customers	(3 639)	(85 904)	<b>(89 543)</b>
Total cost of sales	<b>(3 639)</b>	<b>(85 904)</b>	<b>(89 543)</b>
Other income	234	4 388	<b>4 622</b>
Other expenses	(3)	(613)	<b>(616)</b>
Administrative expenses (*)	(4 147)	(25 599)	<b>(29 746)</b>
<b>Results from operating activities</b>	<b>(4 123)</b>	<b>111 383</b>	<b>107 260</b>
Net finance income/(expense)	3 357	(30 216)	<b>(26 859)</b>
Share of profit of equity accounted investees (net of income tax)	42	-	<b>42</b>
Income tax expense	487	(15 527)	<b>(15 040)</b>
<b>Profit for the period</b>	<b>(237)</b>	<b>65 640</b>	<b>65 403</b>
Other comprehensive income, net of income tax	(13)	(4 462)	<b>(4 475)</b>
<b>Total comprehensive income for the period</b>	<b>(250)</b>	<b>61 178</b>	<b>60 928</b>

**Major non-cash items**

Depreciation and amortisation	(597)	(42 899)	<b>(43 496)</b>
Reversal/(recognition) of other provisions	13	709	<b>722</b>
Reversal/(recognition) of allowances for receivables	154	2	<b>156</b>
Unwinding of discount	-	(23 656)	<b>(23 656)</b>
Revaluation of investment	(55)	-	<b>(55)</b>

(\*) Administrative expenses in "Management, advisory and rental services" segment comprise all administrative expenses of the Company.

Financial position according to business segments as at

	31 December 2015	31 December 2014
<b>Management, advisory and rental services</b>		
Assets of the segment	138 724	131 779
Liabilities of the segment	4 324	3 037
<b>Management and operation of motorways</b>		
Assets of the segment	1 236 573	1 184 096
Liabilities of the segment	947 878	1 007 914
<b>Total assets</b>	<b>1 375 297</b>	<b>1 315 875</b>
<b>Total liabilities</b>	<b>952 202</b>	<b>1 010 951</b>

**Major customer**

In the year ended 31 December 2015 and 31 December 2014 sales to neither of Group's customers generated the revenue of more than 10% of total revenue for the period.

**7. Disposal group classified as held for sale**

As at 31 December 2015 and 31 December 2014 the Group wasn't in possession of any assets or liabilities classified as held for sale.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**8. Revenue**

	<b>2015</b>	<b>2014</b>
Toll revenue	258 042	218 437
Revenue from rental of investment property	3 303	3 352
Revenue due to other services provided	478	388
Other revenue	685	366
<b>Total</b>	<b>262 508</b>	<b>222 543</b>

**9. Expenses by nature**

	<b>2015</b>	<b>2014</b>
Depreciation and amortisation (notes 14, 15, 16)	(44 073)	(43 496)
Energy and materials consumption	(4 321)	(4 226)
Accrual of provision for motorway resurfacing disclosed within cost of sales (external services)	(2 733)	(28 098)
Other external services	(19 072)	(18 029)
Taxes and charges	(5 732)	(1 913)
Employee benefit expenses	(21 874)	(21 586)
Other costs	(1 960)	(1 940)
Cost of goods and materials sold	(1)	(1)
<b>Total expenses by nature</b>	<b>(99 766)</b>	<b>(119 289)</b>
<b>Cost of sales and administrative expenses</b>	<b>(99 766)</b>	<b>(119 289)</b>

**9.1. Employee benefit expenses**

	<b>2015</b>	<b>2014</b>
Wages and salaries	(16 383)	(15 611)
Social security contributions and other benefits	(4 001)	(3 677)
Movement in employee benefits liabilities included in profit and loss:	(1 490)	(2 298)
Post-employment benefits	(74)	(7)
Jubilee bonuses liabilities	(306)	(1 184)
Other employee benefits	(1 110)	(1 107)
<b>Total</b>	<b>(21 874)</b>	<b>(21 586)</b>

**10. Other income**

	<b>2015</b>	<b>2014</b>
Rental income from passenger service sites	5 171	3 296
Reversal of allowances for receivables	2	156
Compensations, contractual penalties, taxes and costs of court proceedings received	1 544	41
Interest from receivables	117	5
Reversal of other provisions and allowances	-	722
Net gain on disposal of property, plant and equipment and intangible assets	51	-
Other	436	383
<b>Total</b>	<b>7 321</b>	<b>4 603</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**11. Other expenses**

	<b>2015</b>	<b>2014</b>
Donations granted	(50)	(35)
Repair of damages	(51)	(10)
Penalties, compensations, payments	(47)	(15)
Other provisions and allowances	(66)	-
Net loss on disposal of property, plant and equipment and intangible assets	-	(482)
Unrecoverable input VAT	(19)	(10)
Other	(118)	(45)
<b>Total</b>	<b>(351)</b>	<b>(597)</b>

**12. Net finance expense**

	<b>2015</b>	<b>2014</b>
<b>Recognised in profit or loss for the period</b>		
Dividends	189	61
Interest income, including:	13 359	14 268
- from bank accounts and deposits	12 521	14 268
- other	838	-
Net foreign exchange gain	279	247
<b>Finance income</b>	<b>13 827</b>	<b>14 576</b>
Interest expense on liabilities measured at amortised cost, including:	(20 910)	(22 779)
- loans and borrowings, including:	(10 044)	(12 676)
- nominal	(7 584)	(10 118)
- other	(2 460)	(2 558)
- discount of concession payments	(10 446)	(9 888)
- other	(420)	(215)
Discount of provisions	(9 169)	(13 768)
Revaluation of investments	(153)	(55)
Other finance expenses, including:	(5 291)	(4 833)
- loss on derivatives	(5 286)	(4 827)
- other finance expenses	(5)	(6)
<b>Finance expenses</b>	<b>(35 523)</b>	<b>(41 435)</b>
<b>Net finance expense recognised in profit or loss for the period</b>	<b>(21 696)</b>	<b>(26 859)</b>
<b>Recognised in other comprehensive income</b>		
Foreign currency translation differences for foreign operations	(30)	(9)
Effective portion of changes in fair value of cash flow hedges (*)	(718)	(10 281)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period (*)	5 286	4 827
<b>Finance income/(expenses) recognised in other comprehensive income</b>	<b>4 538</b>	<b>(5 463)</b>

(\*) The Group hedges cash flows resulting from payments of interest related to Project Loan Agreement between SAM S.A. and Consortium. For cash flow being hedged a cash flow hedge accounting is applied. Derivatives are used as hedging instruments (interest rate swap). For further information see notes 32.2 and 33.3.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**13. Income tax**

**13.1. Income tax recognised in profit or loss for the period**

	<b>2015</b>	<b>2014</b>
<b>Current income tax expense</b>	<b>(23 940)</b>	<b>(14 757)</b>
Current income tax on profits for the year	(24 379)	(15 460)
Adjustment in respect of prior years	439	703
<b>Deferred tax</b>	<b>(4 767)</b>	<b>(283)</b>
Recognition and reversal of temporary differences	(4 767)	(283)
<b>Income tax impacting profit for the period</b>	<b>(28 707)</b>	<b>(15 040)</b>

The income tax rate which embraced the majority of Group's activities amounted to 19% in 2014-2015. It is assumed that the income tax rate shouldn't change in upcoming years.

**13.2. Effective tax rate**

	<b>2015</b>		<b>2014</b>	
	%		%	
<b>Profit before income tax</b>		<b>148 117</b>		<b>80 443</b>
Income tax calculated using domestic tax rate	(19.0%)	(28 142)	(19.0%)	(15 284)
Share of profit of equity accounted investees	0.0%	19	0,0%	8
Utilization of previously adjusted tax losses	0.0%	14	-	-
Current-year losses for which no deferred tax asset was recognised	-	-	(0.3%)	(212)
Valuation adjustment / temporary differences previously adjusted / permanent differences	(0.7%)	(1 037)	(0.3%)	(255)
Current income tax adjustment in respect of prior years	0.3%	439	0.9%	703
<b>Total</b>	<b>(19.4%)</b>	<b>(28 707)</b>	<b>(18.7%)</b>	<b>(15 040)</b>

**13.3. Income tax recognised in other comprehensive income**

	<b>2015</b>		<b>2014</b>	
	Before tax	Tax (expense) /benefit	Before tax	Tax (expense) /benefit
Remeasurement of employee benefits	44	(7)	(57)	9
Changes in fair value of cash flow hedges*	4 568	(868)	(5 454)	1 036
<b>Total</b>	<b>4 612</b>	<b>(875)</b>	<b>(5 511)</b>	<b>1 045</b>

\* Cash flow hedges are further described in notes 32.2 and 33.3

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**

**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**14. Property, plant and equipment**

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
<b>Cost as at 1 January 2014</b>	<b>19 406</b>	<b>11 038</b>	<b>14 155</b>	<b>4 148</b>	<b>3 413</b>	<b>52 160</b>
Acquisitions	686	400	1 166	53	15 457	17 762
Transfer from property, plant and equipment under construction	-	246	-	-	(246)	-
Disposals	(84)	(2 074)	(224)	(1 409)	(19)	(3 810)
Reclassification to investment property	(28)	(535)	-	-	-	(563)
Other reclassifications	-	-	-	-	(38)	(38)
<b>Cost as at 31 December 2014</b>	<b>19 980</b>	<b>9 075</b>	<b>15 097</b>	<b>2 792</b>	<b>18 567</b>	<b>65 511</b>
<b>Cost as at 1 January 2015</b>	<b>19 980</b>	<b>9 075</b>	<b>15 097</b>	<b>2 792</b>	<b>18 567</b>	<b>65 511</b>
Acquisitions	825	422	1 259	61	6 542	9 109
Transfer from property, plant and equipment under construction	87	9 181	-	2 784	(12 052)	-
Recognition as utilization of provisions for capital expenditure	-	-	-	-	(3 935)	(3 935)
Transfer to intangible assets	-	-	-	-	(3 313)	(3 313)
Transfer to investment property	-	-	-	-	(589)	(589)
Transfer of prepayments for property, plant and equipment	-	-	-	-	(816)	(816)
Disposals	-	(4 011)	(858)	(416)	-	(5 285)
Reclassification to investment property	(515)	(15)	-	-	-	(530)
Other reclassifications	-	162	(138)	-	-	24
<b>Cost as at 31 December 2015</b>	<b>20 377</b>	<b>14 814</b>	<b>15 360</b>	<b>5 221</b>	<b>4 404</b>	<b>60 176</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**

**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
<b>Depreciation and impairment losses as at 1 January 2014</b>	<b>(9 880)</b>	<b>(9 330)</b>	<b>(4 545)</b>	<b>(3 125)</b>	-	<b>(26 880)</b>
Depreciation for the period	(995)	(505)	(1 422)	(202)	-	<b>(3 124)</b>
Disposals	36	1 905	218	1 096	-	<b>3 255</b>
Reclassification to investment property	12	493	-	-	-	<b>505</b>
Impairment loss	-	-	(54)	-	-	<b>(54)</b>
<b>Depreciation and impairment losses as at 31 December 2014</b>	<b>(10 827)</b>	<b>(7 437)</b>	<b>(5 803)</b>	<b>(2 231)</b>	-	<b>(26 298)</b>
<b>Depreciation and impairment losses as at 1 January 2015</b>	<b>(10 827)</b>	<b>(7 437)</b>	<b>(5 803)</b>	<b>(2 231)</b>	-	<b>(26 298)</b>
Depreciation for the period	(1 049)	(936)	(1 487)	(302)	-	<b>(3 774)</b>
Disposals	-	4 004	719	415	-	<b>5 138</b>
Reclassification to investment property	405	5	-	-	-	<b>410</b>
Other reclassifications	-	(41)	17	-	-	<b>(24)</b>
Reversal/utilization of impairment loss	-	-	21	-	-	<b>21</b>
<b>Depreciation and impairment losses as at 31 December 2015</b>	<b>(11 471)</b>	<b>(4 405)</b>	<b>(6 533)</b>	<b>(2 118)</b>	-	<b>(24 527)</b>
<b>Carrying amounts</b>						
As at 1 January 2014	9 526	1 708	9 610	1 023	3 413	<b>25 280</b>
As at 31 December 2014	9 153	1 638	9 294	561	18 567	<b>39 213</b>
As at 1 January 2015	9 153	1 638	9 294	561	18 567	<b>39 213</b>
As at 31 December 2015	8 906	10 409	8 827	3 103	4 404	<b>35 649</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

***Notes to the consolidated financial statements***

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

---

**Impairment losses**

As at 31 December 2015 the Group recognized impairment loss related to property, plant and equipment in amount of TPLN 33.

As at 31 December 2014 the Group recognized impairment loss related to property, plant and equipment in amount of TPLN 54.

**Collateral**

As at 31 December 2015 property, plant and equipment with a carrying value of TPLN 20,394 (31 December 2014: TPLN 10,012) provided a collateral for bank loans.

**Property, plant and equipment under construction**

At 31 December 2015, property, plant and equipment under construction include mainly expenditures incurred in relation to WUPO 2012 "Tolling Equipment Replacement" contract execution (see note 35).



**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**15. Intangible assets**

	Concession intangible assets	Other concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
<b>Cost as at 1 January 2014</b>	<b>893 413</b>	<b>1 711</b>	<b>970</b>	-	<b>896 094</b>
Acquisitions	-	95	-	-	95
Revaluation of concession intangible assets	15 369	-	-	-	15 369
Disposals	-	(5)	-	-	(5)
<b>Cost as at 31 December 2014</b>	<b>908 782</b>	<b>1 801</b>	<b>970</b>	-	<b>911 553</b>
<b>Cost as at 1 January 2015</b>	<b>908 782</b>	<b>1 801</b>	<b>970</b>	-	<b>911 553</b>
Acquisitions	-	27	-	130	157
Transfer from intangible assets not ready for use	-	13	-	(13)	-
Transfer from property, plant and equipment under construction	-	3 313	-	-	3 313
Revaluation of concession intangible assets	(25 412)	-	-	-	(25 412)
<b>Cost as at 31 December 2015</b>	<b>883 370</b>	<b>5 154</b>	<b>970</b>	<b>117</b>	<b>889 611</b>
<b>Amortisation and impairment losses as at 1 January 2014</b>	<b>(285 393)</b>	<b>(870)</b>	<b>(970)</b>	-	<b>(287 233)</b>
Amortisation for the period	(39 784)	(120)	-	-	(39 904)
Disposals	-	5	-	-	5
Reversal of impairment loss	-	2	-	-	2
<b>Amortisation and impairment losses as at 31 December 2014</b>	<b>(325 177)</b>	<b>(983)</b>	<b>(970)</b>	-	<b>(327 130)</b>
<b>Amortisation and impairment losses as at 1 January 2015</b>	<b>(325 177)</b>	<b>(983)</b>	<b>(970)</b>	-	<b>(327 130)</b>
Amortisation for the period	(39 479)	(323)	-	-	(39 802)
Reversal of impairment loss	-	2	-	-	2
<b>Amortisation and impairment losses as at 31 December 2015</b>	<b>(364 656)</b>	<b>(1 304)</b>	<b>(970)</b>	-	<b>(366 930)</b>
<b>Carrying amounts</b>					
As at 1 January 2014	608 020	841	-	-	608 861
As at 31 December 2014	583 605	818	-	-	584 423
As at 1 January 2015	583 605	818	-	-	584 423
As at 31 December 2015	518 714	3 850	-	117	522 681

During the current period the Group revalued concession intangible assets recognized in relation to estimated costs of Phase II:

- (i) due to changes of discount rates used for valuation of provision for capital expenditures of Phase II (see note 30), which resulted in their increase by TPLN 2,310 (2014: increase by TPLN 21,677), and
- (ii) due to changes of estimates regarding construction works schedule and capital expenditures, which according to the Concession Agreement are to be executed by the Group before the end of the concession period (see note 30), resulting in the decrease of concession intangible assets by TPLN 27,722 (2014: decrease by TPLN 6,308).

The amortisation charge on concession intangible assets is recognized in cost of sales. The amortisation charge on other intangible assets is recognized in administrative expenses.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

The annual amortisation rate calculated on the base of estimated traffic increase during the concession period in relation to present net value of intangible asset at the beginning of the period equalled 6.87% in 2015 (2014: 6.37%). According to current amortisation schedule, based on updated estimates of traffic increase, the proportion of annual amortisation costs to the carrying net value of intangible asset as at 31 December 2015 will range from 7.29% to 10.11% during the concession period.

As at 31 December 2015 there were no indicators, which would require the Group to test concession intangible assets for impairment.

As at 31 December 2015 Group's other intangible assets weren't subject to any impairment (as at 31 December 2014, the Group recognized impairment related to other intangible assets of TPLN 2).

**16. Investment property**

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Cost at the beginning of the period</b>	<b>28 757</b>	<b>28 194</b>
Disposals	(148)	-
Transfer from property, plant and equipment under construction	589	-
Reclassification from property, plant and equipment	530	563
<b>Cost at the end of the period</b>	<b>29 728</b>	<b>28 757</b>
<b>Depreciation and impairment losses at the beginning of the period</b>	<b>(24 761)</b>	<b>(23 788)</b>
Depreciation for the period	(497)	(468)
Disposals	116	-
Reclassification from property, plant and equipment	(410)	(505)
<b>Depreciation and impairment losses at the end of the period</b>	<b>(25 552)</b>	<b>(24 761)</b>
<b>Carrying amounts at the beginning of the period</b>	<b>3 996</b>	<b>4 406</b>
<b>Carrying amounts at the end of the period</b>	<b>4 176</b>	<b>3 996</b>

Investment property is measured at cost less accumulated depreciation and impairment losses.

Investment property comprises a designated for rental part of office building situated at Mickiewicza St. as well as adjacent parking lots (including parking lot at Sokolska St.).

Based on property expert's valuation conducted in October 2013, the fair value of the Group-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 15.5 million – the fair value of the investment property situated at Sokolska St. was estimated at PLN 5.1 million. The property was appraised using income-based approach, investment method, simple capitalization technique.

As at 31 December 2015 the Group classified 100% 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).

Consolidated rental income (office and parking space) in 2015 amounted to TPLN 3,303 (in 2014: TPLN 3,352) and was presented in profit for the period under "Revenue" - attributable costs were presented under "Cost of sales".

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**17. Investments in associates**

Basic financial data of associated entities, adjusted for fair value adjustments and differences in accounting policies was as follows.

	<i>Biuro Centrum Sp z o.o.</i>		<i>Autostrada Mazowsze S.A. w likwidacji</i>	
	<i>31 December 2015</i>	<i>31 December 2014</i>	<i>31 December 2015</i>	<i>31 December 2014</i>
<b>% ownership interest</b>	<b>40.63%</b>	<b>40.63%</b>	<b>30.00%</b>	<b>30.00%</b>
Total assets*	3 116	2 598	-	-
Total liabilities	(1 066)	(797)	-	-
<b>Net assets</b>	<b>2 050</b>	<b>1 801</b>	-	-
Group's share of net assets	833	732	-	-
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenues	10 100	9 369	-	-
Profit/(Loss) for the period	249	122	-	(26)
<b>Total comprehensive income for the period</b>	<b>249</b>	<b>122</b>	-	<b>(26)</b>
Group's share of total comprehensive income	101	50	-	(8)
Group's share in net assets at beginning of the period	732	682	-	10
Group's share of total comprehensive income	101	50	-	(8)
Proceeds from entity's liquidation	-	-	-	(2)
<b>Carrying amount of interest at the end of the period</b>	<b>833</b>	<b>732</b>	-	-

\*Including fair value adjustments;

As at 31 December 2015 the Group had only interest in one associate i.e. Biuro Centrum Sp. z o.o., which main business activity concerns management and maintenance of office building jointly owned by the Group.

**18. Other investments**

	<i>31 December 2015</i>	<i>31 December 2014</i>
<b>Non-current</b>		
Non-current deposits	506 554	399 974
Other	69	69
<b>Total</b>	<b>506 623</b>	<b>400 043</b>
<b>Current</b>		
Equity instruments available for sale (shares of non-related entities)	1 581	1 734
<b>Total</b>	<b>1 581</b>	<b>1 734</b>

As at 31 December 2015 non-current bank deposits comprised cash kept on reserve accounts designated to:

- (i) debt-service – TPLN 46,268 (31 December 2014: TPLN 45,867),
- (ii) capital expenditures of Phase F2b – TPLN 358,807 (31 December 2014: TPLN 274,764),
- (iii) future maintenance expenditures – TPLN 99,180 (31 December 2014: TPLN 77,581).

The abovementioned item included also accrued interests of TPLN 2,299 (31 December 2014: TPLN 1,762). All reserve accounts were established in accordance with the provisions of Concession Agreement and Project Loan Agreement.

Financial instruments available for sale comprise investments in Ideon S.A. and Dom Maklerski BDM S.A. As at 31 December 2015 the shares of these companies were subject to an impairment amounting to TPLN 13,475 (31 December 2014: TPLN 13,384) and TPLN 1,148 (31 December 2014: TPLN 1,086) respectively.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**

**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**19. Deferred tax**

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

	Assets		Liabilities		Net	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Property, plant and equipment	61 466	74 017	(109)	(130)	61 357	73 887
Intangible assets	-	-	(95 902)	(107 997)	(95 902)	(107 997)
Investment property	277	325	-	-	277	325
Other non-current investments	6	6	(437)	(335)	(431)	(329)
Trade and other receivables	288	295	(62)	(62)	226	233
Inventories	7	-	-	-	7	-
Current investments	1 919	1 890	-	-	1 919	1 890
Cash and cash equivalents	-	-	(78)	(85)	(78)	(85)
Loans and borrowings	569	437	(943)	(1 329)	(374)	(892)
Finance lease liabilities	-	4	-	-	-	4
Other non-current liabilities	37 176	35 191	-	-	37 176	35 191
Deferred income	2 754	2 940	-	-	2 754	2 940
Employee benefits	1 270	794	-	-	1 270	794
Provisions	94 389	100 387	-	-	94 389	100 387
Trade and other payables	274	517	(46)	(125)	228	392
Derivative financial instruments	2 657	3 767	-	-	2 657	3 767
<b>Deferred tax assets/liabilities on temporary differences</b>	<b>203 052</b>	<b>220 570</b>	<b>(97 577)</b>	<b>(110 063)</b>	<b>105 475</b>	<b>110 507</b>
Tax loss carry-forwards	739	1 319	-	-	739	1 319
<b>Deferred tax assets/liabilities</b>	<b>203 791</b>	<b>221 889</b>	<b>(97 577)</b>	<b>(110 063)</b>	<b>106 214</b>	<b>111 826</b>
Set off of tax	(97 577)	(110 063)	97 577	110 063	-	-
Valuation adjustment	(6 743)	(6 713)	-	-	(6 743)	(6 713)
<b>Net deferred tax assets/liabilities as in consolidated statement of financial position</b>	<b>99 471</b>	<b>105 113</b>	<b>-</b>	<b>-</b>	<b>99 471</b>	<b>105 113</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

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

**Change in temporary differences during the period**

	1 January 2015	Change of deferred tax on temporary differences recognised in		31 December 2015
		profit or loss for the period	other comprehensive income	
Property, plant and equipment	73 887	(12 530)	-	61 357
Intangible assets	(107 997)	12 095	-	(95 902)
Investment property	325	(48)	-	277
Other non-current investments	(329)	(102)	-	(431)
Trade and other receivables	233	(7)	-	226
Inventories	-	7	-	7
Current investments	1 890	29	-	1 919
Cash and cash equivalents	(85)	7	-	(78)
Loans and borrowings	(892)	518	-	(374)
Finance lease liabilities	4	(4)	-	-
Other non-current liabilities	35 191	1 985	-	37 176
Deferred income	2 940	(186)	-	2 754
Employee benefits	794	483	(7)	1 270
Provisions	100 387	(5 998)	-	94 389
Trade and other payables	392	(164)	-	228
Derivative financial instruments	3 767	(242)	(868)	2 657
Tax loss carry-forwards	1 319	(580)	-	739
Valuation adjustment	(6 713)	(30)	-	(6 743)
<b>Total</b>	<b>105 113</b>	<b>(4 767)</b>	<b>(875)</b>	<b>99 471</b>

	1 January 2014	Change of deferred tax on temporary differences recognised in		31 December 2014
		profit or loss for the period	other comprehensive income	
Property, plant and equipment	85 105	(11 218)	-	73 887
Intangible assets	(112 405)	4 408	-	(107 997)
Investment property	362	(37)	-	325
Other non-current investments	(383)	54	-	(329)
Trade and other receivables	1 165	(932)	-	233
Current investments	1 879	11	-	1 890
Cash and cash equivalents	(109)	24	-	(85)
Loans and borrowings	(1 227)	335	-	(892)
Finance lease liabilities	11	(7)	-	4
Other non-current liabilities	33 312	1 879	-	35 191
Deferred income	2 996	(56)	-	2 940
Employee benefits	365	420	9	794
Provisions	96 487	3 900	-	100 387
Trade and other payables	329	63	-	392
Derivative financial instruments	2 727	4	1 036	3 767
Tax loss carry-forwards	2 822	(1 503)	-	1 319
Valuation adjustment	(9 085)	2 372	-	(6 713)
<b>Total</b>	<b>104 351</b>	<b>(283)</b>	<b>1 045</b>	<b>105 113</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**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 any of those years cannot exceed 50% of the loss for a given year. As at 31 December 2015 the amount of tax losses remaining to be utilized amounted to TPLN 3,886 (31 December 2014: TPLN 6,940). Considering the uncertainty of utilization of the outstanding tax losses carried forward in the foreseeable future, the Group as at 31 December 2015 recognised only a portion of the related deferred tax asset i.e. the amount of TPLN 606 (31 December 2014: TPLN 529).

<i>Amount of loss</i>	<i>Expiry date</i>
1 943	2018
1 943	2019
<b>3 886</b>	

**20. Income tax receivables and liabilities**

As at 31 December 2015 the income tax receivables amounted to TPLN 1,341 (31 December 2014: TPLN 1,342). These receivables will be settled with future income tax liabilities. Due to uncertain recovery of these receivables as at 31 December 2015, an allowance of TPLN 1,341 was recognized (31 December 2014: TPLN 1,341).

Income tax liabilities of TPLN 11,082 (31 December 2014: TPLN 2,773) represent the difference between payments made for the previous and current tax year and the amount of tax payable.

**21. Trade and other receivables**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Trade receivables from related parties	114	106
Trade receivables from other parties	11 336	9 091
Receivables from taxes, duties, social and health insurances and other benefits	160	549
Other receivables from other parties	1 812	1 387
<b>Total</b>	<b>13 422</b>	<b>11 133</b>

Trade and other receivables are presented net of allowances for doubtful debts amounting to TPLN 91,518 (31 December 2014: TPLN 91,569).

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

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Gross overdue receivables</b>		
up to 1 month	72	35
1 - 6 months	17	9
6 months - 1 year	1	4
over 1 year	97 144	98 664
<b>Total gross overdue receivables</b>	<b>97 234</b>	<b>98 712</b>
allowances for overdue and doubtful debts	(91 304)	(91 356)
<b>Net overdue receivables</b>	<b>5 930</b>	<b>7 356</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

Movements of allowances for doubtful debts were as follows:

	<b>2015</b>	<b>2014</b>
<b>Allowances for bad debts as at 1 January</b>	<b>(91 569)</b>	<b>(112 838)</b>
Allowances recognised	(40)	(10)
Allowances reversed	41	165
Allowances utilised	63	21 129
Other reclassifications	(13)	(15)
<b>Allowances for bad debts as at 31 December</b>	<b>(91 518)</b>	<b>(91 569)</b>

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 deriving from activities discontinued in previous periods, resulting from loan guarantees granted to entities which were not able to settle their liabilities.

According to the Group, the collection of receivables which have not been subject to allowances is not doubtful. Overdue net receivables in amount of TPLN 5,845 are secured on the customer's property, which value exceeds the value of these receivables.

In 2015, in line with received payments and based on analysis of probability of post reporting date retrieval, the Group reversed some allowances for overdue receivables concerning the activity discontinued in previous years and current activity. Allowances amounting to TPLN 41 were reversed.

## **22. Cash and cash equivalents**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Cash in hand	97	74
Bank balances	9 604	7 460
Current bank deposits	177 212	158 852
Cash in transit	1 094	871
<b>Cash and cash equivalents in the consolidated statement of financial position</b>	<b>188 007</b>	<b>167 257</b>
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>188 007</b>	<b>167 257</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**23. Equity**

**23.1. Share capital**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Number of shares at the beginning of the period	247 262 023	247 262 023
Number of shares at the end of the period (fully paid)	247 262 023	247 262 023
Nominal value of shares (PLN)	0.75	0.75
Nominal value of A-series issue	6 256	6 256
Nominal value of B-series issue	370	370
Nominal value of D-series issue	3 000	3 000
Nominal value of E-series issue	71 196	71 196
Nominal value of F-series issue	37 500	37 500
Nominal value of G-series issue	67 125	67 125
<b>Total</b>	<b>185 447</b>	<b>185 447</b>

The holders of ordinary shares are entitled to dividends as declared 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 its division.

**23.2. 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.

**23.3. Hedging reserve**

Hedging reserve balance is the result of valuation of derivatives meeting the requirements of cash flow hedge accounting.

Recognized as effective changes to fair value of cash flow hedging instruments, amounted to TPLN -718 in 2015 (2014: TPLN -10,281). As the consequence of hedged interest payments made in 2015, the Group reclassified the corresponding net change in fair value of cash flow hedges of TPLN -5,286 (2014: TPLN -4,827) to finance expense. The amount of aforementioned effective changes was adjusted by change in deferred tax recognized in other comprehensive income in amount of TPLN 136, out of which TPLN 1,004 was attributable to portion of changes reclassified to finance expense (2014: TPLN 1,953 and TPLN 917 respectively).

**23.4. Other reserve capitals and supplementary capital**

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



**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**23.5. Non-controlling interest**

The following table summarizes the information relating to VIA4 S.A. Group's sole subsidiary with a non-controlling interest, before any intra-group eliminations.

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Non-controlling interest %</b>	<b>45%</b>	<b>45%</b>
Non-current assets	9 288	9 588
Current assets	13 929	11 784
Non-current liabilities	(5 682)	(6 004)
Current liabilities	(6 483)	(6 254)
<b>Net assets</b>	<b>11 052</b>	<b>9 114</b>
Net assets attributable to non-controlling interest	4 973	4 101
Revenues	40 736	37 978
Profit for the period	12 913	10 903
Other comprehensive income	15	(21)
<b>Total comprehensive income for the period</b>	<b>12 928</b>	<b>10 882</b>
Profit for the period attr. to non-controlling interest	5 811	4 906
Total comprehensive income attr. to non-controlling interest	5 818	4 897
Net cash from operating activities	13 901	14 181
Net cash from/(used in) investing activities	35	(153)
Net cash used in financing activities	(12 988)	(11 884)
<b>Net change in cash and cash equivalents</b>	<b>948</b>	<b>2 144</b>
Dividends paid during the period attributable to non-controlling interest	(4 946)	(4 515)

**24. Earnings per share**

The calculation of basic earnings per share was performed based on the net profit attributable to shareholders of the Company of TPLN 113,599 (2014: profit of TPLN 60,497) and a weighted average number of ordinary shares at the reporting date of 247,262 thousand (31 December 2014: 247,262 thousand).

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

	<b>2015</b>	<b>2014</b>
Profit for the period attributable to shareholders of the Company (in TPLN)	113 599	60 497
Weighted average number of ordinary shares at the end of the period (thousands of shares)	247 262	247 262
<b>Profit for the period per ordinary share attributable to shareholders of the Company (in PLN)</b>	<b>0.46</b>	<b>0.24</b>

As at 31 December 2015 and 31 December 2014 no factors were determined that would result in dilution of profit per one share.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**25. Loans and borrowings**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Non-current portion of secured bank loans	153 154	186 241
<b>Non-current loans and borrowings</b>	<b>153 154</b>	<b>186 241</b>
Current portion of secured bank loans	34 831	32 448
<b>Current loans and borrowings</b>	<b>34 831</b>	<b>32 448</b>

On 28 December 2005, the Project Loan Agreement was signed by and between Stalexport Autostrada Małopolska S.A. and commercial banks. The credit availability period expired on 30 September 2010. The nominal value of the loan amounted to PLN 360 million. In 2015 the company repaid the total amount of TPLN 32,175 (2014: TPLN 30,380) of the abovementioned loan.

**Terms and conditions of loans and borrowings repayment**

	Currency	Nominal interest rate	Year of maturity	Liabilities at 31 December 2015	Liabilities at 31 December 2014
<b>Bank loans</b>					
Banking Consortium	PLN	WIBOR 6M + margin	2020*	187 985	218 689
<b>Total loans and borrowings</b>				<b>187 985</b>	<b>218 689</b>

\* Payments up to year 2020;

**Collateral established on Group's property**

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

- pledge of shares of SAM S.A., VIA4 S.A. and Stalexport Autoroute S.a r.l,
- transfer of rights deriving from agreements related to the project Katowice-Kraków A-4 motorway,
- transfer of rights to bank accounts of SAM S.A.,
- cession of SAM S.A. claims in relation to the project Katowice-Kraków A-4 motorway.

On 31 March 2015 a change of one of the creditors as per Project Loan Agreement (in which SAM S.A. is one of the parties) became effective, i.e. DEPFA BANK PLC was replaced by FMS WERTMANAGEMENT. As the consequence of the above, adequate changes were also introduced to the pledge agreements constituting collateral for Project Loan Agreement.

**26. Finance lease liabilities**

As at 31 December 2015 the Group had no outstanding finance lease liabilities (31 December 2014 : TPLN 17).

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**27. Employee benefits**

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Non-current</b>		
Retirement benefits	315	262
Disability benefits	22	47
Jubilee bonuses liabilities	1 554	1 367
Other employee benefits	-	2 214
<b>Total</b>	<b>1 891</b>	<b>3 890</b>
<b>Current</b>		
Retirement benefits	204	203
Disability benefits	3	2
Jubilee bonuses liabilities	102	230
Other employee benefits	3 324	-
<b>Total</b>	<b>3 633</b>	<b>435</b>

Amounts of future liabilities due to retirement benefits, disability benefits and jubilee bonuses were calculated on the basis of actuarial appraisal model.

Other employee benefits as at 31 December 2015 constituted a forecasted bonus payment for which Management Boards of companies constituting Group are eligible based on 3-year incentive schemes endorsed by their respective Supervisory Boards in 2013.

**27.1. Movement in employee benefits**

	Post-employment benefits		Jubilee bonuses liabilities		Other employee benefits		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>As at 1 January</b>	514	455	1 597	507	2 214	1 107	4 325	2 069
<b>Included in profit or loss</b>	<b>74</b>	<b>5</b>	<b>306</b>	<b>1 184</b>	<b>1 110</b>	<b>1 107</b>	<b>1 490</b>	<b>2 296</b>
Current service cost	66	27	191	252	1 110	1 107	1 367	1 386
Past service cost	4	(41)	-	865	-	-	4	824
Interest cost	4	19	37	24	-	-	41	43
Actuarial loss	-	-	78	43	-	-	78	43
<b>Included in other comprehensive income</b>	<b>(44)</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44)</b>	<b>57</b>
Actuarial (gain)/loss arising from:	(44)	57	-	-	-	-	(44)	57
- demographic assumptions	50	-	-	-	-	-	50	-
- financial assumptions	(4)	69	-	-	-	-	(4)	69
- other assumptions	(90)	(12)	-	-	-	-	(90)	(12)
<b>Benefits paid</b>	<b>-</b>	<b>(3)</b>	<b>(247)</b>	<b>(94)</b>	<b>-</b>	<b>-</b>	<b>(247)</b>	<b>(97)</b>
<b>As at 31 December</b>	<b>544</b>	<b>514</b>	<b>1 656</b>	<b>1 597</b>	<b>3 324</b>	<b>2 214</b>	<b>5 524</b>	<b>4 325</b>

**27.2. Actuarial assumptions**

Liabilities due to retirement benefits, disability benefits and jubilee bonuses were calculated according to following assumptions:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Discount rate	2.8%-3.0%	2.6%-2.8%
Future remuneration increase	2.5%-3.5%	2.1%-5.0%
Probability of resignation	2%-6.2%	2.5%-6.4%

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

The weighted-average duration of liabilities due to particular employee benefits as at the current reporting date was as follows:

*(in years)*

Post-employment benefits	14.5-21.0
Jubilee bonuses liabilities	6.8-17.4

**27.3. Sensitivity analysis**

Below a sensitive analysis has been disclosed, showing how reasonably possible changes of material actuarial assumptions made at the current reporting date, holding other assumptions constant, would have impacted the liabilities due to employee benefits.

	Discount rate change		Remuneration increase change		Probability of resignation change	
	- 0.5 ppt	+ 0.5 ppt	- 0.5 ppt	+ 0.5 ppt	- 0.5 ppt	+ 0.5 ppt
Retirement benefits	546	496	497	546	538	495
Disability benefits	26	24	24	26	26	24
Jubilee bonuses liabilities	1 722	1 592	1 591	1 722	1 724	1 587
<b>Total</b>	<b>2 294</b>	<b>2 112</b>	<b>2 112</b>	<b>2 294</b>	<b>2 288</b>	<b>2 106</b>

**28. Other non-current liabilities**

	31 December 2015	31 December 2014
Concession payments	195 664	185 218
Other payables to related parties	3 153	6 056
Other payables to other parties	995	758
<b>Total</b>	<b>199 812</b>	<b>192 032</b>

According to the Concession Agreement SAM S.A. is obliged to make Concession payments to National Road Fund (acquired liability relating to loan drawn by the State Treasury from EBRD). The nominal value of the liability according to appendix 7 of the Concession Agreement amounts to TPLN 222,918. A discount rate of 5.64% was used to discount the liability (2014: 5.64%).

Other non-current liabilities constitute suspended amounts being held as guarantee for execution of construction contracts and guarantee deposits concerning already completed construction works with a due date exceeding 12-month period.

**29. Deferred income**

	31 December 2015	31 December 2014
<b>Non-current</b>		
Deferred rental income (mainly passengers service sites)	8 445	9 269
Other	73	80
<b>Total</b>	<b>8 518</b>	<b>9 349</b>
<b>Current</b>		
Deferred rental income (mainly passengers service sites)	825	825
Deferred income from purchase of A4 Katowice - Kraków subscription coupons	5 143	5 294
Other	7	7
<b>Total</b>	<b>5 975</b>	<b>6 126</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**30. Provisions**

	Provisions for motorway resurfacing	Provisions for capital expenditures (Phase II)	Other provisions	Total
<b>Non-current provisions</b>				
<b>Balance at 1 January 2014</b>	<b>85 095</b>	<b>370 966</b>	-	<b>456 061</b>
Additions, including:	24 215	9 765	-	<b>33 980</b>
- due to discounting	2 479	9 765	-	<b>12 244</b>
Change of estimates	(245)	58 132	-	<b>57 887</b>
Reclassifications	-	(65 359)	-	<b>(65 359)</b>
<b>Balance at 31 December 2014</b>	<b>109 065</b>	<b>373 504</b>	-	<b>482 569</b>
<b>Balance at 1 January 2015</b>	<b>109 065</b>	<b>373 504</b>	-	<b>482 569</b>
Additions, including:	26 755	6 357	-	<b>33 112</b>
- due to discounting	1 738	6 357	-	<b>8 095</b>
Change of estimates	12 082	(28 469)	-	<b>(16 387)</b>
Reclassifications	(83 295)	(12 414)	-	<b>(95 709)</b>
<b>Balance at 31 December 2015</b>	<b>64 607</b>	<b>338 978</b>	-	<b>403 585</b>
<b>Current provisions</b>				
<b>Balance at 1 January 2014</b>	<b>12 082</b>	<b>38 905</b>	<b>775</b>	<b>51 762</b>
Additions, including:	326	1 198	-	<b>1 524</b>
- due to discounting	326	1 198	-	<b>1 524</b>
Change of estimates	6 607	(42 763)	-	<b>(36 156)</b>
Utilisation	(12 791)	(23 139)	-	<b>(35 930)</b>
Reversal	-	-	(775)	<b>(775)</b>
Reclassifications	-	65 359	-	<b>65 359</b>
<b>Balance at 31 December 2014</b>	<b>6 224</b>	<b>39 560</b>	-	<b>45 784</b>
<b>Balance at 1 January 2015</b>	<b>6 224</b>	<b>39 560</b>	-	<b>45 784</b>
Additions, including:	351	723	-	<b>1 074</b>
- due to discounting	351	723	-	<b>1 074</b>
Change of estimates	(34 366)	3 057	-	<b>(31 309)</b>
Utilisation	(2 753)	(11 367)	-	<b>(14 120)</b>
Capital expenditures transferred from property, plant and equipment under construction	-	(3 935)	-	<b>(3 935)</b>
Reclassifications	83 295	12 414	-	<b>95 709</b>
<b>Balance at 31 December 2015</b>	<b>52 751</b>	<b>40 452</b>	-	<b>93 203</b>

Provision for capital expenditures is recognized in the present value of future construction costs to be incurred in relation to section Katowice-Kraków of A4 motorway (Phase II), due to obligations undertaken by Concession Holder under the Concession Agreement (see note 4).

During the current period the Group changed estimates regarding discount rates used for calculation of the present value of provisions for resurfacing and provision for capital expenditures of Phase II (in both cases as at 31 December 2014 the rates ranged from 1.61% to 2.99%, currently from 1.61% to 3.33%). As result of those changes the provision for resurfacing increased by TPLN 781 (2014: increase of TPLN 8,978), which in line with IAS 37 was recognized as an increase of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 2,310 (2014: increase of TPLN 21,677), which was recognized as an increase of concession intangible assets.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

During the current period the Group made also a revaluation of provision for resurfacing and provision for capital expenditures of Phase II following the change of estimates regarding expected expenditures and future construction works schedule. As result of these changes the provision for resurfacing decreased by TPLN 23,065 (2014: decrease of TPLN 2,616), which in line with IAS 37 decreased operating expenses for the period. At the same time the provision for capital expenditures (Phase II) decreased by TPLN 27,722 (2014: decrease of TPLN 6,308), which was recognized as a decrease of concession intangible assets.

On 29 April 2015 the Supreme Court rejected cassation complaint issued by CTL Maczki-Bór S.A. in relation to the sentence of the Appeal Court in Katowice dated 14 October 2013 (for more information see note 29 of the consolidated financial statements of the Group as at the day and for the year ended 31 December 2014).

**31. Trade and other payables (current)**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Trade payables to related parties	2 794	13 280
Trade payables to other parties	4 929	5 302
Amounts due to taxes, duties, social and health insurance and other benefits	2 870	1 775
Payroll liabilities	1 715	1 709
Other payables and accruals to related parties	7 821	6 279
Other payables and accruals to other parties	1 139	1 116
<b>Total</b>	<b>21 268</b>	<b>29 461</b>

The balance of other payables and accruals consists mainly of suspended amounts being held as guarantee for execution of construction contracts and guarantee deposits concerning already completed construction works. The value of abovementioned payables amounted to TPLN 7,907 as at 31 December 2015 (31 December 2014: TPLN 6,541).

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**32. Financial instruments**

**32.1. Classification and fair value of financial instruments**

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels on the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**31 December 2015**

	Note	Carrying amount				Fair value				
		Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities valued at amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>										
Equity instruments	18	-	90	-	-	90	-	-	-	90
		-	90	-	-	90				90
<b>Financial assets not measured at fair value</b>										
Equity instruments*	18	-	1 560	-	-	1 560				
Trade and other receivables**	21	13 262	-	-	-	13 262				
Non-current deposits	18	506 554	-	-	-	506 554				
Cash and cash equivalents	22	188 007	-	-	-	188 007				
		<b>707 823</b>	<b>1 560</b>	-	-	<b>709 383</b>				
<b>Financial liabilities measured at fair value</b>										
Hedge derivatives***	32.2	-	-	(15 250)	-	(15 250)	-	15 250	-	15 250
		-	-	(15 250)	-	(15 250)				
<b>Financial liabilities not measured at fair value</b>										
Loans and borrowings	25	-	-	-	(187 985)	(187 985)				
Concession payments****	28	-	-	-	(195 664)	(195 664)				
Trade and other payables**	31	-	-	-	(22 546)	(22 546)				
		-	-	-	(406 195)	(406 195)				

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**31 December 2014**

	Note	Carrying amount				Total	Fair value			Total
		Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities valued at amortised cost		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>										
Equity instruments	18	-	181	-	-	<b>181</b>	181	-	-	<b>181</b>
		-	<b>181</b>	-	-	<b>181</b>				
<b>Financial assets not measured at fair value</b>										
Equity instruments*	18	-	1 622	-	-	<b>1 622</b>				
Trade and other receivables**	21	10 584	-	-	-	<b>10 584</b>				
Non-current deposits	18	399 974	-	-	-	<b>399 974</b>				
Cash and cash equivalents	22	167 257	-	-	-	<b>167 257</b>				
		<b>577 815</b>	<b>1 622</b>	-	-	<b>579 437</b>				
<b>Financial liabilities measured at fair value</b>										
Hedge derivatives***	32.2	-	-	(19 826)	-	<b>(19 826)</b>	-	(19 826)	-	<b>(19 826)</b>
		-	-	<b>(19 826)</b>	-	<b>(19 826)</b>				
<b>Financial liabilities not measured at fair value</b>										
Loans and borrowings	25	-	-	-	(218 689)	<b>(218 689)</b>				
Finance lease liabilities	26	-	-	-	(17)	<b>(17)</b>				
Concession payments****	28	-	-	-	(185 218)	<b>(185 218)</b>				
Trade and other payables**	31	-	-	-	(34 500)	<b>(34 500)</b>				
		-	-	-	<b>(438 424)</b>	<b>(438 424)</b>				

\* 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.

\*\* Without consideration of receivables/payables due to taxes, duties, social and health insurance and other benefits.

\*\*\* Fair value of hedge derivatives (interest rate SWAP) is based on discounted future cash flows for undersigned transactions, constituting a difference between cash flows based on floating interest rate (6M WIBOR) and cash flows based on fixed interest rate (see note 33.3 for more details).

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



**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

Hierarchy of financial instruments carried at fair value

Financial instruments carried at fair value can be classified 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).

**32.2. Hedge accounting**

Cash flow hedge accounting

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

The expected cash flows subject to hedge are taking place in semi-annual periods between the 31 March 2009 and the 28 December 2020. The expected date of hedging transaction recognition in profit or loss matches the date of cash flows being hedged (see also notes 23.3 and 5.11.2).

Liability deriving from the valuation of the hedging instruments as at 31 December 2015 amounted to TPLN 15,250 (31 December 2014: TPLN 19,826). The impact of future cash flow hedge accounting identified as effective, was recognized in other comprehensive income.

**33. Financial risk management**

**33.1. Credit risk**

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

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

	<b>31 December 2015</b>	<b>31 December 2014</b>
Other non-current investments	506 623	400 043
Current investments	1 581	1 734
Income tax receivables	-	1
Trade and other receivables	13 422	11 133
Cash and cash equivalents	188 007	167 257
<b>Total</b>	<b>709 633</b>	<b>580 168</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**33.2. 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 disclosed as available-for-sale financial assets.

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

	<b>31 December 2015</b>	<b>31 December 2014</b>
Available-for-sale financial assets	90	181

**33.3. Market risk**

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

**Interest rate risk**

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

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

	<b>Carrying amount 31 December 2015</b>	<b>Carrying amount 31 December 2014</b>
<b>Fixed interest rate instruments</b>		
Financial assets	506 554	399 974
<b>Total</b>	<b>506 554</b>	<b>399 974</b>
<b>Floating interest rate instruments</b>		
Financial assets	188 007	167 257
Financial liabilities	(381 914)	(401 625)
<b>Total</b>	<b>(193 907)</b>	<b>(234 368)</b>

In accordance with provisions of financing agreements concluded on 27 May 2008, SAM S.A. and three banks: WestLB Bank Polska S.A. (currently FM Bank PBP S.A.), PEKAO S.A., DEPFA Bank, struck interest rate swaps transactions in relation to Project Loan Agreement. The aim of those transactions was to swap cash flow based on floating interest rate (6M WIBOR) for cash flow based on fixed interest rate. Considering that on 31 March 2015 the change of one of the creditors as per Project Loan Agreement became effective, i.e. DEPFA BANK PLC was replaced by FMS WERTMANAGEMENT, a corresponding change was introduced within the agreement, based on which aforementioned hedge transactions are struck.

As at 31 December 2015, SAM S.A. owned interest rate swaps hedging against the risk of future interest rates fluctuations in relation to bank loan amounting to PLN 170 million, which constituted up to 50% of maximum amount of bank loan, which might have been drawn in accordance with Project Loan Agreement (during the period from 30 September 2008 to 30 September 2010 the transactions secured interest flows in relation to bank loan of PLN 70 million, during the period from 1 October 2010 to 28 December 2020 the transactions will hedge interest flows in relation to bank loan up to PLN 190 million). The maturities of secured interest payments in hedging transactions are in line with the maturities of interest outflows resulting from the Project Loan Agreement.

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

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

The Group has conducted sensitivity analysis of floating interest rate financial instruments and hedge derivatives to changes of market interest rates. The table below presents the impact of increase or decrease of interest rate by 100 basis points on profit or loss for the period 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
<b>31 December 2015</b>				
Floating interest rate instruments	(1 939)	1 939	(1 939)	1 939
Hedge derivatives	-	-	3 394	(3 394)
<b>31 December 2014</b>				
Floating interest rate instruments	(2 344)	2 344	(2 344)	2 344
Hedge derivatives	-	-	4 755	(4 755)

**Foreign currency risk**

At the end of 2015 foreign currency risk concerned cash and cash equivalents and trade and other payables.

The table below shows profile of the Group'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)*

	EUR	USD	GBP
	<b>31 December 2015</b>		
Cash and cash equivalents	669	32	-
Trade and other payables	(47)	-	(104)
<b>Net consolidated statement of financial position exposure</b>	<b>622</b>	<b>32</b>	<b>(104)</b>
<b>31 December 2014</b>			
Cash and cash equivalents	143	19	-
Trade and other payables	(261)	-	(4)
<b>Net consolidated statement of financial position exposure</b>	<b>(118)</b>	<b>19</b>	<b>(4)</b>

The Group performed sensitivity analysis of financial instruments denominated in foreign currencies to rate fluctuations. The table below presents the impact of strengthening or weakening of Polish zloty by 5 per cent in relation to all foreign currencies, on profit or loss for the period and 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%
<b>31 December 2015</b>	<b>28</b>	<b>(28)</b>	<b>28</b>	<b>(28)</b>
<b>31 December 2014</b>	<b>(5)</b>	<b>5</b>	<b>(5)</b>	<b>5</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**33.4. Liquidity risk**

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

The Group's approach to managing liquidity is to ensure, possession of financial means necessary to fulfil Group'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 Group's exposure to liquidity risk:

**31 December 2015**

	Carrying value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
<b>Non-derivative financial liabilities</b>							
Concession payments	195 664	(222 918)	-	-	-	(222 918)	-
Secured bank loans	187 985	(210 183)	(20 528)	(20 916)	(43 030)	(125 709)	-
Other non-current liabilities	4 148	(4 147)	-	-	(2 057)	(2 090)	-
Trade and other payables	21 268	(21 268)	(21 268)	-	-	-	-
<b>Derivatives outflows</b>							
Interest rate swaps used for hedging	15 250	(17 039)	(3 830)	(2 463)	(4 200)	(6 546)	-
<b>Total</b>	<b>424 315</b>	<b>(475 555)</b>	<b>(45 626)</b>	<b>(23 379)</b>	<b>(49 287)</b>	<b>(357 263)</b>	<b>-</b>

**31 December 2014**

	Carrying value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
<b>Non-derivative financial liabilities</b>							
Concession payments	185 218	(222 918)	-	-	-	(185 185)	(37 733)
Secured bank loans	218 689	(253 724)	(20 316)	(20 662)	(42 335)	(136 089)	(34 322)
Other non-current liabilities	6 814	(6 814)	-	-	(2 952)	(3 862)	-
Finance lease liabilities	17	(17)	(16)	(1)	-	-	-
Trade and other payables	29 461	(29 476)	(29 476)	-	-	-	-
<b>Derivatives outflows</b>							
Interest rate swaps used for hedging	19 826	(21 966)	(3 852)	(2 743)	(4 932)	(9 153)	(1 286)
<b>Total</b>	<b>460 025</b>	<b>(534 915)</b>	<b>(53 660)</b>	<b>(23 406)</b>	<b>(50 219)</b>	<b>(334 289)</b>	<b>(73 341)</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**33.5. Capital management**

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

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

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

The net debt to adjusted equity ratio at the end of the reporting period was as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Total liabilities	952 202	1 010 951
<i>minus</i>		
Provisions for capital expenditure (Phase II)	379 430	413 064
Derivatives (net of deferred tax effect)	12 593	16 059
Non-current deposits	506 554	399 974
Cash and cash equivalents	188 007	167 257
<b>Net debt</b>	<b>(134 382)</b>	<b>14 597</b>
Total equity	423 095	304 924
<i>minus</i>		
Hedge reserve	(11 330)	(15 030)
<b>Adjusted equity</b>	<b>434 425</b>	<b>319 954</b>
<b>Net debt to adjusted equity ratio</b>	<b>(0.31)</b>	<b>0.05</b>

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

**34. Operating leases**

As at 31 December 2015 neither of companies constituting the Group was bound by operating lease agreements.

### **35. Capital expenditure commitments**

On 14 September 2012 SAM S.A. and Autostrade Tech S.p.A. signed a contract WUPO 2012 "Tolling Equipment Replacement". The current contract net amount (without consideration of contract value changes due to potential additional change orders) amounts to TPLN 25,183. The current scope of the contract may expand due to introduction of new payment methods. As at 31 December 2015 the financial progress of the project (value of works recorded) amounted to TPLN 22,624 (89.8% of the contract value), out of which TPLN 6,302 was recorded in 2015.

On 26 July 2013 SAM S.A. and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed a contract F2b-4-2013 "Reconstruction of A-4 motorway drainage for Silesian voivodeship section – part I" for the total amount of TPLN 20,425 (including change orders). The contract includes reconstruction of drainage for eleven catchments in Silesian voivodeship. As at 31 December 2015 the financial progress of the project (value of works invoiced) amounted to TPLN 19,745 (96.7% of the contract value), out of which TPLN 322 was recorded in 2015.

On 14 May 2014 SAM employed RE-Bau Sp. z o.o. for the contract F2b-7-2014 "Construction of noise screens 13, 15, 18, 24 and heightening of noise screen 29" amounting to TPLN 4,772 (including change orders). The contract included the construction of 4 noise screens with the accumulated length of 2.4 km along A4 motorway and heightening of existing noise screen no 29. In August 2015 works taking-over certificate was issued. As at 31 December 2015 the financial progress of the project (value of works invoiced) amounted to TPLN 4,772 (100% of the contract value), out of which TPLN 3,411 was invoiced in 2015.

On 9 July 2014 SAM and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed the Contract HM-1-2014 „Resurfacing 2014” for the resurfacing of the motorway on 4 sections with a total length of 11.3 km and preparation of thin top layer on the section with a total length of 1.9 km. The current value of the contract amounts to TPLN 14,807 (including change orders). As at 31 December 2015 the financial progress of the project (value of works invoiced) amounted to TPLN 14,807 (100% of the contract value), out of which TPLN 2,587 was invoiced in 2015.

On 15 June 2015 SAM and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed a contract F2b-8-2014 "Reconstruction of Mysłowice Junction and construction of Rudno Junction" amounting to TPLN 22,046. As at 31 December 2015 the financial progress of the project (value of works invoiced) amounted to TPLN 3,171 (14.4% of the contract value).

On 15 June 2015 SAM employed PRI SBL Żelbet Sp. z o.o. for the contract F2b-9-2015 "Construction of noise screens 1, 6a, 24a, 25 and 34" amounting to TPLN 2,219. As at 31 December 2015 the financial progress of the project (value of works invoiced) amounted to TPLN 1,446 (65.2% of the contract value).

### **36. Contingent liabilities**

Contingent liabilities relate to guarantees given to related entities amounting to TPLN 19,402 (31 December 2014: TPLN 19,587).

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**37. Related parties transactions**

**37.1. Intragroup receivables and liabilities**

	Receivables	Trade payables	Guarantees and suspended amounts*
<b>31 December 2015</b>			
Atlantia S.p.A.	-	17	-
<b>Parent entities</b>	-	<b>17</b>	-
Biuro Centrum Sp. z o.o.	8	292	-
<b>Associates</b>	<b>8</b>	<b>292</b>	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	1 695	8 184
Pavimental Polska Sp. z o.o.	4	269	1 776
Autostrade Tech S.p.A.	102	657	868
Autogrill Polska Sp. z o.o.	-	-	10
<b>Other related entities</b>	<b>106</b>	<b>2 621</b>	<b>10 838</b>
<b>Total</b>	<b>114</b>	<b>2 930</b>	<b>10 838</b>

	Receivables	Trade payables	Guarantees and suspended amounts*
<b>31 December 2014</b>			
Atlantia S.p.A.	-	17	-
<b>Parent entities</b>	-	<b>17</b>	-
Biuro Centrum Sp. z o.o.	28	116	-
<b>Associates</b>	<b>28</b>	<b>116</b>	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	8 181	9 259
Pavimental Polska Sp. z o.o.	3	751	1 490
Autostrade Tech S.p.A.	75	4 205	1 586
<b>Other related entities</b>	<b>78</b>	<b>13 137</b>	<b>12 345</b>
<b>Total</b>	<b>106</b>	<b>13 270</b>	<b>12 345</b>

\* see notes 28 and 31;

**37.2. Related parties transactions amounts**

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works	Other expenses
<b>2015</b>					
Biuro Centrum Sp. z o.o.	269	-	(3 012)	-	-
<b>Associates</b>	<b>269</b>	-	<b>(3 012)</b>	-	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	(352)	(5 727)	-
Pavimental Polska Sp. z o.o.	101	13	(241)	(115)	-
Autogrill Polska Sp. z o.o.	57	-	-	-	-
Autostrade Tech S.p.A.	270	25	(1 116)	(5 186)	-
<b>Other related entities</b>	<b>428</b>	<b>38</b>	<b>(1 709)</b>	<b>(11 028)</b>	-
<b>Total</b>	<b>697</b>	<b>38</b>	<b>(4 721)</b>	<b>(11 028)</b>	-

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works	Other expenses
<b>2014</b>					
Autostrada Mazowsze S.A. w likwidacji	10	-	-	-	-
Biuro Centrum Sp. z o.o.	275	-	(2 938)	-	-
<b>Associates</b>	<b>285</b>	-	<b>(2 938)</b>	-	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(30 750)	-
Pavimental Polska Sp. z o.o.	102	11	(947)	(485)	-
Autogrill Polska Sp. z o.o.	57	-	-	-	-
Autostrade Tech S.p.A.	175	32	(525)	(14 034)	(2)
<b>Other related entities</b>	<b>334</b>	<b>43</b>	<b>(1 472)</b>	<b>(45 269)</b>	<b>(2)</b>
<b>Total</b>	<b>619</b>	<b>43</b>	<b>(4 410)</b>	<b>(45 269)</b>	<b>(2)</b>

**STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT THE DAY AND FOR THE YEAR ENDED 31 DECEMBER 2015**

*Notes to the consolidated financial statements*

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

**37.3. Transactions with key personnel**

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

	<b>2015</b>	<b>2014</b>
<b>the Company</b>		
<b>Management Board</b>	<b>1 837</b>	<b>1 842</b>
Salaries	836	843
Movement in employee benefits liabilities	1 001	999
<b>Supervisory Board</b>	<b>63</b>	<b>63</b>
Salaries	63	63
<b>Subsidiaries</b>		
<b>Management Boards</b>	<b>1 995</b>	<b>2 067</b>
Salaries	1 939	2 071
Movement in employee benefits liabilities	56	(4)
<b>Supervisory Boards</b>	<b>3</b>	<b>5</b>
Salaries	3	5
<b>Total</b>	<b>3 898</b>	<b>3 977</b>

In 2015 and 2014 the Group did not grant any loans to the Members of Management Board or Supervisory Board Members of the companies constituting the Group. The Group did not grant to the above mentioned individuals any advance payments or guarantees.

**38. Remuneration of entity examining the financial statements and its related entities**

Information regarding the remuneration of entity assigned to examine the consolidated financial statements has been provided within point 5.20 of the Management Board Report on the activities of the Group.

**39. Subsequent events**

There were no significant subsequent events, which should be disclosed in the consolidated financial statements for the year 2015.

**Explanation**

*This document constitutes a translation of the consolidated financial statements of Stalexport Autostrady S.A. Capital Group, which were originally issued in Polish. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.*