



**STALEXPORT  
AUTOSTRADY S.A.**

## **Financial Report for 2007**

**(individual)**

- 1. Auditor's Opinion and Report**
- 2. Financial results (unconsolidated)**
- 3. Letter of the Chairman of the Management Board**
- 4. Report of the Management Board on the activity of the Company**

**Katowice, 13<sup>th</sup> March 2008**



TRANSLATION

**Stalexport Autostrady S.A.  
(formerly Stalexport S.A.)**

Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2007

The opinion contains 2 pages  
The report supplementing the auditor's opinion  
contains 13 pages  
Opinion of the independent auditor  
and report supplementing the auditor's opinion  
on the unconsolidated financial statements  
for the financial year ended  
31 December 2007

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## **OPINION OF THE INDEPENDENT AUDITOR**

*To the General Meeting of Stalexport Autostrady S.A.*

We have audited the accompanying unconsolidated financial statements of Stalexport Autostrady S.A. (formerly Stalexport S.A.) seated in Katowice, 29 Mickiewicza Street (“the Company”), which comprise the balance sheet as at 31 December 2007, with total assets and total liabilities and equity of PLN 310,608 thousand, the profit and loss account for the year then ended with a net profit of PLN 7,191 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 207,109 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 14,420 thousand, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes. The corresponding figures presented are based on the financial statements of the Company as of and for the year ended 31 December 2006, which were audited by another auditor who expressed an unqualified opinion on those financial statements on 26 June 2007.

### *Management’s Responsibility for the Financial Statements*

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor’s Responsibility*

Our responsibility, based on our audit, is to express an opinion on these unconsolidated financial statements, and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) (“the Accounting Act”), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the accompanying unconsolidated financial statements of Stalexport Autostrady S.A. have been prepared and present fairly in all material respects the financial position of the Company as at 31 December 2007 and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's Statute that apply to the Company's unconsolidated financial statements and have been prepared from accounting records, that in all material respects have been properly maintained.

*Other Matters*

As required under the Accounting Act we also report that the Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

*Signed on the Polish original*

.....  
Certified Auditor No. 90066/7583  
Arkadiusz Cieřlik

*Signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51; 00-867 Warsaw  
Certified Auditor No. 90046/7419  
Marcin Domagała,  
Member of the Management Board

Cracow, 12 March 2008



**Stalexport Autostrady S.A.  
(formerly Stalexport S.A.)**

Report supplementing the auditor's  
opinion on the unconsolidated  
financial statements  
Financial Year ended 31 December 2007

The report supplementing the auditor's opinion  
contains 13 pages  
Report supplementing the auditor's opinion  
on the unconsolidated financial statements  
for the financial year ended  
31 December 2007



*Stalexport Autostrady S.A. (formerly Stalexport S.A.)  
Report supplementing the opinion on the unconsolidated financial statements  
for the financial year ended 31 December 2007*

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# **1 General**

## **1.1 General information about the Company**

### **1.1.1 Company name**

Stalexport Autostrady S.A. (till 30 August 2007 Stalexport S.A.)

### **1.1.2 Registered office**

29 Mickiewicza Street  
40-085 Katowice

### **1.1.3 Registration in the National Court Register**

Registration court: District Court in Katowice, Commercial Department of the National  
Court Register  
Date: 3 July 2001  
Registration number: 0000016854

### **1.1.4 Tax Office and Provincial Statistical Office registration**

NIP number: 634-01-34-211  
REGON: 271936361

## **1.2 Auditor information**

Name: KPMG Audyt Sp. z o.o.  
Registered office: Warsaw  
Address: ul. Chłodna 51, 00-867 Warsaw  
Registration number: KRS 0000104753  
Registration court: District Court for the Capital City Warsaw in Warsaw,  
XII Commercial Department of the National Court Register  
Share capital: PLN 125,000  
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

## **1.3 Legal status**

### **1.3.1 Share capital**

The Company was established for an indefinite period under the terms of its Statute dated 26 October 1993.

The share capital of the Company amounted to PLN 494,524,046.00 as at 31 December 2007 divided into 247,262,023 ordinary shares with a nominal value of PLN 2 each.



Since November 1993 till December 1996 the Company operated in the hyperinflationary economy. IAS 29 *Financial Reporting in Hyperinflationary Economies* requires restating the components of shareholders equity (except from retained earnings and revaluation reserve) using general price index for the hyperinflation period. This retrospective application of IAS 29 resulted in the decrease in retained earnings during that period in the total amount of PLN 18,235 thousand and restatement of the share capital in the same amount.

On 26 June 2007 the share capital of the Company was increased by PLN 179,000 thousand through the issue of 89,500 G serie shares with a nominal value of PLN 2 each which were acquired by Atlantia S.p.A. and contributed in cash.

As at 31 December 2007, the shareholder structure was as follows:

<b>Name of the Shareholder</b>	<b>Number of shares</b>	<b>Voting rights (%)</b>	<b>Nominal value of shares PLN</b>	<b>Percentage of share capital (%)</b>
Atlantia S.p.A.	139 059 182	56.24%	278 118 364	56.24%
Others	108 202 841	43.76%	216 405 682	43.76%
	247 262 023	100.00%	494 524 046	100.00%

On 18 January 2008, as a result of non-monetary contribution in 139,059,182 shares of Stalexport Autostrady S.A. to its subsidiary Autostrade per l'Italia S.p.A., the main shareholder of the Company was changed. Prior to the acquisition of the shares, Autostrade per l'Italia S.p.A. was not a shareholder of the Company.

### **1.3.2 Related parties**

The Company is a parent entity of Stalexport Autostrady S.A. Group and is also a subsidiary of the Atlantia S.p.A. Group (Italy).

### **1.3.3 Management of the Company**

The Management Board is responsible for management of the Company.

At 31 December 2007, the Management Board of the Company was comprised of the following members:

- Emil Wąsacz - President of the Management Board,
- Mieczysław Skołyżyński - Vice-president of the Management Board,

As of 29 September 2007, Urszula Dzierżoń resigned from the post of Member of the Management Board of Stalexport Autostrady S.A.

### **1.3.4 Scope of activities**

The business activities listed in the Company's Statute include the following:

- Business and management advisory,
- Holding management activities,
- Wholesale of metals and metal ores,



- Wholesale of solid, liquid and gas fuels,
- Production of metal constructions excluding service activities.

On 1 October 2007 the Company signed a contract on disposal of the organized part of an enterprise comprising wholesaling of metals and metal ores and production of metal constructions.

#### **1.4 Prior period financial statements**

The unconsolidated financial statements for the period ended 31 December 2006, prior to restatements described in note 34 of the unconsolidated financial statements, were audited by BDO Numerica Sp. z o.o., which on 1 June 2007 issued a qualified opinion with the following qualifications:

“We draw your attention to the fact that the continuation of the Company's operations is still dependent on the realization of the provisions of the settlement concluded with the creditors, and the timely repayment of credit installments and interest, which can only be possible if sufficient funds are generated.

The activities undertaken to generate a financial surplus by:

- finding an investor and obtaining his direct cash engagement was suspended until the court resolves the validity of the resolutions to increase the share capital and have it taken up by the investor, thereby postponing the moment at which the share capital increase will be registered and the funds that were deposited to cover the increase and then blocked will become available,
- realizing the signed agreement for the sale of the wholesale portion of operations, which is conditioned on registering the capital, which also postpones the time when funds will be obtained,

have thus far failed to produce the anticipated results.

Despite undertaking activities to sell the wholesale business, the Company did not present its value under assets designated for sale and did not estimate the result of the transaction.

We would like to stress that the repayment of liabilities at the expense of limiting working capital may further worsen the situation by accelerating the Company's loss of its ability to continue as a going concern.”

On 26 June 2007 as a result of subsequent events, BDO Numerica Sp. z o.o. reissued its opinion dated 1 June 2007. The new opinion was unqualified with the following explanatory paragraph:

“Without qualifying our opinion we would like to draw your attention to the fact that despite undertaking activities to sell the wholesale business, the Company did not present its value under assets designed for sale and did not estimate the result of the transaction”.



The unconsolidated financial statements were approved at the General Meeting on 28 June 2007 r. where it was resolved to allocate the total profit for the prior financial year of PLN 1,859,679.00, resulted from the financial statements for the year ended 31 December 2006, to cover the loss for the prior years.

The closing balances as at 31 December 2006, including the restatements described in note 34 of the unconsolidated financial statements, have been properly recorded as the opening balances of the audited year.

The unconsolidated financial statements were submitted to the Registry Court on 10 July 2007 and were published in Monitor Polski B No. 2211 on 18 December 2007.

## **1.5 Audit scope and responsibilities**

This report was prepared for the General Meeting of Stalexport Autostrady S.A. seated in Katowice, 29 Mickiewicza Street and relates to the unconsolidated financial statements comprising: the balance sheet as at 31 December 2007 with total assets and total liabilities and equity of PLN 310,608 thousand, the profit and loss account for the year then ended with a net profit of PLN 7,191 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 207,109 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 14,420 thousand and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

The audited Company prepares its unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the Extraordinary General Meeting dated 20 January 2005.

The unconsolidated financial statements have been audited in accordance with the contract dated 25 June 2007, concluded on the basis of the resolution of Supervisory Board dated 26 April 2007 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the unconsolidated financial statements in the Company's head office during the period from 2 to 4 January 2008 and from 11 to 15 February 2008.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

Our responsibility is to express an opinion, and to prepare a supplementing report, on the unconsolidated financial statements, and whether the unconsolidated financial statements are derived from properly maintained accounting records, based on our audit.

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the unconsolidated financial statements presented for audit, which



*Stalexport Autostrady S.A. (formerly Stalexport S.A.)*  
*Report supplementing the opinion on the unconsolidated financial statements*  
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confirmed that there were no undisclosed matters which could significantly influence the information presented in the unconsolidated financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the unconsolidated financial statements of the Company fulfill independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.



## 2 Financial analysis of the Company

### 2.1 Summary of the unconsolidated financial statements

#### 2.1.1 Balance sheet

ASSETS	31.12.2007	% of total	31.12.2006	% of total
	PLN '000		<i>restated</i> PLN '000	
<b>Non-current assets</b>				
Property, plant and equipment	1,787	0.6	3,214	0.9
Intangible assets	5	0.0	6	-
Prepayments for perpetual usufruct	116	0.0	116	0.0
Investment property	4,677	1.5	3,060	0.8
Investments in subsidiaries and associates	50,476	16.3	50,446	13.8
Other investments	-	-	1,171	0.3
Long-term receivables	34,009	11.0	32,680	9.0
<b>Total non-current assets</b>	<b>91,070</b>	<b>29.3</b>	<b>90,693</b>	<b>24.9</b>
<b>Current assets</b>				
Inventories	50	0.0	-	-
Other investments	58,577	18.9	4,546	1.3
Income tax receivable	-	-	1,342	0.4
Trade and other receivables	151,066	48.6	5,413	1.5
Cash and cash equivalents	9,845	3.2	34,185	9.4
Assets classified as held for sale	-	-	226,716	62.6
<b>Total current assets</b>	<b>219,538</b>	<b>70.7</b>	<b>272,202</b>	<b>75.1</b>
<b>TOTAL ASSETS</b>	<b>310,608</b>	<b>100.0</b>	<b>362,895</b>	<b>100.0</b>



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<b>EQUITY AND LIABILITIES</b>	<b>31.12.2007</b>	<b>% of total</b>	<b>31.12.2006</b>	<b>% of total</b>
	<b>PLN '000</b>		<i>restated</i> <b>PLN '000</b>	
<b>Equity</b>				
Issued share capital	494,524	159.2	315,524	87.0
Share capital revaluation adjustment	18,235	5.9	18,235	5.0
Treasury shares	(19)	0.0	(21)	0.0
Share premium	20,916	6.7	2,887	0.8
Other reserve capital	-	-	43	0.0
Retained earnings and uncovered losses	(349,410)	(115.1)	(359,531)	(99.2)
<b>Total equity</b>	<b>184,246</b>	<b>56.7</b>	<b>(22,863)</b>	<b>(6.4)</b>
<b>Liabilities</b>				
Interest-bearing loans and borrowings	-	-	17,137	4.7
Employee benefits	373	0.1	-	-
Other long-term liabilities	72,541	23.3	104,270	28.7
Long-term provisions	5	-	92,084	25.4
<b>Total non-current liabilities</b>	<b>72,919</b>	<b>23.4</b>	<b>213,491</b>	<b>58.8</b>
Interest-bearing loans and borrowings	10,608	3.4	38,164	10.5
Financial lease liabilities	126	0.0	-	-
Trade and other payables	42,641	13.7	34,681	9.6
Employee benefits	68	0.0	-	-
Deffered income and government grants	-	-	316	0.1
Short-term provisions	-	-	171	0.1
Liabilities classified as held for sale	-	-	98,935	27.3
<b>Total current liabilities</b>	<b>53,443</b>	<b>17.2</b>	<b>172,267</b>	<b>47.6</b>
<b>Total liabilities</b>	<b>126,362</b>	<b>40.6</b>	<b>385,758</b>	<b>106.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>310,608</b>	<b>100.0</b>	<b>362,895</b>	<b>100.0</b>



## 2.1.2 Profit and loss account

	1.01.2007 - 31.12.2007		1.01.2006 - 31.12.2006		Total % of revenue	Discontinued operations	Continuing operations	Total % of revenue
	PLN '000	PLN '000	PLN '000	PLN '000				
Revenue	2,017	338,168	340,185	100.0	1,738	526,303	528,041	100.0
Cost of sales	(2,208)	(327,080)	(329,288)	(96.8)	(1,983)	(485,511)	(487,494)	(92.3)
<b>Gross profit/(loss) on sales</b>	<b>(191)</b>	<b>11,088</b>	<b>10,897</b>	<b>3.2</b>	<b>(245)</b>	<b>40,792</b>	<b>40,547</b>	<b>7.7</b>
Other income	6,915	883	7,798	2.3	23,820	1,664	25,484	4.8
Distribution expenses	-	(7,921)	(7,921)	(2.3)	-	(29,981)	(29,981)	(5.7)
Administrative expenses	(13,288)	(13,915)	(27,203)	(8.0)	(4,028)	(24,720)	(28,748)	(5.4)
Other expenses	(612)	(2,183)	(2,795)	(0.8)	(3,117)	(3,900)	(7,017)	(1.3)
<b>Operating profit/(loss) before financing costs</b>	<b>(7,176)</b>	<b>(12,048)</b>	<b>(19,224)</b>	<b>(5.6)</b>	<b>16,430</b>	<b>(16,145)</b>	<b>285</b>	<b>0.1</b>
<b>Operating profit/(loss) before financing costs</b>	<b>-</b>	<b>(19,839)</b>	<b>(19,839)</b>	<b>(5.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Finance income	56,767	1,333	58,100	17.1	19,347	405	19,752	3.7
Finance expenses	(10,204)	(1,642)	(11,846)	(3.6)	(26,975)	(1,443)	(28,418)	(5.5)
<b>Net finance costs</b>	<b>46,563</b>	<b>(309)</b>	<b>46,254</b>	<b>13.5</b>	<b>(7,628)</b>	<b>(1,038)</b>	<b>(8,666)</b>	<b>(1.7)</b>
<b>Profit/(loss) before tax</b>	<b>39,387</b>	<b>(32,196)</b>	<b>7,191</b>	<b>2.1</b>	<b>8,802</b>	<b>(17,183)</b>	<b>(8,381)</b>	<b>(1.6)</b>
Income tax expense	-	-	-	-	-	-	-	-
<b>Profit/(loss) for the period</b>	<b>39,387</b>	<b>(32,196)</b>	<b>7,191</b>	<b>2.1</b>	<b>8,802</b>	<b>(17,183)</b>	<b>(8,381)</b>	<b>(1.6)</b>



## 2.2 Selected financial ratios

	2007	2006 <i>restated</i>
<b>1. Return on sales</b>		
$\frac{\text{profit for the period}}{\text{revenue}} \times 100\%$	2.1%	negative value
<b>2. Return on equity</b>		
$\frac{\text{profit for the period}}{\text{equity} - \text{profit for the period}} \times 100\%$	4.1%	not analysed
<b>3. Debt ratio</b>		
$\frac{\text{liabilities}}{\text{equity and liabilities}} \times 100\%$	40.7%	106.3%
<b>4. Current ratio</b>		
$\frac{\text{current assets}}{\text{current liabilities}}$	4.1	1.6

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.

## 2.3 Interpretation of selected financial ratios

### **Return on sales and return on equity**

Due to the net profit earned in 2007, return on sales and return on equity ratios present positive values. The significant impact on the net profit in 2007 had the agreement achieved with Walcownia Rur Silesia S.A. related to the guarantee given to Walcownia Rur Jedność Sp. z o.o. which resulted in the reversal of PLN 37.6 million the excess of provisions for this guarantee. Simultaneously, the Company incurred loss on sale of discontinued operations of PLN 19.8 million.

Due to the net loss and negative equity, we did not analyze return on sales or return on equity for 2006.

### **Debt ratio**

Decrease in debt ratio is related primarily to the contribution to the Company's share capital resulting from the shares' issue.

### **Current ratio**

Significant increase in current ratio in 2007 relates to the disposal of discontinued operations.



### **3 Detailed report**

#### **3.1 Proper operation of the accounting system**

The Company maintains current documentation describing the applied accounting principles, adopted by the Management Board, to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

#### **3.2 Asset verification**

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act. The following categories of assets were included in the verification:

- cash,
- inventories,
- trade receivables.

Count differences have been recorded in the period covered by the unconsolidated financial statements.

#### **3.3 Notes to the financial statements**

All information included in the notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the unconsolidated financial statements taken as a whole.

#### **3.4 Report on the Company's activities**

The Report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.



### **3.5 Information on the opinion of the independent auditor**

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2007, we have issued an unqualified opinion.

*Signed on the Polish original*

.....  
Certified Auditor No. 90066/7583  
Arkadiusz Cieřlik

*Signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51; 00-867 Warsaw  
Certified Auditor No. 90046/7419  
Marcin Domagała,  
Member of the Management Board

Cracow, 12 March 2008

**STALEXPORT AUTOSTRADY S.A.**  
**(previously STALEXPORT S.A.)**

**UNCONSOLIDATED FINANCIAL STATEMENT**  
**made as of the day and for the year ending on**  
**31<sup>st</sup> December 2007**

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**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**  
**Unconsolidated financial statement as of the day and for the year ending on 31<sup>st</sup> December 2007**

**Unconsolidated profit and loss statement**

<i>In thousands of PLN</i>	<i>Note</i>	<b>01.01.2007 - 31.12.2007</b>		<b>01.01.2006 - 31.12.2006 *</b>	
		Continuing operations	Discontinued operations	<i>after transformation</i>	
		Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Revenue on sales		2 017	338 168	1 738	526 303
Cost of sales		(2 208)	(327 080)	(1 983)	(485 511)
<b>Gross sale profit /(loss)</b>		<b>(191)</b>	<b>11 088</b>	<b>(245)</b>	<b>40 792</b>
Other income	8	6 915	883	23 820	1 664
Distribution expenses		-	(7 921)	-	(29 981)
General administrative expenses		(13 288)	(13 915)	(4 028)	(24 720)
Other expenses	9	(612)	(2 183)	(3 117)	(3 900)
<b>Profit (loss) from operating activities</b>		<b>(7 176)</b>	<b>(12 048)</b>	<b>16 430</b>	<b>(16 145)</b>
<b>Loss from disposal of discontinued activity</b>		-	<b>(19 839)</b>	-	-
Financial income		56 767	1 333	19 347	405
Financial expenses		(10 204)	(1 642)	(26 975)	(1 443)
<b>Net financial expense</b>	10	<b>46 563</b>	<b>(309)</b>	<b>(7 628)</b>	<b>(1 038)</b>
<b>Profit (loss) before taxation</b>		<b>39 387</b>	<b>(32 196)</b>	<b>8 802</b>	<b>(17 183)</b>
Income tax		-	-	-	-
<b>Net profit (loss)</b>		<b>39 387</b>	<b>(32 196)</b>	<b>8 802</b>	<b>(17 183)</b>
<b>Profit/(loss) per 1 share</b>	22				
Basic (PLN)		0,19	(0,15)	0,07	(0,13)
Diluted (PLN)		0,19	(0,15)	0,07	(0,13)
<b>Profit/(loss) per 1 share (together continued and discontinued activity)</b>					
Basic (PLN)		0,04		(0,06)	
Diluted (PLN)		0,04		(0,06)	

\* - after taking into account the changes described in note 34.

Unconsolidated profit and loss statement should be analysed with explanatory information, which constitutes an integral part of the unconsolidated financial statement

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**  
**Unconsolidated financial statement as of the day and for the year ending on 31<sup>st</sup> December 2007**

**Unconsolidated balance sheet**

<i>In thousands of PLN</i>	<i>Note</i>	<b>31.12.2007 r.</b>	<b>31.12.2006 r.* after transformation</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	1 787	3 214
Intangible assets	13	5	6
Prepaid perpetual usufruct of land		116	116
Investment property	14	4 677	3 060
Investments in subsidiaries and associates	15	50 476	50 446
Other long-term investments		-	1 171
Long-term receivables	32	34 009	32 680
<b>Total non-current assets</b>		<b>91 070</b>	<b>90 693</b>
<b>Current assets</b>			
Inventories		50	-
Short-term investments	16	58 577	4 546
Income tax receivables	18	-	1 342
Trade and other receivables	19	151 066	5 413
Cash and cash equivalents	20	9 845	34 185
Assets classified as held for sale	6	-	226 716
<b>Total current assets</b>		<b>219 538</b>	<b>272 202</b>
<b>Total assets</b>		<b>310 608</b>	<b>362 895</b>

\* - after taking into account the changes described in note 34.

Unconsolidated balance sheet should be analysed with explanatory information, which constitutes an integral part of the unconsolidated financial statement

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**  
**Unconsolidated financial statement as of the day and for the year ending on 31<sup>st</sup> December 2007**

**Unconsolidated balance sheet**

<i>In thousands of PLN</i>	<i>Note</i>	<b>31.12.2007 r.</b>	<b>31.12.2006 r.* after transformation</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	21		
Issued share capital		494 524	315 524
Share capital revaluation adjustment		18 235	18 235
Treasury shares		(19)	(21)
Share premium reserve		20 916	2 887
Other reserve capitals and supplementary capital		-	43
Retained earnings and uncovered losses		(349 410)	(359 531)
<b>Total equity</b>		<b>184 246</b>	<b>(22 863)</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans and borrowings	23	-	17 137
Employee benefits liabilities	24	373	-
Other long-term liabilities	25	72 541	104 270
Long-term provisions	26	5	92 084
<b>Total long-term liabilities</b>		<b>72 919</b>	<b>213 491</b>
<b>Short-term liabilities</b>			
Loans and borrowings	23	10 608	38 164
Finance lease liabilities		126	-
Trade and other payables	27	42 641	34 681
Employee benefits liabilities	24	68	-
Deferred income and government grants		-	316
Short-term provisions	26	-	171
Liabilities classified as held for sale	6	-	98 935
<b>Total short-term liabilities</b>		<b>53 443</b>	<b>172 267</b>
<b>Total liabilities</b>		<b>126 362</b>	<b>385 758</b>
<b>Total equity and liabilities</b>		<b>310 608</b>	<b>362 895</b>

\* - after taking into account the changes described in note 34.

Unconsolidated balance sheet should be analysed with explanatory information, which constitutes an integral part of the unconsolidated financial statement

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**  
**Unconsolidated financial statement as of the day and for the year ending on 31<sup>st</sup> December 2007**

**Unconsolidated statement of cash flows**

<i>In thousands of PLN</i>	<i>Note</i>	<b>01.01.2007 - 31.12.2007</b>	<b>01.01.2006 - 31.12.2006 *</b> <i>after transformation</i>
<b>Cash flows from operating activities</b>			
<b>Profit / (Loss) before taxation</b>		<b>7 191</b>	<b>(8 381)</b>
<b>Adjustments for:</b>			
Amortisation	7	601	2 328
Loss from disposal of discontinued activity		19 839	-
Investment activity loss (profit)		(2 833)	2 535
Profit/Loss on sale of property, plant and equipment	9	109	3 621
Interests and dividends		(4 396)	3 379
Change in receivables		42 746	(12 591)
Change in inventories		(14 585)	(13 769)
Change in trade and other payables		(85 394)	(26 818)
Change in provisions		(92 741)	(10 196)
Change in deferred income		(316)	316
Other adjustments		(70)	(1 225)
<b>Net cash from operational activities</b>		<b>(129 849)</b>	<b>(60 802)</b>

\* after taking into account presentation changes described in note 34.

Unconsolidated statement of cash flows should be analysed with explanatory information, which constitutes an integral part of the unconsolidated financial statement

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**  
**Unconsolidated financial statement as of the day and for the year ending on 31<sup>st</sup> December 2007**

**Unconsolidated statement of cash flows**

<i>In thousands of PLN</i>	<i>Note</i>	<b>01.01.2007 - 31.12.2007</b>	<b>01.01.2006 - 31.12.2006 *</b> <i>after transformation</i>
<b>Cash flows from investing activities</b>			
<b>Investments proceeds</b>		<b>19 307</b>	<b>76 908</b>
Sale of intangible assets and property, plant and equipment		91	8 742
Sale of discontinued activity after reductions by sold cash	6	11 182	-
Sale of investment property		-	61 541
Dividends received		3 613	2 189
Interest received		3 801	3 707
Repayment of granted borrowings		-	543
Disposal of financial assets		620	187
<b>Investment expenditure</b>		<b>(56 152)</b>	<b>(18 361)</b>
Acquisition of intangible assets and property, plant and equipment		(5 474)	(15 979)
Borrowings granted		-	(319)
Acquisition of financial assets		(50 678)	-
Other expenditure		-	(2 063)
<b>Net cash from investing activities</b>		<b>(36 845)</b>	<b>58 547</b>
<b>Cash flows from financing activities</b>			
<b>Financial proceeds</b>		<b>199 985</b>	<b>68 319</b>
Net proceeds from shares issue		199 985	68 319
<b>Financial expenditures</b>		<b>(47 711)</b>	<b>(46 458)</b>
Repayment of loans and borrowings		(43 490)	(36 855)
Interest paid		(4 221)	(9 275)
Payment of payables upon finance lease contract		-	(327)
<b>Net cash from financing activities</b>		<b>152 274</b>	<b>21 861</b>
<b>Change of cash and cash equivalents</b>		<b>(14 420)</b>	<b>19 607</b>
<b>Balance-sheet change of the status of cash</b>		<b>(14 420)</b>	<b>19 607</b>
<b>Cash and cash equivalents after deducting loans in the current account on 1st January</b>		<b>24 265</b>	<b>4 658</b>
<b>Cash and cash equivalents after deducting loans in the current account on (31.12) including:</b>	20	<b>9 845</b>	<b>24 265</b>
Cash and cash equivalents of limited possibility of disposal		31	-

\*- after taking into account the presentation changes described in note 34.

Unconsolidated statement of cash flows should be analysed with explanatory information, which constitutes an integral part of the unconsolidated financial statement

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**  
**Unconsolidated financial statement as of the day and for the year ending on 31<sup>st</sup> December 2007**

**Unconsolidated statement of changes in equity**

*In thousands of PLN*

	Note	Issued Share Capital	Share capital revaluation adjustment	Treasury shares	Share premium reserve	Revaluation reserve	Other reserve capitals and supplementary capital	Retained earnings and uncovered losses	Equity in total
<b>As of 1 January 2006</b>		<b>215 524</b>	-	(23)	-	<b>132 879</b>	<b>51 052</b>	<b>(398 033)</b>	<b>1 399</b>
Adjustments		-	18 235	-	-	(132 879)	-	(4 134)	(118 779)
<b>As of 1 January 2006 after adjustments</b>		<b>215 524</b>	<b>18 235</b>	<b>(23)</b>	-	-	<b>51 052</b>	<b>(402 167)</b>	<b>(117 379)</b>
Net loss		-	-	-	-	-	-	(8 381)	(8 381)
<i>Total of losses included in the period</i>		-	-	-	-	-	-	<i>(8 381)</i>	<i>(8 381)</i>
Issue of shares		100 000	-	-	2 887	-	-	-	102 887
Coverage of losses from previous years		-	-	-	-	-	(51 017)	51 017	-
Other		-	-	2	-	-	8	-	10
<b>As of 31 December 2006</b>		<b>315 524</b>	<b>18 235</b>	<b>(21)</b>	<b>2 887</b>	-	<b>43</b>	<b>(359 531)</b>	<b>(22 863)</b>
<b>As of 1 January 2007</b>		<b>315 524</b>	-	(21)	2 887	<b>131 813</b>	<b>43</b>	<b>(345 156)</b>	<b>105 090</b>
Adjustments	34	-	18 235	-	-	(131 813)	-	(14 375)	(127 953)
<b>As of 1 January 2007 after adjustments</b>		<b>315 524</b>	<b>18 235</b>	<b>(21)</b>	<b>2 887</b>	-	<b>43</b>	<b>(359 531)</b>	<b>(22 863)</b>
Net profit		-	-	-	-	-	-	7 191	7 191
<i>Sum of profits embraced in the period</i>		-	-	-	-	-	-	<i>7 191</i>	<i>7 191</i>
Shares issue	21	179 000	-	-	20 985	-	-	-	199 985
Covering losses from previous years		-	-	-	(2 887)	-	(43)	2 930	-
Other		-	-	2	(69)	-	-	-	(67)
<b>As of 31 December 2007</b>		<b>494 524</b>	<b>18 235</b>	<b>(19)</b>	<b>20 916</b>	-	-	<b>(349 410)</b>	<b>184 246</b>

Unconsolidated statement of changes in equity should be analysed with explanatory information, which constitutes an integral part of the unconsolidated financial statement

## **STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**

### **Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

#### **1. Basic data about the Company**

The company Stalexport Autostrady S.A (previously Stalexport S.A.), („The Company”) is a joint-stock company registered in Poland under the National Court Register No. 16854. Company’s seat is located in Katowice, ul. Mickiewicza 29.

On 30th August 2007, on the basis of the decision of the District Court in Katowice, VIII Economic Department of the National Court Register, the previous name - Stalexport Spółka Akcyjna was struck off and the new name - Stalexport Autostrady Spółka Akcyjna was entered into.

As of 31<sup>st</sup> December 2007 the activity of the Company comprises counselling within the scope of running a business and management and activity connected with holdings management.

The Company is a parent entity of Stalexport Autostrady S.A. Capital Group (previously Stalexport S.A. Capital Group) and draws up a consolidated financial statement.

The Company is a part of the Capital Group Atlantia Sp. A. (Italy) and it is included in the consolidated financial statement drawn up by the controlling company Atlantia Sp.A.

#### **2. The basis of drawing up the unconsolidated financial statement**

##### *Declaration of conformity*

The unconsolidated financial statement was drawn up pursuant to the requirements of International Financial Reporting Standards approved by the European Union (IFRS EU).

The Company also draws up consolidated financial statements in compliance with the requirements of International Financial Reporting Standards approved by the European Union.

The unconsolidated financial statement was approved by Company’s Management Board on 12th March 2008.

IFRS EU comprise all International Accounting Standards, International Financial Reporting Standards and Interpretations connected with them, apart from the below mentioned Standards and Interpretations, which are to be approved by the EU and the Standards and Interpretations, which have been approved the EU but they have not come into force yet.

##### *The basis of valuation*

The unconsolidated financial statement was drawn up based on the rule of historical cost, except:

- Derivatives of financial instruments assessed according to fair value
- Financial instruments available for sale assessed according to fair value

##### *Functional and presentation currency*

Data in the financial statement are presented in Polish zlotys, the functional currency of the Company, after rounding to full thousands.

##### *New standards and interpretations*

The Company did not take the opportunity of earlier application of new standards and interpretations , which had already been published and approved by the European Union and will come into force after reporting date. Moreover, as for the reporting date the Company has not finished the process of estimating the influence of new Standards and Interpretations, which will come into force after the reporting date, on the unconsolidated financial statement of the Company for the period in which they will be used for the first time.

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)****Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007***(all amounts in thousands of zlotys, unless stated otherwise)*

<b>Standards and Interpretations approved or to be approved by the EU</b>	<b>Effective date for the periods commencing on and later</b>
<b>Standards and Interpretations approved by the EU</b>	
<b>IFRIC 11 IFRS 2 - Group and Treasury Share Transactions.</b>  The Interpretation requires that transactions, in which the entity pays for the received goods and services with treasury shares, are deemed as transactions in treasury shares irrespective whether the entity can or must redeem these capital instruments in order to fulfil its duty. The Interpretation also indicates whether the transactions in the shares of dominating entity, in which the goods or services supplier for the entity receives the capital instruments of the dominating entity, should be classified as settled by cash or by capital in the Company's financial statement.	<i>1<sup>st</sup> March 2007</i>
<b>IFRS 8 Operating segments</b>  The Standard requires that the information on segments is disclosed on the basis of components of the entity. They are monitored by managing entities as for the scope of making operational decisions. Operating segments are components of the entity, for which the disclosed financial information is available and regularly assessed by the persons making key decisions concerning allocation of resources and assessing the activity.	<i>1<sup>st</sup> January 2009</i>
<b>Standards and Interpretations to be approved by the EU</b>	
<b>Updated IAS 23 Borrowing costs</b>  The amended standard requires that the borrowing costs were capitalized if the refer to assets, which require much time to be adjusted to the usage or sale.	<i>1<sup>st</sup> January 2009</i>
<b>Updated IAS 1 Presentation of financial statements</b>  The amended standard requires the aggregation of information in financial statements based on the criterium of common characteristics and introduces a statement of comprehensive invoice. The entries of revenue and costs as well as entries which belong to other consolidated returns can be presented either in a single statement of consolidated returns showing individual amounts or in two separate statements (separately a profit and loss statement and statement of consolidated returns).	<i>1<sup>st</sup> January 2009.</i>
<b>IFRIC 12 Service Concession Agreements</b>  The Interpretation specifies the instructions for private sector entities in relation to the issues of identification and valuation, which arise while settling transactions connected with service concessions granted to private entities by public sector entities.	<i>1<sup>st</sup> January 2008</i>

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**

**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

<b>Standards and Interpretations approved or to be approved by the EU</b>	<b>Effective date for the periods commencing on and later</b>
<p><i>IFRIC 13 Customer Loyalty Programmes</i></p> <p>The Interpretation explains how the entities which grant loyalty award credits to customers who buy goods or services from them should account for their obligations to provide these awards in the form of free or discounted goods and services sale. These entities are obliged to allocate some of the proceeds of the sale to the award credits in loyalty programmes. This part of proceeds of sale is recognized only when the entities fulfil their obligations.</p>	<i>1<sup>st</sup> July 2008</i>
<p><i>IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i></p> <p>The Interpretation specifies 1) in which cases refunds from the plan or reductions in future contributions to the plan shall be treated as available pursuant to paragraph 58 of IAS 19, 2) how the minimum funding requirements (“MFR”) may influence the availability of reductions in contributions to the plan, and 3) in which cases minimum funding requirements (“MFR”) may result in arising the liability. The employer does not need to recognize additional liability under IFRIC 14, unless the contributions paid as the minimum financing requirements cannot be returned to the company.</p>	<i>1<sup>st</sup> January 2008</i>
<p><i>Updated IFRS 3 Business Combinations</i></p> <p>To the scope of the amended standard a part of the business combinations which were excluded from using in the standard was included. The definition of a <i>business</i> was defined in more details. The scope of conditional liabilities was limited, to which cost of business combination can be added. The possibility of embracing transaction costs in the cost of business combination was excluded. The rules of embracing adjustments of the cost of combination dependent on the future events were changed. The possibility of appraisal of shares of minority in the fair value.</p>	<i>1<sup>st</sup> July 2009</i>
<p><i>Changes in IAS 27 Consolidated and Separate Financial Statements</i></p> <p>In relation to the amendment of IFRS 3 (above), the following changes were introduced to IAS 27:</p> <ul style="list-style-type: none"> <li>- change of the definition of the shares of the minority</li> <li>- setting out the way of embracing transactions with minority shareholders</li> <li>- change of embracing the transaction of lost of control over the entity</li> <li>- new requirements of disclosure.</li> </ul>	<i>1<sup>st</sup> July 2009</i>
<p><i>Changes to IFRS 2 Share-based payment</i></p> <p>Providing more details for the issues of an influence of conditions other than conditions of gaining powers for the appraisal of equity instrument.</p>	<i>1<sup>st</sup> January 2009</i>

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**

**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

<b>Standards and Interpretations approved or to be approved by the EU</b>	<b>Effective date for the periods commencing on and later</b>
Amendments to IAS 32: <i>Financial Instruments - Presentation</i> and IAS 1: <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i> (effective for annual periods beginning on or after 1 January 2009)  The amendments provide an exemption to the principle otherwise applied in IAS 32 for the classification of some puttable financial instruments as equity. The amendments require certain financial instruments that represent a residual interest in the net assets of an entity, which would otherwise be classified as financial liabilities, to be classified as equity, if both the financial instrument and the capital structure of the issuing entity meet certain conditions.	1 <sup>st</sup> January 2009

*Decisions and estimations done*

Drawing up a financial statement pursuant to IFRS EU requires from the Management Board the decisions, estimations and assumptions, which influence the approved rules and the presented values of assets, liabilities, incomes and costs. The estimations and assumptions connected with them are based on the historical experience and other factors which are deemed to be rational in the specified circumstances, constitute the basis to specify the value of assets and liabilities of the balance, which do not come directly from other sources. The Actual values may differ from estimated values.

Estimations and assumptions which are connected with them are subject to constant verification. The change of accounting estimations is included in the period, when the change was introduced or in the current or future periods, if the change of estimation refers to both the current and future periods.

Opinions and estimations performed by the Management Board in application of IFRS EU, which have vital influence on unconsolidated financial statement, were presented in appropriate notes.

**3. The assumption that the economic activity shall continue**

The unconsolidated financial statement of the Company was drawn up with the assumption that the economic activity of the Company shall continue in the foreseeable future.

The Management Board made a decision on the reorganization of the Company. The Company decided to concentrate on the activity consisting in management and counselling regarding construction and operation of motorways and to resign from trade and production of steel products.

**4. Accounting principles approved by the Company**

Apart from the issues presented in note 34, the below principles of accounting policy were applied in relation to all periods presented in the financial statement.

Presentation of some comparative data was changed in order to adjust it to currently accepted presentation principles. The details of changes were presented in note 34. Moreover, comparative data in profit and loss statement in relation to the activity discontinued in the current period were presented as if the discontinuation had taken place at the beginning of comparative period (see note 6).

**4.1. Transactions in foreign currency**

Transactions in foreign currencies on the day of transaction are presented in zlotys with the application of the National Bank of Poland exchange rate for particular currency as of the transaction date. Cash items of assets and liabilities in foreign currency are converted as of the reporting date according to the National Bank of Poland

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**

**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

exchange rates for the specific currency on the specific day. The differences in exchange rates resulting from the settlement of transactions in foreign currencies and the balance valuation of cash assets and liabilities presented in foreign currencies are included in the profit and loss statement. Non-cash items of assets and liabilities evaluated according to historical rate in foreign currency are converted according to the National Bank of Poland exchange rates on the transaction date. Non-cash balance items presented in the foreign currency and evaluated according to the fair value are converted according to the National Bank of Poland exchange rate on the day of estimating the fair value.

**4.2. Property, plant and equipment**

The components of the property, plant and equipment are included in the books according to the price of purchase or costs of manufacture, from which depreciation charges and writes off upon the loss of value were deducted (see point 4.12).

The purchase price includes the price of buying the element of the assets and liabilities and the costs directly connected with the purchase and adjustment of the element of assets and liabilities to the state of being disposable for usage, including freight, loading, discharging and storage expenses. Discounts, rebates and other similar deductions and recoveries reduce the purchase price of assets element. The cost of manufacture of element of property, plant and equipment and property, plant and equipment in building comprises all costs paid by the entity during its building, assembling, adjusting and improving. The aforementioned costs refer to those, which were paid till the day of accepting this element of assets and liabilities for usage (or till the reporting date if the element has not been put into operation). The cost of manufacture includes also (in cases when it is required) the provisional estimate of costs of disassembling and removing the elements of property, plant and equipment and restoring the original state. The purchased software, which is necessary for the proper function of the device connected with it, is activated as a part of this device. The financing costs referring to the purchase of the element of property, plant and equipment are related to profit and loss statement once they are born.

If the specified element of property, plant and equipment consists of separate and vital components of various period of usage, these components are treated as separate assets elements.

*Reclassification to investment property*

The elements of property, plant and equipment manufactured in order to be used as investment property in the future are property, plant and equipment and are presented on the basis of the cost of their manufacture till the construction is finished, when they are transformed into investment property.

If the property is not used for the own needs any more and it is used for investments, the property is reclassified to investment property.

*Expenditures paid later*

The costs of the changed elements of the property, plant and equipment, which are paid later and may be reliably estimated, are activated. It is also probable that the Company will achieve economical benefits connected with the changed elements of the property, plant and equipment. The other expenditures are presented on a current basis in profit and loss statement, as costs at the moment of being incurred.

*Depreciation*

The components of the property, plant and equipment or relatively their vital and separate components are under linear rate depreciation during the period of usage taking into account the net sale price of the remaining part of fixed assets (residual value) estimated at the liquidation. Lands are not depreciated.

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**

**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

The Company approved the following periods of use for the particular categories of fixed assets:

Buildings	40	years
Technical equipment and machines	5-12	years
Vehicles	5-10	years
Furniture and fixtures and fittings	3-5	years

The correctness of the applied periods of use, methods of depreciation and residual values of the fixed assets (unless it is little) is verified by the Company each year.

#### ***4.3. Intangible values***

Intangible values purchased by the Company are presented on the basis of the purchase price from which depreciation and write offs upon the loss of value were deducted (see point 4.12).

##### *Expenditures paid later*

Later expenditures on components of the existing intangible values are activated only when they increase the future economical benefits connected with this element. The remaining expenditures are presented in profit and loss statement as costs at the moment of being incurred.

##### *Intangible values depreciation*

Intangible values are under linear rate depreciation taking into account the period of usage unless it is not specified. The estimated period of usage is the following:

- Copyrights up to 5 years
- Software up to 5 years
- Licenses 2-5 years

#### ***4.4. Investment property***

Investment property are kept in order to get income from lease, increase of their value or for both these reasons. Investment real properties are assessed according to purchase price or manufacture cost from which depreciation and write offs upon the loss of value were deducted (see point 4.12).

Investment property are under linear rate depreciation during the period of usage taking into account the net sale price of the remaining investment real property, which was estimated at the liquidation. The Company approved the 40-year period of usage for the part of the building classified as investment real property.

#### ***4.5. Components of property, plant and equipment used on the basis of leasing contracts***

Leasing contracts within which the Company bears the whole risk and derives all benefits resulting from possessing components of property, plant and equipment are classified as finance lease contracts.

Assets acquired under finance lease are presented at the beginning in fair value or the current value of minimum leasing fees depending on which of them is lower. Then depreciation and write offs upon the loss of value are deducted. The components of property, plant and equipment used under finance lease are subject to depreciation according to the rules applied for own fixed assets. In case of lack of reliable confidence that after the termination of leasing period the Company will obtain the ownership right, these assets are under depreciation within leasing period or period of economic utility, whichever is shorter.

The leasing costs borne in the reporting period refer to liabilities upon finance lease in the amount equal to capital instalments. The surplus, which is the financial cost, wholly charges financial costs.

Leasing contracts which are not finance lease contracts are treated as operating leasing.

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**4.6. Perpetual land usufruct**

The Company introduces perpetual land usufruct rights as operational leasing contacts. The payments made in order to get the perpetual land usufruct are introduced as prepayments upon perpetual land usufruct and are settled in the period of land usage at the profit and loss statement.

**4.7. Investments in subsidiaries and associates**

The Company assesses investments in subsidiary and affiliated entities according to the purchase price from which write offs upon the loss of value were deducted (see point 4.12).

**4.8. Long-term receivables, short-term receivables**

Long-term and short-term receivables are financial assets which are not derivatives and financial assets which are not listed on the active market, of a specified amount of payment. At the beginning they are included in fair value. After the first presentation, they are assessed according to the amortized cost from which write offs upon the loss of value were deducted (see point 4.12).

**4.9. Inventories**

Stocks components are assessed in the purchase price or manufacture cost, not higher than the net sale price possible to be achieved. The purchase price or manufacture cost of the remaining stocks is established according to the method "first in first out". Purchase price includes the buying price to which costs directly connected with buying and adjusting the assets element to the state of usage or introducing on the market are added. In case of ready made products and production in progress, the costs include the appropriate part of fixed indirect production costs, calculated with the assumption that production capabilities are used on an ordinary basis. Net sale price possible to be achieved is the difference between the estimated price of sale performed during business activity and the estimated costs of finishing and costs necessary to perform the sale.

**4.10. Noncurrent assets for sale**

Fixed assets (or assets and liabilities constituting the group designated for disposal) in relation to which it is assumed that they will produce profits for the entity as a result of sale, and not as a result of long-term usufruct are classified as held for sale. Just before reclassification to fixed assets designated for sale, these assets (or components of the group held for sale) are assessed according to the accounting principles of the Company. Then as at the day of beginning classification, as held for sale, fixed assets or group held for sale are presented according to either the balance value or the fair value, whichever is lower, from which costs of finalising sale are deducted.

**4.11. Cash and cash equivalents**

Cash and cash equivalents include financial assets held in safe and on demand bank deposits. Balance of cash and cash equivalents, as included in individual cash flows, is comprised of the cash and cash equivalents stipulated above, further reduced by outstanding credits in operating account, which constitute an integral element of the Company's system for cash management.

**4.12. Impairment**

*Financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect to financial asset measured at the amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for sale financial asset is calculated by reference to its fair value.

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The carrying amount of individually significant financial assets is tested for impairment at each reporting date. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. If the impairment loss for the fair value of an available-for-sale financial asset was previously recognised in equity, the cumulative loss in respect of such assets is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are debt securities, impairment loss is not reversed in profit and loss. If the fair value of available-for-sale bond instruments grows and objective evidence attributes that such growth to an event after loss, a previous impairment loss is reversed in profit and loss.

*Non-financial assets*

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine, whether there is any indication of impairment. If any such indication exists, the Company estimates the asset's recoverable amount. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset or cash-generating units is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For asset which do not generate independent cash inflows, value in use is estimated for the smallest identifiable cash-generating unit which such asset belongs to.

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

*Non-current assets held for sale*

Any possible impairment loss on a group of assets held for sale is allocated to asset's carrying value on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale are recognised in profit and loss. The same applies to subsequent gains and losses on changes in value. Gains on remeasurement to fair value are not recognised in excess of any cumulative impairment loss.

**4.13. Equity**

Until the end of 1996, the Company conducted its activity in the conditions of hyperinflation. According to IAS 29 *Financial Reporting in Hyperinflation Economies*, from 31<sup>st</sup> December 1996 on, the company has converted the components of equity capital using a monthly consumer price index, beginning with the dates at which these capitals were contributed or otherwise came into existence. This retrospective application of IAS 29 resulted in a growth of share capital, comparable to a reduction in the balance of retained earnings.

*Ordinary shares*

Costs directly attributable to the issue of ordinary shares are recognised as deduction from equity.

#### *Repurchase of share capital*

When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as a separate deduction from total equity.

#### **4.14. Employee benefits**

##### *Retirement severance pays*

The Company is bound by collective labour agreement to offer retirement severance pays to its employees, in the amount stipulated by that agreement.

Obligations of the Company in connection with retirement severance pays are estimated on the basis of future remuneration of an employee in the period of reaching retirement age and on the basis of their future retirement severance pay. Retirement severance pays are discounted using market Treasury bond return rate at the balance sheet date. Obligations in connection with retirement severance pays is recognised proportionally to the expected period of benefit payment for a given employee.

##### *Jubilee benefits*

The Company offers to its employees jubilee benefits in the amount depending on seniority and remuneration at the moment of acquiring rights to a jubilee benefit.

Obligations of the Company in connection with jubilee benefits are estimated on the basis of future remuneration of an employee in the period of acquiring rights to a given jubilee benefit and on the basis of their future jubilee benefit. Jubilee benefits are discounted using market Treasury bond return rate at the balance sheet date.

Staff turnover is estimated on account of historical data and forecasts for future employment levels.

##### *Short-term employee benefits*

Short-term employee benefit obligations are measure on an undiscounted basis and are expensed as the related service is provided.

The Company makes a provision in expenses for the amount to be paid under short-term cash bonus plans for the employees, if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **4.15. Provisions**

A provision is recognised if, as a result of past event, the Company has a present obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. In case the effect of time value money are substantial, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### **4.16. Trade and other payables**

Trade and other payables are initially recognised at their fair value. Subsequent to initial recognition, they are measured at the amortised cost. Short-term payables are not discounted.

#### **4.17. Interest-bearing bank loans and borrowings**

Initially, bank loans, borrowings and debt securities are measured at their fair value net of the costs of receiving this loan or borrowing.

After the initial measurement, interest-bearing loans, borrowings and debt securities are measured at the amortised cost, using the effective interest method.

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**4.18. Revenue on sales**

*Goods sold*

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

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is not recognised when the recovery of future economic benefits is highly uncertain, or when such is the estimation of associated costs and possible return of goods, or when the Company remains permanently engaged in managing the goods sold.

*Rental income*

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

**4.19. Lease payments**

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

Minimum lease payments made under finance leases are apportioned between the financial expense and the reduction of the outstanding liability. The financial expense part is attributed to particular periods using the effective interest rate method.

**4.20. Financial income and expenses**

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

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, currency translation differences, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and gains and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

**4.21. Income tax**

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity. In the latter case it is recognised in equity.

Current tax is the expected tax payable on the taxable income of the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts and liabilities for financial reporting purposes and the amounts used for taxation purposes. There are no provisions made for the following temporary differences: initial recognition of assets and liabilities that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is recognised on the basis of expected method for carrying amount realization of the assets and liabilities, at the tax rates enacted at the reporting date.

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A deferred tax asset is recognised to the extent that it is probable that the future taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised. Such reductions are adjusted upwards to the extent that it is probable that the future taxable profit will be available in the sufficient amount.

Due to uncertain realisation of negative temporary differences and unsettled tax losses in foreseeable future, the Company has recognised deferred tax assets neither for 31<sup>st</sup> December 2007 nor for 31<sup>st</sup> December 2006.

**4.22. Discontinued operations**

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

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

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

In preparation of individual financial statement of the unit, basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during at the reporting date for the individual financial statement for the unit.

During periods presented within this financial statement, no factors were found that would cause dilution of EPS.

**4.24. Financial instruments**

*Non-derivative financial instruments*

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

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

A financial instrument is recognised if the Company becomes a party to an agreement on this financial instrument. Financial assets are excluded from the balance sheet when the title of the Company to these assets, as defined in such agreement, terminate or when the Company transfers the title to these assets to another entity, retaining no rights to control, taking no risk and not benefiting from them. Standardised sales agreements on a financial assets are recognised at the date of transaction, i.e. at the date when the Company taken an obligation to buy or sell an asset. Financial liabilities are derecognised when they cease (i.e. when the obligation stipulated by the agreement is fulfilled, remitted or ceases).

*Held-to-maturity financial assets*

Assets are classified as held-to-maturity when they have a strictly defined value and redemption date, and the Company has the positive intent and ability to hold them to maturity. Held-to maturity investments are measured at amortised cost using the effective interest method.

Assets of this group are classified as non-current assets, on condition that their maturity does not terminate later than 12 months from the reporting date.

*Financial assets at their fair value through profit or loss*

Financial assets which are purchased by the Company to generate gain in a short term, are classified as financial assets at their fair value through profit or loss. Such instruments are measured at their fair value, considering the market value of such instrument at the reporting date. Changes in fair value are recognised directly in profit or loss.

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Assets of this category are classified as current assets, on condition that the Management Board of the Company intends to dispose of them within 12 months from the reporting date.

*Available-for-sale financial assets*

All remaining financial assets, which have not been classified as prime loans and receivables are included in available-for-sale financial assets.

Available-for-sale financial assets are measured at their fair value, transaction costs excluded, considering the market value of such instrument at the reporting date. If such financial asset is not quoted in stock exchange and when there are no alternative ways of verifying its fair value, such asset is measured at its purchase price net of impairment losses. Gains or losses, other than impairment losses, are recognised directly in equity, on condition that their fair value can be established on the basis of regulated market or in a different, reliable way. Impairment losses are recognised directly in profit or loss as financial expense.

*Prime loans and receivables*

Subsequent to initial recognition, prime loans and receivables are measured at amortised cost.

*Derivative financial instruments*

The Company holds derivative financial instruments to hedge its foreign currency risk exposure.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, gains and losses resulting from the changes therein being recognised immediately in profit or loss.

The fair value of forward foreign exchange contracts is established on the basis of current quotations at the reporting date, which constitute the current value of quoted price for a forward contract.

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**5. Segment reporting**

The Company presents its activity, dividing it into business and geographical segments. The main reporting pattern follows the business segment division and results from the structure of management and internal reporting in the Company.

***Business segments***

Business segments include:

- administration and consulting, as well as property lease,
- trade activity in steel goods branch,
- production activity: steel structures,
- other.

In connection with the sale of the organized part of an enterprise from the fourth quarter of 2007 on, the company is not active in the following segments: trade activity in steel goods branch, production activity-steel structures and other activities

***Results of business segments***

*From 1<sup>st</sup> January 2007 to 31<sup>st</sup> December 2007*

	Continued operations	Discontinued operations			Total
	Administration, consulting and office space lease	Steel goods trade	Steel structures production	Other activity	
<b>I. Operational revenues</b>					
External revenue	2 017	288 020	48 929	1 219	<b>340 185</b>
Total segment revenue	<b>2 017</b>	<b>288 020</b>	<b>48 929</b>	<b>1 219</b>	<b>340 185</b>
<b>II. Operational expenses</b>					
External expense	(2 208)	(278 145)	(48 935)	-	<b>(329 288)</b>
Total segment expense	<b>(2 208)</b>	<b>(278 145)</b>	<b>(48 935)</b>	<b>-</b>	<b>(329 288)</b>
Other revenues	6 915	752	128	3	<b>7 798</b>
Other expenses	(612)	(1 860)	(316)	(8)	<b>(2 796)</b>
Distribution expenses	-	(6 746)	(1 146)	(29)	<b>(7 921)</b>
General administrative costs for continued operations	(13 288)	-	-	-	<b>(13 288)</b>
Loss from disposal of discontinued activity	-	(16 896)	(2 870)	(73)	<b>(19 839)</b>
<b>III. Result of the segment</b>	<b>(7 176)</b>	<b>(14 875)</b>	<b>(4 210)</b>	<b>1 113</b>	<b>(25 148)</b>
<b>IV. Non-attributable expenses and revenues</b>					
General administrative costs for discontinued operations					<b>(13 915)</b>
Net financial expenses					<b>46 254</b>
Income tax					<b>-</b>
<b>V. Net financial result</b>					<b>7 191</b>
<b>Major nonmonetary items</b>					
Depreciation	(601)	-	-	-	<b>(601)</b>
Loss from disposal of discontinued activity	-	(16 896)	(2 870)	(73)	<b>(19 839)</b>
Write downs or their reversal	4 603	(206)	-	-	<b>4 396</b>
Release of a provision at liability from surety for WRJ	37 577	-	-	-	<b>37 577</b>
Revaluation of investment	2 713	-	-	-	<b>2 713</b>

Allocation of loss from disposal of discontinued activity was performed on the basis of Revenues from sales structure within the discontinued operations.

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*From 1<sup>st</sup> January 2006 to 31<sup>st</sup> December 2006*

	Continued operations	Discontinued operations			Total
	Administration, consulting and office space lease	Steel goods trade	Steel structures production	Other activity	
<b>I. Operational revenues</b>					
Revenues of the segment (external sales)	1 738	462 963	62 213	1 127	528 041
Total revenues of the segment	<b>1 738</b>	<b>462 963</b>	<b>62 213</b>	<b>1 127</b>	<b>528 041</b>
<b>II. Operational expenses</b>					
Expenses of the segment (external sales)	(1 983)	(421 709)	(63 802)	-	(487 494)
Total expenses of the segment gólem	<b>(1 983)</b>	<b>(421 709)</b>	<b>(63 802)</b>	<b>-</b>	<b>(487 494)</b>
Other revenues	23 820	1 463	197	4	25 482
Other expenses	(3 117)	(3 431)	(461)	(8)	(7 017)
Distribution expenses	-	(26 372)	(3 544)	(64)	(29 981)
General administrative costs for continued operations	(4 028)	-	-	-	(4 028)
<b>III. Result of the segment</b>	<b>16 430</b>	<b>12 913</b>	<b>(5 397)</b>	<b>1 058</b>	<b>25 003</b>
<b>IV. Non-attributable expenses and revenues</b>					
General administrative costs for discontinued operations					(24 720)
Net financial expenses					(8 666)
Income tax					-
<b>V. Net financial result</b>					<b>(8 381)</b>
<b>Major nonmonetary items:</b>					
Depreciation	(397)	(1 683)	(247)	(1)	(2 329)
Write downs or theor reversal	20 891	(10 600)	-	-	10 291
Revaluation of investment	(6 346)	8	-	-	(6 338)

*Financial situation of business segments*

*At the day of 31<sup>st</sup> December 2007*

	Continued operations	Discontinued operations			Total
	Administration, consulting and office space lease	Steel goods trade	Steel structures production	Other activity	
Assets of the segment	310 608				310 608
<b>Total assets</b>					<b>310 608</b>
Liabilities of the segment	126 363				126 363
<b>Total liabilities</b>					<b>126 363</b>

*At the day of 31<sup>st</sup> December 2006*

	Continued operations	Działalność zaniechana			Total
	Administration, consulting and office space lease	Steel goods trade	Steel structures production	Other activity	
Assets of the segment	99 674	172 874	25 393	97	298 038
Non-attributable assets (discont. operations)					64 857
<b>Aktywa ogólem</b>					<b>362 895</b>
Liabilities of the segment	286 958	78 837	9 217	-	375 012
Non-attributable liabilities (discont. operations)					10 746
<b>Total liabilities</b>					<b>385 758</b>

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### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of Company's customers.

Investment expenses are not allocated to geographical segments, as the same non-current assets serve the activity in all segments.

#### Results of geographical segments from 1<sup>st</sup> January 2007 to 31<sup>st</sup> December 2007

	Poland		Other countries					Total
	Continued operations	Discontinued operations	Discontinued operations					
			Argentina	Ukraine	Germany	USA	Other	
External revenues	2 017	154 527	74 558	38 998	30 952	16 053	23 081	<b>340 185</b>

#### Results of geographical segments from 1<sup>st</sup> January 2006 to 31<sup>st</sup> December 2006

	Poland		Other countries					Total
	Continued operations	Discontinued operations	Discontinued operations					
			Argentina	Ukraine	Germany	USA	Other	
External revenues	1 738	213 920	107 651	38 821	50 919	41 522	73 470	<b>528 041</b>

## 6. Group held for sale and discontinued operations

In the end of 2006, The Management Board of Stalexport Autostrady S.A. (previously Stalexport S.A.) took a decision to reorganise the economic activity of the Company. The aim was to concentrate on business activity regarding administration and consulting services in the motorway industry, terminating the activities of trade and production in the steel industry. To achieve this aim, the Management Board of Stalexport S.A. decided to section out an organised division of the enterprise including all assets and liabilities connected in particular with trade in steel goods and their production as well as all shares of the following companies:

- Stalexport Serwis Centrum S.A. Katowice,
- Stalexport Centrostal S.A. Lublin,
- Stalexport Metalzbyt Sp. z o.o. Białystok,
- Stalexport Serwis Centrum S.A. Bełchatów.

On 31<sup>st</sup> May 2007 an investment agreement was concluded between Stalexport S.A. (currently Stalexport Autostrady S.A) and the company Złomrex S.A. seated in Poraj concerning disposal by Stalexport Autostrady SA of the organised part of the enterprise ("ZCP") covering assets and liabilities connected mainly with trade and production of steel products. On 1<sup>st</sup> October 2007, after the fulfillment of suspending conditions the transaction was closed. In compliance with the agreement ZCP was purchased by Stalexport S.A. (previously Stalexport Trade S.A.), which 100% shares were sold by Stalexport Autostrady S.A. to Złomrex S.A. as a part of above-mentioned agreement for the amount of TPLN 500.

Sale price of the organized part of an enterprise was settled as for the day of transaction based on the price formula accepted by both parties and then verified by appropriate expert. On 23<sup>rd</sup> January 2008 the above mentioned parties signed an agreement settling the final sale price of the organized part of an enterprise (ZCP) at the amount of TPLN 138,700. Income from the sale of the organized part of an enterprise was in total presented within the net result of financial year 2007.

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**Components of assets and liabilities of the Company constituting a group held for sale as for 1<sup>st</sup> October 2007 (date of sale) and 31<sup>st</sup> December 2006 are presented in the following chart:**

	<b>1 October 2007</b>	<b>31 December 2006</b>
Property, plant and equipment	47 252	45 101
Intangible assets	29	89
Investment real properties	10 000	10 000
Investments in subsidiaries and affiliated entities	24 314	23 814
Stocks	72 114	57 579
Trade account receivable and others	35 364	85 048
Cash and cash equivalents	5 084	5 085
<b>Sum of assets for disposal</b>	<b>194 157</b>	<b>226 716</b>
Long-term liabilities	(1 006)	(1 803)
Long-term provisions	(2 869)	(3 052)
Overdrafts on current account	(18 964)	(15 004)
Trade payables and other	(15 618)	(77 509)
Short-term provisions	(1 260)	(1 567)
<b>Sum of liabilities for disposal</b>	<b>(39 717)</b>	<b>(98 935)</b>
Net assets of the group held for disposal	<b>154 439</b>	<b>127 781</b>
Cash obtained for selling the ZCP (till 31 December 2007)	-	
Cash disposed	(5 084)	
Overdraft on current account disposed	18 964	
Incurred sale costs	(2 699)	
Net cash flow (for 2007)	<b>11 182</b>	

As for 31<sup>st</sup> December 2007 the Company does not possess assets or liabilities qualified for the group held for sale.

**Cash flow from discontinued activity**

	<b>9 months 2007</b>	<b>12 months 2006</b>
Net cash flow from operational activity	1 613	17 921
Net cash flow from investment activity	(4 336)	(6 459)
Net cash flow from financial activity	(1 237)	(677)
Net cash flow	<b>(3 960)</b>	<b>10 785</b>

**Cash and cash equivalents within the group held for sale on the reporting date**

	<b>31 Dec 2007</b>	<b>31 Dec 2006 r.</b>
Cash embraced in a group held for disposal	-	5 085
Overdrafts on current account presented in liabilities connected with a group held for disposal	-	(15 004)
<b>Cash and cash equivalents, value presented in cash flow</b>	<b>-</b>	<b>(9 920)</b>

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	<b>01.01.2007-31.12.2007</b>		<b>01.01.2006-31.12.2006</b>	
	Continued operations	Discontinued operations	Continued operations	Discontinued operations
Amortisation	601	-	397	1 931
Material and energy consumption	97	40 673	45	52 518
External services	3 166	13 992	2 299	31 420
Taxes and charges	426	1 238	397	3 727
Employee benefits, including:	10 460	11 714	2 504	15 186
- Remuneration	9 282	9 533	2 088	12 541
- Social insurance and other benefits	1 178	2 181	416	2 645
Other	575	1 040	255	1 751
<b>Total expenses by type</b>	<b>15 324</b>	<b>68 657</b>	<b>5 897</b>	<b>106 534</b>

**8. Other income**

	<b>01.01.2007-31.12.2007</b>		<b>01.01.2006-31.12.2006</b>	
	Continued operations	Discontinued operations	Continued operations	Discontinued operations
Release of write-downs updating receivables	4 603	-	13 824	-
Reversal of write-downs updating value of fixed assets	-	-	7 093	-
Received damages, contractual penalties, refund of payments	200	146	129	224
Writing down of prescribed liabilities	1 934	-	-	-
Other	178	736	2 773	1 440
	<b>6 915</b>	<b>883</b>	<b>23 820</b>	<b>1 664</b>

**9. Other expenses**

	<b>01.01.2007-31.12.2007</b>		<b>01.01.2006-31.12.2006</b>	
	Continued operations	Discontinued operations	Continued operations	Discontinued operations
Shortages of fixed and current assets	(52)	-	-	-
Penalties, damages, payments	(378)	(886)	-	(572)
Other provisions and write-downs	-	(60)	(26)	(509)
Loss from disposal of property, plant and equipment	(96)	(13)	(2 993)	(628)
Other	(87)	(1 224)	(98)	(2 192)
	<b>(612)</b>	<b>(2 183)</b>	<b>(3 117)</b>	<b>(3 900)</b>

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**10. Net financial expenses**

	<b>01.01.2007-31.12.2007</b>		<b>01.01.2006-31.12.2006</b>	
	Continued operations	Discontinued operations	Continued operations	Discontinued operations
Dividends and share in subsidiary profits	3 613	-	2 189	-
Interest, including:	5 668	6	12 777	27
- bank accounts and deposits	4 826	-	942	-
- loans granted	31	-	-	20
- other	811	6	11 835	7
Profit on investment disposal	120	-	3 765	46
Revaluation of investment	2 713	-	-	8
Release of a provision at liability from surety for WRJ	37 577	-	-	-
Sale of claims of recourse accounts receivable	1 900	-	-	-
Other financial revenue, including:	5 176	1 327	616	324
- surplus of positive differences in rates	-	-	-	166
- interest waived of credits	3 464	-	-	-
- profit from transactions on derivatives	-	1 150	-	-
- other financial revenue, including:	1 712	177	616	158
- from associated entities	1 329	-	362	-
<b>Financial revenue</b>	<b>56 767</b>	<b>1 333</b>	<b>19 347</b>	<b>405</b>
Interest, including :	(9 304)	(1 306)	(15 941)	(746)
- loans and borrowings, including:	(1 771)	(1 116)	(8 904)	(76)
- towards associated entities	(631)	-	(638)	-
- discount	-	(70)	-	(124)
- other	(7 533)	(120)	(7 037)	(546)
- for associated entities	(155)	-	(80)	-
Revaluation of investments	-	-	(6 346)	-
Other financial costs including:	(900)	(336)	(4 688)	(697)
- surplus of negative differences in rates	(59)	(15)	(23)	-
- created write-downs for due interest	(613)	-	(3 369)	(242)
- other financial costs	(228)	(321)	(1 297)	(455)
<b>Financial costs</b>	<b>(10 204)</b>	<b>(1 642)</b>	<b>(26 975)</b>	<b>(1 443)</b>
<b>Net financial costs</b>	<b>46 563</b>	<b>(309)</b>	<b>(7 628)</b>	<b>(1 038)</b>

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## **11. Income tax**

### **Income tax expense recognised in profit or loss**

The income tax rate which embraces the Company's activity was 19% in 2006-2007. It is not predicted that the income tax rate should change in upcoming years.

The Company did not pay current income taxes, due to tax loss incurred both in 2007 and 2006.

Due to uncertain realisation of negative temporary differences and uncertain possibility of exploitation of tax losses in foreseeable future, the Company has recognised net deferred tax assets neither for 31<sup>st</sup> December 2007, nor for 31<sup>st</sup> December 2006 (see also note 17).

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**12. Property, plant and equipment**

	Land and buildings	Plant and equipment	Means of transport	Other	Under construction	Total
<b>Gross value at 1 January 2006</b>	<b>37 235</b>	<b>20 865</b>	<b>1 989</b>	<b>1 546</b>	<b>10 451</b>	<b>72 086</b>
Purchase	-	-	-	-	18 338	18 338
Transfer from construction in process	910	2 596	47	32	(3 586)	-
Sale/liquidation	(7 109)	(313)	(191)	(25)	(11 106)	(18 743)
Reclassification*	(24 019)	(9 268)	(1 543)	(770)	(13 935)	(49 534)
<b>Gross value as of 31 December 2006</b>	<b>7 018</b>	<b>13 880</b>	<b>302</b>	<b>784</b>	<b>162</b>	<b>22 146</b>
<b>Gross value of fixed assets as of 1 January 2007</b>	<b>7 018</b>	<b>13 880</b>	<b>302</b>	<b>784</b>	<b>162</b>	<b>22 146</b>
Purchase	-	-	-	-	537	537
Transfer from construction in process	167	85	-	71	(324)	-
Sale/liquidation	-	(423)	(4)	-	-	(427)
Reclassification**	(4 635)	55	288	(75)	315	(4 052)
<b>Gross value as of 31 December 2007</b>	<b>2 550</b>	<b>13 597</b>	<b>586</b>	<b>780</b>	<b>691</b>	<b>18 204</b>

\* - mainly transfer to/from assets constituting a group held for sale

\*\* - mainly reclassification of part of the office building to property investment (see also note 14)

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*(all amounts in thousands of zlotys, unless stated otherwise)*

	Land and buildings	Plant and equipment	Means of transport	Other	Under construction	Total
<b>Depreciation and impairment losses at 1 January 2006</b>	<b>(6 206)</b>	<b>(17 098)</b>	<b>(966)</b>	<b>(1 328)</b>	-	<b>(25 598)</b>
Depreciation for the period	(1 033)	(697)	(190)	(98)	-	<b>(2 018)</b>
Sale/liquidation	208	212	148	15	-	<b>583</b>
Reclassification*	2 963	3 750	706	682	-	<b>8 101</b>
<b>Redemption and appropriations because of the loss of value as of 31 December 2006</b>	<b>(4 068)</b>	<b>(13 833)</b>	<b>(302)</b>	<b>(730)</b>	-	<b>(18 932)</b>
<b>Redemption and appropriations because of the loss of value as of 1 January 2007</b>	<b>(4 068)</b>	<b>(13 833)</b>	<b>(302)</b>	<b>(730)</b>	-	<b>(18 932)</b>
Depreciation for the period	(191)	(86)	(40)	(22)	-	<b>(339)</b>
Sale/liquidation	-	359	2	-	-	<b>361</b>
Reclassification**	2 798	13	(75)	73	(315)	<b>2 494</b>
<b>Redemption and appropriations because of the loss of value as of 31 December 2007</b>	<b>(1 461)</b>	<b>(13 547)</b>	<b>(415)</b>	<b>(679)</b>	<b>(315)</b>	<b>(16 417)</b>
<b>Net value</b>						
At 1 Jan 2006	31 030	3 767	1 023	218	10 451	46 488
At 31 Dec 2006	2 950	47	-	54	162	3 214
At 1 Jan 2007	2 950	47	-	54	162	3 214
At 31 Dec 2007	1 089	50	171	101	376	1 787

\* - mainly transfer to/from assets constituting a group held for sale

\*\* - mainly reclassification of part of the office building to property investment (see also note 14)

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**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on**  
**31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

As for 31<sup>st</sup> December 2006, property, plant and equipment in the carrying amount of TPLN 2,950 constituted a security to bank loans. The securities expired in 2007 after repayment of bank loans.

### 13. Intangible assets

	Concessions, licences, software and other	Other intangible assets	Total
<b>Gross value at 1 Jan 2006</b>	<b>1 808</b>	<b>970</b>	<b>2 778</b>
Additions	20	-	<b>20</b>
Reductions	(95)	-	<b>(95)</b>
Reclassification*	(1 704)	(111)	<b>(1 816)</b>
<b>Gross value at 31 Dec 2006 r.</b>	<b>30</b>	<b>859</b>	<b>889</b>

<b>Gross value at 1 Jan 2007 r.</b>	<b>30</b>	<b>859</b>	<b>889</b>
Additions	16	-	<b>16</b>
Reductions	(150)	-	<b>(150)</b>
Reclassification*	181	111	<b>292</b>
<b>Gross value at 31 Dec 2007 r.</b>	<b>77</b>	<b>970</b>	<b>1 047</b>

	Concessions, licences, software and other	Other intangible assets	Total
<b>Accumulated depreciation and write-downs at 1 Jan 2006</b>	<b>(1 599)</b>	<b>(968)</b>	<b>(2 567)</b>
Depreciation for the period	(118)	(2)	<b>(119)</b>
Reclassification*	1 616	110	<b>1 727</b>
Reductions from liquidation/sale	77	-	<b>77</b>
<b>Accumulated depreciation and write-downs at 31 Dec 2006r.</b>	<b>(23)</b>	<b>(859)</b>	<b>(882)</b>

<b>Accumulated depreciation and write-downs at 1 Jan 2007</b>	<b>(23)</b>	<b>(859)</b>	<b>(882)</b>
Depreciation for the period	(40)	(1)	<b>(41)</b>
Reclassification*	(138)	(110)	<b>(249)</b>
Reductions from liquidation/sale	130	-	<b>130</b>
<b>Accumulated depreciation and write-downs at 31 Dec 2007</b>	<b>(72)</b>	<b>(970)</b>	<b>(1 042)</b>

<b>Net value</b>			
at 1 Jan 2006 r.	209	3	212
at 31 Dec 2006 r.	6	-	6
at 1 Jan 2007 r.	6	-	6
at 31 Dec 2007 r.	5	-	5

\* - mainly transfer to/from assets constituting a group held for sale

#### Amortisation of intangible assets and impairment loss

Amortisation write-downs on intangible assets are recognised under general administrative costs.

In the 12-month periods ending with 31<sup>st</sup> December 2007 and 31<sup>st</sup> December 2006 no impairment loss on intangible assets was made.

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**14. Investment property**

	31 December 2007.	31 December 2006
<b>Gross value at the beginning of the period</b>	<b>7 641</b>	<b>64 586</b>
Sales		(46 945)
Reclassification	4 635	(10 000)
<b>Gross value at the end of the period</b>	<b>12 276</b>	<b>7 641</b>
<b>Accumulated depreciation and impairment losses at the beginning of the period</b>	<b>(4 581)</b>	<b>(4 390)</b>
Depreciation for the period	(220)	(191)
Reclassification	(2 798)	
<b>Accumulated depreciation and impairment losses at the end of the period</b>	<b>(7 599)</b>	<b>(4 581)</b>
<b>Net value at the beginning of the period</b>	<b>3 060</b>	<b>60 196</b>
<b>Net value at the end of the period</b>	<b>4 677</b>	<b>3 060</b>

Property investments include a part of office building (including car parks) assigned for lease.

On the basis of a valuation made by a property expert in August 2006, fair value of the building, a part of surface of which is classified as investment property, was estimated at PLN 15.1 million. As of 31<sup>st</sup> December 2007 the Company recognises 92% of the surface in this building as investment property.

Revenues from building lease in 2007 amounted to TPLN 2,017 (in 2006: TPLN 1,738) and were presented in profit or loss under "Revenue on sales".

Investment property has been burdened with a mortgage to the total of TPLN 1,118 (for 31<sup>st</sup> December 2006: TPLN 6,412) as a security for the Company's liabilities.

**15. Investments in subsidiaries and associates**

Long-term investments in subsidiaries, associates and jointly controlled entities regard the following companies:

	Purchase price	Write-down	Carrying amount	% of capital held
<b>31 Dec 2007 r.</b>				
Stalexport Autostrada Dolnośląska S.A.	28 075	(7 548)	20 528	100,00%
Petrostal S.A. in liquidation	1 727	(1 727)	-	100,00%
Stalexport Wielkopolska Sp. z o.o. under bankruptcy	12 072	(12 072)	-	97,96%
Stalexport Autoroute S.a r.l	29 886	-	29 886	100,00%
Biuro Centrum Sp. z o.o.	62	-	62	74,38%
<b>Total</b>	<b>71 822</b>	<b>(21 347)</b>	<b>50 476</b>	

On 5<sup>th</sup> December 2007 Stalexport Autostrady S.A. acquired 33,75% of Biuro Centrum Sp. z o.o. shares for TPLN 30, gaining in the process the control over the entity (at the moment Stalexport Autostrady S.A. controls 74,38% of Biuro Centrum's equity).

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	<b>Purchase price</b>	<b>Write-down</b>	<b>Carrying amount</b>	<b>% of capital held</b>
<b>31 Dec 2006 r.</b>				
Stalexport Autostrada Dolnośląska S.A.	28 075	(7 548)	20 528	100,00%
Petrostal S.A. in liquidation	1 727	(1 727)	-	100,00%
Stalexport Wielkopolska Sp. z o.o. under bankruptcy	12 072	(12 072)	-	97,96%
Stalexport Zaptor SA in liquidation	173	(173)	-	98,69%
Stalexport Autoroute S.a r.l	29 886	-	29 886	100,00%
Invest Centrostal Sp. z o.o.	297	(297)	-	42,00%
Biuro Centrum Sp. z o.o.	32	-	32	40,63%
<b>Total</b>	<b>72 262</b>	<b>(21 816)</b>	<b>50 446</b>	

Financial data of those companies whose value is not affected by a 100% write-down is as follows:

	<b>% of shares held</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Sales revenues for the period</b>	<b>Profit / (loss)</b>
<b>31 Dec 2007</b>						
Stalexport Autostrada Dolnośląska S.A.	100,00%	17 690	1 315	16 375	-	(1 987)
Stalexport Autoroute S.a r.l	100,00%	172 418	13	172 405	-	3 573
Biuro Centrum Sp. z o.o.	74,38%	1 721	1 211	511	8 231	58
<b>Total</b>		<b>191 830</b>	<b>2 538</b>	<b>189 291</b>	<b>8 231</b>	<b>1 645</b>
<b>31 Dec 2006</b>						
Stalexport Autostrada Dolnośląska S.A.	100,00%	17 231	373	16 859	-	(89)
Stalexport Autoroute S.a r.l	100,00%	184 499	8	184 491	-	2 529
Biuro Centrum Sp. z o.o.	40,63%	2 024	1 572	453	7 591	(23)
<b>Total</b>		<b>203 755</b>	<b>1 952</b>	<b>201 802</b>	<b>7 591</b>	<b>2 417</b>

There is a pledge created on shares of company Stalexport Autoroute S.a.r.l and shares of companies Stalexport Autostrada Małopolska S.A. and Stalexport-Transroute Autostrada S.A belonging to company Stalexport Autoroute S.a.r.l, as a security of bank credit granted to an dependent entity Stalexport Autostrada Małopolska S.A..

**16. Short-term investments**

	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Equity instruments available for sale (shares of non-connected companies)	8 405	4 546
Investments in investment funds	50 172	-
<b>Short-term investments in total</b>	<b>58 577</b>	<b>4 546</b>

Available-for-sale capital instruments comprise of the shares of Centrozap S.A. company and BDM S.A.

As for 31<sup>st</sup> December 2007, the shares were affected by an impairment loss in the amount of TPLN 6,330 (for 31<sup>st</sup> December 2006: TPLN 9,043) and TPLN 1,468 (for 31<sup>st</sup> December 2006: TPLN 1,468).

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Deferred tax assets and a provision for deferred tax regards the following assets and liabilities:

	Assets		Provisions		Net value	
	31 Dec 2007 r.	31 Dec 2006 r.	31 Dec 2007 r.	31 Dec 2006 r.	31 Dec 2007 r.	31 Dec 2006 r.
Plant, property and equipment	44	232			44	232
Investment property	508	320			508	320
Investments in subsidiaries and associates	1 497	4 875			1 497	4 875
Trade and other receivables	5 028	26 503			5 028	26 503
Short-term investments	1 482	1 718			1 482	1 718
Cash and cash equivalents	-	-		(4)	-	(4)
Assets in group held for sale	-	1 991			-	1 991
Liabilities from employee benefits	84	-			84	-
Long-term provisions	-	1 236			-	1 236
Liabilities from credits and loans	31	260			31	260
Trade and other payables	1 386	-			1 386	-
Liabilities within the group held for disposal	-	1 459			-	1 459
Assets / (provision) from deferred tax at temporary differences	10 061	38 594	-	(4)	10 061	38 590
Assets upon unsettled tax losses	38 230	64 075			38 230	64 075
Compensation	-	(4)		4	-	-
Valuation correction	(48 291)	(102 665)			(48 291)	(102 665)
Assets/Deferred tax provision (recognised) in balance sheet	-	-	-	-	-	-

Due to uncertain realisation of negative temporary differences and unsettled tax losses in foreseeable future, the Company has recognised net deferred tax assets neither for 31<sup>st</sup> December 2007, nor for 31<sup>st</sup> December 2006.

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According to law, a loss incurred in a tax year may diminish the income in the following five consecutive tax years, provided that the diminishment in any of these years does not exceed 50% of such loss. As for 31<sup>st</sup> December 2007, the upper limit of tax losses which may diminish the tax income in the following five consecutive tax years equalled TPLN 201,209 (for 31<sup>st</sup> December 2006: TPLN 337,241). Both for 31<sup>st</sup> December 2007 and 31<sup>st</sup> December 2006, the Company did not recognise deferred tax assets to the limit of tax losses, due to uncertain possibility of exploitation.

**as for 31 Dec 2007***in thousands of PLN*

<i>Amount of loss</i>	<i>Expiry date</i>
80 380	2008
92 235	2009
16 466	2010
8 370	2011
3 759	2012
<b>201 209</b>	

**18. Income tax receivables**

Gross income tax receivables, as for 31<sup>st</sup> December 2007, amount to TPLN 1,342 (for 31<sup>st</sup> December 2006: TPLN 1,342). This amount is owed to the Company in a future income tax settlement with the Polish Tax Office. Since getting back the said amount is doubtful because of the tax losses, it was in whole covered by the write-down.

**19. Trade and other receivables**

	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Trade accounts receivable from associated entities	36	-
Trade accounts receivable from other entities	3 352	20
Receivables from taxes, duties, social and health insurances and other benefits	5 953	-
Other receivables from other entities	141 724	5 393
	<b>151 066</b>	<b>5 413</b>

Trade receivables and other receivables are presented at net values net of write-downs in the amount of TPLN 162,022 (for 31<sup>st</sup> December 2006: TPLN 289,743).

The following chart includes ageing of overdue trade debts and of other receivables, with the information on write-down amounts. In 2007 the company additionally covered with a write-down at the amount of TPLN 292 the non-overdue debts, getting back of which is threatened.

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	31 Dec 2007	31 Dec 2006
<b>Gross overdue debts</b>		
up to 1 month	491	11
1-6 months	595	3 508
6 months-1 year	315	28 947
over 1 year	164 207	261 109
	<b>165 608</b>	<b>293 575</b>
write-downs updating value of overdue debts	(161 730)	(289 743)
<b>Net overdue receivables</b>	<b>3 878</b>	<b>3 832</b>

Change in write-downs is as follows:

	2007	2006
<b>Value of the write-down at the receivable as of 1 January</b>	(289 743)	(333 006)
Created write-downs	(1 989)	(20 709)
Released write-downs	7 112	20 953
Making use of write-downs	142 765	17 176
Reclassification of write-downs *	(20 167)	25 843
<b>Value of the write-down at the receivable as of 31 December</b>	<b>(162 022)</b>	<b>(289 743)</b>

\* transfer to/from assets constituting a group held for sale

Trade write-downs have been created due to predicted difficulties in payments by some clients. Write-downs on other receivables regard above all the receivables resulting from loan guarantees granted to companies which lost the ability to repay their liabilities.

The Company believes that the repayment of receivables not included in the write-downs is beyond doubt. Overdue net receivables are secured against debtors' assets which value is higher than the value of above-mentioned receivables. The fair value of the security on the basis of valuation conducted by property expert in 2004 amounts to PLN 14.3 million.

**20. Cash and cash equivalents**

	31 Dec 2007	31 Dec 2006
Cash balances with banks	9 814	34 185
Cash balances with banks of the limited disposal	31	-
<b>Cash and cash equivalents, amount presented in the balance sheet</b>	<b>9 845</b>	<b>34 185</b>
Cash included in the group held for sale (Note 6)	-	5 085
Credits at the current account embraced in the payables connected with the group held for sale (Note 6)	-	(15 004)
<b>Cash and cash equivalents, the amount presented in the cash flow account</b>	<b>9 845</b>	<b>24 265</b>

The amount of cash with confined disposability refers to cash of the company social contribution fund.

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	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Shares at the beginning of the period	157 762 023	107 762 023
F-series shares issue	-	50 000 000
G-series shares issue	89 500 000	-
Shares at the end of the period (fully paid up)	<u>247 262 023</u>	<u>157 762 023</u>
Nominal value of shares (PLN)	2	2
Nominal value of A-series issue	16 682	16 682
Nominal value of B-series issue	986	986
Nominal value of D-series issue	8 000	8 000
Nominal value of E-series issue	189 856	189 856
Nominal value of F-series issue	100 000	100 000
Nominal value of G-series issue	179 000	-
	<u><b>494 524</b></u>	<u><b>315 524</b></u>

From November 1993 until December 1996, the Company conducted its activity in the conditions of hyperinflation. IAS 29 *Financial Reporting in Hyperinflation Economies* requires a conversion of each component of shareholders' equity (apart from retained profits and revaluation surplus) by general indexation of prices in the hyperinflation period. Such retrospective application resulted in a diminishment of retained earnings for the period in the total of TPLN 18,235 and an share capital revaluation to the same amount.

The changes described above have been recorded in the balance sheet.

In the second semester 2006, share capital was increased by the issue of F-series shares for Atlantia S.p.A., in the total value of TPLN 68,319 and by a conversion of liabilities towards banks for securities granted in the amount of TPLN 31,681. The difference of TPLN 2,887 between the value of liabilities subject to conversion and the value of attributable shares issued, was added to share premium reserve.

On 25<sup>th</sup> June 2007, share capital of the Company was increased by TPLN 179,000 due to the issue of 89,500 thousand of G-series shares in the nominal value of PLN 2. The shares were covered by existing shareholder of the Company, Atlantia S.p.A. (previously Autostrade S.p.A.), and paid entirely in cash. Issue price per one share was PLN 2.2458.

The Company's expenses on the issue of G-series shares in the total of TPLN 1,047 reduced the share premium reserve.

Holders of common shares are entitled to receive dividends passed and have one vote per share in General Meetings of the Company. All shares equally entitle their holders to the Company's property in case of property division.

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

Other reserve capitals may be created by the General Meeting from a part or total of approved profits of the Company. General meeting may also stipulate an aim to which such resources should be assigned.

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Calculation of basic earnings per share has been done separately for continued and discontinued operations, based on, respectively, net profit of Company shareholders in the total of TPLN 39,387 and net loss of TPLN 32,196 (2006 respectively: net profit TPLN 8,802 and net loss TPLN 17,183) and on weighted average of shares number at the reporting date in the amount of 204,105,859 shares (for 31<sup>st</sup> December 2006: 130,317,320 shares). The figures were established as follows:

**a. Net profit of Company Shareholders**

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	Continued operations	Discontinued operations	Continued operations	Discontinued operations
Net profit/(loss)	<b>39 387</b>	<b>(32 196)</b>	<b>8 802</b>	<b>(17 183)</b>

**b. Weighted average of common shares number**

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
Common shares at the beginning of the period	157 762 023	157 762 023	107 762 023	107 762 023
Influence of F-series shares issue			22 555 207	22 555 207
Shares attributable to Atlantia S.p.A. (158 days)			14 786 852	14 786 852
Shares attributable to other shareholders (179 days)			7 768 355	7 768 355
Influence of G-series shares issue (189 days)	46 343 836	46 343 836		
<b>Weighted average number of shares at the end of the period</b>	<b>204 105 859</b>	<b>204 105 859</b>	<b>130 317 230</b>	<b>130 317 230</b>

**c. Shareholders' net earnings/(loss) per share**

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	Continued operations	Discontinued operations	Continued operations	Discontinued operations
Shareholders' net profit/(loss) (thousands PLN)	39 387	(32 196)	8 802	(17 183)
Weighted average number of common shares at the end of the period (thousands of shares)	204 106	204 106	130 317	130 317
<b>Shareholders net profit/(loss) per common share (PLN)</b>	<b>0,19</b>	<b>(0,15)</b>	<b>0,07</b>	<b>(0,13)</b>

As for 31<sup>st</sup> December 2007 and 31<sup>st</sup> December 2006, no factors were established so as to dilute earnings/(loss) per share.

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## 23. Loans and borrowings

	31 Dec 2007	31 Dec 2006
Long-term loans and borrowings secured on Company property	-	16 717
Long-term loans and borrowings from associates	-	420
<b>Long-term liabilities upon loans and borrowings</b>	<b>-</b>	<b>17 137</b>
Short-term loans and borrowings secured on Company property	-	24 251
Short-term loans and borrowings from associates	10 608	13 912
<b>Short-term liabilities upon loans and borrowings</b>	<b>10 608</b>	<b>38 164</b>

### a. Repayment time and conditions

	currency	Nominal rate	Repayment year	Liability value at 31 Dec 2007	Liability value at 31 Dec 2006
<b>Restructured bank loans</b>					
Bank loan BPH	PLN	WIBOR 1M + 1,5%	2007	-	2 338
Bank loan ING Bank Śląski	PLN	WIBOR 1M + 1,5%	2007	-	400
Bank loan PKO BP	PLN	WIBOR 1M + 1,5%	2007	-	14 364
Bank loan Bank Handlowy	PLN	WIBOR 1M + 1,5%	2007	-	3 315
Bank loan Bank Handlowy	PLN	WIBOR 1M + 1,5%	2007	-	8 663
Bank loan Bank Handlowy	PLN	WIBOR 1M + 1,5%	2007	-	8 598
Bank loan BRE	PLN	WIBOR 1M + 1,5%	2007	-	3 291
<b>Loans from associates</b>					
Stalexport Autostrada Dolnośląska S.A.	PLN	WIBOR 1M + 0,25%	2008	7 169	9 346
Stalexport Autostrada Dolnośląska S.A.	PLN	WIBOR 1M + 0,25%	2007	-	420
Stalexport Autostrada Śląska S.A.	PLN	WIBOR 6M + 1%	2007	3 439	3 562
Stalexport Transroute Autostrada S.A.	PLN	WIBOR 1R + 0,5%	2007	-	1 004
<b>Total liabilities upon loans and borrowings</b>				<b>10 608</b>	<b>55 300</b>

### b. Securities established in the property of the Company

Apart from securities presented in Note 14 there are no other securities established in the property of the Company.

## 24. Employee benefits liabilities

	31 Dec 2007	31 Dec 2006
<b>Long-term</b>		
Retirement pay liabilities	111	-
Annuity pay liabilities	11	-
Service anniversary awards liabilities (Jubilee benefits)	251	-
<b>Total</b>	<b>373</b>	<b>-</b>
<b>Short-term</b>		
Retirement pay liabilities	21	-
Annuity pay liabilities	1	-
Service anniversary awards liabilities (Jubilee benefits)	46	-
<b>Total</b>	<b>68</b>	<b>-</b>

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Amounts of the future employee benefits liabilities were specified on the basis of the model of actuarial appraisal.

As at 31<sup>st</sup> December 2006 all employee benefits liabilities were presented within the liabilities of the company constituting a group held for sale.

Employee benefits liabilities were calculated according to following assumptions:

	<b>2007</b>	<b>2006</b>
Discount rate as at 31st December	6,0%	6,0%
Future remuneration increase	2,5%-3,0%	3,0%

## **25. Other long-term liabilities**

	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Liability upon guarantee granted	72 541	77 955
Arrangement with creditors liability	-	26 315
	<b>72 541</b>	<b>104 270</b>

Liabilities upon guarantees granted include liabilities towards State Treasury upon guarantees on loans granted to Huta Ostrowiec steelworks for a modernisation of production line. Repayment of these liabilities is to start after all liabilities upon the arrangement with creditors procedure are settled, that is in August 2008. Repayment schedule for these guarantee liabilities is presented in the chart below. Information on liabilities upon the arrangement with creditors procedure is presented in note 27.

### **Repayment schedule for liabilities upon guarantees and arrangement with creditors procedure**

**As for 31<sup>st</sup> December 2007**

	<b>Total</b>	<b>up to 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Over 5 years</b>
Liabilities upon guarantees granted	77 955	5 414	25 985	25 985	20 571
Liabilities towards associates upon arrangement with creditors	2 631	2 631	-	-	-
Liabilities towards other entities upon arrangement with creditors	23 685	23 685	-	-	-
<b>TOTAL</b>	<b>104 270</b>	<b>31 729</b>	<b>25 985</b>	<b>25 985</b>	<b>20 571</b>

**As for 31st December 2006**

	<b>Total</b>	<b>up to 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Over 5 years</b>
Liabilities upon guarantees granted	77 955	-	18 406	25 985	33 564
Liabilities towards associates upon arrangement with creditors	4 417	1 786	2 631	-	-
Liabilities towards other entities upon arrangement with creditors	55 054	31 369	23 685	-	-
<b>TOTAL</b>	<b>137 426</b>	<b>33 155</b>	<b>44 721</b>	<b>25 985</b>	<b>33 564</b>

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**26. Provisions**

	<b>Provision for liabilities on guarantee for WRJ</b>	<b>Provision for other costs upon arrangement with creditors</b>	<b>Other provisions</b>	<b>Total</b>
<b>Long-term provisions</b>				
Value at 1 Jan 2006	<b>85 577</b>	<b>10 257</b>	<b>5</b>	<b>95 839</b>
Release	-	(3 754)	-	(3 754)
Value at 31 Dec 2006	<b>85 577</b>	<b>6 503</b>	<b>5</b>	<b>92 084</b>
Value at 1 Jan 2007	<b>85 577</b>	<b>6 503</b>	<b>5</b>	<b>92 084</b>
Additions	-	773	-	773
Uses	(48 000)	(3 812)	-	(51 811)
Release	(37 577)	(3 464)	-	(41 041)
Value at 31 Dec 2007	-	-	<b>5</b>	<b>5</b>
<b>Short-term provisions</b>				
	<b>Provision for other costs upon arrangement with creditors</b>	<b>Other provisions</b>	<b>Total</b>	
Value at 1 Jan 2006	<b>644</b>	<b>1 782</b>	<b>2 426</b>	
Additions	2 385	-	2 385	
Uses	(2 812)	(1 782)	(4 594)	
Reclassification	(46)	-	(46)	
Value at 31 Dec 2006	<b>171</b>	-	<b>171</b>	
Value at 1 Jan 2007	<b>171</b>	-	<b>171</b>	
Uses	(171)	-	(171)	
Value at 31 Dec 2007	-	-	-	

As a result of the arrangement concluded on 21 August 2007 between Stalexport Autostrady S.A. and Walcownia Rur Silesia S.A. ("WRS"), on 12 November 2007 the agreement between Stalexport Autostrady S.A. and WRS was concluded, on the basis of which the complete settlement between the parties took place, which settlement concerns liabilities of Stalexport Autostrady S.A. regarding surety for the bill of exchange granted on 7 November 1997 by Stalexport S.A. for the benefit of the State Treasury.

On the basis of the aforementioned agreement the complete settlement of the compromise amount that is PLN 48 million took place and therefore liabilities regarding surety for the bill of exchange granted by the Company for the benefit of the State Treasury for Walcownia Rur Jedność Sp. z o.o. ("WRJ") expired. The said bills of exchange constituted security of the surety granted by the State Treasury concerning PLN basic bank loan and exchange basic bank loan raised on 6 October 1997 by WRJ.

The surplus existing for the abovementioned provision aim in the amount of TPLN 37,577 was related to the other financial income.

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	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Trade payables from associated entities	18	339
Trade payables to other entities	2 107	656
Amounts due to taxes, duties, social insurance and other benefits	573	193
Amounts owed to associated entities as a result of reorganization proceedings in the period of payment up to 1 year	2 631	1 786
Amounts owed to other entities as a result of reorganization proceedings in the period of payment up to 1 year	23 685	31 369
Amounts due to remuneration	6 860	1
Other amounts owed to associated entities and inter-period settlement of costs	87	295
Other amounts owed to other entities and inter-period settlements of costs	6 680	42
	<b>42 641</b>	<b>34 681</b>

According to the arrangement with creditors, approved by the decision of Regional Court in Katowice of 27<sup>th</sup> June 2002, after all conditions of the agreement are fulfilled, the Company is entitled to have the liabilities under the arrangement with creditors remitted.

In previous business years, the Company recognised the entire remission of liabilities under the arrangement with creditors in the total of TPLN 241,558. As for 31<sup>st</sup> December 2007, the payment remaining to fulfil of the arrangement with creditors equals TPLN 26,316 (for 31<sup>st</sup> December 2006: TPLN 59,471).

The Management Board of the Company identifies no threat to the fulfilment of the remaining part of the arrangement.

**28. Financial instruments****a. Classification of financial instruments****December 31, 2007**

	<b>Long-term</b>	<b>Short-term</b>	<b>Total</b>
Financial assets available for sale	-	58 577	58 577
Loans and receivables	34 009	160 911	194 920
Financial liabilities assessed with the method of depreciated cost	(72 914)	(53 443)	(126 357)

**December 31, 2006**

	<b>Long-term</b>	<b>Short-term</b>	<b>Total</b>
Financial assets available for sale	1 171	4 546	5 717
Loans and receivables	32 680	129 756	162 436
Financial liabilities assessed with the method of depreciated cost	(123 210)	(165 358)	(288 568)

Available-for-sale financial instruments comprise of the shares of Centrozap S.A. and Beskidzki Dom Maklerski S.A. and investments in investment funds, which are recognised in short-term investments (note 16).

Loans and receivables include above all receivables from the sale agreement of the organised part of the enterprise (ZCP) in the amount of TPLN 138,700 as well as cash, trade receivables and other receivables.

Liabilities estimated at their depreciated cost include trade payables, other payables, loans and borrowings, liabilities due to financial leasing and liabilities under the arrangement with creditors.

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#### b. Effective interest rates and appraisal dates

The charts below contain effective interest rates on assets and liabilities on which interest is counted and also its revaluation dates, divided into the following groups:

##### December 31, 2007

	Effective rate	Total	< 6 months
Cash and cash equivalents	5,05%	9 845	9 845
Trade accounts receivable and other	7,49%	8 062	8 062
Loans received	6,99%	(10 440)	(10 440)
Liabilities due to financial leasing	8,56%	(126)	(126)
Other long-term liabilities	7,02%	(77 955)	(77 955)
Other short-term liabilities	7,18%	(26 315)	(26 315)

##### December 31, 2006

	Effective rate	Total	< 6 months
Cash and cash equivalents	3,80%	39 270	39 270
Trade accounts receivable and other	5,80%	8 317	8 317
Loans received	4,89%	(14 332)	(14 332)
Bank credits and credits on current account	5,62%	(55 973)	(55 973)
Other long-term liabilities	5,62%	(106 073)	(106 073)
Other short-term liabilities	5,60%	(33 155)	(33 155)

#### c. Fair value

Fair value of financial instruments

The details below regard fair values of financial instruments for which an estimation is possible:

- Cash and cash equivalents, short-term bank deposits and short-term bank loans. Carrying amount of these instruments is comparable to their fair value due to their fast maturity.
- Trade receivables, other receivables, trade payables. Carrying amount of these instruments is comparable to their fair value due to their short-term character.
- Bank loans and borrowings received. Carrying amount of these instruments is comparable to their fair value due to their changeable interest rate.
- Available for sale financial instruments. These are shares presented at purchase price corrected by any impairment losses. Impairment losses charge financial expenses. Shares owned by the Company are not quoted in financial markets, thus the Company has no reference sources so as to establish their fair value.
- Investments in investment funds. Carrying amount of investments equals their fair value from an appraisal done on the basis of market quotations.

## 29. Financial risk management

### a. Credit risk

Credit risk is a risk that the Company may incur financial losses as a result of a customer or contractor, who is a party to a financial instrument, not fulfilling their contractual obligations. Credit risk is mainly connected with Company's receivables from customers and with financial investments. Cash and cash equivalents are invested in financial institutions of the highest financial credibility.

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The chart present maximum exposure of the Company to credit risk:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Long-term receivables	34 009	32 680
Short-term investments	58 578	4 545
Receivables due to income tax	-	1 342
Receivables due to deliveries and services and others	151 066	90 463
Cash and cash equivalents	9 845	39 270
	<b>253 498</b>	<b>168 300</b>

As for 31<sup>st</sup> December 2007 main portion of Company's receivables was due to sale of organised part of the enterprise (TPLN 138,700).

**b. Market risk**

Market risk involves changes in demand, supply and prices, as well as many other factors which may affect Company's results or the value of assets held (such as foreign currency rates, interest rates, capital prices). the aim of market risk management is maintaining the exposure to risk in an acceptable range, at the same time optimising the return on risk.

**Interest rate risk**

Exposure of the Company to changes in interest rates affects mainly cash, cash equivalents, bank loans and borrowings and other liabilities based on floating interest rate based on WIBOR rate + margin. The Company does not hedge against the risk of interest rate changes.

The chart shows a susceptibility profile (maximum exposure) of the Company towards the risk of interest rate changes by presenting financial instruments in division to those of floating interest rate and those of fixed interest rate:

	<b>Current value December 31, 2007</b>	<b>Current value December 31, 2006</b>
<b>Instruments with fixed interest rate</b>		
Financial assets	22 718	-
<b>Instruments with variable interest rate</b>		
Financial assets	37 301	39 270
Financial liabilities	(115 004)	(209 533)

Actions aimed at reduction of the risk of interest rate changes include systematic monitoring of the situation in cash market. Moreover, a part of investments are located in instruments independent from changes of the WIBOR rate.

The Company has no financial instruments of fixed interest rate measured at their fair value in profit or loss. Thus, a change of interest rate at the reporting date will not affect the measurement of these instruments nor will it affect profit or loss.

The Company has conducted an analysis of sensitivity of floating interest rate financial instruments to changes in market interest rates. The chart below presents the influence of interest rate growing and falling by 100 bp on financial result and equities. The analysis was conducted with the assumption that all other variables, e.g. currency rates, remain stable. The analysis regards a period of this year and a comparable period.

	<b>Profit and loss account</b>		<b>Equity</b>	
	increases 100 pb	decreases 100 pb	increases 100 pb	decreases 100 pb
<b>2007</b>	(777)	777	(777)	777
<b>2006</b>	(1 703)	1 703	(1 703)	1 703

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**Exchange risk**

At the end of 2007 exchange risk concerns only deposited cash.

The chart below shows a susceptibility profile (maximum exposure) of the Company towards the risk of changes in foreign exchange rates by presenting financial instruments in division by the currency in which they are denominated:

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

December 31, 2007	Continued activity		Ceased activity	
	EUR	USD	EUR	USD
Cash and cash equivalents	1 504	321	-	-
<b>Balance exposition to exchange risk</b>	<b>1 504</b>	<b>321</b>	<b>-</b>	<b>-</b>

December 31, 2006	Continued activity		Ceased activity	
	EUR	USD	EUR	USD
Receivables due to deliveries and services and others	-	35	7 799	21 987
Liabilities due to deliveries and services and others	-	-	(2 106)	(1 249)
<b>Balance exposition to exchange risk</b>	<b>-</b>	<b>35</b>	<b>5 693</b>	<b>20 738</b>

The Company has conducted an analysis of sensitivity of financial instruments denominated in foreign currencies to changes in exchange rates. The chart below presents the influence, related to the valuation of these financial instruments, of strengthening or weakening of PLN at the reporting date by 5% in relation to all other currencies on financial result and equities. The analysis was conducted with the assumption that all other variables, e.g. interest rates, remain stable.

	Profit and loss account		Equity	
	Increase of foreign currencies exchange rate by 5%	Decrease of foreign currencies exchange rate by 5%	Increase of foreign currencies exchange rate by 5%	Decrease of foreign currencies exchange rate by 5%
<b>2007</b>	<b>91</b>	<b>(91)</b>	<b>91</b>	<b>(91)</b>
<b>2006</b>	<b>1 323</b>	<b>(1 323)</b>	<b>1 323</b>	<b>(1 323)</b>

**c. Risk of loss of financial liquidity**

Risk of loss of financial liquidity is the risk that the Company will lose its capacity to repay its financial obligations at the moment of maturity.

Risk management policy in this context consists in securing financial resources essential for the Company to fulfil its financial and investment obligations, employing the most attractive sources of finance.

Company liquidity management concentrates on detailed analysis, planning and undertaking appropriate actions in the areas of working capital and net financial indebtedness.

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The chart presents the Company's maximum exposure to risk of loss of financial liquidity:

For December 31, 2007

Financial liabilities excluding derivative instruments	Balance value	Contracted value of cash flow	to 6 months	6-12 months	1 - 2 years	2-5 years	above 5 years
Long-term liabilities due to granted guarantees	77 955	97 796	2 751	8 100	17 662	47 515	21 767
Loans received	10 608	10 608	10 608	-	-	-	-
Liabilities due to financial leasing	126	126	126	-	-	-	-
Liabilities due to deliveries and services and others	10 912	10 912	10 912	-	-	-	-
Liabilities due to arrangement	26 315	27 248	18 308	8 940	-	-	-
	<b>125 916</b>	<b>146 690</b>	<b>42 705</b>	<b>17 040</b>	<b>17 662</b>	<b>47 515</b>	<b>21 767</b>

For December 31, 2006

Financial liabilities excluding derivative instruments	Balance value	Contracted value of cash flow	to 6 months	6-12 months	1 - 2 years	2-5 years	above 5 years
Long-term liabilities due to granted guarantees	77 954	103 214	2 210	2 539	11 192	50 507	36 766
Secured bank credits	40 969	42 107	8 748	33 359	-	-	-
Loans received	14 332	14 121	2 824	292	11 005	-	-
Credits on current account classified in the group available for sale	15 004	15 685	450	15 235	-	-	-
Liabilities due to deliveries and services and others	1 527	1 527	1 527	-	-	-	-
Liabilities due to deliveries and services and others classified in the group for sale	77 508	77 508	77 508	-	-	-	-
Long-term liabilities classified in the group for sale	1 803	1 803	-	-	350	1 453	-
Liabilities due to arrangement	59 471	62 245	16 823	19 106	26 316	-	-
	<b>288 568</b>	<b>318 210</b>	<b>110 090</b>	<b>70 531</b>	<b>48 863</b>	<b>51 960</b>	<b>36 766</b>

#### d. Capital management

The fundamental assumption for the Company's policy in capital management is to hold a strong capital basis which will contribute to build the trust of investors, creditors and of the market and which will facilitate future development of the Company. The Company monitors changes in share ownership, rate of return on capital and the relation between equity and liabilities.

The objective of the Company is to achieve a rate of return on capital at the level satisfactory for its shareholders.

The Company as a joint-stock is under obligation deriving from art. 396 § 1 of Commercial Partnerships and Companies Code, which requires companies to transfer at least 8% of its profits for the financial year to the supplementary capital, until it reaches the value of at least one third of initial (share) capital amount.

During the business year no changes were introduced in Company's policy on capital management.

### 30. Operating leases

#### Operating lease agreements, where the Company is as a lessee

Estimated payments on operating lease agreements are as follows:

	31 Dec 2007	31 Dec 2006
<b>continued operations</b>		
until 1 year	73	212
1 -5 years	35	370
<b>discontinued operations</b>		
until 1 year	-	283
1 -5 years	-	915
	<b>108</b>	<b>1 780</b>

### 31. Contingent commitments

Contingent commitments relate to guarantees granted to associated entities in the total of TPLN 14,405 (31 December 2006: TPLN 12,327), to other entities in the total of TPLN 1,529 (31 December 2006: TPLN 11,622).

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### 32. Transactions with associated entities

#### a. State of settlements with associated entities

Transaction with associated entities regard, above all, trade goods and property lease.

*Continued operations*

**31 Dec 2007**

	Receivables	Payables	Loans received
Stalexport Autostrada Małopolska S.A.	34 010	-	-
Stalexport Autostrada Dolnośląska S.A.	13	2 631	7 169
Biuro Centrum Spółka z o.o.	13	105	-
Stalexport Autostrada Śląska S.A.	9	-	3 439
<b>TOTAL</b>	<b>34 045</b>	<b>2 736</b>	<b>10 608</b>

**31 Dec 2006**

	Receivables	Payables	Loans received
Stalexport Autostrada Małopolska S.A.	32 680	-	-
Stalexport Transroute Autostrada S.A.	-	-	1 004
Stalexport Autostrada Dolnośląska S.A.	-	4 134	9 766
Stalexport Serwis Centrum S.A.	-	283	-
Biuro Centrum Spółka z o.o.	-	613	-
Stalexport Autostrada Śląska S.A.	-	-	3 562
<b>TOTAL</b>	<b>32 680</b>	<b>5 030</b>	<b>14 332</b>

Receivables from Stalexport Autostrada Małopolska S.A. result from an agreement on transferring the expenditures of Stage I related to adapting the motorway to toll motorway requirements.

*Discontinued operations*

**31 Dec 2006**

	Receivables	Payables	Loans received
Stalexport Metalzbyt Sp z o.o.	1 658	-	-
Stalexport Serwis Centrum S.A.	122	16	-
Stalexport Centrostal S.A.	156	1	-
Stalexport Bełchatów S.A.	574	3	-
<b>TOTAL</b>	<b>2 510</b>	<b>20</b>	<b>-</b>

#### b. Value of transactions with associated entities

*Continued operations*

**2007**

	Sales revenues	Financial revenues	Purchase costs of products, goods and services	Financial expenses
Stalexport Autostrada Małopolska S.A.	-	1 329	-	-
Stalexport Transroute Autostrada S.A.	-	-	-	40
Stalexport Autostrada Dolnośląska S.A.	57	-	-	560
Stalexport Autoroute S.a.r.l	-	3 613	-	-
Stalexport Serwis Centrum S.A.	-	-	-	26
Biuro Centrum Spółka z o.o.	62	-	2 800	-
Stalexport Autostrada Śląska S.A.	13	-	4	187
<b>TOTAL</b>	<b>132</b>	<b>4 942</b>	<b>2 804</b>	<b>813</b>

**2006**

	Sales revenues	Financial revenues	Purchase costs of products, goods and services	Koszty finansowe
Stalexport Autostrada Małopolska S.A.	-	362	-	-
Stalexport Transroute Autostrada S.A.	-	-	-	50
Stalexport Autostrada Dolnośląska S.A.	23	-	-	462
Stalexport Autoroute S.a.r.l	-	2 131	-	-
Stalexport Serwis Centrum S.A.	-	-	-	33
Biuro Centrum Spółka z o.o.	57	58	2 804	-
Stalexport Autostrada Śląska S.A.	45	1	-	218
<b>TOTAL</b>	<b>124</b>	<b>2 551</b>	<b>2 804</b>	<b>762</b>

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)****Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007***(all amounts in thousands of zlotys, unless stated otherwise)**Discontinued operations***2007**

Stalexport Transroute Autostrada S.A.  
 Stalexport Metalzbyt Sp z o.o.  
 Stalexport Serwis Centrum S.A.  
 Stalexport Centrostal S.A.  
 Stalexport Belchatów S.A.

**TOTAL**

Sales revenues	Financial revenues	Purchase costs of products, goods and services	Koszty finansowe
798	-	-	-
81	-	231	-
4 533	-	1 200	-
2 294	9	691	-
30	-	24	-
<b>7 736</b>	<b>9</b>	<b>2 146</b>	<b>-</b>

**2006**

Stalexport Transroute Autostrada S.A.  
 Stalexport Metalzbyt Sp z o.o.  
 Stalexport Serwis Centrum S.A.  
 Stalexport Centrostal S.A.  
 Stalexport Belchatów S.A.

**TOTAL**

Sales revenues	Financial revenues	Purchase costs of products, goods and services	Koszty finansowe
1 732	-	-	-
277	-	156	-
6 577	-	2 677	-
1 819	-	1 224	-
-	55	137	102
<b>10 405</b>	<b>55</b>	<b>4 194</b>	<b>102</b>

**c. Transactions with key management personnel**

In 2007 and in 2006 no loans were granted to members of the Management or Supervisory Boards, to their spouses, relatives, in-laws in a straight line up to the second level or to persons related by guardianship, adoption or custody with persons managing or supervising the entity, which they are substantial shareholders (partners) of. The Company did not grant any advance payments or guarantees to such persons.

Remuneration of people managing and supervising the Company was as follows:

	<b>2007</b>	<b>2006</b>
Management Board	5 304	2 012
Key Management Personnel	1 377	1 612
Supervisory Board	155	150
	<b>6 836</b>	<b>3 775</b>

Remuneration for the year 2007 includes provision for Management Board bonuses created as at 31 December 2007 in amount of TPLN 3,500

**33. Events after the reporting date**

- On 9<sup>th</sup> January 2008 the Company obtained from the Regional Court in Katowice a suit brought by the company CTL Maczki Bór Sp. z o.o. against: (i) State Treasury represented by the General Directorate for National Roads and Motorways [GDDKiA] (ii) Stalexport Autostrady SA and (iii) Stalexport Autostrada Małopolska SA for using some plots without agreement, which plots are a part of motorway lane for the period from 26 May 1998 to 2 June 2006. The claimant suited for payment of PLN 4.3 million including interests. The claimant suited for determining common responsibility for payment of the aforementioned amount including respectively: (i) from the State Treasury the whole claim (ii) from Stalexport Autostrady SA about PLN 3.3 million (iii) from Stalexport Autostrada Małopolska SA about PLN 1 million. In January 2008 reply to the suit was submitted, asking for dismissing the suit as a whole because of the right granted by the Minister of Transport to possess land in good faith on the basis of the Concession, Concession Agreement and accompanying agreements.
- On 11<sup>th</sup> January 2008 the Company got from attorney-in-fact of the Consortium SlovakPASS (Autostrade per l'Italia, Stalexport-Autostrady SA, Efkon AG) the copy of the official report of the ordering party (National Road Directorate of the Slovakian Republic) that SlovakPASS was finally qualified to the proper bid for construction and management of the national network of electronic fee collection from lorries.

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**

**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

- On 21<sup>st</sup> January 2008 the Company obtained notices from the Companies: Atlantia S.p.A seated in Rome and Autostrade per l'Italia S.p.A. informing that on 18 January 2008 as a result of submitting by the company Atlantia S.p.A non-cash contribution in the form of 139,059,182 shares of the company Stalexport Autostrady S.A. to its subsidiary Company Autostrade per l'Italia S.p.A. seated in Rome. The shares were received by Autostrade per l'Italia S.p.A. Prior to acquiring the shares, Autostrade per l'Italia S.p.A. was not a shareholder of the company Stalexport Autostrady SA. As a result of acquiring the shares, Autostrade per l'Italia S.p.A. has currently a block of 139,059,182 shares and the same number of votes at the General Meeting of the company Stalexport Autostrady SA. The shares possessed by the company Autostrade per l'Italia S.p.A. constitute in total 56.24 % participation in the capital of the company Stalexport Autostrady SA and the same percentage participation in the total number of votes at the General Meeting of Shareholders of the company Stalexport Autostrady SA. Within 12 months from the date of this notice, Autostrade per l'Italia S.p.A is not going to increase its participation in the capital of the company Stalexport Autostrady SA

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)****Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007***(all amounts in thousands of zlotys, unless stated otherwise)***34. Corrections of previous years and changes in recognition**

The Company introduced following adjustments to approved financial statement as of the day and for the year ending on 31 December 2006:

**Balance sheet**

	<b>Correction</b>	<b>31 Dec 2006 r. before corrections</b>	<b>Correction value</b>	<b>31 Dec 2006 r. after corrections</b>
<b>ASSETS</b>				
Plant, property and equipment	a, b, c, d, f	56 037	(52 823)	3 214
Intangible and legal assets	f	95	(89)	6
Prepaid perpetual usufruct of land	d	-	116	116
Investment property	b, f	10 000	(6 940)	3 060
Long-term receivables		32 680	-	32 680
Investments in subsidiaries and associates	f, g, q	227 577	(177 132)	50 445
Other long-term investments	f, q	200	972	1 172
<b>Total non-current assets</b>		<b>326 589</b>	<b>(235 896)</b>	<b>90 693</b>
Inventories	f	57 579	(57 579)	-
Income tax receivables	i	-	1 342	1 342
Trade and other receivables	f	91 733	(86 320)	5 413
Cash and cash equivalents	f	39 270	(5 085)	34 185
Short-term investments		4 545	-	4 545
Assets in group held for sale	f	-	226 716	226 716
<b>Total current assets</b>		<b>193 127</b>	<b>79 075</b>	<b>272 202</b>
<b>Total assets</b>		<b>519 716</b>	<b>(156 821)</b>	<b>362 895</b>

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**  
**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on**  
**31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

	Correction	31 Dec 2006 r. before corrections	Value of correction	31 Dec 2006 r. after corrections
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Initial capital		315 524	-	315 524
Share capital revaluation reserve	p	-	18 235	18 235
Treasury shares		(21)	-	(21)
Share premium reserve		2 887	-	2 887
Other reserve capitals and supplementary capital		43	-	43
Revaluation reserve	b, g, h, j	131 813	(131 813)	-
Retained earnings	b, c, e, j, k, l, p, o	(345 156)	(14 374)	(359 530)
<b>Total equity</b>		<b>105 090</b>	<b>(127 952)</b>	<b>(22 862)</b>
<b>Liabilities</b>				
<b>Long-term liabilities</b>				
Loans and borrowings		17 137	-	17 137
Long-term provisions	f, n	9 559	82 525	92 084
Other long-term liabilities	f, m, n	191 649	(87 379)	104 270
Long-term accrued liabilities	k	745	(745)	-
Deferred tax liabilities	e, h, k, o	29 383	(29 383)	-
<b>Total long-term liabilities</b>		<b>248 473</b>	<b>(34 982)</b>	<b>213 491</b>
<b>Short-term liabilities</b>				
Loans and borrowings	f, m	51 800	(13 636)	38 164
Trade and other payables	f, l	109 017	(74 336)	34 681
Deferred income	f	3 598	(3 282)	316
Short-term provisions	f	1 738	(1 567)	171
Liabilities in group held for sale	f	-	98 934	98 934
<b>Total short-term liabilities</b>		<b>166 153</b>	<b>6 114</b>	<b>172 267</b>
<b>Total liabilities</b>		<b>414 626</b>	<b>(28 869)</b>	<b>385 757</b>
<b>Liabilities in total</b>		<b>519 716</b>	<b>(156 821)</b>	<b>362 895</b>

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)****Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007***(all amounts in thousands of zlotys, unless stated otherwise)*

<b>Correction</b>	<b>Description</b>
a	Valuation of property, plant and equipment at the date of first application of IFRS EU in the Company, according to IAS 29 "Financial Reporting in Hyperinflation Economies". Application of IAS 29 caused changes in initial value of property, plant and equipment, which was the base for depreciation.
b	Reclassification of leased part of the office building to investment property
c	Elimination of revaluation of perpetual usufruct of land
d	Change in presentation of payments made in order to gain perpetual usufruct of land
e	Withdrawal of the deferred tax liabilities recognised in relation to a revaluation under point (c) above
f	Reclassification of assets and liabilities belonging to the group held for sale
g	Withdrawal of investment revaluation in subsidiary entities
h	Withdrawal of a deferred tax liabilities recognised in relation to a revaluation under point (g) above
i	Presentation of income tax settlements under a separate item in the balance sheet
j	Change of presentation within the components of equity
k	Withdrawal of long-term accrued liabilities on revenues due to revaluation of shares in subsidiary entities under point (g)
l	Inclusion of transport costs related to sales for 2006 (initially included in 2007)
m	Change in presentation of loan interest
n	Change in presentation of estimated liabilities upon guarantees granted
o	Withdrawal of a deferred tax liabilities
p	Hyperinflation revaluation of share capital
q	Change in presentation of other investments

**STALEXPORT AUTOSTRADY S.A. (previously STALEXPORT S.A.)**

**Explanatory information to the unconsolidated financial statement as of the day and for the year ending on 31st December 2007**

*(all amounts in thousands of zlotys, unless stated otherwise)*

**Profit or loss**

	Correction	1 Jan 2006 r. - 31 Dec 2006 r. before corrections	Value of correction	1 Jan 2006 r. - 31 Dec 2006 r. after corrections
Revenue		528 041	-	528 041
Cost of sales	G,E	(484 267)	(3 227)	(487 493)
<b>Gross sale profit</b>		<b>43 774</b>	<b>(3 227)</b>	<b>40 547</b>
Other income	C	34 512	(9 029)	25 482
Distribution expenses	D,F	(18 706)	(11 275)	(29 981)
General administrative expenses	C,G	(30 628)	1 880	(28 748)
Other expenses	C,E,F	(27 484)	20 467	(7 017)
<b>Profit (loss) from operating activities</b>		<b>1 468</b>	<b>(1 184)</b>	<b>284</b>
Financial income	H	22 450	(2 697)	19 753
Financial expenses	H	(31 115)	2 697	(28 418)
<b>Net financial expenses</b>		<b>(8 665)</b>	<b>-</b>	<b>(8 665)</b>
<b>Profit (loss) before taxation</b>		<b>(7 197)</b>	<b>(1 184)</b>	<b>(8 381)</b>
Income tax	A	9 056	(9 056)	-
<b>Net profit/(loss)</b>		<b>1 859</b>	<b>(10 240)</b>	<b>(8 381)</b>
<b>Profit/(loss) per share</b>				
Basic earnings per share (PLN)	A, B	0,01	(0,07)	(0,06)
Diluted earnings per share (PLN)	A, B	0,01	(0,07)	(0,06)

A. Withdrawal of income tax related to changes in deferred tax liabilities at the beginning and end of the period

B. Adjustment of profit/loss per 1 share calculation

C. Netting other costs and revenue and costs of general management

D. Transfer of transaction costs from 2007

E. Presentation of creating write downs updating value of stocks

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G. Presentation of the cost of sales - continued activity

H. Netting revaluation adjustments of investments



# Stalexport Autostrady

Spółka Akcyjna

ul. Mickiewicza 29  
40-085 Katowice

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## **Letter of the Chairman of the Management Board of Stalexport Autostrady S.A. to the Shareholders**

*Dear Shareholders,*

I am presenting You the report of the Joint Stock Company Stalexport Autostrady for the year 2007.

It is the first year since the year 2000, when I can, with full satisfaction, state that the restructuring programme of the Company had been completed. Our Company had gone through very difficult time during the past seven years. At least several times we were at the edge of bankruptcy.

Commencing in 2006 and completing in 2007 of the process of the capital increase, allowed the Company for winning in total ca PLN 260 m, which secured not only the possibility to meet the arrangement and off-arrangement commitments, and also to collect the funds necessary for further dynamic development. It is really vital that owing to obtaining the strategic motorway investor, which is Atlantia Sp.A., the trends of this development have been clearly determined and also the execution of these development trends has commenced in 2007.

The previous year was the year of executing the liabilities as well as the tasks resulting from the signed, on 26.06.2006, the Investment agreement with Autostrade S.p.A. ( at present Atlantia S.p.A.), and also the year of commencing the execution of new development trends based on extremely reliable financial bases.

The main issues, which were carried out in this scope, in 2007, are:

- 1) executing the second phase of stock capital increase,
- 2) the disposal of the segment of the Company connected with conducting the trade activities, mainly in the scope of steel products,
- 3) participation in tenders arranged by the government circles for constructing new motorways or adapting the existing motorways to the toll collecting.
- 4) joint participation with Atlantia in international tender for constructing of the toll collection system on motorways announced by the Slovakia government,
- 5) earlier settlement of liabilities resulting from the off-arrangement agreements due to obtaining means from the capital increase
- 6) final dissolving of guarantees granted by Stalexport S.A. in 1997 for the credits for Walcownia Rur Jedność. For memento – this threat was shown in our books in the amount of almost PLN 300 m, and finally due to the efforts of the Manage-

ment Board and owing to means from the capital increase resulted solely in the expenditure of PLN 43 m in cash, and in ca PLN 33m, as an increase in capital.

*Dear Ladies and Gentlemen,*

All these events which occurred in 2007 caused that our Company is entirely different than a year ago. The most essential attributes of this new "quality" are:

- establishing the solid financial base for the dynamic development of the Company in future,
- coming of the Company to the Atlantia family, one of biggest and the most dynamically developing company in motorway industry in Europe,
- resignation from the trade activities,
- focusing on motorway activities,
- changes of the firm name from Stalexport S.A. for Stalexport Autostrady S.A.

*Dear Shareholders,*

Our report for 2007 was drawn up according to the International Accounting Standards and verified by the Auditing Company KPMG Polska Audyt Sp. z o.o. in Warsaw, presents the Company with good results, capable of further intensive extension of business.

At present before Stalexport Autostrady S.A. there are new challenges connected with the development of the motorway activity, and because in this range of activity, especially in our country, there is still a lot to be made up for - I would like to express hope that Stalexport Autostrady will systematically and considerably contribute to the change of the existing state of affairs.

The Management Board will give special attention to this purpose in 2008, i.e. in already 45th year of the activity of the Company.

I encourage You to read the financial reports of Stalexport Autostrady and the report of the Management Board on the activity in 2007, there You will find the detailed description of the condition of the Company. These reports are also available on website [www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)

Yours faithfully,

The Chairman of the Management Board

General Director

/Emil Wąsacz/

**REPORT OF THE  
MANAGEMENT BOARD  
ON THE ACTIVITIES OF  
  
STALEXPORT  
AUTOSTRADY S.A.**



**(previously STALEXPORT S.A.)**

**for the year 2007**

**Katowice, March 2008**

**REPORT OF THE MANAGEMENT BOARD  
ON THE ACTIVITIES OF  
STALEXPORT AUTOSTRADY S.A.  
(previously STALEXPORT S.A.)  
for the year 2007**

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## 1. INTRODUCTION

The Report of the Management Board on the activities of Stalexport Autostrady S.A. (previously STALEXPORT S.A.) located in Katowice, for the year 2007 contains the most important information concerning the functioning of the Company in the reporting period.

The main tasks assumed by Stalexport Autostrady S.A. (previously STALEXPORT S.A.) for implementation in 2007 resulted from the programme accepted in 2002, entitled **"Programme of implementation of strategy of STALEXPORT S.A. in the years 2002-2007 in the conditions of arrangement proceedings"** as well as the Investment Agreement signed in 2006 with the strategic investor. Namely the company Atlantia S.p.A.

They have comprised in particular:

- 1) further replenishment of the Company's capital, for the amount of over 200 million PLN, by coming into possession of further shares by the Company Atlantia S.p.A.,
- 2) repayment of liabilities resulting from arrangement agreements and liabilities which have not been part of arrangement proceedings,
- 3) change of the profile of Company's activities, by selling its steel part,
- 4) final settlement of liabilities resulting from the guarantees granted in favour of WRJ.

The coming of the Company Atlantia S.p.A. to Stalexport Autostrady S.A. and the execution of the agreement concluded resulted in obtaining some 269 million PLN in cash. This cash injection eliminated the risk of bankruptcy of the Company for good, allowed to complete the process of financial restructuring, and created conditions for its further development.

In 2007 Stalexport Autostrady S.A., having the financial means, paid the liabilities resulting from arrangement proceedings, for the amount of 33.2 million PLN. In addition, in the first half of 2007 the liabilities amounting to 7.7 million PLN, which have not been part of the arrangement proceedings, on top of that in July 2007 Stalexport Autostrady S.A. pre-paid the 33.3 million PLN of liabilities which have not been part of the arrangement proceedings. Thus, before due date, all the restructured liabilities towards banks have been paid, which liabilities have not been part of the arrangement proceedings.

Simultaneously, throughout the year intensive work has been carried out with the aim to sell the steel part of the Company to the investor, namely the Company Złomrex S.A. A suitable agreement was signed on 01.10.2007.

Moreover, final settlement was made concerning the liabilities in the form of guarantees granted in favour of WRJ, in the amount of 48 million PLN.

The discussion of actions taken and results obtained is included in subsequent chapters of this report.

The presented report covers issues stated in the Ordinance of the Minister of Finance, dated 19.10.2005, concerning the current and period information to be provided by issuers of securities (Official Journal of Law, No 209, year 2005 item 1744).

The report of the Management Board consists of the following:

1. **Introduction,**
2. **Basic information about the Capital Group**
3. **Financial part,** which comprises the discussion of financial results, description of non-typical factors that exert influence upon the result of activities, description of the assets structure and financial situation of the Company,
4. **Commercial part,** which contains basic information about the market and sales,
5. **Other information** about the Company and the Capital Group
6. **Descriptive part dealing with development perspectives, and description of basic risks and threats of the Capital Group STALEXPORT AUTOSTRADY** as well as the actions of the Management Board taken to define the conditions of further development of the Company,
7. **Conclusion**
8. **The part containing statements of Management Board,** required by the Ordinance of the Minister of Finance, dated 19.10.2005, concerning the current and period information to be provided by issuers of securities.

## 2. BASIC INFORMATION ABOUT STALEXPORT AUTOSTRADY S.A.

<i>Name:</i>	Stalexport Autostrady S.A. (since 30.08.2007, before that date: STALEXPORT S.A.)
<i>Main subject of activities:</i>	PKD 4523 A Budowa dróg kołowych i szynowych (construction of roads and railways)
<i>Legal form of business:</i>	Joint Stock Company
<i>Corporate registration court:</i>	Sąd Rejonowy w Katowicach, Wydział Gospodarczy Krajowego Rejestru Sądowego (Regional Court in Katowice, Economy Department of the Corporate Court Register)
<i>Registered office:</i>	40-085 Katowice, ul. Mickiewicza 29
<i>KRS (national register of companies):</i>	0000016854 registered in Sąd Rejonowy Wydział VIII KRS w Katowicach, ul. Lompy 14
<i>Regon (statistical office registration number):</i>	271936361
<i>NIP (tax office number):</i>	634-013-42-11
<i>NKP (tax classification number):</i>	38-10454
<i>Share capital:</i>	494 524 046 PLN – paid up in total
<i>Bank accounts:</i>	FORTIS BANK POLSKA S.A. Oddział w Katowicach PL 68 1600 1055 0002 3211 9906 7001 PLN PL 13 1600 1055 0002 3211 9906 7021 EUR PL 83 1600 1055 0002 3211 9906 7022 USD
<i>www:</i>	<a href="http://www.stalexport-autostrady.pl">http://www.stalexport-autostrady.pl</a>
<i>e-mail:</i>	<a href="mailto:info@stalexport-autostrady.pl">info@stalexport-autostrady.pl</a>
<i>Telephone.:</i>	+48 32 251 21 81,
<i>Facsimile:</i>	+48 32 251 28 22
<i>Address of the national social insurance office (ZUS) proper for the company:</i>	ZUS Oddział Chorzów ul. Dąbrowskiego 45, 41-500 Chorzów
<i>Inland Revenue Office (Urząd Skarbowy) proper for the company:</i>	Pierwszy Śląski Urząd Skarbowy ul. Braci Mieroszewskich 97, 41-219 Sosnowiec

Stalexport Autostrady S.A. (previously STALEXPORT S.A.) began its activities on January 1, 1963 as the Foreign Trade Enterprise (Przedsiębiorstwo Handlu Zagranicznego) „Stalexport”, specialising in the export and import of steel and metal goods, as well as import of raw materials for the Polish steel and metal sector. In 1993 the enterprise was transformed into a Joint Stock Company, with the State Treasury as its only shareholder, and underwent privatisation. At present the company has the legal status of a Joint Stock Company, the shares of which have been approved for trading at the Warsaw Stock Exchange (Warszawska Giełda Papierów Wartościowych) on October 26, 1994.

In 1997, following a tender procedure, the Company was awarded the licence for the period of 30 for construction by adaptation and operation of the section of toll motorway A4 between Katowice and Kraków, length of the section 61 km.

The Company is in the process of execution of the arrangements made with its creditors, approved by the decision of the Regional Court (Sąd Rejonowy) in Katowice, dated 27.06.2002. In line with the conditions of the arrangement, the payment of liabilities shall be in 20 quarterly instalments. Until the date of drawing this statement, the Company paid 18 of those 20 instalments. The remaining two instalments are due on: 07.04.2008 and 07.07.2008.

In 2006 Stalexport Autostrady S.A. gained a strategic investor, namely the Company Atlantia S.p.A. with registered office in Rome (Italy) – the leader on the European market of motorway management Atlantia S.p.A. manages a network of over 3 400 km of toll motorways in Europe and the USA, it is also a leader in systems for automatic toll collection on motorways. Atlantia S.p.A. is quoted at the stock exchange in Milan, its market value as at the end of February 2008 is some 13 billion EUR.

In line with the investment agreement concluded, in June 2006 Atlantia S.p.A. came into the possession of 34 159 378 shares of the series F (2<sup>nd</sup> tranche), issued within the framework of actions meant to increase the share capital within the limits of target capital, which amounted to 21.7% in the share capital of the Company. The registration of that increase took place on 02.08.2006. Then, in March 2007 r. Atlantia S.p.A. came into the possession of another series of shares (series G) having the total value of some 201 million PLN. That increase of share capital of the Company took place on 25.06.2007. The financial means obtained from the above issue of shares allow, on the one hand to pay the restructured debts of the Company, which has already been achieved in

a substantial portion, and on the other hand to implement the strategy of developing the activities in the motorway segment.

Moreover, as a result of settlement made on 06.08.2007 of the stock exchange transaction, which has been the result of stipulations made in the call for subscribing to shares of the company Stalexport Autostrady S.A. with seat in Katowice, Atlantia S.p.A. purchased 15 399 804 shares of Stalexport Autostrady S.A. Following the purchase of the above shares Atlantia S.p.A. held a total of 139 059 182 shares of Stalexport Autostrady S.A., which amounted to 56.24 % of shareholding of the company capital and of the total number of voting rights at the General Assembly of Shareholders of Stalexport Autostrady S.A. At present, following the operation of 18.01.2008 when the company Atlantia S.p.A brought in the non-pecuniary contribution in the form of 139 059 182 shares of the company Stalexport Autostrady S.A. to its dependent company Autostrade per l'Italia S.p.A. with seat in Rome, all the above shares are held by the company Autostrade per l'Italia.

The year 2007, revealed two stages in the activities of the company, which are divided by the event of selling the Organised Part of the Enterprise (Zorganizowana Część Przedsiębiorstwa), which took place on 01.10.2007.

Until 30.09.2007 the activities of the Company and the Capital Group focused upon the two main segments, namely:

- § **the segment of motorway services** comprising upgrading to the toll motorway conditions and operation of the A4 motorway section Katowice-Kraków, as well as participation in selected tender procedures for the construction and/ or operation of further motorway projects. The segment of those activities, after the appearance of the strategic investor Atlantia S.p.A. has been developed and shall constitute the main area of prospective activities of the Company;
- § **trade segment** comprising export, import, domestic trade in steel goods, raw materials for metallurgy, as well as processing of steel products, including manufacturing and assembling/ installation of prefabricated reinforcements.

Following the sale of the steel segment, since October 1, 2007 Stalexport Autostrady S.A. has been focusing exclusively upon the motorway activities, and renting office space in the office building located in 29. Mickiewicza street in Katowice, of which the Company is a co-owner, and where the seat of the Company is also located.

**In connection with the process of selling the steel section in 2007, as a result of the resolution passed by the Gneral Assembly of Shareholders, the company name under which the company carried out its activities also changes from Stalexport Spółka Akcyjna (Stalexport Joint Stock Company) to Stalexport Autostrady Joint Stock Company (Spółka Akcyjna) (decision of the Regional Court - Sąd Rejonowy in Katowice Wydział VIII Gospodarczy Krajowego Rejestru Sądowego ((Division VIII - Economy, of the National Court Register) dated August 30, 2007)**

## 2.1. Segments of activities of Stalexport Autostrady S.A.

The activities of Stalexport Autostrady S.A. in the year 2007 focused upon the two main segments:

- § **the segment of motorway services** comprising among others upgrading to the toll motorway conditions and operation of the A4 motorway section Katowice-Kraków,
- § **trade segment** comprising export, import, domestic trade in steel goods, raw materials for metallurgy, as well as processing of steel products, including manufacturing and assembling/ installation of prefabricated reinforcements.

In the segment of motorway business there are the following dependent companies of Stalexport Autostrady S.A.:

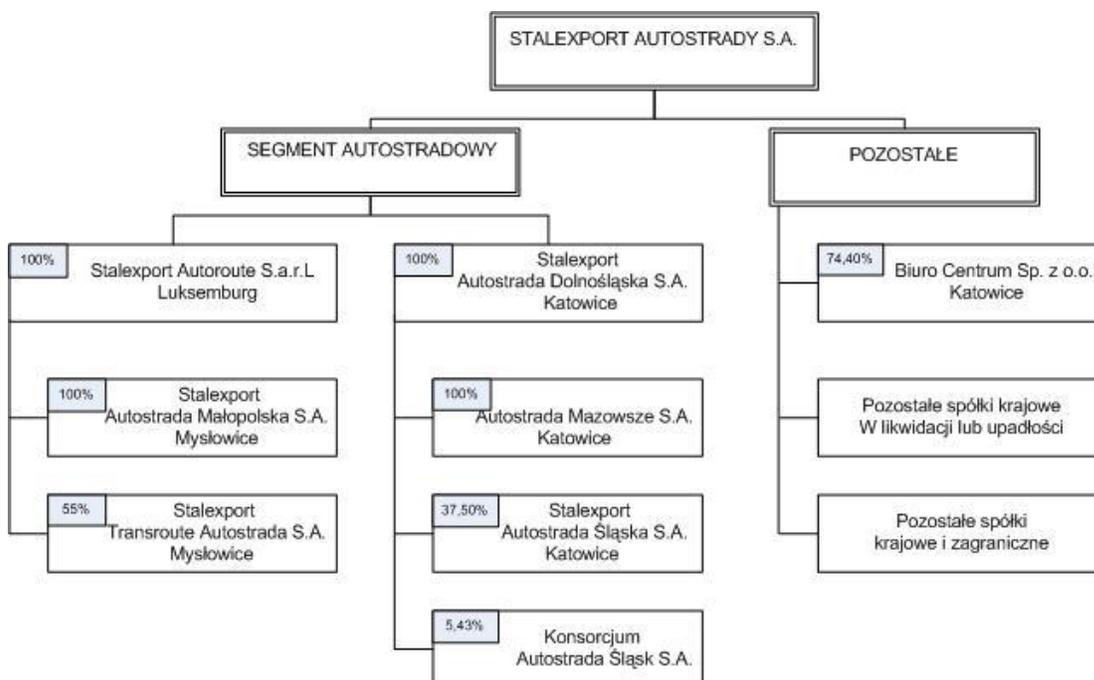
1. Stalexport Autoroute S.a.r.l., Luxembourg, which is the shareholder in the following companies:
  - § Stalexport Autostrada Małopolska S.A., Mysłówice (which holds the licence for the operation of the section of A4 motorway, Katowice-Kraków),
  - § Stalexport Transroute Autostrada S.A., Mysłówice,
2. Stalexport Autostrada Dolnośląska S.A., Katowice, which is the shareholder in the following companies:
  - § Autostrada Mazowsze S.A.
  - § Stalexport Autostrada Śląska S.A.,
  - § Konsorcjum Autostrada Śląsk S.A.

The trade segment comprised the Organised Part of the Enterprise (Zorganizowana Część Przedsiębiorstwa - ZCP) Stalexport Autostrady S.A. together with the following dependent companies:

1. Stalexport Serwis Centrum S.A., Katowice,
2. Stalexport Centrostal S.A., Lublin,
3. Stalexport - Metalzbyt Sp. z o. o., Białystok,
4. Stalexport Serwis Centrum Bełchatów S.A., Rogowiec,
5. In-Bud Sp. z o.o.

On 1.10.2007 the Organised Part of the Enterprise (Zorganizowana Część Przedsiębiorstwa) was sold.

The organisation chart of the Capital Group Stalexport Autostrady S.A. as of 31.12.2007 is presented below.



\*

segment autostradowy – motorway segment  
pozostale – others

under others:

other domestic companies in liquidation or bankruptcy  
other domestic and foreign companies

### 3. FINANCIAL ANALYSIS OF STALEXPORT AUTOSTRADY S.A.

#### 3.1. Discussion of financial results

In connection with the investment agreement signed on 31.05.2007, concerning the sale by Stalexport Autostrady S.A. of the assets and liabilities referring to the steel business, in the profit and loss account the results of relinquished activities have been separated.

The financial results for the year 2007 are presented in the Table below:

Data in PLN thousand	Continued activities			Relinquished activities		
	2007	2006	2007/2006	2007	I-III q. of 2006*	2007/I-III q. of 2006*
<b>I. Net revenue from the sales of products, goods, and materials</b>	<b>2 017</b>	<b>1 738</b>	<b>16,1%</b>	<b>338 168</b>	<b>387 645</b>	<b>-12,8%</b>
<b>II. Cost of sold goods, products, and materials</b>	<b>2 209</b>	<b>1 983</b>	<b>11,4%</b>	<b>327 080</b>	<b>355 304</b>	<b>-7,9%</b>
<b>III. Gross profit (loss) on sales (I – II)</b>	<b>-191</b>	<b>-245</b>	<b>-22,0%</b>	<b>11 088</b>	<b>32 341</b>	<b>-65,7%</b>
<b>IV. Other revenues</b>	<b>6 916</b>	<b>23 820</b>	<b>-71,0%</b>	<b>883</b>	<b>1 063</b>	<b>-16,9%</b>
<b>V. Cost of sales</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>7 921</b>	<b>14 583</b>	<b>-45,7%</b>
<b>VI. Cost of general management</b>	<b>13 288</b>	<b>4 028</b>	<b>229,9%</b>	<b>13 915</b>	<b>18 650</b>	<b>-25,4%</b>
<b>VII. Other costs</b>	<b>612</b>	<b>3 117</b>	<b>-80,4%</b>	<b>2 183</b>	<b>15 732</b>	<b>-86,1%</b>
<b>VIII. Operating profit (loss) (III+IV-V-VI-VII)</b>	<b>-7 176</b>	<b>16 430</b>	<b>-</b>	<b>-12 048</b>	<b>-15 561</b>	<b>-22,6%</b>
<b>IX. Loss on sales of relinquished activities</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-19 839</b>	<b>0</b>	<b>-</b>
<b>X. Financial income</b>	<b>56 768</b>	<b>19 348</b>	<b>193,4%</b>	<b>1 333</b>	<b>834</b>	<b>59,8%</b>
<b>XI. Financial expenses</b>	<b>10 204</b>	<b>26 975</b>	<b>-62,6%</b>	<b>1 642</b>	<b>958</b>	<b>71,4%</b>
<b>XII. Profit (loss) before taxation (VIII +X -XI+IX)</b>	<b>39 387</b>	<b>8 802</b>	<b>347,5%</b>	<b>-32 196</b>	<b>-15 685</b>	<b>105,3%</b>
<b>XIII. Income tax</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>XIV. Net profit (loss) (XII – XIII)</b>	<b>39 387</b>	<b>8 802</b>	<b>347,5%</b>	<b>-32 196</b>	<b>-15 685</b>	<b>105,3%</b>

\*for the sake of comparison the results of activities relinquished in 2006 apply to the period I-III quarter of the year.

#### 3.1.1. Revenues and costs of basic operations (sales, costs of purchase and sales, costs of general management)

In 2007 the revenues on sales amounted to 340 185 thousand PLN, of which 2 017 thousand PLN were revenues from the continued activities of renting office space, which increased by more than 16% in comparison with the year 2006

In connection with the sale of the Organised Part of the Enterprise (Zorganizowana Część Przedsiębiorstwa – ZCP) in the end of the 3<sup>rd</sup> quarter of 2007, the activity relinquished in the 4<sup>th</sup> quarter of 2007 have not been presented in the results of the Company, thus for the sake of comparison with the previous year, one should take into consideration the results for the three quarters (I-III) of 2006.

The share of trade activities in total revenues amounted to 85%; within which the most important item was export sales, which in 2007 amounted to 183 611 thousand PLN, giving a share of 54% in total sales.

In 2007, the revenues on sales of goods and materials in the domestic market amounted to 104 408 thousand PLN, while its share in total revenues amounted to 31%. The sale of goods in the domestic market was performed via the head office of the Company Stalexport Autostrady S.A. (this applies to goods to major

customers as well as sale of imported goods) as well as via warehouses located over the entire territory of the country.

The manufacturing activities have been organised in three facilities making reinforcements for construction industry. The revenues from the sales of reinforcements for the year 2007 amounted to 48 929 thousand PLN, while their share in the total revenues amounted to more than 14%.

Within the framework of revenues from sales of products, one should also point out the activities connected with renting and leasing of real estate, the share of which in total revenues amounts to 1%, with revenues of 3 237 thousand PLN, while the portion of those revenues concerning renting of office space, in the amount of 2 017 thousand PLN, is in the scope of continued activities.

The gross profit on sales in 2007, concerning the continued activities, is negative and amounts to 191 thousand PLN, whereas the disclosed loss is lower than in the previous year, by 22%.

The relinquished activity generated a gross profit of 11 088 thousand PLN, while in the comparable period of three quarters of 2006 it amounted to 32 341 thousand PLN, which implies a drop by nearly 66%.

The generation of a lower profit is the consequence of:

- § reduction of the sales volume, mainly in the first half of 2007,
- § losses generated in the manufacturing of reinforcements,
- § diminishing of the sales profit margin in export.

The costs of sales, which entirely belong to the steel activity, amounted to 7 921 thousand PLN in 2007. The cost of general management, included in the continued activities, amounted to 13 288 thousand PLN, the cost belonging to the relinquished activities amounted to 13 915 thousand PLN. The more than triple increase in costs of general management on the continued activity in relation to 2006 resulted from the single events and concerned the employees' benefits and the third party services. In the second half of the year the bonuses for all the employees in the total amount of 3 693 thousand PLN were calculated as the form of compensation for the voluntary reduction of their salaries in the period when the company was undergoing the restructuring process envisaging the bankruptcy; and the bonus for the Management Board was calculated in the amount of 3 500 thousand PLN increased by surcharges by virtue of social insurance and other in the amount of 319 thousand PLN. While in connection with disposal of steel business the advisory costs amounted to 1 775 PLN.

### **3.1.2. Other operating revenues (incomes) and costs**

Other operating revenues amounted to 7 798 thousand PLN, of which 883 thousand PLN are revenues of the relinquished activities, where the main items are: revenues amounting to 447 thousand PLN obtained through dissolution of leasing contracts connected with the assets used within the framework of steel activities, as well as the revenues of 203 thousand PLN being penalty interest on receivables.

The other revenues from continued activities amounted to 6 916 thousand PLN, of which the main item was the balance of updated provisions (reserves) for liabilities, amounting to 4 603 thousand PLN, which are made up of the dissolved (reserves) provisions in the amount of 6 887 thousand PLN and formed provisions (reserves), in the amount of 2 284 thousand PLN. Among the dissolved (reserves) provisions, 3.000 thousand PLN applied to the guarantees of bills of exchange of the Walcownia Rur Jedność (WRJ – pipe mill), while 2 391 thousand PLN applied to the receivables from the Company Spółki Stalexport Wielkopolska Sp. z o. o.; while in the newly formed provisions (reserves) the main item was provisions for corporate income tax, in the amount of 1 342 thousand PLN. What is more, the revenues were increased by limited receivables from the company Eko-Stahl (Germany), in the amount of 1 901 thousand PLN.

The lower level of other revenues in comparison with previous year results from two events which had occurred in 2006: conversion of outstanding receivables to shares of the company Centrozap – which resulted in dissolution of provisions in the amount of 11 995 thousand PLN and the disposal of real estate in Katowice – owing to that the provisions for this investment in the amount of 7 065 thousand PLN, established earlier, were dissolved.

Within the other costs, which in 2007 amounted to 2 796 thousand PLN, the major item is the cost of interest due on overdue liabilities related to trade activities, in the amount of 710 thousand PLN.

In 2007 the operating result was negative, and the loss amounted to 19 224 thousand PLN. The loss on relinquished operating activities amounted to 12 048 thousand PLN, while the continued activities generated a loss in the amount of 7 176 thousand PLN.

In the profit and loss account for the year 2007, within the relinquished activities, the item was revealed, separately, which disclosed the loss on the sale of the Organised Part of the Enterprise (Zorganizowana Część

Przedsiębiorstwa) in the amount of 19 839 thousand PLN, which resulted from the difference between the revenues in the amount of 137 800 thousand PLN and the book value of the sold assets and obligations.

### **3.1.3. Financial income and expenses**

The balance on financial activities for the year 2007 is positive and amounts to 46 254 thousand PLN. Financial income amounted to 58 100 thousand PLN, and were composed mainly of the income generated within the continued activity, in the amount of 56 768 thousand PLN. Because of settling the liabilities to the State Treasury due to the guarantees on bills of exchange, part of the liabilities in the amount of 37 577 thousand PLN was forgiven, also the revenue related to the sale of the claims to Walcownia Rur Silesia (WRS – Silesia pipe mill) in the amount of 1 900 thousand PLN was included.

On the revenue side, interest has been included, in the amount of 9 132 thousand PLN (of which 4 826 thousand PLN from bank deposits, and 3 464 thousand PLN of interest on restructured loans) as well as the dividend received from the Company Stalexport Transroute Autostrada S.A. amounting to 3 613 thousand PLN.

Within the framework of financial costs, which totalled the amount of 11 847 thousand PLN, 10 204 thousand PLN applied to the continued activities of the company, while the remaining amount of 1 642 thousand PLN applied to the relinquished activities.

The financial costs for the year 2007 comprise:

- § the interest on the liabilities towards the State Treasury, due in connection with guarantees granted, in the amount of 4 749 thousand PLN,
- § interest on bank loans, in the amount of 2 256 thousand PLN (of which 1 116 thousand PLN within the framework of relinquished activities),
- § interest related to arrangements made with creditors, in the amount of 2 774 thousand PLN,
- § interest on the discounted bills of exchange, in the amount of 70 thousand PLN within the framework of relinquished activities,
- § interest on short-term loans, in the amount of 631 thousand PLN,
- § interest on leasing instalments, in the amount of 131 thousand PLN (including 120 thousand PLN within the framework of relinquished activities),
- § bank charges and commissions, stock exchange charges, in the amount of 535 thousand PLN (including 314 thousand PLN within the framework of relinquished activities),
- § reserve (provision) for interest claims, in the amount of 613 thousand PLN,
- § other costs, amounting to 88 thousand PLN.

### **Financial results - summary**

The company disclosed a gross profit of 7 191 thousand PLN, while on the relinquished activities a gross loss in the amount of 32 196 thousand PLN was generated, whereas the continued activities generated a gross profit of 39 387 thousand PLN.

Due to absence of tax burdens related to income tax, the gross profit also constitutes the net profit, generated by the Company in 2007..

The net loss disclosed on relinquished activities for the year 2007 is mainly the effect of loss incurred on the sale of the Organised Part of the Enterprise (Zorganizowana Część Przedsiębiorstwa), amounting to 19 839 thousand PLN, as well as reduced profits from current trade activities of the Company, which fail to cover the entire costs of current operating activities. On the other hand, the disclosed net profit on continued activities, was possible mainly due to the settlement of liabilities to the State Treasury connected with the guarantees in favour of Walcownia Rur Jedność (WRJ – pipe mill).

### **3.2. Evaluation of factors and unusual events having impact upon the results of economic activities, taking into consideration events after balance sheet date**

Among the most substantial unusual events having impact upon the content of the financial report of the Company Stalexport Autostrady S.A. for 2007 there are:

- 1) increase of the share capital of the Company, through issue of shares for the strategic investor Atlantia S.p.A. in Rome (previously Autostrade S.p.A.),
- 2) sale of the Organised Part of the Enterprise (Zorganizowana Część Przedsiębiorstwa - ZCP),

- 3) repayment of restructured loans,
- 4) signing the settlement concerning the Walcownia Rur Jedność WRJ – pipe mill).

re. 1)

An important and crucial event in the activities of the Company was the conclusion, in June 2006, of the investment agreement with Atlantia S.p.A as the strategic investor in the Company. The investor mentioned above, in line with the investment agreement concluded, in 2006 came into the possession of share capital of the Company, amounting to 68 319 thousand PLN, resulting from the issue of shares of the series F, and further on increased in involvement in the share capital to the level of 56.24% - through:

- 1) increase of the share capital of the Company from 315 524 thousand PLN to 494 524 thousand PLN, that is by the amount of 179 000 thousand PLN (the registration of the share capital increase took place on 25.06.2007) by taking possession of shares of series G for the amount of 201 081 thousand PLN, paid on 27.03.2007,
- 2) settlement made on 06.08.2007 of the stock exchange transaction, which has been the result of stipulations made in the call for subscribing to shares of the Company, in which Atlantia S.p.A. purchased 15 399 804 shares.

In consequence of the above events, the Company Atlantia S.p.A. became the majority shareholder, which opens promising development prospects for Stalexport Autostrady S.A. and provides a new source of financing.

re. 2)

On 31.05.2007 an investment agreement (a preliminary agreement on sale) was concluded between Stalexport Autostrady S.A. and the company Złomrex S.A. in Poraj, and the company Stalexport Trade S.A. in Katowice (presently Stalexport S.A.), concerning:

- a) selling by Stalexport Autostrady S.A. of all held shares of Stalexport Trade S.A. to the company Złomrex S.A. or other purchaser, which may be a subsidiary of Złomrex S.A., at the price being equivalent to the value of the stock capital, amounting to 500 thousand PLN,
- b) selling by Stalexport Autostrady S.A. of the organised part of the enterprise (zorganizowana część przedsiębiorstwa - ZCP), comprising the assets and liabilities belonging to the Company, related mainly to trading and manufacturing of steel products, to Stalexport Trade S.A.,

Złomrex S.A. offered to Stalexport Autostrady S.A. a reference price for the ZCP, amounting to 122 500 thousand PLN, calculated on the basis of the consolidated balance sheet of ZCP as of 30.09.2006. The sale price of ZCP has been calculated for the transaction date, on the basis of the price formula approved by the parties, and then verified by an independent expert, namely the company Ernst & Young.

The transaction was concluded on 01.10.2007, after all the suspensive conditions have been.

On 08.10.2007 the escrow account was credited with the amount of 100 million PLN, which then, on 08.01.2008, was transferred to the account of Stalexport Autostrady S.A. as payment of a part of the price for ZCP (100 million PLN) together with interest from the amount deposited on the *escrow* account

On 27.12. 2007 the Company received the Report of the Expert, namely Ernst & Young company, which stated the sales price for ZCP at the amount of 138 million PLN (138 150 639.51 PLN.).

On January 25, 2008 the Company received the agreement signed between: Złomrex S.A., STALEXPORT S.A., and Stalexport Autostrady S.A. by virtue of which the parties unanimously:

- 1) abandon the possibility of requesting verification by Additional Expert of the ZCP sale price determined in the Report of the Expert,
- 2) establish the sale price of ZCP for the amount of 138.7 million PLN (138 700 000 PLN),
- 3) agree that the amount of 0.5 million PLN (549360.49 PLN), being the surplus over the sale price of ZCP indicated in the Report of the Expert, will be the reimbursement of the cost of investments made by Stalexport Autostrady S.A.,
- 4) establish that the amount of 38.7 million PLN, being in excess of the amount of the 100 million PLN already received by Stalexport Autostrady S.A., will become due on February 29, 2008,
- 5) agree that Złomrex S.A. shall file a statement on voluntary submission to execution against sums due, up to the amount of 38.7 million PLN, together with interest, in case of failing to make the payment on due date, which took place on the same day.

The Agreement under consideration shall exhaust all the claims of the Parties to it, which may arise in future regarding the Sale Price of ZCP.

re 3)

In connection with gaining new sources of financing as a result of share issue, a decision has been taken to use part of those means for earlier repayment of the restructured bank loans. The payment transaction was executed on 13.07.2007. The amounts due in connection with the restructured loans, at the payment date, amounted to a total of 33 252 thousand PLN and comprised the following banks: Citibank – Handlowy S.A., PKO BP S.A., ING Bank Śląski S.A., BRE Bank S.A., BPH SA.

As a result of that transaction the costs of debt servicing (interest) have been reduced, also the structure of liabilities in the balance sheet improved.

re 4)

In connection with the guarantees on the bills of exchange of the State Treasury, provided to the Walcownia Rur Jedność Sp. z o.o. (further referred to as WRJ – pipe mill) the company Stalexport Autostrady S.A. had liabilities in the amount of 85 732 thousand PLN.

In consequence of the settlement concluded on August 21, 2007 between Stalexport Autostrady S.A. and Walcownia Rur Silesia S.A. with the seat in Siemianowice Śląskie (further referred to as WRS), on 12.11.2007 an agreement was signed between the Company and WRS, on the basis of which a final settlement was made between the parties, concerning the liabilities of Stalexport Autostrady S.A. related to the guarantee on the bills of exchange provided on 07.11.1997 by the Company to the State Treasury.

The settlement defines the maximum responsibility of Stalexport Autostrady S.A., which amounts to 48 000 thousand PLN, as indorser for the bills of exchange provided by WRJ to the disposal of State Treasury, as collateral of the guarantee provided by the State Treasury of the Basic Loan in Polish Zloty and the Basic Loan in Foreign Currencies, obtained by WRJ from the Syndicated Banks.

The settlement also specifies the conditions for selling the 1 600 shares held by Stalexport Autostrady S.A. in WRJ for the amount of 100 thousand PLN, as well as the principles governing the sale of claims demandable at present or in future by Stalexport Autostrady S.A. towards WRJ having the par (nominal) value of 46 250 thousand PLN and 48 000 thousand PLN for the total price of 4 900 thousand PLN.

Within the framework of the settlement of the agreed amount with WRS, on 12.11.2007 Stalexport Autostrady S.A. made a payment for WRS in the amount of 44.9 million PLN. The remaining amount under the settlement, that is the amount of 3.1 million PLN, shall be settled by means of contractual deduction from the liabilities of WRS towards Stalexport Autostrady S.A. with the claims due to Stalexport Autostrady S.A. because of the sales made to WRS:

§ receivables (claims) of the Company from WRJ, for the amount of 3.0 million PLN ,

§ shares of Stalexport Autostrady S.A. held in WRJ, for the amount of 0.1 million PLN.

The settlement made on 12.11.2007, also comprised the sale by Stalexport Autostrady S.A. to WRS the recourse receivables (claims) from WRJ because of the guarantee provided in favour of WRJ. The sales price amounted to 1.9 million PLN, and was fully paid by WRS on 12.11.2007.

### **3.3. Property and financial standing including depiction of financing sources, policy regarding indebtedness as well as policy regarding risk management**

#### **3.3.1. The Company's Assets**

The Balance Sheet of Stalexport Autostrady S.A. as of 31.12.2007 underwent material changes in relation to the statements presented in the prior periods due to the sale of Zorganizowana Część Przedsiębiorstwa (the Organized Section of Entity) [“ZPC”].

The structure of the balance sheet assets presents the below table:

Data in PLN thousand	Position as of	Position as of	Dynamics	Structure	
	31.12.2007	31.12.2006	2007/2006	31.12.2007	31.12.2006
<b>I. Long-term assets</b>	<b>91 070</b>	<b>90 693</b>	<b>0,4%</b>	<b>29%</b>	<b>25%</b>
Tangible fixed assets	1 788	3 214	-44.4%	1%	1%
Intangible assets	5	6	-16.7%	0%	0%
Advance for perpetual usufruct	116	116	0.0%	0%	0%
Investment real properties	4 677	3 060	52.8%	2%	1%
Investments in affiliates	50 476	50 446	0.1%	16%	14%
Other long-term investments	-	1 171	-100.0%	0%	0%
Long-term receivables	34 009	32 680	4.1%	11%	9%
Deferred tax assets	-	-	-	-	-
<b>II. Short-term assets</b>	<b>219 538</b>	<b>272 202</b>	<b>-19.3%</b>	<b>71%</b>	<b>75%</b>
Inventory	50	-	-	0%	0%
Short-term investments	58 577	4 546	1188.7%	19%	1%
Receivables due to income tax	-	1 342	-100.0%	0%	1%
Receivables from deliveries and services and others	151 066	5 413	2790.8%	49%	1%
Cash and equivalents of cash	9 845	34 185	-71.2%	3%	9%
Assets in a group intended for sale	-	226 716	-100.0%	0%	62%
<b>Total assets</b>	<b>310 608</b>	<b>362 895</b>	<b>-14.4%</b>	<b>100%</b>	<b>100%</b>

The sum of the Company's assets at the end of 2007 amounted to PLN 310,608 thousand and in relation to the position at the end of the 2006 year decreased by more than 14%, i.e. by PLN 52,287 thousand what is mainly connected with disposal of assets relating to the steel branch activity. In the structure of assets the short-term assets prevails, and the sum of such assets is almost two and half higher than the sum of long-term assets.

The long-term assets sum amounts to PLN 91,070 thousand, where the primary positions are, as follows:

- § Investments in the affiliates amounting to PLN 50,476 thousand composed of the stock-shares and the shares mainly of two highway companies: Stalexport Autoroute (Luxemburg) and Stalexport Autostrada Dolnośląska S.A., moreover the shares at Biuro Centrum Sp. z o.o. managing the real estate in Katowice at Mickiewiczza Street No. 29 (the official seat of Stalexport Autostrady S.A.),
- § Receivables from Stalexport Autostrada Małopolska S.A. for other expenses of phase I of highway development project along with interests amounting to PLN 34,010 thousand incurred by Stalexport Autostrady S.A.,
- § The office building (in Katowice at Mickiewiczza Street No. 29) included partially as tangible fixed assets (PLN 405 thousand) and as a real estate intended for rent covered by long-term investment (PLN 4,677 thousand).

Within short-term assets amounting to PLN 219,538 thousand there took place much more dynamic changes during the 2007 year than in the Company's fixed assets. As a consequence of sale of Zorganizowana Część Przedsiębiorstwa it was charging off of assets intended for sale amounting to PLN 226,716 thousand, at the moment of sale the assets amounted to PLN 195,721 thousand, and on the other hand there was an increase in assets in item receivables by virtue of sale in the amount of PLN 138,700 thousand.

Other positions of short-term receivables are constituted by receivables for VAT tax amounting to PLN 5,953 thousand and receivables by virtue of supplies and services in the amount of PLN 3,680 thousand.

Short-term investments cover „Skarbiec” and „Credit Suisse” Investment Fund Association (Towarzystwa Funduszy Inwestycyjnych) amounting as of the end of 2007 to PLN 50,172 thousand, and shares of Centrozap Company amounting to PLN 7,235 thousand acquired through transmission of claims and shares of Beskidzki Dom Maklerski amounting to PLN 1,171 thousand.

Pecuniary means accumulated on bank accounts as of the end of the 2007 year amounted PLN 9,845 thousand.

### 3.3.2. The Company's Liabilities

In the 2007 year the structure of the Company's liabilities changed in very material manner. The equity that in the 2006 year was minus, at currently, due to increase of capital, is almost 60% of the liabilities sum. But the long-term liabilities decreased up to 23% of liabilities due to repayment of restructuring liabilities (guarantees by the State Treasury, loans, settlement instalments), and short-term liabilities that decreased mainly as a result of sale of the steel branch liabilities that at the end of the 2007 year amounted to 17%.

The structure of the balance sheet liabilities presents the below table:

Data in PLN thousand	Position as of	Position as of	Dynamics	Structure	
	31.12.2007	31.12.2006	2007/2006	31.12.2007	31.12.2006
<b>I. Equity</b>	<b>184 246</b>	<b>-22 863</b>	<b>-905.9%</b>	<b>59%</b>	<b>-6%</b>
Share capital	494 524	315 524	56.7%	159%	87%
Correction due to revaluation of share capital	18 235	18 235	0.0%	6%	5%
Own stock-shares	(19)	(21)	-8.0%	0%	0%
Capital for emission of stock-shares above their nominal values	20 916	2 887	624.4%	7%	1%
Capital for revaluation update	-	-	-	-	-
Other reserve capitals and provisions	-	43	-100.0%	-	-
Profits arrested and not covered losses	(349 410)	(359 531)	-2.8%	-112%	-99%
<b>II. Long-term liabilities</b>	<b>72 919</b>	<b>213 491</b>	<b>-65.8%</b>	<b>23%</b>	<b>59%</b>
Liabilities for loans and credits	-	17 137	-100.0%	0%	5%
Liabilities for financial leasing	-	-	-	-	0%
Liabilities for social services	373	-	-	-	-
Other long-term liabilities	72 541	104 270	-30.4%	23%	29%
Long-term provisions	5	92 084	-100.0%	0%	25%
Provision for deferred income tax	-	-	-	0%	0%
<b>III. Short-term liabilities</b>	<b>53 443</b>	<b>172 267</b>	<b>-69.0%</b>	<b>17%</b>	<b>47%</b>
Liabilities for loans and credits	10 608	38 164	-72.2%	3%	11%
Liabilities for financial leasing	126	-	-	0%	0%
Liabilities for supplies and services and others	42 641	34 681	22.9%	14%	10%
Liabilities for social services	68	-	-	0%	0%
Deferred incomes and for government grants	-	316	-100.0%	0%	0%
Short-term liabilities	-	171	-100.0%	0%	0%
Liabilities within a group intended for sale	-	98 935	-100.0%	0%	27%
<b>Total liabilities</b>	<b>310 608</b>	<b>362 895</b>	<b>-14.4%</b>	<b>100%</b>	<b>100%</b>

The Balance Sheet as of 31.12.2007 at the liabilities side includes three main positions:

- 1) The equity amounting to PLN 184,246 thousand, where the increase of share capital occurred up to PLN 494.524 thousand due to the issue of stock-shares for the strategy investor, Atlantia S.p.A., and the excess amount of the stock-shares above their nominal value was included in the supplementary capital; at the same time the capital sum is understated by the loss of the prior years amounting to 356,601 thousand, decreased by the current profit amounting to PLN 7.191 thousand;
- 2) Long-term liabilities amounting to PLN 72,919 thousand, including, as follows:
  - § other liabilities amounting to PLN 72,541 thousand composed of the liabilities towards the State Treasury for guarantees for the Ostrowiec Steel Plant,
  - § Liabilities for social services amounting to PLN 373 thousand,
- 3) Short-term liabilities amounting to PLN 53.443 thousand, including among others, as follows:
  - § Credits from highway companies for the total sum of PLN 10.440 thousand and interest on credits amounting to PLN 168 thousand,
  - § Settlement liabilities amounting to PLN 26,316 thousand included in other liabilities,
  - § A short-term part of liabilities towards the State Treasury for guarantees for the Ostrowiec Steel Plant amounting to PLN 5,414 thousand,
  - § Payroll liabilities amounting to PLN 6,860 thousand,
  - § Liabilities for supplies and services amounting to PLN 2,125 thousand.

### **3.3.3. Structure of financing sources and financial resources management**

In the 2007 year the equity was the financing source, mainly. The Company's financial standing was decisively improved due to incomes amounting to PLN 201 million for subscription of the stock-shares by Atlantia S.p.A.

The Company is still at repaying settlement liabilities in compliance with the agreed schedule. In the 2007 year in four settlement instalments PLN 35.9 million of liabilities including interest was paid. As of the end of the 2007 year the position of settlement liabilities amounted to PLN 26.3 million, and currently, the position amounts to PLN 18,2 million. Two settlement instalments are still to be repaid.

The position of cash flow was also influenced by the service cost referring to restructured bank loans that as of 13.07.2007 were repaid entirely for total amount of PLN 33.3 million.

Besides meeting the settlement and bank liabilities referring to restructured loans, the material financial charge to the Company there are the liabilities resulting from the guarantees to the State Treasury. The guarantees for the loans granted to the Ostrowiec Steel Plant amounting to PLN 78 million will be repaid from July 2008 in monthly instalments. But the guarantees for loans granted for the development project: the Jedność Pipe Rolling-Mill will be provided by partial amortization amounting to PLN 37.6 million and repayment of the residual sum amounting to PLN 48 million.

### **3.4. Description of investment activity**

The sum of investment outlays for fixed (property) and financial assets and financial incurred by Stalexport Autostrady S.A. in the 2007 year amounted to PLN 3,568 thousand and the sum includes:

- 1) establishing Stalexport Trade S.A. – the stock-shares amounting to PLN 500 thousand,
- 2) acquirement of shares at Biuro Centrum Sp. z o.o. – PLN 30 thousand,
- 3) repair-construction works at the Warszawa-Ursus facility amounting to PLN 2,316 thousand,
- 4) capital costs at trade and production branches amounting to PLN 129 thousand,
- 5) development project in - Dźwiękowy System Ostrzegania /Sound Warning System - the office building amounting to PLN 215 thousand,
- 6) repair-investment costs in the office building for the amount of 239 thousand,
- 7) costs of IT investments (purchase of hardware and software) for the amount of 139 thousand.

#### 4. ANALYSIS OF THE COMPANY'S TRADE ACTIVITY (refers to the abandoned business)

##### 4.1. Sale – Information on basic products, goods and services

In consequence of sale of the steel branch activity at the end of the III quarter of the 2007 year, in the IV quarter incomes for such activity did not occur, thus to compare the data, the analysis covers the three first quarters, and the IV quarter of the 2007 year is separated.

For 9 months of 2007, the revenues from sale by Stalexport Autostrady S.A. amounted to PLN 339.6 million and were lower by 13% than obtained for 9 months of 2006.

##### Structure of products and services in the Company's turnover in 2007

Product / Service	I-IX 2007		X-XII 2007	
	Sale sum [in PLN million]	Percentage in incomes	Sale sum in PLN million	Percentage in incomes
sections	104.4	31%	-	-
production of reinforcements	48.9	14%	-	-
non-ferrous metal products	45.6	13%	-	-
flat-rolled products	41.3	12%	-	-
bars and wire rods	31.1	9%	-	-
semi-products	31.0	9%	-	-
pipes	23.2	7%	-	-
services connected with renting	2.6	1%	0.6	100%
others	11.5	3%	-	-

In 9-month period of 2007 the percentage of metallurgic products in the Company's turnovers was at similar level, i.e. 87% (88% for 9 months of the 2006 year). The percentage of metallurgic materials 11% and 10%, relatively.

In the IV quarter of 2007, the sale of metallurgic products did not occur, and the obtained revenues from sale were rent charges for office surface rent.

The assortment of the greatest percentage in the Company's sale there were still sections whose revenues from sale for 9 months of 2007 decreased by 18% in relation to 9 months of 2006. The decrease of revenues from sale in the period in question can be seen for: pipes - by 46%, bars and wire rods – by 18%, flat-rolled products - by 16%. The revenues from sale increased: non-ferrous metal products - by 31%, semi-products – by 7% and production of reinforcements – by 1%.

Description to percentage share:

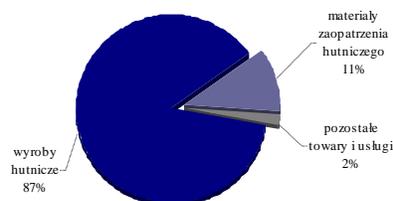
Assortment structure of revenues from sale of Stalexport Autostrady S.A. for 9 months of 2007.

Metallurgic products – 87%

Metallurgic materials – 11%

Other products and services – 2%

Asortymentowa struktura  
przychodów ze sprzedaży Stalexport Autostrady S.A.  
za 9 miesięcy 2007 roku



##### 4.2. Information on markets and suppliers

For 9 months of the 2007 year the greatest percentage share in the revenues from sale had the export sale – 55%, the internal sale – 41%, but the import sale was – 4%.

In the analogous period of the 2006 year the share percentage was, as follows: the export sale - 57%, the internal sale - 39%, and the import sale - 4%.

#### 4.2.1. Export sale

For 9 months of the 2007 year, 22% of the Company's export sale was directed to the European Union market and the same quantity, i.e. 22% to the other European countries. But 47% was the export to the South America, and 9% the export to the North America. The assortment structure of the export for 9 months of the 2007 year was as follows: sale of metallurgic products - 82%, semi-products - 17% and other products - 1%.

**Main products in the Company's export sale in 2007**

Goods / Service	I-IX 2007		X-XII 2007	
	Sale sum [in PLN million]	Percentage in export	Sale sum in PLN million	Percentage in export
sections	83.2	45%	-	-
non-ferrous metal products	44.5	24%	-	-
semi-products	31.0	17%	-	-
pipes	16.0	9%	-	-
bars	5.1	3%	-	-

#### 4.2.2. Internal and import sale

For 9 months of the 2007 year, the assortment structure of the internal sale in 93% was the sale of metallurgic products, and 3% was the sale of metallurgic materials and 4% was the sale of other products and goods.

**Main products of the Company's sale on the internal market in 2007**

	I-IX 2007		X-XII 2007	
	Sale sum [in PLN million]	Percentage in sale for internal market	Sale sum in PLN million	Percentage in sale for internal market
production of reinforcements	48.9	31%	-	-
flat-rolled products	41.3	26%	-	-
bars and wire rods	26.0	17%	-	-
sections	21.3	14%	-	-
pipes	7.3	5%	-	-

#### 4.2.3. Main suppliers

The Company's biggest supplier for 9 months in the 2007 year and in the entire 2007 year was ARCELORMITTAL POLAND S.A.

**The Company's main suppliers (above 10% share in supplies) in 2007**

Name of supplier	I-IX 2007		X-XII 2007	
	Supply sum [in PLN million]	Percentage in supply sum	Purchase sum in PLN million	Percentage in purchases sum
ARCELORMITTAL POLAND S.A	88.9	27.4%	-	-
HUTMEN S.A.	43.1	13.3%	-	-
ZŁOMREX Sp. z o.o.	38.8	11.9%	-	-

#### 4.2.4. Main contractors

Two Company's biggest customers in 2007 there were foreign entities: from the Northern America and Ukraine. Sale to specified customers was 30% of the Company's income.

**The Company's main customers (above 10% share in sale) in 2007**

Customer name	I-IX 2007		X-XII 2007	
	Sale sum [in PLN million]	Percentage in sale sum	Sale sum in PLN million	Percentage in sale sum
STENA METAL INC.	62.7	18.5%	-	-
NATIONAL BANK OF UKRAINE	39.0	11.5%	-	-

## **5. OTHER INFORMATION ON STALEXPORT AUTOSTRADY S.A.**

### **5.1. Information on concluded contracts of material importance for the Company's activity, including contracts known to the Company as closed between stock-shares holders, insurance contracts, cooperation**

**1. On 8<sup>th</sup> January 2007** the Managing Board notified that the Company had been granted the credit limit amounting to PLN 15 million by Bank DnB NORD Polska S.A. with its official seat in Warsaw. The limit may be used for payment of liabilities due to purchase raw materials to manufacture prefabricated reinforcements. Duration of the credit limit use: up till 31<sup>st</sup> December 2007.

**2. On 1<sup>st</sup> February 2007** the Managing Board notified that the Company had concluded – for the I quarter of the 2007 year – contracts for export of steel products to the North America of total sum amounting to approximate PLN 16 million.

**3. On 27<sup>th</sup> February 2007** the Managing Board notified that the affiliate, Stalexport Autostrada Małopolska S.A., the concessionaire of payable section of the A4 highway, signed the contract with Budimex-Dromex S.A. for repair of 7 bridge facilities and 24 km of the highway surface. The contract net sum amounts to PLN 178,466,850. The repair works shall be commenced in March 2007, and the completion is assumed in August 2008.

**4. On 31<sup>st</sup> May 2007** there was concluded the development project agreement (preliminary contract on sale) between Złomrex S.A. and Stalexport Trade S.A. relating to:

- sale by the Company of all subscribed stock-shares of Stalexport Trade S.A. for the benefit of Złomrex S.A. or other purchaser whom can be a subsidiary company to Złomrex S.A. for a price corresponding to the sum of capital paid up, i.e. as of 31.05.2007 amounting to PLN 125.000 (not more than PLN 500.000).

and

- sale by the Company of the Organized Section of Entity (**ZCP**) including the assets and the liabilities owned by the Company and connected first of all with trade and manufacture of steel products, i.e. the sale to Stalexport Trade S.A. Złomrex S.A. offered for ZCP the reference price amounting to PLN 122,500,000.00 calculated on the grounds of the ACP consolidated balance sheet as of 30.09.2006. The sale price of ZCP will be calculated as of a day of transaction basing on the pricing formula accepted by the parties, then verified by an independent expert, i.e. Ernst & Young entity.

Considering the complicated nature of the referred contract, it included many terms suspending the closure of a transaction, and such terms are to be met to enable the closure of transaction not later than till 1<sup>st</sup> October 2007.

**5. On 21<sup>st</sup> August 2007** it was signed the settlement with Walcownia Rur Silesia S.A. with its official seat in Siemianowice Śląskie (hereinafter referred to WRS). The settlement purpose is to define rules and the scope of liability of Stalexport Autostrady S.A. regarding the guarantee for bills of exchange drawn by Walcownia Rur Jedność Sp. z o.o. with its official seat in Siemianowice Śląskie (hereinafter referred to "WRJ") to disposal by the State Treasury. The settlement in question is presented in details in position 5.2.

**6. On 1<sup>st</sup> October 2007 r.** within the range of performance of the provisions of the Contract of Development Project, Stalexport Autostrady S.A. realized the unconditional sale of the stock-shares of Stalexport S.A. (former Stalexport Trade S.A.) for the benefit of Złomrex S.A. and the unconditional sale of Zorganizowana Część Przedsiębiorstwa (ZCP) for the benefit of Stalexport S.A. Both contracts are presented in details in position 5.2.

**7. On 12<sup>th</sup> November 2007**, performing the provisions of the settlement of 21<sup>st</sup> August 2007, there was concluded the contract between Stalexport Autostrady S.A. and WRS for definitive settlements between the parties of the liabilities of Stalexport Autostrady S.A. from bill of exchange securing granted on 7<sup>th</sup> November 1997 by the Company for the benefit of the State Treasury. On the grounds of the contract of 12th November 2007, there was provided the absolute settlement of the settlement amount, i.e. PLN 48,000,000.00, and at the same time the liabilities for bills of exchange security granted by Stalexport for the benefit of the State Treasury for WRJ terminated. The contract in question is presented in details in position 5.2.

**8. On 22<sup>nd</sup> November 2007** there was concluded the Contract with Supplementary Expert - Deloitte Audyt Sp. z o.o., signed by all the parties (Stalexport Autostrady S.A., Stalexport S.A., Złomrex S.A. and Deloitte Audyt Sp. z o.o.). The contract purpose was to establish the sale price of ZCP, if the parties place reservations to the Report of the preliminary Expert, i.e. the Ernst & Young company.

**9. On 5<sup>th</sup> December 2007** Stalexport Autostrady S.A. signed with Centrozap SA, the company with its seat in Katowice, the contract of sale of shares at Biuro Centrum Sp. z o.o., with its seat in Katowice. As a result of the transaction there were acquired 54 shares of Biuro Centrum Sp. z o.o., constituted 33.75% of the company's initial capital proving 33.75% of votes at the Partners' Meeting. Total price of sale of 54 pcs. Shares of Biuro Centrum Sp. z o.o. amounted to PLN 30,000. Before the transaction, Stalexport Autostrady S.A. possessed 65 shares (i.e. 40.6% of votes at the Partners' Meeting) at Biuro Centrum Sp. z o.o., as a result of the transaction the share of Stalexport Autostrady S.A. increased up to 74.4% of votes at the Partners' Meeting (totally 119 shares).

**5.2. Information on changes in the Company's organizational or capital relationships with other entities and qualification of the Company's general internal and foreign investments as well as description of methods for investment financing**

1. **On 14<sup>th</sup> February 2007** r. the Extraordinary General Shareholders' Meeting passed the increase of the share capital through the issue of 89.5 million stock-holders of the G series the price of issue amounting to PLN 2.2458 per share, qualified investors-orientated.
2. **On days from 16<sup>th</sup> up to 23<sup>rd</sup> March 2007** there were collected applications for subscription of the G series stock-shares.
3. **On 23<sup>rd</sup> March 2007** the District Court in Katowice drew up a decision on entry a company named Stalexport Trade S.A. in to the State Court Register, the register of entrepreneurs. The subject of the company's activity is to conduct trade business. The share capital of Stalexport Trade S.A amounts to PLN 500,000 and is divided into 50,000 stock-shares of nominal value of PLN 10 each. The capital was paid up in ¼ sum, i.e. amounting to PLN 125,000. All stock-shares were subscribed by Stalexport Autostrady S.A.
4. **On 26<sup>th</sup> March 2007** the Managing Board allotted all stock-shares of the G series to Atlantia S.p.A, after such stock-shares were paid up entirely in the approximately amount of PLN 201 million.
5. **On 29<sup>th</sup> March 2007** the Company obtained a notification by the Regional Court in Katowice, VIII Economic Division of 19.03.2007 on the action lodged by Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej (The National Fund for Environmental Protection and Water Management) (hereinafter referred to NFOŚiGW) against Stalexport Autostrady S.A. to rescind or make statement on nullity of the resolutions No. 2 and 3 of the Company's Extraordinary General Shareholders' Meeting of 14<sup>th</sup> February 2007.
6. **On 11<sup>th</sup> May 2007** before the Regional Court in Katowice (XIII Economic Division) there was held a trial by NFOŚiGW action against Stalexport Autostrady S.A. in Katowice on making the statement on nullity or rescinding the Resolutions No. 2 and 3 of 14.02.2007 passed by the Company's Extraordinary General Shareholders' Meeting. As Atlantia S.p.A. appeared to participate in the above case of the Company's stock-shareholder as the Company's intervening party and NFOŚiGW, the petitioner advanced objections, **the Court adjourned the time of the case** until the decision on dismissal of such objection (opposition) became final and valid.
7. **On 17<sup>th</sup> May 2007** the District Court in Katowice (VIII Economic Division) suspended the proceedings in the entry into the registration of the capital increase until the Regional Court decided a valid decision on the case lodged by NFOŚiGW and referring to the decision on making the statement on nullity or rescinding the Resolutions No. 2 and 3 of the Company's Extraordinary General Shareholders' Meeting of 14<sup>th</sup> February 2007.
8. **On 31<sup>st</sup> May 2007** before the Regional Court in Katowice (XIII Economic Division) there was held a trial by NFOŚiGW action against Stalexport Autostrady S.A. in Katowice on making the statement on nullity or rescinding the Resolutions No. 2 and 3 of 14.02.2007 passed by the Company's Extraordinary General Shareholders' Meeting. The Regional Court in Katowice for the motion by NFOŚiGW, that Stalexport Autostrady S.A. inclined to, decided on adjournment of the trial till 06.06.2007. The NFOŚiGW plenipotentiary provided reasons for such adjournment with the fact that the parties conduct negotiations intending to conclude the settlement regarding the case and withdrawal of the claim.
9. **On 31st May 2007** there was concluded the contract for development project (the preliminary contract of sale) between Stalexport Autostrady S.A., Zlomrex S.A. and Stalexport Trade S.A. (at present STALEXPORT S.A.) relating to:

- § sale by Stalexport Autostrady S.A. of all stock-shares possessed by Stalexport Trade S.A. for the benefit of Zlomrex S.A. or other purchaser that may be a subsidiary company to Zlomrex S.A. for a price corresponding to the sum of paid up capital, i.e. as of 31.05.2007, PLN 125,000 (not more than PLN 500,000),
- and
- § sale by Stalexport Autostrady S.A. the Organized Section of Entity (**ZCP**), including the assets and the liabilities possessed by the Company connected first of all with trade and manufacture of steel products, to Stalexport Trade S.A. Zlomrex S.A. offered for ZCP **the reference price** amounting to PLN 122,500,000.00 calculated on the grounds of the ZCP consolidated balance sheet as of 30.09.2006. **The sale price of ZCP** will be calculated as of the day of transaction based on the price formula accepted by the parties, and then verified by an independent expert, Ernst & Young company.
10. **On 6<sup>th</sup> June 2007** before the Regional Court in Katowice there was held a trial by NFOŚiGW action against Stalexport Autostrady S.A. in Katowice on making the statement on nullity or rescinding the Resolutions No. 2 and 3 of 14.02.2007 passed by the Extraordinary General Shareholders' Meeting of Stalexport Autostrady S.A. At the trial the NFOŚiGW plenipotentiary lodged a written statement of claim withdrawal including waiver of the claim. At the same time, the Regional Court decided to discontinue the proceedings on the basis of Art. 355 paragraph 1 of the Civil Code.
  11. **On 25<sup>th</sup> June 2007** the Company received the Decision by the District Court in Katowice, VIII Economic Division of the District Court Register of 25<sup>th</sup> June 2007 on the increase of the Company's share capital from the sum of PLN 315,524,046 up to the sum of PLN 494,524,046, i.e. by the amount of PLN 179,000,000. At the same time, the number of stock-shares increased from 157,762,023 stock-shares up to 247,242,023 stock-shares, i.e. by number of 89,500,000 common bearer stock-shares of nominal value amounting to PLN 2.00.
  12. **On 8<sup>th</sup> August 2007** the Company received a notification from the stock-shareholder, i.e. Atlantia S.p.A. with its official seat in Rome presenting that on 06<sup>th</sup> August 2007 as a result of settlement of exchange transaction resulting from records carried out in invitation for applications to subscribe stock-shares of Stalexport Autostrady S.A. with its official seat in Katowice, Atlantia S.p.A. acquired 15,399,804 stock-shares of Stalexport Autostrady S.A. In consequence of acquirement of the stock-shares, currently Atlantia S.p.A. possess 139,059,182 stock-shares of Stalexport Autostrady S.A. what makes 56.24% of stock-shares in the company's capital and in total number of votes at the General Shareholders' Meeting of Stalexport Autostrady S.A. Before the described transaction Atlantia S.p.A. possessed 123,659,378 stock-shares of Stalexport Autostrady S.A., what was 50.01% the company's equity, and corresponded to 50.01% of general number of votes at the General Shareholders' Meeting.
  13. **On 21<sup>st</sup> August 2007** there was signed the settlement with Walcownia Rur Silesia S.A. with its official seat in Siemianowice Śląskie (hereinafter referred to WRS). The settlement purpose is to define rules and the scope of liability of Stalexport Autostrady S.A. regarding the guarantee for bills of exchange drawn by Walcownia Rur Jedność Sp. z o.o. with its official seat in Siemianowice Śląskie (hereinafter referred to "WRJ") to disposal by the State Treasury. The bills of exchange in question make security to the guarantee granted by the State Treasury with reference to the Preliminary Loan in Złoty Currency and to the Preliminary Loan in Foreign Currency negotiated on 06.10.1997 by WRJ on the grounds of agreements No. KZ/02/96/KK/05a and No. KD/91/96/KK/05a. The creditor in the specified contracts was a group of nine commercial banks acting as the bank consortium basing on the KK/05a/96/KD/KZ contract of 06.10.1996. Moreover, the settlement also sets out the rules to sell the stock-shares subscribed by Stalexport Autostrady S.A. at WRJ and the rules to sale claims vested to Stalexport Autostrady S.A. and charging WRJ. The concluded settlement constitutes a part of a set of agreements that are planned to be concluded in connection with restructure of WRJ. Main participants of the WRJ restructure procedure, i.e.: the State Treasury, Consortium Banks, Towarzystwo Finansowe Silesia Sp. z o.o. with its seat in Katowice, and Stalexport Autostrady S.A. with its seat in Katowice, conduct long-lasting negotiations purposed to determine the entire formula to complete the WRJ development project and to begin the manufacture activity by that Company. The concluded settlement is of conditional nature and its effectiveness depends on meeting of serial conditions specified in details in the contract of suspending and terminating terms.

The settlement defines the upper limit of Stalexport Autostrady S.A. liability that amounts to PLN 48,000,000 as the bill of exchange guarantor for the bills of exchange submitted by WRJ to the State Treasury's disposal to secure the Preliminary Loan in Złoty Currency and to the Preliminary Loan in Foreign Currency guaranteed by the State Treasury, i.e. the loans contracted by WRJ with the Consortium Banks.

The settlement determines also the rules to sell 1600 stock-shares subscribed by Stalexport Autostrady S.A. in WRJ for the amount of PLN 100,000 and the rules of sale of claims vested to the Company, or that shall be vested to the Company with reference to WRJ of nominal value amounting to PLN 46,250,000 and PLN 48,000,000 for total price PLN 4,900,000.

Participants of the restructure process quoted above assume that the concluded settlement will be associated with conclusion of succeeding agreements between the State Treasury and between the Consortium Banks.

Construction of the above mentioned agreements assumes cooperation of all participants in a way, where all agreements almost concluded, and the ones that are to be concluded in future are interconnected and the restructure effect may occur merely when such agreements are performed jointly by all partners of the agreements. The settlement sets out the contractual penalty amounting to PLN 3,500,000 in case of sale or disposal of claims of Stalexport Autostrady S.A. subject to sale by infringement of the settlement provisions, and the contractual penalty amounting to PLN 110,000 in case of sale or disposal of the shares under sale through infringement of the provisions of the settlement.

**13. On 30<sup>th</sup> August 2007** District Court in Katowice VII Commercial Division of the National Court Register made a decision on the basis of which:

§ The company under the name of Stalexport Spółka Akcyjna was crossed out and Stalexport Autostrady Spółka Akcyjna was entered,

§ The company under the name of Stalexport Trade Spółka Akcyjna (dependant subsidiary in 100% ), and Stalexport Spółka Akcyjna was entered.

The said decisions result from earlier resolutions of General Meetings of Shareholders and constitute elements of restructuring process, within which there is a division of Company's activity into motorway activity (Stalexport Autostrady S.A.) and trade activity that shall be carried out by a new Company Stalexport S.A.

**14. On 19<sup>th</sup> October 2007** the Management Board informed about receiving a decision of the District Court in Olsztyn which provided data concerning crossing out from the National Court Register Stalexport Zaptor S.A. in liquidation with its seat in Olsztyn. The above mentioned decision came into force on 11<sup>th</sup> August 2007. .

**15. On 27<sup>th</sup> September 2007** the Management Board of Stalexport Autostrady S.A. informed about receiving information on approval by the Management Board of Zarząd Stalexport S.A., for sale by Stalexport Autostrady S.A. of 50,000 shares of Stalexport S.A. with total value of PLN 500,000 (100% of share in share capital and vote on General Meeting of Shareholders), in favour of Złomrex S.A. with its seat in Poraj – upon conditions specified by the Investment Agreement concluded by and between the Companies on 31<sup>st</sup> May 2007.

**16. On 1<sup>st</sup> October 2007 further suspending conditions of the Investment Agreement of 31<sup>st</sup> May 2007, was filled, i.e.:**

a) Złomrex S.A. informed that they received an approval of the President of UOKiK for making concentration;

b) The following were signed:

§ An Agreement with an expert i.e. by and between Stalexport Autostrady S.A., Stalexport S.A., Złomrex S.A. and Ernst & Young,

§ Trust Account Agreement (escrow bank account);

c) The following were attached to the Investment Agreement: statement and acknowledgement of Stalexport Autostrady S.A., jointly with attachments;

d) An Annex to Investment Agreement was signed on 31<sup>st</sup> May 2007, in which the Parties thereto agreed the following suspending conditions of the transaction:

§ Signing an agreement with Additional Expert,

§ Payment by Złomrex S.A. the amount equal to reference price into trust account prior to 1<sup>st</sup> October 2007.

**17. On 1<sup>st</sup> October 2007** within the scope of provisions of the Investment Agreement, Stalexport Autostrady S.A. made unconditioned sale of shares of Stalexport S.A. in favour of Złomrex S.A.

The transaction concerned 50,000 shares of the Company with the nominal value of PLN 10 each, which constituted 100% of share capital. The price for all shares amounted to PLN 500,000 and was paid on the day of agreement execution. After the transaction Stalexport Autostrady S.A. do not have any more shares of the above mentioned company.

Stalexport Autostrady S.A. had a right to repurchase the shares of Stalexport S.A. till 15<sup>th</sup> October 2007, [if within 8<sup>th</sup> October 2007 Złomrex S.A. would have not paid or caused that there had been no payment into trust account the amount of PLN 100 million for payment for the shares of 100,000 of Stalexport S.A., which they take as increase of capital in Stalexport S.A., at issuing price equal to PLN 1,000 per share. Till time of payment of the above mentioned amount into trusty account, collective part of shares of Stalexport S.A., for 50,000 shares issued to Złomrex S.A. shall be placed at notary public's deposit.

**18. On 1<sup>st</sup> October 2007** within the performance of provisions of the investment Agreement, the Company carried out unconditional sale of the Organized Part of the Enterprise (ZCP) in favour of Stalexport S.A. Predicted sale price was established to be PLN 125 and it shall be verified by an Expert under conditions specified in the Investment Agreement of 31<sup>st</sup> May 2007 as well as its Annex of 1<sup>st</sup> October 2007. The Organized Part of the Enterprise (ZCP), subject to sale, covers assets, liabilities, off balance obligations related to trade and production of sale products and production of pre-fabricated enforcements, which constitutes a plant that draws up a balance sheet separately in the understanding of the act of goods and services tax, and in particular:

a) following property belonging to the Company:

- § in Katowice-Panewniki, ul. Owsiana 60A,
- § in Chorzów, ul. Metalowców 13,
- § in Gniezno, ul. Surowieckiego 9A,
- § in Gostyń, ul. Graniczna 16A,
- § in Piła, ul. Przemysłowa 9,
- § in Krzyż Wielkopolski, ul. Portowa 4,
- § in Kostrzyn n/Odrą ul. Prosta 18,
- § in Bełchatów Kleszczów commune,
- § in Białystok, ul. Płażowa 37,
- § in Częstochowa, ul. Bór 166,
- § in Warszawa-Ursus, ul. Gierdziejowskiego 3.

b) shares in below specified companies and belonging to the Company:

- § STALEXPORT SERWIS CENTRUM S.A. in Katowice,
- § STALEXPORT CENTROSTAL S.A. w Lublin,
- § STALEXPORT SERWIS CENTRUM BEŁCHATÓW S.A. in Rogowiec,
- § STALEXPORT METALZBYT Sp. z o.o. w Białystok.

c) other assets (including movables and legal assets) and liabilities as well as off balance obligations according to the rules specified in the Investment Agreement.

The above transaction and sale of shares of Stalexport S.A. in favour of Złomrex S.A. is a final stage of leaving steel sector strategy and concentration on motorway business.

**19. On 8<sup>th</sup> October 2007** into a trust account escrow, the amount of PLN 100 million was paid due to payment for 100,000 shares of STALEXPORT S.A., that were taken by CENTROSTAL S.A. in Gdańsk within the capital increase in STALEXPORT S.A.

**20. On 12<sup>th</sup> November 2007** by executing provisions of the arrangement of 21<sup>st</sup> August 2007 an agreement between Stalexport Autostrady S.A. and Walcownia Rur Silesia S.A (hereinafter WRS) was concluded, on the basis thereof there was a final settlement between the parties of liabilities of Stalexport Autostrady S.A. due to bill of exchange surety as granted on 7<sup>th</sup> November 1997 by the Company in favour of the State Treasury. On the basis of the said agreement of 12<sup>th</sup> November 2007 there was a final settlement of arrangement amount i.e. PLN 48,000,000.00 and at the same time the obligation due to bill of exchange surety expired as granted by Stalexport in favour of State Treasury for Walcownia Rur Jedność Sp. z o.o. with its Siemianowice Śląskie („WRJ”). The said bills of exchange constituted security for surety granted by the State Treasury and related to Basic Credit in PLN and Basic Credit in Foreign Currency as drawn on 6<sup>th</sup> October 1997 by WRJ. Within the

settlement of the arrangement amount with WRS, Stalexport Autostrady S.A made on 12<sup>th</sup> November 2007 yesterday a payment for WRS in the amount of PLN 44,900,000. The remaining amount of the Arrangement i.e. the amount of PLN 3,100,000 was settled by way of contractual deduction of liabilities of WRS in relation to Stalexport Autostrady S.A. with liabilities to which Stalexport Autostrady S.A. is entitled due to sale in favour of WRS:

- § liabilities to which Stalexport Autostrady S.A. is entitled in relation to WRJ for the amount of PLN 3,000,000,
- § share of Stalexport Autostrady S.A. in WRJ for the amount of PLN 100,000.

Payment of the amount of PLN 44,900,000 due to bill of exchange surety in favour of WRS is related to the fact that on 26<sup>th</sup> October 2007, by payment of liabilities of WRJ in relation to the State Treasury, WRS assumed the rights of the State Treasury due to bills of exchange issued by WRJ (purchased the bills of exchange from the State Treasury), so they became a direct bill of exchange creditor of Stalexport Autostrady S.A. At the same time the Management Board of Stalexport Autostrady S.A. would like to remind, that under the arrangement of 21<sup>st</sup> August 2007 the upper limit of the Company's liability in relation to WRS due to bill of exchange surety issued by WRJ was contractually limited to the amount of PLN 48,000,000. In relation to the above WRS agreed to, in relation to Stalexport Autostrady S.A. (separate statement made by WRS), that they shall not claim from the Company the liabilities exceeding the above mentioned amount, moreover they agreed that both the State Treasury as a primary bill of exchange creditor and third parties shall not have any claim in relation to Stalexport Autostrady S.A. due to bill of exchange surety as granted by the Company.

Moreover, within the arrangement of 12<sup>th</sup> November 2007, there was also a sale by Stalexport Autostrady S.A. in favour of WRS of regressive liabilities to which WRJ is entitled due to performance of liabilities due to surety granted in favour of WRJ. The sale price amounted to PLN 1,900,000 and was paid in full by WRS on 12<sup>th</sup> November 2007. As a result of an agreement concluded yesterday with WRS concluded before by with WRS agreement on liabilities sale and sale of shares as mentioned above they received final (unconditioned) character.

In relation to the above the Management Board Stalexport Autostrady S.A. hereby that as a result of an agreement concluded on 12<sup>th</sup> November 2007 with WRS all liabilities of the Company due to surety granted to WRJ in favour of the State Treasury, were fully fulfilled.

**21. On 26<sup>th</sup> November 2007** the Company received a copy from the register of entrepreneurs of the National Court Register confirming that on 26.11.2007 the following company Autostrada Mazowsze Spółka Akcyjna with its seat in Katowice was registered, and its only shareholder being Stalexport Autostrada Dolnośląska S.A. (100 % dependant on Stalexport Autostrady S.A.) The share capital of the company amounts to PLN 20 million, comprising 200,000 shares with nominal value of PLN 100 each. The capital was paid in ¼ i.e. in the amount of PLN 5 million. Autostrada Mazowsze S.A. Company was created for the needs of participation in the tender concerning construction and exploitation of A2 motorway, section Stryków-Konotopa.

**22. On 22<sup>nd</sup> November 2007** all parties (Stalexport Autostrady S.A., Stalexport S.A., Zlomrex S.A. and Deloitte Audyt Sp. z o.o.) the Agreement with Additional Expert - Deloitte Audyt Sp. z o.o.. This said Agreement was concluded in order to establish the sale price of ZCP in case when parties motion reservations to the Report of the first Expert i.e. Ernst & Young.

**23. On 5<sup>th</sup> December 2007** Stalexport Autostrady S.A. signed with Centrozap S.A. with its seat in Katowice a sale agreement concerning the sale of shares in Biuro Centrum Sp. z o.o. with its seat in Katowice. As a result of the said transaction, 54 shares of Biuro Centrum Sp. z o.o., were purchased and they constituted 33,75% of share capital of the company and gave 33,75% of votes on the General Meeting of Shareholders. Total amount of sale of 54 shares in Biuro Centrum Sp. z o.o. was PLN 30,000. Prior to the transaction Stalexport Autostrady S.A. had had 65 shares ( i.e. 40,6% of votes on the General Meeting of Shareholders) in Biuro Centrum Sp. z o.o., and as a result of the transaction the share of Stalexport Autostrady S.A. increased to 74.4% votes on the General Meeting of Shareholders ( in total 119 shares.

**24. On 27<sup>th</sup> December 2007** the Company received an Expert Report i.e. a report by Ernst & Young that establishes the sale price of ZCP for PLN 138,150,639.51.

**25. On 7<sup>th</sup> January 2008** the Management Board informed that acting pursuant to the Agreement of 22<sup>nd</sup> November 2007 they approached Deloitte Audyt Sp. z o.o. in Warsaw and asked them to prepare an Additional Expert Report.

**26. On 8<sup>th</sup> January 2008** the following amount PLN 101,168,357.64 was posted on the account of the Company due to payment of part of the price for ZCP (PLN 100.000.000) jointly with interest from the amount deposited on the escrow account.

**27. On 21<sup>st</sup> January 2008** the Company received a notice from the following companies: Atlantia S.p.A with its seat in Rome and Autostrade per l'Italia S.p.A. informing that on 18.01.2008, as a result of making a non cash contribution by Atlantia S.p.A in the form of 139,059,182 shares of Stalexport Autostrady S.A. to its subsidiary i.e., Autostrade per l'Italia S.p.A. with its seat in Rome. The share were taken by Autostrade per l'Italia S.p.A. Prior to purchase of shares, Autostrade per l'Italia S.p.A. had not been a shareholder of Stalexport Autostrady S.A. As a result of shares purchase, Autostrade per l'Italia S.p.A. at the moment have a package of 139.059.182 shares and the same number of votes on the General Meeting of Shareholders of Stalexport Autostrady S.A. The shares possessed by Autostrade per l'Italia S.p.A. constitute the total of 56.24 % of share in the capital of Stalexport Autostrady S.A. and the same percentage share in total number of votes on General Meeting of Shareholders of Stalexport Autostrady S.A. Within 12 months from the date of the said notice, Autostrade per l'Italia S.p.A. do not intend to increase their share in the capital of Stalexport Autostrady S.A.

**28. On 25<sup>th</sup> January 2008** they received a signed agreement of 23<sup>rd</sup> January 2007 by and between: Zlomrex S.A., Stalexport S.A. and Stalexport Autostrady S.A. under which the parties agreed:

- a) jointly to resign from the possibility to apply for verification of sale price of ZCP established in the Expert's Report to the Additional Expert,
  - b) establish the sale price of ZCP for the amount PLN 138,700,000,
  - c) establish, that the amount of PLN 549,360.49 shall be a surplus over the sale price as established in the Expert's Report, constitutes return of investment expenditures incurred by Stalexport Autostrady S.A.,
  - d) agree that the amount of PLN 38,700,000 constituting surplus over the already received by Stalexport Autostrady S.A. amount of PLN 100,000,000 becomes due as of 29<sup>th</sup> February 2008.
- and decide, that:
- e) Zlomrex SA shall make a statement about voluntary execution to the amount of PLN 38,700,000 jointly with interest in case of failing to make payments on time.

Subject agreement exhausts all claims of the Parties that may arise in the future in the scope of ZCP sale price. At the same time the Management Board of Stalexport Autostrady S.A. informed that they had received a signed statement as mentioned above. Therefore all conditions of the agreement were fulfilled.

### **5.3. Description of transactions with related entities (for one time or total value of transactions exceeding in business year the amount of EUR 500,000)**

In 2007 the Company Stalexport Autoroute S.a.r.l with its seat in Luxemburg paid in favour of Stalexport Autostrady SA , dividend for 2006 and advanced payment for the dividend for 2007 in total amount of PLN 3 611 thousand (equivalent of EUR 970 thousand).

### **5.4. Information on drawn loans, loan agreements with taking into account their due date and about granted sureties and guarantees.**

The Company at the end of 2007, apart from the liabilities presented below due to drawn loans and credits, has liabilities in relation to:

- |  |                      |
|--|----------------------|
| § concluded composition procedure (3 instalments)                          | PLN 26,316 thousand, |
| § surety of the guarantee granted by the State Treasury for Huta Ostrowiec | PLN 77,955 thousand, |

Total value of financial liabilities amounts to PLN 115,004 thousand, including to be paid in 2008 i.e. PLN 42,463 thousand, including mainly payment of composition instalments, payment of loans and partial payment of liability due to surety of bank guarantee granted by the State Treasury for Huta Ostrowiec.

Liabilities due to loans at the end of 2007 amount to PLN 10,608 thousand, including:

Creditor/ seat	Loan amount (thousand)	premium (PLN)	Due date	Remarks
Stalexport Autostrada Dolnośląska S.A.	7 100		31.08.2008	
Stalexport Autostrada Śląska S.A.	3 340		31.12.2006	Loan to be settled jointly with planned lowering of principal amount as passed during the General Meeting of Shareholder SAŚ S.A. on 9.05.2007.
<b>Total</b>	<b>10 440</b>			

In relation to the situation as of 31.12.2006, the liabilities due to loans decreased by PLN 2,520 thousand. The difference results from:

- § decrease of liability in relation to Stalexport Transroute Autostrada S.A. by PLN 1,000 thousand,
- § decrease of liability in relation to Stalexport Autostrada Dolnośląska S.A. by PLN 1,520 thousand.

At the end of 2007 the Company did not have any liabilities due to drawn credits.

In relation to the situation as of 31.12.2006 credits decreased by PLN 55.965 thousand. The difference results from:

- decrease of liabilities in relation to Handlowy S.A. by PLN 20,576 thousand,
- decrease of liabilities in relation to PKO BP S.A. by PLN 14,364 thousand,
- decrease of liabilities in relation to Bank BPH S.A. by PLN 2,338 thousand,
- decrease of liabilities in relation to BRE Banku S.A. by PLN 3,291 thousand,
- decrease of liabilities in relation to ING Bank Śląski by PLN 400 thousand,
- decrease of liabilities in relation to FORTIS Bank Polska S.A. by PLN 14,996 thousand shown in the balance sheet as the liabilities within the group for sale.

#### 5.5. Information on granted loans with taking into account their due dates, as well as granted sureties and guarantees, in particular loans, sureties and guarantees granted to entities related to the Company.

Receivables due to loans granted by the Company amount to PLN 83,549 thousand. An write-down was created for the receivables due to granted loans, in the amount of PLN 83,549 thousand. Detailed list of loans is presented in the table below:

Due date	Borrower	Principal amount to be paid back (in PLN thousand)
31.12.2002	Huta Ostrowiec	5 000
31.12.2002	Huta Ostrowiec	31 500
31.12.2002	Huta Ostrowiec	36 000
31.12.2002	Huta Ostrowiec	5 600
30.09.2001	Centrozłom Warszawa	3 500
30.06.2001	Centrozłom Warszawa	1.949
<b>x</b>	<b>x</b>	<b>Total 83 549</b>

Loans granted to Huta Ostrowiec and Centrozłom Warszawa were lodged to the bankruptcy estate in relation to bankruptcy procedures of the said companies.

In relation to the situation as of 31.12.2006 the loans decreased by the amount of PLN 24 thousand due to payment of a loan granted to Mr. Jarosław Jatkiewicz.

Total amount of off-balance charges due to sureties and guarantees amounted to PLN 15.938 thousand, including sureties PLN 14,409 thousand, and guarantees PLN 1,529 thousand.

The situation as to sureties and guarantees as granted by the Company is presented in the table below as of 31.12.2007:

Name of the entity	Amount of surety (PLN thousand)	Exposure – unpaid principal amount (PLN thousand)	Surety beneficiary	Validity date
Centrozłom Warszawa	5	5	TLK S.A.	
Stalexport Transroute Autostrada S.A.	14.404	114.404	Stalexport Autostrada Małopolska S.A./Consortium of Banks represented by WESTLB AG	31.03.2021 .
<b>Surety total</b>	<b>14.409</b>	<b>14.409</b>		
<b>Various contract guarantees</b>	<b>1.529</b>	<b>1.529</b>		
<b>Guarantees total</b>	<b>1.529</b>	<b>1.529</b>		

In relation to the situation as of 31.12.2006 sureties increased by total amount of PLN 2,073 thousand., which results from the following:

- § increase of surety amount for Stalexport Transroute Autostrada S.A. by PLN 2,111 thousand due to revaluation of the surety,
- § decrease of total amount of surety for SSC Bełchatów y PLN 33 thousand due to taking over liabilities by Stalexport S.A. as a result of ZCP sale.

In relation to the situation as of 31.12.2006 the total amount of sureties decreased by PLN 10,093 thousand. The said difference results from taking over the guarantee of most contractual guarantees by Stalexport S.A. as a result of sale of ZCP.

#### **5.6. Information on issuing securities jointly with description of use by the Company of revenue from the said issuing**

On 14th February 2007 Extraordinary Meeting of Shareholders made a resolution on increase of share capital by way of issuing 89.5 million shares of G series, at issuing price of PLN 2.2458 per share, addressed at qualified investors. Between 16 to 23 March 2007 there was subscription acceptance for the shares of G series. On 26<sup>th</sup> March 2007 the Management Board allotted all G series shares to Atlantia S.p.A – after their payment in total amount of about PLN 201 million. Increase of share capital from the amount of PLN 315,524,046 to the amount of PLN 494,524,046 i.e. by the amount of PLN 179,000,000 was registered **on 25<sup>th</sup> June 2007** by the decision of District Court in Katowice, VIII Commercial Division of the National Court Register. At the same time there was an increase of the number of shares from 157,762,023 shares to 247,242,023 shares, i.e. by 89,500,000 of ordinary bearers shares, with nominal value of PLN 2.00 each.

The revenue from issuing allowed the Company to pay:

- § remaining amount of liabilities in relation to banks under restructuring agreements, jointly with interest – PLN 36,673 thousand,
- § composition instalment in total amount of PLN 18,732 thousand,
- § liabilities in relation to the State Treasury due to surety for WRJ in the amount of PLN 43,000 thousand,
- § loans drawn in Capital Group in the amount of PLN 1,500 thousand,
- § interest for the State Treasury due to surety for H. Ostrowiec S.A. in the amount of PLN 2,070 thousand,
- § payment of trade liabilities in the amount of PLN 46,280 thousand.

Remaining resources were deposited at bank accounts and funds.

#### **5.7. Explanations as to differences between financial results revealed in annual statement (SA-RS) and in quarterly report (SAQ)**

In comparison with the quarterly report SAQ the Company in SA-RS, the dissolution of the provisions updating the value of the possessed financial assets in the amount of PLN 2.713 thousand and the statistically calculated interests in the amount of PLN 1.056 thousand on cash deposited for the benefit of the Company on escrow account, referred to the financial revenues 2007.

**5.8. Evaluation jointly with grounds of financial resources management, especially with taking into account the ability to meet the liabilities and specifying potential dangers and actions taken or intended to be taken by Stalexport Autostrady S.A. in order to prevent such dangers.**

Lack of possibility to additionally finance the Company by shareholders in previous years and limited resources at the Company's disposal caused that the Company had to look for a strategic investor. Management Board activities led to execution of the Investment Agreement with Atlantia S.p.A (former Autostrade S.p.A.) and winning an investor. Entrance of Atlantia S.p.A to Stalexport Autostrady S.A. in relation to performance of the Investment Agreement resulted in winning a total cash amount of PLN 269 million, which allowed to finish the restructuring process and to concentrate on motorway activity development.

The Company is still paying in its composition payments and liabilities in relation to State Treasury due to sureties, as it is described in detail in section 3.3.3.

In current situation the risk related to lack of liquidity does not exist. Free resources possessed at the moment and obtained from increase of capital and sale of the Organized Part of the Enterprise totally cover remaining financial liabilities and may be used for financing of motorway projects which at the moment are subject to tender procedures. In the meantime free resources are invested in investment funds and bank deposits so it is an additional financial income for the Company.

**5.9. Evaluation of investment task performance possibility**

Information concerning the content of this section was partially presented in section 3.4 of this financial statement. Investment activities of the Company were presented in Capital Expenditures Plan for the year 2007 and were accepted by the Supervisory Board.

Capital expenditures plan for the year 2008 as of the date of this statement was not approved by the Supervisory Board.

**5.10. Evaluation of result and unusual events that affect the financial result for a given business year with specifying the extend of the said factors or unusual events impact on the obtained result.**

Information concerning the content of this section is included in Chapter 3. FINANCIAL ANALYSIS OF THE COMPANY, section 3.2.

**5.11. Characteristics of internal and external factors that are significant for the development of the Company and description of commercial activity development prospects.**

**Characteristics of internal and external factors that are significant for the development of the Company and description of commercial activity development prospects is included in Chapter 6.**

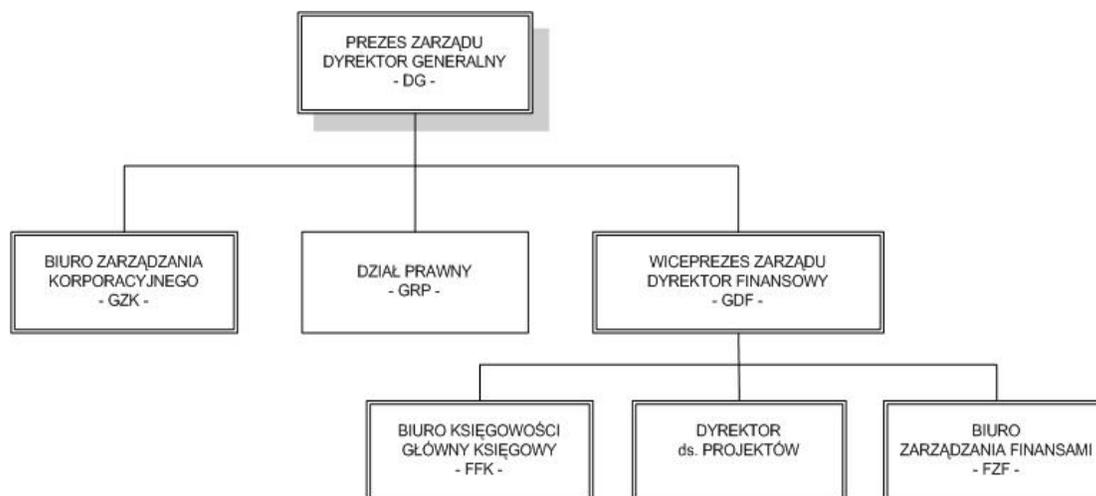
**5.12. Changes in basic rules concerning the way of the Company management as well as its Capital Group management.**

A significant change in the Company management rules concerned separating an Organized Part of the Enterprise (ZCP) within the existing structure of the Company. So ZCP constituted, in the organizational chart, a separated (*in the understanding of Art. 4a section 4 of the Act on income tax on legal entities that constitute a plant(branch) that independently draws up a balance sheet as mentioned in Art. 6 of the Act on goods and services tax*) organized part of Stalexport motorways and it was not a tax payer. Therefore, ZCP prepared only balance sheet and profit and loss account.

However, Stalexport Autostrady S.A. was a registered tax payer, that calculated taxes as one tax payer and had tax settlements jointly with ZCP.

As of 1.10.2007 the Organized Part of the Enterprise (ZCP) was sold. After this transaction the organizational chart was significantly simplified and employment was reduced to 21 people (18½ of full time position) according to the situation as of 31.12.2007.

New organization chart of the Company looks as follows:



President of the Management Board, General Director DG;  
 Corporate Management Office GZK; Legal Department GRP; Vice President of the Management Board GDF;  
 Accounting Office, Chief Accountant FFK; Projects Director; Finance Management Office FZF.

Jointly with development of motorway business, the organizational chart may evolve.

After the sale of its metal part (ZCP) the Company shall conduct motorway activity.

### 5.13. Changes in management and supervising bodies in the last business year, rules concerning dismissing and appointing managing people, in particular right to make a decision about issuing or stock redemption.

#### a) management Board

In the reporting period the composition of the Management Board changed and it looked as follows:

§ Between 01.01.2007 to 29.09.2007.

- |    |            |             |   |
|----|------------|-------------|---|
| 1. | Emil       | Wąsacz      | - President of the Management Board     |
| 2. | Mieczysław | Skółożyński | - ice President of the Management Board |
| 3. | Urszula    | Dzierżoń    | - Member of the Management Board        |

§ Urszula Dzierżoń resigned from the p[osition of a Member of the Management Board of Stalexport Autostrady S.A. as of 29.09.2007. In relation to the above from 30.09.2007 to 31.12.2007 the Management Board consisted of two following people:

- |    |            |             |  |
|----|------------|-------------|--|
| 1. | Emil       | Wąsacz      | - President of the Management Board      |
| 2. | Mieczysław | Skółożyński | - Vice President of the Management Board |

#### b) Supervisory Board

In the reporting period the composition of the Supervisory Board was changed and looked as follows:

§ Between 01.01.2007 and 14.02.2007.

- |    |             |             |                   |
|----|-------------|-------------|-------------------|
| 1. | Galliano    | Di Marco    | - Chairman        |
| 2. | Bogusław    | Leśnodorski | - Deputy Chairman |
| 3. | Jerzy       | Sroka       | - Secretary       |
| 4. | Dario V.    | Cipriani    |                   |
| 5. | Katarzyna   | Galus       |                   |
| 6. | Jeffery     | Grady       |                   |
| 7. | Christopher | Melnyk      |                   |
| 8. | Alexander   | Neuber      |                   |
| 9. | Giuseppe    | Palma       |                   |

On 14.02.2007 Extraordinary Meeting of Shareholders introduced changes in the composition of the Supervisory Board by dismissing Jeffery Grady and appointing Konrad Tchórzewski.

§ Between 14.02.2007 and 28.06.2007.

- |    |             |             |                   |
|----|-------------|-------------|-------------------|
| 1. | Galliano    | Di Marco    | - Chairman        |
| 2. | Bogusław    | Leśnodorski | - Deputy Chairman |
| 3. | Jerzy       | Sroka       | - Secretary       |
| 4. | Dario V.    | Cipriani    |                   |
| 5. | Katarzyna   | Galus       |                   |
| 6. | Christopher | Melnyk      |                   |
| 7. | Alexander   | Neuber      |                   |
| 8. | Giuseppe    | Palma       |                   |
| 9. | Konrad      | Tchórzewski |                   |

On 28.06.2007 XIV Ordinary Meeting of Shareholders appointed the following composition for VI term:

§ Between 28.06.2007 and 28.09.2007.

- |    |             |             |                   |
|----|-------------|-------------|-------------------|
| 1. | Galliano    | Di Marco    | - Chairman        |
| 2. | Bogusław    | Leśnodorski | - Deputy Chairman |
| 3. | Jerzy       | Sroka       | - Secretary       |
| 4. | Dario V.    | Cipriani    |                   |
| 5. | Katarzyna   | Galus       |                   |
| 6. | Christopher | Melnyk      |                   |
| 7. | Giuseppe    | Palma       |                   |
| 8. | Konrad      | Tchórzewski |                   |
| 9. | Mateusz     | Van Wollen  |                   |

Galliano Di Marco resigned on 28.09.2007. Till 31.12.2007 and till the present moment, the Supervisory Board consists of eight following people:

- |    |             |             |                              |
|----|-------------|-------------|------------------------------|
| 1. | Giuseppe    | Palma       | - Chairman (from 16.11.2007) |
| 2. | Bogusław    | Leśnodorski | - Deputy Chairman            |
| 3. | Jerzy       | Sroka       | - Secretary                  |
| 4. | Dario V.    | Cipriani    |                              |
| 5. | Katarzyna   | Galus       |                              |
| 6. | Christopher | Melnyk      |                              |
| 7. | Konrad      | Tchórzewski |                              |
| 8. | Mateusz     | Van Wollen  |                              |

#### c) Proxies

In the reporting period the Proxis changed and they were as follows:

§ Between 01.01.2007 and 30.09.2007.

- |    |            |                  |
|----|------------|------------------|
| 1. | Marek      | Bury             |
| 2. | Barbara    | Boś              |
| 3. | Małgorzata | Michalunio-Kepys |

The Proxies of Marek Bury and Barbara Boś were revoked as of 30.09.2007.

§ Between 01.10.2007 and 31.12.2007 till now Małgorzata Michalunio-Kępyś has been a Proxy of the Company.

In accordance with §24 of the Company Charter, the Supervisory Board consists of 6 to 9 members elected for the period of common term lasting three years. General Meeting of Shareholders appoints and dismisses members of the Supervisory Board with prior statement as to number of members for a given term.

Pursuant to §10 of the Company's Charter the Management Board consists of 1 to 3 people. The President of the Management Board is appointed by the Supervisory Board, and the remaining members are appointed upon the motion of the President of the Management Board.

Pursuant to Art. 371 §4 of the Commercial Companies Code a proxy is appointed by Management Board.

#### 5.14. Information on agreements between the Company and managing people, that have predict compensation in case of their resignation or dismissal from their position without an important reason or when their dismissal or lay off results from joining the Company by taking over.

In 2007 the Company did not conclude with managing people any agreements predicting compensation in case of their resignation or dismissal from their position without an important reason or when their dismissal or lay off results from joining the Company by taking over. Employment Contracts concluded with the Management Board have 6-month clause concerning severance pay in case of dismissing before the end of their term.

#### 5.15. Remuneration for persons managing and supervising Stalexport Autostrady S.A.

According to the Statutes of the Company, the rules of granting remuneration to members of the Management Board are defined by the Supervisory Board. For the year 2007, total remuneration upon employment contracts for persons managing the Company, i.e. for the Management Board and for Holders of a commercial power of attorney, amounted to PLN 2,322.446, including:

No.	Full name	Function in Company	Remuneration upon employment contract with Company (PLN)	Bonuses and awards in Stalexport Autostrady S.A. (PLN)	Remuneration upon functions in Supervisory Boards of subordinate entities	TOTAL (PLN)
1.	Emil Wąsacz	President of Management Board, General Director	747,632	x	3,301	750,933
2.	Mieczysław Skołożyński	Vice-President of Management Board, Director of Finance	636,087	x	33,034	669,121
3.	Urszula Dzierżoń (until 29 Sep 2007)	Member of Management Board, Director of Sales	409,170	11,564	12,109	432,843
4.	Marek Bury (until 30 Sep 2007)	Holder of a commercial power of attorney	108,842	15,000	25,444	149,286
5.	Małgorzata Michalunio-Kępyś	Holder of a commercial power of attorney	167,979	16,000	x	183,979
6.	Barbara Boś (until 30 Sep 2007)	Holder of a commercial power of attorney	136,284	x	x	136,284
x	<b>TOTAL</b>	x	<b>2,205,994</b>	<b>42,564</b>	<b>73,888</b>	<b>2,322,446</b>

Total remuneration for persons managing the Company upon their functions in supervisory boards of subsidiary companies in 2007 amounted to PLN 73,888.

Moreover, the reserve for the bonus for the Management Board in the amount of PLN 3,500 thousand was included in the remuneration costs for 2007.

According to the Statutes of the Company, the rules of granting remuneration to members of the Supervisory Board are defined by the Annual General Meeting.

In 2007, total remuneration for the members of the Supervisory Board amounted to PLN 154,933, including:

No.	Full name	Function in Supervisory Board Stalexport Autostrady S.A.	Remuneration in 2007 (PLN)
1.	Giuseppe Palma	President	receives no remuneration
2.	Bogusław Leśnodorski	Vice-President	35,085
3.	Jerzy Sroka	Secretary	27,700
4.	Dario V. Cipriani	Member	23,700
5.	Katarzyna Galus	Member	23,700
6.	Christopher Melnyk	Member	receives no remuneration
7.	Jeffery Grady	Member (until 14 Feb 2007)	received no remuneration
8.	Konrad Tchórzewski	Member (until 14 Feb 2007)	20,737
9..	Mateusz Van Wollen	Member (from 28 Jun 2007)	11,850
10.	Galliano Di Marco	President (from 01 Jan 2007 until 28 Sep 2007)	received no remuneration
11.	Alexander Neuber	Member (from 01 Jan 2007 until 28 Sep 2007)	12,161
x	<b>TOTAL</b>	x	<b>154,933</b>

#### 5.16. Amounts due upon unpaid loans. Information on loans, advance payments or guarantees granted to persons managing the Company

There are no amounts due upon unpaid loans from persons managing the Company. The Company has granted no loans, advance payments or guarantees to such persons.

#### 5.17. Company shares or shares of associated entities in possession of persons managing and supervising the Company

According to submitted statements, as of 31<sup>st</sup> December 2007 (and as of the reporting date), persons managing and supervising the Capital Group possess the following number of shares of Stalexport Autostrady S.A., in the following nominal value:

Full name	No. of shares	Nominal value (PLN)
1. Emil Wąsacz	59,000	118,000
3. Dario V. Cipriani	10	20
4. Mateusz Van Wollen	10	20

Persons managing and supervising Stalexport Autostrady S.A. do not hold any shares of associated entities.

#### 5.18. List of shareholders in possession of at least 5% of general number of votes

To the best of the knowledge of the Management Board, based on the list of shareholders registered during the Extraordinary General Meeting of 20 Aug 2007 and on the announcements submitted by the shareholders as prescribed by law, the shareholders who possess at least 5% of the total number of votes (247,262,023), as of 31 Dec 2007, were the following:

Name of entity	No. of common bearer shares owned	Initial capital share (%)	No. of votes at general meeting	Share in general no. of votes at general meeting (%)
Atlantia S.p.A. seated in Rome, Italy (previously Autostrade S.p.A.)	139,059,182	56.24 %	139,059,182	56.24 %

Name of entity	No. of common bearer shares owned	Initial capital share (%)	No. of votes at general meeting	Share in general no. of votes at general meeting (%)
Other shareholders	108,202,841	43.76 %	108,202,841	43.76 %

On 18<sup>th</sup> January 2008, due to a contribution in kind of 139,059,182 shares of Stalexport Autostrady S.A. company made by Atlantia S.p.A. to its subsidiary **Autostrade per l'Italia S.p.A.** seated in Rome, Italy, the shares were covered by Autostrade per l'Italia S.p.A.

**5.19. Information on agreements known to the Company, due to which in the future some changes could occur in the proportion of shares held by current shareholders.**

The Company has no information on other concluded agreements due to which in the future some changes could occur in the proportion of shares held by current shareholders.

**5.20. Shareholders of the shares which give special rights of control with regard to the Company, together with the description of such rights**

No shares of Stalexport Autostrady S.A. give special rights of control with regard to the Company.

**5.21. Information on the control system of staff shares programmes**

No staff shares programmes are operated in the Company.

**5.22. Information regarding any restrictions in transferring the title to securities and restrictions in executing the right to vote connected with the Company shares.**

The shares of the Company are not restricted with regard to transferring the title or executing the right to vote connected with the shares.

**5.23. Date of concluding the agreement with an entity entitled to audit financial statements and the consolidated financial statement, the period for which it has been concluded as well as total remuneration for the entity and consolidated audit in the given business year.**

The audit of the Company financial statement and the consolidated financial statement of the Stalexport Autostrady Capital Group for the year 2007 has been entrusted to KPMG Audyt Sp. z o.o. (KPMG) by the Supervisory Board of the Company, in accordance with to its powers defined in the Statutes of the Company. KPMG Audyt Sp. z o.o. is seated in Warsaw, ul. Chłodna 51, and is entered in the list of entities entitled to audit financial statements under the No. 458. KPMG was conducting the audits of the entity financial statement of the Company and of the consolidated financial statement of the Capital Group in the years 1994-2001.

The agreement to conduct the audit and review of financial statement and group reports for the year 2007 was concluded with KPMG Audyt Sp. z o.o. on 25<sup>th</sup> June 2007.

Total remuneration for KPMG for the work related to the review of the interim financial and the audit of the annual financial statement statement both for the entity and consolidated is EUR 74,500.

The agreement on auditor's services for the year 2006 had been concluded with BDO Polska Sp. z o.o. on 8<sup>th</sup> August 2006 for the period of one year 2006. The agreement included:

- the review of annual individual entity and consolidated financial statement of the Company,
- the audit of the annual individual entity and consolidated financial statement of the Company.

Total remuneration of the auditor amounted to PLN 160,000.

The remaining remuneration paid for other services than the 2006 financial statement audit amounted to PLN 32,000.

## **6. PERSPECTIVES FOR DEVELOPMENT AND DESCRIPTION OF MAIN RISKS AND HAZARDS. CHARACTERIZATION OF EXTERNAL AND INTERNAL FACTORS CRUCIAL FOR THE FUTURE DEVELOPMENT OF STALEXPORT AUTOSTRADY S.A.**

### **6.1. Perspectives for development**

Finding a strategic investor for Stalexport Autostrady S.A., namely Atlantia S.p.A. (previously Autostrade S.p.A), secured access to the capital and to the know-how, both vital for future development of motorway activity, allowing the Company to continue its current projects and to take part in new ventures.

Currently, Stalexport Autostrady S.A., through its subsidiary Stalexport Autostrada Dolnośląska S.A., (SAD S.A.) participates (within a consortium) in the following tender procedures announced by the Polish Minister of Transport:

- 1) Construction and maintenance of A2 toll motorway in its section Stryków (Łódź)-Konotopa (Warsaw): 95 km,
- 2) Adaptation of A4 motorway to toll collection in its section Wrocław-Sośnica (Gliwice): 162 km.
- 3) Adaptation of A2 motorway to toll collection in its section Konin-Stryków (Łódź): 103 km,

#### re 1)

On 10<sup>th</sup> August 2007, a consortium with participation of SAD S.A. was invited to place a binding bid in the tender for construction and maintenance of A2 toll motorway in its section Stryków (Łódź)-Konotopa (Warsaw) until 10<sup>th</sup> December 2007. The date for placing binding bids has been postponed to the 31<sup>st</sup> March 2008.

#### re 2)

As for the tender for the adaptation of A4 motorway to toll-motorway standards in its section Wrocław-Sośnica, a consortium with participation of the subsidiary Stalexport Autostrada Dolnośląska S.A. received on 24<sup>th</sup> October 2007 an invitation to place a binding bid until 28<sup>th</sup> December 2007. This date has been eventually postponed to 21<sup>st</sup> January 2008. The consortium submitted the Bid however on 06.04.2008 it was informed by GDDKiA about rejecting its bid.

#### re 3)

As for the tender for the adaptation of A2 motorway to toll-motorway standards in its section Konin-Stryków, a consortium with participation of the subsidiary company i.e. SAD S.A. has been taking part. Initially the date for placing the binding bid was set for 4<sup>th</sup> February 2008, which was later changed to 18<sup>th</sup> February 2008. The bid has been placed by this consortium and the planned date of decision is between March and May 2008.

In the domestic market, the Company plans to concentrate on tenders for the construction of toll motorways in BOT system (as investor and administrator) and on those for maintenance, operation and toll collection (as operator).

Moreover, Stalexport Autostrady S.A. in cooperation with its strategic investor plans to take part in tenders in motorway sector organised in neighbouring countries. For instance, in Slovakia, consortium SLOVAKPASS with the participation of Stalexport Autostrady S.A. has been pre-qualified for the due tender for the selection of a supplier and starting flee-flow toll collection system from lorries in the network of motorways and national roads.

### **6.2. Description of main risks and hazards. Characterization of external and internal factors crucial for the future development of the Company. Counteracting such risks.**

In 2007, the Company could finally leave behind all burdening threats and problems. This was possible thanks to the successful conclusion of the process of winning a strategic investor i.e. Atlantia S.p.A. As a result of two successive share issues (2<sup>nd</sup> tranche of F series and G series), Stalexport Autostrady S.A. acquired from the strategic investor a total amount of PLN over 269m.

This allowed for settling current liabilities in the years 2006-2007, achieving long-lasting financial stability which allowed for earlier repayment of restructured liabilities and finally concluding the question of the

guarantee for the State Treasury due to the security for WRJ, which had burdened the Company for the previous 10 years.

Today, the greatest threats and risks to the Company result from the policies of the State regarding motorway projects and its approach to conducting infrastructural projects on the basis of public-private partnership (partnerstwa publiczno-prywatnego). The Company aims at limiting the risk related to restricting the role of private entities in the plans for the development of road infrastructure by promoting the idea of private partnership (partnerstwo prywatne) and making popular the benefits of participation of private sector in infrastructure projects.

What is important to the Company is the risk of prolonging or invalidating tender processes resulting from the provisions of law currently in force, in particular from public procurement law. The Company aims at curbing such risks by promoting changes in the law which would allow for a smoother preparation and performance of investments in infrastructure.

Another risk which is significant in the Company's business is the threat of insufficient basic production circles in the road construction sector, including qualified employees and basic raw material and substances used in road construction as well as the possibilities of transporting these materials which could result in uncontrollable inflation of construction prices. The Company attempts to curb these risks by becoming involved mainly in such infrastructure undertakings in cooperation with construction partners including those related through the capital engagement with the Company's strategic investor, and by applying innovative technologies allowing for using substitutes of those construction materials which are in particularly short supply.

## 7. CONCLUSION

Analysing the present situation of the company Stalexport Autostrady S.A. it should be stated that the increase of the share capital by issuing shares of the G series and coming in their possession by Atlantia S.p.A., as well as the sale of the steel part of the company, connected with change of the name from the previous STALEXPORT S.A. to: Stalexport Autostrady S.A. concluded and closed the forty years of history of the Company activities in the steel industry.

As consequence of those activities, the Company became an enterprise active solely in the motorway branch. The company also gained very sound financial basis, which do not only provide the possibility of meeting all the obligations, resulting from arrangement proceedings and those not related to them, but also create realistic possibilities for further development.

Vice-President of Management Board  
Financial Manager

/Mieczysław Skołyżyński/

President of Management Board  
General Manager

/Emil Wąsacz/

Katowice, March 2008

## 8. ATTACHMENTS

In accordance with the Ordinance of the Minister of Finance, dated 19.10.2005, concerning the current and periodic information to be provided by issuers of securities (Official Journal of Law (Dz.U.) of 2005, No. 209, item1744), the annual report contains:

**8.1. A statement of the Management Board, stating that to the best of their knowledge the yearly financial report and the comparable data have been prepared in accordance with the binding principles of accounting, and that they reflect in true, reliable and clear manner the property and finances of the Company, as well as its financial result, and that the report contains a true picture of the development and achievements and the situation of the Company, including the description of the basic risks.**

### Statement

We hereby state that to the best of our knowledge the yearly financial report for the year 2007 and the comparable data have been prepared in accordance with the binding principles of accounting, and that they reflect in true, reliable and clear manner the property and finances of the Company, as well as its financial result of Stalexport Autostrady S.A.

We also state that the yearly report of the Management Board contains a true picture of the development and achievements and the situation of the Company, including the description of the basic risks and threats.

Vice-President of Management Board  
Financial Manager

/Mieczysław Skołożyński/

President of Management Board  
General Manager

/Emil Wąsacz/

Katowice, March 2008

**8.2. A statement of the Management Board, stating that the entity qualified to carry out the audit of the yearly financial report has been selected in accordance with the legal regulations, and that this entity and the certified auditors performing the audit complied with the conditions to express an unbiased and independent opinion about the audit, in accordance with the regulations of the national law.**

#### **Statement**

We hereby state that KPMG Polska Audyt Sp. z o.o. with seat in Warszawa, qualified to carry out the audit of the yearly financial statements for the year 2007 has been selected in accordance with the legal regulations, that is on the basis of §18 section3 item 8 of the Articles of Association (Statute) of Stalexport Autostrady S.A. in Katowice.

We also state that the above entity as well as the certified auditors performing the audit complied with the conditions to express an unbiased and independent opinion about the audit, in accordance with the regulations of Polish law.

Vice-President of Management Board  
Financial Manager

/Mieczysław Skołożyński/

President of Management Board  
General Manager

/Emil Wąsacz/

Katowice, March 2008