

Budimex SA

Condensed financial statements  
for I half of 2013

**BUDIMEX SA**

Condensed financial statements for I half of 2013

**BALANCE SHEET**

	As at 30.06.2013	As at 31.12.2012	As at 30.06.2012
	(PLN '000)	(PLN '000)	(PLN '000)
<b>Assets</b>			
<b>I. Non-current assets</b>	<b>1 267 398</b>	<b>1 256 112</b>	<b>1 354 939</b>
<b>1. Intangible assets, including:</b>	<b>3 218</b>	<b>2 996</b>	<b>1 984</b>
- goodwill	-	-	-
<b>2. Tangible fixed assets</b>	<b>73 209</b>	<b>84 079</b>	<b>96 729</b>
<b>3. Long-term receivables</b>	-	-	-
3.1. From related parties	-	-	-
3.2. From other entities	-	-	-
<b>4. Long-term investments</b>	<b>813 279</b>	<b>811 856</b>	<b>795 770</b>
4.1. Investment property	8 244	8 382	7 638
4.2. Intangible assets	-	-	-
4.3. Long-term financial assets	805 035	803 474	788 132
a) in related parties, including:	802 850	801 289	785 947
- shares in subordinate entities equity accounted	-	-	-
b) in other entities	2 185	2 185	2 185
4.4. Other long-term investments	-	-	-
<b>5. Long-term deferred costs</b>	<b>377 692</b>	<b>357 181</b>	<b>460 456</b>
5.1. Deferred tax assets	372 695	353 085	455 987
5.2. Other prepayments and deferred costs	4 997	4 096	4 469
<b>II. Current assets</b>	<b>1 513 319</b>	<b>1 820 607</b>	<b>2 039 469</b>
<b>1. Inventories</b>	<b>137 398</b>	<b>143 580</b>	<b>250 559</b>
<b>2. Short-term receivables</b>	<b>477 010</b>	<b>402 875</b>	<b>895 955</b>
2.1. From related parties	95 383	97 192	113 300
2.2. From other entities	381 627	305 683	782 655
<b>3. Short-term investments</b>	<b>508 390</b>	<b>1 043 008</b>	<b>268 924</b>
3.1. Short-term financial assets	508 390	1 043 008	268 924
a) in related parties	-	-	-
b) in other entities	575	1 460	268
c) cash and cash equivalents and other monetary assets	507 815	1 041 548	268 656
3.2. Other short-term investments	-	-	-
<b>4. Short-term deferred costs</b>	<b>390 521</b>	<b>231 144</b>	<b>624 031</b>
<b>Total Assets</b>	<b>2 780 717</b>	<b>3 076 719</b>	<b>3 394 408</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>I. Shareholders' equity</b>	<b>353 138</b>	<b>380 769</b>	<b>283 852</b>
<b>1. Share capital</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>
<b>2. Unpaid share capital (negative value)</b>	-	-	-
<b>3. Own shares purchased (negative value)</b>	-	-	-
<b>4. Reserve capital</b>	<b>135 106</b>	<b>282 570</b>	<b>281 148</b>
<b>5. Revaluation reserve</b>	<b>6 016</b>	<b>5 936</b>	<b>4 219</b>
<b>6. Other reserves</b>	-	-	-
<b>7. Accumulated profits (losses) from previous years</b>	-	<b>(147 636)</b>	<b>(147 636)</b>
<b>8. Net profit (loss) for the period</b>	<b>84 366</b>	<b>112 249</b>	<b>18 471</b>
<b>9. Deductions from profit for the period (negative value)</b>	-	-	-
<b>II. Liabilities and provisions</b>	<b>2 427 579</b>	<b>2 695 950</b>	<b>3 110 556</b>
<b>1. Provisions</b>	<b>302 053</b>	<b>280 312</b>	<b>342 034</b>
1.1. Deferred tax liability	84 468	56 342	132 769
1.2. Provision for retirement bonuses and related obligations	3 283	3 283	3 364
a) long-term	2 542	2 542	2 637
b) short-term	741	741	727
1.3. Other provisions	214 302	220 687	205 901
a) long-term	114 581	113 930	111 113
b) short-term	99 721	106 757	94 788
<b>2. Long-term liabilities</b>	<b>22 005</b>	<b>27 740</b>	<b>32 333</b>
2.1. To related parties	-	-	-
2.2. To other entities	22 005	27 740	32 333
<b>3. Short-term liabilities</b>	<b>1 475 637</b>	<b>1 615 954</b>	<b>1 777 945</b>
3.1. To related parties	185 725	168 806	139 080
3.2. To other entities	1 282 590	1 442 469	1 631 973
3.3. Special funds	7 322	4 679	6 892
<b>4. Accruals and deferred income</b>	<b>627 884</b>	<b>771 944</b>	<b>958 244</b>
4.1. Negative goodwill	-	-	-
4.2. Other accruals and deferred income	627 884	771 944	958 244
a) long-term	4 947	5 014	5 082
b) short-term	622 937	766 930	953 162
<b>Total Liabilities and Shareholders' Equity</b>	<b>2 780 717</b>	<b>3 076 719</b>	<b>3 394 408</b>
<b>Book value per share calculation</b>	<b>As at 30.06.2013</b>	<b>As at 31.12.2012</b>	<b>As at 30.06.2012</b>
Net assets (thd PLN)	353 138	380 769	283 852
Number of shares	25 530 098	25 530 098	25 530 098
Book value per share (PLN)	13.83	14.91	11.12

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**OFF-BALANCE SHEET ITEMS ( in PLN thousands )**

	<b>As at 30.06.2013</b>	<b>As at 31.12.2012</b>	<b>As at 30.06.2012</b>
	(PLN '000)	(PLN '000)	(PLN '000)
<b>1. Contingent receivables</b>	<b>368 132</b>	<b>347 223</b>	<b>404 216</b>
1.1. From related parties, of which:	13 808	4 208	7 445
- guarantees and suretyships received	1 972	2 372	5 609
- bills of exchange received as security	1 836	1 836	1 836
- other	10 000		
1.2. From other entities	351 324	340 015	393 771
- guarantees and suretyships received	349 138	338 497	392 776
- bills of exchange received as security	2 186	1 518	995
1.3. Other	3 000	3 000	3 000
- other contingent receivables	3 000	3 000	3 000
<b>2. Contingent liabilities</b>	<b>1 565 500</b>	<b>1 466 852</b>	<b>1 692 357</b>
2.1. To related parties, of which	133 587	126 333	114 020
- guarantees and suretyships issued	133 587	126 333	114 020
- promissory notes issued as security	-	-	-
2.2. To other entities, of which	1 431 913	1 340 519	1 578 337
- guarantees and suretyships issued	1 427 402	1 336 014	1 574 282
- promissory notes issued as security	4 511	4 505	4 055
<b>3. Other</b>	<b>143 180</b>	<b>143 180</b>	<b>142 010</b>
- other contingent liabilities	143 180	143 180	142 010
<b>Total off-balance sheet items</b>	<b>(1 340 548)</b>	<b>(1 262 809)</b>	<b>(1 430 151)</b>

## PROFIT AND LOSS ACCOUNT

	I half of 2013	I half of 2012
	(PLN '000)	(PLN '000)
<b>I. Sales of finished products, goods for resale and raw materials, including:</b>	<b>1 714 080</b>	<b>2 565 246</b>
- to related parties	80 295	119 075
1. Sales of finished products	1 709 333	2 561 388
2. Sales of goods for resale and raw materials	4 747	3 858
<b>II. Cost of finished products, goods for resale and raw materials, including:</b>	<b>(1 590 061)</b>	<b>(2 342 154)</b>
- from related parties	(41 247)	(79 116)
1. Cost of finished products	(1 587 495)	(2 339 197)
2. Cost of goods for resale and raw materials sold	(2 566)	(2 957)
<b>III. Gross profit (loss) on sales</b>	<b>124 019</b>	<b>223 092</b>
<b>IV. Selling expenses</b>	<b>(4 669)</b>	<b>(5 370)</b>
<b>V. General and administrative expenses</b>	<b>(67 190)</b>	<b>(79 505)</b>
<b>VI. Profit (loss) on sales</b>	<b>52 160</b>	<b>138 217</b>
<b>VII. Other operating revenue</b>	<b>13 688</b>	<b>15 761</b>
1. Profits on the sale of non-financial fixed assets	-	819
2. Subsidies	-	-
3. Other	13 688	14 942
<b>VIII. Other operating expenses</b>	<b>(15 982)</b>	<b>(43 397)</b>
1. Losses on the sale of non-financial fixed assets	(32)	-
2. Revaluation of non-financial assets	(9 896)	(39 054)
3. Other	(6 054)	(4 343)
<b>IX. Operating profit (loss)</b>	<b>49 866</b>	<b>110 581</b>
<b>X. Financial revenue</b>	<b>56 114</b>	<b>40 868</b>
1. Dividends received and share in profits, including:	45 409	20 021
- from related parties	45 409	20 021
2. Interest revenue, including:	10 253	18 629
- from related parties	5	96
3. Profits on the sale of investments	452	-
4. Revaluation of investments	-	2 218
5. Other	-	-
<b>XI. Financial expenses</b>	<b>(9 225)</b>	<b>(124 254)</b>
1. Interest expenses, including:	(1 745)	(2 290)
- to related parties	(55)	(115)
2. Losses on the sale of investments	-	(2 148)
3. Revaluation of investments	(1 089)	(112 916)
4. Other	(6 391)	(6 900)
<b>XII. Profit (loss) on the sale of shares in subordinate entities</b>	<b>96 755</b>	<b>27 195</b>
<b>XIII. Extraordinary items</b>	-	-
1. Extraordinary gains	-	-
2. Extraordinary losses	-	-
<b>XIV. Gross profit (loss)</b>	<b>96 755</b>	<b>27 195</b>
<b>XV. Corporate income tax</b>	<b>(12 389)</b>	<b>(8 724)</b>
a) current	(3 873)	(959)
b) deferred	(8 516)	(7 765)
<b>XVI. Other obligatory charges</b>	-	-
<b>XVII. Profit (loss) on shares in subordinate entities equity accounted</b>	-	-
<b>XVIII. Net profit (loss)</b>	<b>84 366</b>	<b>18 471</b>
<b>Calculation of net profit (loss) per ordinary share</b>	<b>I half of 2013</b>	<b>I half of 2012</b>
Net profit (loss) (annualised)	178 144	12 226
Weighted average number of ordinary shares	25 530 098	25 530 098
Net profit (loss) for the first half per ordinary share (PLN)	3.3	0.72

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	I half of 2013	year 2012	I half of 2012
	(PLN '000)	(PLN '000)	(PLN '000)
<b>I. Shareholders' equity at the beginning of the period</b>	<b>380 769</b>	<b>692 960</b>	<b>692 960</b>
a) changes in accounting policies	-	-	-
b) adjustments due to errors	-	(147 636)	(147 636)
<b>I.a. Shareholders' equity at the beginning of the period, restated</b>	<b>380 769</b>	<b>545 324</b>	<b>545 324</b>
<b>1. Share capital at the beginning of the period</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>
1.1 Changes in share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
<b>1.2. Share capital at the end of the period</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>
<b>2. Unpaid share capital at the beginning of the period</b>	-	-	-
2.1. Changes in unpaid share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
<b>2.2. Unpaid share capital at the end of the period</b>	-	-	-
<b>3. Own shares purchased at the beginning of the period</b>	-	-	-
3.1. Changes in own shares purchased	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
<b>3.2. Own shares purchased at the end of the period</b>	-	-	-
<b>4. Reserve capital at the beginning of the period</b>	<b>282 570</b>	<b>280 845</b>	<b>280 845</b>
4.1. Changes in reserve capital	(147 464)	1 725	303
a) increases	172	1 725	303
- profit distribution (in excess of statutory requirements)	172	303	303
- the fair value of rights to shares granted to employees of the parent	-	1 422	-
b) decreases	(147 636)	-	-
- covering the loss from previous years	(147 636)	-	-
<b>4.2. Reserve capital at the end of the period</b>	<b>135 106</b>	<b>282 570</b>	<b>281 148</b>
<b>5. Revaluation reserve at the beginning of the period</b>	<b>5 936</b>	<b>4 097</b>	<b>4 097</b>
5.1. Changes in revaluation reserve	80	1 839	122
a) increases	80	1 839	122
- FX differences on translation of foreign operations	80	62	122
- recognition in the current profit or loss of foreign exchange differences on liquidation of foreign operations	-	1 777	-
b) decreases	-	-	-
<b>5.2. Revaluation reserve at the end of the period</b>	<b>6 016</b>	<b>5 936</b>	<b>4 219</b>
<b>6. Accumulated profit (loss) from previous years at the beginning of the period</b>	<b>(35 387)</b>	<b>280 368</b>	<b>280 368</b>
<b>6.1. Accumulated profit from previous years at the beginning of the period</b>	<b>112 249</b>	<b>280 368</b>	<b>280 368</b>
a) changes in accounting policies	-	-	-
b) adjustments due to errors	-	-	-
<b>6.2. Accumulated profit from previous years at the beginning of the period, restated</b>	<b>112 249</b>	<b>280 368</b>	<b>280 368</b>
a) increases	-	-	-
b) decreases	(112 249)	(280 368)	(280 368)
- transfer to reserve capital	(172)	(303)	(303)
- dividend payment	(112 077)	(280 065)	(280 065)
<b>6.3. Accumulated profit from previous years at the end of the period</b>	-	-	-
<b>6.4. Accumulated loss from previous years at the beginning of the period</b>	<b>(147 636)</b>	-	-
a) changes in accounting policies	-	-	-
b) adjustments due to errors	-	(147 636)	(147 636)
<b>6.5. Accumulated loss from previous years at the beginning of the period, restated</b>	<b>(147 636)</b>	<b>(147 636)</b>	<b>(147 636)</b>
a) increases	-	-	-
b) decreases	(147 636)	-	-
- covering the loss from previous years	(147 636)	-	-
<b>6.6. Accumulated loss from previous years at the end of the period</b>	-	<b>(147 636)</b>	<b>(147 636)</b>
<b>6.7. Accumulated profit (loss) from previous years at the end of the period</b>	-	<b>(147 636)</b>	<b>(147 636)</b>
<b>7. Net profit</b>	<b>84 366</b>	<b>112 249</b>	<b>18 471</b>
a) net profit	84 366	112 249	18 471
b) net loss	-	-	-
c) net profit distribution	-	-	-
<b>II. Shareholders' equity at the end of the period</b>	<b>353 138</b>	<b>380 769</b>	<b>283 852</b>
<b>III. Shareholders' equity at the end of the period, after proposed profit distribution / loss absorption</b>	<b>353 138</b>	<b>380 769</b>	<b>283 852</b>

## CASH FLOW STATEMENT

	I half of 2013 (PLN '000)	I half of 2012 (PLN '000)
<b>A. Cash flows from operating activities</b>		
<b>I. Net profit (loss) for the period</b>	<b>84 366</b>	<b>18 471</b>
<b>II. Adjustments for:</b>	<b>(542 390)</b>	<b>(958 847)</b>
1. Depreciation and amortisation	12 347	15 298
2. Foreign exchange (gains)/losses	97	(389)
3. Interest and dividends	(44 448)	(18 604)
4. (Profit) / loss on investing activities	(420)	114 245
5. Change in provisions	21 741	86 795
6. Change in inventories	6 182	12 788
7. Change in receivables	(73 106)	(441 291)
8. Change in short-term liabilities and special funds (excluding loans and borrowings)	(141 297)	(10 462)
9. Change in accruals and deferred income / costs	(323 948)	(714 724)
10. Other	462	(2 503)
<b>III. Net cash flows from operating activities</b>	<b>(458 024)</b>	<b>(940 376)</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>	<b>52 119</b>	<b>5 453</b>
1. Sale of intangible assets and tangible fixed assets	1 239	777
2. Sale of investments in property and intangible assets	-	-
3. From financial assets, including:	50 428	4 676
a) in related parties	50 428	4 676
- sale of financial assets	6 000	4 676
- dividends received and share in profits	44 428	-
- repayment of long-term loans granted	-	-
- interest received	-	-
- other inflows from financial assets	-	-
b) in other entities	-	-
- sale of financial assets	-	-
- dividends received and share in profits	-	-
- repayment of long-term loans granted	-	-
- interest received	-	-
- other inflows from financial assets	-	-
4. Other investment inflows	452	-
<b>II. Outflows</b>	<b>(10 481)</b>	<b>(79 057)</b>
1. Purchase of intangible assets and tangible fixed assets	(2 922)	(8 241)
2. Purchase of investments in property and intangible assets	-	-
3. From financial assets, including:	(7 559)	(68 668)
a) in related parties	(7 559)	(68 668)
- purchase of financial assets	(6 559)	(68 668)
- long-term loans granted	(1 000)	-
b) in other entities	-	-
- purchase of financial assets	-	-
- long-term loans granted	-	-
4. Other investment outflows	-	(2 148)
<b>III. Net cash flows from investing activities</b>	<b>41 638</b>	<b>(73 604)</b>
<b>C. Cash flows from financing activities</b>		
<b>I. Inflows</b>	<b>-</b>	<b>-</b>
1. Issuance of shares and capital contributions and additional payments to capital	-	-
2. Proceeds from bank loans and borrowings	-	-
3. Issuance of bonds and other securities	-	-
4. Other financing inflows	-	-
<b>II. Outflows</b>	<b>(117 729)</b>	<b>(287 449)</b>
1. Purchase of own shares	-	-
2. Dividends and other payments to shareholders	(112 077)	(280 065)
3. Other payments relating to distribution of profit (excluding payments to shareholders)	-	-
4. Repayment of bank loans and borrowings	-	-
5. Redemption of debt securities	-	-
6. Other financial liabilities payments	-	-
7. Finance lease payments	(4 745)	(6 080)
8. Interest paid	(907)	(1 304)
9. Other financing outflows	-	-
<b>III. Net cash flows from financing activities</b>	<b>(117 729)</b>	<b>(287 449)</b>
<b>D. Net cash flows</b>	<b>(534 115)</b>	<b>(1 301 429)</b>
<b>E. Change in cash and cash equivalents</b>	<b>(533 733)</b>	<b>(1 301 339)</b>
- changes in cash and cash equivalents arising from foreign exchange gains/losses	382	90
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>1 041 548</b>	<b>1 569 995</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>507 815</b>	<b>268 656</b>
- including restricted cash	38 251	35 437

**1. Principles applied for the purpose of preparation of financial statements****1.1. Accounting policies applied**

The financial statements of Budimex SA for the 6-month period of 2013 together with comparative data were prepared in accordance with Polish accounting regulations, described in the introduction to the financial statements of the Company for the year 2012.

The financial statements and the comparative data contain aggregate data of the reporting organizational branches acting as at 30 June 2013, 31 December 2012 and 30 June 2012, prepared in foreign currencies and translated into Polish zloty using the rate of exchange presented in the point 1.4 of herein condensed financial statements.

The financial statements and the comparative data contain also data corresponding to Budimex SA share in jointly controlled entities: Budimex SA Sygnity SA Sp. j., Budimex SA Ferrovia Agroman SA Sp. j., Budimex SA Ferrovia Agroman SA S.C. and Budimex SA Budownictwo Sp. z o.o. S.C that were aggregated using the proportionate method pursuant to Art. 61 of the Accounting Act.

**1.2. Differences between current and comparative data reported in the herein condensed financial statements and the data contained in the prior period condensed financial statements**

There were no differences between current and comparative data reported in the herein condensed financial statements and the data contained in the prior period condensed financial statements.

**1.3. Changes in the method of preparation of financial statements**

There were no changes introduced in the preparation of financial statements.

**1.4. The principles of translation of selected financial data into euro**

Selected financial data was translated into euro in accordance with the following rules:

- individual asset and liability items – using the average exchange rate prevailing as at 30 June 2013 – 4.3292 PLN/EUR,
- individual profit and loss account and cash flow statement items for the first half of 2013 – using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2013 to 30 June 2013 – 4.2140 PLN/EUR,
- individual asset and liability items of comparative financial data for the year 2012 – using the average exchange rate prevailing as at 31 December 2012 – 4.0882 PLN/EUR
- individual profit and loss account and cash flow statement items of comparative financial data for the first half of 2012 - using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2012 to 30 June 2012 – 4.2246 PLN/EUR.

**1.5. Going concern**

The financial statements of the Company were prepared on the assumption that the Company will be going concern during the period of 12 months from the balance sheet date, i.e. 30 June 2013 without a significant limitation in its activities. As at the date of signing the financial statements

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the Management Board of the Company is not aware of any facts or circumstances that would indicate a threat to the Company's continued activities after the balance sheet date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

As at 30 June 2013 the excess of the current liabilities, provisions and short-term accruals (excluding sales revenue adjustments which are result of a contract valuation) over the current assets except guarantee provisions kept or granted by Budimex of due date above 12 months amounted to PLN 371 427 thousand.

As at 30 June 2013 the excess of current assets over current liabilities excluding sales revenue adjustments which are result of a contract valuation in consolidated financial statements of Budimex Group amounted to PLN 379 300 thousand. A net treasury position of Budimex Group including cash, cash equivalents and short-term securities reducing by external financing amounted to PLN 639 606 thousand as at 30 June 2013.

Taking into account the above, the Company's Management Board does not state as at the date of signing the financial statements any threat to Company's ability to continue as a going concern.

**2. Changes in the shareholding structure**

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at the date of publication of the report was as follows:

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (The Netherlands) – the company of Ferrovial Group (Spain)	ordinary	15 078 159	59.06%	15 078 159	59.06%
Aviva OFE Aviva BZ WBK	ordinary	1 304 851	5.11%	1 304 851	5.11%
OFE PZU „Złota Jesień”	ordinary	2 253 988	8.83%	2 253 988	8.83%
Other shareholders	ordinary	6 893 100	27.00%	6 893 100	27.00%
<b>Total</b>		<b>25 530 098</b>	<b>100.00%</b>	<b>25 530 098</b>	<b>100.00%</b>

As at 8 April 2013 Aviva OFE Aviva BZ WBK, as a result of purchase of Budimex shares, increased its share in the Company above 5%. Before that, Aviva OFE held 1 259 427 shares of Budimex, which gave 4.93% of the Company share capital and entitled to 1 259 427 votes in GM (4.93% of total number of votes).

As at 27 June 2013 the Company received information about a disposal by OFE PZU „Złota Jesień” shares of Budimex, what reduced its share from 10.03% to 8.3%. Prior to disposal OFE PZU held 2 561 102 shares of Budimex.

**3. Description of factors and events which had a material effect on a financial result of Budimex SA****3.1. Business operation of the Company in the I half of 2013**

In the period of six months of 2013 Budimex SA earned sales revenue in the amount of PLN 1 714 080 thousand, of which 99% related to sales of construction services amounted to PLN 1 696 383 thousand.

In the comparative period of the year 2012, sales revenue amounted to PLN 2 565 246 thousand, of which 99% related to sales of construction services amounted to PLN 2 541 095 thousand.

A drop of sales relates to reducing the scope of investments, especially the civil – engineering ones.

Gross profit on sales and the operating profit for the 6-month period of 2013 accordingly amounted to PLN 52 160 thousand and PLN 49 866 thousand, in the comparative period of the previous year they accordingly amounted to PLN 138 217 thousand and PLN 110 581 thousand. The Company recognised provisions for legal proceedings and penalties accordingly in the amounts of PLN 2 188 thousand and PLN 207 thousand and reversed those provisions accordingly in the amounts of PLN 944 thousand and 2 354 thousand.

Due to the positive result from financial activity, mainly including dividends and interests received, the gross profit for the period of 6-months of 2013 amounted to PLN 96 755 thousand (in the period of 6-months of 2012 amounted to 27 195 thousand).

In the period of six months of 2013 the Company reported a net profit of PLN 84 366 thousand gaining net profit margin of 4.92%.

**3.2. Changes in estimates*****Provisions for expected contract losses***

In accordance with accounting policies adopted, the Company creates provisions for expected contract losses if budgeted contract costs exceed the entire expected contract revenue. In the subsequent periods, a part of the created provision is released in proportion to the percentage of contract completion, after taking into account total negative margin on the entire contract. As at 30 June 2013, the balance of the provision for contract losses amounted to PLN 205 398 thousand, while as at 30 June 2012 amounted to PLN 284 185 thousand. In the 6-month period of 2013 the balance of provision decreased by PLN 23 216 thousand.

***Provision for legal proceedings***

The Company recognises provisions for legal proceedings when it is suited and the probability of an unfavourable court judgement is higher than the probability of a favourable one. An estimation of that result is made on the basis of analysis of a legal proceedings progress as well as lawyers' opinions. As at 30 June 2013, the balance of the provision in this respect amounted to PLN 35 506 thousand, while as at 30 June 2012 amounted to PLN 32 594 thousand. In the 6-month period of 2013 the balance of provision increased by PLN 900 thousand.

***Provision for penalties***

The Company recognises provisions for penalties related to the realisation of construction contracts. A provision is recognised only when the Company has a present obligation as a result of past event, the settlement of that obligation is highly probable and a reliable estimate can be made of the amount of the obligation. As at 30 June 2013, the balance of the provision in this respect amounted to PLN 27 260 thousand, while as at 30 June 2012 amounted to PLN 25 615 thousand. In the 6-month period of 2013 the balance of provision increased by PLN 208 thousand.

***Costs of future warranty repairs***

The Company is required to issue guarantees for its construction services. It is accepted that the provision between 0.3%-1.4% of revenue from the given contract is made what depends on particular construction segment. This general value is assessed on an individual basis and may be increased or reduced, as appropriate. As at 30 June 2013, the balance of the provision in this respect amounted to PLN 148 483 thousand, while as at 30 June 2012 amounted to PLN 147 692 thousand. In the 6-month period of 2013 the balance of provision decreased by PLN 2 781 thousand.

***Deferred tax asset and liability***

During the 6-month period of 2013 deferred tax asset increased by PLN 19 610 thousand (a decrease by PLN 83 292 thousand compared to the amount recognised as at 30 June 2012), while deferred tax liability increased by PLN 28 126 thousand (a decrease by PLN 48 301 thousand compared to the amount recognised as at 30 June 2012).

***Impairment write-downs against receivables***

As at 30 June 2013, the balance of recognised impairment write-downs against receivables amounted to PLN 97 430 thousand, while as at 30 June 2012 amounted to PLN 82 058 thousand. In the 6-month period of 2013 the Company recognised impairment write-downs in the amount of PLN 9 896 thousand and reversed it in the amount of PLN 2 666 thousand.

***Impairment write-downs against inventory***

As at 30 June 2013, the balance of recognised impairment write-downs against inventory amounted to PLN 30 435 thousand, while as at 30 June 2012 amounted to PLN 31 142 thousand. In the 6-month period of 2013 the balance remained unchanged.

**3.3. Changes in legal proceedings pending in I half of 2013**

As at 30 June 2013 the value of the proceedings relating to the liabilities against the Company and claims filed by the Company amounted accordingly to PLN 263 748 thousand and PLN 283 220 thousand and as at 31 December 2012 accordingly to PLN 273 846 thousand and PLN 272 812 thousand.

**3.4. Credit and warranty agreements signed in I half 2013**

<b>Date</b>	<b>Business partner</b>	<b>Contract value in PLN thousand</b>	<b>Description</b>
28.01.2013	Bank Handlowy w Warszawie	50 000	Signing of an annex to the loan agreement, under which the Bank provided the promised overdraft up to PLN 50 000 thousand for the period until 5 February 2014.
19.02.2013	ING Bank Śląski SA	25 000	Signing of the agreement for a confirmed short-term loan in the current account up to the amount of PLN 25 000 thousand for the period ending 18 February 2014.
26.02.2013	Bank Zachodni WBK SA	116 000	Addendum to the bank guarantee limit agreement for the total amount of PLN 116 000 thousand until 31 May 2013.
4.03.2013	Bank Zachodni WBK SA	50 000	Standby overdraft agreement in the current account up to the amount of PLN 50 000 thousand for the period until 3 March 2014.
25.03.2013	Sopockie Towarzystwo Ubezpieczeń Ergo Hestia SA	100 000	Annex to the agreement concerning cooperation in providing insurance guarantees - the total amount of all guarantees established under the agreement shall not exceed PLN 100 000 thousand.
17.04.2013	Bank PEKAO SA	523 000	Annex to the credit facility agreement - a credit limit of PLN 523 000 thousand was divided into a limit of PLN 473 000 thousand to be used for the issuance of bank guarantees and into a limit of PLN 50 000 thousand to be used as a standby credit facility tied to the current account.
25.04.2013	Bank Societe Generale SA Oddział w Polsce	n/a	Annex to the bank guarantee agreement. Pursuant to the annex, the Agreement was extended until 30 September 2013.
12.06.2013	Bank Zachodni WBK SA	216 000	Annex to the bank guarantee limit agreement, under which the bank released to the company the bank guarantee limit of PLN 216 000 thousand for a period to 31 May 2014.
26.06.2013	Banco Espirito Santo de Investimento SA Oddział w Polsce	120 000	Addendum to the loan agreement for the issuing of bank guarantees. Pursuant to the addendum, the amount of the limit of guarantees up to PLN 120 000 thousand and the term of the agreement was extended to 20 June 2014.
5.07.2013	Bank Millennium SA	100 000	Addendum to the facility agreement for bank guarantees, under which the sum of all guarantees issued pursuant to the agreement shall not exceed PLN 100 000 thousand. The term of the agreement was extended to 29 May 2014.
8.07.2013	Bank PEKAO SA	n/a	Annex to the credit facility agreement, under which the term of the agreement was extended to 30 June 2014.
23.07.2013	TUIR Allianz Polska SA	50 000	Annex to the agreement for the provision of contract guarantees, under which the term of the agreement was extended to 30 June 2014. Under this agreement, Budimex SA may order TUIR Allianz Polska SA to issue contract insurance guarantees of up to a total sum of PLN 50 000 thousand.

**3.5. Other significant events in I half of 2013 and after the balance sheet day**

**On 1 March 2013** the Incorporation Act of Budimex SA – Budimex Budownictwo Sp. z o.o. Spółka Cywilna was signed. Shares were contributed by shareholders in the following proportions: Budimex SA – 95% (PLN 905) and Budimex Budownictwo Sp. z o.o. – 5% (PLN 50). The company was established for the period essential for the realisation of investment task called "Extension of a landing area at the Warsaw Chopin Airport in Warsaw - redevelopment and extension of apron nos. 2, 4 and 6 (along with DK D1) as well as redevelopment of Runway RWY3 and extension of taxiways".

**On 21 March 2013** the Ordinary General Meeting of the company Budimex Danwood Sp. z o.o. (the 100% subsidiary of Budimex SA) made the resolution on repayment a contribution to the equity in the amount of PLN 6 000 thousand made by Budimex. Due to above the amount of shares in Budimex Danwood decreased from PLN 30 779 thousand to PLN 24 779 thousand. A contribution was paid on 7 May 2013.

**On 24 April 2013** the Ordinary General Shareholders' Meeting of Budimex SA passed resolution concerning dividend pay-out in the gross amount of PLN 4.39 per share. According to the passed resolution, net profit for the period between January 1st, 2012 and December 31st, 2012 amounting to PLN 112 077 thousand was earmarked for dividend pay-out. Dividend day, i.e. the day of establishing the list of shareholders entitled to dividend was set on 7 May 2013. Dividend was paid on 22 May 2013.

**On 20 June 2013** Budimex paid the first tranche of long-term loan in the amount of PLN 1 000 thousand to Budimex Parking Sp. z o.o. (the 100% subsidiary of Budimex SA) on the base of agreement dated 19 December 2012. Interests of the loan were established as 1-m WIBOR + margin. Other tranches will be paid until 30 April 2014.