The Budimex Group

Condensed consolidated financial statements

for I quarter of 2010

prepared in accordance with
International Financial Reporting Standards

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Consolidated statement of financial position

ASSETS	31 March 2010	31 December 2009
	(PLN thousands)	(PLN thousands)
Non-current assets		
Property, plant and equipment	90 838	99 790
Investment properties	3 637	3 673
Intangible assets	3 145	3 530
Goodwill	73 237	73 237
Equity accounted investments	19 845	20 653
Available-for-sale financial assets	23 955	23 955
Retentions for construction contracts	50 765	49 658
Long-term prepayments and deferred costs	2 085	1 878
Deferred tax asset	233 527	241 507
Total non-current assets	**501 034**	**517 881**
Current assets		
Inventories	1 055 985	1 128 634
Trade and other receivables	292 400	398 293
Retentions for construction contracts	26 899	25 945
Amounts due and receivable from customers (investors) under construction contracts	120 857	99 329
Current tax receivable	1 587	1 272
Derivative financial instruments	15 769	8 839
Other financial assets at fair value through profit or loss	-	19 850
Cash and cash equivalents	719 144	1 130 357
Short-term prepayments and deferred costs	8 077	4 772
	2 240 718	**2 817 291**
Non-current assets classified as held for sale	7 638	4 451
Total current assets	**2 248 356**	**2 821 742**
TOTAL ASSETS	**2 749 390**	**3 339 623**

Consolidated statement of financial position (cont.)

EQUITY AND LIABILITIES	**31 March 2010**	**31 December 2009**
	(PLN thousands)	(PLN thousands)
Shareholders' equity		
Shareholders' equity attributable to the shareholders of the Parent Company		
Share capital	145 848	145 848
Share premium	234 799	234 799
Foreign exchange differences on translation of foreign operations	886	1 446
Retained earnings	257 430	204 087
Total shareholders' equity attributable to the shareholders of the Parent Company	**638 963**	**586 180**
Non-controlling interests	-	-
Total shareholders' equity, incl. minority interest	**638 963**	**586 180**
Liabilities		
Non-current liabilities		
Loans, borrowings and other external sources of finance	228 234	230 218
Retentions for construction contracts	103 017	105 132
Provision for long-term liabilities and other charges	91 719	78 814
Long-term retirement benefits and similar obligations	3 857	3 857
Total non-current liabilities	**426 827**	**418 021**
Current liabilities		
Loans, borrowings and other external sources of finance	28 770	62 941
Trade and other payables	604 198	908 828
Retentions for construction contracts	113 181	121 180
Amounts due and payable to customers (investors) under construction contracts	522 873	546 901
Prepayments received	205 815	355 572
Provision for short-term liabilities and other charges	103 901	98 517
Current tax payable	6 831	95 071
Short-term retirement benefits and similar obligations	1 675	1 675
Derivative financial instruments	5 702	16 124
Short-term accruals	87 610	127 613
Short-term deferred income	3 044	1 000
	1 683 600	**2 335 422**
Liabilities directly associated with the assets (disposal groups) classified as held for sale	-	-
Total current liabilities	**1 683 600**	**2 335 422**
Total liabilities	**2 110 427**	**2 753 443**
TOTAL EQUITY AND LIABILITIES	**2 749 390**	**3 339 623**

Consolidated income statement

	3-month period ended 31 March	
	2010	**2009** *restated*
	(PLN thousands)	(PLN thousands)
Continuing operations		
Net sales of finished goods, goods for resale, raw materials and services	577 245	681 384
Cost of finished goods, goods for resale, raw materials and services sold	(491 758)	(533 329)
Gross profit on sales	**85 487**	**148 055**
Selling expenses	(5 512)	(6 490)
Administrative expenses	(27 127)	(30 537)
Other operating income	20 101	7 514
Other operating expenses	(21 646)	(11 029)
Gains/ (losses) on derivative financial instruments	16 306	(69 273)
Operating profit	**67 609**	**38 240**
Finance income	11 123	17 629
Finance costs	(12 221)	(4 290)
Share of results of equity accounted companies	(808)	(543)
Profit before tax	**65 703**	**51 036**
Income tax	(12 360)	(10 913)
Net profit from continuing operations	**53 343**	**40 123**
Net profit for the period	**53 343**	**40 123**
Of which:		
Attributable to the shareholders of the Parent Company	**53 343**	**40 123**
Attributable to non-controlling interests	-	-
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (in PLN)	2.09	1.57

Consolidated statement of comprehensive income

	3-month period ended 31 March	
	2010	**2009** *restated*
	(PLN thousands)	(PLN thousands)
Net profit for the period	**53 343**	**40 123**
Other comprehensive income (loss) for the period:		
Foreign exchange differences on translation of foreign operations	(560)	1 385
Deferred tax related to components of other comprehensive income	-	-
Other comprehensive income (loss), net of tax	**(560)**	**1 385**
Total comprehensive income for the period	**52 783**	**41 508**
Of which:		
Attributable to the shareholders of the Parent Company	**52 783**	**41 508**
Attributable to non-controlling interests	-	-

Consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company					Non-controlling interests	Total equity
	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Retained earnings	Total		
	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)
Balance as at 1 January 2010	**145 848**	**234 799**	**1 446**	**204 087**	**586 180**	**-**	**586 180**
Profit for the period	-	-	-	53 343	53 343	-	**53 343**
Other comprehensive income	-	-	(560)	-	(560)	-	**(560)**
Total comprehensive income for the period	**-**	**-**	**(560)**	**53 343**	**52 783**	**-**	**52 783**
Balance as at 31 March 2010	**145 848**	**234 799**	**886**	**257 430**	**638 963**	**-**	**638 963**

Consolidated statement of changes in equity (cont.)

	Equity attributable to the shareholders of the Parent Company					Non-controlling interests	Total equity
	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Retained earnings	Total		
	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)	(PLN thousands)
Balance as at 1 January 2009	**145 848**	**234 799**	**1 557**	**179 525**	**561 729**	**-**	**561 729**
Profit for the period	-	-	-	40 123	40 123	-	**40 123**
Other comprehensive income	-	-	1 385	-	1 385	-	**1 385**
Total comprehensive income for the period	**-**	**-**	**1 385**	**40 123**	**41 508**	**-**	**41 508**
Balance as at 31 March 2009	**145 848**	**234 799**	**2 942**	**219 648**	**603 237**	**-**	**603 237**
Profit for the period	-	-	-	133 535	133 535	-	**133 535**
Other comprehensive income	-	-	(1 496)	-	(1 496)	-	**(1 496)**
Total comprehensive income for the period	**-**	**-**	**(1 496)**	**133 535**	**132 039**	**-**	**132 039**
Dividends				(149 096)	(149 096)	-	**(149 096)**
Balance as at 31 December 2009	**145 848**	**234 799**	**1 446**	**204 087**	**586 180**	**-**	**586 180**

Consolidated statement of cash flow

	3-month period ended 31 March	
	2010	2009 *restated*
	(PLN thousands)	(PLN thousands)
CASH FLOW FROM OPRATING ACTIVITIES		
Net profit before tax	**65 703**	**51 036**
Adjustments for:		
Depreciation/ amortization	5 099	5 564
Share of results of equity accounted companies	808	543
Foreign exchange (gains)/ losses	(372)	686
Interest and shares in profits (dividends)	4 370	343
(Profit)/ loss on disposal of investments	(2 153)	(198)
Change in valuation of derivative financial instruments	(17 422)	36 496
Operating profit before changes in working capital	**56 033**	**94 470**
Change in receivables and retentions for construction contracts	103 830	173 813
Change in inventories	72 649	15 650
Change in provisions and liabilities arising from retirement benefits and similar obligations	18 289	(3 791)
Change in retentions for construction contracts and in liabilities, except for loan and borrowings liabilities	(314 256)	(72 386)
Change in accruals and accrued income	(41 471)	(34 186)
Change in amounts due and receivable under construction contracts	(45 556)	(152 585)
Change in prepayments received	(149 757)	(125 564)
Change in cash and cash equivalents of restricted use	(29)	153
Other adjustments	(805)	859
Cash generated from operations	**(301 073)**	**(103 567)**
Income tax paid	(92 935)	(79 667)
NET CASH USED IN OPERATING ACTIVITIES	**(394 008)**	**(183 234)**

Consolidated statement of cash flow (cont.)

	3-month period ended 31 March	
	2010 roku	**2009** ***restated***
	(PLN thousands)	(PLN thousands)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of intangible assets and tangible fixed assets	4 621	265
Purchase of intangible assets and tangible fixed assets	(2 140)	(1 763)
Sale / (purchase) of investments in property and intangible assets	(27)	60
Sale / (purchase) of financial assets at fair value through profit or loss	19 067	(116)
Interest received	933	1 307
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**22 454**	**(247)**
CASH FLOW FROM FINANCING ACTIVITIES		
Loans and borrowings taken out	1 827	45 113
Repayment of loans and borrowings	(33 096)	(53 704)
Payment of finance lease liabilities	(2 799)	(3 414)
Interest paid	(4 586)	(1 610)
NET CASH USED IN FINANCING ACTIVITIES	**(38 654)**	**(13 615)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(410 208)**	**(197 096)**
Foreign exchange differences, net	(1 034)	253
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note Błąd! Nie można odnaleźć źródła odwołania.**)**	**1 130 289**	**725 150**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note Błąd! Nie można odnaleźć źródła odwołania.**)**	**719 047**	**528 307**

1. Organization of the Budimex Group and changes in the Group structure

1.1. The Parent Company

The parent company of the Budimex Group is Budimex SA (the „Parent Company"), which main area of business is building, rendering of management and advisory services.

The main areas of the business activities of the Group are widely understood construction-assembly services realized in the system of general execution at home and abroad, developer activities, property management, and limited scope trading, production, transport, hotel and other business. Budimex SA serves in the Group as an advisory, management and financial centre. Realization of these three functions is to facilitate:

- efficient flow of information within Group structures,
- strengthening the efficiency of cash and financial management of individual Group companies,
- strengthening market position of the entire Group.

1.2. Entities subject to consolidation

As at 31 March 2010, 31 December 2009 and 31 March 2009 the following companies were subject to consolidation:

Company name	Registered office	% in the share capital as at			Consolidation method
		31 March 2010	31 December 2009	31 March 2009	
Mostostal Kraków SA	Cracow/ Poland	100.00%	100.00%	100.00%	full
Sprzęt Transport Sp. z o.o. in liquidation	Cracaow / Poland	100.00%	100.00%	100.00%	full
Centrum Konferencyjne „Budimex" Sp. z o.o.	Licheń / Poland	100.00%	100.00%	100.00%	full
Budimex Danwood Sp. z o.o.	Bielsk Podlaski / Poland	100.00%	100.00%	100.00%	full
Budimex Bau GmbH	Walluf / Germany	100.00%	100.00%	100.00%	full
Budimex Auto-Park Sp. z o.o.	Bydgoszcz / Poland	100.00%	100.00%	100.00%	full
Budimex Nieruchomości Sp. z o.o. [1]	Warsaw / Poland	100.00%	100.00%	50.00%	full
Budimex SA Ferrovial Agroman SA Sp. j.	Warsaw / Poland	50.00%	50.00%	-	proportionate
Budimex Dromex SA.[2]	Warsaw / Poland	-	-	100.00%	full
Budimex Inwestycje Sp. z o.o. [3]	Warsaw / Poland	-	-	100.00%	full

[1]) On 16 November 2009 Budimex SA purchased 50% shares in Budimex Nieruchomości from the other shareholder – Grimaldi Investments BV. Purchase transaction was settled using pooling of interests method.

[2]) Company included in Budimex SA on 16 November 2009. Both companies were consolidated using acquisition accounting (full) method and hence the transaction did not have any effect on the consolidated financial statements.

[3]) Company included in Budimex SA on 13 August 2009. Both companies were consolidated using acquisition accounting (full) method and hence the transaction did not have any effect on the consolidated financial statements.

1.3. Description of changes in the composition of the Group together with indication of their consequences

In the 3-month period ended 31 March 2010 there were no changes in the composition of the Group.

In the period covered by this report, no significant activities were discontinued and there were no plans to discontinue any significant activities in the future.

2. Shareholders of the Parent Company

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at 28 April 2010 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 (Holland) – the Company from the Ferrovial SA Group (Spain)	ordinary	15 078 159	59.06%	15 078 159	59.06%
OFE PZU „Złota Jesień”	ordinary	1 444 895	5.66%	1 444 895	5.66%
Other shareholders	ordinary	9 007 044	35.28%	9 007 044	35.28%
Total		**25 530 098**	**100.00%**	**25 530 098**	**100.00%**

On 3 February 2010 “Złota Jesień” Open Pension Fund (the Fund purchased the Budimex SA shares on the Warsaw Stock Exchange, as a result of which the number of shares held by the Fund authorised it to exceed 5% of the votes at the General Meeting of Budimex SA. Before the change in the number of shares, the Fund held 1 273 730 shares, which constituted 4.99% of the share capital of Budimex SA and translated into 1 273 730 votes held and 4.99% of the total number of votes. Following the change in the share, the “Złota Jesień” Open Pension Fund holds 1 444 895 shares, which constitutes 5.66% of the share capital of Budimex SA and translates into 1 444 895 votes held and 5.66% of the total number of votes.

From the date of publication of the annual report for the year ended 31 December 2009, i.e. 22 March 2010 the shareholding structure did not change.

3. Principles applied for the purpose of preparation of financial statements

3.1. Accounting policies and basis of preparing the consolidated financial statements of the Budimex Group

These condensed financial statements were prepared in accordance with IAS 34 “Interim Financial Reporting” and appropriate accounting standards applicable for preparation of the interim consolidated financial statements adopted by the European Union issued and effective when preparing the interim consolidated financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Group were described in the consolidated financial statements of the Group for the year ended 31 December 2009, published on 22 March 2010.

The consolidated financial statements were prepared on the assumption that the Parent Company and all entities included in the Budimex Group will be going concerns in the foreseeable future apart from Sprzęt Transport Sp. z o.o. in liquidation, which in 2009 was decided to be liquidated. The Company conduct business relating to rental of construction plant and machinery. In the reporting period and as at the date of preparation of these financial statements no circumstances have been noted that would indicate a threat to the remaining companies` ability to continue as a going concern.

Standards and Interpretations effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board („IASB") and adopted by the EU are effective for the current period:

- **IFRS 1 (revised)** "First-time Adoption of IFRS" adopted by the EU on 25 November 2009 (effective for annual periods beginning on or after 1 January 2010),

- **IFRS 3 (revised) "Business Combinations"** adopted by the EU on 3 June 2009 (effective for annual periods beginning on or after 1 July 2009),

- **Amendments to IAS 27** "Consolidated and Separate Financial Statements" adopted by the EU on 3 June 2009 (effective for annual periods beginning on or after 1 July 2009),

- **Amendments to IAS 32 "Financial Instruments: Presentation"** – Accounting for rights issues, adopted by the EU on 23 December 2009 (effective for annual periods beginning on or after 1 January 2011),

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"** - Eligible hedged items, adopted by the EU on 15 September 2009 (effective for annual periods beginning on or after 1 July 2009),

- **IFRIC 12 "Service Concession Arrangements"** adopted by the EU on 25 March 2009 (effective for annual periods beginning on or after 30 March 2009),

- **IFRIC 15 "Agreements for the Construction of Real Estate"** adopted by the EU on 22 July 2009 (effective for annual periods beginning on or after 1 January 2010),

- **IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"** adopted by the EU on 4 June 2009 (effective for annual periods beginning on or after 1 July 2009),

- **IFRIC 17 "Distributions of Non-Cash Assets to Owners"** adopted by the EU on 26 November 2009 (effective for annual periods beginning on or after 1 November 2009),

- **IFRIC 18 "Transfers of Assets from Customers"** adopted by the EU on 27 November 2009 (effective for annual periods beginning on or after 1 November 2009),

IFRIC 15 was applied for the first time for the purposes of preparation of the consolidated financial statements for the 3-month period ended 31 March 2009.

According to the revised IAS 27 "Consolidated and Separate Financial Statements, changes in the acquiree's interest in its subsidiary that do not result in a loss of control are accounted for in equity as transactions with owners in their capacity as owners. For such transactions, no financial profit/loss is recognized or goodwill remeasured. Any difference between the change in the non-controlling interest and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. The Standard defines accounting procedures to be applied by the parent if control of a subsidiary is lost. The application of amendments to the aforementioned standard has no impact on the consolidated financial statements for the 3-month period ended 31 March 2010.

IFRS 3 (revised) "Business Combinations" requires recognition of acquisition costs in the period expenses. Revisions to IFRS 3 and the related changes to IAS 27 limit application of acquisition accounting principles only to the moment of control takeover; in consequence, goodwill is calculated as at that date only. IFRS 3 shifts more focus to fair value as at the acquisition date, providing details of its recognition. The change to the standard allows measurement of non-controlling interest (before amendment minority interests) in the acquiree at fair value or proportionally to its share in the identifiable net assets of the acquiree. The revised standard requires measurement of consideration related to the acquisition at fair value as at the acquisition date. The same principle applies to fair value of any contingent consideration due. IFRS 3 allows very few adjustments to measurement at initial recognition of the combination account and only if they result from additional information obtained with regard to facts and circumstances existing as at the acquisition date. Any other changes are recognized in profit/loss. The Standard defines impact on the acquisition accounting if the acquirer and acquiree were parties to a previous relation. IFRS 3 states that an entity has to classify all contractual terms as at the acquisition date with two exceptions: leases and insurance contracts. The acquirer applies its accounting standards and makes decisions in such a way as if the contractual relationship were taken over regardless of the business combination. The application of amendments to the aforementioned standard has no impact on the consolidated financial statements for the 3-month period ended 31 March 2010.

The adoption of the remaining aforementioned amendments to the existing standards has not led to any changes in the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- **Amendments to various standards and interpretations (2009) -** adopted by the EU on 23 March 2010 (most amendments are to be applied for annual periods beginning on or after 1 January 2010),
- **Amendments to IFRS 2 "Share-based Payment"** - adopted by the EU on 23 March 2010 (effective for annual periods beginning on or after 1 January 2010),

The Group anticipates that the adoption of the remaining aforementioned standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at 28 April 2010:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 24 "Related Party Disclosures**" - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after 1 January 2011),
- **Amendments to IFRS 1 "First-time Adoption of IFRS**"- Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010),
- **Amendments to IFRS 1 "First-time Adoption of IFRS**"- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after 1 July 2010),
- **Amendments to IFRIC 14 "IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction"** - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011),
- **IFRIC 19 "Extinguishing Liabilities with Equity Instruments"** (effective for annual periods beginning on or after 1 July 2010).

The Group anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated. According to the entity's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as at the balance sheet date.

3.2. Changes in the method of preparation of financial statements

On 4 November 2009 Budimex SA concluded a contract for purchasing 50% of the shares in Budimex Nieruchomości Sp. z o.o. (entitling to 50% of the votes at the meeting of shareholders) from the other shareholder – Grimaldi Investments BV. The remaining 50% of shares belong to Budimex SA due to the merger of Budimex S.A. as the acquiring company and Budimex The share purchase price agreed by the parties stands at PLN 385 000 thousand. Payment deadline was set by 16 November 2009 with the reservation that the purchase of shares by Budimex SA shall become effective upon the payment date.

Budimex SA and Grimaldi Investments BV are related parties, which belong to the same capital group – Ferrovial Group. Grimaldi Investmnets BV is a subsidiary of Grupo Ferrovial, which is a parent entity of Budimex SA.

The acquisition of 50% shares in Budimex Nieruchomości Sp. z o.o., which was under common control of the main shareholder of Budimex SA – Grupo Ferrovial, was settled using pooling of interests method.

The specification of adjustments related to the settlement of the acquisition of 50% shares in Budimex Nieruchomości Sp. z o.o. recognized in the consolidated shareholders' equity attributable to the shareholders of the parent company as at 1 January 2008 and adjustments made to individual items of consolidated statement of financial position for the year ended 31 December 2008 were presented in the consolidated financial statements for the year ended 31 December 2009, published on 22 March 2010.

Comparatives for the 3-month period ended 31 March 2009 were restated appropriately as if the entities had always been combined (together).

Consolidated income statement

The adjustments made to individual items of comparative consolidated income statement, i.e. for the 3-month period ended 31 March 2009 are presented in the table below:

	3-month period ended 31 March
	2009
	(PLN thousands)
Continuing operations	
Net sales of finished goods, goods for resale, raw materials and services	33 535
Cost of finished goods, goods for resale, raw materials and services sold	(17 519)
Gross profit on sales	**16 016**
Selling expenses	(866)
Administrative expenses	(747)
Other operating income	886
Other operating expenses	(2 468)
Gains/ (losses) on derivative financial instruments	-
Operating profit	**12 821**
Finance income	423
Finance costs	(436)
Share of results of equity accounted companies	-
Profit before tax	**12 808**
Income tax	(2 441)
Net profit from continuing operations	**10 367**
Net profit for the period	**10 367**
Of which:	
Attributable to the shareholders of the Parent Company	**10 367**
Attributable to non-controlling interests	-
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (in PLN)	0.41

Statement of comprehensive income

The adjustments made to individual items of comparative statement of comprehensive income, i.e. for the 3-month period ended 31 March 2009 are presented in the table below:

	3-month period ended 31 March
	2009
	(PLN thousands)
Net profit for the period	**10 367**
Other comprehensive income (loss) for the period:	
Foreign exchange differences on translation of foreign operations	-
Deferred tax related to components of other comprehensive income	-
Other comprehensive income (loss), net of tax	**-**
Total comprehensive income for the period	**10 367**
Of which:	
Attributable to the shareholders of the Parent Company	**10 367**
Attributable to non-controlling interests	-

Consolidated statement of cash flow

Apart from change of comparatives regarding settlemet of the acquisition of 50% shares in Budimex Nieruchomości Sp. z o.o., the Group has changed the presentation of inflows/outflows and gains/losses on realization of derivative financial instruments. In the statement of cash flow for the prior periods gains / losses on realization of derivative financial instruments were presented as adjustments for net profit before tax in cash flow from operating activities and inflows / outflows related to realization of derivatives were an element of cash flow from investing activities. In the statement of cash flow for the 3-month period ended 31 March 2010 the element of cash flow from operating and investing activities related to realization of derivative financial instruments was eliminated. Comparatives for the 3-month period ended 31 March 2009 were appropriately restated by decreasing the value of net cash from operating activities by PLN 32 777 thousand as well as increasing net cash from investing activities by the same amount.

The adjustments in respect of both settlement of the acquisition of 50% shares in Budimex Nieruchomości Sp. z o.o. and change of presentation made to main items of comparative statement of cash flow, i.e. for the 3-month period ended 31 March 2009 are presented in the table:

	3-month period ended 31 March
	2009
	(PLN thousands)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**(34 829)**
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**32 801**
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(1 633)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**18 007**

3.3. Non-current assets classified as held for sale

In accordance with International Financial Reporting Standard (IFRS 5) non-current assets classified as held for sale are presented separately from other assets in the statement of financial position as a part of current assets. Included in this group are items of non-current assets provided their carrying amount will be recovered in a disposal transaction rather than through asset further use.

Non-current assets classified as held for sale are valued at the lower of carrying amount and fair value less selling expenses. The fair value of non-current assets classified as held for sale is the value determined in the preliminary agreement less selling expenses.

Non-current assets classified as held for sale as at 31 March 2010, 31 December 2009 and 31 March 2009 are presented in the table below:

	31 March 2010	**31 December 2009**	**31 March 2009**
Non-current assets classified as held for sale, of which:	7 638	4 451	107
– fixed assets	*165*	2 886	-
– investment properties	*7 473*	1 565	*107*
Total	**7 638**	**4 451**	**107**

3.4. 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 31 March 2010 – 3.8622 PLN/EUR,
- individual profit and loss account and statement of cash flow items for the first quarter of 2010 – 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 2010 to 31 March 2010 – 3.9669 PLN/EUR,
- individual asset and liability items of comparative financial data for the year 2009 – using the average exchange rate prevailing as at 31 December 2009 – 4.1082 PLN/EUR,
- individual profit and loss account and statement of cash flow items of comparative financial data for the first quarter of 2009 - 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 2009 to 31 March 2009 – 4.5994 PLN/EUR.

3.5. Cash recognised in the statement of cash flow

The Group recognizes cash of restricted use (including mainly cash representing security for bank guarantees and funds kept in escrow by developer companies, provided their maturity does not exceed 3 months) in the statement of financial position under cash and cash equivalents. For the purpose of the statement of cash flow – the balance of cash at the beginning and at the end of the reporting period is reduced by cash of restricted use, and its change in the statement of financial position is recognized under cash flow from operating activities.

	31 March 2010	31 December 2009	31 March 2009
	(in PLN thousands)	(in PLN thousands)	(in PLN thousands)
Cash recognised in the statement of financial position	**719 144**	**1 130 357**	**529 010**
Cash and cash equivalents of restricted use	(97)	(68)	(703)
Cash recognised in the statement of cash flow	**719 047**	**1 130 289**	**528 307**

4. Description of factors and events which had a material effect on a financial result of the Budimex Group for the first quarter of 2010

Sale of construction-assembly services in Poland is characterized by seasonality mainly connected with atmosphere conditions and the highest revenues are usually achieved in the third quarter, while the lowest – in the first quarter.

In the 3-month period ended 31 March 2010, the Budimex Group earned sales revenue of PLN 577 245 thousand which means a 15.28% decrease on the corresponding period of 2009.

In the first quarter of 2010 construction-assembly production in Poland expressed in current prices decreased by 16.0% compared to the corresponding period of the prior year (a decrease by 15.2% in fixed prices), while sales of the construction segment of the Budimex Group on the home market were down 36.81% on the corresponding periods, which was the effect of long-lasting and severe winter.

Gross profit on sales in the first quarter of 2010 was PLN 85 487 thousand, while in the corresponding period of the prior year it amounted to PLN 148 055 thousand. The gross sales profitability ratio was therefore 14.81% in the first quarter of 2010, while in the first quarter of 2009 – 21.73%.

In accordance with the accounting policies adopted, when budgeted contract costs exceed the entire expected contract revenue, Group companies create provisions for expected contract losses and recognize them under „Amounts due and payable to customers under construction contracts”. 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 31 December 2009, the balance of the provision for contract losses amounted to PLN 241 097 thousand. In the first quarter of 2010, the balance of provision for contract losses dropped by PLN 9 588 thousand.

The Budimex Group companies are required to issue a warranty for the construction services rendered. As at 31 March 2010 the provision for warranty amounted to PLN 92 606 thousand. In the 3-month period ended 31 March 2010 the balance of the provision for warranty decreased by PLN 108 thousand.

Selling expenses dropped in the first quarter of 2010 by PLN 978 thousand compared to the corresponding period of the prior year, while administrative expenses were PLN 3 410 thousand lower than expenses incurred in the corresponding period of 2009. In spite of decrease of selling and administrative expenses in absolute values, due to the lower slaes revenue the share of selling and administrative expenses in total sales increased from 5.43% in the first quarter of 2009 to 5.65% in the first quarter of the current year.

Other operating income for the first quarter of 2010 was PLN 20 101 thousand and comprised reversal of impairment write-downs against doubtful debts in the amount of PLN 456 thousand and income from compensations and contractual penalties in the amount of PLN 16 065 thousand. Additionally, in the period of three months of 2010 Group companies disposed of tangible fixed assets, intangible assets and investment properties and earned sales profit of PLN 2 160 thousand. The net book value of the tangible fixed assets, intangible assets and investment properties sold in the period of three months of 2010 was PLN 8 376 thousand.

Other operating expenses for the first quarter of 2010 amounted to PLN 21 646 thousand, of which PLN 476 thousand related to impairment write-downs against receivables and PLN 16 631 thousand related to provisions created for penalties and compensations. The value of compensations and contractual penalties charged to the Group result in the period discussed was PLN 1 119 thousand.

During the first quarter of 2010 the Group reported gains on valuation and realization of derivative financial instruments contracts (made with a view to limiting the FX risk on foreign currency construction contracts) in the amount of PLN 16 306 thousand, while in the corresponding period of the prior year – losses in the amount of PLN 69 273 thousand.

The reported operating profit of the Group in the first quarter of 2010 was PLN 67 609 thousand, while in the first quarter of 2009 it amounted to PLN 38 240 thousand. The operating profit for the first quarter of 2010 represented 11.71% of sales revenue value, while for the corresponding period of the prior year – 5.61% of sales revenue.

In the 3-month period ended 31 March 2010 the Group reported a loss on financing activities in the amount of PLN 1 098 thousand while in the same period of the prior year it generated profit in the amount of PLN 13 339 thousand. Finance income in the first quarter of 2010 represented mainly interest of PLN 11 106 thousand. Finance costs in the first quarter of 2010 represented, among others, interest costs of PLN 4 647 thousand, bank commissions on guarantees and loans of PLN 3 941 thousand paid by Group companies, costs from discount of long-term retention receivables and liabilities of PLN 2 627 thousand and excess of foreign exchange losses over foreign exchange gains in the amount of PLN 910 thousand.

In the first quarter of 2010, the Group reported a gross profit of PLN 65 703 thousand, while in the corresponding period of the prior year – a gross profit of PLN 51 036 thousand.

Income tax for the 3-month period ended 31 March 2010 was PLN 12 360 thousand, of which:

- current tax was PLN 4 309 thousand,
- deferred tax – PLN 8 051 thousand.

As at 31 March 2010, the Group recognized a deferred tax asset in the amount of PLN 233 527 thousand, while as at 31 December 2009 – PLN 241 507 thousand. The reported statement of financial position items of deferred tax asset result mainly from a special method of settlement of construction contracts, under which the moment of recognition of costs as incurred and revenue as realized are different from the tax and accounting perspectives.
The net profit attributable to the shareholders of the Budimex Group for the first quarter of 2010 was PLN 53 343 thousand, while the net profit attributable to the shareholders of the Budimex Group for the corresponding period of 2009 was PLN 40 123 thousand.

In the first quarter of 2010, the Group purchased property, plant and equipment, intangible assets and investment properties with a total value of PLN 1 885 thousand, of which plant and machinery accounted for PLN 625 thousand.

5. Operating segments

For the management purposes the Group has been divided into segments based on the products and services offered. The Group operates in the following two operating segments:

- construction business
- developer and property management business.

Construction business covers rendering of widely understood construction-assembly services at home and abroad and is realised by the following Group companies:

- Budimex SA
- Sprzęt Transport Sp. z o.o. in liquidation
- Mostostal Kraków SA
- Budimex Bau GmbH.

Developer and property management segment covers preparation of land for investment projects, realization of investment projects in the field of housing construction industry, flat disposal and rental and servicing property on own account. The following Group entities were included in this segment:

- Budimex Nieruchomości Sp. z o.o.
- Budimex Inwestycje Sp. z o.o. (included in Budimex SA on 13 August 2009)
- Centrum Konferencyjne „Budimex" Sp. z o.o.
- Auto-Park Bydgoszcz Sp. z o.o.

Segment performance is evaluated based on sales revenue, gross profit (loss) on sales, operating profit (loss) and net profit (loss) for the period.

Other business conducted does not meet the requirements of reportable segment. Included in other business are entities that mainly conduct production, service or trading activities.

The results of segments for the first quarter of 2010 are presented in the table below:

amounts in PLN thousands

Segment name	**Construction business**	**Property management and developer business**	**Other business**	**Exclusions**	**Consolidated value**
External sales	357 243	198 767	21 235	-	**577 245**
Inter-segment sales	7 745	209	-	(7 954)	**-**
Total sales of finished goods, goods for resale and raw materials	**364 988**	**198 976**	**21 235**	**(7 954)**	**577 245**
Gross profit (loss)	**27 643**	**47 654**	**(430)**	**10 620**	**85 487**
Selling expenses	(2 936)	(1 572)	(1 011)	7	**(5 512)**
Administrative expenses	(24 634)	(5 042)	(1 315)	3 864	**(27 127)**
Other operating income/ (expenses), net	2 307	(4 969)	198	919	**(1 545)**
Gains on derivative financial instruments	12 144	-	4 162	-	**16 306**
Operating profit	**14 524**	**36 071**	**1 604**	**15 410**	**67 609**
Finance income / (costs), net	3 084	(3 580)	(602)	-	**(1 098)**
Shares in gains/ (losses) of equity accounted entities	-	-	(808)	-	**(808)**
Income tax expense	(2 994)	(6 256)	(184)	(2 926)	**(12 360)**
Net profit for the period	**14 614**	**26 235**	**10**	**12 484**	**53 343**

The results of segments for the first quarter of 2009 are presented in the table below:

amounts in PLN thousands

Segment name	Construction business	Property management and developer business	Other business	Exclusions	Consolidated value
External sales	545 653	107 719	28 012	-	**681 384**
Inter-segment sales	34 960	542	-	(35 502)	**-**
Total sales of finished goods, goods for resale and raw materials	**580 613**	**108 261**	**28 012**	**(35 502)**	**681 384**
Gross profit	**112 783**	**29 673**	**2 475**	**3 124**	**148 055**
Selling expenses	(3 583)	(1 812)	(1 109)	14	**(6 490)**
Administrative expenses	(27 870)	(4 267)	(1 167)	2 767	**(30 537)**
Other operating income/ (expenses), net	(425)	(3 127)	37	-	**(3 515)**
Losses on derivative financial instruments	(58 875)	-	(10 398)	-	**(69 273)**
Operating profit (loss)	**22 030**	**20 467**	**(10 162)**	**5 905**	**38 240**
Finance income / (costs), net	14 843	(3 544)	2 194	(154)	**13 339**
Shares in gains/ (losses) of equity accounted entities	-	-	(543)	-	**(543)**
Income tax expense	(8 291)	(3 105)	1 598	(1 115)	**(10 913)**
Net profit / (loss) for the period	**28 582**	**13 818**	**(6 913)**	**4 636**	**40 123**

6. <u>Related party transaction</u>

Transactions with related parties made in the first quarter of 2010 and unsettled balances of receivables and liabilities as at 31 March 2010 are presented in the tables below:

amounts in PLN thousands

	Receivables		Liabilities	
	31 March 2010	**31 December 2009**	**31 March 2010**	**31 December 2009**
Parent Company and related parties (the Ferrovial Group)	51 240	51 490	87 625	98 044
Jointly-controlled entities	28	2 703	65	65
Associates	3	3	5 626	4 595
Other related parties*	18	623	821	912
Total settlements with related parties	**51 289**	**54 819**	**94 137**	**103 616**

amounts in PLN thousands

	Loans granted / acquired debt securities		Loans taken out / issued debt securities	
	31 March 2010	**31 December 2009**	**31 March 2010**	**31 December 2009**
Parent Company and related parties (the Ferrovial Group)	-	-	7 182	7 602
Jointly-controlled entities	-	-	-	-
Associates	-	-	-	-
Other related parties*	-	-	-	-
Total settlements with related parties	**-**	**-**	**7 182**	**7 602**

amounts in PLN thousands

	Sales of finished goods and services		Purchase of finished goods and services	
	3-month period ended 31 March		3-month period ended 31 March	
	2010	2009	2010	2009
Parent Company and related parties (the Ferrovial Group)	6 749	2 660	(11 246)	(3 097)
Jointly-controlled entities	378	-	-	-
Associates	11	37	(3 551)	(694)
Other related parties*	85	73	27	(1 076)
Total transactions with related parties	**7 223**	**2 770**	**(14 770)**	**(4 867)**

amounts in PLN thousands

	Financial income		Financial costs	
	3-month period ended 31 March		3-month period ended 31 March	
	2010	2009	2010	2009
Parent Company and related parties (the Ferrovial Group)	-	-	(174)	(1 136)
Jointly-controlled entities	-	-	-	-
Associates	-	-	-	-
Other related parties*	-	-	-	-
Total transactions with related parties	**-**	**-**	**(174)**	**(1 136)**

*) Other related parties represent controlled or jointly controlled entities or entities, on which the key management person of the Parent Company or of the subsidiary of the Budimex Group or his close relative exercises significant influence, or has significant number of votes at the shareholders' meeting of this company.

Inter-Group transactions are made on an arm's length basis.

7. Factors which will affect results achieved by the Group in a period covering at least the next quarter

The main factors that may affect the financial situation of the Group in the next quarter include:

- slowdown of the development of the Polish economy in result of the international markets crisis,
- a tempo and directions of assistance funds utilization within the framework of programmes aimed at financing the adaptation of domestic infrastructure to the European Union standards,
- outcome of tenders in infrastructure segment scheduled for the current year,
- growing competitiveness as a result of deterioration in the economic situation of building industry,
- the expected upturn in the development market,
- fluctuations of exchange rates, which have the impact on the sales revenue, operating costs and result of the valuation and realization of derivative financial instruments contracts,
- price level of material and construction services affecting the amount of direct costs of realized contracts,

- intensification of actions aimed at recovery of overdue debts, which were provided for and strengthening the operational and financial control in respect of contracts realized,
- results of the pending legal proceedings, described in more detail in note 12 to these consolidated financial statements.

8. The main events in the first quarter of 2010 and significant events after 31 March 2009

Significant contracts:

On 23 January 2010 the Management Board of Budimex SA learned that the condition concerning the construction and operation of the A1 highway between Stryków and Pyrzowice in the concession system in accordance with the agreement signed on 22 January 2009 between Autostrada Południe SA and the State Treasury had not been fulfilled. Due to the above, Phase II (referring to construction work) of the agreement concluded on 19 January 2010 by and between Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna (formerly: Budimex Dromex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna) and Autostrada Południe SA for the design and construction of the section of A1 highway between Stryków and Pyrzowice did not become effective. Phase I, the value of which was estimated at PLN 180 million, covered the design work, which commenced in 2009 pursuant to the preliminary agreement concluded by Autostrada Południe SA, Budimex Dromex SA and Ferrovial Agroman SA on 30 May 2008.

In March 2010 the Management Board of Budimex SA learned that Ministry of Infrastructure did not approve the project documentation prepared by the company in favour of Autostrada Południe SA. Due to the above, there is a risk that the full amount of contract costs incurred by Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna (in which Budimex SA hold 50% shares) will not be recovered from Autostrada Południe SA unless it is proved that the lack of payments in favour of Autostrada Południe SA from the State Treasury does not result form the defect of the project delivered by Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna or the defects are the consequence of requirements of Autostrada Południe SA, different from requirements of the State Treasury as an investor.

On 20 January 2010 Budimex SA signed Annex no. 1 to the Contract with Mostostal Warszawa SA of 17 August 2009 on the performance of the construction of the A1 Motorway between Pyrzowice (with a junction) and Piekary Śląskie (with a junction). Based on the abovementioned Contract and Annex, Budimex SA will carry out for the benefit of the Consortium Partner – Mostostal Warszawa – works valued at PLN 149 948 thousand net, upon signing Annex no. 1.

On 11 February 2010 Budimex SA concluded a contract with the General Directorate for Roads and Motorways, Gdańsk Branch, for the following construction works: Extension of the junction of the Tri-City Ring Road (National Road S6) with Kartuska Street (National Road 7) – the Karczemki junction in Gdańsk." Net contract value is PLN 152 926 thousand.

On 18 February 2010 Budimex SA signed with PRO URBA INVEST Sp. z o.o. with its registered office in Warsaw a contract for the construction of buildings of the 1st stage of multi-family housing with services located at Sienna Street and Kolejowa Street. Net contract value is PLN 82 870 thousand.

On 24 February 2010 the consortium of companies, including Budimex SA (the consortium leader) and Korporacja Budowlana Doraco Sp. z o.o. (the consortium partner) with its registered office in Gdańsk, signed with Port Lotniczy Gdańsk Sp. z o.o. with its registered office in Gdańsk a contract concerning "Construction and supplementary design (as part of a detailed engineering design) of the Second Passenger Terminal for the Gdańsk Lech Walesa Airport together with accompanying buildings and infrastructure". Net contract value is PLN 153 481 thousand.

On 2 March 2010 the consortium of companies Budimex SA (leader) and Ferrovial Agroman SA (partner) signed with Polskie Koleje Państwowe SA with its registered office in Warsaw a contract on "Reconstruction of the historic Wrocław Główny railway station complex together with rebuilding of railway technical infrastructure". Net contract value is PLN 265 686 thousand.

On 9 March 2010 Budimex SA concluded a contract with a domestic private investor for constructing the Conference - Hotel Centre. The investor is not tied with Budimex Group. The investment will be executed in the territory of Poland. Net contract value is PLN 97 000 thousand.

On 24 March 2010 Budiemx SA signed that two contracts for construction of the office building complex Libra Business Center were concluded with Palatium Sp. z o.o. Sk with its registered office in Warsaw. The first contract concerns the 1st Stage – construction of building A. The second contract concerns the 2nd stage – construction of building B. The contracts are conditional in character. They are in force from their conclusion but will become effective on the date when the Investor informs the Contractor that the contracts become effective. In the case of the contract for the 1st Stage: if the day of the contract becoming effective does not take place within 120 days from concluding the Contract, the contract expires. In the case of the contract for the 2nd Stage: if the day of the contract becoming effective does not take place within 12 months from concluding the Contract, the contract expires. 1st Stage net contract value is PLN 44 390 thousand, 2nd Stage net contract value is PLN 60 110 thousand.

On 26 March 2010 Budimex SA received information from the General Directorate for National Roads and Motorways division in Rzeszów on the selection of the most favourable offer by Budimex SA as the most favourable in a limited tender procedure for "construction of A-4 motorway section from the Dębica Pustynia junction to the Rzeszów Zachodni junction from about km 537+550 to about km 570+300" on March. Net contract value is PLN 1 418 411 thousand.

On 31 March 2010 Budimex SA signed with the General Directorate for Roads and Motorways, Szczecin Branch a contract concerning "Construction of Nowogard ring road along road S-6". Net contract value is PLN 132 404.

On 15 April 2010 Budimex SA received information from the Łódź-based division of the General Directorate for National Roads and Motorways about the selection of the Budimex SA offer as the most favourable offer in the proceedings concerning the public procurement procedure carried out by a limited tender procedure: "Construction of A1 motorway in the section from kujawsko-pomorskie/łódzkie voivodship border to Stryków junction – Task II – Section 4 junction Stryków I". Net contract value is PLN 252 102 thousand.

On 15 April 2010 Budimex SA signed a contract for construction of the Mechatronics, Bioscience and Nanoengineering Centre at Poznan University of Technology with the Poznań University of Technology. Net contract value is PLN 36 686 thousand.

On 21 April 2010 Budimex SA signed a contract for construction of the Arboretum housing complex in with a company Kraków Development II Sp. z o.o. owned by Hines Polska Sp. z o.o. with its registered office in Warsaw. Net contract value amounts to PLN 55 390 thousand.

Other significant agreements and events:

On 13 January 2010 Budimex SA signed with Kredyt Bank SA on the signing of Annex no. 12 to the Contract on granting Bank Guarantee Line of 13 November 2000 signed between Budimex SA and Kredyt Bank S.A. Pursuant to the annex, Budimex SA is entitled to order the Bank to issue bank guarantees up to a sum total of PLN 116 000 thousand until 30 June 2010. The abovementioned limit is reduced by guarantees already issued by Kredyt Bank SA on the order of Budimex SA and Budimex Dromex SA (a company taken over by Budimex SA on 16 November 2009).

On 2 March 2010 Budimex SA signed with Societe Generale SA, branch in Poland, an agreement concerning bank guarantees. Pursuant to the agreement, Budimex SA may place instructions at the Bank for furnishing bank guarantees totalling PLN 150 000 thousand. Validity period of the agreement is 28 February 2011. The agreement does not provide for establishing securities. Other financial terms and conditions are standard for this type of agreements.

On 8 March 2010 the Management Board of Budimex SA decided on the intention to merge Budimex SA with Budimex Auto - Park Sp. z o.o. The merger of companies will be performed based on Art. 492 Section 1.1 of the Commercial Companies Code through the acquisition of Budimex Auto - Park Sp. z o.o. (as the company being acquired) by Budimex SA (as the acquiring company).Due to the fact that Budimex SA holds 100% of shares in Budimex Auto - Park Sp. z o.o. the merger will be settled with the application of simplified procedure pursuant to Art. 516 Section 6 of the Commercial Companies Code. Budimex Auto - Park Sp. z o.o. is a development special purpose vehicle which is due to wind up its activities. The Company realised the Wilczak housing project in Poznań and operated the multilevel car park in Bydgoszcz. On 9 March 2010 the merger plan of Budimex SA as the acquiring company with Budimex Auto – Park Sp. z o.o. as the acquired company was agreed on under 492 Section 1 (1) of the Commercial Companies Code.

On 11 March 2010 Budimex SA signed with Powszechny Zakład Ubezpieczeń SA Annex no. to the Commission Contract for Periodic Contract Insurance Guarantee of 8 May 2007. Pursuant to the annex the limit of PLN 70 000 thousand has been established to which PZU SA may issue contract guarantees and security of the contract has been renewed which currently comprises 7 blank promissory notes with a promissory note declaration issued by Budimex SA. Other provisions of the contract remain unchanged. Material conditions of the contract, including financial ones, are similar to market conditions.

On 22 March 2010 the Management Board of Budimex SA decided to recommend taking the decision to pay out a dividend of PLN 6.80 gross per one share to the Ordinary General Meeting in 2010. It is suggested to reserve standalone net profit for the period from 1 January 2009 to 31 December 2009 in the amount of PLN 138 030 thousand increased by the sum of the Company's reserve capital in this part which has been created from the profit from previous years in the amount of PLN 35 575 thousand for the dividend. The total proposed sum for the dividend payout in the amount of PLN 173 605 thousand is at the level of the consolidated net profit of the Budimex Group for the year 2009 which amounts to PLN 173 658. Moreover, it is suggested to specify a list of shareholders entitled to the dividend for the year 2009 as at 7 June 2010 (dividend day) and the dividend payout date to be 21 June 2010.

On 21 April 2010 The Management Board of Budimex SA signed an annex to the Bank Guarantee Line Contract dated 16 October 2009 with Bank Zachodni WBK. Pursuant to the Annex the guarantee limit has been increased from PLN 100 000 thousand to PLN 150 000 thousand and the deadline when the Company may order the Bank to issue bank guarantees has been prolonged until 19 April 2011. The guarantee limit is secured by the Company statement on submission to bank execution. Other provisions of the Contract remain unchanged.

9. Issue, redemption and repayment of debt and equity securities

In the third quarter of 2009 Budimex SA and Group companies did not issue, redeem or repay equity securities.

10. The Management Board's position on the feasibility of results stated in the financial forecasts published earlier for the year in view of the financial results presented in the quarterly report in relation to the projected results

Budimex SA did not publish any forecasts.

11. Statement of ownership of shares of Budimex SA or rights to such shares (options) held by the managing or supervisory persons of Budimex SA as at the date of publication of this report together with indication of changes in the ownership in the I quarter of 2010

As at the date of publication the report members of the Management Board and Supervisory Board of Budimex SA held the following number of shares:

Dariusz Blocher	(president of the Management Board)	3 500 shares
Marcin Węgłowski	(Management Board member)	2 830 shares
Marek Michałowski	(chairman of the Supervisory Board)	3 900 shares

Above mentioned members of the Management Board and Supervisory Board do not own share options of the Company. As at the date of publication of this report other managing and supervisory persons of Budimex SA do not hold its shares or share options. There was no change in the status of ownership from the date of publication of the annual report for the year 2009, i.e. 22 March 2010.

12. Proceedings pending as at 31 March 2010 before court, competent arbitration body or any public administration authority

The total value of legal proceedings in progress in respect of liabilities and receivables as at 31 March 2010 was PLN 468 202 thousand and exceeded 10% of the equity of Budimex SA, which amounts to PLN 605 005 thousand. Excess of the value of proceedings relating to claims of Group companies over proceedings against Group companies amounted to PLN 18 276 thousand.

In accordance with information in the possession of Budimex SA, the total value of legal proceedings in progress in respect of liabilities of Budimex SA and its subsidiaries as at 31 March 2010 was PLN 224 963 thousand. These proceedings involve the Group companies' operating activity.

The proceedings in the highest value case, relating both to receivables and liabilities due from Budimex SA, is pending before Arbitration Court at the National Chamber of Commerce in Warsaw, which involve the consortium Ferrovial Agroman SA, Budimex SA and Estudio Lamela S.L. (Consortium FBL) and Przedsiębiorstwo Państwowe "Porty Lotnicze" (PPL). The litigation is the result of rescinding the contract for developing and modernizing Warsaw Frederic Chopin Airport – Terminal II by the Investor PPL. Initially, the proceedings related to the claim filed by the Consortium FBL, in relation to bank guarantees realised by PPL groundlessly, which were given as a performance warranty of a total amount of PLN 54 382 thousand. The claim in this respect was filed on 24 January 2008. In the course of the case PPL filed a counter-claim of a total amount of PLN 135 719 thousand, covering claims for the redress of damage, including lost benefits, return of unjust enrichment and liquidated damages. According to the value of shares defined in the consortium agreement the risk incurred by Budimex SA does not exceed the amount of PLN 54 288 thousand. In the opinion of Budimex SA, the main claims under the counter-suit are groundless. The response to the counter-claim, including the motion to dismiss the claim entirely, and therefore supporting the statement that claims filed by PPL are unjustified, was filed on 21 October 2008. To date, there have fifteen trials during which witnesses for the plaintiff and the counter-defendant have been examined for the circumstances included in the counter-claim.

Regardless of the counter-claim of PPL and in accordance with former announcements, on 27 February 2009 the Consortium FBL submitted a written statement of claim including the extension of the main claim by the amount of PLN 216 458 thousand, covering: the remuneration for works performed, but not paid by Investor, the remuneration for additional works, the return of the retained amounts and the interest on late payments. According to the consortium contract the share of Budimex SA in the claim amounts to PLN 86 583 thousand.

On 23 March 2009 the Arbitration Court issued a partial verdict covering the decision in respect of bank guarantees. Based on the verdict, the Arbitration Court adjudged the total amount of PLN 54 382 thousand together with statutory interest for the period from 9 November 2007 (at the date of issuing the verdict the amount of interest was PLN 8 805 thousand). According to the consortium contract the portion falling to Budimex SA is 40%, i.e. PLN 21 753 thousand and PLN 3 522 thousand referring to interest. Having received the reason for the partial judgement from the Arbitration Court, the Consortium filed, in the Common Court, a motion on ascertainment of executability of the verdict of the Arbitration Court thorough giving an enforcement clause. The Common Court decided to postpone the examination of the case due to claimed filed by PPL to quash the verdict of the Arbitration Court.

On 31 July and 26 October 2009 PPL filed to the Arbitration Court the next written statements of claim including extension of counter-claim, changing the original amount of counter-claim from PLN 135 719 thousand to PLN 280 894 thousand (risk of Budimex SA does not exceed the amount of PLN 112 358 thousand).

Taking the above into consideration, the Management Board is of the opinion that the final arbitration court verdict will be favourable to the Consortium FBL.

Another material in value legal proceedings relate to the claim filed on 5 March 2008 by Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex

Dromex SA belonged. The claim relates to the replacement contractor costs incurred by the investor when the consortium rescinded a contract. The Budimex Group`s share in consortium was 90%, therefore the value of the claim for which the Company is liable is PLN 22 727 thousand. The defendants filed a response to the statement of claim within two weeks of receipt of the statement of claim.
As a result of the plea of incompetency of a court formulized in the response to the statement of claim due to the written arbitration agreement, the court brought a case before the closed court in order to determine its jurisdiction. The date of the trail has been rescheduled from 22 April 2010 to 29 June 2010.

Budimex Dromex SA as a legal successor of Dromex SA received on 8 February 2005, directed by Federal Republic of Germany, next represented by federal country Brandenburg, represented by Ministry of cities, housing and communication development ("the Claimer") to the following companies:

- Budimex Dromex SA,
- VHV Deutsche Kautionsversicherung AG, Hannover,
- Deutsche Bank AG, Frankfurt/Main,
- Allgemeine Kreditversicherung Coface AG, Maisz

for return of overpaid remuneration for work and settlement of a warranty liability in the total amount of EUR 2 583 thousand.

Dromex SA and Philipp Holzmann AG were shareholders in the company "ARGE Oderbrücke Philipp Holzmann AG/Dromex" (the "Consortium"). In the years 1993-1997, the companies built a bridge comprising the motorway over the Odra River near Frankfurt. According to the claimant, the fee received by the Consortium for this work was overstated by EUR 2 509 thousand, while Budimex Dromex SA is required to make a prepayment of EUR 74 thousand towards the costs of removing construction faults. The companies VHV Deutsche Kautionsversicherung AG and Allgemeine Kreditversicherung Coface AG incur liability as guarantors for both the prepayment and the return of the overpaid amount. Following payment by certain guarantors of part of the contractual liabilities, the total value of claim was reduced to EUR 1 697 thousand. The Company filed a response to the statement of claim in which it challenged the grounds for the claims. On 19 December 2006, the Supreme National Court of Brandenburg upheld a decision issued by the National Court in Neuruppin on the jurisdiction of German courts, which had been questioned by Budimex Dromex SA from the very start of the proceedings. This court also stated that no appeal could be made against the court verdict to the Supreme Federal Court. On 17 January 2007, the Company lodged an appeal against the decision under which no appeal could be made to the Supreme Federal Court together with reasons for the appeal filed in June 2007. Based on the decision of the Supreme Federal Court the appeal was dismissed. The final outcome of the legal proceedings is expected to be known in the second quarter of 2010.

As at the date of this report the final outcome of the proceedings is not known.

Total value of legal proceedings in respect of receivables due to Budimex SA and its subsidiaries as at 31 March 2010 amounted to PLN 243 239 thousand. The proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of construction work performed.

On 10 March 2009 the District Court in Cracow issued the verdict regarding the claim filed by Budimex Dromex SA against Municipal Commune of Cracow, adjudging the payment of PLN 20 708 thousand together with statutory interest calculated for the period from 5 November 2007 and return of court fees in the amount of PLN 143 thousand. The claimed filed by Budimex Dromex related to the refund of the amount drawn by the Municipal Commune of Cracow on 5 November 2007 from the bank guarantee provided by Budimex Dromex SA as the performance bond for the contract for engineering, design and execution of a sports and show hall in Cracow – Czyżyny concluded on 20 December 2005 between the Consortium of Budimex Dromex SA, Ferrovial Agroman SA and Decathlon SA, and the Municipal Commune of Cracow. The commune drew this amount for the stipulated penalty provided by the contract after previous declaration of withdrawal from the contract and associated imposing of a stipulated penalty despite the fact that Budimex Dromex SA put the legitimacy of imposing of this penalty in question.

On 15 July 2009 the Court of Appeal in Cracow, acting as the court of second resort in the proceedings described above, brought the verdict changing the verdict of the Court of first resort, adjudged the payment by the Municipal Commune of Cracow to Budimex Dromex SA of the amount of PLN 6 903 thousand including statutory interest calculated starting on 20 November 2007 until the date of payment and payment of the court fees in the amount of PLN 20 thousand. The Court rejected the rest of the appeal of the Municipal Commune of Cracow and adjudged the payment by Budimex Dromex SA to the Municipal Commune of the amount of PLN 70 thousand as the appeal trial fees. The verdict is absolute. Budimex Dromex SA appealed to the Supreme Court for cassation of this verdict.

As at the date of this report the final outcome of the proceedings is not known.

13. Contingent liabilities and contingent receivables

	31 March 2010 (in PLN thousands)	31 December 2009 (in PLN thousands)
Contingent receivables		
From related parties, of which:		
– guarantees and suretyships received	-	-
– bills of exchange received as security	-	-
From related parties, total	**-**	**-**
From other entities		
– guarantees and suretyships received	216 909	189 829
– bills of exchange received as security	15 491	18 020
From other entities, total	**232 400**	**207 849**
Total contingent receivables	**232 400**	**207 849**
Contingent liabilities		
To related parties, of which:		
– guarantees and suretyships issued	596	634
– bills of exchange issued as performance bond	-	-
To related parties, total	**596**	**634**
To other entities, of which:		
– guarantees and suretyships issued	1 327 845	1 233 684
– bills of exchange issued as performance bond	8 182	10 615
To other entities, total	**1 336 027**	**1 244 299**
Other contingent liabilities	**-**	**-**
Total contingent liabilities	**1 336 623**	**1 244 933**
Total off-balance sheet items	**(1 104 223)**	**(1 037 084)**

Contingent receivables represent guarantees issued by banks and other financial institutions to the companies of the Budimex Group as security for the potential claims the Group may file against its business partners in respect of the construction contracts in progress.

Contingent liabilities represent guarantees and suretyships issued by banks to business partners of the Group as security for the potential claims they may be filed against the Group in respect of the construction contracts in progress. Banks are entitled to recourse the underlying claims to Group companies. Guarantees issued to the Group's customers represent an alternative, to the retentions held, method of securing potential claims of customers.

The bills of exchange issued represent a security for the settlement of liabilities towards the strategic suppliers of the Group, while the bills of exchange received and recognized under contingent assets (receivables) represent security for the repayment by the Group customers of the amounts due to the Group.

As at 31 March 2010, the companies of the Budimex Group were not parties to mutual guarantee agreements.

President of the Management Board	Management Board Member
Dariusz Blocher	**Marcin Węgłowski**

Warsaw, 28 April 2010