

REPORT

of the Management Board on the activities
of the Group in H1 2018



STALEXPORT
Autostrady



TABLE OF CONTENTS

1.	Letter from the President of the Management Board of Stalexport Autostrady	7
2.	Basic information on the Stalexport Autostrady Group	9
2.1.	Stalexport Autostrady S.A.	12
2.2.	Entities covered by the consolidation and the methods of their consolidation	13
2.3.	Principles of preparation of the condensed semi-annual consolidated financial statements	13
2.4.	Description of other companies from the Stalexport Autostrady Group	14
2.4.1.	Stalexport Autoroute S.a r.l	14
2.4.2.	Stalexport Autostrada Małopolska S.A.	15
2.4.3.	VIA S.A.	16
2.4.4.	Biuro Centrum Sp. z o.o.	17
3.	Information significant for the assessment of the financial position, assets and financial result of the Stalexport Autostrady Group and their changes, and information significant for the assessment of the Issuer's and of its Group's ability to fulfil their obligations...	18
3.1.	Presentation of financial results.....	18
3.1.1.	Amount and structure of operating revenue.....	19
3.1.2.	Amount and structure of operating expenses	22
3.1.3.	Financial operations	22
3.2.	Assets and financial position.....	23
3.2.1.	Assets	23
3.2.2.	Liabilities.....	24
3.2.3.	Net debt.....	25
3.2.4.	Capital expenditure	26
4.	Other information on the Stalexport Autostrady Group	27
4.1.	Information on contracts significant for the Capital Group's operating activity, including contracts between the shareholders as well as insurance and cooperation contracts the Company is aware of	27
4.2.	Information on changes in organisational or capital relations of the Group with other entities	27
4.3.	Information on transactions concluded by the Company or by its subsidiaries with related parties on the terms other than market terms.....	27
4.4.	Information on sureties and guarantees granted and received in the financial year, in particular sureties and guarantees granted to related parties	30
4.5.	Information on issuance of securities including the description of the use of the proceeds from the issue by the Company.....	30
4.6.	Essential information for the assessment of the employment situation in the Stalexport Autostrady Group.....	30
4.7.	The Company's shares and the related companies' shares held by persons managing and supervising Stalexport Autostrady Group companies.....	36
4.8.	Shareholders holding directly or indirectly significant blocks of shares and the number of shares held by these shareholders, their percentage share in the share capital, the number of votes related to these shares and their percentage share in the total number of votes at the General Meeting of the Company	36
4.9.	Information on proceedings pending before courts, the authority competent for arbitration proceedings or a public administration authority.....	36
5.	Perspectives for development and major risks and threats; description of the external and internal factors significant for the Group's development	37
5.1.	Perspectives for development	37
5.2.	Description of major risks and threats, the external and internal factors significant for the Stalexport Autostrady Group's development and risk prevention methods	37
6.	Conclusion	40

7. Representations41

Management Board's representation setting forth that, according to their best knowledge, the condensed semi-annual consolidated financial statements as well as the comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of the Group's assets and financial position, and that the Management Board's semi-annual report on the activities of the Company's Group gives a true presentation of the Group's development, achievements and position, including the description of major threats and risks41

8. Enclosures.....42

TABLES

TABLE 1	Basic financial data of selected entities from the Stalexport Autostrady Group [figures in PLN '000]	10
TABLE 2	Entities being part of the Group as at 30 June 2018 (apart from the Company)	13
TABLE 3	Selected items of the statement of comprehensive income of the Stalexport Autostrady Group in H1 2018 and in the same period of the previous year (consolidated figures)	18
TABLE 4	Average Daily Traffic (ADT)	20
TABLE 5	Toll revenue	20
TABLE 6	Synthetic statement of financial position of the Stalexport Autostrady Group (consolidated data) as at 30 June 2018 and as at 31 December 2017	23
TABLE 7	Number and nominal value of Stalexport Autostrady's shares held by persons managing and supervising the Group (as at 30 June 2018 and as at the date of this Report)	35
TABLE 8	List of Stalexport Autostrady's shareholders holding significant blocks of the Company's shares (as at 30 June 2018 and as at the date of submission of this Report)	36
TABLE 9	Financial data concerning the condensed semi-annual consolidated financial statements of the Stalexport Autostrady Group for the period of 6 months ended on 30 June 2018	42
TABLE 10	Financial data concerning the condensed semi-annual separate financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2018	44

FIGURES

FIGURE 1	Organisational chart of Stalexport Autostrady Group as at 30 June 2018.....	9
FIGURE 2	Dynamics of Average Daily Traffic (ADT) and of toll revenue for passenger cars in H1 2018 vs. H1 2017 (quarter on quarter of the previous year)	21
FIGURE 3	Dynamics of Average Daily Traffic (ADT) and of toll revenue for heavy goods vehicles in H1 2018 vs. H1 2017 (quarter on quarter of the previous year)	21
FIGURE 5	Net debt of the Group (consolidated data) – as at 31 December 2017 and 30 June 2018.....	25
FIGURE 6	Organisational structure of Stalexport Autostrady S.A. as at 30 June 2018	30

DEFINITIONS AND ABBREVIATIONS

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

ADT	Average Daily Traffic
ASPI	Autostrade per l'Italia S.p.A. with its registered office in Rome (Italy)
Atlantia	Atlantia S.p.A. with its registered office in Rome (Italy)
Financing Banks	Portigon AG (London Branch), Raiffeisen Bank Polska S.A., FMS Wertmanagement, KfW IPEX-Bank GmbH and PEKAO S.A.
Biuro Centrum	Biuro Centrum Sp. z o.o. with its registered office in Katowice
Ernst&Young	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, entered on the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No. 130
GDDKiA	General Directorate for National Roads and Motorways
GPW	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
Capital Group, Stalexport Autostrady Group, Group	The Stalexport Autostrady S.A. Capital Group with its registered office in Myslowice
National Electronic Toll Collection System	The National Electronic Toll Collection System, in operation since 1 July 2011, i.e. the date of entry into force of the Act of 7 November 2008 amending the Act on Public Roads and certain other acts (Journal of Laws Dz. U. No. 218, item 1391). It replaced the system based on toll cards (referred to as vignettes), and since that time no other form of toll collection has been in operation on the sections of national roads indicated in the Ordinance of the Council of Ministers of 22 March 2011 on national roads or their sections on which electronic toll is collected, and on the electronic toll rates (consolidated text Dz.U. of 2013, item 1263, as amended), than collection using the viaBOX on board unit (OBU) installed in the vehicle. Read more here: http://www.gitd.gov.pl/elektroniczny-pobor-oplat/informacje-ogolne-oplat

KSH, Commercial Companies Code	Act of 15 September 2000 – Code of Commercial Companies and Partnerships (Dz.U of 2000 No. 94 item 1037 as amended)
Independent Engineer	JPL Project Sp. z o.o. with its registered office in Warsaw
PPP	Public-Private Partnership
SAM, Concessionaire	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice
Report	Management Board's Report on the Activities of Stalexport Autostrady S.A. in H1 2018
Stalexport Autoroute	Stalexport Autoroute S.à r.l. with its registered office in Luxembourg
Stalexport Autostrady, Company	Stalexport Autostrady S.A. with its registered office in Mysłowice
Concession Agreement	The Concession Agreement dated 19 September 1997 on building through conversion of the A4 motorway section: Katowice (Murckowska Junction, 340.2 km) – Kraków (Balice Junction, 401.1 km) to the toll motorway standards and motorway operation on this section, including modifications made on the basis of subsequent amendments, the rights and obligations under which were transferred in their entirety from Stalexport Autostrady to SAM on 26 July 2004
Project Loan Agreement	Agreement dated 28 December 2005, entered into between SAM and the banks, i.e. WESTLB BANK POLSKA S.A., Warsaw, WESTLB AG (London Branch), DEPFA BANK PLC, Dublin, Ireland, KfW Frankfurt, Germany and BANK BPH SPÓŁKA AKCYJNA, Warsaw. The object of the Loan Agreement was to grant a loan of up to PLN 380 million to finance the A4 toll motorway project on the Katowice-Kraków section (i.e. to finance the construction works of Phase II a and to refinance the Construction Works of Phase I)
VIA4	VIA4 Spółka Akcyjna with its registered office in Mysłowice
General Meeting	General Meeting of Shareholders

1. LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD OF STALEXPORT AUTOSTRADY

Dear Shareholders,
Dear Sir, Dear Madam,

We ended the first half of 2018 with good results for the Stalexport Autostrady S.A. Group. The Group's revenue amounted to PLN 160.2 million and was higher vs. the same period of the previous year by approx. 6.5%, while net profit amounted to PLN 94 million and was higher by approx. 22.4%.

Due to the Group's core business, consisting in the management and operation of the A4 motorway on the Katowice–Kraków section, the said financial result was influenced mainly by toll revenue, which increased by 6.6% vs. H1 2017, amounting to PLN 158.1 million.

The main factor influencing the amount of toll revenue is traffic intensity. In H1 2018, average daily traffic was approximately 43.1 thousand vehicles, representing an increase by approximately 5.2% vs. H1 2017.

Reading the financial statements of Stalexport Autostrady S.A., you will definitely notice the significant decrease in the Company's net profit from PLN 67.9 million in H1 2017 to PLN 493 thousand in the same period of 2018. This results from the Company's smaller financial revenue, generated in the years 2016 and 2017 by the payment of interim dividend (in 2016) and dividend (in 2017) by the Company's subsidiary Stalexport Autoroute S.à r.l., which in turn obtained dividend from Stalexport Autostrada Małopolska S.A. – the A4 motorway concessionaire on the Katowice–Kraków section, as a result of the distribution of its profit for the year 2016, and payment of funds from the reserve capital, as well as payment of dividend by the VIA4 S.A. company, operator of the said section of the A4 motorway.

I would like to remind you that payment of further dividend from SAM S.A. will be possible after repayment of liabilities under the concession and after meeting other requirements related to the concession agreement and to agreements on motorway project financing.

Nevertheless, the said dividends which Stalexport Autostrady S.A. received in the year 2017 and the net profit which it recorded made it possible to pay dividend to the shareholders of Stalexport Autostrady S.A. in accordance with the resolution of the Ordinary General Meeting of Shareholders of 4 April 2018. Under the said resolution, the amount of over PLN 71.7 million was allocated to the payment of dividend in the amount of PLN 0.29 per share, and over PLN 1.5 million was transferred to the supplementary capital. The dividend was paid to the Company's shareholders on 18 May 2018.



The most important activities with regard to the management and operation of the A4 Katowice–Kraków motorway in H1 2018 included: completion of motorway resurfacing on the final, 6-kilometre-long section of the road, envisaged in the schedule for the years 2016-2018, which involved the aforementioned work on sections with a total length of 60 km. Investments important for groundwater protection were also continued, related to the modernisation of motorway drainage in the Silesian Voivodeship, resurfacing was carried out on the Balin junction slip roads in Chrzanów, repair of a bridge in the Lesser Poland Voivodeship was continued, and so was the construction of noise barriers.

As far as motorway infrastructure is concerned, one of its key elements influencing the convenience of travellers on toll motorways is the toll collection system. Despite the deployment of the A4Go electronic toll collection system 2 years ago, making it possible to drive smoothly through the toll plazas on the A4 Katowice–Kraków motorway, we have been continuing the work related to the deployment of other, more technologically advanced toll systems. We continue to be interested in working and we are willing to work with the public party with regard to the inclusion of the said motorway section in the National Electronic Toll Collection System.

I invite you to read the financial statements of the Stalexport Autostrady Group and the Management Board's report on the Group's activities in H1 2018.

I would like to thank our shareholders and partners very much for their interest and cooperation. I would furthermore like to thank members of the Supervisory Boards for their cooperation and commitment to the Group's development.

My thanks also go to the management staff and to all the employees across the Group for their exemplary work and commitment, and at the same time I wish them satisfaction with their work.

Enjoy your reading!

Yours sincerely,

President of the Management Board
CEO



Emil Wąsacz

2. BASIC INFORMATION ON THE STALEXPORT AUTOSTRADY GROUP

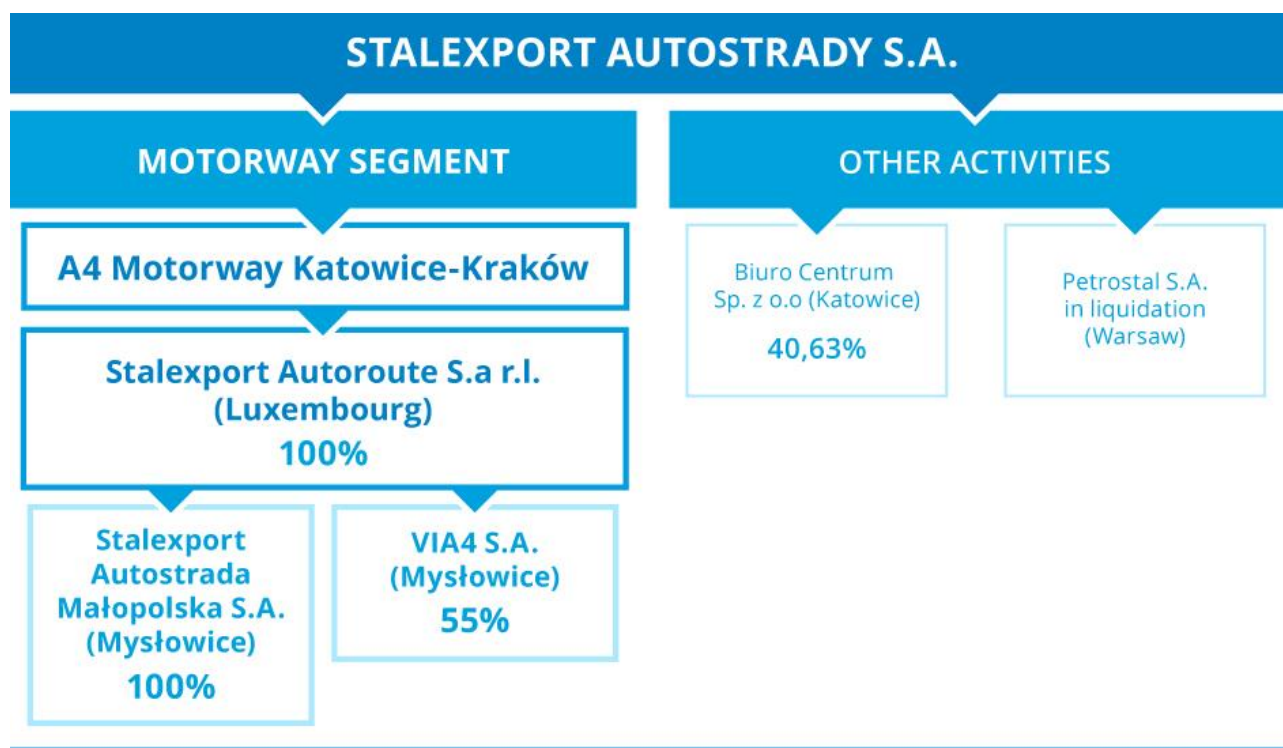
At present, the operations of the Company and of the entities belonging to its Group focus primarily on activities related to motorways. These include operation and maintenance of the Katowice-Kraków section of the A4 motorway. The activities are conducted by SAM and VIA4 through the special purpose holding: Stalexport Autoroute.

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

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

FIGURE 1

Organisational chart of Stalexport Autostrady Group as at 30 June 2018



Source: Company's own compilation

Table 1 includes basic consolidated data of Stalexport Autostrady Group as well as separate data regarding the three major entities belonging to the Group, i.e. Stalexport Autostrady, SAM and VIA4. Apart from the results achieved by the said companies in H1 2018, for the purpose of comparison, we also included the results achieved by the companies in the corresponding period of the previous year, whereas for the balance sheet data, we presented the figures as at 31 December 2017.

TABLE 1

Basic financial data of selected entities from the Stalexport Autostrady Group [figures in PLN '000]

balance sheet data	The Group		Stalexport Autostrady		SAM		VIA4	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Non-current assets	981,956	1,009,401	77,450	78,210	964,266	990,774	9,227	9,945
Current assets	375,859	428,945	271,885	341,278	95,663	81,677	11,011	13,649
Total equity	717,928	698,173	345,422	416,327	425,838	336,832	7,650	10,431
Non-current liabilities	376,204	456,369	92	2,156	374,737	452,965	4,643	5,259
Current liabilities	263,683	283,804	3,821	1,005	259,354	282,654	7,945	7,904
Net debt***	-483,675	-441,214	-259,031	-324,225	-219,310	-107,722	10,143	7,490
performance data	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017
Revenue from sales	160,244	150,466	1,851	1,831	158,128	148,406	23,324	21,768
Gross profit/loss from sales	140,504	119,378	-27	-100	129,407	108,550	10,406	10,192

EBITDA*	131,725	126,135	-1,939	-1,783	125,341	119,477	8,559	8,548
EBIT	123,852	105,058	-2,205	-2,079	118,580	99,447	7,713	7,797
Profit/loss from financial activities	-6,361	-9,442	2,847	70,155	-8,880	-11,876	-111	-107
Net profit/loss	94,058	76,857	493	67,954	87,950	70,499	6,120	6,223
EBIT margin**	77%	70%	-119%	-114%	75%	67%	33%	36%
ROE	13%	12%	0%	17%	21%	27%	80%	80%

*EBITDA = EBIT + depreciation and amortisation + provision for motorway resurfacing

**EBIT margin = EBIT / revenue from sales

*** Net debt = total liabilities – provision for capital expenditures – derivatives (net of deferred tax impact) – non-current deposits – cash and cash equivalents

Source: Company's own compilation

2.1. STALEXPORT AUTOSTRADY

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 75 45
fax +(48) 32 762 75 56

Management Board:

Emil Wąsacz – President of the
Management Board, CEO

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

KRS National Court Register number:
0000016854

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

NIP tax ID number: 634-013-42-11

REGON Business Register Number:
271936361

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

www.stalexport-autostrady.pl

Stalexport Autostrady S.A. plays the primary role in the Group which focuses on the upgrade and expansion of motorway infrastructure. The Company was the first Polish company to be granted a concession to implement the pioneering project with regard to the operation, conversion and adaptation of the Katowice-Kraków section of the A4 motorway to toll motorway requirements.

In 2004, the concession was transferred to an entity established specifically for the purpose of implementing the provisions of the Concession Agreement, i.e. Stalexport Autostrada Małopolska S.A.

Since mid-2006, the Company has been part of the Italian Atlantia Capital Group. At the moment, Atlantia Group manages a network of approximately 5,000 km of toll motorways in Italy, Brazil, Chile, India and in Poland, and it is an automatic motorway toll collection system leader. The Atlantia Group also manages the Fiumicino and Ciampino airports in Italy, as well as three airports in France: Nice, Cannes-Mandelieu, and Saint Tropez. For more information about the Atlantia Group, visit its web page at www.atlantia.it.

Apart from the activities associated with the construction and operation of toll motorways, the Company also leases out office space in a building it co-owns, located in Katowice.

2.2. ENTITIES COVERED BY THE CONSOLIDATION AND THE METHODS OF THEIR CONSOLIDATION

Stalexport Autostrady is the parent company and it draws up the consolidated financial statements. The entities covered by the consolidation as at 30 June 2018, except the parent entity, have been described in the following table.

TABLE 2

Entities being part of the Group as at 30 June 2018 (apart from the Company)

Company name	Registered office	Main area of activity	Company status	Share in the capital and in the total number of votes	Date of taking control/ Acquisition date	Consolidation method
Stalexport Autoroute S.à r.l.	Luxembourg	Management activity	Subsidiary	100%	2005	Full
Stalexport Autostrada Małopolska	Mysłowice	Motorway construction and operation	Subsidiary	100%*	1998	Full
VIA4 S.A.	Mysłowice	Motorway operation	Subsidiary	55%*	1998	Full
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Associate	40.63%	1994	Equity method
Petrostal S.A. in liquidation**	Warsaw	Inactive	Subsidiary	100%	2005	-

*through Stalexport Autoroute S.à r.l.

**entity not covered by the consolidation due to existing limitations regarding control exercise

Source: Company's own compilation

2.3. PRINCIPLES (BASIS) OF PREPARATION OF THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The principles (basis) of preparation of the condensed semi-annual consolidated financial statements are described in point 2 of the Notes to the condensed semi-annual consolidated financial statements for the period of 6 months ended on 30 June 2018.

2.4. DESCRIPTION OF OTHER COMPANIES OF THE STALEXPORT AUTOSTRADY GROUP

2.4.1. STALEXPORT AUTOROUTE S.A R.L.

412F, route d'Esch
L-1471 Luxembourg

Company registered under the
no. B 113660
in the Registre de Commerce
et des Sociétés de Luxembourg

Share capital: EUR 56,149,500

Ownership structure:
100% – Stalexport Autostrady

Stalexport Autoroute was registered on 30 December 2005. Establishing this entity was one of the prerequisites for SAM to reach the financial close, namely to successfully conclude a long-term Project Loan Agreement with a consortium of banks. On the basis of the aforementioned Project Loan Agreement, a loan of up to PLN 380 million was obtained, which was necessary to finance the investment programme for the A4 motorway on the Katowice–Kraków section.

The entity does not conduct any operational activities apart from holding shares in SAM as well as in VIA4 for the purpose of appropriate implementation of the security interest package (pledge on shares) for the Project Loan Agreement.

2.4.2. STALEXPORT AUTOSTRADA MAŁOPOLSKA S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 75 55
fax +(48) 32 762 75 56

Management Board:

Emil Wąsacz – President of the Management Board
Mariusz Serwa -
Vice-President of the Management Board, CFO
Paweł Kocot – Member of the Management Board

KRS National Court Register

number: 0000026895

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

NIP tax ID number: 634-22-62-054

REGON Business Register

number: 273796214

Share capital:

PLN 66,753,000
(paid-up in full)

Ownership structure:

100% – Stalexport Autostrady
(through Stalexport Autoroute)

www.autostrada-a4.pl

SAM was established on the basis of the notarial deed of 19 December 1997 as a company which at that time was intended as a special purpose vehicle in the project consisting in the management of the A4 motorway on the Katowice–Kraków section.

The activities provided for in the Company's Statutes include management of motorway projects as well as all the tasks resulting from the applicable Concession Agreement, which encompasses management of construction, adaptation to the requirements of a toll motorway and operation of the A4 motorway Katowice–Kraków section (the aforementioned concession was initially granted to Stalexport Autostrady, and subsequently transferred to SAM pursuant to the decision of the Minister of Infrastructure of 28 July 2004).

Pursuant to the Concession Agreement, SAM was authorised to collect lease fees and toll for using the above-mentioned motorway section. In line with the provisions of this Concession Agreement, the entity is, on the other hand, obliged to provide ongoing maintenance of the motorway and continue other necessary investment tasks.

SAM finances its operations with the revenue generated from toll collection and other revenue, including the received lease fees.

For the implementation of the assumed investment programme, on the other hand, SAM received external financing up to the amount of PLN 380 million under the Project Loan Agreement entered into on 28 December 2005 with the Financing Banks.

In H1 2018, the company repaid its liabilities under the Project Loan Agreement in the amount of approx. PLN 20.036 million. The nominal balance of the liabilities resulting from the said agreement amounted to approx. PLN 98.575 million as at 30 June 2018.

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

2.4.3. VIA4 S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 73 50
fax +(48) 32 762 73 55

Management Board:

Henri Skiba – President of the Management Board
Mieczysław Skołożyński – Vice-President of the Management Board

KRS National Court Register number: 0000162861

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

NIP tax ID number:

634-22-98-951

REGON Business Register number: 276194390

Share capital:

PLN 500,000 PLN
(paid-up in full)

Ownership structure:

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

www.via4.pl

VIA4 (formerly Stalexport Transroute Autostrada S.A.) was established on the basis of the notarial deed of 14 May 1998. The business of VIA4 consists in the operation of the A4 toll motorway on the Katowice–Kraków section. The entity effectively renders its services to its only customer, namely SAM, as the entity managing this motorway section pursuant to the Concession Agreement.

For the services it performs, the entity receives lump-sum remuneration, the value of which depends mainly on the level of traffic on the motorway and on the inflation rate.

The main tasks performed by VIA4 comprise the services of ongoing operation and maintenance of the A4 toll motorway section (Katowice–Kraków), including: operation of the toll collection system; management of motorway traffic; maintenance, i.e. keeping the motorway facilities in proper technical condition; comprehensive maintenance of the entire motorway right-of-way; winter maintenance of the motorway; management and consulting, in particular with respect to future repairs and renovation of the road surface and projects related to road standard improvement.

VIA4 also carries out equally important tasks related to safety and road traffic: 24/7 motorway patrols, which in cooperation with the Motorway Management Centre ensure possibly quick incident detection; operation of the SOS telephone system along the motorway right-of-way; cooperation with the police and other services in order to ensure unobstructed traffic flow on the motorway in case of collisions, accidents or other incidents.

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

2.4.4. BIURO CENTRUM SP. Z O.O.

ul. Mickiewicza 29
40-085 Katowice
tel. +(48) 32 207 22 08
fax +(48) 32 207 22 00

Management Board:

Ryszard Krzeszowiak
– President of the Management Board
Andrzej Kluba
– Vice-President of the Management Board

KRS National Court Register number: 0000087037

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

NIP tax ID number: 634-10-03422
REGON Business Register number:
272254793

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

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

www.biurocentrum.com.pl

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

The main business of Biuro Centrum consists in management and maintenance of the office and conference facility in Katowice at ul. Mickiewicza 29, co-owned by Stalexport Autostrady (40.47%) and Węglokoks S.A. (59.53%).

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

The supplementary activities of Biuro Centrum include catering services in the "Pod wieżami" restaurant run by the Company as well as services provided for the conference centre.

3. INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE FINANCIAL POSITION, ASSETS AND FINANCIAL RESULT OF THE STALEXPORT AUTOSTRADY GROUP AND THEIR CHANGES, AND INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE ISSUER'S AND OF ITS GROUP'S ABILITY TO FULFIL THEIR OBLIGATIONS

3.1. PRESENTATION OF FINANCIAL RESULTS

The following table includes basic financial results of Stalexport Autostrady Group generated in H1 2018 along with comparative data for the same period of the previous year.

TABLE 3

Selected items of the statement of comprehensive income of the Stalexport Autostrady Group in H1 2018 and in the same period of the previous year (consolidated figures)

PLN '000	H1 2018	H1 2017	Change [%]
Revenue from sales	160,244	150,466	6%
Cost of sales	-19,740	-31,088	-37%
Gross profit from sales	140,504	119,378	18%
Other operating revenue	4,910	1,782	176%
General and administrative expenses	-18,393	-15,886	16%
Other operating expenses	-3,169	-216	1367%
Profit on operating activities (EBIT)	123,852	105,058	18%
Financial revenue	6,414	6,218	3%
Financial expenses	-12,775	-15,660	-18%
Balance on financial activities	-6,361	-9,442	-33%
Share in profit of associates	115	95	21%
Profit before tax	117,606	95,711	23%
Income tax	-23,548	-18,854	25%
Net profit	94,058	76,857	22%

Source: Company's own compilation

In H1 2018, the Group obtained revenues from sales higher by 6% vs. the same period of the previous year, mainly as a result of the increase in traffic and of the changed rates for heavy goods vehicles on the toll section of the A4 motorway Katowice–Kraków.

The gross profit from sales increased by 18% vs. the same period of last year. The gross profit dynamics was fundamentally driven by the increase in the revenue from sales and a decrease in the cost of sales (mainly as a result of the change in the cost of the provision established for motorway resurfacing by PLN 15,634 thousand).

3.1.1. AMOUNT AND STRUCTURE OF OPERATING REVENUE

The Stalexport Autostrady Group's financial results are influenced mainly by the Group's motorway activity consisting in the management and operation of the Katowice–Kraków toll section of the A4 motorway, performed by the SAM subsidiary under the Concession Agreement it signed, in force until 2027.

The traffic intensity on the concession section of the motorway – particularly as far as heavy goods vehicles are concerned – largely depends on the rate of economic development, measured by the gross domestic product level (GDP).



In H1 2018, the Average Daily Traffic (ADT) on the concession section of the A4 motorway Katowice–Kraków amounted to 43,145 vehicles and was 5.2% higher than the traffic level recorded in the same period of 2017 (41,009 vehicles). In H1 2018, toll revenue amounted to PLN 158,128 thousand, i.e. it was higher by 6.6% vs. the same period of 2017 (PLN 148,407 thousand).

As far as passenger cars are concerned, ADT increased from 34,194 vehicles in H1 2017 to 36,027 vehicles in H1 2018 (up by 5.4%). In H1 2018, toll revenue from passenger cars amounted to PLN 104,244 thousand, i.e. it increased by 5.3% vs. H1 2017 (PLN 99,044 thousand).

As far as heavy goods vehicles are concerned, ADT increased by approximately 4.4%, i.e. from 6,815 vehicles in H1 2017 to 7,118 vehicles in H1 2018. Consequently, and also as a result of the increased rates, toll revenue related to heavy goods vehicles in H1 2018 amounted to PLN 53,884 thousand, i.e. it increased by 9.2% vs. H1 2017 (PLN 49,363 thousand). The difference between the growth dynamics of toll revenue and the growth dynamics of the Average Daily Traffic of heavy goods vehicles is due to the change of the toll rates starting from 1 March 2017 (from PLN 16.50 to PLN 18.00, and from PLN 26.50 to PLN 30.00), as well as to the differences in the vehicle category structure (different toll rates are applied depending on the category).

The following table shows the Average Daily Traffic (ADT) in H1 2018 vs. H1 2017 and the relevant dynamics.



TABLE 4
Average Daily Traffic (ADT)

ADT	H1 2018	H1 2017	Change
 Passenger cars	36,027	34,194	5.4%
 Heavy goods vehicles	7,118	6,815	4.4%
Total	43,145	41,009	5.2%

Source: Company's own compilation

The following table shows the toll revenue in H1 2018 vs. H1 2017 and the relevant dynamics.

TABLE 5
Toll revenue

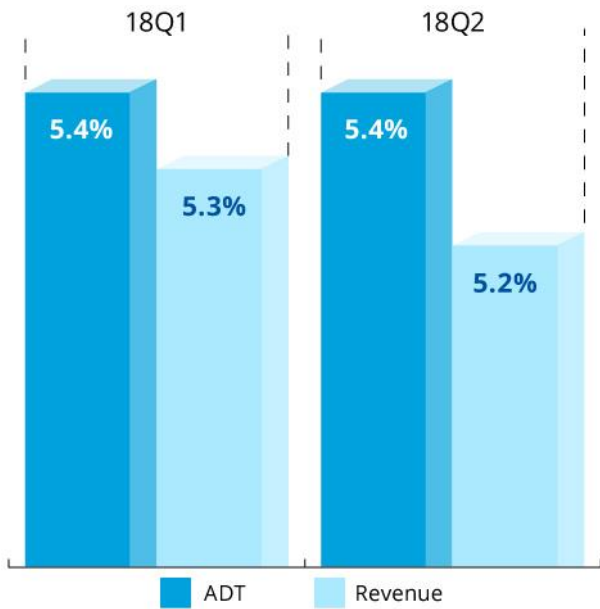
[PLN '000]	H1 2018	H1 2017	Change
 Passenger cars	104,244	99,044	5.3%
 Heavy goods vehicles	53,884	49,363	9.2%
Total	158,128	148,407	6.6%

Source: Company's own compilation

The following figures show the changes in Average Daily Traffic (ADT) and toll revenue in H1 2018 vs. H1 2017 on a quarterly basis, separately for passenger cars and heavy goods vehicles.

FIGURE 2

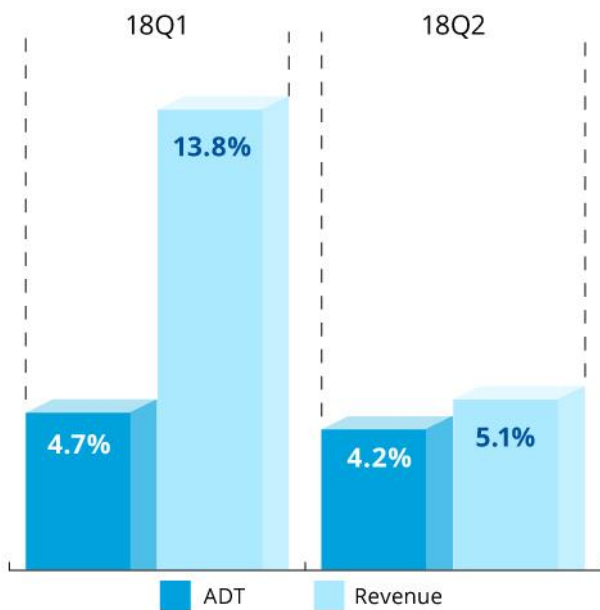
Dynamics of Average Daily Traffic (ADT) and of toll revenue for passenger cars in H1 2018 vs. H1 2017 quarter on quarter of the previous year)



Source: Company's own compilation

FIGURE 3

Dynamics of Average Daily Traffic (ADT) and of toll revenue for heavy goods vehicles in H1 2018 vs. H1 2017 quarter on quarter of the previous year)



Source: Company's own compilation

The difference between the quarters in terms of the dynamics results mainly from the changes in the toll rates, in force starting from 1 March 2017.

Apart from toll collection, the Group also obtained additional revenue from sales related to motorway operation in the amount of PLN 481 thousand, including PLN 448 thousand as compensation for infrastructure damaged by motorway users.

Apart from the motorway activity, revenue from sales of the Stalexport Autostrady Group in the amount of PLN 1,635 thousand was related to the lease of space in the office building in Katowice, at ul. Mickiewicza 29 and the provision of IT services. Compared to H1 2017, the amount of revenue unrelated to motorway activities increased slightly.

In H1 2018, other operating revenue amounted to PLN 4,910 thousand and included, among other items, revenue from rest and service area lease (PLN 1,585 thousand), refund of overpaid property tax for previous years (PLN 3,005 thousand), as well as compensation obtained, liquidated damages, reimbursement of fees and costs of court proceedings (PLN 146 thousand).

3.1.2. AMOUNT AND STRUCTURE OF OPERATING EXPENSES

In H1 2018, the operating expenses of the Stalexport Autostrady Group amounted to PLN 41,243 thousand and were 12.6% lower than in the same period of the previous year (PLN 47,190 thousand).

In H1 2018, the costs of operating activities consisted of the following:

- own costs of sales in the amount of PLN 19,740 thousand. The value of that cost group was approx. 36.5% lower than in the previous year (PLN 31,088 thousand), mainly as a result of the decrease of the cost of establishing provisions for resurfacing (down by PLN 15,634 thousand).
- general and administrative costs in the amount of PLN 18,393 thousand, which were higher by PLN 2,507 thousand (15.8%) vs. the same period in the previous year;
- other operating expenses in the amount of PLN 3,110 thousand, influenced mainly by the adjustment of the revenues from the lease of rest and service areas for previous years as a result of a refund of real estate tax (PLN 3,005 thousand).

3.1.3. FINANCIAL OPERATIONS

In H1 2018, the Group generated a negative balance on financial activities in the amount of PLN 6,361 thousand, i.e. the financial revenue generated (PLN 6,414 thousand) was lower than the financial expenses incurred (PLN 12,775 thousand).

The financial revenue was mainly influenced by the interest on bank accounts and deposits in the amount of PLN 6,406 thousand.

The financial expenses were mainly influenced by the discounting of liabilities and provisions in the total amount of PLN 8,287 thousand, of which: PLN 4,416 thousand pertained to the liability towards the State Treasury on account of the concession payment; PLN 3,268 thousand pertained to the provisions for Phase II investment works on the A4 motorway; and PLN 603 thousand pertained to the provision for motorway resurfacing. At this point, it is worth mentioning that in line with the International Accounting Standards as well as the International Financial Reporting Standards, both the subordinated debt towards the State Treasury on account of the concession payment as well as the provisions established for motorway resurfacing are recognised by the Group in the financial statements at their present

value. The relevant figure reflects, therefore, the nominal value of the given liability or of the expected expenditure, discounted as at the day the financial statements are prepared, using the market interest rate.

Significant items of other financial expenses included the following: interest and commissions on the loan (PLN 2,888 thousand) and loss on transactions concluded by SAM to hedge against variations of the interest rate (PLN 1,596 thousand).

It is also worth mentioning that the negative balance on financial activities recorded in H1 2018 (PLN 6,361 thousand) was lower vs. H1 2017 (PLN 9,442 thousand). This was caused mainly by the decrease of financial costs as a result of the gradual repayment of the loan liabilities.

3.2. ASSETS AND FINANCIAL POSITION

The following table includes a synthetic statement of financial position of the Group as at 30 June 2018. For the sake of comparison, the figures reflecting particular items and their structure as at the end of 2017 have also been included.

TABLE 6

Synthetic statement of financial position of the Stalexport Autostrady Group (consolidated data) as at 30 June 2018 and as at 31 December 2017

in PLN'000			<i>Dynamics</i>	<i>Structure</i>	
	30/06/2018	31/12/2017	2018/2017	30/06/2018	31/12/2017
Non-current assets	981,956	1,009,401	-3%	72%	70%
Current assets	375,859	428,945	-12%	28%	30%
Equity	717,928	698,173	3%	53%	49%
Non-current liabilities	376,204	456,369	-18%	28%	32%
Current liabilities	263,683	283,804	-7%	19%	20%
Balance sheet total	1,357,815	1,438,346	-6%	100%	100%

Source: Company's own compilation

3.2.1. ASSETS

The largest item in **non-current assets** were non-current investments, whose value had increased as at the end of H1 2018 to the amount of PLN 445,204 thousand vs. PLN 434,147 thousand as at the end of 2017. This resulted mainly from the increase of the value of cash accumulated by SAM in deposit/reserve accounts created in line with the provisions of

the Concession Agreement for the purpose of completion of the tasks specifically provided for in the Agreement (including mainly financing of the investment scheme being implemented).

The second largest item in the non-current assets group consisted of intangible assets, amounting at the end of H1 2018 to PLN 444,902 thousand, and composed virtually entirely of concession intangible assets. Their value decreased by PLN 18,953 thousand vs. the end of 2017. This decrease was caused mainly by the decrease in concession intangible assets by the amount of PLN 21,444 thousand as a result of depreciation and the increase in concession intangible assets by PLN 3,192 thousand in relation to the revaluation of the planned construction works on the A4 motorway section Katowice–Kraków.

Deferred income tax assets, the value of which at the end of H1 2018 amounted to PLN 53,143 thousand, constituted another significant element of non-current assets. The item included deferred tax assets related to, among others, property, plant and equipment as well as the provisions established, set off against the deferred tax provision related mainly to concession intangible assets.

The largest item in the **current assets** structure was cash (PLN 328,643 thousand), whose value as at the end of H1 2018 decreased by PLN 68,257 thousand vs. the end of 2017. Trade receivables and other receivables constituted another significant item of current assets (PLN 38,358 thousand); they increased by PLN 12,906 thousand mainly as a result of the increase of VAT receivables. The value of non-current investments in the amount of PLN 1,421 thousand increased slightly vs. the end of 2017.

3.2.2. LIABILITIES

As at 30 June 2018, the Group's total **payables and provisions** amounted to PLN 639,887 thousand, of which 59% were non-current items. The main items of payables and provisions included the following:

- provision of PLN 345,924 thousand for capital expenditure within Phase II of the investments being implemented on the managed section of the A4 motorway;
- liability towards the State Treasury in the amount of PLN 107,586 thousand, i.e. what is referred to as the Concession Payment, recognised in the report on the Group's financial situation at fair value, in the trade receivables and other receivables item;
- bank loan in the amount of PLN 97,788 thousand (taking into account interest accrued and prepaid costs of financing) intended for the financing of the investments being implemented on the managed section of the A4 motorway;
- provision of PLN 39,377 thousand established for the planned motorway resurfacing;
- trade payables and other payables in the amount of PLN 19,204, excluding the payable towards the State Treasury under the concession;
- prepayment of PLN 7,962 thousand related to lease of rest and service areas and land for fibre optic cables (concerns the Katowice–Kraków section of the A4 motorway);
- PLN 5,857 thousand: payables related to employee benefits;
- PLN 5,422 thousand: other non-current payables;

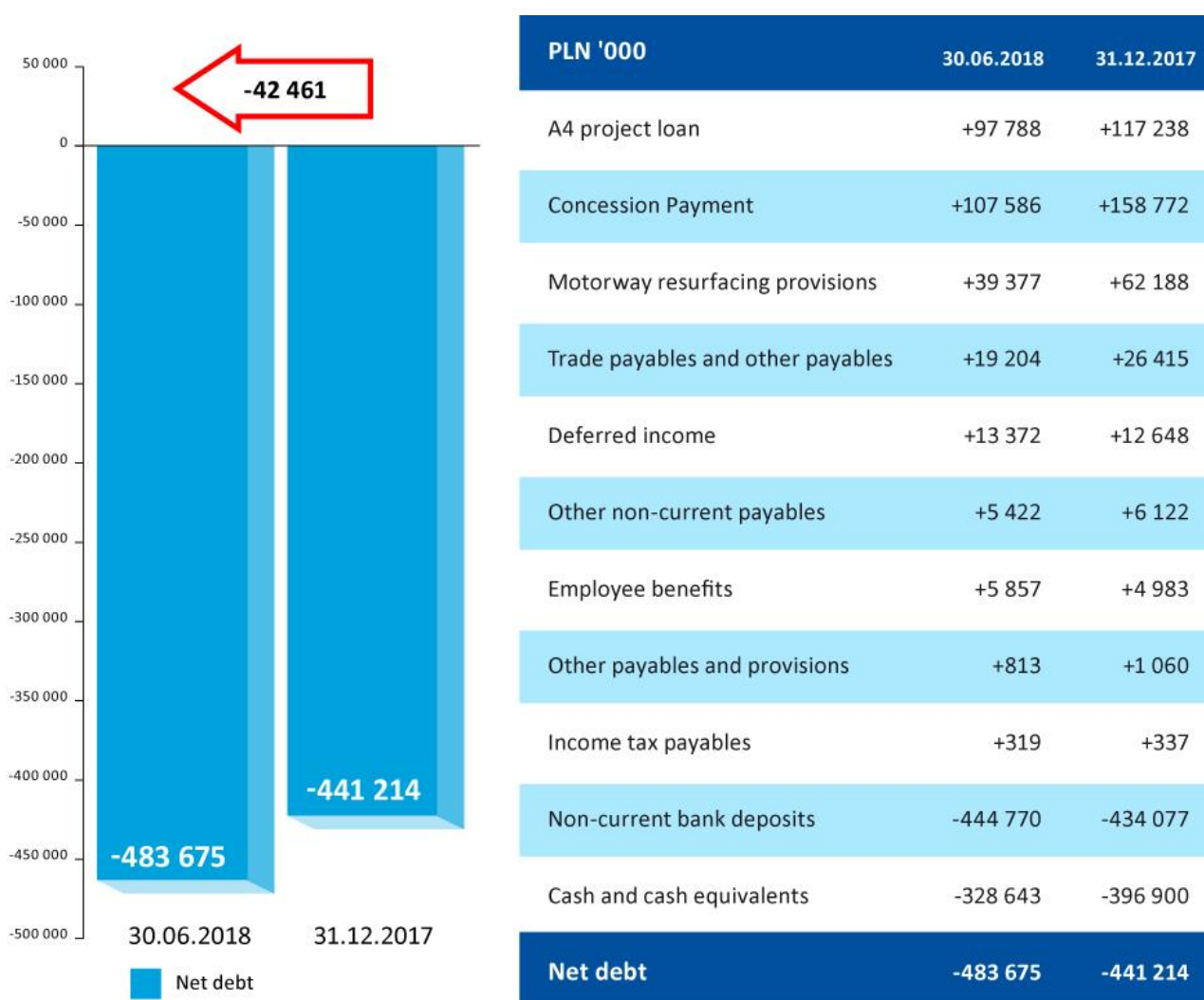
- PLN 5,350 thousand: the value of the toll for the A4 Katowice–Kraków motorway which was sold in the form of the prepaid KartA4 proximity cards and of the A4Go on board units, but unused;
- payable related to derivative instruments used as hedging in the amount of PLN 5,038 thousand.

3.2.3. NET DEBT

Excluding from the liabilities the provisions for Phase II construction works and the payable related to derivative instruments used as hedging (including deferred tax), the Group's net debt decreased by PLN 42,461 thousand in H1 2018 vs. the end of 2017. The net debt of the Group is primarily influenced by the bank loan granted by the Financing Banks for the implementation of A4 Katowice–Kraków project and by the Concession Payment (liability towards the National Road Fund) on the one hand, and by cash in current and non-current deposits on the other hand.

The detailed method of calculation of this ratio and its value at the end of H1 2018 and as at 31 December 2017 are presented below.

FIGURE 5
Net debt of the Group (consolidated data) – as at 30 June 2018 and 31 December 2017



Source: Company's own compilation

3.2.4. CAPITAL EXPENDITURE

Capital expenditure incurred by the Stalexport Autostrady Group in H1 2018 amounted to PLN 6,184 thousand and included mainly construction works carried out on the Katowice–Kraków section of the A4 motorway managed by the Group. The said expenditure was related mainly to contracts being implemented related to the building of noise barriers and to drainage of the Silesian section of the motorway. Other capital expenditure of the Group pertain mainly to the purchase of the equipment required for the purpose of ongoing motorway maintenance, as well as replacement of office equipment and means of transportation. The above-mentioned value of capital expenditure also includes the Independent Engineer's costs and design costs.

All the above-mentioned activities were allowed for in the Group's capital expenditure budget for 2018. At this point, it is worth mentioning that financing of the investment tasks resulting from the Concession Agreement concluded by SAM has been secured with own funds generated from the operation of the A4 motorway (toll) and additionally with the Project Loan Agreement entered into in December 2005 with the Financing Banks. The said Agreement secured external financing up to the amount of PLN 380,000 thousand. As at the end of H1 2018, the nominal value of the bank loans related to that amounted to PLN 98,575 thousand (while taking into account the accrued interest and the prepaid financing costs, the loan amounts to PLN 97,788 thousand). The value of the Group's liabilities in this respect will decrease in future periods along with the repayment schedule until 2020.

4. OTHER INFORMATION ON THE STALEXPORT AUTOSTRADY GROUP

4.1. INFORMATION ON CONTRACTS SIGNIFICANT FOR THE CAPITAL GROUP'S OPERATING ACTIVITY, INCLUDING CONTRACTS BETWEEN THE SHAREHOLDERS AS WELL AS INSURANCE AND COOPERATION CONTRACTS THE COMPANY IS AWARE OF

No other contracts significant for the Group's operating activity were entered into in the reporting period and until the date of this Report.

4.2. INFORMATION ON CHANGES IN ORGANISATIONAL OR CAPITAL RELATIONS OF THE GROUP WITH OTHER ENTITIES

No changes of the said type occurred in the reporting period or until the date of preparation of this Report.

4.3. INFORMATION ON TRANSACTIONS CONCLUDED BY THE COMPANY OR BY ITS SUBSIDIARIES WITH RELATED PARTIES ON THE TERMS OTHER THAN MARKET TERMS

All transactions concluded by the Company or its subsidiaries with related parties were carried out on market terms. However, the Management Board of the Company would like to draw your attention to five significant agreements entered into by its subsidiaries with related parties.

- The first agreement of that kind is the **Operation and Maintenance Agreement** which was initially entered into in 1998 by and between Stalexport Autostrady and VIA4. The current agreement was entered into **by and between SAM and VIA4** on 22 March 2006.

The Operation and Maintenance Agreement was entered into for the term of the Concession Agreement (until 2027) and its scope includes clearly defined works connected with the A4 concession project, including toll collection services and current maintenance and operation of the motorway (including winter maintenance). The contractual level of the operator's remuneration in the term of the Agreement separates in a long term the risk of impact of frequent market price fluctuations on maintenance and operation costs as well as ensures continuity of services and operation through the many years of implementation of the investment project. In H1 2018, the value of the transactions between SAM and VIA4 under the above-mentioned Agreement amounted to PLN 22,766 thousand.

Considering the specificity and the scope of the above-mentioned Agreement and the fact that that the market for services of that kind is very limited, it is difficult to compare the provisions of the Operation and Maintenance Agreement to the terms which it is possible to obtain on what is referred to as the free market.

Nevertheless, in the opinion of the Company's Management Board, the above-mentioned Agreement was entered into on market terms and its provisions do not differ from the terms which might have been obtained if it had been signed with an entity not belonging to the Group.

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

The contractor for this contract was selected on the basis of the established tendering procedures. On 31 May 2012, SAM sent invitations to tender to the selected companies. The following two companies submitted their tenders within the deadline (i.e. by 10 July 2012): (i) Autostrade-Tech S.p.A. and (ii) Egis Project S.A. As a result of the tender committee works with the participation of the Independent Engineer, the tender of Autostrade Tech S.p.A. obtained the highest rating. The contract with this company was entered into on 14 September 2012 upon the approval of the Financing Banks. The contract envisages replacement of the toll collection equipment at the Balice and Bręczkowice toll plazas as well as equipping with toll collection equipment four new lanes at each toll plaza, built additionally under separate contracts. The contract is being carried out on a Design-Build basis.

All investment work related to the contract was completed and settled before the end of 2017. Currently, the Support and Maintenance Period is in progress. The total net value of works settled under that contract is PLN 37,426 thousand.

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

- The third agreement is the **contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for resurfacing on motorway sections with a total length of 59.88 km.**

The contractor in this case was selected on the basis of a tendering procedure. The following three entities submitted their tenders within the deadline: (i) the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. (ii) DROGOMEX Sp. z o.o. and (iii) EUROVIA Polska S.A. As a result of the tender committee works with the participation of the Independent Engineer, the tender submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. obtained the highest rating. The contract was entered into for the amount of PLN 40,227 thousand on 5 February 2016, and the time set for completion of the works envisaged by the contract was 620 days from the initial date, i.e. 19 February 2016.

After the mobilisation period, performance of the basic works started on 4 May 2016. In total, 8 variation orders were issued until the end of H1 2018, as a result of which the scope of the works was increased, and some of them were moved to be performed in 2018, while the total value of the contract amounts to PLN 45,081 thousand. The total net value of the works invoiced by the consortium on account of this contract amounts to PLN 40,620 thousand (i.e. 90.1 % of the current contract value), of which the amount of PLN 5,505 thousand was invoiced in H1 2018.

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

- The fourth agreement is the **contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of

the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for alteration of A4 motorway drainage on the Silesian voivodeship section – part II**

The contractor for this contract was selected on the basis of a tendering procedure, the conditions of which were agreed with GDDKiA (pursuant to the provisions of the Concession Agreement, the Concessionaire selects each contractor by means of a tender and GDDKIA has the right to verify the tendering criteria and conditions before announcing each of the tender procedures) and with the Financing Banks. The tender dossier was provided to the potential tenderers after the tender was announced. Only one tender was received within the deadline, submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. Having opened and having verified the tender, the tender committee found it to be valid and complete. The contract related to the alteration of the drainage system for 8 catchment areas in the Silesian voivodeship was entered into for the amount of PLN 23,420 thousand on 1 April 2016, and the time set for completion of the works envisaged by the contract was up to 580 days from the initial date, i.e. 4 May 2016. The construction works started in 2016 after the mobilisation period. Until the end of H1 2018, 8 variation orders were issued, expanding the construction works for instance by adding an extra catchment area, 4s. Taking into account the above variation orders, the value of the contract increased to PLN 28,927 thousand. The total net value of the works invoiced by the consortium amounts to PLN 23,466 thousand (i.e. 81.12 % of the current contract value), of which the amount of PLN 949 thousand was invoiced in H1 2018.

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

- The fifth agreement is the **contract between SAM and Pavimental Polska Sp. z o.o.** (entity belonging to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for the repair of the M48 bridge structure supports.**

The contractor for this contract was selected on the basis of a tendering procedure during which tenders from three entities were received: (i) Pavimental Polska Sp. z o.o. (ii) Freyssinet Polska Sp. z o.o. and (iii) the consortium of DROG-BUD Sp. z o.o. and BTH FORMAT Andrzej Karapyta. As a result of the tender committee works with the participation of the Independent Engineer, the tender submitted by the consortium of Pavimental Polska Sp. z o.o. obtained the highest rating. The contract was entered into for the amount of PLN 21,300 thousand on 04 July 2017, and the time set for completion of the works envisaged by the contract is up to 860 days from the initial date, i.e. 18 July 2017.

The construction works started after the mobilisation period. The total net value of the works invoiced by the contractor on account of this contract amounts to PLN 2,107 thousand (i.e. 9.9 % of the contract value), of which no amount was invoiced in H1 2018.

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

4.4. INFORMATION ON SURETIES AND GUARANTEES GRANTED AND RECEIVED IN THE FINANCIAL YEAR, IN PARTICULAR SURETIES AND GUARANTEES GRANTED TO RELATED PARTIES

No sureties or guarantees were granted in the reporting period.

4.5. INFORMATION ON ISSUANCE OF SECURITIES INCLUDING THE DESCRIPTION OF THE USE OF THE PROCEEDS FROM THE ISSUE BY THE COMPANY

In the reporting period, the Company, just like the other entities from the Capital Group, did not issue any securities.

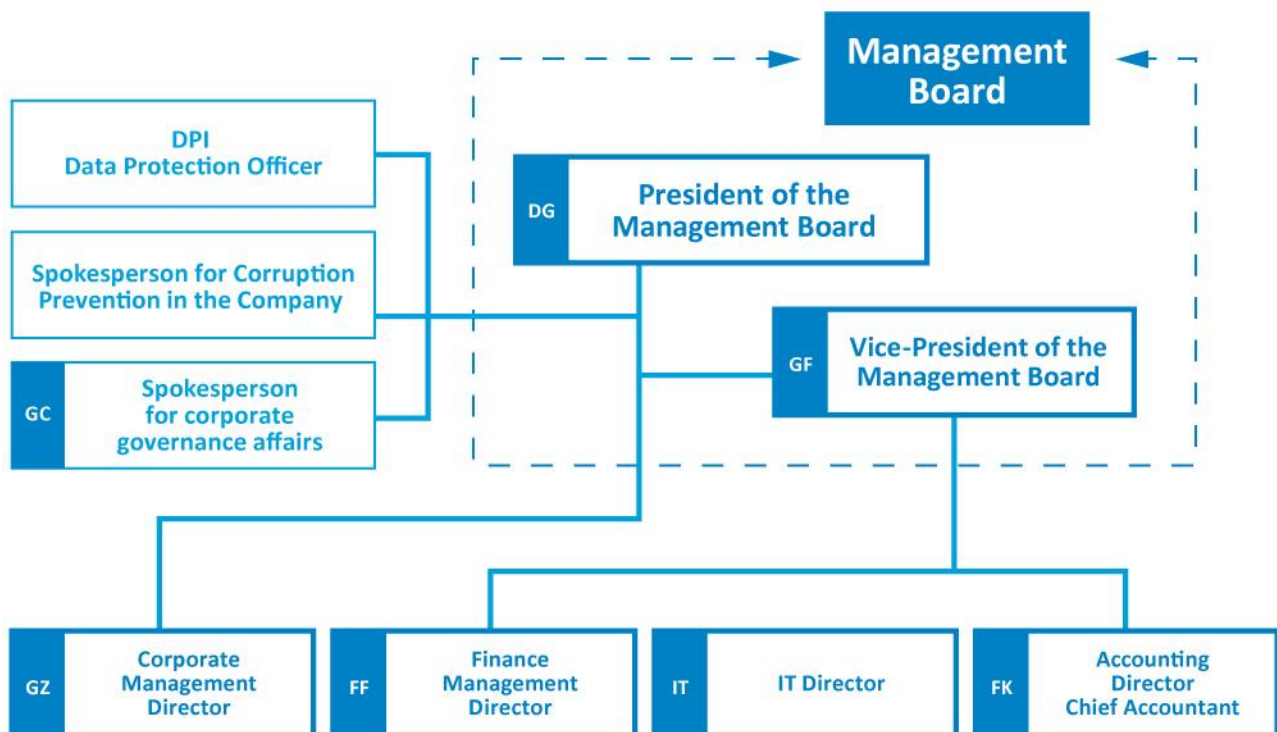
4.6. ESSENTIAL INFORMATION FOR THE ASSESSMENT OF THE EMPLOYMENT SITUATION IN THE STALEXPORT AUTOSTRADY GROUP

(i) Organisational structure of Stalexport Autostrady

In H1 2018, the Company's organisational structure changed as a result of the separation of the IT Office from the previously existing structure of the Finance Management Office. The Company's organisational chart as at 30 June 2018 is shown below.

FIGURE 6

Organisational structure of Stalexport Autostrady S.A. as at 30 June 2018



Source: Company's own compilation

The structure and organisation of the Group together with a description of the entities it includes is presented in section 2 of the Report.

No changes in the Group's organisation occurred in the reporting period, including changes as a result of merger of entities, acquisition or loss of control over subsidiaries and long-term investments, or the division, restructuring or discontinuation of activities.

(ii) Employment in the Group

As at 30 June 2018, Stalexport Autostrady employed 25 people ($6\frac{7}{8}$ FTE), meaning that it increased vs. 31 December 2017, when the headcount was 24 ($6\frac{5}{8}$ FTE) and decreased vs. 30 June 2017, when it was 26 ($7\frac{1}{8}$ FTE).

The Group, as at 30 June 2018, employed 324 people, including 5 executive officers (members of Management Boards) and 21 middle management employees (directors and managers).

For the sake of comparison, as at 31 December 2017, the Stalexport Autostrady Group employed 323 employees, and 318 people as at 30 June 2017. The number of executive officers and middle management remained unchanged vs. 31 December 2017, while the number of executive officers increased by 2 (from 19 to 21) vs. 30 June 2017.

The increase in employment in the Group vs. 30 June 2017 and 31 December 2017, respectively by 1.89% and 0.31%, was caused primarily by the increased employment of toll collection staff in the VIA4 operator company resulting from increased traffic levels, as well as by additional headcount in the SAM and Stalexport Autostrady companies (Sales, Technical, and IT departments).

(iii) Changes in the composition of management and supervisory bodies of the Company and of the Group in the reporting period

Stalexport Autostrady

○ Management Board

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board, and the other members of the Management Board are appointed by the Supervisory Board at the request of the President of the Management Board. The joint term of office of the Management Board members lasts three consecutive years, and their mandates expire on the day of holding of the General Meeting approving the financial statements for the last full financial year of performance of the function of Management Board member.

In the reporting period (and until the date of preparation of the Report), the composition of the Company's Management Board did not change and was as follows:

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



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

○ **Supervisory Board**

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

On 14 April 2016, the Ordinary General Meeting of Stalexport Autostrady S.A. decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) would be composed of seven members.

From 1 January 2018 until 26 January 2018, the Supervisory Board (due to the resignation of Nicolò Caffo effective from 15 December 2017) was composed of 6 members:

1. Roberto Mengucci – Chairman of the Supervisory Board,
2. Aleksander Galos – Deputy Chairman of the Supervisory Board,
3. Stefano Rossi – Secretary,
4. Marco Pace,
5. Massimo Sonogo,
6. Tadeusz Władyka.

On 26 January 2018, before proceeding in accordance with the agenda of the Extraordinary General Meeting of Stalexport Autostrady, Mr Tadeusz Władyka resigned as member of the Supervisory Board.

The Company's Extraordinary General Meeting held on 26 January 2018 decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) would continue to be composed of seven members and appointed the following two new members of the Supervisory Board:

1. Tomasz Dobrowolski,
2. Flavio Ferrari.

From that time until the day of preparation of the Report, the Supervisory Board was composed of the following 7 members:

1. Roberto Mengucci – Chairman of the Supervisory Board,
2. Aleksander Galos – Deputy Chairman of the Supervisory Board,
3. Stefano Rossi – Secretary,

4. Tomasz Dobrowolski,
5. Flavio Ferrari,
6. Marco Pace,
7. Massimo Sonogo.

The following committees function within the Supervisory Board: the Remuneration Committee and the Audit Committee, operating as advisory and opinion-forming bodies for the Supervisory Board.

Until 26 January 2018, they were composed of the following members:

Remuneration Committee:

- Roberto Mengucci – Chairman,
- Aleksander Galos,
- Tadeusz Włudyka.

Audit Committee:

- Aleksander Galos – Chairman,
- Marco Pace,
- Tadeusz Włudyka.

On 30 January 2018, in relation to the resignation of Mr Tadeusz Włudyka as member of the Supervisory Board of Stalexport Autostrady, the Supervisory Board filled the vacancy on the said committees, appointing Mr Tomasz Dobrowolski as their member. From that moment until the date of preparation of the Report, the composition of the said committees of the Supervisory Board was the following.

Remuneration Committee:

- Roberto Mengucci – Chairman,
- Tomasz Dobrowolski – Deputy Chairman (from 16 July 2018),
- Aleksander Galos.

Audit Committee:

- Aleksander Galos – Chairman,
- Mario Pace – Deputy Chairman (from 16 July 2018),
- Tomasz Dobrowolski.

Mr Tomasz Dobrowolski and Mr Aleksander Galos meet the criteria of independence envisaged for independent Remuneration Committee members, as defined by Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, taking into account the guidelines included in the DPSN 2016, **as well as meet the criteria of independence envisaged for independent Audit Committee members**, as defined in Article 129(3) of the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089), and §3(5) of the Rules of the Audit Committee.

Mr Tadeusz Włudyka also met the above criteria in the period in which he performed his functions on the Supervisory Board of Stalexport Autostrady.

The Supervisory Board operates on the basis of applicable provisions of the law, including the Code of Commercial Companies and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the

Supervisory Board adopted its own Regulations, constituting its rules of procedure. It is available on the corporate web page of Stalexport Autostrady (www.stalexport-autostrady.pl).

The Supervisory Board's committees operate pursuant to the regulations adopted by the Supervisory Board forming Enclosures to the Regulations of the Supervisory Board. They are also available from the corporate web page of the Company (www.stalexport-autostrady.pl).

SAM

No changes occurred in the composition of the Management Board and Supervisory Board of SAM in the reporting period and until the date of preparation of the Report. They continued to be composed of the following:

- a) Management Board
 - Emil Wąsacz – President of the Management Board,
 - Mariusz Serwa – Vice-President of the Management Board.
 - Paweł Kocot – Member of the Management Board;
- b) Supervisory Board:
 - Costantino Ivoi – Chairman of the Supervisory Board,
 - Flavio Ferrari – Deputy Chairman of the Supervisory Board,
 - Stefano Rossi – Secretary of the Supervisory Board.

Mr Constantino Ivoi served as Chairman of the Supervisory Board from 1 January until 23 March 2018 and served as Chairman of the Supervisory Board also from 16 July 2018, i.e. after the constitution of the Supervisory Board appointed by the Ordinary General Meeting of SAM on 23 March 2018 for a new term of office. Mr Flavio Ferrari and Mr Stefano Rossi served, respectively, as Deputy Chairman and Secretary of the Supervisory Board from 16 July 2018.

VIA 4

No changes occurred in the composition of the Management Board of VIA4 in the reporting period and until the date of preparation of the Report. It continued to be composed of the following persons:

- Henri Skiba – President of the Management Board
- Mieczysław Skołyżyński – Vice-President of the Management Board

The composition of the Supervisory Board of VIA4, on the other hand, changed in the reporting period. Until the date of the Ordinary General Meeting of 29 March 2018, the Supervisory Board was composed of the following members:

- Mariusz Serwa – Chairman of the Supervisory Board,
- Emmanuelle Freneat – Deputy Chairman of the Supervisory Board,
- Krzysztof Bernatowicz,
- Carlo Ciattoni,
- Flavio Ferrari,
- Costantino Ivoi.

Since 30 March 2018, the Supervisory Board of VIA4 has been composed of the following members:

- Mariusz Serwa – Chairman of the Supervisory Board,
- Emmanuelle Freneat – Deputy Chairman of the Supervisory Board,
- Krzysztof Bernatowicz,
- Massimo di Cassola,

- Carlo Ciattoni,
- Flavio Ferrari.

BIURO CENTRUM

No changes occurred in the composition of the Management Board and Supervisory Board of Biuro Centrum in the reporting period and until the date of preparation of the Report. They continued to be composed of the following:

- a) Management Board
- Ryszard Krzeszowiak – President of the Management Board,
 - Andrzej Kluba – Vice-President of the Management Board.
- b) Supervisory Board
- Krzysztof Rewers – Chairman of the Supervisory Board,
 - Katarzyna Bijak – Deputy Chairman of the Supervisory Board,
 - Monika Raiwa – Secretary of the Supervisory Board.

4.7. THE COMPANY'S SHARES (OR RIGHTS THERETO) HELD BY MEMBERS OF STALEXPORT AUTOSTRADY MANAGING AND SUPERVISORY BODIES

The number and nominal value of shares of Stalexport Autostrady (or rights thereto) held by persons managing and supervising the Company are provided based on representations of those persons. The figures as at 30 June 2018 and as at the date of handing over of this Report are presented in the table below.

TABLE 7

Number and nominal value of Stalexport Autostrady's shares (or rights thereto) held by persons managing and supervising the Company (as at 30 June 2018 and as at the date of submission of this Report)

No.	Given name and surname	Name of person/entity	Number of shares [units]	Nominal value
1.	Emil Wąsacz	Stalexport Autostrady	59,000	PLN 44,250

Source: Company's own compilation based on representations made by the persons managing and supervising the Company

No changes occurred in terms of the holding of shares of Stalexport Autostrady by persons managing and supervising the Company in the period from the day of preparation of the previous periodic report until the date of submission of this Report.

4.8. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE COMPANY'S GENERAL MEETING WITH AN INDICATION OF THE NUMBER OF SHARES HELD BY SUCH SHAREHOLDERS, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RELATED TO THESE SHARES AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE COMPANY

The shareholders holding, according to the best knowledge of the Company, at least 5% of the total number of votes at the Stalexport Autostrady General Meeting are listed in the table below.

TABLE 8
List of Stalexport Autostrady's shareholders holding significant blocks of the Company's shares (as at 30 June 2018 and as at the date of submission of this Report)

Name of person/entity	Number of ordinary bearer shares [units]	Share in the share capital [%]	Number of votes at the General Meeting [units]	Share in the total number of votes at the General Meeting [%]
Atlantia	151,323,463	61.20%	151,323,463	61.20%

Source: Company's own compilation based on the notifications received by the Company from shareholders pursuant to Articles 69 and 69a in relation to Article 87 of the Act of 29 July 2005 on Public Offering, on the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (consolidated text: Dz.U.2014.133, as amended).

No changes took place in the shareholding structure with regard to significant blocks of shares of Stalexport Autostrady in the period from the date of preparation of the previous periodic report until the date of submission of this Report.

4.9. INFORMATION ON SIGNIFICANT PROCEEDINGS PENDING BEFORE COURTS, THE AUTHORITY COMPETENT FOR ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION AUTHORITY

Neither Stalexport Autostrady nor its subsidiaries are parties to any significant proceedings in course before a common court, an arbitration court, or a public administration authority in cases related to the Company's or its subsidiary's payables or receivables.

5. PERSPECTIVES FOR DEVELOPMENT AND MAJOR RISKS AND THREATS; DESCRIPTION OF THE EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE GROUP'S DEVELOPMENT

5.1. PERSPECTIVES FOR DEVELOPMENT

The prospects for external development of Stalexport Autostrady result from the possible implementation of potential projects related to road infrastructure. The Road Construction Programme creates a potential market for the Company and for the companies belonging to the Group. However, it should be emphasised that the road infrastructure area is a sector heavily dependent on the State regulator. As a result of that, the number of tender procedures related to projects of interest for the Company and the possibility of their implementation under the PPP formula is the consequence of the public party's policy on road construction and of the condition of the national budget. It needs to be mentioned at this point that the Company, which analyses the public party's policy on a systematic basis, is also interested in other projects related to the broadly conceived road infrastructure.

An example was provided by the public procurement procedure no. DPR.DPR-2.2413.6.2016.DZR.34 for the NATIONAL TOLL COLLECTION SYSTEM TOGETHER WITH ELECTRONIC TOLL COLLECTION ACTIVITIES AND ACTIVITIES RELATED TO TOLL COLLECTION IN GENERAL, announced on 14 December 2016 and subsequently annulled on 18 January 2018 by the GDDKiA. The fact that CATTERICK INVESTMENTS Sp. z o.o., 10% of whose shares are held by Stalexport Autostrady, participated actively in the said procedure, constitutes significant information.

As far as internal growth is concerned, the Capital Group has been making and will continue to make efforts to improve the quality of services provided to the motorway users by way of improvements of the toll collection system, allowing the customers to diversify the range of toll payment methods. These efforts are intended to improve the flow capacity at the toll plazas and to shorten the transaction time. An example of such activities undertaken on the part of the Stalexport Autostrady Group was the pioneer project (among toll motorway concessionaires in Poland) consisting in the introduction of an electronic toll collection system using the microwave technology (in accordance with EU directives) under the commercial name of "A4Go" (www.karta4go.pl), making it possible to drive through the toll plazas operated on the A4 Katowice–Kraków section more conveniently and more rapidly compared to using different payment forms.

It was possible to implement this project thanks to the experience of the companies from the Atlantia group, an international leader in the electronic toll collection sector.

5.2. DESCRIPTION OF MAJOR RISKS AND THREATS, THE EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE STALEXPORT AUTOSTRADY GROUP'S DEVELOPMENT AND RISK PREVENTION METHODS

The major risks and threats and the external and internal factors significant for the operation of the Stalexport Autostrady Group can be divided into three basic areas related to the following:

- **the A4 Katowice–Kraków project in progress**

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

The **overall economic situation** in Poland has an impact mainly on the number of vehicles using the A4 motorway (this factor affects mainly the heavy goods vehicle traffic), and thus on the level of revenue from toll collection generated by the Concessionaire. The Group reduces this risk by means of an adequate (optimal) price policy and by taking actions aiming at improving the customer service quality on the motorway section managed by the Group by the replacement of toll collection equipment (currently in progress), diversifying the range of toll payment methods available to the customers. As far as the **construction works market** is concerned, a buoyant mood on that market increases the prices of construction services and decreases the profitability of the A4 Katowice–Kraków project, while in the period of slowdown on that market, the Group may negotiate more favourable conditions for the execution of the necessary works, thus keeping more funds available to the shareholders. The Company seeks to reduce the risk within this area by active management, within the scope of powers granted to it under the Concession Agreement, of the schedule of the construction works planned and carried out.

Institutional and legal instability of the environment regulating the infrastructure sector in Poland is the main factor from the **political and legal risk group**. The Company seeks to counteract these risks for instance by promoting best practices and solutions aimed at creating an appropriate legal framework for the execution of infrastructure projects and by actively participating in the public debate regarding new legislative solutions. This risk group also includes the potential efforts to amend the existing law, which may affect the revenue or expense level of the A4 Katowice–Kraków project. It is worth emphasising at this point that the Concession Agreement includes provisions which make it possible to claim compensation from the State Treasury if the public party performs activities that adversely affect the profitability of the A4 Katowice–Kraków project.

Additional risks are also related to the **decision of the Polish Office of Competition and Consumer Protection** (UOKiK) of 2008, in which the Office stated, among other things, that the Concessionaire's practice restricted competition by "imposing unfair prices for using the toll section of the motorway in the amount specified in the price list, in spite of the repair works being carried out at the same time on that section, resulting in major traffic disruption" and ordered that these practices be ceased. When performing future repair works causing substantial traffic disruption, the Concessionaire should respect the provisions of that decision in its toll rate policy. The Company reduced this risk by introducing the following documents for application: the Rules of performance of works causing traffic disruption on the motorway, and the Principles of charging reduced toll rates if construction/repair works are being performed between the toll plazas leading to the failure to meet the motorway standard.

- **lease of office space and investment of own funds**

Within this scope, the risks that should be mentioned are related to the overall economic situation and to the investment climate, as well as to the market interest rate risk.

The **overall economic situation** in Poland directly affects the office space lease market and thus the size of the unoccupied (unleased) space and the rent rates. The Company reduces this risk by applying a flexible pricing policy and by making other efforts to increase the attractiveness of the

office space and to improve the safety of its users. Furthermore, the Company makes constant efforts to win new lessees.

As a result of the revenue structure and of the nature of the business, the Company's financial results are burdened by an **interest rate risk**. This risk is related to the volatility of the financial markets and manifests itself in changes in the value of money. Stalexport Autostrady reduces this risk by diversifying the terms of the deposits in which the Company invests its funds.

- **all activities generally performed by the Group.**

The institutional and legal instability of the environment mentioned above affects not only the implementation of the A4 Katowice–Kraków project, but also all of the Company's and of the Group's activities, with particular emphasis on the functioning of Stalexport Autostrady as a public company.

The Company seeks to counteract these risks by constant monitoring of all changes to legal regulations (both national and EU), by using consultancy services provided by companies specialising in the given fields, by participation of the Management Board and of the employees responsible for the given business area in training courses and conferences related to the new regulations, and by implementing appropriate procedures and best practices, both in the Company and in the entire Group.

6. CONCLUSION

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

Vice-President of the Management Board


CFO



Mariusz Serwa

President of the Management Board

CEO



Emil Wąsacz

Mysłowice, 2 August 2018

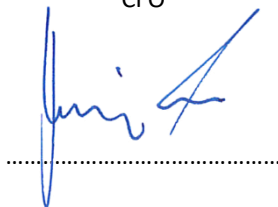
7. MANAGEMENT BOARD'S REPRESENTATION SETTING FORTH THAT, ACCORDING TO THEIR BEST KNOWLEDGE, THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS WELL AS THE COMPARABLE DATA HAVE BEEN DRAWN UP IN LINE WITH THE APPLICABLE ACCOUNTING STANDARDS AND THEY GIVE A TRUE AND FAIR VIEW OF THE GROUP'S ASSETS AND FINANCIAL POSITION, AND THAT THE MANAGEMENT BOARD'S SEMI-ANNUAL REPORT ON THE ACTIVITIES OF THE COMPANY'S GROUP GIVES A TRUE PRESENTATION OF THE GROUP'S DEVELOPMENT, ACHIEVEMENTS AND POSITION, INCLUDING THE DESCRIPTION OF MAJOR THREATS AND RISKS

Representation

We hereby represent that, according to our best knowledge, the condensed semi-annual consolidated financial statements of the Company for H1 2018 and the comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of the Stalexport Autostrady Group's assets and financial position as well as its financial profit or loss.

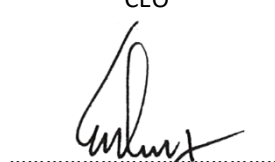
At the same time we represent that the semi-annual report of the Management Board on the activities of the Stalexport Autostrady Group gives a true presentation of the Group's development, achievements and position, including the description of the major threats and risk.

Vice-President of the Management Board

CFO

.....

Mariusz Serwa

President of the Management Board

CEO

.....

Emil Wąsacz

Mysłowice, 2 August 2018

8. ENCLOSURE

Enclosure no. 1 Selected financial data of the Stalexport Autostrady Group

TABLE 9

Financial data concerning the condensed semi-annual consolidated financial statements of the Stalexport Autostrady Group for the period of 6 months ended on 30 June 2018

	in PLN '000		in EUR '000	
	H1 2018	H1 2017	H1 2018	H1 2017
Revenue	160,244	150,466	37,798	35,425
Operating profit	123,852	105,058	29,214	24,735
Profit before tax	117,606	95,711	27,741	22,534
Net profit for the period	94,058	76,857	22,186	18,095
Net profit attributable to the owners of the Parent Entity	91,304	74,056	21,537	17,436
Weighted average number of shares as at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Profit of the owners of the Parent Entity per share (in PLN/EUR)	0.37	0.30	0.09	0.07
Diluted profit of the owners of the Parent Entity per share (in PLN/EUR)	0.37	0.30	0.09	0.07
Net cash from operating activities	102,699	103,124	24,224	24,279
Net cash from investment activities	(15,741)	(16,440)	(3,713)	(3,871)
Net cash from financing activities	(155,215)	(69,523)	(36,612)	(16,368)

Net cash flows, total	(68,257)	17,161	(16,100)	4,040
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Total assets	1,357,815	1,438,346	311,311	344,853
Non-current assets	981,956	1,009,401	225,137	242,010
Current assets	375,859	428,945	86,175	102,842
Total liabilities	639,887	740,173	146,709	177,461
Non-current liabilities	376,204	456,369	86,254	109,417
Current liabilities	263,683	283,804	60,456	68,044
Total equity	717,928	698,173	164,602	167,391
Equity of the owners of the Parent Entity	714,486	693,479	163,813	166,266
Non-controlling interest	3,442	4,694	789	1,125
Share capital	185,447	185,447	42,518	44,462

Source: Company's own compilation

TABLE 10

Financial data concerning the condensed semi-annual separate financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2018

	in PLN '000		in EUR '000	
	H1 2018	H1 2017	H1 2018	H1 2017
Revenue	1,851	1,831	437	431
Operating loss	(2,205)	(2,079)	(520)	(489)
Profit before tax	642	68,076	151	16,028
Net profit for the period	493	67,954	116	15,999
Weighted average number of shares as at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Earnings per share (in PLN/EUR)	0.00	0.27	0.00	0.06
Diluted earnings per share (in PLN/EUR)	0.00	0.27	0.00	0.06
Net cash from operating activities	(483)	(316)	(114)	(74)
Net cash from investment activities	7,747	70,169	1,827	16,520
Net cash flows, total	(64,442)	25,384	(15,200)	5,976
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Total assets	349,335	419,488	80,093	100,575
Non-current assets	77,450	78,210	17,757	18,751
Current assets	271,885	341,278	62,336	81,824

STALEXPORT AUTOSTRADY S.A.
MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY IN H1 2018

Total liabilities	3,913	3,161	897	758
Non-current liabilities	92	2,156	21	517
Current liabilities	3,821	1,005	876	241
Total equity	345,422	416,327	79,196	99,817
Share capital	185,447	185,447	42,518	44,462

Source: Company's own compilation

The selected financial data were converted into EUR in accordance with the following principles:

- a) *the individual items of the consolidated and separate statement of comprehensive income and cash flow statement for H1 2018 and for H1 2017: at the rate constituting the arithmetic mean of the average exchange rates published by the National Bank of Poland in force as of the last day of each month in the business period, i.e. respectively 4.2395 PLN/EUR and 4.2474 PLN/EUR;*
- b) *the individual items of assets and liabilities: at the average exchange rate published by the National Bank of Poland, in force as of the balance sheet date, i.e. respectively 4.3616 PLN/EUR as at 30 June 2018 and 4.1709 PLN/EUR as at 31 December 2017.*