



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

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

for the nine-month period ended
30 September 2017

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

These condensed consolidated interim financial statements are unaudited

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Condensed consolidated interim statement of comprehensive income
for the three and nine-month periods ended

	Note	30 September 2017		30 September 2016	
		3 months (unaudited)	9 months (unaudited)	3 months (unaudited)	9 months (unaudited)
<i>In thousands of PLN, unless stated otherwise</i>					
Revenue	8	90 299	240 765	82 746	220 389
Cost of sales	9	(19 894)	(50 982)	(18 220)	(41 903)
Gross profit		70 405	189 783	64 526	178 486
Other income	10	899	2 677	1 197	2 939
Administrative expenses	9	(8 986)	(24 872)	(9 599)	(24 678)
Other expenses	11	(54)	(266)	(30)	(91)
Results from operating activities		62 264	167 322	56 094	156 656
Finance income		3 298	9 516	3 128	9 087
Finance expenses		(7 917)	(23 577)	(8 720)	(24 984)
Net finance expense	12	(4 619)	(14 061)	(5 592)	(15 897)
Share of profit of equity accounted investees (net of income tax)		34	129	42	155
Profit before income tax		57 679	153 390	50 544	140 914
Income tax expense		(10 891)	(29 745)	(9 107)	(26 234)
Profit for the period		46 788	123 645	41 437	114 680
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss for the period</i>					
Remeasurement of employee benefits		-	(35)	-	20
Income tax on other comprehensive income		-	7	-	(3)
		-	(28)	-	17
<i>Items that are or may be reclassified subsequently to profit or loss for the period</i>					
Foreign currency translation differences for foreign operations		58	34	(27)	39
Effective portion of changes in fair value of cash flow hedges		(99)	(417)	354	(316)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period		967	2 977	1 182	3 595
Income tax on other comprehensive income		(165)	(486)	(292)	(623)
		761	2 108	1 217	2 695
Other comprehensive income for the period, net of income tax		761	2 080	1 217	2 712
Total comprehensive income for the period		47 549	125 725	42 654	117 392
Profit attributable to:					
owners of the Company		45 325	119 381	39 941	110 348
non-controlling interest		1 463	4 264	1 496	4 332
Profit for the period		46 788	123 645	41 437	114 680
Total comprehensive income attributable to:					
owners of the Company		46 086	121 474	41 158	113 060
non-controlling interest		1 463	4 251	1 496	4 332
Total comprehensive income for the period		47 549	125 725	42 654	117 392
Earnings per share					
Basic earnings per share (PLN)		0.18	0.48	0.16	0.45
Diluted earnings per share (PLN)		0.18	0.48	0.16	0.45

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

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FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of financial position
as at

<i>In thousands of PLN</i>					
	Note	30 September 2017 <i>(unaudited)</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016	30 September 2016 <i>(unaudited)</i>
ASSETS					
Non-current assets					
Property, plant and equipment	13	41 274	40 721	32 080	33 000
Intangible assets	14	458 092	469 215	484 829	488 377
Investment property		3 996	4 128	4 401	3 789
Investments in associates		984	951	1 021	988
Other non-current investments		450 724	451 038	447 422	471 032
Non-current receivables		-	-	-	844
Deferred tax assets	15	84 361	86 378	89 983	93 638
Total non-current assets		1 039 431	1 052 431	1 059 736	1 091 668
Current assets					
Inventories		2 466	2 050	2 147	2 397
Current investments		1 412	1 478	1 488	1 564
Trade and other receivables	16	13 463	14 999	16 316	11 852
Cash and cash equivalents		417 930	384 120	366 959	313 116
Total current assets		435 271	402 647	386 910	328 929
Total assets		1 474 702	1 455 078	1 446 646	1 420 597
EQUITY AND LIABILITIES					
Equity					
Share capital	18.1	185 447	185 447	185 447	185 447
Treasury shares		-	-	(20)	(20)
Share premium reserve		7 430	7 430	7 430	7 430
Hedging reserve	18.2	(5 132)	(5 835)	(7 206)	(8 674)
Other reserve capitals and supplementary capital		281 703	281 686	231 486	231 463
Foreign currency translation reserve		197	157	137	160
Retained earnings and uncovered losses		189 189	143 863	164 555	115 376
Total equity attributable to owners of the Company		658 834	612 748	581 829	531 182
Non-controlling interest		4 952	3 489	4 999	5 033
Total equity		663 786	616 237	586 828	536 215
Liabilities					
Non-current liabilities					
Loans and borrowings		76 398	96 889	116 147	115 600
Employee benefits		4 209	3 916	3 094	2 944
Deferred income		7 062	7 270	7 686	7 894
Other non-current liabilities		78 288	85 579	211 064	210 295
Provisions	19	355 963	363 852	344 802	390 822
Total non-current liabilities		521 920	557 506	682 793	727 555
Current liabilities					
Loans and borrowings		39 341	38 828	37 215	35 592
Derivative financial instruments		6 446	8 263	10 014	10 709
Income tax liabilities		8 393	5 451	13 905	10 839
Trade and other payables		171 769	160 113	22 230	22 951
Employee benefits		335	390	373	282
Deferred income		6 258	6 568	5 431	5 700
Provisions	19	56 454	61 722	87 857	70 754
Total current liabilities		288 996	281 335	177 025	156 827
Total liabilities		810 916	838 841	859 818	884 382
Total equity and liabilities		1 474 702	1 455 078	1 446 646	1 420 597

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

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of cash flows
for the three and nine-month periods ended

In thousands of PLN

	30 September 2017		30 September 2016	
	3 months <i>(unaudited)</i>	9 months <i>(unaudited)</i>	3 months <i>(unaudited)</i>	9 months <i>(unaudited)</i>
Cash flows from operating activities				
Profit before income tax	57 679	153 390	50 544	140 914
Adjustments for				
Depreciation and amortisation	11 726	34 792	11 636	33 831
Foreign currency translation differences for foreign operations	58	34	(27)	39
(Profit)/Loss on investment activity	67	76	(62)	17
(Gain)/Loss on disposal of intangible assets and property, plant and equipment	(4)	55	(35)	(84)
Interest and dividends	(379)	(935)	198	993
Share in profit of associates	(34)	(129)	(42)	(155)
Change in receivables	692	2 009	(251)	1 570
Change in inventories	(24)	73	9	(359)
Change in trade and other payables	2 889	15 323	6 436	12 112
Change in provisions	(2 851)	(8 449)	(1 871)	(9 851)
Change in deferred income	(518)	203	(273)	(899)
Cash generated from operating activities	69 301	196 442	66 262	178 128
Income tax paid	(6 097)	(30 114)	(3 815)	(21 270)
Net cash from operating activities	63 204	166 328	62 447	156 858
Cash flows from investing activities				
Investment proceeds	4 659	11 239	19 590	44 569
Sale of intangible assets and property, plant and equipment	4	4	35	87
Proceeds from non-current deposits held for investment expenditures	-	-	15 250	33 305
Dividends received from associates	-	165	-	-
Interest received	4 655	11 070	4 305	11 177
Investment expenditures	(7 682)	(30 702)	(9 978)	(24 107)
Acquisition of intangible assets and property, plant and equipment	(6 494)	(25 784)	(9 978)	(24 107)
Non-current deposits held for investment expenditures	(1 188)	(4 917)	-	-
Acquisition of financial assets	-	(1)	-	-
Net cash from/(used in) investing activities	(3 023)	(19 463)	9 612	20 462
Cash flows from financing activities				
Financial proceeds	-	38	-	-
Sale of treasury shares	-	38	-	-
Financial expenditures	(26 371)	(95 932)	(24 785)	(52 211)
Dividends paid, including attributable to: owners of the Company	(2 723)	(48 805)	-	(4 272)
non-controlling interest	-	(44 507)	-	-
non-controlling interest	(2 723)	(4 298)	-	(4 272)
Repayment of loans and borrowings	(19 251)	(37 749)	(17 773)	(34 851)
Interest paid	(4 397)	(9 378)	(7 012)	(13 088)
Net cash used in financing activities	(26 371)	(95 894)	(24 785)	(52 211)
Total net cash flows	33 810	50 971	47 274	125 109
Change in cash and cash equivalents	33 810	50 971	47 274	125 109
Cash and cash equivalents at the beginning of the period	384 120	366 959	265 842	188 007
Cash and cash equivalents at the end of the period	417 930	417 930	313 116	313 116

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Condensed consolidated interim statement of changes in equity

In thousands of PLN

<i>(unaudited)</i>	Share capital	Treasury shares	Share premium reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2016	185 447	(20)	7 430	(11 330)	320 644	134	(84 183)	418 122	4 973	423 095
Profit for the period	-	-	-	-	-	-	110 348	110 348	4 332	114 680
Other comprehensive income:	-	-	-	2 656	10	26	20	2 712	-	2 712
Effective portion of changes in fair value of cash flow hedges	-	-	-	(316)	-	-	-	(316)	-	(316)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	3 595	-	-	-	3 595	-	3 595
Remeasurement of employee benefits	-	-	-	-	-	-	20	20	-	20
Foreign currency translation differences for foreign operations	-	-	-	-	10	26	3	39	-	39
Income tax on other comprehensive income	-	-	-	(623)	-	-	(3)	(626)	-	(626)
Total comprehensive income for the period	-	-	-	2 656	10	26	110 368	113 060	4 332	117 392
Coverage of previous years' losses	-	-	-	-	(201 496)	-	201 496	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(4 272)	(4 272)
Allocation of profit to supplementary capital	-	-	-	-	112 305	-	(112 305)	-	-	-
As at 30 September 2016	185 447	(20)	7 430	(8 674)	231 463	160	115 376	531 182	5 033	536 215

	Share capital	Treasury shares	Share premium reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2016	185 447	(20)	7 430	(11 330)	320 644	134	(84 183)	418 122	4 973	423 095
Profit for the period	-	-	-	-	-	-	159 563	159 563	5 731	165 294
Other comprehensive income:	-	-	-	4 124	33	3	(16)	4 144	(16)	4 128
Effective portion of changes in fair value of cash flow hedges	-	-	-	426	-	-	-	426	-	426
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	4 665	-	-	-	4 665	-	4 665
Remeasurement of employee benefits	-	-	-	-	-	-	(26)	(26)	(19)	(45)
Foreign currency translation differences for foreign operations	-	-	-	-	33	3	4	40	-	40
Income tax on other comprehensive income	-	-	-	(967)	-	-	6	(961)	3	(958)
Total comprehensive income for the period	-	-	-	4 124	33	3	159 547	163 707	5 715	169 422
Coverage of previous years' losses	-	-	-	-	(201 496)	-	201 496	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(5 689)	(5 689)
Allocation of profit to other reserve capitals and supplementary capital	-	-	-	-	112 305	-	(112 305)	-	-	-
As at 31 December 2016	185 447	(20)	7 430	(7 206)	231 486	137	164 555	581 829	4 999	586 828

<i>(unaudited)</i>	Share capital	Treasury shares	Share premium reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2017	185 447	(20)	7 430	(7 206)	231 486	137	164 555	581 829	4 999	586 828
Profit for the period	-	-	-	-	-	-	119 381	119 381	4 264	123 645
Other comprehensive income:	-	-	-	2 074	(23)	60	(18)	2 093	(13)	2 080
Effective portion of changes in fair value of cash flow hedges	-	-	-	(417)	-	-	-	(417)	-	(417)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	-	-	2 977	-	-	-	2 977	-	2 977
Remeasurement of employee benefits	-	-	-	-	-	-	(19)	(19)	(16)	(35)
Foreign currency translation differences for foreign operations	-	-	-	-	(23)	60	(3)	34	-	34
Income tax on other comprehensive income	-	-	-	(486)	-	-	4	(482)	3	(479)
Total comprehensive income for the period	-	-	-	2 074	(23)	60	119 363	121 474	4 251	125 725
Sale of treasury shares	-	20	-	-	-	-	18	38	-	38
Dividends paid	-	-	-	-	-	-	(44 507)	(44 507)	(4 298)	(48 805)
Allocation of profit to supplementary capital*	-	-	-	-	50 240	-	(50 240)	-	-	-
As at 30 September 2017	185 447	-	7 430	(5 132)	281 703	197	189 189	658 834	4 952	663 786

*Item adjusted by dividends paid in previous years directly from the supplementary capitals of the subsidiaries.

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

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Notes to the condensed consolidated interim financial statements

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

1. Group overview

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

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

The business activities of the Group include the following:

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

As at 30 September 2017, beside the Company, the Group comprised of the following entities:

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

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

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

The condensed consolidated interim financial statements as at the day and for the nine-month period ended 30 September 2017 comprise financial statements of the Company and its subsidiaries and also Group's share in net assets of associates.

The Capital Group is also included within the consolidated financial statements of the higher-level parent entity Atlantia S.p.A. (Italy).

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2. Basis for preparation of condensed consolidated interim financial statements

2.1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union and other regulations in force.

Condensed consolidated interim financial statements do not include all the information required for yearly financial statements and therefore should be analysed together with the Group's consolidated financial statements as at the day and for the year ended 31 December 2016.

The condensed consolidated interim financial statements were approved by the Management Board of the Company on 9 November 2017.

2.2. Basis for valuation

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

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

2.3. Functional and presentation currency

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

2.4. Use of estimates and judgments

The preparation of condensed interim financial statements requires that the Management Board makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, equity and liabilities, income and expenses with respect to the Group. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by the Management Board, which have significant impact on condensed consolidated interim financial statements, have been disclosed in notes 14, 15, 16 and 19.

3. Going concern

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

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4. Information concerning the Concession Agreement

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

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

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

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

Throughout the term of the Concession Agreement, the Concession Holder shall have the right to use and receive profits from the road strip of the motorway. The right includes among other things the right to demolish and remove the existing buildings, facilities, equipment, trees and plants, subject to any relevant legal provisions. In return the Concession Holder is responsible for the operation and maintenance of the toll motorway until the termination or expiry of the Concession Agreement, which determines detailed range of the Concession Holder's obligations, and is obliged to perform precisely specified construction works.

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

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

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

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

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Notes to the condensed consolidated interim financial statements

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

5. Description of significant accounting principles

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

6. Segment reporting

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

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

Business segments

Business segments include:

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

Business segments results

For the three and nine-month periods ended 30 September 2017

	Management, advisory and rental services		Management and operation of motorways		Total	
	3 months	9 months	3 months	9 months	3 months	9 months
Operating revenues						
Revenue from external customers	797	2 423	89 502	238 342	90 299	240 765
Total revenue	797	2 423	89 502	238 342	90 299	240 765
Operating expenses						
Cost of sales to external customers	(910)	(2 841)	(18 984)	(48 141)	(19 894)	(50 982)
Total cost of sales	(910)	(2 841)	(18 984)	(48 141)	(19 894)	(50 982)
Other income	9	22	891	2 656	900	2 678
Other expenses	(1)	(4)	(54)	(263)	(55)	(267)
Administrative expenses (*)	(898)	(2 982)	(8 088)	(21 890)	(8 986)	(24 872)
Results from operating activities	(1 003)	(3 382)	63 267	170 704	62 264	167 322
Net finance income/(expense)	1 190	3 604	(5 809)	(17 665)	(4 619)	(14 061)
Share of profit of equity accounted investees (net of income tax)	34	129	-	-	34	129
Income tax expense	(97)	(233)	(10 794)	(29 512)	(10 891)	(29 745)
Profit for the period	124	118	46 664	123 527	46 788	123 645
Other comprehensive income, net of income tax	62	39	699	2 041	761	2 080
Total comprehensive income for the period	186	157	47 363	125 568	47 549	125 725
Major non-cash items						
Depreciation and amortisation	(143)	(439)	(11 583)	(34 353)	(11 726)	(34 792)
Reversal/(recognition) of allowances for receivables	6	6	-	-	6	6
Unwinding of discount	-	-	(5 025)	(14 753)	(5 025)	(14 753)
Revaluation of investment	(67)	(76)	-	-	(67)	(76)

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

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For the three and nine-month periods ended 30 September 2016

	Management, advisory and rental services		Management and operation of motorways		Total	
	3 months	9 months	3 months	9 months	3 months	9 months
Operating revenues						
Revenue from external customers	820	2 526	81 926	217 863	82 746	220 389
Total revenue	820	2 526	81 926	217 863	82 746	220 389
Operating expenses						
Cost of sales to external customers	(1 010)	(2 948)	(17 210)	(38 955)	(18 220)	(41 903)
Total cost of sales	(1 010)	(2 948)	(17 210)	(38 955)	(18 220)	(41 903)
Other income	18	20	1 179	2 919	1 197	2 939
Other expenses	(1)	(3)	(29)	(88)	(30)	(91)
Administrative expenses (*)	(958)	(2 399)	(8 641)	(22 279)	(9 599)	(24 678)
Results from operating activities	(1 131)	(2 804)	57 225	159 460	56 094	156 656
Net finance income/(expense)	1 068	2 348	(6 660)	(18 245)	(5 592)	(15 897)
Share of profit of equity accounted investees (net of income tax)	42	155	-	-	42	155
Income tax expense	32	467	(9 139)	(26 701)	(9 107)	(26 234)
Profit for the period	11	166	41 426	114 514	41 437	114 680
Other comprehensive income, net of income tax	(27)	44	1 244	2 668	1 217	2 712
Total comprehensive income for the period	(16)	210	42 670	117 182	42 654	117 392
Major non-cash items						
Depreciation and amortisation	(134)	(394)	(11 502)	(33 437)	(11 636)	(33 831)
Reversal/(recognition) of allowances for receivables	17	12	1	1	18	13
Unwinding of discount	-	-	(4 983)	(14 388)	(4 983)	(14 388)
Revaluation of investment	62	(17)	-	-	62	(17)

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

Financial position according to business segments as at

	30 September 2017	30 June 2017	31 December 2016	30 September 2016
Management, advisory and rental services				
Assets of the segment	347 550	343 376	318 359	228 388
Liabilities of the segment	2 882	2 895	2 148	1 756
Management and operation of motorways				
Assets of the segment	1 127 152	1 111 702	1 128 287	1 192 209
Liabilities of the segment	808 034	835 946	857 670	882 626
Total assets	1 474 702	1 455 078	1 446 646	1 420 597
Total liabilities	810 916	838 841	859 818	884 382

7. Periodicity and seasonality of the business

Activity of the "Management and operation of motorways" business segment is influenced by seasonality, due to fluctuations of traffic levels on the A4 motorway section subject to concession between the individual quarterly periods. The highest level of traffic is recorded in third quarter and the lowest in first quarter of each calendar year.

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8. Revenue

	30 September 2017		30 September 2016	
	3 months	9 months	3 months	9 months
Toll revenue	89 372	237 779	81 682	217 065
Revenue from rental of investment property	786	2 386	806	2 481
Revenue due to other services provided	17	165	101	327
Other revenue	124	435	157	516
Total	90 299	240 765	82 746	220 389

9. Expenses by nature

	30 September 2017		30 September 2016	
	3 months	9 months	3 months	9 months
Depreciation and amortisation	(11 726)	(34 792)	(11 636)	(33 831)
Energy and materials consumption	(860)	(3 229)	(818)	(3 209)
Accrual of provision for motorway resurfacing disclosed within cost of sales (external services)	(3 183)	(1 194)	(2 255)	5 133
Other external services	(6 158)	(14 630)	(6 704)	(15 489)
Taxes and charges	(451)	(1 453)	(419)	(1 321)
Employee benefit expenses	(6 019)	(19 131)	(5 384)	(16 202)
Other costs	(483)	(1 424)	(603)	(1 662)
Cost of goods and materials sold	-	(1)	-	-
Total expenses by nature	(28 880)	(75 854)	(27 819)	(66 581)
Cost of sales and administrative expenses	(28 880)	(75 854)	(27 819)	(66 581)

9.1. Employee benefit expenses

	30 September 2017		30 September 2016	
	3 months	9 months	3 months	9 months
Wages and salaries	(4 677)	(14 692)	(4 155)	(12 712)
Social security contributions and other benefits	(1 049)	(3 316)	(925)	(3 049)
Movement in employee benefits liabilities included in profit and loss:	(293)	(1 123)	(304)	(441)
Post-employment benefits	-	(48)	1	(40)
Jubilee bonuses liabilities	-	(194)	-	(148)
Other employee benefits	(293)	(881)	(305)	(253)
Total	(6 019)	(19 131)	(5 384)	(16 202)

10. Other income

	30 September 2017		30 September 2016	
	3 months	9 months	3 months	9 months
Rental income from passenger service sites	777	2 280	811	2 262
Reversal of allowances for receivables	6	6	18	13
Compensations, contractual penalties, taxes and costs of court proceedings received	23	150	322	365
Interest from receivables	3	25	2	6
Net gain on disposal of property, plant and equipment and intangible assets	4	-	35	84
Other	86	216	9	209
Total	899	2 677	1 197	2 939

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11. Other expenses

	30 September 2017		30 September 2016	
	3 months	9 months	3 months	9 months
Donations granted	(32)	(49)	(10)	(25)
Repair of damages	(7)	(35)	(8)	(29)
Penalties, compensations, payments	(8)	(20)	(3)	(21)
Net loss on disposal of property, plant and equipment and intangible assets	-	(55)	-	-
Unrecoverable input VAT	(2)	(9)	(2)	(4)
Other	(5)	(98)	(7)	(12)
Total	(54)	(266)	(30)	(91)

12. Net finance expense

	30 September 2017		30 September 2016	
	3 months	9 months	3 months	9 months
Recognised in profit or loss for the period				
Interest income, including:	3 248	9 411	2 998	8 931
- from bank accounts and deposits	3 248	9 410	2 997	8 930
- other	-	1	1	1
Revaluation of investments	-	-	62	-
Net foreign exchange gain	50	105	63	151
Other finance income	-	-	5	5
Finance income	3 298	9 516	3 128	9 087
Interest expense on liabilities measured at amortised cost, including:	(4 789)	(14 394)	(5 333)	(15 200)
- loans and borrowings, including:	(1 855)	(5 711)	(2 078)	(6 503)
- nominal	(1 279)	(3 960)	(3 126)	(6 378)
- other	(576)	(1 751)	1 048	(125)
- discount of concession payments	(2 934)	(8 683)	(2 778)	(8 220)
- other	-	-	(477)	(477)
Discount of provisions	(2 091)	(6 070)	(2 205)	(6 168)
Revaluation of investments	(67)	(76)	-	(17)
Net change in fair value of cash flow hedges reclassified from other comprehensive income	(967)	(2 977)	(1 182)	(3 595)
Ineffective portion of changes in fair value of cash flow hedges	-	(54)	-	-
Other finance expenses	(3)	(6)	-	(4)
Finance expenses	(7 917)	(23 577)	(8 720)	(24 984)
Net finance expense recognised in profit or loss for the period	(4 619)	(14 061)	(5 592)	(15 897)
Recognised in other comprehensive income				
Foreign currency translation differences for foreign operations	58	34	(27)	39
Effective portion of changes in fair value of cash flow hedges (*)	(99)	(417)	354	(316)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period (*)	967	2 977	1 182	3 595
Finance income/(expenses) recognised in other comprehensive income	926	2 594	1 509	3 318

(*) The Group hedges cash flows resulting from payments of interest related to Project Loan Agreement between SAM S.A. and Consortium. For cash flow being hedged a cash flow hedge accounting is applied. Derivatives are used as hedging instruments (interest rate swap). For further information see Group's consolidated financial statements for the year 2016 - notes 32.2 and 33.3.

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13. Property, plant and equipment

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2016	20 377	14 814	15 360	5 221	4 404	60 176
Acquisitions	4	147	1 627	361	1 214	3 353
Transfer from property, plant and equipment under construction	-	1 590	-	855	(2 445)	-
Recognition as utilization of provisions for capital expenditure	-	-	-	-	(818)	(818)
Transfer to intangible assets	-	-	-	-	(1 261)	(1 261)
Transfer to operating expenses	-	-	-	-	(64)	(64)
Transfer of prepayments for property, plant and equipment	-	-	-	-	(28)	(28)
Disposals	-	(107)	(235)	(11)	-	(353)
Cost as at 30 September 2016	20 381	16 444	16 752	6 426	1 002	61 005
Cost as at 1 January 2017	20 525	16 559	15 862	6 433	1 154	60 533
Acquisitions	9	1 457	77	108	10 867	12 518
Transfer from property, plant and equipment under construction	-	440	-	19	(459)	-
Transfer from provisions for capital expenditure	-	74	-	37	-	111
Transfer to inventory	-	-	-	-	(392)	(392)
Transfer of prepayments for property, plant and equipment	-	-	-	-	844	844
Disposals	-	(61)	(93)	(5)	-	(159)
Cost as at 30 September 2017	20 534	18 469	15 846	6 592	12 014	73 455
Depreciation and impairment losses as at 1 January 2016	(11 471)	(4 405)	(6 533)	(2 118)	-	(24 527)
Depreciation for the period	(834)	(1 366)	(1 167)	(461)	-	(3 828)
Disposals	-	107	199	11	-	317
Reversal/utilization of Impairment loss	-	-	33	-	-	33
Depreciation and impairment losses as at 30 September 2016	(12 305)	(5 664)	(7 468)	(2 568)	-	(28 005)
Depreciation and impairment losses as at 1 January 2017	(12 582)	(6 112)	(7 064)	(2 695)	-	(28 453)
Depreciation for the period	(675)	(1 474)	(1 164)	(515)	-	(3 828)
Disposals	-	61	34	5	-	100
Depreciation and impairment losses as at 30 September 2017	(13 257)	(7 525)	(8 194)	(3 205)	-	(32 181)
Carrying amounts						
As at 1 January 2016	8 906	10 409	8 827	3 103	4 404	35 649
As at 30 September 2016	8 076	10 780	9 284	3 858	1 002	33 000
As at 1 January 2017	7 943	10 447	8 798	3 738	1 154	32 080
As at 30 September 2017	7 277	10 944	7 652	3 387	12 014	41 274

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Impairment losses

As at 30 September 2017, 31 December 2016 and 30 September 2016 there were no indicators, which would require the Group to test property, plant and equipment for impairment.

14. Intangible assets

	Concession intangible assets	Other concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Cost as at 1 January 2016	883 370	5 154	970	117	889 611
Transfer from intangible assets not ready for use	-	117	-	(117)	-
Transfer from property, plant and equipment under construction	-	1 261	-	-	1 261
Revaluation of concession intangible assets	(5 948)	-	-	-	(5 948)
Cost as at 30 September 2016	877 422	6 532	970	-	884 924
Cost as at 1 January 2017	883 326	6 559	970	23	890 878
Acquisitions	-	19	-	26	45
Transfer from intangible assets not ready for use	-	23	-	(23)	-
Revaluation of concession intangible assets	3 777	-	-	-	3 777
Cost as at 30 September 2017	887 103	6 601	970	26	894 700
Amortisation and impairment losses as at 1 January 2016	(364 656)	(1 304)	(970)	-	(366 930)
Amortisation for the period	(29 031)	(586)	-	-	(29 617)
Amortisation and impairment losses as at 30 September 2016	(393 687)	(1 890)	(970)	-	(396 547)
Amortisation and impairment losses as at 1 January 2017	(402 977)	(2 102)	(970)	-	(406 049)
Amortisation for the period	(29 950)	(609)	-	-	(30 559)
Amortisation and impairment losses as at 30 September 2017	(432 927)	(2 711)	(970)	-	(436 608)
Carrying amounts					
As at 1 January 2016	518 714	3 850	-	117	522 681
As at 30 September 2016	483 735	4 642	-	-	488 377
As at 1 January 2017	480 349	4 457	-	23	484 829
As at 30 September 2017	454 176	3 890	-	26	458 092

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

- (i) due to changes of discount rates used for valuation of provision for capital expenditures (see note 19), which resulted in their increase by TPLN 684 (however a decrease of TPLN 268 was observed in III quarter); and
- (ii) due to changes of estimates regarding construction works schedule and capital expenditures, which according to the Concession Agreement are to be executed by the Group before the end of the concession period (see note 19), resulting in the increase of concession intangible assets by TPLN 3,093 (however a decrease of TPLN 574 was observed in III quarter).

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

The annual amortisation rate calculated based on estimated traffic increase during the concession period in relation to present net value of intangible asset at the beginning of the quarterly period equalled 8.27% in III quarter 2017 (III quarter 2016: 7.44%). According to current amortisation schedule, based on updated estimates of traffic increase, the proportion of annual amortisation costs to the carrying value of intangible asset as at 30 September 2017 will range from 8.91% to 11.63% during the concession period.

As at 30 September 2017, 31 December 2016 and 30 September 2016 there were no indicators, which would require the Group to test intangible assets for impairment.

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15. Deferred tax

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

	Assets				Liabilities				Net			
	30 September 2017	30 June 2017	31 December 2016	30 September 2016	30 September 2017	30 June 2017	31 December 2016	30 September 2016	30 September 2017	30 June 2017	31 December 2016	30 September 2016
Deferred tax assets/liabilities	169 232	173 627	180 257	184 355	(84 871)	(87 249)	(90 274)	(90 717)	84 361	86 378	89 983	93 638
Set off of tax	(84 871)	(87 249)	(90 274)	(90 717)	84 871	87 249	90 274	90 717	-	-	-	-
Net deferred tax assets/liabilities as in statement of financial position	84 361	86 378	89 983	93 638	-	-	-	-	84 361	86 378	89 983	93 638

Changes of deferred tax assets / liabilities for three and nine-month periods ended 30 September 2017 and 30 September 2016 were following:

	Change of deferred tax on temporary differences recognised in	
	profit or loss for the period	comprehensive income
30 September 2017		
3 months	(1 852)	(165)
9 months	(5 143)	(479)
30 September 2016		
3 months	(1 501)	(292)
9 months	(5 207)	(626)

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16. Allowances for current receivables

Trade and other receivables are presented net of allowances for doubtful debts amounting to TPLN 91,554 (30 June 2017: TPLN 91,560, 31 December 2016: TPLN 91,565, 30 September 2016: TPLN 91,527).

Change in allowances for bad debt was as follows:

	3 quarters 2017	3 quarters 2016
Allowances for bad debts as at 1 January	(91 565)	(91 518)
Allowances recognised	(2)	(26)
Allowances reversed	8	39
Allowances utilised	5	8
Reclassifications	-	(30)
Allowances for bad debts as at 30 September	(91 554)	(91 527)

	III quarter 2017	III quarter 2016
Allowances for bad debts as at 1 July	(91 560)	(91 519)
Allowances recognised	-	(9)
Allowances reversed	6	27
Reclassifications	-	(26)
Allowances for bad debts as at 30 September	(91 554)	(91 527)

The allowances for doubtful debts within trade receivables were recognized due to expected difficulties in collection of amounts due from some customers. The allowances for other receivables concern mainly receivables deriving from activities discontinued in previous periods, resulting from loan guarantees granted to entities which were not able to settle their liabilities.

According to the Group, the collection of receivables which have not been subject to allowances is not considered doubtful.

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17. Financial instruments

17.1. Classification and fair value of financial instruments

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

30 September 2017

	Carrying amount				Fair value				
	Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities valued at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Equity instruments*	-	1 481	-	-	1 481				
Trade and other receivables**	13 460	-	-	-	13 460				
Non-current deposits	450 655	-	-	-	450 655				
Cash and cash equivalents	417 930	-	-	-	417 930				
	882 045	1 481	-	-	883 526				
Financial liabilities measured at fair value									
Hedge derivatives***	-	-	(6 446)	-	(6 446)	-	(6 446)	-	(6 446)
	-	-	(6 446)	-	(6 446)				
Financial liabilities not measured at fair value									
Loans and borrowings	-	-	-	(115 739)	(115 739)				
Concession payments****	-	-	-	(215 383)	(215 383)				
Trade and other payables**	-	-	-	(29 233)	(29 233)				
	-	-	-	(360 355)	(360 355)				

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30 June 2017

	Carrying amount				Fair value				
	Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities valued at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Equity instruments*	-	1 548	-	-	1 548				
Trade and other receivables**	14 999	-	-	-	14 999				
Non-current deposits	450 968	-	-	-	450 968				
Cash and cash equivalents	384 120	-	-	-	384 120				
	850 087	1 548	-	-	851 635				
Financial liabilities measured at fair value									
Hedge derivatives***	-	-	(8 263)	-	(8 263)	-	(8 263)	-	(8 263)
	-	-	(8 263)	-	(8 263)				
Financial liabilities not measured at fair value									
Loans and borrowings	-	-	-	(135 717)	(135 717)				
Concession payments****	-	-	-	(212 449)	(212 449)				
Trade and other payables**	-	-	-	(27 258)	(27 258)				
	-	-	-	(375 424)	(375 424)				

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31 December 2016

	Carrying amount				Total	Fair value			
	Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities valued at amortised cost		Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Equity instruments*	-	1 557	-	-	1 557				
Trade and other receivables**	16 033	-	-	-	16 033				
Non-current deposits	447 353	-	-	-	447 353				
Cash and cash equivalents	366 959	-	-	-	366 959				
	830 345	1 557	-	-	831 902				
Financial liabilities measured at fair value									
Hedge derivatives***	-	-	(10 014)	-	(10 014)	-	(10 014)	-	(10 014)
	-	-	(10 014)	-	(10 014)				
Financial liabilities not measured at fair value									
Loans and borrowings	-	-	-	(153 362)	(153 362)				
Concession payments****	-	-	-	(206 700)	(206 700)				
Trade and other payables**	-	-	-	(23 076)	(23 076)				
	-	-	-	(383 138)	(383 138)				

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30 September 2016

	Carrying amount				Fair value				
	Loans and receivables	Available-for-sale financial assets	Derivatives	Financial liabilities valued at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Equity instruments	-	90	-	-	90	90	-	-	90
	-	90	-	-	90				
Financial assets not measured at fair value									
Equity instruments*	-	1 543	-	-	1 543				
Trade and other receivables**	11 643	-	-	-	11 643				
Non-current deposits	470 963	-	-	-	470 963				
Cash and cash equivalents	313 116	-	-	-	313 116				
	795 722	1 543	-	-	797 265				
Financial liabilities measured at fair value									
Hedge derivatives***	-	-	(10 709)	-	(10 709)	-	(10 709)	-	(10 709)
	-	-	(10 709)	-	(10 709)				
Financial liabilities not measured at fair value									
Loans and borrowings	-	-	-	(151 192)	(151 192)				
Concession payments****	-	-	-	(203 884)	(203 884)				
Trade and other payables**	-	-	-	(24 602)	(24 602)				
	-	-	-	(379 678)	(379 678)				

* Shares of companies which are not listed on financial markets, and for which there are no alternative measures to define their fair value, are disclosed at cost net of any impairment losses.

** Without consideration of receivables/payables due to taxes, duties, social and health insurance and other benefits, as well as current portion of the Concession payments.

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

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

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17.2. Hierarchy of financial instruments carried at fair value

Financial instruments carried at fair value can be classified according to the following valuation methods:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3: inputs that are not based on observable market data (unobservable inputs).

18. Equity

18.1. Share capital

	30 September 2017	30 June 2017	31 December 2016	30 September 2016
Number of shares at the beginning of the period	247 262 023	247 262 023	247 262 023	247 262 023
Number of shares at the end of the period (fully paid)	247 262 023	247 262 023	247 262 023	247 262 023
Nominal value of 1 share (PLN)	0.75	0.75	0.75	0.75
Nominal value of A-series issue	6 256	6 256	6 256	6 256
Nominal value of B-series issue	370	370	370	370
Nominal value of D-series issue	3 000	3 000	3 000	3 000
Nominal value of E-series issue	71 196	71 196	71 196	71 196
Nominal value of F-series issue	37 500	37 500	37 500	37 500
Nominal value of G-series issue	67 125	67 125	67 125	67 125
Total	185 447	185 447	185 447	185 447

18.2. Hedging reserve

Hedging reserve balance is the result of valuation of derivatives meeting the requirements of cash flow hedge accounting. Recognized as effective changes to fair value of cash flow hedging instruments, amounted to TPLN -417 in the period of 3 quarters 2017, out of which TPLN -99 in III quarter (3 quarters 2016: TPLN -316, III quarter 2016: TPLN 354).

As the consequence of hedged interest payments made in the period of 3 quarters 2017, the Group reclassified the corresponding net change in fair value of cash flow hedges of TPLN -2,977, out of which TPLN -967 in III quarter (3 quarters 2016: TPLN -3,595, III quarter 2016: TPLN -1,182) to finance expense. The amount of aforementioned effective changes was adjusted by the change in deferred tax recognized in other comprehensive income in amount of TPLN 80, out of which TPLN 566 was attributable to portion of changes reclassified to finance expense (3 quarters 2016: TPLN 60 and TPLN 683 respectively).

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19. Provisions

For nine-month periods ended 30 September 2017 and 30 September 2016

	Provisions for motorway resurfacing	Provisions for capital expenditures (Phase II)	Total
Non-current provisions			
Balance at 1 January 2016	64 607	338 978	403 585
Additions, including:	16 316	4 175	20 491
- <i>due to discounting</i>	915	4 175	5 090
Change of estimates	18 358	30 079	48 437
Reclassifications	(28 654)	(53 037)	(81 691)
Balance at 30 September 2016	70 627	320 195	390 822
Balance at 1 January 2017	43 884	300 918	344 802
Additions, including:	12 261	4 353	16 614
- <i>due to discounting</i>	611	4 353	4 964
Change of estimates	(6 995)	12 601	5 606
Reclassifications	(932)	(10 127)	(11 059)
Balance at 30 September 2017	48 218	307 745	355 963
Current provisions			
Balance at 1 January 2016	52 751	40 452	93 203
Additions, including:	469	609	1 078
- <i>due to discounting</i>	469	609	1 078
Change of estimates	(38 892)	(36 027)	(74 919)
Utilisation	(10 886)	(18 595)	(29 481)
Capital expenditures transferred from property, plant and equipment under construction	-	(818)	(818)
Reclassifications	28 654	53 037	81 691
Balance at 30 September 2016	32 096	38 658	70 754
Balance at 1 January 2017	36 221	51 636	87 857
Additions, including:	453	653	1 106
- <i>due to discounting</i>	453	653	1 106
Change of estimates	(3 461)	(8 824)	(12 285)
Utilisation	(15 799)	(15 595)	(31 394)
Capital expenditures transferred to property, plant and equipment under construction	-	111	111
Reclassifications	932	10 127	11 059
Balance at 30 September 2017	18 346	38 108	56 454

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For three-month periods ended 30 September 2017 and 30 September 2016

	Provisions for motorway resurfacing	Provisions for capital expenditures (Phase II)	Total
Non-current provisions			
Balance at 1 July 2016	83 789	329 963	413 752
Additions, including:	5 302	1 491	6 793
- due to discounting	379	1 491	1 870
Change of estimates	(229)	2 851	2 622
Reclassifications	(18 235)	(14 110)	(32 345)
Balance at 30 September 2016	70 627	320 195	390 822
Balance at 1 July 2017	45 443	318 409	363 852
Additions, including:	4 016	1 564	5 580
- due to discounting	223	1 564	1 787
Change of estimates	(309)	(18 450)	(18 759)
Reclassifications	(932)	6 222	5 290
Balance at 30 September 2017	48 218	307 745	355 963
Current provisions			
Balance at 1 July 2016	22 529	51 585	74 114
Additions, including:	102	233	335
- due to discounting	102	233	335
Change of estimates	(2 439)	(15 413)	(17 852)
Utilisation	(6 331)	(11 857)	(18 188)
Reclassifications	18 235	14 110	32 345
Balance at 30 September 2016	32 096	38 658	70 754
Balance at 1 July 2017	25 713	36 009	61 722
Additions, including:	127	177	304
- due to discounting	127	177	304
Change of estimates	(301)	17 608	17 307
Utilisation	(8 125)	(9 464)	(17 589)
Reclassifications	932	(6 222)	(5 290)
Balance at 30 September 2017	18 346	38 108	56 454

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

As at 30 September 2017 the Group changed estimates regarding discount rates used for calculation of the present value of provisions for resurfacing and provision for capital expenditures of Phase II (in both cases as at 31 December 2016 the rates ranged from 1.90% to 3.84%, currently from 1.90% to 3.53%). As result of these changes the provision for resurfacing increased by TPLN 141 (however a decrease of TPLN 55 was observed in III quarter), which in line with IAS 37 was recognized as an increase of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 684 (however a decrease of TPLN 268 was observed in III quarter), which was recognized as an increase of concession intangible assets.

As at 30 September 2017 the Group also remeasured the provision for resurfacing and provision for capital expenditures of Phase II following the change of estimates regarding expected expenditures and future construction works schedule. As result of these changes the provision for resurfacing decreased by TPLN 10,597 (out of which by TPLN 555 in III quarter), which in line with IAS 37 was recognised as a decrease of operating expenses for the period.

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At the same time the provision for capital expenditures (Phase II) increased by TPLN 3,093 (however a decrease of TPLN 574 was observed in III quarter), which was recognized as an increase of concession intangible assets.

20. Collateral established on Group's property

As at 30 September 2017 property, plant and equipment with a carrying value of TPLN 20,683 (30 June 2017: TPLN 18,304, 31 December 2016: TPLN 19,811, 30 September 2016: TPLN 20,595) provided a collateral for the Project Loan Agreement.

Apart from the aforementioned securities established on property, plant and equipment, the most significant collateral established in relation to the bank loan included:

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

21. Contingent liabilities

Contingent liabilities amounting to TPLN 22,401 (30 June 2017: TPLN 20,735, 31 December 2016: TPLN 21,540, 30 September 2016: TPLN 21,273) relate to guarantees granted to related entities.

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22. Transactions with related parties

22.1. Intragroup receivables and liabilities

	Receivables	Trade payables	Guarantees and suspended amounts
30 September 2017			
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	6	9	-
Associates	6	9	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	2 652	4 607
Pavimental Polska Sp. z o.o.	10	2 746	3 216
Autogrill Polska Sp. z o.o.	-	-	10
Autostrade Tech S.p.A.	-	967	1 586
Telepass S.p.A.	525	-	-
Other related entities	535	6 365	9 419
Total	541	6 391	9 419

	Receivables	Trade payables	Guarantees and suspended amounts
30 June 2017			
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	6	7	-
Associates	6	7	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	4 246
Pavimental Polska Sp. z o.o.	10	5 373	2 817
Telepass S.p.A.	493	-	-
Autogrill Polska Sp. z o.o.	-	-	10
Autostrade Tech S.p.A.	966	1 146	1 586
Other related entities	1 469	6 519	8 659
Total	1 475	6 543	8 659

	Receivables	Trade payables	Guarantees and suspended amounts
31 December 2016			
Atlantia S.p.A.	-	18	-
Parent entities	-	18	-
Biuro Centrum Sp. z o.o.	8	62	-
Associates	8	62	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	1 804	4 405
Pavimental Polska Sp. z o.o.	14	-	1 961
Telepass S.p.A.	721	-	-
Autogrill Polska Sp. z o.o.	-	-	10
Autostrade Tech S.p.A.	985	362	806
Other related entities	1 720	2 166	7 182
Total	1 728	2 246	7 182

	Receivables	Trade payables	Guarantees and suspended amounts
30 September 2016			
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	8	9	-
Associates	8	9	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	6 070	3 490
Pavimental Polska Sp. z o.o.	13	4 383	1 921
Autogrill Polska Sp. z o.o.	-	-	10
Autostrade Tech S.p.A.	132	558	806
Telepass S.p.A.	256	-	-
Other related entities	401	11 011	6 227
Total	409	11 037	6 227

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22.2. Related parties transactions amounts

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
III quarter 2017				
Biuro Centrum Sp. z o.o.	62	-	(683)	-
Associates	62	-	(683)	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(7 767)
Pavimental Polska Sp. z o.o.	31	3	(24)	(5 904)
Autogrill Polska Sp. z o.o.	15	-	-	-
Autostrade Tech S.p.A.	-	-	(317)	(885)
Telepass S.p.A.	1 248	-	-	-
Other related entities	1 294	3	(341)	(14 556)
Total	1 356	3	(1 024)	(14 556)

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
III quarter 2016				
Biuro Centrum Sp. z o.o.	68	-	(781)	-
Associates	68	-	(781)	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(11 286)
Pavimental Polska Sp. z o.o.	45	1	(215)	(6 167)
Autogrill Polska Sp. z o.o.	15	-	-	-
Autostrade Tech S.p.A.	71	5	(197)	-
Telepass S.p.A.	503	-	-	-
Other related entities	634	6	(412)	(17 453)
Total	702	6	(1 193)	(17 453)

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
3 quarters 2017				
Biuro Centrum Sp. z o.o.	194	-	(2 133)	-
Associates	194	-	(2 133)	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(12 718)
Pavimental Polska Sp. z o.o.	73	13	(188)	(12 964)
Autogrill Polska Sp. z o.o.	43	-	-	-
Autostrade Tech S.p.A.	118	4	(1 062)	(11 459)
Telepass S.p.A.	3 168	16	-	-
Other related entities	3 402	33	(1 250)	(37 141)
Total	3 596	33	(3 383)	(37 141)

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
3 quarters 2016				
Biuro Centrum Sp. z o.o.	207	-	(2 261)	-
Associates	207	-	(2 261)	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	-	(15 988)
Pavimental Polska Sp. z o.o.	106	8	(215)	(10 421)
Autogrill Polska Sp. z o.o.	43	-	-	-
Autostrade Tech S.p.A.	202	31	(659)	(111)
Telepass S.p.A.	503	-	-	-
Other related entities	854	39	(874)	(26 520)
Total	1 061	39	(3 135)	(26 520)

22.3. Information on transactions concluded by the Parent Entity or its subsidiaries with related entities under terms different than arm's length

All transactions concluded by the Parent Entity or its subsidiaries with related entities were concluded at arm's length.

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23. Financial results of the Capital Group and its Parent Entity for the III quarter 2017

23.1. Financial results of Stalexport Autostrady S.A.

In III quarter 2017 the Company generated revenue on sales amounting to TPLN 843, i.e. at similar level as in comparable quarterly period of 2016 (TPLN 866) and 12.6% lower than in II quarter 2017. The decrease of revenue in comparison to II quarter 2017 results mainly from the fact that the Company charges VIA4 S.A. on semi-annual basis for performance guarantee issued in relation to execution of motorway operation contract.

The Company suffered a loss from operating activities for III quarter 2017 of TPLN 924 – for similar period of 2016 a loss amounting to TPLN 1,062 was incurred. The cumulative operating loss for 3 quarters 2017 amounted to TPLN 3,003 (3 quarters 2016: loss of TPLN 2,401). The aforementioned negative variation is mainly the consequence of higher employee benefit expenses recorded in the period of 3 quarters 2017.

The financial activity of Stalexport Autostrady S.A. generated a profit of TPLN 1,300 for III quarter 2017 (III quarter 2016: TPLN 3,826). Interest on bank deposits amounting to TPLN 1,314 constituted the main item of financial income in III quarter 2017.

As the result, Stalexport Autostrady S.A. generated a net profit for the III quarter 2017 amounting to TPLN 281 (3 quarters 2017: net profit of TPLN 68,235), comparing to TPLN 2,796 net profit for III quarter 2016 (3 quarters 2016: net profit of TPLN 91,868).

23.2. Financial results of motorway business

The motorway activity, consisting mainly of exploitation, toll collecting and execution of motorway investments on section Katowice – Kraków of A4 motorway, has the biggest impact on Group's consolidated financial results. The activity is performed mainly by two related entities: Stalexport Autostrada Małopolska S.A. and VIA4 S.A. SAM S.A. organizes and supervises motorway investments and has the right to receive profits from the motorway, while VIA4 S.A. is responsible for motorway operation and on behalf of SAM S.A. collects tolls for vehicle passage.

Consolidated revenue on sales generated by motorway activity for III quarter 2017 amounted to TPLN 89,502, increasing by 9.2% in relation to revenue for III quarter 2016 (TPLN 81,926) and by 12.9% in relation to revenue for II quarter 2017 (TPLN 79,301).

The aforementioned variation in relation to III quarter 2016 was mainly the consequence of:

- (i) 5% increase of traffic level, resulting from 5.2% increase of traffic level for light vehicles and 4.1% increase of traffic level for heavy vehicles;
- (ii) increase of toll rates since 1 March 2017 respectively for:
 - a) the passage of heavy vehicles category 2 and 3 from PLN 16.50 to PLN 18.00,
 - b) the passage of heavy vehicles category 4 and 5 from PLN 26.50 to PLN 30.00.

The variation in relation to II quarter 2017 was mainly the consequence of 13.8% increase of traffic level, which comprised of 16% increase of traffic level for light vehicles and 2.3% increase of traffic level for heavy vehicles.

Operating expenses incurred in relation to motorway activity amounted to TPLN 27,126 for III quarter 2017, increasing by 4.8% in relation to III quarter 2016 (TPLN 25,880). The above was mainly a result of change of estimates regarding provision for motorway resurfacing recorded in aforementioned periods (III quarter 2017 a decrease of expenses by TPLN 610; III quarter 2016 a decrease of expenses by TPLN 2,668 – see also note 19).

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The financial activity of motorway segment for III quarter 2017 resulted in a loss amounting to TPLN 5,809, comparing to a loss of TPLN 6,660 for III quarter 2016.

As the result of all the above, the Group's motorway activity generated a net profit of TPLN 46,664 for III quarter 2017 (3 quarters 2017: profit of TPLN 123,527), comparing to net profit of TPLN 41,426 for III quarter 2016 (3 quarters 2016: profit of TPLN 114,514).

23.3. Information on construction contracts involving Stalexport Autostrada Małopolska S.A.

On 14 September 2012 SAM S.A. and Autostrade Tech S.p.A. signed the contract WUPO 2012 "Tolling Equipment Replacement". The current contract net value, including so called temporary prices set for part of the works, amounts to TPLN 36,057. As at 30 September 2017 the financial progress of the project amounted to TPLN 34,653 (96% of the contract value), out of which TPLN 11,159 was recorded in 2017.

On 15 June 2015 SAM S.A. and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-8-2014 "Reconstruction of Mysłowice Junction and construction of Rudno Junction" currently amounting to TPLN 21,581 (including change orders). As at 30 September 2017 the financial progress of the project (value of works invoiced) amounted to TPLN 21,442 (99% of the contract value), out of which TPLN 1,209 was recorded in 2017.

On 5 February 2016 SAM and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed the contract HM-3-2016 „Resurfacing 2016-2017” for the resurfacing of motorway sections with a total length of 59.9 km, resurfacing of bridges and the partial reconstruction of linear drainage within the motorway median. The current contract value amounts to TPLN 44,575 (including change orders). As at 30 September 2017 the financial progress of the project (value of works recorded) amounted to TPLN 29,226 (66% of the contract value), out of which TPLN 12,964 was recorded in 2017.

On 1 April 2016 SAM S.A. and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-6-2014 "Reconstruction of A-4 motorway drainage for Silesian voivodeship section – part II" currently amounting to TPLN 28,172 (including change orders). The contract includes reconstruction of drainage for eight catchments in Silesian voivodeship. As at 30 September 2017 the financial progress of the project (value of works recorded) amounted to TPLN 18,981 (67% of the contract value), out of which TPLN 11,533 was recorded in 2017.

On 17 October 2016 SAM S.A. signed a contract with WASKO S.A. for the construction of traffic management system currently amounting to TPLN 2,314. As at 30 September 2017 the financial progress of the project (value of works recorded) amounted to TPLN 906 (39% of the contract value), out of which TPLN 456 was recorded in 2017.

On 15 March 2017 SAM S.A. and Berger Bau Polska Sp. z o.o. signed the contract HM-2-2015 „Resurfacing of S1 expressway section within the Brzęczkowice Junction" currently amounting to TPLN 2,898. As at 30 September 2017 the financial progress of the project (value of works recorded) amounted to TPLN 2,898 (100% of the contract value).

On 22 June 2017 SAM S.A. and RE-Bau Sp. z o.o. signed the contract F2b-11-2017 "Construction of noise screens 2, 10, 12 and 28a" amounting to TPLN 3,400. As at 30 September 2017 no capital expenditures have yet been incurred in relation to the contract.

On 4 July 2017 SAM employed Pavimental Polska Sp. z o.o. for the contract ROM48 "Renovation of M48 bridge supports" amounting to TPLN 21,300. As at 30 September 2017 no capital expenditures have yet been incurred in relation to the contract.

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24. Shareholders holding directly or indirectly via their subsidiaries at least 5% of total number of votes at the Annual General Meeting of the Parent Entity at quarterly report's date

List of Shareholders holding more than 5% of total number of votes eligible for Annual General Meeting of Stalexport Autostrady S.A.:

Shareholder	Number of ordinary shares held*	Share in share capital (%)	Number of votes at AGM	Share in total number of votes at AGM (%)
Atlantia S.p.A.	151,323,463	61.20%	151,323,463	61.20%

*Based on notifications received by the Company according to article 69 and 69a in connection with article 87 of the Act on Public Offering and conditions of introducing the financial instruments to public trading and on public companies.

25. Parent Entity's shares held by managing and supervising personnel at quarterly report's date

The President of the Management Board of the Parent Entity Emil Wąsacz held 59,000 shares at report's issue date. There were no changes in the number of Parent Entity's shares held by managing and supervising personnel since the previous report's issue date.

26. Subsequent events

There were no significant subsequent events, which should be disclosed in the condensed consolidated interim financial statements for the 9-month period ended 30 September 2017.

Explanation

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