



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for 1 quarter of 2016

**prepared in accordance with
International Financial Reporting Standards**

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Statement of financial position

ASSETS	31 March 2016	31 December 2015
	(PLN thousands)	(PLN thousands)
Non-currents assets (long-term)		
Property, plant and equipment	62 187	61 821
Investment properties	3 865	3 888
Intangible assets	4 278	3 761
Investments in subsidiaries	724 473	724 323
Investments in associates	61 246	61 246
Investments in other entities	6 596	6 597
Other financial assets	13 545	6 666
Trade and other receivables	12 681	11 120
Retentions for construction contracts	35 398	35 404
Deferred tax asset	402 235	401 824
Total non-current assets (long-term)	1 326 504	1 316 650
Current assets		
Inventories	108 800	79 329
Trade and other receivables	503 970	379 325
Retentions for construction contracts	31 450	25 649
Amounts due and receivable from customers (investors) under construction contracts	188 802	155 241
Current tax receivable	8 353	-
Other financial assets	888	2 333
Cash and cash equivalents	1 696 070	1 983 136
Total current assets (short-term)	2 538 333	2 625 013
TOTAL ASSETS	3 864 837	3 941 663

Statement of financial position (cont.)

EQUITY AND LIABILITIES	31 March 2016	31 December 2015
	(PLN thousands)	(PLN thousands)
Equity		
Shareholders' equity		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	53 731	53 909
Foreign exchange differences on translation of foreign operations	5 550	5 630
Retained earnings	274 084	208 753
Total shareholders' equity	559 412	494 339
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	13 604	11 551
Retentions for construction contracts	202 139	196 185
Provision for long-term liabilities and other charges	158 168	153 495
Long-term retirement benefits and similar obligations	5 358	5 358
Other financial liabilities	158	5
Total long-term liabilities	379 427	366 594
Short-term liabilities		
Loans, borrowings and other external sources of finance	17 127	18 382
Trade and other payables	1 024 811	1 019 137
Retentions for construction contracts	134 861	158 641
Amounts due and payable to customers (investors) under construction contracts	1 166 053	1 229 015
Deferred income	455 270	464 616
Provision for short-term liabilities and other charges	126 209	130 964
Current tax payable	-	58 313
Short-term retirement benefits and similar obligations	926	926
Other financial liabilities	741	736
Total short-term liabilities	2 925 998	3 080 730
Total liabilities	3 305 425	3 447 324
TOTAL EQUITY AND LIABILITIES	3 864 837	3 941 663

Income statement

	3-month period ended 31 March	
	2016 (PLN thousands)	2015 (PLN thousands)
Continuing operations		
Net sales of finished goods, goods for resale, raw materials and services	883 401	795 628
Cost of finished goods, goods for resale, raw materials and services sold	(799 001)	(722 931)
Gross profit on sales	84 400	72 697
Selling expenses	(2 695)	(2 536)
Administrative expenses	(45 228)	(42 052)
Other operating income	19 821	21 919
Other operating expenses	(16 456)	(4 702)
Operating profit	39 842	45 326
Finance income	43 288	20 551
Finance costs	(8 312)	(6 918)
Profit before tax	74 818	58 959
Income tax	(9 487)	(9 696)
Net profit from continuing operations	65 331	49 263
Net profit for the period	65 331	49 263
<i>Basic and diluted earnings per share attributable to the shareholders (in PLN)</i>	<i>2,56</i>	<i>1,93</i>

Statement of comprehensive income

	3-month period ended 31 March	
	2016 (PLN thousands)	2015 (PLN thousands)
Net profit for the period	65 331	49 263
Other comprehensive income for the period, which:		
<i>Will be subsequently reclassified to profit or loss:</i>		
Foreign exchange differences on translation of foreign branch	(80)	(57)
Deferred tax related to components of other comprehensive income	-	-
<i>Will not be subsequently reclassified to profit or loss:</i>		
Actuarial gains/(losses)	-	-
Deferred tax related to components of other comprehensive income	-	-
Other comprehensive income, net of tax	(80)	(57)
Total comprehensive income for the period	65 251	49 206

Statement of changes in equity

	Issued capital	Share premium	Other reserves	Foreign exchange differences on translation of foreign operations	Retained earnings	Total equity
	in PLN thousands					
Balance as at 1 January 2016	145 848	80 199	53 909	5 630	208 753	494 339
Profit for the period	-	-	-	-	65 331	65 331
Other comprehensive income	-	-	-	(80)	-	(80)
Total comprehensive income for the period	-	-	-	(80)	65 331	65 251
Share-based payment	-	-	(178)	-	-	(178)
Balance as at 31 March 2016	145 848	80 199	53 731	5 550	274 084	559 412

Statement of changes in equity (cont.)

	Issued capital	Share premium	Other reserves	Foreign exchange differences on translation of foreign operations	Retained earnings	Total equity
	in PLN thousands					
Balance as at 1 January 2015	145 848	80 199	59 520	5 507	150 926	442 000
Profit for the period	-	-	-	-	49 263	49 263
Other comprehensive income	-	-	-	(57)	-	(57)
Total comprehensive income for the period	-	-	-	(57)	49 263	49 206
Share-based payment	-	-	244	-	-	244
Balance as at 31 March 2015	145 848	80 199	59 764	5 450	200 189	491 450
Profit for the period	-	-	-	-	158 745	158 745
Other comprehensive income	-	-	(441)	180	-	(261)
Total comprehensive income for the period	-	-	(441)	180	158 745	158 484
Dividends	-	-	-	-	(155 989)	(155 989)
Share-based payment	-	-	394	-	-	394
Previous periods loss offset	-	-	(5 808)	-	5 808	-
Balance as at 31 December 2015	145 848	80 199	53 909	5 630	208 753	494 339

Cash flow statement

	3-month period ended 31 March	
	2016 (PLN thousands)	2015 (PLN thousands)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	74 818	58 959
Adjustments for:		
Depreciation/ amortization	5 450	4 958
Foreign exchange (gains)/ losses	(187)	(305)
Interest and shares in profits (dividends)	(30 952)	(11 699)
(Profit)/ loss on disposal of investments	(243)	(7 080)
Change in valuation of derivative financial instruments	59	(6 385)
Change in provisions and liabilities arising from retirement benefits and similar obligations	(82)	5 250
Other adjustments	(245)	(5 571)
Operating profit before changes in working capital	48 618	38 127
Change in receivables and retentions for construction contracts	(100 995)	15 288
Change in inventories	(29 471)	(37 523)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	(11 105)	18 448
Change in amounts due and receivable under construction contracts	(96 523)	(98 813)
Change in deferred income	(9 346)	132 218
Change in cash and cash equivalents of restricted use	7 251	6 191
Cash used /from operations	(191 571)	73 936
Income tax paid	(76 564)	(33 810)
NET CASH USED IN OPERATING ACTIVITIES	(268 135)	40 126
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of intangible assets and tangible fixed assets	248	8
Sale of assets held for sale	-	14 000
Purchase of intangible assets and tangible fixed assets	(3 551)	(1 953)
Issued capital increase in related entities	(150)	-
Loans granted	(6 860)	(13 338)
Interest received	1 606	299
NET CASH USED IN INVESTING ACTIVITIES	(8 707)	(984)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(3 013)	(2 910)
Interest paid	(161)	(203)
NET CASH USED IN FINANCING ACTIVITIES	(3 174)	(3 113)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(280 016)	36 029
Foreign exchange differences, net	201	(48)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 1.4)	1 935 366	1 361 934
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 1.4)	1 655 551	1 397 915

1. Principles applied for the purpose of preparation of this report

1.1. Accounting policies and basis of preparing the financial statements of the Company

These condensed financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim financial statements adopted by the European Union issued and effective when preparing the interim financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Company were described in the financial statements of the Company for the year ended 31 December 2015, published on 14 March 2016.

The financial statements and the comparative data contain aggregate data of the Company's German branch translated into Polish zloty using the rate of exchange presented in the point 1.3 of herein condensed financial statements.

The financial statements and the comparative data contain also attributable to Budimex SA share in jointly controlled entities that constitute joint operations as per IFRS 11: Budimex SA Sygnity SA Sp. j., Budimex SA Ferrovial Agroman SA Sp. j., Budimex SA Ferrovial Agroman SA S.C., Budimex SA Budimex Budownictwo Sp. z o.o. S.C., Budimex SA Cadagua SA S.C., Budimex SA Cadagua SA II S.C., Budimex SA Tecnicas Reunidas SA – Turów S.C., Budimex SA Ferrovial Agroman (UK) Limited - Metro II Sp.j, Budimex SA Energetyka 1 Sp. j., Budimex SA Energetyka 2 Sp. j., Budimex SA Energetyka 3 Sp. j. and Budimex SA Cadagua SA 3 s.c. (established in 2016).

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:

- **Amendments to IFRS 11 „Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations, endorsed in the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 „Presentation of Financial Statements”** – Disclosure Initiative, endorsed in the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 „Property, plant and equipment” and IAS 41 „Agriculture”** – Bearer Plants, endorsed in the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 „Property, plant and equipment” and IAS 38 „Intangible Assets”** – Clarification of Acceptable Methods of Depreciation and Amortization, endorsed in the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to 19 „Employee Benefits”** – Defined Benefit Plans: Employee Contributions, endorsed in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to 27 „Separate Financial Statements”** – Equity Method in Separate Financial Statements, endorsed in the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Annual Improvements to IFRSs (Cycle 2010-2012)** – improvements to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38, mainly with a view to removing inconsistencies and ensuring wording clarification; endorsed in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **„Annual Improvements to IFRSs (Cycle 2012-2014)”** – improvements to IFRS 5, IFRS 7, IAS 19 and IAS 34, mainly with a view to removing inconsistencies and ensuring wording clarification, endorsed in the EU on 15 December 2015 (effective for annual periods beginning on or after 1 January 2016).

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

Standards and amendments to standards 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 and amendments to the existing standards, which were not endorsed for use as at 27 April 2016:

- **IFRS 9 „Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018),

- **IFRS 14 „Regulatory Deferral Accounts”** (the EU has decided to suspend the endorsement process),
- **IFRS 15 „Revenue from Contracts with Customers”** and **Amendments to IFRS 15** - Effective date of IFRS 15 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 „Leases”** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 „Consolidated Financial Statements”** and **IAS 28 „Investments in Associates and Joint Ventures”** – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (the EU suspended the endorsement process for an indefinite period of time),
- **Amendments to IFRS „Consolidated Financial Statements”, IFRS 12 „Disclosure of Interests in Other Entities”** and **IAS 28 „Investments in Associates and Joint Ventures”** – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 7 „Statement of Cash Flows”** – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 „Income Taxes”** – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- **Clarifications to IFRS 15 „Revenue from Contracts with Customers”** effective for annual periods beginning on or after 1 January 2018).

The Company estimates that the application of IFRS 16 „Leases” may, to some extent, increase both its non-current assets and its financial liabilities. At the same time, positive impact on operating result and negative impact on the result from financing activities are expected. These changes are, however, to offset so that the implementation of IFRS 16 will not bear any material impact on Company’s net result. The remaining standards and amendments or improvements would not have any material impact on the condensed financial statements, had these been used by the Company at the reporting date.

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 Company’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.

1.2. Changes in accounting principles and the method of preparation of financial statements

In the reporting period there were no changes in the accounting principles and the method of preparation of financial statements compared to those disclosed in the financial statements of the Company for the financial year 2015, published on 14 March 2016.

1.3. 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 2016 – 4,2684 PLN/EUR,
- individual profit and loss account and statement of cash flow items for the first quarter of 2016 – 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 2016 to 31 March 2016 – 4,3559 PLN/EUR,
- individual asset and liability items of comparative financial data for the year 2015 – using the average exchange rate prevailing as at 31 December 2015 – 4,2615 PLN/EUR,
- individual profit and loss account and statement of cash flow items of comparative financial data for the first quarter of 2015 - 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 2015 to 31 March 2015 – 4,1489 PLN/EUR.

1.4. Cash recognized in the cash flow statement

The Company recognizes cash of restricted use including cash of the consortia in the portion attributable to other consortium members 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 2016	31 December 2015	31 March 2015
	in PLN thousand		
Cash recognised in the statement of financial position	1 696 070	1 983 136	1 433 760
Cash and cash equivalents of restricted use	(40 519)	(47 770)	(35 845)
Cash recognised in the statement of cash flow	1 655 551	1 935 366	1 397 915

1.5. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be going concern in the foreseeable future without a significant limitation in its activities. As at the date of signing the financial statements, 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 reporting date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

As at 31 March 2016 the excess of the current liabilities over the current assets amounted to PLN 387 665 thousand. Taking into consideration very good financial position of Budimex Group related to liquidity, of which the excess of current assets over current liabilities as at 31 March 2016 amounted to PLN 281 433 thousand, 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. Shareholders of the Parent Company

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at 27 April 2016 was as follows:

Shareholder	Type of shares	Number of shares	% of the issued capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (the Netherlands) - Ferrovial SA Group company (Spain)	ordinary	15 078 159	59.06%	15 078 159	59.06%
Aviva OFE Aviva BZ WBK	ordinary	1 720 000	6.74%	1 720 000	6.74%
Other shareholders	ordinary	8 731 939	34.20%	8 731 939	34.20%
Total		25 530 098	100,00%	25 530 098	100,00%

The above data present the shareholding structure as at the last annual general meeting of 26 April 2016. As at the annual general meeting of 28 April 2015, the shareholder Aviva OFE Aviva BZ WBK registered 1 280 000 shares, which accounted for 5.01% of the issued capital and total voting rights at the AGM.

3. Descriptions of factors and events which had a material effect on the financial result of the Company for the first quarter of 2016

3.1. Business operation of the Company in the I quarter of 2016

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 second and third quarter, while the lowest – in the first quarter.

In the period of three months of 2016 Budimex SA earned sales revenue in the amount of PLN 883 401 thousand, mainly related to sales of construction services amounted to PLN 878 809 thousand.

In the comparative period of the year 2015, sales revenue amounted to PLN 795 628 thousand, mainly related to sales of construction services amounted to PLN 792 115 thousand.

Gross profit on sales for the 3-month period of 2016 amounted to PLN 84 400 thousand and was PLN 11 703 thousand (16.10%) higher than in the comparative period of the previous year.

Total amount of administrative and selling expenses in I quarter of 2016 was PLN 47 923 thousand, while in I quarter of 2015 amounted to PLN 44 588 thousand. The share of selling and administrative expenses in total sales was equal to 5.42% (in the first quarter of 2014 to 5.60%).

In I quarter of 2016, the result from the other operating activity, including financial result from derivative instruments, was positive and amounted to PLN 3 365 thousand (in I quarter of 2015 it amounted to PLN 17 217 thousand). Other operating income comprised mainly: revenue from received penalties and fines in the amount to PLN 10 216 thousand, released provisions for penalties and legal proceedings in the amount of PLN 5 510 thousand and PLN 1 968 thousand accordingly, reversal of receivable impairment write-downs in the amount of PLN 1 368 thousand. Other operating expenses comprised mainly: impairment write-downs against doubtful debts in the amount of PLN 9 508 thousand, penalties and fines paid in the amount of PLN 5 235 and loss on valuation and realization of derivative instrument contracts of PLN 1 184 thousand.

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 3 months ended 31 March 2016, there was no transfer between Level 1 and Level 2 of fair value measurements, and no transfer into and out of Level 3 of fair value measurement.

In I quarter of 2016 the operating profit amounted to PLN 39 842 thousand and was lower by PLN 5 484 thousand (12.10%) compared to the comparative period of the year 2015. In I quarter of 2016, the operating margin was equal to 4.51%, while in the comparative period of 2015 was equal to 5.70%.

In I quarter of 2016, the result from financial activity was positive and amounted to PLN 34 976 thousand and in the comparative period of 2015 the result was lower by PLN 21 343 thousand. Financial income, besides dividend income from related entities in the amount of PLN 31 000 thousand, comprised also interest of PLN 11 995 thousand. Financial expenses comprised mainly costs of bank guarantees and commissions in the amount of PLN 5 698 and costs of long-term retention receivables and liabilities discounting of PLN 2 352.

Profit before tax for the period of 3-months of 2016 amounted to PLN 74 818 thousand, while in the comparative period of 2015 amounted to PLN 58 959 thousand.

In the period of three months of 2016 the Company reported a net profit of PLN 65 331 thousand gaining net profit margin of 7.40% while in the same period of 2015 net profit margin was equal to 6.19%.

In the first quarter of 2016, the Company purchased or started to lease machinery and equipment with total value of PLN 3 798 thousand.

3.2. Changes of 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. As at 31 March 2016, the balance of the provision for contract losses amounted to PLN 641 543 thousand, while as at 31 December 2015 amounted to PLN 629 426 thousand. Due to that, in the 3-month period of 2015 the balance of provision increased by PLN 12 117 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 31 March 2016, the balance of the provision in this respect amounted to PLN 24 122 thousand, while as at 31 December 2015 amounted to PLN 26 090 thousand. Due to that, in the 3-month period of 2016 the balance of provision increased by PLN 1 968 thousand.

Provision for penalties

The Company recognises provisions for penalties related to the realization 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 31 March 2016, the balance of the provision in this respect amounted to PLN 40 050 thousand, while as at 31 December 2015 amounted to PLN 45 555 thousand. Due to that, in the 3-month period of 2016 the balance of provision decreased by PLN 5 505 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 31 March 2016, the balance of the provision in this respect amounted to PLN 220 205 thousand, while as at 31 December 2015 amounted to PLN 212 814 thousand. Due to that, in the 3-month period of 2016 the balance of provision increased by PLN 7 391 thousand.

Deferred tax asset and liability

As at 31 March 2016, the balance of deferred tax asset (reducing by deferred tax liability) amounted to PLN 402 235 thousand, while as at 31 December 2015 amounted to PLN 401 824 thousand. Due to that, in the 3-month period of 2016 the balance of deferred tax asset increased by PLN 411 thousand.

Impairment write-downs against receivables and retentions for constructions contracts

As at 31 March 2016, the balance of recognized impairment write-downs against receivables and retentions amounted to PLN 130 517 thousand, while as at 31 December 2015 amounted to PLN 123 503 thousand. In the 3-month period of 2016 the Company recognized impairment write-downs in the amount of PLN 9 508 thousand and reversed it increasing operating income in the amount of PLN 1 368 thousand and in the same time the Company utilized impairment write-downs in the amount of PLN 1 186 thousand.

Impairment write-downs against inventory

As at 31 March 2016 and 31 December 2015, the balance of recognised impairment write-downs against inventory amounted to PLN 1 717 thousand. Due to that, in the 3-month period of 2016 the balance of recognized impairment write-downs was not change.

3.3. Material changes of the legal proceedings pending in I quarter of 2016

As at 31 March 2016, the total value of the proceedings relating to the Company's liabilities and claims accordingly amounted to PLN 288 274 thousand and PLN 179 082 thousand, and as at 31 December 2015 accordingly PLN 292 791 thousand and PLN 210 823 thousand. In the period of three months of 2016 there was no significant outcome of the proceedings that could have material impact on the financial situation of the Company.

4. Other events for the I quarter of 2016

On 7 January 2016 and on 2 March 2016, another tranches of the loan were provided by Budimex SA to FB Serwis SA (an associate of Budimex SA) in the amount of PLN 2 940 thousand and PLN 3 920 thousand accordingly based on the loan agreement dated 4 January 2016. In accordance to that agreement the loan was granted by Budimex to FBSerwis SA in the amount up to PLN 13 720 thousand. The loan interest was agreed as 3-m WIBOR plus margin.

On 20 January 2016, the Shareholders' Meeting of Budimex A Sp. z o.o. (a subsidiary of Budimex SA) resolved to increase the company's issued capital by PLN 50 thousand, i.e. from PLN 175 thousand to PLN 225 thousand by creating 1000 shares of a nominal value of PLN 500 thousand, which were acquired entirely by Budimex SA. The above issued capital increase was registered in the National Court Register on 24 February 2016.

On 25 February 2016, the company Budimex Inwestycje "Grunwald" SA was registered in the National Court Register. Budimex SA is the owner of 100 per cent of its shares.

On 26 April 2016 the Ordinary General Meeting of Budimex SA adopted resolution on dividend payout. Pursuant to the resolution, net profit for the period from 1 January 2015 to 31 December 2015 in the amount of PLN 207 815 thousand has been allocated to the dividend payout in the amount of PLN 8.14 gross per share. The dividend payout will cover all Budimex SA shares, i.e. 25 530 098 shares. The dividend day is on 6 May 2016. The dividend will be paid on 24 May 2016.

5. Related party transactions

Transactions with related parties made in the first quarter of 2016 and in the first quarter of 2015 and unsettled balances of receivables and liabilities as at 31 March 2016 and 31 December 2015 are presented in the tables below:

	amounts in PLN thousands			
	Receivables		Liabilities	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Parent Company and related parties (the Ferrovial Group)	20 395	22 111	104 850	100 925
Subsidiary companies	89 369	62 763	10 215	19 013
Associates	124	210	81	118
Jointly controlled entities	1 197	1 197	653	833
Other related parties*	11	3	-	-
Total settlements with related parties	111 096	86 284	115 799	120 889

	amounts in PLN thousands			
	Loans granted		Loans taken out	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Parent Company and related parties (the Ferrovial Group)	-	-	8 792	8 760
Subsidiary companies	6 343	6 270	-	-
Associates	6 860	1 549	-	-
Total settlements with related parties	13 203	7 819	8 792	8 760

	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	
	2016	2015	2016	2015
Parent Company and related parties (the Ferrovial Group)	2 112	12 102	12 220	14 928
Subsidiary companies	68 059	62 367	6 631	4 979
Associates	156	288	40	36
Jointly controlled entities	(26)	47	-	-
Other related parties*	-	-	-	2 305
Total transactions with related parties	70 301	74 804	18 891	22 248

	amounts in PLN thousands			
	Finance income		Finance costs	
	3-month period ended 31 March		3-month period ended 31 March	
	2016	2015	2016	2015
Parent Company and related parties (the Ferrovial Group)	-	-	18	138
Subsidiary companies	31 074	11 625	-	103
Associates	57	299	-	-
Total transactions with related parties	31 131	11 924	18	241

*) Other related parties comprise also entities on which the key management person of the Company or his close relative exercises significant influence.

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

6. Contingent receivables and contingent liabilities

	31 March 2016 (in PLN thousands)	31 December 2015 (in PLN thousands)
Contingent receivables		
From related parties, of which:	15 654	12 128
– guarantees and suretyships received	-	-
– bills of exchange received as security	5 016	1 490
– other contingent receivables	10 638	10 638
From other entities	366 664	328 443
– guarantees and suretyships received	358 178	327 738
– bills of exchange received as security	8 486	705
Other contingent receivables	1 350	1 350
Total contingent receivables	383 668	341 921
Contingent liabilities		
To related parties, of which:	100 196	117 435
– guarantees and suretyships issued	100 196	117 435
To other entities, of which:	2 625 573	2 564 147
– guarantees and suretyships issued	2 623 978	2 562 552
– bills of exchange issued as performance bond	1 595	1 595
Other contingent liabilities	133 554	133 554
Total contingent liabilities	2 859 323	2 815 136
Total off-balance sheet items	(2 475 655)	(2 473 215)

Contingent receivables represent guarantees issued by banks and other financial institutions to the companies of the Company as security for the potential claims the Company 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 Company as security for the potential claims they may be filed against the Company in respect of the construction contracts in progress. Banks are entitled to recourse the underlying claims to the Company. Guarantees issued to the Company'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 Company, while the bills of exchange received and recognized under contingent assets (receivables) represent security for the repayment by the Company customers of the amounts due to the Company.

Other contingent liabilities include among others voluntary acceptance of enforcement constituting a security of payment up to the amount of PLN 133 554 thousand due and payable in the case of improper performance of obligations by Budimex SA under the acquisition agreement concerning shares of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.

President of the Management Board

Management Board Member

Dariusz Blocher

Marcin Węglowski

Warsaw, 27 April 2016