

Budimex SA

Condensed financial statements  
for I half of 2010

## BALANCE SHEET

	As at 30.06.2010	As at 31.12.2009	As at 30.06.2009
	(PLN '000)	(PLN '000)	(PLN '000)
<b>Assets</b>			
<b>I. Non-current assets</b>	<b>1 171 302</b>	<b>1 161 048</b>	<b>704 443</b>
1. Intangible assets, including:	1 845	2 028	1 967
- goodwill	-	-	-
2. Tangible fixed assets	64 556	69 592	66 413
3. Long-term receivables	-	-	-
3.1. From related parties	-	-	-
3.2. From other entities	-	-	-
4. Long-term investments	811 586	834 875	447 427
4.1. Investment property	13 700	14 053	14 308
4.2. Intangible assets	-	-	-
4.3. Long-term financial assets	797 886	820 822	433 119
a) in related parties, including:	795 644	818 580	430 877
- shares in subordinate entities equity accounted	-	-	-
b) in other entities	2 242	2 242	2 242
4.4. Other long-term investments	-	-	-
5. Long-term deferred costs	293 315	254 553	188 636
5.1. Deferred tax assets	289 834	252 675	186 763
5.2. Other prepayments and deferred costs	3 481	1 878	1 873
<b>II. Current assets</b>	<b>1 572 246</b>	<b>1 718 791</b>	<b>1 596 449</b>
1. Inventories	186 697	110 194	134 420
2. Short-term receivables	615 453	472 262	589 875
2.1. From related parties	107 733	69 762	86 726
2.2. From other entities	507 720	402 500	503 149
3. Short-term investments	576 840	1 035 607	692 246
3.1. Short-term financial assets	576 840	1 035 607	692 246
a) in related parties	61 971	700	-
b) in other entities	877	27 198	41 380
c) cash and cash equivalents and other monetary assets	513 992	1 007 709	650 866
3.2. Other short-term investments	-	-	-
4. Short-term deferred costs	193 256	100 728	179 908
<b>Total Assets</b>	<b>2 743 548</b>	<b>2 879 839</b>	<b>2 300 892</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>I. Shareholders' equity</b>	<b>529 277</b>	<b>590 312</b>	<b>512 686</b>
1. Share capital	127 650	127 650	127 650
2. Unpaid share capital (negative value)	-	-	-
3. Own shares purchased (negative value)	-	-	-
4. Reserve capital	285 093	324 265	324 265
5. Revaluation reserve	4 092	3 964	5 456
6. Other reserves	-	-	-
7. Accumulated profits (losses) from previous years	-	-	-
8. Net profit (loss) for the period	112 442	134 433	55 315
9. Deductions from profit for the period (negative value)	-	-	-
<b>II. Liabilities and provisions</b>	<b>2 214 271</b>	<b>2 289 527</b>	<b>1 788 206</b>
1. Provisions	232 738	193 087	207 815
1.1. Deferred tax liability	52 679	34 019	46 141
1.2. Provision for retirement bonuses and related obligations	2 767	2 767	2 696
a) long-term	1 441	1 441	1 722
b) short-term	1 326	1 326	974
1.3. Other provisions	177 292	156 301	158 978
a) long-term	67 253	66 617	65 885
b) short-term	110 039	89 684	93 093
2. Long-term liabilities	5 905	10 660	15 504
2.1. To related parties	-	-	-
2.2. To other entities	5 905	10 660	15 504
3. Short-term liabilities	1 172 106	1 237 402	1 318 426
3.1. To related parties	84 704	115 995	191 806
3.2. To other entities	1 082 830	1 118 666	1 122 523
3.3. Special funds	4 572	2 741	4 097
4. Accruals and deferred income	803 522	848 378	246 461
4.1. Negative goodwill	-	-	-
4.2. Other accruals and deferred income	803 522	848 378	246 461
a) long-term	5 150	5 150	5 150
b) short-term	798 372	843 228	241 311
<b>Total Liabilities and Shareholders' Equity</b>	<b>2 743 548</b>	<b>2 879 839</b>	<b>2 300 892</b>
<b>Book value per share calculation</b>	<b>As at 30.06.2010</b>	<b>As at 31.12.2009</b>	<b>As at 30.06.2009</b>
Net assets (thd zł)	529 277	590 312	512 686
Number of shares	25 530 098	25 530 098	25 530 098
Book value per share (zł)	20,73	23,12	20,08

**BUDIMEX SA**

Condensed financial statement for 1 half of 2010

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

	As at 30.06.2010	As at 31.12.2009	As at 30.06.2009
	(PLN '000)	(PLN '000)	(PLN '000)
<b>1. Contingent receivables</b>	<b>233 263</b>	<b>184 534</b>	<b>186 259</b>
1.1. From related parties, of which:	-	-	-
- guarantees and suretyships received	-	-	-
- bills of exchange received as security	-	-	-
1.2. From other entities	233 263	184 534	186 259
- guarantees and suretyships received	230 420	179 094	181 879
- bills of exchange received as security	2 843	5 440	4 380
1.3. Other	-	-	-
- other contingent receivables	-	-	-
<b>2. Contingent liabilities</b>	<b>1 428 443</b>	<b>1 341 620</b>	<b>1 005 119</b>
2.1. To related parties, of which	121 556	150 350	53 027
- guarantees and suretyships issued	121 556	150 350	53 027
- promissory notes issued as security	-	-	-
2.2. To other entities, of which	1 306 887	1 191 270	952 092
- guarantees and suretyships issued	1 303 089	1 185 080	943 683
- promissory notes issued as security	3 798	6 190	8 409
<b>3. Other</b>	<b>-</b>	<b>-</b>	<b>-</b>
- other contingent liabilities	-	-	-
<b>Total off-balance sheet items</b>	<b>(1 195 180)</b>	<b>(1 157 086)</b>	<b>(818 860)</b>

**BUDIMEX SA**

Condensed financial statement for 1 half of 2010

**PROFIT AND LOSS ACCOUNT**

	I half of 2010	I half of 2009
	(PLN '000)	(PLN '000)
<b>I. Sales of finished products, goods for resale and raw materials, including:</b>	<b>1 352 815</b>	<b>1 299 070</b>
- to related parties	30 263	95 224
1. Sales of finished products	1 352 647	1 298 450
2. Sales of goods for resale and raw materials	168	620
<b>II. Cost of finished products, goods for resale and raw materials, including:</b>	<b>(1 221 229)</b>	<b>(1 061 917)</b>
- from related parties	(37 423)	(21 462)
1. Cost of finished products	(1 221 188)	(1 061 392)
2. Cost of goods for resale and raw materials sold	(41)	(525)
<b>III. Gross profit (loss) on sales (I - II)</b>	<b>131 586</b>	<b>237 153</b>
<b>IV. Selling expenses</b>	<b>(4 585)</b>	<b>(6 474)</b>
<b>V. General and administrative expenses</b>	<b>(51 435)</b>	<b>(55 616)</b>
<b>VI. Profit (loss) on sales (III - IV - V)</b>	<b>75 566</b>	<b>175 063</b>
<b>VII. Other operating revenue</b>	<b>37 482</b>	<b>19 112</b>
1. Profits on the sale of non-financial fixed assets	2 915	143
2. Subsidies	-	-
3. Other	34 567	18 969
<b>VIII. Other operating expenses</b>	<b>(31 968)</b>	<b>(103 659)</b>
1. Losses on the sale of non-financial fixed assets	-	-
2. Revaluation of non-financial assets	(3 027)	(55 033)
3. Other	(28 941)	(48 626)
<b>IX. Operating profit (loss) (VI + VII - VIII)</b>	<b>81 080</b>	<b>90 516</b>
<b>X. Financial revenue</b>	<b>59 948</b>	<b>37 552</b>
1. Dividends received and share in profits, including:	35 952	7 565
- from related parties	35 952	7 565
2. Interest revenue, including:	18 424	15 622
- from related parties	38	-
3. Profits on the sale of investments	-	-
4. Revaluation of investments	5 572	10 107
5. Other	-	4 258
<b>XI. Financial expenses</b>	<b>(11 490)</b>	<b>(52 973)</b>
1. Interest expenses, including:	(1 083)	(3 853)
- to related parties	(73)	(409)
2. Losses on the sale of investments	(2 876)	(44 944)
3. Revaluation of investments	-	(38)
4. Other	(7 531)	(4 138)
<b>XII. Profit (loss) on the sale of shares in subordinate entities</b>	<b>129 538</b>	<b>75 095</b>
<b>XIII. Extraordinary items (XIV.1. - XIV.2.)</b>	<b>-</b>	<b>-</b>
1. Extraordinary gains	-	-
2. Extraordinary losses	-	-
<b>XIV. Gross profit (loss) (XIII +/- XIV)</b>	<b>129 538</b>	<b>75 095</b>
<b>XV. Corporate income tax</b>	<b>17 096</b>	<b>19 780</b>
a) current	35 596	21 541
b) deferred	(18 500)	(1 761)
<b>XVI. Other obligatory charges</b>	<b>-</b>	<b>-</b>
<b>XVII. Profit (loss) on shares in subordinate entities equity accounted</b>	<b>-</b>	<b>-</b>
<b>XVIII. Net profit (loss) (XIV +/- XV +/- XVI +/- XVII)</b>	<b>112 442</b>	<b>55 315</b>
<b>Calculation of net profit (loss) per ordinary share</b>	<b>I half of 2010</b>	<b>I half of 2009</b>
Net profit (loss) (annualised)	191 560	135 058
Weighted average number of ordinary shares	25 530 098	25 530 098
Net profit (loss) for the first quarter per ordinary share (zł)	4,40	2,17

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	I half of 2010	year 2009	I half of 2009
	(PLN '000)	(PLN '000)	(tys. zł)
<b>I. Shareholders' equity at the beginning of the period</b>	<b>590 312</b>	<b>604 549</b>	<b>604 549</b>
a) changes in accounting policies	-	-	-
b) adjustments due to errors	-	-	-
<b>I.a. Shareholders' equity at the beginning of the period, restated</b>	<b>590 312</b>	<b>604 549</b>	<b>604 549</b>
<b>1. Share capital at the beginning of the period</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>
1.1 Changes in share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
<b>1.2. Share capital at the end of the period</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>
<b>2. Unpaid share capital at the beginning of the period</b>	-	-	-
2.1. Changes in unpaid share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
<b>2.2. Unpaid share capital at the end of the period</b>	-	-	-
<b>3. Own shares purchased at the beginning of the period</b>	-	-	-
3.1. Changes in own shares purchased	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
<b>3.2. Own shares purchased at the end of the period</b>	-	-	-
<b>4. Reserve capital at the beginning of the period</b>	<b>324 265</b>	<b>346 172</b>	<b>346 172</b>
4.1. Changes in reserve capital	(39 172)	(21 907)	(21 907)
a) increases	-	78 020	78 020
- profit distribution (in excess of statutory requirements)	-	78 020	78 020
b) decreases	(39 172)	(99 927)	(99 927)
- dividend payment	(35 575)	(99 927)	(99 927)
- merger adjustment	(3 597)	-	-
<b>4.2. Reserve capital at the end of the period</b>	<b>285 093</b>	<b>324 265</b>	<b>324 265</b>
<b>5. Revaluation reserve at the beginning of the period</b>	<b>3 964</b>	<b>3 538</b>	<b>3 538</b>
5.1. Changes in revaluation reserve	128	426	1 918
a) increases	128	426	1 918
- FX differences on translation of foreign operations	128	426	1 844
- FX differences on translation of investment denominated in foreign currencies	-	-	74
- others	-	-	-
b) decreases	-	-	-
- FX differences on translation of foreign operations	-	-	-
<b>5.2. Revaluation reserve at the end of the period</b>	<b>4 092</b>	<b>3 964</b>	<b>5 456</b>
<b>6. Accumulated profit (loss) from previous years at the beginning of the period</b>	<b>134 433</b>	<b>127 189</b>	<b>127 189</b>
<b>6.1. Accumulated profit from previous years at the beginning of the period</b>	<b>134 433</b>	<b>127 189</b>	<b>127 189</b>
a) changes in accounting policies	-	-	-
b) adjustments due to errors	-	-	-
<b>6.2. Accumulated profit from previous years at the beginning of the period, restated</b>	<b>134 433</b>	<b>127 189</b>	<b>127 189</b>
a) increases	3 597	-	-
- merger adjustment	3 597	-	-
b) decreases	(138 030)	(127 189)	(127 189)
- transfer to reserve capital	-	(78 020)	(78 020)
- dividend payment	(138 030)	(49 169)	(49 169)
<b>6.3. Accumulated profit from previous years at the end of the period</b>	-	-	-
<b>6.4. Accumulated loss from previous years at the beginning of the period</b>	-	-	-
a) changes in accounting policies	-	-	-
b) adjustments due to fundamental errors	-	-	-
<b>6.5. Accumulated loss from previous years at the beginning of the period, restated</b>	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
<b>6.6. Accumulated loss from previous years at the end of the period</b>	-	-	-
<b>6.7. Accumulated profit (loss) from previous years at the end of the period</b>	-	-	-
<b>7. Net profit</b>	<b>112 442</b>	<b>134 433</b>	<b>55 315</b>
a) net profit	112 442	134 433	55 315
b) net loss	-	-	-
c) net profit distribution	-	-	-
<b>II. Shareholders' equity at the end of the period</b>	<b>529 277</b>	<b>590 312</b>	<b>512 686</b>
<b>III. Shareholders' equity at the end of the period, after proposed profit distribution / loss absorption</b>	<b>529 277</b>	<b>590 312</b>	<b>512 686</b>

## CASH FLOW STATEMENT

	I half of 2010 (PLN '000)	I half of 2009 (PLN '000)
<b>A. Cash flows from operating activities</b>		
<b>I. Net profit (loss) for the period</b>	<b>112 442</b>	<b>55 315</b>
<b>II. Adjustments for:</b>	<b>(407 562)</b>	<b>(47 073)</b>
1. Depreciation and amortisation	8 624	8 147
2. Foreign exchange (gains)/losses	(228)	1 295
3. Interest and dividends	(35 655)	(7 876)
4. (Profit) / loss on investing activities	(562)	60 047
5. Change in provisions	39 651	51 207
6. Change in inventories	(76 503)	(10 092)
7. Change in receivables	(106 916)	88 356
8. Change in short-term liabilities and special funds (excluding loans and borrowings)	(56 331)	(89 082)
9. Change in accruals and deferred income / costs	(174 596)	(141 523)
10. Other	(5 046)	(7 552)
<b>III. Net cash flows from operating activities</b>	<b>(295 120)</b>	<b>8 242</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>	<b>47 597</b>	<b>141 496</b>
1. Sale of intangible assets and tangible fixed assets	4 008	648
2. Sale of investments in property and intangible assets	-	-
3. From financial assets, including:	43 589	140 848
a) in related parties	23 589	558
- sale of financial assets	-	-
- dividends received and share in profits	-	12
- repayment of long-term loans granted	100	-
- interest received	17	456
- other inflows from financial assets	23 472	90
b) in other entities	20 000	140 290
- sale of financial assets	19 067	137 770
- dividends received and share in profits	-	-
- repayment of long-term loans granted	-	-
- interest received	933	2 520
- other inflows from financial assets	-	-
4. Other investment inflows	-	-
<b>II. Outflows</b>	<b>(69 642)</b>	<b>(129 414)</b>
1. Purchase of intangible assets and tangible fixed assets	(5 406)	(2 627)
2. Purchase of investments in property and intangible assets	-	-
3. From financial assets, including:	(360)	(81 845)
a) in related parties	(360)	(3 746)
- purchase of financial assets	(10)	(3 746)
- long-term loans granted	(350)	-
b) in other entities	-	(78 099)
- purchase of financial assets	-	(78 099)
- long-term loans granted	-	-
4. Other investment outflows	(63 876)	(44 942)
<b>III. Net cash flows from investing activities</b>	<b>(22 045)</b>	<b>12 082</b>
<b>C. Cash flows from financing activities</b>		
<b>I. Inflows</b>	<b>-</b>	<b>-</b>
1. Issuance of shares and capital contributions and additional payments to capital	-	-
2. Proceeds from bank loans and borrowings	-	-
3. Issuance of bonds and other securities	-	-
4. Other financing inflows	-	-
<b>II. Outflows</b>	<b>(176 852)</b>	<b>(21 860)</b>
1. Purchase of own shares	-	-
2. Dividends and other payments to shareholders	(171 030)	-
3. Other payments relating to distribution of profit (excluding payments to shareholders)	-	-
4. Repayment of bank loans and borrowings	-	(14 287)
5. Redemption of debt securities	-	-
6. Other financial liabilities payments	-	-
7. Finance lease payments	(5 410)	(6 082)
8. Interest paid	(412)	(1 491)
9. Other financing outflows	-	-
<b>III. Net cash flows from financing activities</b>	<b>(176 852)</b>	<b>(21 860)</b>
<b>D. Net cash flows</b>	<b>(494 017)</b>	<b>(1 536)</b>
<b>E. Change in cash and cash equivalents</b>	<b>(493 717)</b>	<b>(2 306)</b>
- changes in cash and cash equivalents arising from foreign exchange gains/losses	300	(770)
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>1 007 709</b>	<b>653 172</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>513 992</b>	<b>650 866</b>
- including restricted cash	20 954	19 166

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

The financial statements of Budimex SA for the 6-month period of 2010 together with comparative data were prepared in accordance with Polish accounting regulations, described in the introduction to the financial statements of the Company for the year 2009.

The financial statements and the comparative data contain aggregate data of the reporting organizational branches acting as at 30 June 2010, 31 December 2009 and 30 June 2009, prepared in foreign currencies and translated into Polish zloty using the rate of exchange presented in the point 1.5 of herein condensed financial statements.

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

**1.2. Business Combination**

On 23 June 2010, the the National Court Register (KRS) registered the merger of Budimex SA (as the acquiring company) and Budimex Auto-Park Sp. z o. o. (as the acquired company), pursuant to Art. 492 section 1 item 1 of the Commercial Companies Code by transfer whole possessions of the acquired companies to the acquiring company. The merger was settled and recognised in the accounting books of the acquiring company, e. i. Budimex SA using the pooling of interest method pursuant to Art. 44c of the Accounting Act. The comparative data for the previous year were presented in such manner, as the merger would have happened at the beginning of the previous year, with the particular items of shareholders' equity as at the end of the previous year presented as the total of particular items of shareholders' equity.

The table below shows basic data of Budimex Auto-Park Sp. z o. o. at the merger date:

	<b>Budimex Auto - Park Sp. z o.o.</b> (design, construction and exploitation of car park) - as at 23 June 2010
<b>Total company revenue at the merger date</b>	<b>4 954</b>
<b>Total company costs at the merger date</b>	<b>3 774</b>
<b>Net profit (loss) at the merger date</b>	<b>952</b>
Equity as at 1 January 2009	16 825
<b>Change in equity, of which:</b>	<b>952</b>
- net profit (loss)	952
Equity at the merger date	<b>17 777</b>

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

In the year ended 31 December 2009, the merger transactions of Budimex SA (the acquiring company) with Budimex Dromex SA and Budimex Inwestycje Sp. z o. o. (the acquired companies) were realized which were accounted for in accordance with article 44c of the Accounting Act using the pooling of interests method, which was described in details in the financial statements of Budimex SA for the year 2009.

Additionally, in the I half of 2010 Budimex SA was merged with Budimex Auto-Park Sp. z o. o., what was described in the point 1.2 of herein condensed financial statements.

**BUDIMEX SA**

Condensed financial statements for I half of 2010

Due to the above, the comparative data recognised in the herein condensed financial statements were restated as compared with the approved condensed financial statements of Budimex SA for the period ended 30 June 2009 as well as approved financial statements of the Company for the year 2009 in the manner ensuring their comparability through the use of consistent accounting policies.

Presented below is the reconciliation of shareholders' equity and net profit (loss) of Budimex SA as at 30 June 2009 and 31 December 2009 as the result of the merger, compared to the amounts presented in the approved condensed financial statements for I quarter of 2009 and the approved financial statements for the year 2009:

	<b>Shareholders' equity</b>	<b>including net profit (loss)</b>
<b>The value as at 30 June 2009 in accordance with the condensed financial statements for I half 2009</b>	<b>437 847</b>	<b>11 651</b>
- adjustments of shareholders' equity * / net profit of Budimex Dromex SA	45 498	55 553
- adjustments of shareholders' equity * / net loss of Budimex Inwestycje Sp. z o. o.	34 817	(5 047)
- adjustments of shareholders' equity * / net loss of Budimex Auto-Park Sp. z o. o.	330	330
- adjustments of dividend paid between merged companies	-	(7 172)
- difference between the share capital of acquired entities and the value of their shares in the books of Budimex SA	(5 806)	-
<b>The value as at 30 June 2009 in accordance with the condensed financial statements for I half 2010</b>	<b>512 686</b>	<b>55 315</b>
	<b>Shareholders' equity</b>	<b>including net profit (loss)</b>
<b>The value as at 31 December 2009 in accordance with the financial statements for the year 2009</b>	<b>585 253</b>	<b>138 030</b>
- adjustments of shareholders' equity * / net loss of Budimex Auto-Park Sp. z o. o.	3 575	3 575
- adjustments of dividend paid between merged companies	-	(7 172)
- difference between the share capital of acquired entities and the value of their shares in the books of Budimex SA	1 484	-
<b>The value as at 31 December 2009 in accordance with the financial statements for the year 2010</b>	<b>590 312</b>	<b>134 433</b>

\* the adjustments of shareholders' equity consist of the adjustments of reserve capital, revaluation reserve, accumulated profit (loss) from prior years and net profit (loss).

In addition, due to broadening of the definition of affiliates in the Accounting Act, the Company reclassified shares held in Autopistas del Levante S.L (3.16%) and Autostrada Południe Sp. z o. o. (5.05%) from shares in other entities to shares in affiliates. The above entities are, together with Budimex SA, under common control of Grupo Ferrovial SA. The value of reclassified shares amounted to PLN 18 664 thousand as at 30 June 2009.

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

Apart from the changes described in the point 1.3. of the herein condensed financial statements, there were not any other significant changes introduced in the preparation of financial statements.

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

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

- individual asset and liability items – using the average exchange rate prevailing as at 30 June 2010 – 4.1458 PLN/EUR,

- individual profit and loss account and cash flow statement 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 30 June 2010 – 4.0042 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 cash flow statement 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 30 June 2009 – 4.5184 PLN/EUR.

## 1.6. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be a going concern during the period of 12 months from the balance sheet date, i.e. 30 June 2010 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 balance sheet date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

As at 30 June 2010 the excess of the current liabilities and short-term accruals over the current assets amounted to PLN 509 597 thousand. Taking into account a good liquidity condition of Budimex Group and the excess of the current assets over the current liabilities in the total amount of PLN 221 314 thousand as at 30 June 2010, the Company's Management Board does not state as at the date of signing the financial statements any threat to Company's ability to continue as a going concern

## 2. Changes in the shareholding structure

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

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (Holandia) - Spółka z Grupy Ferrovial SA (Hiszpania)	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%
<b>Total</b>		<b>25 530 098</b>	<b>100.00%</b>	<b>25 530 098</b>	<b>100.00%</b>

**On 3 February 2010**, in the result of purchase of shares of Budimex SA at the Warsaw Stock Exchange, the customers of OFE PZU "Złota Jesień" (the Fund) held 1 444 895 shares, which accounts for 5.66% of the share capital of Budimex SA and corresponds to 1 444 895 votes and 5.66% share in the total number of votes. Before the change of the stake, the Fund held 1 273 730 shares, which accounted for 4.99% stake in the share capital of Budimex SA and corresponded to 1 273 730 votes and 4.99% share in the total number of votes.

**3. Description of factors and events which had a material effect on a financial result of Budimex SA****3.1. Business operation of the Company in the I half of 2010**

In the first half of 2010 Budimex SA earned sales revenue in the amount of PLN 1 352 815 thousand, of which 94.26% related to sales of construction services amounted to PLN 1 275 230 thousand and 3.89% related to sales from development activity and property investments' management amounted to PLN 52 624 thousand.

In the comparative half of the year 2009, sales revenue amounted to PLN 1 299 070 thousand, of which 97.40% related to sales of construction services amounted to PLN 1 265 287 thousand and sales from development activity and property investments' management amounted to PLN 11 684 thousand (0.90%).

The sales of construction services increased by 0.79% in the first half of 2010 in relation to the comparative period of the year 2009. Revenue from development activities are of temporary character, as they are recognized based on the documents transferring ownership right to the buyer after the technical reception.

Despite the lower gross margin (gross profit on sales), in the first half of 2010 the Company reported a net profit of PLN 112 442 thousand gaining higher net profit margin of 8.31% in relation to the comparative period of 2009 – 4.26%. It was mainly concerned with the profit from financial instruments' valuation and realization in the amount of PLN 2 173 thousand in relation to the reported loss in the amount of 35 631 thousand in the comparative period of 2009 .

**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. In the subsequent periods, a part of the created provision is released in proportion to the percentage of contract completion, after taking into account total negative margin on the entire contract. As at 30 June 2010, the balance of the provision for contract losses amounted to PLN 314 665 thousand, while as at 30 June 2009 amounted to PLN 31 920 thousand. In the 6-month period of 2010 the balance of provision increased by PLN 73 842 thousand.

***Provision for legal proceedings***

The Company recognises provisions for legal proceedings when it is suited and the probability of an unfavourable court judgement is higher than the probability of a favourable one. An estimation of that result is made on the basis of analysis of a legal proceedings progress as well as lawyers' opinions. As at 30 June 2010, the balance of the provision in this respect amounted to PLN 42 212 thousand, while as at 30 June 2009 amounted to PLN 23 171 thousand. In the 6-month period of 2010 the balance of provision increased by PLN 966 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 30 June 2010, the balance of the provision in this respect amounted to PLN 54 018 thousand, while as at 30 June 2009 amounted to PLN 53 565 thousand. In the 6-month period of 2010 the balance of provision increased by PLN 23 925 thousand.

***Costs of future warranty repairs***

The Company is required to issue guarantees for its construction services. It is accepted that the provision between 0.3%-1.4% of revenue from the given contract is made what depends on particular construction segment. This general value is assessed on an individual basis and may be increased or

reduced, as appropriate. As at 30 June 2010, the balance of the provision in this respect amounted to PLN 80 404 thousand, while as at 30 June 2009 amounted to PLN 79 001 thousand. In the 6-month period of 2010 the balance of provision decreased by PLN 3 632 thousand.

***Deferred tax asset and liability***

During the 6-month period of 2010 deferred tax asset increased by PLN 37 159 (an increase by PLN 103 071 thousand compared to the amount recognized as at 30 June 2009), while deferred tax liability increased by PLN 18 660 thousand (a fall by PLN 6 538 thousand compared to the amount recognized as at 30 June 2009).

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

As at 30 June 2010, the balance of recognized impairment write-downs against receivables amounted to PLN 58 661 thousand, while as at 30 June 2009 amounted to PLN 82 440 thousand. In the 6-month period of 2010 the Company recognized impairment write-downs in the amount of PLN 3 027 thousand and reversed it in the amount of PLN 11 171 thousand.

**3.3. Material changes of the legal proceedings pending in I half of 2010**

The value of the proceedings relating to the Company's liabilities and claims as at 30 June 2010 was approximate to the value recognised in the financial statements of the Company for the year 2009 and amounted to PLN 223 036 thousand and PLN 241 377 thousand, respectively.

In the I half of 2010 there were further conclusions in the proceedings between are the Consortium Ferrovial Agroman SA – Budimex SA – Estudio Lamela LS (the "FBL Consortium") and Przedsiębiorstwo Państwowe „Porty Lotnicze” (the "PPL"), resulted from the filing by PPL of statement of rescinding the Contract for the Development of the Warsaw Fryderyk Chopin Airport – Terminal 2 Construction, what was described in detail in the financial statements of the Company for the year 2009. On 31 May 2010, the District Court in Warsaw has cancelled the partial verdict of the Court of Arbitration issued on 23 March 2009 in the matter of bank guarantees, whereby the PPL was to pay the FBL Consortium the amount of PLN 54 382 thousand together with statutory interest. The argumentation of cancelation was the breach in a public order as the claim was awarded together in respect of all entities whereas the consideration was divisible. On 13 July 2010 Budimex SA appealed against the decision of the District Court. Given the above, the Management Board is of the opinion that the final decision of the Court would be favourable to the FBL Consortium.

On 10 August 2010 the National Court in Neuruppin presented preliminary opinion in the case relates to the claim forwarded on 8 February 2005 by the Federal Republic of Germany (represented by the Brandenburg land) due to which the claim against Budimex SA in the amount of EUR 1 697k was justified. The both parties has right to answer for that opinion within four weeks. What is more, in the case relates to the claim filed on 5 March 2008 by the company Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o. o., the date of court trial was changed from 22 April 2010 to 30 September 2010, The both above cases was described in detail in the financial statements of the Company for the year 2009.

In the period of I half of 2010 there were no other changes of the material legal proceedings pending in which Budimex SA is a claimant as well as in which the Company is a defendant.

**3.4. Other material events in I quarter of 2010**

**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 of the agreement (for the construction works), concluded on 19 January 2010 by and between the general partnership under the name of Budimex SA Ferrovial Agroman SA Sp. J. (previously Budimex Dromex SA Ferrovial Agroman SA Sp. J.) and Autostrada Południe SA, did not become effective. Phase I, covered the design works, the value of which was estimated at PLN 180 000 thousand, was realized in 2009 on the basis of preliminary agreement dated 30 May 2008 between Autostrada Południe SA, Budimex Dromex SA and Ferrovial Agroman SA.

In March 2010, the Management Board of Budimex SA learned that the design works realized by Spółka Jawna on behalf of Autostrada Południe SA had not been accepted by the Ministry of Infrastructure. Due to that, the risk exists that the full costs of realized contract will not be refunded by Autostrada Południe SA to Spółka Jawna (of which Budimex SA has 50% of shares) unless there will be demonstrated that lack of payment by the State Treasury to Autostrada Południe SA is not the result of failure of the project provided or that failure is a consequence of different requirements of Autostrada Południe SA than it was previously agreed with the Investor. As at 30 June 2010 the revenue recognised by Spółka Jawna including expected risks, related to Budimex SA amounted to 53 367 thousand.

**On 19 May 2010** the Ordinary General Shareholders' Meeting of Budimex S.A passed Resolution No. 153 concerning dividend payout. According to the passed resolution, net profit for the period between January 1st, 2009 and December 31st, 2009 amounting to PLN 138 030 thousand, increased by supplementary capital in the portion formed by profits from the previous years, amounting to PLN 35 575 thousand, was earmarked for dividend payout. The list of shareholders entitled to the dividend for 2009 was approved for June 7th 2010 (date of dividend payout). The dividend payout date was determined to be June 21st 2010.

**On 19 May 2010** Budimex SA gained 100% amounted to PLN 10 thousand in the newly established company Budimex Budownictwo Sp. z o. o.. The main subject of its activity is construction service. The new company was registered on 18 June 2010.

**On 31 May 2010** the Extraordinary General Shareholders' Meeting passed resolution about liquidation of Sprzęt Transport Sp. z o. o. (the company related in 100% to Budimex SA). The company conducted activity of hiring the machines and building facilities. The resources obtained from disposal of fixed and financial assets in the amount of 23 472 thousand was transferred to Budimex SA.

**On 28 June 2010** Budimex SA concluded a Loan Contract with Budimex Nieruchomości Sp. z o. o. (Budimex SA holds 100% of shares in Budimex Nieruchomości Sp. z o. o.). Under the Contract Budimex SA as the Lender granted a loan of PLN 61 000 thousand to Budimex Nieruchomości Sp. z o. o. The interest on the loan was amounted to 1M WIBOR rate plus margin. The loan was concluded to March 31, 2011, but repaid before that date on 30 July 2010.

**On 21 July 2010** Budimex SA concluded another Loan Contract with Budimex Nieruchomości Sp. z o. o.. Under the Contract Budimex SA as the Lender granted a loan of PLN 14 500 thousand to Budimex Nieruchomości Sp. z o. o. The interest on the loan shall amount to WIBOR rate for 3-months deposits plus margin. The repayment of the capital rates will be done monthly from 30 September 2011 until 28 February 2013.