



STALEXPORT AUTOSTRADY S.A.

**CONDENSED SEPARATE
INTERIM FINANCIAL STATEMENTS**

for the six-month period ended
30 June 2018

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

These condensed separate interim financial statements are unaudited

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CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

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Condensed separate interim statement of comprehensive income
for the six-month period ended 30 June

<i>In thousands of PLN, unless stated otherwise</i>	Note	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Revenue		1 851	1 831
Cost of sales		(1 878)	(1 931)
Gross loss		(27)	(100)
Other income		8	13
Administrative expenses		(2 169)	(1 989)
Other expenses		(12)	(3)
Impairment loss on trade and other receivables		(5)	-
Results from operating activities		(2 205)	(2 079)
Finance income	8.2	2 851	70 164
Finance expenses		(4)	(9)
Net finance income		2 847	70 155
Profit before income tax		642	68 076
Income tax expense		(149)	(122)
Profit for the period		493	67 954
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss for the period</i>			
Change in fair value of equity instruments		382	-
Remeasurement of employee benefits		(1)	1
Income tax on other comprehensive income		(73)	-
Other comprehensive income for the period, net of income tax		308	1
Total comprehensive income for the period		801	67 955
Earnings per share			
Basic earnings per share (PLN)		0.00	0.27
Diluted earnings per share (PLN)		0.00	0.27

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

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Condensed separate interim statement of financial position
as at

<i>In thousands of PLN</i>	<i>Note</i>	30 June 2018 <i>(unaudited)</i>	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment		157	173
Intangible assets		1	-
Investment property		3 627	3 870
Investments in subsidiaries and associates	6	67 118	67 118
Other non-current investments		434	70
Finance lease receivables		3 101	3 745
Deferred tax assets		3 012	3 234
Total non-current assets		77 450	78 210
Current assets			
Current investments		1 421	1 403
Finance lease receivables		1 761	1 965
Trade and other receivables	8.1	5 759	10 524
Cash and cash equivalents		262 944	327 386
Total current assets		271 885	341 278
Total assets		349 335	419 488
EQUITY AND LIABILITIES			
Equity			
Share capital		185 447	185 447
Share premium reserve		7 430	7 430
Fair value reserve		309	-
Other reserve and supplementary capitals		151 717	150 215
Retained earnings		519	73 235
Total equity		345 422	416 327
Liabilities			
Non-current liabilities			
Employee benefits		92	2 156
Total non-current liabilities		92	2 156
Current liabilities			
Trade and other payables		1 130	903
Employee benefits		2 691	102
Total current liabilities		3 821	1 005
Total liabilities		3 913	3 161
Total equity and liabilities		349 335	419 488

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Condensed separate interim statement of cash flows
for the six-month period ended 30 June

In thousands of PLN

	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Cash flows from operating activities		
Profit before income tax	642	68 076
Adjustments for		
Depreciation and amortisation	266	296
Loss on investment activity	-	9
Interest and dividends	(2 956)	(70 170)
Change in receivables	813	706
Change in trade and other payables	752	767
Net cash used in operating activities	(483)	(316)
Cash flows from investing activities		
Investment proceeds	7 756	70 170
Dividends received	4 971	67 635
Interest received	2 785	2 535
Investment expenditures	(9)	(1)
Acquisition of intangible assets and property, plant and equipment	(9)	-
Acquisition of financial assets	-	(1)
Net cash from investing activities	7 747	70 169
Cash flows from financing activities		
Financial proceeds	-	38
Sale of treasury shares	-	38
Financial expenditures	(71 706)	(44 507)
Dividends paid	(71 706)	(44 507)
Net cash used in financing activities	(71 706)	(44 469)
Total net cash flows	(64 442)	25 384
Change in cash and cash equivalents	(64 442)	25 384
Cash and cash equivalents at 1 January	327 386	302 118
Cash and cash equivalents at 30 June	262 944	327 502

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

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These condensed separate interim financial statements are unaudited
Condensed separate interim statement of changes in equity
In thousands of PLN

<i>(unaudited)</i>	Share capital	Treasury shares	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2018	185 447	-	7 430	-	150 215	73 235	416 327
Profit for the period	-	-	-	-	-	493	493
Other comprehensive income	-	-	-	309	-	(1)	308
Change in fair value of equity instruments	-	-	-	382	-	-	382
Remeasurement of employee benefits	-	-	-	-	-	(1)	(1)
Income tax on other comprehensive income	-	-	-	(73)	-	-	(73)
Total comprehensive income for the period	-	-	-	309	-	492	801
Dividends paid	-	-	-	-	-	(71 706)	(71 706)
Allocation of profit to supplementary capital	-	-	-	-	1 502	(1 502)	-
As at 30 June 2018	185 447	-	7 430	309	151 717	519	345 422

<i>(unaudited)</i>	Share capital	Treasury shares	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2017	185 447	(20)	7 430	-	13 975	180 753	387 585
Profit for the period	-	-	-	-	-	67 954	67 954
Other comprehensive income	-	-	-	-	-	1	1
Remeasurement of employee benefits	-	-	-	-	-	1	1
Total comprehensive income for the period	-	-	-	-	-	67 955	67 955
Sale of treasury shares	-	20	-	-	-	18	38
Dividends paid	-	-	-	-	-	(44 507)	(44 507)
Allocation of profit to supplementary capital	-	-	-	-	136 240	(136 240)	-
As at 30 June 2017	185 447	-	7 430	-	150 215	67 979	411 071

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

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Notes to the condensed separate interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

1. Company 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.

As at 30 June 2018 the Company’s business activity includes management and business advisory, rental of office space and also finance lease services.

2. Basis for preparation of condensed separate interim financial statements

2.1. Statement of compliance

These condensed separate interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union and other regulations in force.

These condensed separate interim financial statements do not include all the information required for yearly financial statements and therefore should be analyzed together with the separate financial statements prepared as at the day and for the year ended 31 December 2017 and the condensed consolidated interim financial statements prepared as at the day and for the six-month period ended 30 June 2018.

The condensed separate interim financial statements were approved by the Management Board of the Company on 2 August 2018.

2.2. Functional and presentation currency

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

2.3. New standards and interpretations not applied in these condensed separate interim financial statements

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2018, have not been applied in preparation of these condensed separate interim financial statements. Apart from IFRS 16 *Leases*, which has already been endorsed by EU and will be effective for reporting periods beginning on 1 January 2019 or later, neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the separate financial statements of the Company for the period for which they will become effective.

MSSF 16 *Leases*

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 *Leases* and interpretations related to such agreements.

The standard introduces a single lessee accounting model for agreements meeting the definition of lease, i.e. a depreciable right-of-use asset and a lease liability are recognised in statement of financial position. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease, or if that cannot be readily determined, by using incremental borrowing rate.

Lessors will still distinguish two kinds of lease, i.e. financial lease, if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred, or otherwise an operating lease.

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The Company is still analysing the expected impact of IFRS 16 application on its future financial statements, therefore the aforementioned impact couldn't have been reliably estimated at the date of approval of these condensed separate interim financial statements.

3. Going concern

The condensed separate interim financial statements have been prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future. As at the date of approval of these condensed separate interim financial statements, there is no evidence indicating that the Company will not be able to operate as a going concern.

4. Description of significant accounting principles

Except for the changes described below resulting from the introduction of new standards effective for reporting periods beginning on 1 January 2018 or later, the Company while preparing these condensed separate interim financial statements applied accounting principles identical to the ones used for preparation of the separate financial statements as at the day and for the year ended 31 December 2017.

IFRS 15 Revenue from Contracts with Customers

The standard applies to nearly all contracts with customers (the main exceptions are leases, financial instruments and insurance contracts), replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts* and a number of revenue-related interpretations.

The fundamental principle of the standard is that the revenue is recognised in the amount constituting transaction price, when the control over goods or services is transferred to customers. All goods and services sold in bundles, which can be considered distinct based on a contract with a customer, should be accounted for separately. Furthermore, as a general rule, all discounts and rebates in respect of the transaction price, should be allocated to each element of such bundle.

The Company has adopted IFRS 15 by means of modified retrospective method, according to which the cumulative effect of the implementation is recognised at the date of initial application, i.e. 1 January 2018. Considering the nature of Company's business, categories of revenue as well as the provisions of contracts with customers, the application of IFRS 15 had bearing neither on Company's equity as of the aforementioned date, nor on Company's revenue recognition policy.

IFRS 9 Financial Instruments

The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting, replacing IAS 39 *Financial Instruments: Recognition and Measurement*.

Classification, measurement and impairment - the standard introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held, as well as a new expected-loss impairment model, which requires timely recognition of expected credit losses.

Hedge accounting - the standard introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

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(i) Classification and measurement

IFRS 9 defines three principal categories for financial assets: (i) measured at amortised cost, (ii) measured at fair value through other comprehensive income and (iii) measured at fair value through profit or loss. The standard eliminates categories defined in IAS 39: financial assets held to maturity, loans and receivables, as well as financial assets available for sale.

Analysis of IFRS 9 impact on the separate financial statements included the appraisal of business model and cash flow characteristics for financial assets owned, i.e. equity instruments, trade and other receivables, as well as cash and cash equivalents.

The following table shows the impact of IFRS 9 application on the categories and carrying amounts of Company's financial assets as of 1 January 2018.

	Category of financial assets		Carrying amount	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Equity instruments (Other non-current investments)	Available-for-sale financial assets	Measured at fair value through other comprehensive income	70	70
Equity instruments (Current investments)	Available-for-sale financial assets	Measured at fair value through other comprehensive income	1 403	1 403
Trade and other receivables	Loans and receivables	Measured at amortised cost	10 080	10 080
Cash and cash equivalents	Loans and receivables	Measured at amortised cost	327 386	327 386
Total			338 939	338 939

Company's available-for-sale financial assets for which there were no reliable ways to determine their fair value, were up till now measured at costs less any impairment loss. According to new standard such assets will be measured at fair value (however in limited circumstances cost may be an appropriate estimate of fair value), which subsequent changes, as per option foreseen in the standard (which the Company elected), will be recognised in other comprehensive income (without possibility of subsequent transfer to profit or loss for the period). The introduction of IFRS 9 has not resulted in a change of the measurement model of Company's other financial assets, i.e. after initial recognition they will continue to be measured at amortised cost.

(ii) Impairment

In case of the Company the new expected credit loss impairment model applies only to financial assets measured at amortised cost.

In line with IFRS 9, the Company recognises expected credit loss amounting to:

- to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; or
- to 12-month expected credit losses if the credit risk on a financial instrument has not increased significantly since initial recognition.

In relation to trade receivables the Company, in line with the option foreseen in the standard, measures loss allowances at an amount equal to lifetime expected credit losses, using a provision matrix. The Company applies its historical credit loss experience, adjusted in certain cases to reflect the impact of forward-looking information.

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The introduction of the new impairment model for Company's receivables did not result in a change of the amount of allowances as of 1 January 2018, comparing to the level resulting from the previous policy in this respect.

Impairment losses related to trade and other receivables have been presented separately in the condensed separate interim statement of comprehensive income.

(iii) Transition provisions

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively by the Company.

With respect to classification and measurement of financial instruments (including impairment), the Company has used the exemption foreseen in the standard and has not restated the data for the previous reporting periods.

The adoption of the standard had no impact on Company's equity at the date of its initial application, i.e. 1 January 2018.

5. Segment reporting

The Company's business activity includes management and business advisory and also rental of office space and its revenue is earned exclusively in Poland.

6. Investments in subsidiaries and associates

Investments in subsidiaries and associates relate to the following companies:

	Cost	Impairment loss	Carrying amount	Ownership
30 June 2018				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autoroute S.a r.l	67 086	-	67 086	100.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 845	(1 727)	67 118	
31 December 2017				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autoroute S.a r.l	67 086	-	67 086	100.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 845	(1 727)	67 118	

Company's investments in subsidiaries and associates weren't subject to any changes in the 6-month period ended 30 June 2018.

7. Contingent liabilities

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 22,496 (31 December 2017: TPLN 22,758).

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8. Related party transactions

8.1. Intragroup receivables and liabilities

	Trade and other receivables	Finance lease receivables	Dividends receivable	Trade and other payables
30 June 2018				
Atlantia SpA	-	-	-	17
Parent entity	-	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	-	3
VIA4 S.A.	144	4 862	-	-
Subsidiaries	144	4 862	-	3
Biuro Centrum Spółka z o.o.	2	-	-	10
Associates	2	-	-	10
Autogrill Polska Sp. z o.o.	-	-	-	10
Other related entities	-	-	-	10
Total	146	4 862	-	40
	Trade and other receivables	Finance lease receivables	Dividends receivable	Trade and other payables
31 December 2017				
Atlantia SpA	-	-	-	17
Parent entity	-	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	-	3
VIA4 S.A.	148	5 710	-	-
Stalexport Autoroute S.a.r.l	-	-	4 800	-
Subsidiaries	148	5 710	4 800	3
Biuro Centrum Spółka z o.o.	8	-	-	61
Associates	8	-	-	61
Autogrill Polska Sp. z o.o.	-	-	-	10
Other related entities	-	-	-	10
Total	156	5 710	4 800	91

8.2. Related party transactions amounts

	Revenue	Finance income (dividends)	Finance income (other)	Cost of sales
I semester 2018				
Stalexport Autostrada Małopolska S.A.	-	-	-	(13)
VIA4 S.A.	215	-	118	-
Subsidiaries	215	-	118	(13)
Biuro Centrum Spółka z o.o.	106	171	-	(1 427)
Associates	106	171	-	(1 427)
Autogrill Polska Sp. z o.o.	23	-	-	-
Other related entities	23	-	-	-
Total	344	171	118	(1 440)
	Revenue	Finance income (dividends)	Finance income (other)	Cost of sales
I semester 2017				
Stalexport Autostrada Małopolska S.A.	-	-	-	(13)
VIA4 S.A.	206	-	126	-
Stalexport Autoroute S.a.r.l	-	67 470	-	-
Subsidiaries	206	67 470	126	(13)
Biuro Centrum Spółka z o.o.	132	165	-	(1 449)
Associates	132	165	-	(1 449)
Autogrill Polska Sp. z o.o.	28	-	-	-
Other related entities	28	-	-	-
Total	366	67 635	126	(1 462)

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9. Subsequent events

There were no significant subsequent events, which should be disclosed in the condensed separate interim financial statements for the 6-month period ended 30 June 2018.

Explanation

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