BUDIMEX SA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

in accordance with International Financial Reporting Standards in PLN thousand

Statement of financial position

	Note	31.12.2014	31.12.2013	01.01.2013
Non-current (long-term) assets				
Property, plant and equipment	12	58 028	62 713	84 079
Investment properties	13	3 963	3 124	3 368
Intangible assets	14	3 946	2 886	1 210
Investments in subsidiaries	16	712 940	712 940	771 701
Investments in associates	16	19 775	9 796	25 138
Investments in other entities	16	6 417	6 596	6 656
Other financial assets	17	5 908	1 849	-
Trade and other receivables	18	6 513	4 392	4 096
Retentions for construction contracts	29	35 616	29 813	25 919
Deferred tax assets	24	346 027	320 564	293 757
Total non-current (long-term) assets		**1 199 133**	**1 154 673**	**1 215 924**
Current (short-term) assets				
Inventories	19	55 545	84 850	118 793
Trade and other receivables	18	433 519	474 112	340 678
Retentions for construction contracts	29	20 044	29 850	67 211
Amounts due and receivable from customers under construction contracts	27	165 648	137 441	222 889
Current tax assets		-	-	651
Investments in subordinated companies		-	238 600	-
Other financial assets	17	34 488	3 193	1 460
Cash and cash equivalents	20	1 403 970	1 112 254	1 038 436
		2 113 214	**2 080 300**	**1 790 118**
Non-current assets (disposal groups) classified as held for sale	13	2 181	-	-
Total current (short-term) assets		**2 115 395**	**2 080 300**	**1 790 118**
TOTAL ASSETS		**3 314 528**	**3 234 973**	**3 006 042**

Warsaw, 11 March 2015

in accordance with International Financial Reporting Standards in PLN thousand

Statement of financial position (cont.)

	Note	31.12.2014	31.12.2013	01.01.2013
Equity				
Share capital	21	145 848	145 848	145 848
Share premium		80 199	80 199	227 835
Other reserves	21	59 520	58 913	56 833
Foreign exchange differences on translation of foreign operations		5 507	5 486	5 492
Retained earnings/(losses)		150 926	297 389	(42 507)
Total shareholders' equity		**442 000**	**587 835**	**393 501**
Liabilities				
Long-term liabilities				
Loans, borrowings and other external sources of finance	22	12 313	17 044	27 740
Retentions for construction contracts	29	165 288	152 294	155 387
Provisions for long-term liabilities and other charges	26	154 125	125 307	113 930
Retirement benefits and similar obligations	25	4 407	3 264	2 542
Other financial liabilities	17	1 433	-	-
Total long-term liabilities		**337 566**	**297 909**	**299 599**
Current liabilities				
Loans, borrowings and other external sources of finance	22	20 401	18 165	17 695
Trade and other liabilities	23	1 030 106	1 265 913	1 358 127
Retentions for construction contracts	29	191 520	179 697	218 454
Amounts due and payable to customers under construction contracts	27	910 183	688 159	549 447
Deferred income	28	247 986	64 752	61 478
Provisions for current liabilities and other charges	26	106 656	115 746	106 757
Current tax liability		25 556	15 478	-
Retirement benefits and similar obligations	25	992	879	741
Other financial liabilities	17	1 562	440	243
Total current liabilities		**2 534 962**	**2 349 229**	**2 312 942**
Total liabilities		**2 872 528**	**2 647 138**	**2 612 541**
TOTAL EQUITY AND LIABILITIES		**3 314 528**	**3 234 973**	**3 006 042**

Warsaw, 11 March 2015

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in accordance with International Financial Reporting Standards in PLN thousand

Profit and loss account

	Note	Year ended 31 December 2014	Year ended 31 December 2013
Continuing operations			
Net sales of finished goods and services, goods for resale and raw materials	30	4 552 765	4 000 279
Cost of finished goods, services, goods for resale and raw materials sold	31	(4 200 056)	(3 701 956)
Gross profit on sales		**352 709**	**298 323**
Selling expenses	31	(10 884)	(10 625)
Administrative expenses	31	(161 892)	(145 898)
Other operating income	33	57 479	30 951
Other operating expenses	33	(35 842)	(42 361)
Operating profit		**201 570**	**130 390**
Finance income	34	27 490	280 445
Finance costs	34	(33 141)	(78 562)
Gross profit		**195 919**	**332 273**
Income tax	35	(39 850)	(27 936)
Net profit from continuing operations		**156 069**	**304 337**
Net profit for the period		**156 069**	**304 337**
Basic and diluted earnings per share attributable to the shareholders (in PLN)	36	6.11	11.92

Warsaw, 11 March 2015

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in accordance with International Financial Reporting Standards in PLN thousand

Statement of comprehensive income

	Note	Year ended 31 December 2014	2013
Net profit reported previously		**156 069**	**302 599**
Adjustments in accordance with IFRS		-	1 738
Net profit for the period in accordance with IFRS		**156 069**	**304 337**
Other comprehensive income which:			
Shall be reclassified to profit or loss upon satisfaction of certain conditions:			
Foreign exchange differences on translation of foreign operations		21	(6)
Deferred tax related to components of other comprehensive income		-	-
Shall not be reclassified to profit or loss:			
Actuarial gains (losses)	25	(909)	(722)
Deferred tax related to components of other comprehensive income	24	173	137
Other comprehensive income, net		**(715)**	**(591)**
Total comprehensive income for the period		**155 354**	**303 746**

Warsaw, 11 March 2015

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in accordance with International Financial Reporting Standards in PLN thousand

Statement of changes in equity

	Share capital	Share premium	Other reserves	Foreign exchange differences on translation of foreign operations	Retained earnings (losses)	Total
Balance as at 01.01.2014, reported previously	**127 650**	**78 119**	**60 096**	**5 486**	**302 599**	**573 950**
Adjustments in accordance with IFRS (note 4)	18 198	2 080	(1 183)	-	(5 210)	13 885
Balance as at 01.01.2014, in accordance with IFRS	**145 848**	**80 199**	**58 913**	**5 486**	**297 389**	**587 835**
Profit (loss) for the period	-	-	-	-	156 069	156 069
Other comprehensive income	-	-	(736)	21	-	(715)
Total comprehensive income for the period	**-**	**-**	**(736)**	**21**	**156 069**	**155 354**
Payment of dividend (note 37)	-	-	-	-	(302 532)	(302 532)
Share-based payments (note 39)	-	-	1 343	-	-	1 343
Balance as at 31.12.2014	**145 848**	**80 199**	**59 520**	**5 507**	**150 926**	**442 000**

Warsaw, 11 March 2015

in accordance with International Financial Reporting Standards in PLN thousand

Statement of changes in equity (cont.)

	Share capital	Share premium	Other reserves	Foreign exchange differences on translation of foreign operations	Retained earnings (losses)	Total
Balance as at 01.01.2013, reported previously	**127 650**	**225 755**	**57 259**	**5 492**	**(35 387)**	**380 769**
Adjustments in accordance with IFRS (note 4)	18 198	2 080	(426)	-	(7 120)	12 732
Balance as at 01.01.2013, in accordance with IFRS	**145 848**	**227 835**	**56 833**	**5 492**	**(42 507)**	**393 501**
Profit (loss) for the period	-	-	-	-	304 337	304 337
Other comprehensive income	-	-	(585)	(6)	-	(591)
Total comprehensive income for the period	**-**	**-**	**(585)**	**(6)**	**304 337**	**303 746**
Payment of dividend (note 37)	-	-	-	-	(112 077)	(112 077)
Distribution of profits/coverage of losses from prior years	-	(147 636)	-	-	147 636	-
Share-based payments (note 39)	-	-	2 665	-	-	2 665
Balance as at 31.12.2013	**145 848**	**80 199**	**58 913**	**5 486**	**297 389**	**587 835**

Warsaw, 11 March 2015

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in accordance with International Financial Reporting Standards in PLN thousand

Statement of cash flows

	Note	Year ended 31 December 2014	Year ended 31 December 2013
Cash flows from operating activities			
Net profit before tax		**195 919**	**332 273**
Adjustments for:			
Depreciation/ amortisation	31	20 269	24 054
Foreign exchange (gains) losses		33	215
Interest and shares in profits (dividends)		(60)	(43 983)
(Profit) loss on disposal of investments		(1 492)	(163 775)
Change in valuation of derivative financial instruments	17	2 125	1 628
Change in provisions and liabilities arising from retirement benefits and similar obligations		20 984	21 226
Other adjustments	38	749	1 929
Operating profit before changes in working capital		**238 527**	**173 567**
Change in receivables and retentions for construction contracts		41 505	(99 323)
Change in inventories		29 305	33 943
Change in retentions for construction contracts and in liabilities, except for borrowings and loans		(211 175)	(133 710)
Change in amounts due and receivable under construction contracts		193 817	224 160
Change in deferred revenue		183 234	3 274
Change in cash and cash equivalents of restricted use	20	(5 939)	(1 999)
Cash from operating activities		**469 274**	**199 912**
Income tax paid		(55 063)	(38 476)
NET CASH FROM OPERATING ACTIVITIES		**414 211**	**161 436**

Warsaw, 11 March 2015

in accordance with International Financial Reporting Standards in PLN thousand

Statement of cash flows (cont.)

	Note	Year ended 31 December 2014	2013
Cash flows from investing activities			
Proceeds from sale of intangible assets and property, plant and equipment		1 894	1 530
Purchase of intangible assets and property, plant and equipment		(13 662)	(7 009)
Proceeds from sale of investments in property		1 530	-
Inflows under capital decrease/reimbursement of additional capital paid in to related parties		238 600	10 000
Acquisition of shares in related parties		(9 800)	(11 589)
Loans granted	17	(43 207)	(4 911)
Repayment of borrowings granted	17	8 820	-
Dividends received		36	45 409
Interest received		854	-
Other inflows from investing activities		-	160
NET CASH FROM INVESTING ACTIVITIES		**185 065**	**33 590**
Cash flows from financing activities			
Dividends paid	37	(302 532)	(112 077)
Payments of liabilities under finance lease agreements		(10 226)	(9 520)
Interest paid		(941)	(1 510)
NET CASH USED IN INVESTING ACTIVITIES		**(313 699)**	**(123 107)**
TOTAL NET CASH FLOWS		**285 577**	**71 919**
Foreign exchange differences, net		200	(100)
CASH AND CASH EQUIVALENTS – OPENING BALANCE		**1 076 157**	**1 004 338**
CASH AND CASH EQUIVALENTS – CLOSING BALANCE		**1 361 934**	**1 076 157**

Warsaw, 11 March 2015

Notes to the financial statements

1. General information

Budimex SA (the "Company", the "Issuer") with its registered office in Warsaw, ul. Stawki 40, is a joint-stock company entered in the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw, Division XII Commercial of the National Court Register under No. KRS 0000001764.

Budimex SA is the parent company of the Budimex Group and serves as an advisory, management and financial centre.

The duration of the Company is unlimited.

The main area of the Company business activities are widely understood construction and assembly services realised in the system of general contracting at home and abroad and limited scope of developer activities, property management, trading and production.

In accordance with the Polish Classification of Activities ("PKD" 2007), on 31 December 2014, the main area of business activity of the Company consisted in construction of civil and water engineering facilities (PKD no. 42.11.Z). The industry branch, in which the Company operates, was classified by the Warsaw Stock Exchange as general construction and civil engineering business.

As at 31 December 2014, the Company had the following branches:

- General Construction North Branch in Poznań, ul. Wołowska 92A,
- General Construction South Branch in Kraków, ul. Ujastek 7,
- General Construction East Branch in Warsaw, ul. Stawki 40,
- Infrastructure North Branch in Warsaw, ul. Stawki 40,
- Infrastructure South Branch in Kraków, ul. Ujastek 7,
- Infrastructure West Branch in Wrocław, ul. Jana Długosza 2-6,
- Industrial and Railway Branch in Warsaw, ul. Stawki 40,
- Equipment Services Branch in Pruszków, ul. Przejazdowa 24,
- Branch in Rzeszów, ul. Słowackiego 24,
- Branch in Poznań, ul. Wołowska 92A,
- Budimex SA Zweigniederlassung Köln, Pferdmengesstr. 5, Cologne.

The Company is part of the Ferrovial Group with Ferrovial SA with its registered office in Madrid, Spain, as its parent company.

These financial statements were approved by the Company Management Board on 11 March 2015.

2. Going concern assumption

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. 31 December 2014. 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 within 12 months from the balance sheet date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

As at 31 December 2014, the value of the Company's current liabilities exceeds the value of its current assets by PLN 419 567 thousand. Taking into account a good liquidity of the Budimex Group whose consolidated statement of financial position as at 31 December 2014 provides for a positive difference between the current assets and the current liabilities in the amount of PLN 257 642 thousand, the Management Board of the Company is not aware, as at the date of signing the financial statements, of any threats to the Company's continued activities within 12 months after the balance sheet date.

3. Basis for preparation of the financial statements

These financial statements for the year ended 31 December 2014 constitute the first annual financial statements prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) and related interpretations published in the form of regulations of the European Commission, prevailing as at the balance sheet date.

The Company applied also additional requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards". Till 31 December 2013, the financial statements of the Company were drafted in accordance with the accounting standards set out in the Polish act on accounting ("PAS") which were different from IFRS.

On the date of adoption of the IFRS, i.e. 1 January 2013, the Company evaluated its assets and liabilities based on the carrying values disclosed in the consolidated financial statements of the Budimex Group which had adopted the IFRS on 1 January 2004.

The principal differences between the IFRS and the accounting policies applied previously, as well as the effects of adoption of the new accounting standards are described in note 4 of these financial statements.

The standards and amendments to the existing standards and interpretations issued by the International Accounting Standards Board and adopted by the EU which entered into force in 2014:

- IFRS 10 "Consolidated Financial Statements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 11 "Joint Arrangements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 12 "Disclosures of Interests in Other Entities", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 27 (revised in 2011) "Separate Financial Statements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" - Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" - Investment Entities, adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),

The standards and interpretations listed above did not have a significant impact on the financial statements of the Company.

Standards and amendments to standards published and adopted by the EU, but not effective yet:

- Amendments to various standards "Improvements to IFRSs (2010-2012 Cycle)" resulting from the annual IFRS improvement project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to remove inconsistencies and clarify wording - adopted by the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015),
- Amendments to various standards "Improvements to IFRSs (2011-2013 Cycle)" resulting from the annual IFRS improvement project (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to remove inconsistencies and clarify wording - adopted by the EU on 18 December 2014 (applicable to annual periods beginning on or after 1 January 2015),
- Amendments to IAS 19 "Employee Benefits" – Defined Benefit Plans: Employee Contributions, adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Interpretation of IFRIC 21 "Levies", adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The Company has elected not to take advantage of early adoption of the above standards and amendments to the standards. The Company assesses that application of the above standards and amendments to the standards as at the balance sheet date would have no material impact on the financial statements.

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 standards, which were not approved for use as at 11 March 2015:

- IFRS 9 "Financial instruments" (effective for annual periods beginning on or after 1 January 2018),
- IFRS 14 "Regulatory deferral accounts" (effective for annual periods beginning on or after 1 January 2016),
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017),
- 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 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures 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 IFRS 11 "Joint Arrangements" - Accounting for Acquisition of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure initiatives (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 Amortisation (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),

- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards "Improvements to IFRSs (2012-2014 Cycle)" resulting from the annual IFRS improvement project (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to remove inconsistencies and clarify wording (effective for annual periods beginning on or after 1 January 2016).

The Company assesses that application of the above standards, amendments to the standards and interpretations as at the balance sheet date would have no material impact on these financial statements.

At the same time, the hedge accounting of 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.

The financial statements were prepared under the historical cost convention, except for hyperinflation adjustments described in note 21 and certain financial instruments measured at fair value at the end of each reporting period in compliance with the accounting policies described below.

As a rule, the historical cost is defined based on the fair value of the payment for goods or services.

The fair value is the price that would be received in a transaction of sale of an asset or paid to transfer a liability in an orderly transaction on the principal (or the most advantageous) market at the measurement date and under current market conditions, irrespective of whether the price is directly observable or estimated using another valuation technique. To measure an asset or a liability at fair value, the Company takes into consideration the features of a given asset or liability provided that the market participants consider such features when valuating assets or liabilities as at the measurement date. For the purposes of measurement and/or disclosure in the financial statements of the Company, the fair value is defined on the above-mentioned basis, except for share-based payments which are covered by IFRS 2, lease transactions covered by IAS 17, as well as valuations that are similar to fair value but which are not fair value such as the net selling price in accordance with IAS 2 or the value in use in accordance with IAS 36.

The Company classifies fair value measurements using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, to which the Company has access on measurement date,
- Level 2: input data other than quotations included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3: source data for the asset or liability that are not based on observable market data (i.e. unobservable source data).

4. Changes in principles of preparation of financial statements

On 24 April 2014, the Ordinary General Meeting of the Company passed a resolution on the preparing by Budimex SA, starting from 1 January 2014, of separate financial statements in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) and related interpretations published in the form of regulations of the European Commission.

In view of the change of the standards for preparing the financial statements, data as the date of adoption of IFRS, i.e. as at 1 January 2013 as well as comparative data as at 31 December 2013 were restated so as to reflect these changes.

Below presented are the significant differences between the IFRS and accounting standards applied previously.

a. Valuation of long-term receivables and liabilities

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", long-term receivables and liabilities which are free of interest are discounted and disclosed in the financial statements at present value. Sales revenues and operating expenses are adjusted by the differences arising in the period between nominal and current value of long-term receivables and long-term liabilities, respectively. The discount value which decreases the nominal value of long-term receivables and liabilities is settled against finance costs or income in the subsequent years.
In its previous financial statements, the Company disclosed long-term receivables and liabilities under retentions for construction contracts in the amounts due i.e. at nominal value.

b. Valuation of long-term financial assets denominated in foreign currencies

In accordance with IAS 39, where fair value cannot be reliably estimated, available-for-sale financial assets are valued at historical cost.
In its previous statements, the Company valued the long-term financial assets covering the shares in foreign operations and denominated in foreign currencies using the rate prevailing at the balance sheet date. Foreign exchange differences on the translation were appropriately allocated to equity (in case of translation gain with respect to the historic value) or to the financial result (in case of translation loss with respect to the historic value). As at the IFRS adoption date, the shares denominated in foreign currencies were reported on a historical basis, and previously recognised foreign exchange differences on valuation were appropriately adjusted in equity.

c. Recognition of effects of hyperinflation

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" the assets and liabilities reported in the period of hyperinflation must be expressed in current prices as at the end of the reporting period when the economy was hyperinflationary and serve as a basis for valuation of assets and liabilities in the financial statements of future periods.
The Polish accounting standards do not provide for considering the effects of hyperinflation in the financial statements.
As a result of the adjustment made, the structure of the shareholders' equity was modified with no impact on its amount. The effects of the above adjustment are presented in note 21.

d. Employee benefits

In accordance with IAS 19 "Employee Benefits", actuarial gains and losses should be recognised in the statement of comprehensive income.
In the previous financial statements, the Company disclosed actuarial gains and losses directly in the profit and loss account.

in accordance with International Financial Reporting Standards in PLN thousand

e. Perpetual usufruct of land

In accordance with IFRS, the right of perpetual usufruct of land acquired or received free of charge based on an administrative decision should be recognised as operating lease (in compliance with IAS 17 "Leases") or included in investment properties (in compliance with IAS 40 "Investment property").
The Company classified the right of perpetual usufruct received free of charge based on an administrative decision as operating lease and reported it as off-balance sheet items.
In the previous financial statements, the Company disclosed the right of perpetual usufruct of land, received free of charge, under "investment properties", and correspondingly as deferred income.

f. Deferred tax

Differences in the accounting policies prevailing in Poland and IFRS have an impact on the deferred income tax computation.

Below presented is reconciliation of equity and net financial result reported in accordance with the previously applied accounting standards and of equity and net financial result reported in accordance with IFRS.

Shareholders' equity

	31.12.2013	01.01.2013
Shareholders' equity in accordance with PAS	**573 950**	**380 769**
Adjustments:		
Valuation of long-term financial assets	22	22
Discount of long-term receivables and liabilities	17 120	15 697
Deferred tax calculated on above adjustments	(3 257)	(2 987)
Shareholders' equity in accordance with IFRS	**587 835**	**393 501**

Net result

	2013
Net profit in accordance with PAS	**302 599**
Adjustments:	
Discount of long-term receivables and liabilities	1 423
Actuarial gains/ (losses)*	722
Deferred tax calculated on above adjustments	(407)
Net profit in accordance with IFRS	**304 337**

* amount reduced by deferred tax was disclosed as other comprehensive income

Significant changes in the method of drafting the statement of cash flows:
The main change in the method of drafting the statement of cash flows in accordance with IFRS, as compared to the previous accounting standards, is the adjustment of the opening and the closing balances of cash by the value of cash of restricted use. In compliance with the new standards, the Company discloses cash of restricted use, comprising 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 flows, the opening and the closing balances of cash are reduced by cash of restricted use, and the amount of change disclosed in the balance sheet is recognised under cash flows from operating activities. The above adjustment is presented in note 20.

5. Foreign currency transactions and valuation of foreign currency items

Functional and reporting currency

Items recognised in the financial statements of the Company are valued using the currency of the main economic environment in which the business operations are conducted ("functional currency"). Financial data is presented in Polish zloty which is the functional and reporting currency of the Company. Figures are rounded up to PLN thousands, unless otherwise stated in specific cases.

Transactions and balances

Foreign currency transactions are initially stated in the functional currencies; for translation of balances into the Polish zloty an exchange rate prevailing on the transaction date is used.
At each balance sheet date:

- monetary items in foreign currencies are translated using the closing rate,
- non-monetary items stated at historical purchase price or cost of production expressed in foreign currencies are translated using the exchange rate prevailing on the transaction date,
- non-monetary items stated at fair value expressed in foreign currencies are translated using the exchange rates prevailing on the date on which the fair value was determined.

Foreign exchange differences relating to foreign currency assets and liabilities that arose on the date of assets and liabilities valuation and on settlement of foreign currency receivables and liabilities as well as on sale of currencies are included under finance income or finance costs, as appropriate.

Foreign operations

The financial result, assets, equity and liabilities of foreign operations of the Company expressed in a different functional currency are translated into the Polish zloty as follows:

- assets and liabilities are translated using the closing rate prevailing at the balance sheet date,
- revenues and costs are translated using the average rate,
- all resultant exchange differences are recognised as a separate item of other comprehensive income, and accumulated as an item of equity under "foreign exchange differences on translation of foreign operations".

6. Key accounting policies

6.1 Property, plant and equipment

Property, plant and equipment are stated at cost or cost of production less accumulated depreciation and impairment. Land is stated at cost less accumulated impairment losses.

Property, plant and equipment, except for land, are depreciated in a way reflecting the patterns of consumption of economic benefits of the specific items in order to spread their initial cost reduced by the residual value, over the period of their estimated useful lives. Depreciation starts when a given item of property, plant and equipment is available for use.

The useful lives of the items of the Company's property, plant and equipment are as follows:

- perpetual usufruct 40 – 78 years
- buildings and constructions 10 – 50 years
- plant and machinery 2 – 25 years
- motor vehicles 3 – 10 years
- other 2 – 10 years

Any subsequent expenditure is included in the carrying value of a given item of property, plant and equipment or as a separate item provided that it is probable that an inflow of economic benefits will flow to the Company and the cost of the given item may be reliably measured. Other costs incurred since the initial recognition, e.g. costs of repair, maintenance or operating fees affect the financial result for the reporting period in which they were incurred, except for the significant costs of overhauls which are recognised in the carrying value of the appropriate item of property, plant and equipment.

Verification of the asset recoverable amounts and useful lives of property, plant and equipment is performed at least once a year and, if necessary, their values are adjusted. Where the carrying value of a given item of property, plant and equipment exceeds its estimated recoverable amount, the carrying value is immediately reduced to asset recoverable amount.

Construction-in-progress

Construction-in-progress is stated at the amount of aggregate costs directly attributable to the acquisition or production of such assets, including finance costs, less any impairment losses. Construction-in-progress is not depreciated until completed and brought into use.

6.2 Investment properties

Investment properties are initially valued at acquisition or production cost, account being taken of transaction costs. After initial recognition, investment properties, except for land and properties meeting the criteria of classification as held for sale, are depreciated in a way reflecting the pattern of consumption of economic benefits and adjusted for accumulated impairment losses.

In the case of the Company, the useful lives of investment properties are as follows:

- perpetual usufruct 40 – 78 years
- buildings and constructions 10 – 50 years
- other investment properties 2 – 10 years

6.3 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are directly attributable to the assets will flow to the Company and that the acquisition cost or cost of development of an intangible asset can be reliably measured.

Initially, intangible assets are valued at acquisition cost or cost of production. Following initial recognition, intangible assets are valued at acquisition cost or cost of production less accumulated amortisation and total value of impairment write-downs.

Intangible assets are amortised in a way reflecting the pattern of consumption of economic benefits over their estimated useful lives.

The expected useful lives of the Company's intangible assets are as follows:

- patents and licenses 5 – 15 years
- software 2 – 5 years

6.4 Non-current assets (disposal groups) classified as held for sale

Included in this group are non-current assets (or disposal groups) provided their carrying value will be recovered through disposal rather than through further use of the asset.

Non-current assets (or disposal groups) are valued at the lower of the carrying value and the fair value less the costs of disposal. The fair value of non-current assets (disposal groups) classified as held for sale is defined in accordance with IFRS 13.

6.5 Borrowing cost

The borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalised as part of the acquisition cost or cost of production of that asset, until all actions necessary to prepare the asset to be used or sold are completed.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

The qualifying assets are mainly property, plant and equipment, investment properties and intangible assets.

6.6 Lease

The Company is party to lease agreements under which it uses or obtains rewards from third-party non-current assets over an agreed period of time in return for payments.

In the case of finance lease agreements, which transfer substantially all of the risks and rewards of ownership of assets, the leased assets are recorded under non-current assets or investments at fair value or at the present value of the minimum lease payments established at the inception of the lease term, if the present value is lower than the asset fair value. Lease payments are apportioned between finance costs and reduction of the outstanding lease liability so as to produce a constant rate of interest on the outstanding lease liability.

Property, plant and equipment are depreciated over the shorter of the two periods: the asset's expected period of use or the lease term, if it is not certain that the lessee obtains ownership right to the asset prior to the end of the lease term.

Lease payments made under lease agreements which do not meet the criteria of finance lease agreements are recognised on a straight line bases as an expense in the profit and loss account over the lease term.

Finance costs are recognised directly in the profit and loss account in accordance with the policies described in section 6.5.

6.7 Impairment of non-financial assets

An assessment is made by the Company at each balance sheet date to determine whether there is any objective evidence that an asset or a group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment write-down recognised for the difference between the recoverable amount and the carrying value. The recoverable amount is the higher of the two values: the asset's fair value less costs to sell and its value in use. In order to assess the impairment, the assets are analysed at the level of the cash generating units. A cash generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment losses are recognised in the profit and loss account.

If impairment loss is subsequently reversed, the net value of an asset (or cash generating unit) is increased to the new recoverable value, however not exceeding the carrying value of that element of assets that would have been determined, if impairment had not been recognized in the previous years. Reversal of impairment loss is immediately recognised in the profit or loss.

6.8 Advances for purchases of non-financial assets

Advances for property, plant and equipment, investment properties, intangible assets or inventories ("Advances made") are recognised under short-term receivables.

6.9 Inventories

Inventories comprise raw materials, goods for resale, work in progress and finished goods. In classifying inventory items to individual categories, the Company applies the following policies:

- Raw materials – represent items kept in warehouses or other places of storage that are to be used in production processes, especially to be consumed in construction activities.
- Work in progress – represents costs of uncompleted developer projects, including lands used during performance of those projects, as well as general purpose and lowly processed inventory items which are stored on construction sites and which may be used, in a simple way and without incurring significant costs, for the realisation of other contracts, or sold.
- Goods for resale – inventory items purchased in order to be resold.
- Finished goods – internally developed goods for which the process of development was completed as well as flats, usable floor space and completed constructions ready for sale.

Excluded from inventories are items stored on construction sites which are to be used for a given construction project or processed either internally or externally by a subcontractor, which are not certain to be simply used for the purposes of other contracts or sold. Such items are recognised directly under costs of the contract.

Inventories are valued at the lower of acquisition cost or cost of production and net realisable value. Net realisable value is the selling price achievable at the balance sheet date, net of VAT and excise taxes, less any rebates, discounts, costs to complete and costs to sell.

Raw materials are valued at acquisition cost determined as weighted average of prices of raw materials, goods for resale are valued at acquisition cost on a "first in – first out" basis, while work in progress and finished goods – at the cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity.

6.10 Cash and cash equivalents

Cash in hand and at bank is carried at nominal value.

The "Cash and cash equivalents" item of the cash flow statement comprise cash at hand and bank deposits of maturity periods of up to 3 months which are not included under investing activities.

The Company discloses cash and cash equivalents of restricted use in the statement of financial position under "Cash and cash equivalents". For the purpose of the statement of cash flows, the opening and the closing balances of cash are reduced by cash of restricted use, and the amount of change disclosed in the balance sheet is recognised under cash flows from operating activities.

6.11 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position of the Company when the Company becomes party to a binding agreement. The financial instruments held are classified into the following categories:

- Financial assets: financial assets available for sale, investments held to maturity, loans and receivables and financial assets at fair value through profit or loss (inclusive of derivative financial instruments);
- Financial liabilities and equity instruments: retentions for construction contracts, bank loans and borrowings, trade liabilities, liabilities at fair value through profit or loss (inclusive of derivative financial instruments).

The above classification is based on the criterion of the purpose of the investment acquired or the liability incurred. The Management Board determines the classification of a given item upon item initial recognition, and subsequently verifies this initial classification at each balance sheet date. In the period covered by these financial statements, the Company did not hold any financial instruments classified as held to maturity.

<u>Financial assets and liabilities at fair value with gains or losses settled through profit and loss account</u>

This category comprises:

- Financial assets or liabilities held for trading and

- Financial assets or liabilities classified upon initial recognition as at fair value with gains or losses settled through profit and loss account.

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred with a view to selling or repurchasing in a near term,
- a derivative (except for a derivative that is designated as a hedging instrument).

Transactions of investment purchase or sale or taking up or repayment of a liability are recognised as at the transaction date i.e. the date on which the Company becomes party to the relative contract. Investments are initially recognised at fair value. Transaction costs concerning acquisition are taken to profit and loss account.

Borrowings and receivables

Borrowings and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Trade receivables relating to executed construction contracts or prepayments made (but not classified as financial instruments) are recognised as current receivables, since it is expected that these will be settled during the course of a normal operating cycle of the entity.

Receivables from retentions for construction contracts and loans with maturities of less than 12 months are recognised as current assets. Long-term receivables arising from retentions for construction contracts are discounted to the present value using the effective interest rate.

Trade loans and receivables are initially stated at fair value and subsequently – at amortised cost less impairment losses. Impairment losses are recognised if objective evidence exists that the Company will not be able to recover all amounts due under the original terms and conditions applicable to such receivables.

Investments held to maturity

Investments held to maturity are non-derivative financial assets that are not classified as financial assets held for trading or loans and receivables with determinable payments and fixed maturity that the Company's Management Board has the positive intention and ability to hold to maturity.

Transactions of purchase or sale of investments are recognised as at the transaction date i.e. the date on which the Company commits to purchase or sell a given asset. Investments held to maturity are initially recorded at fair value increased by transaction costs, while in the subsequent periods – at adjusted purchase price (amortised cost), taking into account possible impairment.

Available-for-sale financial assets

Financial assets available for sale are financial instruments not classified to any of the remaining categories of financial instruments. These are recorded under non-current assets, unless the Management Board intends to dispose of these investments within 12 months of the balance sheet date. If it is intended to dispose of the investments within 12 months of the balance sheet date, such assets are reclassified as current assets.

Asset purchase or sale transactions are recognised as at the transaction date i.e. the date on which the Group commits to purchase or sell a given asset. Assets are initially recognised at fair value increased by transaction costs. Financial assets available for sale are no longer recognised when the rights to cash flow from the asset expired or the Company transferred substantially all of the risks and rewards connected with asset ownership.

Following initial recognition, financial assets available for sale are recorded at fair value. Gains or losses arising from changes in asset fair value are recognised in the period in which they arose. Gains and losses arising from the difference between the fair value of available-for-sale assets (if there is a market price determined on the active market or whose fair value can be determined in another reliable manner) and their purchase price, less deferred tax, are recognised in other comprehensive income. Gains and loses arising from changes in the fair value of available-for-sale financial assets which are monetary items that result from foreign exchange differences are recognised in the profit and loss account in the period in which they arose. Where the fair value is not determinable, financial assets available for sale constituting non-monetary items are valued at acquisition cost less impairment losses, if any. In the case of disposal of securities classified as "available for sale" or in the case of their loss of value, total fair value adjustments recognised in other comprehensive income and accumulated in equity are taken to the profit and loss account as gains / losses on financial assets.

At each balance sheet date, the Company performs an assessment to determine whether there is any objective evidence that an item of financial assets or a group of financial assets may be impaired. In case of equity securities classified as "available for sale", in the process of determining potential impairment losses a significant or extended loss of fair value below equity cost is taken into account. If such evidence exists for financial assets available for sale, total losses incurred to date calculated as the difference between acquisition cost and current fair value less probable impairment losses recognised previously in the profit and loss account are excluded from equity and recognised in the profit and loss account. If estimation at fair value is impossible, impairment is recognised directly in the profit and loss account.

Trade liabilities and retentions for construction contracts

Initially, trade liabilities are recorded at the present value of the payment to be made, while in the subsequent reporting periods – at amortised cost.

Trade liabilities arising from the construction contracts in progress are classified as current liabilities as it is expected that they will be settled during the course of the normal operating cycle of the entity.

Liabilities arising from retentions for construction contracts with the settlement deadline of less than 12 months are recognised as current liabilities. Long-term liabilities arising from retentions for construction contracts are discounted to the present value using the effective interest rate. Short-term retentions for construction contracts are initially recorded at the present value of the anticipated payment and recognised in subsequent periods at amortised cost.

Bank loans and borrowings and other external sources of finance

Bank loans and borrowings and other external sources of finance are initially stated at fair value adjusted by transaction costs which may be directly attributed to acquisition or issue of the financial liabilities item. As at the balance sheet date, these financial liabilities are recognised at amortised cost using the effective interest rate.

Derivative financial instruments

The Company enters into derivative transactions in order to hedge against FX risk and interest rate risk. Policies on the use of derivative instruments have been described in the Company's risk management policy approved by the Management Board as described in detail in note 9 "Financial risk management".

Derivative instruments are valued at the balance sheet date at a reliably determined fair value. The fair value of derivative instruments is assessed using the model which is based, among others, on currency exchange rates (average NBP rates) prevailing at the balance sheet date or on differences in the levels of interest rates of the quotations and base currencies.

The effects of periodic valuation of FX forward contracts and FX options as well as gains and losses determined at the date of their settlement are reported in the profit and loss account as part of operating activity.

The Company does not apply hedge accounting.

As regards transactions on the money, equity or derivative instruments markets, the Company cooperates with banks of good financial standing, without incurring material credit risk concentration.

6.12. Equity

Share capital covers ordinary shares and is recorded in the nominal value (as presented in the Articles of Association and recorded in the National Court Register) adjusted by the effects of hyperinflation for the period in which Polish economy was hyperinflationary.

Share premium represents a difference between the price for which the shares were taken up and their nominal value. It was adjusted by the effects of hyperinflation for the period in which Polish economy was hyperinflationary.

Other reserves cover the capital established in compliance with the Polish statutory requirements, capital established in accordance with the Company's articles of association above the statutory requirement, costs of the Ferrovial SA share-based payment plan, actuarial gains/(losses) on retirement benefits and similar obligations, and other items presented in note 21.

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Foreign exchange differences on translation of foreign operations comprise the effect of translation of the financial statements of foreign operations of the Company from foreign currencies to PLN.

6.13 Employee benefits

The Company operates post-employment benefit plans and creates provisions for the current value of the underlying obligations. Payments under these programs are expensed to the profit and loss account so as to ensure the spread of the costs of those benefits over employees' entire working lives at the Company. The value of the provision is determined by an independent actuary using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income.

The Company does not establish a separate fund for future benefits and allowances.

6.14 Share-based payments

In accordance with IFRS 2, the fair value of the employee services received in exchange for the grant of the equity instruments of Ferrovial SA (the parent company of Budimex SA) is recognised in these financial statements as an expense with a corresponding increase in equity, over the period in which the service conditions are fulfilled (vesting period). The fair value of the employee services received is measured indirectly, by reference to the fair value of the equity instruments granted defined as at the grant date. The vesting conditions, other than market conditions, were taken into account by adjusting the number of equity instruments included in the measurement of the transaction so that, ultimately, the expense recognised for services received is based on the number of equity instruments that are expected to vest.

Pursuant to an agreement concluded with the Ferrovial Group in 2014, Budimex SA undertook to cover the programme costs with respect to the tranche of instruments granted in 2014 and later on. Therefore, the fair value of the employee services, related with the instruments granted in 2014 was classified as liabilities (correspondingly as an expense).

6.15. Provisions

The Company creates provisions for future liabilities of uncertain maturities or amounts. A provision is recognised only when:

- the entity has a present obligation (legal or constructive) as a result of past events,
- it is probable that the settlement of this obligation will result in utilization of the Company's existing or future assets,
- a reliable estimate can be made of the amount of the obligation.

The Company recognises provisions especially for the following:

- costs of post-employment benefits (note 6.13),
- results of legal proceedings,
- costs of future warranty repairs,
- restructuring costs,
- penalties and damages.

Provision for litigation

A provision for legal proceedings is recognised when the Company 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 an analysis of progress of legal proceedings as well as lawyers opinions.

Provision for costs of future warranty repairs

The Company is required to provide guarantees for its construction services. The level of provisions for warranty repairs depends on the specific construction industry segment and may equal from 0.15% to 1.4% of revenues under a given contract. This value is assessed on an individual basis and may be increased or decreased as appropriate.

Restructuring provisions

The Company creates a restructuring provision only for planned and controlled programme that materially changes either the scope of business undertaken or the manner in which the business is conducted as well as for redundancies in purpose of increasing the effectiveness and efficiency of the business which lead to inflow of resources embodying economic benefits.

6.16 Recognition of revenues and expenses

Sales revenues are stated at the fair value of payments received or receivable and represents receivables for finished goods, goods for resale and services provided as part of the regular business activities, less rebates, VAT and other sales-related taxes.

Revenues from performance of construction contracts is recognised in accordance with the accounting policies presented in note 6.17.

Revenues from developer activities is recognised at the moment when control and all significant risks and rewards arising from the possession of the property are transferred to the buyer. The Company considers that transfer of risks, control and rewards takes place when the notarial deed transferring the ownership right to the acquired property is signed off. Upon recognition of sales revenues, the Company recognises the cost of construction of a given area by reducing finished goods by the share of the premises sold in the total area of a given type of premises.

Sale of goods for resale is recognised when goods have been delivered and the significant risks and rewards of ownership have been passed to the buyer.

Interest income is recorded with respect to the principal amount due, using the effective interest rate method.

In accordance with the accruals principle, the Company recognises in the profit and loss account all costs relating to a given reporting period, irrespective of the period in which they were actually settled. Incurred costs that do not relate to a given reporting period are recognised under assets as prepayments (under "trade and other receivables"), while the costs not incurred and relating to a given period are reported as accruals (under "trade and other liabilities").

6.17 Construction contracts

Revenues from performance of not completed construction service, from the day of signing the contract date to the balance sheet date, after deducting revenues that affected the financial result in the previous reporting periods, are determined in proportion to advancement of the service, if such advancement can be reliably determined. The Company measures the advancement of the services using the method of the share of the costs incurred from the date of contract signing to the date of determining revenue in total service costs and using the method of measurement of completed works.

Where it is possible that total contract costs may exceed total revenues, expected loss (excess of cost over revenues) is taken to operating expenses.

If the result of the completion of construction contract cannot be determined in a reliable manner, revenues are recognised only up to the amount of those incurred costs which are likely to be recovered.

Included in assets are the amounts due and receivable from customers (investors) under all construction work in progress, for which the costs incurred increased by recognised profits (reduced by recognised losses) exceed the amounts calculated for the contract work performed. Outstanding invoiced amounts due and payable for the contract work performed are recognised under "Trade and other receivables", while the amounts retained by contractors - under "Retentions for construction contracts".

The Company discloses as liabilities the amounts due and payable to investors under all construction work in progress, in reference to all contracts in progress, for which the amounts invoiced for the work performed as part of the contract exceed the recognised revenues. Outstanding amounts due and payable to suppliers, in respect of which the Company received invoices are recognised under "Trade and other payables", while the amounts kept for suppliers - under "Retentions for construction contracts".

6.18 Gross profit/(loss) on sales

Gross profit / (loss) on sales is the difference between:

- revenues from sale of ordinary production and other services rendered as part of ordinary business activities of the Company as well the sale of goods for resale and raw materials, and
- the costs of finished goods and services sold and the purchase cost of goods for resale and raw materials sold.

6.19 Operating profit / (loss)

Operating profit / (loss) covers revenues and costs of operating activities without taking into account finance costs and finance income, which primarily include interest, foreign exchange gains and cost of bank commissions and guarantees.

6.20 Taxation (including deferred income tax)

Income tax on revenues earned in Poland is calculated in accordance with Polish tax regulations, while revenues of foreign operations are subject to local tax regulations, account being taken of appropriate treaties on avoiding double taxation.

Due to the temporary differences between the value of assets and liabilities recognised in the books of account and their tax bases and due to the tax loss available for utilisation in future years, the Company recognises its deferred tax liability and deferred tax assets. Deferred tax liabilities are recognised in the amount of income tax to be paid in the future in respect of all taxable temporary differences i.e. differences that will cause an increase in taxable profit / tax loss in the future. Deferred tax assets are determined in the amount that is anticipated to be deducted from the income tax in connection with deductible temporary differences, which in the future will cause a decrease in taxable profit / tax losses, and in the amount of carry-forward of unused tax losses. The carrying value of deferred tax assets is reviewed at each balance sheet date and is appropriately reduced if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply in the period when the asset is realised and or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date. As at 31 December 2014 and 31 December 2013, deferred tax assets and deferred tax liabilities were measured using the 19% tax rate. Deferred tax assets and deferred tax liabilities are netted off.

Current tax and deferred tax are included in the result, except for items recorded in other comprehensive income or directly in equity. In such situation, current tax and deferred tax are included, as appropriate, in other comprehensive income or directly in equity.

7. Key estimates and assumptions

7.1 Key accounting estimates

The estimates and assumptions regarding future made by the Management Board are reflected in these financial statements. The actual results may differ from these estimates. The estimates relate, among others, to provisions created, valuation of construction contracts, asset impairment write-downs, accruals and deferred income or adopted depreciation and amortisation rates. Significant assumptions made to estimate the above values, other than those described below, are presented in note 6.

Uninvoiced subcontractor services

The Company performs the majority of construction contracts as the general contractor with extensive support from various subcontractors. Performed construction works are approved by the investor in the process of technical approval and acceptance on the basis of technical acceptance protocol and invoice. At each balance sheet date, a material part of completed, yet not accepted and uninvoiced by subcontractors, construction

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projects is recorded. In accordance with the accruals principle, these are recognised by the Company as costs of contracts. The value of costs of completed and uninvoiced projects is determined by technical surveyors on the basis of quantity survey and may be different from that determined in the formal process of technical acceptance of construction works.

Tax settlements

The Polish law contains numerous regulations concerning VAT, excise tax, corporate income tax and social security contributions, which are all subject to frequent changes. Regulations regarding these taxes are subject to frequent changes which cause these regulations to be unclear and inconsistent. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and taxpayers. Tax and other settlements (e.g. customs or foreign currency settlements) may become subject to inspection by tax authorities for a period of five years. Relevant tax control authorities are authorised to impose high penalties and fines together with high interest. There is a risk that tax or other administrative bodies take view on certain matters different to that adopted by the Company as regards interpretations of binding regulations. This, in turn, could have a significant impact on tax liabilities.

Provisions for costs of future warranty repairs

The Company is required to provide guarantees for its construction services. The level of provisions for warranty repairs depends on the specific construction industry segment and may equal from 0.15% to 1.4% of revenues under a given contract. This value is assessed on an individual basis and may be increased or decreased as appropriate.

7.2 Professional judgement in applying accounting policies

Recognition of sales on construction contracts

Revenues from construction contracts during the period from the contract date to the balance sheet date, after deducting revenues that affected the financial result in the previous reporting periods, are determined in proportion to the percentage of construction contract completion, which is measured based on quantity survey or as the share of the costs incurred from the contract date to the date of determining contract revenue in total contract costs. Twice a year, budgets of individual contracts are subject to regular updates (revisions), based on the current information and are approved by the Management Board. Where budget events are identified that materially affect contract result, total contract revenues or costs may be updated earlier i.e. prior to the regular scheduled contract update.

Where at the balance sheet date the percentage of construction contract completion cannot be determined in a reliable manner, contract revenue is determined at the amount of the costs incurred in the given period, not higher, however, than the amount of costs that can be covered by the investor in the future.

8. Discontinued operations

In 2014 and 2013, no operations were discontinued within the meaning of IFRS 5.

9. Financial risk management

The main financial instruments used by the Company are as follows:

- borrowings, finance lease, bonds issued in order to obtain funds to finance the operations of the Company,
- trade receivables and trade liabilities as well as other receivables and liabilities, and cash and short-term deposits that arise during the course of normal business activities of the Company,
- derivative instruments such as foreign currency forward contracts and FX options, the purpose of which is to manage currency risk arising from foreign currency construction contracts.

During the course of its business activities, the Company is exposed to various types of financial risk: currency risk, interest rate risk, price risk, credit risk and loss of liquidity risk. The Management Board reviews and determines risk management policies for each of the risk types identified.

Currency risk

As part of its core business activities, the Company enters into construction contracts denominated in foreign currencies and contracts with subcontractors and vendors. The foreign currency risk management policy adopted by the Management Board consists in hedging future cash flows on these contracts in order to limit the effect of volatility of currency exchange rates on the results of the Company. In accordance with this policy, the Company hedges against foreign currency risk attached to each construction contract, on which the value of foreign currency payments (inflows or outflows) is deemed material. Hedging against foreign currency risk is made using the derivative financial instruments, mainly currency contracts (FX forwards) and FX options or, if possible, using natural hedge mechanism, which consists in concluding agreements with subcontractors in the currency of the underlying contract.

In accordance with the Company policy, exposure to FX risk is systematically measured both for individual construction contracts (analysis of foreign currency inflows and outflows for the purposes of contracts concluded in foreign currency with investors and foreign currency outflows for the purposes of contracts concluded in domestic currency) and for all contracts in aggregate (global currency exposure). It is the Management Board's policy to hedge the net foreign currency exposure on individual contracts. As at 31 December 2014, approx. 85% of the Company's foreign currency exposure resulting from contracts concluded with investors in foreign currency and approx. 71% of its foreign currency exposure resulting from foreign currency outflows within contracts concluded in domestic currency was hedged.

The Company does not apply hedge accounting.

Currency risk – sensitivity to fluctuations

In order to conduct an analysis of currency risk on the basis of historical changes in values and the Company's knowledge of and experience in the financial markets, the fluctuations in exchange rates were assessed at -10%/ +10% as at 31 December 2014 and as at 31 December 2013.

The table below shows sensitivity of the net financial result to possible changes in foreign currency rates with other factors remaining unchanged (the impact on net assets is identical).

	Nominal value as at reporting date	**Sensitivity to fluctuations as at 31.12.2014**	
		Depreciation	**Appreciation**
		of the Polish zloty against other currencies	
	(in thousands)	+10%	-10%
Forward contracts:			
– EUR	52 353	(14 092)	14 092
– USD	408	143	(143)
Financial instruments denominated in foreign currencies – net currency exposure:			
– EUR	82	35	(35)
– USD	8	3	(3)
Gross effect on the result for the period and net assets		(13 911)	13 911
Deferred tax		2 643	(2 643)
Total		**(11 268)**	**11 268**

	Nominal value as at reporting date	**Sensitivity to fluctuations as at 31.12.2013**	
		Depreciation	**Appreciation**
		of the Polish zloty against other currencies	
	(in thousands)	+10%	-10%
Forward contracts:			
– EUR	5 158	1 446	(1 446)
– USD	817	216	(216)
Financial instruments denominated in foreign currencies – net currency exposure:			
– EUR	3 969	1 646	(1 646)
– USD	(9)	(3)	3
Gross effect on the result for the period and net assets		3 305	3 305
Deferred tax		(628)	628
Total		**2 677**	**(2 677)**

Interest rate risk

Interest rate risk may occur due to use by the Company of borrowings and finance lease. The above financial instruments are based on floating interest rates and expose the Company to a risk of fluctuations in cash flows.

The interest rate risk related to the existing debt was assessed as relatively low from the point of view of its impact on the Company's results. At present, the interest risk management covers both ongoing monitoring of the market situation and debt levels, as well as hedging against the risk of fluctuations of market interest rates by way of entering into FX swap transactions (floating rates to fixed rates).

Interest rate risk – sensitivity to fluctuations

In order to conduct an analysis of sensitivity to fluctuations in interest rates, on the basis of historical changes in values and the Company's knowledge of and experience in the financial markets, the fluctuations in interest rates were assessed at -1.0 pp/ +1.0 pp for PLN and at -0.25 pp / +0.25 pp for EUR and USD as at 31 December 2014 and as at 31 December 2013. At the same time, a parallel shift of interest rate curve was assumed for the purpose of calculation of sensitivity of discount to fluctuations in interest rates.

Presented below is the effect of interest rate fluctuations on the net result and net assets as at 31 December 2014 and 31 December 2013.

	Value as at the reporting date	**Sensitivity to fluctuations as at 31.12.2014**	
		+100 bp (PLN)	**-100 bp (PLN)**
		+25 bp (EUR, USD, other)	**-25 bp (EUR, USD, other)**
Long-term retentions for construction contracts (discount):		4 893	(5 182)
– recognised in assets (present value)	35 616		
– recognised in liabilities (present value)	(165 288)		
Borrowings granted (nominal value / interest rate)	39 459	395	(395)
Cash at bank (nominal value / interest rate)	1 402 638	13 942	(13 942)
Bank loans and borrowings (nominal value / interest rate)	(8 662)	(22)	22
Finance lease liabilities (present value / interest rate)	(24 044)	(240)	240
Gross effect on the result for the period and net assets		18 968	(19 257)
Deferred tax		(3 604)	3 659
Total		**15 364**	**(15 598)**

in accordance with International Financial Reporting Standards in PLN thousand

	Value as at the reporting date	Sensitivity to fluctuations as at 31.12.2013	
		+100 bp (PLN) +25 bp (EUR, USD, other)	-100 bp (PLN) -25 bp (EUR, USD, other)
Long-term retentions for construction contracts (discount):		4 092	(4 137)
– recognised in assets (present value)	29 813		
– recognised in liabilities (present value)	(152 294)		
Borrowings granted (nominal value / interest rate)	4 911	49	(49)
Cash at bank (nominal value / interest rate)	1 111 561	10 871	(10 871)
Bank loans and borrowings (nominal value / interest rate)	(8 324)	(21)	21
Finance lease liabilities (present value / interest rate)	(26 876)	(269)	269
Gross effect on the result for the period and net assets		14 722	(14 767)
Deferred tax		(2 797)	2 806
Total		**11 925**	**(11 961)**

In the calculation of sensitivity to interest rates, cash on hand and other cash equivalents were omitted.

Valuation of forward contracts does not show sensitivity to parallel fluctuations in interest rates with the exchange rates remaining unchanged.

Price risk

The Company is exposed to price risk relating to increases in prices of the most popular construction materials such as steel, aggregates and concrete as well as crude oil derivatives such as petrol, diesel oil, asphalts or heating fuel. The price risk regarding materials purchased on the domestic market is estimated as moderate, while the price risk related to crude oil derivatives and steel is assessed as high. Increases in prices of construction materials and labour costs may result in higher prices of services rendered to the Company by its subcontractors. Prices set forth in contracts with investors remain fixed over the entire period of contract realisation i.e. most often for the period of 6 – 36 months, while contracts with subcontractors are made at a later date, as work on individual contract progresses. The highest risk of raw material price volatility (increases) exists in the case of public procurements because of a lengthy process of selection of a general contractor. This pertains to the period from placing a bid until the time when the Company is selected and contract is signed off, as the Company is not always able to undertake other obligations or secure the prices.

In order to limit the price risk, the Company monitors prices of the most needed construction materials on an ongoing basis, while the construction contracts signed include parameters relating, among others, to contract duration and value, which are appropriately matched with market situation. The Central Purchase Bureau operating within the Company negotiates master agreements with suppliers of basic construction materials based on the plans of construction works.

Credit risk

As far as cash and capital transactions are concerned, the Company cooperates with financial institutions of high financial standing without incurring material credit risk concentration. At the same time, the Company applies the policy of reduction of exposure to individual financial institutions and issuers of debt securities, which are acquired as investments with periodic cash surpluses.

The trade receivables of the Company are exposed to an increased credit risk. The Company has in place the policy of credit risk assessment and review in respect of all contracts, both at contract pre-tender stage and during contract realisation. Prior to contract signing, each business partner is assessed for the capacity to cover its financial liabilities. Signing contract with a party whose payment abilities were assessed negatively depends on establishing adequate financial and property collateral. In addition, clauses are included in investor contracts that provide for the right to stop any work if payments for the services already performed are delayed.

No significant credit risk concentration has been identified, as the main customer of the Company is a government agency. The Company is not exposed to significant credit risk to one business partner or a group of business partners of similar features. The credit risk relating to liquid assets and derivative financial instruments is limited as the Company cooperates with banks of high credit ratings awarded by reputable international rating agencies.

in accordance with International Financial Reporting Standards in PLN thousand

The carrying value of financial assets recognised in the financial statements without accounting for losses reflects the maximum exposure of the Company to credit risk, no account being taken of the value of collateral established.

Loss of liquidity risk

In order to mitigate the risk of loss of liquidity, the Company holds appropriate amounts of cash and marketable securities, and enters into agreements on credit facilities which provide additional safeguard against loss of liquidity. To finance its investment purchases, the Company uses own funds or long-term finance lease agreements that ensure appropriate stability of financing structure for this type of assets. Liquidity management is supported by the obligatory system of reporting liquidity forecasts by the Company.

The maturity structure of liabilities under borrowings and other external sources of finance is presented in note 22. The maturity structure of other financial liabilities is presented in the respective notes.

The current favourable financial situation of the Company as regards its liquidity and availability of external sources of financing does not entail any threats to further financing of the Company' operations.

10. Capital management

The main objective of the Company's capital management is to maintain good credit rating and safe levels of financial ratios that would support the Company's business operations and increase its value for the shareholders.

The Company manages its capital structure and modifies it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may return equity to the shareholders, issue new shares or pay out dividend. In 2014 and 2013, no changes were made to objectives and policies of processes applicable in this area.

The Company monitors the level of equity using the gearing ratio which is calculated as a relation of net debt to total equity increased by net debt. The Company includes in its net debt interest-bearing loans and borrowings and other external sources of finance, trade liabilities, as well as other liabilities (excluding accrued expenses), retentions for construction contracts, amounts due and payable to customers under construction contracts (excluding deffered income), and current tax liabilities less cash and cash equivalents.

	31.12.2014	**31.12.2013**	**01.01.2013**
Interest-bearing borrowings and other external sources of finance	32 714	35 209	45 435
Trade and other liabilities	2 377 307	2 210 693	2 180 751
Less cash and cash equivalents	(1 403 970)	(1 112 254)	(1 038 436)
Net debt	1 006 051	1 133 648	1 187 750
Shareholders' equity	442 000	587 835	393 501
Equity and net debt	**1 448 051**	**1 721 483**	**1 581 251**
Gearing ratio	69.48%	65.85%	75.11%

11. Information on operating and geographical segments

The Company operations consist in widely understood construction and assembly services provided at home and abroad, which in accordance with the classification of the Budimex Group represents the entire construction operating segment. In 2014 sales revenue from one customer amounted to PLN 1 162 920 thousand.

in accordance with International Financial Reporting Standards in PLN thousand

The Company operates in the domestic market and in Germany.

Revenues from sale of finished goods, goods for resale and raw materials

	01.01-31.12. 2014	**01.01. -31.12.2013**
Domestic market	4 422 176	3 876 155
German market	130 589	124 124
Total	**4 552 765**	**4 000 279**

Non-current assets

	31.12.2014	**31.12.2013**	**01.01.2013**
Domestic market	71 953	72 729	92 324
German market	497	386	429
Total	**72 450**	**73 115**	**92 753**

Capital expenditure

	01.01. - 31.12. 2014	**01.01. - 31.12.2013**
Domestic market	30 512	17 567
German market	259	84
Total	**30 771**	**17 651**

The geographical split of sales revenues matches customer distribution and is consistent with the internal organizational structure of the Company.

Non-current assets comprise property, plant and equipment, investment properties, intangible assets as well as long-term prepayments and accruals.

The split of total non-current assets and capital expenditure matches localization of the Company's branches.

in accordance with International Financial Reporting Standards in PLN thousand

12. Property, plant and equipment

	- land (including right of perpetual usufruct)	- buildings and constructions	- plant and machinery	- motor vehicles	- other property, plant and equipment	- construction-in-progress	**Total**
gross value as at 01.01.2014	**2 875**	**7 534**	**158 625**	**13 919**	**19 070**	**1 336**	**203 359**
increases:	-	374	11 476	2 368	1 273	132	15 623
– purchase (including acceptance for use under lease contracts)	-	232	11 466	2 366	1 244	-	15 308
- transfer from construction-in-progress	-	142	-	-	-	(142)	-
– increase in construction in progress	-	-	-	-	-	274	274
- other	-	-	10	2	29	-	41
decreases:	-	(117)	(3 577)	(23)	(1 141)	(1 241)	(6 099)
- sale	-	-	(2 829)	(15)	(400)	-	(3 244)
– liquidation	-	(117)	(748)	(8)	(741)	-	(1 614)
– transfer to non-current assets classified as held for sale	-	-	-	-	-	(1 160)	(1 160)
– transfer to investment properties	-	-	-	-	-	(81)	(81)
gross value as at 31.12.2014	**2 875**	**7 791**	**166 524**	**16 264**	**19 202**	**227**	**212 883**
accumulated depreciation as at 01.01.2014	**-**	**5 328**	**108 867**	**11 023**	**15 126**	**-**	**140 344**
changes for the period:	-	417	11 535	1 354	1 205	-	14 511
- current depreciation	-	464	15 049	1 374	2 021	-	18 908
- sale	-	-	(2 793)	(15)	(98)	-	(2 906)
– liquidation	-	(47)	(730)	(8)	(739)	-	(1 524)
- other	-	-	9	3	21	-	33
accumulated depreciation as at 31.12.2014	**-**	**5 745**	**120 402**	**12 377**	**16 331**	**-**	**154 855**
impairment write-downs as at 01.01.2014	**-**	**-**	**-**	**-**	**302**	**-**	**302**
- increase	-	-	-	-	-	-	-
- decrease	-	-	-	-	302	-	302
impairment write-downs as at 31.12.2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**
net value as at 01.01.2014	**2 875**	**2 206**	**49 758**	**2 896**	**3 642**	**1 336**	**62 713**
net value as at 31.12.2014	**2 875**	**2 046**	**46 122**	**3 887**	**2 871**	**227**	**58 028**

in accordance with International Financial Reporting Standards in PLN thousand

	- land (including right of perpetual usufruct)	- buildings and constructions	- plant and machinery	- motor vehicles	- other property, plant and equipment	- construction-in-progress	**Total**
gross value as at 01.01.2013	**2 875**	**7 461**	**162 056**	**13 918**	**18 923**	**942**	**206 175**
increases:	-	73	2 716	1	1 183	394	4 367
– purchase (including acceptance for use under lease contracts)	-	36	2 410	-	1 171	-	3 617
- transfer from construction-in-progress	-	37	302	-	-	(339)	-
– increase in construction in progress	-	-	-	-	-	733	733
- other	-	-	4	1	12	-	17
decreases:	-	-	(6 147)	-	(1 036)	-	(7 183)
- sale	-	-	(4 567)		(434)	-	(5 001)
– liquidation	-	-	(1 580)	-	(602)	-	(2 182)
gross value as at 31.12.2013	**2 875**	**7 534**	**158 625**	**13 919**	**19 070**	**1 336**	**203 359**
accumulated depreciation as at 01.01.2013	**-**	**4 871**	**94 022**	**9 147**	**13 754**	**-**	**121 794**
changes for the period:	-	457	14 845	1 876	1 372	-	18 550
- current depreciation	-	457	18 368	1 875	2 242	-	22 942
- sale	-	-	(1 967)	-	(318)	-	(2 285)
– liquidation	-	-	(1 559)	-	(557)	-	(2 116)
- other	-	-	3	1	5	-	9
accumulated depreciation as at 31.12.2013	**-**	**5 328**	**108 867**	**11 023**	**15 126**	**-**	**140 344**
impairment write-downs as at 01.01.2013	**-**	**-**	**-**	**-**	**302**	**-**	**302**
- increase	-	-	-	-	-	-	-
- decrease	-	-	-	-	-	-	-
impairment write-downs as at 31.12.2013	**-**	**-**	**-**	**-**	**302**	**-**	**302**
net value as at 01.01.2013	**2 875**	**2 590**	**68 034**	**4 771**	**4 867**	**942**	**84 079**
net value as at 31.12.2013	**2 875**	**2 206**	**49 758**	**2 896**	**3 642**	**1 336**	**62 713**

in accordance with International Financial Reporting Standards in PLN thousand

Depreciation of property, plant and equipment was recognised under the following items of the profit and loss account:

	2014	2013
Cost of finished goods and services sold	17 883	21 697
Administrative expenses	998	1 157
Other costs	27	88
Total	**18 908**	**22 942**

The Company as lessee uses the following items of property, plant and equipment under finance lease agreements:

	31.12.2014		**31.12.2013**		**01.01.2013**	
	Initial cost-capitalised finance lease	Carrying value, net	Initial cost-capitalised finance lease	Carrying value, net	Initial cost - capitalised finance lease	Carrying value, net
Plant and machinery	52 662	28 498	47 228	29 043	48 626	35 784
Motor vehicles	3 115	2 341	1 158	629	1 158	849
Other non-current assets	208	62	208	104	208	146
Total	**55 985**	**30 901**	**48 594**	**29 776**	**49 992**	**36 779**

As at 31 December 2014, 31 December 2013 and 1 January 2013, there were no collateral established on items of property, plant and equipment.

The total value of received or receivable compensations in respect of non-current assets that were impaired or lost in 2014 was PLN 22 thousand (in 2013: PLN 13 thousand).

13. Investment properties

	Buildings and constructions	Other	**Total**
value as at 01.01.2014	**2 605**	**519**	**3 124**
increases:	3 177	-	3 177
- purchase	3 096	-	3 096
- transfer from non-current assets	81	-	81
decreases:	(2 315)	(23)	(2 338)
- sale	(1 193)	-	(1 193)
- current depreciation	(102)	(22)	(124)
– transfer to non-current assets classified as held for sale	(1 020)	(1)	(1 021)
value as at 31.12.2014	**3 467**	**496**	**3 963**

in accordance with International Financial Reporting Standards in PLN thousand

	Buildings and constructions	Other	**Total**
value as at 01.01.2013	**2 720**	**648**	**3 368**
increases:	-	-	-
decreases:	(115)	(129)	(244)
- sale	(9)	(95)	(104)
- current depreciation	(106)	(34)	(140)
value as at 31.12.2013	**2 605**	**519**	**3 124**

As at 31 December 2014, 31 December 2013 and 1 January 2013, the Company did not report any significant legal or obligatory charges established on their investment properties.

Depreciation of investment properties for the years 2014 and 2013 was recognised in the profit and loss account under cost of finished goods and services sold.

As at 31 December 2014, the fair value of investment properties amounted to PLN 7 320 thousand as per valuation drafted in 2011. As at 31 December 2014 and 31 December 2013, the Company did not commission appraisals of investment properties by independent experts in connection with negligible price fluctuations on the market and thus a very low level of probability of impairment of value of the investment properties held.

The fair value measurement of investment properties was classified as level 2 according to IFRS 13. In 2014 there were no movements between the fair value levels. The properties were valued with the income method, using observable rental rates on the local markets for properties similar to those appraised.

The Company recognised in the profit and loss accounts the following amounts of income and expenses related with investment properties:

	2014	**2013**
Rental charge income	3 873	2 755
Direct operating expenses (including costs of repair and maintenance) relating to investment properties that generated income on rentals	2 378	1 235
Direct operating expenses (incl. costs of repair and maintenance) relating to investment properties that did not generate income on rentals	-	-

13.1 Non-current assets held for sale

	31.12.2014	**31.12.2013**	**01.01.2013**
Investment properties	1 021	-	-
Construction-in-progress	1 160	-	-
Total	**2 181**	-	-

A preliminary agreement has been concluded by the Company to dispose of a plot together with buildings located on it and the price included in the agreement is higher than their carrying value, therefore there are no premises to create an impairment write-off.

in accordance with International Financial Reporting Standards in PLN thousand

14. Intangible assets

	Computer software	Other	**Total**
gross value as at 01.01.2014	**21 322**	**-**	**21 322**
increases:	2 297	-	2 297
- purchase	2 293	-	2 293
- other	4	-	4
decreases:	(45)	-	(45)
– liquidation	(45)	-	(45)
gross value as at 31.12.2014	**23 574**	**-**	**23 574**
accumulated amortisation as at 01.01.2014	**18 436**	**-**	**18 436**
changes for the period:	1 192	-	1 192
- current amortisation	1 237	-	1 237
– liquidation	(45)	-	(45)
accumulated amortisation as at 31.12.2014	**19 628**	**-**	**19 628**
impairment write-downs as at 01.01.2014	**-**	**-**	**-**
impairment write-downs as at 31.12.2014	**-**	**-**	**-**
net value as at 01.01.2014	**2 886**	**-**	**2 886**
net value as at 31.12.2014	**3 946**	**-**	**3 946**

	Computer software	Other	**Total**
gross value as at 01.01.2013	**18 674**	**-**	**18 674**
increases:	2 648	-	2 648
- purchase	2 645	-	2 645
- other	3	-	3
decreases:	-	-	-
gross value as at 31.12.2013	**21 322**	**-**	**21 322**
accumulated amortisation as at 01.01.2013	**17 464**	**-**	**17 464**
current amortisation	972	-	972
accumulated amortisation as at 31.12.2013	**18 436**	**-**	**18 436**
impairment write-downs as at 01.01.2013	**-**	**-**	**-**
impairment write-downs as at 31.12.2013	**-**	**-**	**-**
net value as at 01.01.2013	**1 210**	**-**	**1 210**
net value as at 31.12.2013	**2 886**	**-**	**2 886**

Amortization of intangible assets was recognised under the following items of the profit and loss account:

	2014	**2013**
Cost of finished goods and services sold	267	194
Administrative expenses	947	756
Other costs	23	22
Total	**1 237**	**972**

The Company does not hold any internally developed intangible assets.

in accordance with International Financial Reporting Standards in PLN thousand

As at 31 December 2014, 31 December 2013 and 1 January 2013, the Company did not report any significant legal or obligatory charges established on its intangible assets. No impairment write-downs against intangible assets were made in the years 2014 and 2013.

15. Joint ventures

15.1 Jointly controlled entities

The financial data of Budimex SA as at 31 December 2014, 31 December 2013 and 1 January 2013 contain values attributable to the Company in connection with the shares in the following jointly controlled entities which in accordance with IFRS 11 are treated as joint arrangements:

- "Development of the landing area in the Frederic Chopin Airport - conversion and development of PSS 2, PPS 4, PPS 6 (including DK D1), reconstruction of the runway strip and development of the taxiway" performed by the company Budimex SA - Budimex Budownictwo Sp. z o.o.S.C; the share of Budimex SA in this company amounts to 99.975%,
- "Construction and modernization of a sewage treatment plant in Gorzów Wielkopolski" performed by the company Budimex SA Cadagua SA S.C; the share of Budimex SA in this undertaking 50%,
- "Modernization of the DS.-1 runway, taxi roads, patrol and safety-exit roads in the Warsaw Chopin Airport" as part of Budimex SA Ferrovial Agroman SA S.C.; the share of Budimex SA was 99.975% (contract completed in 2011),
- "Construction of premises for Transmission System Operator" as part of Budimex SA Sygnity SA Sp. j.; the share of Budimex SA in the company was 67% (contract completed in 2009),
- Phase I of the contract "Design and construction of A-1 Motorway Stryków-Pyrzowice" as part of Budimex SA Ferrovial Agroman SA Sp. j.; the share of Budimex SA was 50%.

On 4 December 2014, the articles of association of the company Budimex SA – Técnicas Reunidas SA – Turów Spółka Cywilna were signed. The company was established for the purpose and duration of performance of the investment task entitled "Construction of a new power unit at Turów Power Plant". Both partners, i.e. Budimex SA and Técnicas Reunidas SA hold shares of 50%. The company did not start its operations as at the date of drafting these financial statements.

Presented below is selected financial data recognised in the books of account of the Company as at 31 December 2014, 31 December 2013 and 1 January 2013 relating to the contracts realised by special purpose companies:

Statement of Financial Position data:	31.12.2014	31.12.2013	01.01.2013
Non-current assets	-	-	-
Current assets	28 841	13 241	10 246
Liabilities and provisions for liabilities	41 422	27 462	25 557
Contingent liabilities	1 463	1 463	-

Profit and Loss Account:	2014	2013
Revenues	57 586	96 057
Costs	59 053	95 990

in accordance with International Financial Reporting Standards in PLN thousand

15.2 Jointly controlled business

As at 31 December 2014, the Company was party to consortium agreements on performance of construction contracts. Revenues and expenses, assets and liabilities relating to the performance of these contracts in the part allocated to Budimex SA were appropriately accounted for in the Company's books. As at 31 December 2014, the contingent liabilities underlying these projects included performance bonds and guarantees to return contract prepayments received, and were recorded in the total balance of contingent liabilities reported in the financial statements. No future investment commitments relating to these contracts were recorded.

The Company shares as at 31 December 2014 are presented in the table below:

Contract name	Company share in the consortium
Consortia with the Ferrovial Group companies:	
Technology modernisation in the Central Pipeline Facility	50%
Modernisation of a sewage treatment plant and construction of a sewage system in part of the agglomeration of Tomaszów Mazowiecki	50%
Consortia with other entities:	
Construction of the Province Children Hospital in Bydgoszcz	63%
Construction of the second passenger terminal for Gdańsk Airport	52%
Construction of a Municipal Waste Processing Plant in Białystok	50%
Construction of a border crossing station in Dołhobyczów	39%
Expressway S5 Korzeńsko – Widawa	50%
Tram depot in Olsztyn	85%
Further construction of the A4 highway: Rzeszów - Jarosław	50%
Highway A1 Stryków - Tuszyn, Task	99%

Presented below is selected financial data recognised in the books of account of the Company as at 31 December 2014, 31 December 2013 and 1 January 2014 relating to the contracts realised by consortia:

Statement of Financial Position data:	**31.12.2014**	**31.12.2013**	**01.01.2013**
Non-current assets	1 439	573	125
Current assets	224 456	150 209	321 988
Liabilities and provisions for liabilities	250 461	119 925	229 326
Contingent liabilities	269 774	58 993	53 716

Profit and Loss Account:	**2014**	**2013**
Revenues	227 023	35 503
Costs	246 026	34 451

in accordance with International Financial Reporting Standards in PLN thousand

16. Investments in subsidiaries, associates and other entities

	31.12.2014	31.12.2013	01.01.2013
Investments in subsidiaries	**712 940**	**712 940**	**771 701**
- shares or equities	712 940	712 940	771 701
Investments in associates	**19 775**	**9 796**	**25 138**
- shares or equities	19 775	9 796	25 138
Investments in other entities	**6 417**	**6 596**	**6 656**
- shares or equities in jointly controlled companies	-	179	179
- shares or equities in other related parties	4 292	4 292	4 292
- shares or equities in other entities	2 125	2 125	2 185
Total	**739 132**	**729 332**	**803 495**

Equities and shares in companies are classified as available-for-sale financial assets. The carrying value of such assets as at 31 December 2014, 31 December 2013 and 1 January 2013 equated their acquisition cost. The fair value of these assets cannot be established as there is no active market for them.

As at 31 December 2014, "Investments in associates" included payments to increase equity in the company FB Serwis SA in the amount of PLN 9 800 thousand. These payments were not registered in the National Court Register as at the balance sheet date. As at 1 January 2013 "Investments in subsidiaries" and "Investments in associates" comprised unregistered payments to increase equity of PLN 8 300 thousand and PLN 6 542 thousand, respectively.

As at 31 December 2014, 31 December 2013 and 1 January 2013, there were no legal or similar restrictions on long-term financial assets.

Change in balance of investments in subsidiaries, associates and other entities

	31.12.2014	31.12.2013
Shares or equities		
opening balance	729 332	803 495
increases:	9 800	11 589
- purchase / capital increase	9 800	11 589
decreases:	-	(85 752)
- sale / capital decrease	-	(10 060)
- impairment write-down	-	(54 913)
- reclassified to current financial assets	-	(20 779)
closing balance	739 132	729 332
Total	**739 132**	**729 332**

Change in balance of impairment write-downs of investments in subsidiaries, associates and other entities

	31.12.2014	31.12.2013
opening balance	71 322	16 409
- recognition	-	54 913
- reversal	-	-
- utilization	-	-
Total	**71 322**	**71 322**

In 2013, the Company recognised an impairment write-down in the amount of PLN 54 913 thousand connected with the loss of value of shares of the company Budimex Nieruchomości Sp. z o.o. (reduction of fair value determined using the discounted cash flow method as part of the income valuation approach).

in accordance with International Financial Reporting Standards in PLN thousand

SHARES OR EQUITIES IN RELATED PARTIES

	Company name	registered office	area of business activities	nature of relationship	date of obtaining control / joint control / significant influence	acquisition costs of shares/equities	revaluation adjustments (total)	carrying value of shares/equities	percentage of share capital held	share in the total number of votes at GM
1	Budimex Nieruchomości Sp. z o.o.	Warsaw	developer services	Subsidiary	2005	717 519	*(54 913)*	662 606	100.00%	100.00%
2	Mostostal Kraków SA	Kraków	construction	Subsidiary	2002	11 156	-	11 156	100.00%	100.00%
3	Budimex Budownictwo Sp. z o.o.	Warsaw	construction	Subsidiary	2010	1 810	-	1 810	100.00%	100.00%
4	Budimex Autostrada SA	Warsaw	construction	Subsidiary	2011	442	-	442	100.00%	100.00%
5	Budimex Most Wschodni SA	Warsaw	construction	Subsidiary	2011	222	-	222	100.00%	100.00%
6	Budimex Kolejnictwo SA	Warsaw	construction	Subsidiary	2011	8 001	-	8 001	100.00%	100.00%
7	Budimex Bau GmbH	Walluf	construction	Subsidiary	2004	120	-	120	100.00%	100.00%
8	Budimex Parking Wrocław Sp. z o.o.	Warsaw	car park management	Subsidiary	2011	5 652	-	5 652	100.00%	100.00%
9	MK Logistic Sp. z o.o. (in liquidation)	Zabrze	transportation services	Subsidiary	1997	26	(26)	-	100.00%	100.00%
10	Budimex A Sp. z o.o.	Warsaw	construction	Subsidiary	2012	175	-	175	100.00%	100.00%
11	Budimex B Sp. z o.o.	Warsaw	construction	Subsidiary	2012	75	-	75	100.00%	100.00%
12	Budimex PPP SA	Warsaw	construction	Subsidiary	2012	780	-	780	100.00%	100.00%
13	Dromex Oil Sp. z o.o. (in liquidation)	Warsaw	construction	Subsidiary	1991	2 175	(2 175)	-	98.00%	98.00%
14	Elektromontaż SA	Poznań	energy infrastructure works	Subsidiary	1999	21 901	-	21 901	50.66%	50.66%
	Subsidiaries in total					**770 054**	**(57 114)**	**712 940**		
15	Promos Sp. z o.o.	Kraków	industrial services	Associate	1998	191	-	191	26.31%	26.31%
16	FB Serwis SA	Warsaw	urban waste management	Associate	2012	19 405	-	19 405	49.00%	49.00%
17	Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o.o.	Warsaw	construction	jointly controlled	2011	179	-	179	30.00%	30.00%
	Associates in total					**19 775**	**-**	**19 775**		
18	Budimex SA Ferrovial Agroman SA S.C.	Warsaw	construction	Jointly controlled	2010	-	-	-	99.98%	99.98%
19	Budimex SA Budimex Budownictwo Sp. z o.o. S.C.	Warsaw	construction	Jointly controlled	2013	-	-	-	99.98%	99.98%
20	Budimex SA Sygnity SA Sp. j.	Warsaw	construction	Jointly controlled	2005	-	-	-	67.00%	67.00%
21	Budimex SA Ferrovial Agroman SA Sp. j.	Warsaw	construction	Jointly controlled	2009	-	-	-	50.00%	50.00%
22	Budimex SA Cadagua SA S.C.	Warsaw	construction	Jointly controlled	2013	-	-	-	50.00%	50.00%
23	Budimex SA Cadagua SA 2 S.C.	Warsaw	construction	Jointly controlled	2013	-	-	-	50.00%	50.00%
24	PKZ Budimex GmbH	Cologne / Germany	construction	Jointly controlled	2002	50	(50)	-	50.00%	50.00%
	Jointly controlled entities in total					**50**	**(50)**	**-**		
25	Inversora de Autopistas del Levante S.L.	Madrid	construction and exploitation of motorways	other related party	2004	12 404	(12 404)	-	3.16%	3.16%
26	Autostrada Południe SA	Warsaw	construction and exploitation of motorways	other related party	2004	4 292	-	4 292	5.05%	5.05%
	Other related parties in total					**16 696**	**(12 404)**	**4 292**		
					Total	**806 575**	**(69 568)**	**737 007**		

in accordance with International Financial Reporting Standards in PLN thousand

	company name	non-current assets	current assets	long-term liabilities	revenues	profit (loss) from continuing activities	profit (loss) on activities abandoned after taxation	other comprehensive income	total comprehensive income for the period
1	Budimex Nieruchomości Sp. z o.o.	58 327	957 200	35 686	256 728	26 731	-	-	26 731
2	Mostostal Kraków SA	24 233	85 089	17 250	261 751	1 698	-	164	1 862
3	Budimex Budownictwo Sp. z o.o.	14 801	20 428	-	190 903	1 411	-	-	1 411
4	Budimex Autostrada SA	86	56	-	1	(101)	-	-	(101)
5	Budimex Most Wschodni SA	4	84	-	2	(51)	-	-	(51)
6	Budimex Kolejnictwo SA	5 096	3 045	-	2 698	(11)	-	-	(11)
7	Budimex Bau GmbH	-	-	-	-	-	-	-	-
8	Budimex Parking Wrocław Sp. z o.o.	46 281	2 923	42 802	24 985	(1 936)	-	-	(1 936)
9	MK Logistic Sp. z o.o. (in liquidation)	no data	no data	no data	no data	no data	no data	no data	no data
10	Budimex A Sp. z o.o.	-	92	-	2	(29)	-	-	(29)
11	Budimex B Sp. z o.o.	-	1 924	-	2 214	1 548	-	-	1 548
12	Budimex PPP SA	331	149	-	3	(129)	-	-	(129)
13	Dromex Oil Sp. z o.o. (in liquidation)	no data	no data	no data	no data	no data	no data	no data	no data
14	Elektromontaż SA*	36 400	66 120	7 232	138 589	4 450	-	-	4 450
15	Promos Sp. z o.o.	5 665	2 936	195	9 023	2	-	-	2
16	FB Serwis SA	21 100	43 405	-	42 384	(11 938)	-	-	(11 938)
17	Tecpresa - Techniki Sprężania i Usługi Dodatkowe Sp. z o.o.	57	222	-	6	(19)	-	-	(19)
18	Budimex SA Ferrovial Agroman SA S.C.	-	122	-	2	(24)	-	-	(24)
19	Budimex SA Budimex Budownictwo Sp. z o.o. S.C.	-	16 488	-	49 499	(24)	-	-	(24)
20	Budimex SA Sygnity SA Sp.j.	-	10 058	1 027	247	(2 120)	-	-	(2 120)
21	Budimex SA Ferrovial Agroman SA Sp.j.	-	384	-	20	20	-	-	20
22	Budimex SA Cadagua SA S.C.	-	-	-	-	-	-	-	-
23	Budimex SA Cadagua SA 2 S.C.	-	12 764	166	22 231	28	-	-	28
24	PKZ Budimex GmbH	no data	no data	no data	no data	no data	no data	no data	no data
25	Inversora de Autopistas del Levante S.L.	no data	no data	no data	no data	no data	no data	no data	no data
26	Autostrada Południe SA	no data	no data	no data	no data	no data	no data	no data	no data

* data of Elektromontaż Group

in accordance with International Financial Reporting Standards in PLN thousand

SHARES OR EQUITIES IN OTHER ENTITIES

	company name	registered office	area of business activities	carrying value of shares/equities
1	Autostrada Wielkopolska SA	Poznań	construction and management of motorways	2 033
2	Drogowa Trasa Średnicowa SA	Katowice	construction	52
3	Agencja Rozwoju Regionu Krakowskiego SA	Kraków	services	30
4	Agencja Rozwoju Regionalnego SA	Bielsko-Biała	services	6
5	Megagaz SA	Warsaw	construction	1
6	Górnicza Spółdzielnia Mieszkaniowa	Cieszyn	property management	-
7	Other	-	-	3
			Total	**2 125**

17. Other financial assets/liabilities

	31.12.2014	31.12.2013	01.01.2013
Other financial assets - long-term	5 908	1 849	-
- borrowings granted	5 908	1 849	-
Other financial assets - short-term	34 488	3 193	1 460
- derivative financial instruments	785	29	1 460
- borrowings granted	33 703	3 164	-
Total other financial assets	**40 396**	**5 042**	**1 460**
Other financial liabilities – long-term	1 433	-	-
- derivative financial instruments	1 433	-	-
Other financial liabilities – long-term	1 562	440	243
- derivative financial instruments	1 562	440	243
Other financial liabilities – total	**2 995**	**440**	**243**

17.1 Derivative instruments

The Company enters into derivative transactions in order to hedge against FX risk. Policies relating to the use of derivative instruments are presented in the risk management policy approved by the Management Board as described in detail in note 9.

Derivative instruments are valued at the balance sheet date at a reliably determined fair value. The fair value of derivative instruments is estimated using the model based, among others, on currency exchange rates (average NBP rates) prevailing on the reporting date and on differences in interest rates of the quotations and base currencies.

The effects of periodic valuation of derivative instruments as well as gains and losses determined as at the settlement date are taken to other income or operating expenses of the reporting period, as appropriate.

in accordance with International Financial Reporting Standards in PLN thousand

The fair value and changes in valuation of transactions concluded by the Company and open as at 31 December 2014 and 31 December 2013 are presented in the tables below:

	Financial assets arising from valuation of derivative instruments			**Financial liabilities arising from valuation of derivative instruments**		
	31.12.2014	**31.12.2013**	**)1.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
FX forward contracts	427	29	1 460	2 995	440	243
FX options	358	-	-	-	-	-
Total	**785**	**29**	**1 460**	**2 995**	**440**	**243**

As at 31 December 2014, the total nominal value of FX forward contracts amounted to EUR 43 321 thousand and USD 408 thousand, while of FX options to EUR 9 032 thousand. As at 31 December 2013, the total nominal value of FX forward contracts amounted to EUR 5 158 thousand and USD 817 thousand, and EUR 19 369 thousand as at 1 January 2013.

Forward selling/ buying rate for transactions open as at 31 December 2014 ranged EUR/ PLN 4.1691-4.2946 and USD/PLN 3.1006-3.1389 (as at 31 December 2013: EUR/PLN 4.1878-4.2890 and USD/PLN 3.0460-3.2555, as at 1 January 2013: EUR/PLN 4.1070-4.3496). The exchange rate applied to exercise the options was EUR/PLN 4.53 Forward transactions open as at 31 December 2014 are to be settled within 29 - 638 days, while as at 31 December 2013 it was 30 - 324 days.

As at 31 December 2014, 31 December 2013 and 1 January 2013, the Company did not apply hedge accounting.

Maturity analysis of other financial assets arising from valuation of derivative instruments

	31.12.2014	**31.12.2013**	**01.01.2013**
- less than 1 year	785	29	1 460
Total	**785**	**29**	**1 460**

Maturity analysis of other financial liabilities arising from valuation of derivative instruments

	31.12.2014	**31.12.2013**	**01.01.2013**
- less than 1 year	1 562	440	243
- 1-2 years	1 433	-	-
Total	**2 995**	**440**	**243**

Profit / (loss) on derivative financial instruments

The effects of periodic valuation and settlement of FX forward contracts and FX options are reported in the profit and loss account as part of operating business.

in accordance with International Financial Reporting Standards in PLN thousand

	2014	2013
Gains / (losses) on valuation of FX forward derivative financial instruments and FX	(2 125)	(1 628)
Gains / (losses) on realisation of FX forward derivative financial instruments	(627)	603
Total gains / (losses) on derivative instruments recognised as part of operating business (note 33)	**(2 752)**	**(1 025)**

17.2 Loans granted

	31.12.2014	31.12.2013
Borrowings granted - long-term		
opening balance	1 849	-
increases:	4 059	1 849
- borrowing granted	3 836	1 800
- accrued interest	223	49
decreases:	-	-
closing balance	5 908	1 849
Total	**5 908**	**1 849**

	31.12.2014	31.12.2013
Borrowings granted - short-term		
opening balance	3 164	-
increases:	39 412	3 164
- borrowing granted	39 371	3 111
- accrued interest	41	53
decreases:	(8 873)	-
- repayments of the borrowing	(8 820)	-
- settlement of accrued interest	(53)	-
closing balance	33 703	3 164
Total	**33 703**	**3 164**

1. The balance of long-term borrowings consists of a borrowing provided by Budimex SA to Budimex Parking Wrocław Sp. z o.o. (a subsidiary of Budimex SA) under the agreement dated 19 December 2012. In 2014 and 2013, the effective interest rate of the borrowing was 5.68%. The borrowing repayment date is 31 December 2031.

The balance of short-term borrowings comprises:

2. A borrowing granted by Budimex SA to FBSerwis SA (an associate of Budimex SA) under the agreement dated 24 September 2013. Pursuant to the above agreement, Budimex SA provided FBSerwis with a borrowing in the amount of up to PLN 19 600 thousand. The effective interest rate was 6.3% in 2014 and 6.43% in 2013. The borrowing repayment date is 24 September 2015.
3. Borrowing granted by Budimex SA to Budimex Budownictwo Sp. z o.o (a subsidiary of Budimex SA) under the agreement dated 28 November 2014. Pursuant to the above agreement, Budimex SA provided a borrowing in the amount of up to PLN 17 518 thousand. In 2014, the effective interest rate was 6.04%. The borrowing repayment date is 28 November 2015.

The fair value of the borrowings provided is approximately the same as their carrying value.

in accordance with International Financial Reporting Standards in PLN thousand

18. Trade and other receivables

Long-term trade and other receivables

	31.12.2014	31.12.2013	01.01.2013
Prepayments and accruals	6 513	4 392	4 096
Total receivables, net	**6 513**	**4 392**	**4 096**
impairment write-down against receivables	-	-	-
Total receivables, gross	**6 513**	**4 392**	**4 096**

Short-term trade and other receivables

	31.12.2014	31.12.2013	01.01.2013
Trade receivables	369 191	432 839	301 073
Taxation, subsidies, customs duties, social security, health insurance and other	-	2	19
Advances made	48 984	21 651	26 573
Prepayments and accruals	9 832	12 820	8 255
Other receivables	5 512	6 800	4 758
Total receivables, net	**433 519**	**474 112**	**340 678**
impairment write-down against receivables	125 582	126 299	123 496
Total receivables, gross	**559 101**	**600 411**	**464 174**

Prepayments and accruals

	31.12.2014	31.12.2013	01.01.2013
- insurance	2 962	1 590	1 195
- costs of contracts to be settled over time	2 848	1 990	2 051
- other	703	812	850
Long-term in total	**6 513**	**4 392**	**4 096**
- insurance	6 553	7 902	6 814
- costs of contracts to be settled over time	2 625	4 679	875
- other	654	239	566
Non-current in total	**9 832**	**12 820**	**8 255**

Change in balance of impairment write-downs against receivables

	31.12.2014	31.12.2013
opening balance	126 299	123 496
increases:	5 934	6 704
- doubtful and overdue receivables (note 33)	5 630	6 456
- write-offs of receivables not covered by impairment write-downs (note 33)	112	85
- valuation of impairment write-downs in foreign operations	192	163
decreases:	(6 651)	(3 901)
- repayment of debts by debtors (note 33)	(4 464)	(2 790)
- write-offs of receivables covered by impairment write-downs	(2 075)	(1 026)

in accordance with International Financial Reporting Standards in PLN thousand

- receivables written off with no write-downs	(112)	(85)
Impairment write-downs of receivables - closing balance	**125 582**	**126 299**

Maturity analysis of past-due trade receivables

The table below shows the maturity analysis of trade and other receivables, which are overdue but not impaired at the balance sheet date. As at 31 December 2014, 31 December 2013 and 1 January 2013, there were no overdue other receivables not covered by impairment write-downs.

	31.12.2014	**31.12.2013**	**01.01.2013**
– up to 1 month	19 241	22 490	24 211
– 1-3 months	4 718	8 130	4 292
– 3-6 months	5 128	4 093	4 909
– 6 months to 1 year	1 346	2 633	37 195
– above 1 year	26 584	38 727	3 692
Total receivables (net)	**57 017**	**76 073**	**74 299**

There is no credit risk concentration in respect of trade receivables as the Company's main customer is a government agency.

The fair value of trade and other receivables approximates their carrying value. As at 31 December 2014, 31 December 2013 and 1 January 2013, there were no overdue other receivables not covered by impairment write-downs.

Receivables, which were not impaired and not overdue at the balance sheet date, were not subject to high credit risk concentration.

As at 31 December 2014, 31 December 2013 and 1 January 2013, no collateral was established on these assets.

Contingent receivables received as collateral of trade receivables is presented in note 46.

in accordance with International Financial Reporting Standards in PLN thousand

19. Inventories

	31.12.2014	31.12.2013	01.01.2013
- raw materials	55 179	84 553	116 405
- semi-finished goods and work in progress	366	297	2 388
- finished goods	-	-	-
- goods for resale	-	-	-
Total inventories	**55 545**	**84 850**	**118 793**
inventory impairment write-downs - opening balance	385	385	1 129
utilized	-	-	744
inventory impairment write-downs - closing balance	385	385	385
gross book value of inventories - closing balance	**55 930**	**85 235**	**119 178**

As at 31 December 2014, 31 December 2013 and 1 January 2013, there were no legal or similar restrictions on inventories. The Company did not hold interest capitalised in inventories.

The expected time for consumption of the entire inventories as at 31 December 2014, 31 December 2013 and 1 January 2013 is no longer than 12 months.

20. Cash and cash equivalents

	31.12.2014	31.12.2013	01.01.2013
Cash on hand	4	10	13
Cash at bank	1 402 638	1 111 561	1 037 401
- current accounts	15 420	35 024	34 971
- overnight (one-day) deposits	157 100	99 013	108 659
- other deposits	1 230 118	977 524	893 771
Other cash	1 328	683	1 022
Total cash and cash equivalents	**1 403 970**	**1 112 254**	**1 038 436**
Cash and cash equivalents of restricted use	(42 036)	(36 097)	(34 098)
Cash recognised in the statement of cash flows	**1 361 934**	**1 076 157**	**1 004 338**

The balance of cash and cash equivalents of restricted use consists of cash of the consortia in the portion attributable to other consortium members.

Short-term bank deposits and investments of high liquidity included in cash and cash equivalents consist mainly of "overnight" deposits and short-term deposits with a maturity date of 2-365 days with an average effective interest rate as at 31 December 2014 of 2.01% per annum for deposits in PLN (as at 31 December 2013: 2.58% p.a. for deposits in PLN). The average maturity period for these deposits is 36 days (31 December 2013: 24 days).

in accordance with International Financial Reporting Standards in PLN thousand

21. Equity

Share capital of the Company consists of 25 530 098 shares of a total value of PLN 127 650 thousand. The structure of the Company's share capital as at 31 December 2014 is as follows:

Series / issue	Type of shares	Type of preference	Type of limitations of rights to shares	Number of shares	Value of series / issue at nominal value
A	ordinary/ registered	None	None	2 350	12
A	ordinary/bearer	None	None	2 997 650	14 988
B	ordinary/bearer	None	None	2 000 000	10 000
C	ordinary/bearer	None	None	1 900 285	9 501
D	ordinary/bearer	None	None	1 725 072	8 625
E	ordinary/bearer	None	None	2 000 000	10 001
F	ordinary/bearer	None	None	5 312 678	26 563
G	ordinary/bearer	None	None	2 217 549	11 088
H	ordinary/bearer	None	None	1 448 554	7 243
I	ordinary/bearer	None	None	186 250	931
K	ordinary/bearer	None	None	1 484 693	7 423
L	ordinary/bearer	None	None	4 255 017	21 275
Total				**25 530 098**	**127 650**

The number of shares making up the approved share capital equates the number of the shares issued. The nominal value of one share is PLN 5. The Company does not hold treasury shares. No shares were retained in connection with the share issue for the exercise of options and agreements on sale.

On 19 July 2013, 120 ordinary registered shares of series A were converted to 120 ordinary bearer shares.

At the date of transition to IFRS, the Company adjusted the share capital and share premium for the period in which the Polish economy was hyperinflationary. The effects of translation and reconciliation of values shown in the books of account and corporate documents of the Company as at 31 December 2014, 31 December 2013 and 1 January 2013 with values reported in the financial statements are presented in the table below.

	31.12.2014	31.12.2013	01.01.2013
Ordinary shares			
Registered capital	**127 650**	**127 650**	**127 650**
Translation of capital due to hyperinflation	18 198	18 198	18 198
Value disclosed in the financial statements	**145 848**	**145 848**	**145 848**
Share premium			
Capitals as per books of account	**78 119**	**225 755**	**225 755**
Translation of capital due to hyperinflation	2 080	2 080	2 080
Loss coverage	-	(147 636)	-
Value disclosed in the financial statements	**80 199**	**80 199**	**227 835**

The value by which the share capital and share premium were adjusted above their nominal value in connection with hyperinflation was recognised in equity under "retained profit (loss) from prior years".

Pursuant to a resolution of the Ordinary General Meeting of Budimex SA held on 24 April 2013, the prior years' net loss in the amount of PLN 147 636 thousand was covered in full with the share premium.

in accordance with International Financial Reporting Standards in PLN thousand

Other reserves

	31.12.2014	31.12.2013	01.01.2013
Statutory	42 550	42 550	42 550
Established according to statute/articles of association, above the statutory (minimum) value of revaluation	10 052	10 052	10 052
Actuarial gains (losses)	(1 321)	(585)	-
Share – based payments	6 713	5 370	2 705
Other	1 526	1 526	1 526
Total	**59 520**	**58 913**	**56 833**

Retained earnings (losses)

	31.12.2014	31.12.2013	01.01.2013
Adjustments in accordance with IFRS	(5 808)	(5 808)	(7 546)
Retained earnings previously recognised in reserve capital	665	598	426
IFRS adjustments total	(5 143)	(5 210)	(7 120)
Prior years' result	-	-	(35 387)*
Current year result	156 069	302 599*	-
Total	**150 926**	**297 389**	**(42 507)**

* histroical data recognised in the previous Fianancial Statements

22. Loans, borrowings and other external sources of financing

	31.12.2014	31.12.2013	01.01.2013
Long-term			
Finance lease liabilities	12 313	17 044	27 740
	12 313	**17 044**	**27 740**
Short-term			
Bank loans and borrowings	8 662	8 324	8 098
Interest accrued on short-term loans and borrowings	8	9	9
Finance lease liabilities	11 731	9 832	9 588
	20 401	**18 165**	**17 695**
Total	**32 714**	**35 209**	**45 435**

22.1 Bank loans and borrowings

Based on the agreement dated 1 December 2004, Budimex SA received from Ferrovial Infraestructuras SA (currently Cintra Infraestructuras SA) a borrowing in the amount of EUR 1 500 thousand; the purpose of the borrowing was to cover the increase in the share capital of Inversora de Autopistas del Levante S.L. The company Inversora de Autopistas del Levante, S.L. was incorporated on 23 June 2004 as the sole shareholder of Autopista Madrid Levante Concesionaria Española, SA. The main area of business activities of this company is highway building, maintenance and operating a paid highway Ocaña – La Roda and a free of charge carriageway A–42, section N301, Atalaya del Cañavate. In accordance with the provisions of the agreement, the borrowing was granted for the period of 12 months from the agreement date with the possibility to extend the term. In the case of sale of the shares in Inversora de Autopistas del Levante, S.L., the borrowing will become immediately due and payable. On 1 December 2014, the repayment date was extended for one more year and the amount of the borrowing was increased by the amount of interest accrued as at that date.

in accordance with International Financial Reporting Standards in PLN thousand

At the same time, as at 31 December 2014, 31 December 2013 and 1 January 2013, the Company had overdraft facility agreements with the banks which were not used as at the balance sheet date.
In the period covered by the financial statements there were no cases of default connected with the obligations of repayment of the principal amount or interest or compliance with terms and conditions of the borrowing referred to above. The Company did not breach or renegotiate the terms of the borrowing before the date of approval of these financial statements.
The carrying value of the borrowing is approximately the same as its fair value.

22.2 Finance lease liabilities

The Company signed finance lease agreements for the use of construction equipment and machines and motor vehicles with Millenium Leasing Sp. z o.o. and Konica Minolta Business Solutions Sp. z o.o. (the "Lessor"). As at 31 December 2014, the net value of machines used under finance lease was PLN 28 498 thousand, of motor vehicles: PLN 2 341 thousand and of the assets: PLN 62 thousand (note 12). Leased assets were made available for the period of 36 - 60 months. After the end of the above lease terms and after covering its liabilities, the Company will have the right to acquire some of the leased assets for the price equating their residual value. The contractual liabilities are partly secured with a blank bill of exchange issued by the Company together with a written authorisation for its drawing. Future minimum lease payments under the above lease agreements and the present value of minimum net lease payments as at 31 December 2014 are as follows:

	Minimum lease payments	**Present value of minimum lease payments**
- less than 1 year	12 694	11 731
- 1-5 years	12 964	12 313
Finance lease liabilities, total	**25 658**	**24 044**
of which: future finance costs under finance lease	(1 614)	-
Present value	**24 044**	**24 044**

The Company has the right to early repayment of the remaining amounts of finance lease liabilities. Lease contracts do not provide for penalties for early repayment of lease liabilities.

Risk of interest rate fluctuations

The effective interest rates as at 31 December 2014 and 31 December 2013 were as follows:

	31.12.2014		**31.12.2013**	
	PLN	EUR	PLN	EUR
Bank loans and borrowings	-	1.08%	-	1.25%
Finance lease liabilities	3.52%	-	4.04%	-

in accordance with International Financial Reporting Standards in PLN thousand

23. Trade and other liabilities

Short-term trade and other liabilities

	31.12.2014	31.12.2013	01.01.2013
Trade liabilities	259 054	473 674	547 828
Uninvoiced costs	445 347	450 762	481 483
Taxation and social security liabilities	93 428	157 115	129 783
Liabilities relating to settlement of consortia	35 149	28 653	36 834
Payroll	4 477	3 749	3 638
Accrued expenses	190 447	150 194	156 005
Other liabilities	2 204	1 766	2 556
Total liabilities	**1 030 106**	**1 265 913**	**1 358 127**

Accrued expenses

	31.12.2014	31.12.2013	01.01.2013
- bonuses	147 710	113 936	118 656
- holiday pay	32 590	27 210	27 710
- costs of contract completion	9 934	8 823	9 062
- other	213	225	577
Total	**190 447**	**150 194**	**156 005**

All trade liabilities and other liabilities as at 31 December 2014, 31 December 2013 and 1 January 2013 were recognised under current liabilities as they will be settled in the course of the normal operating cycle of the Company.

The financial liabilities comprise trade liabilities, uninvoiced costs, payroll, liabilities relating to settlement of consortia as well as accruals related to unused holidays and employee bonuses.
The non-financial liabilities include taxation and social security liabilities, accruals connected with costs of contract completion and other as well as other liabilities.

24. Deferred income tax

	31.12.2014 1	31.12.2013	01.01.2013
Deferred tax assets			
- to be realised after 12 months	238 017	211 511	202 236
- to be realised within 12 months	155 350	148 379	151 266
Total	**393 367**	**359 890**	**353 502**
Amount to be netted off	(47 340)	(39 326)	(59 745)
Deferred tax assets,	**346 027**	**320 564**	**293 757**
Deferred tax liabilities			
– to be settled after 12 months	32 259	28 164	40 858
– to be settled within 12 months	15 081	11 162	18 887
Total	**47 340**	**39 326**	**59 745**

in accordance with International Financial Reporting Standards in PLN thousand

Amount to be netted off	(47 340)	(39 326)	(59 745)
Deferred tax liability,	-	-	-

Change in net balance of deferred tax are as follows:

	2014	**2013**
Opening balance	**320 564**	**293 757**
Credited/(charged) to financial result (note 35)	25 290	26 670
Credited / (charged) to other comprehensive income	173	137
Closing balance	**346 027**	**320 564**

Deferred tax assets and deferred tax liabilities are recognised in respect of taxable and deductible temporary differences relating to local items of assets and liabilities using the 19 per cent tax rate, while in respect of temporary differences relating to the assets or liabilities of foreign operations – using the local tax rates of the country representing the main economic environment in which the given entity conducts operations and pays corporate income tax.

As at 31 December 2014, negative temporary differences and unused tax losses for which no deferred tax assets were recognised in the statement of financial position amounted to PLN 423 thousand (as at 31 December 2013: PLN 1 183 thousand, as at 1 January 2013: PLN 2 517 thousand) and which expire in 2018, were connected with the impairment write-downs.

in accordance with International Financial Reporting Standards in PLN thousand

Change in balance of deferred tax assets

	provision for contract losses	contract costs connected with deferred revenues	provision for uninvoiced costs of services	receivables impairment write-downs	valuation of construction contracts	tax loss	provision for bonuses	provision for unused holidays	provision for jubilee bonuses and post-employment benefits	provision for warranty repairs	other provisions for liabilities	other	Total
Balance of deferred tax assets as at 01.01.2013	**43 398**	**44 130**	**48 600**	**11 953**	**61 590**	**56 102**	**22 056**	**5 050**	**624**	**28 086**	**25 924**	**5 989**	**353 502**
Increases:	-	-	-	900	30 322	-	-	-	163	2 238	10 640	5 436	**49 699**
temporary differences recognised in comprehensive income	-								137		-	-	**137**
recognised in profit or loss in connection with change in temporary differences	-	-	-	900	30 322	-	-	-	26	2 238	10 640	5 436	**49 562**
Decreases:	3 683	4 569	5 728	-	-	28 372	827	132	-	-	-	-	**43 311**
charged to financial result in connection with change in balance of temporary differences	3 683	4 569	5 728	-	-	28 372	827	132	-	-	-	-	**43 311**
Balance of deferred tax assets as at 31.12.2013	**39 715**	**39 561**	**42 872**	**12 853**	**91 912**	**27 730**	**21 229**	**4 918**	**787**	**30 324**	**36 564**	**11 425**	**359 890**
Increases:	45 214	-	-	-	-	-	6 442	993	239	5 834	9 374	-	**68 096**
temporary differences recognised in comprehensive income	-	-	-	-	-	-	-	-	173	-	-	-	**173**
recognised in profit or loss in connection with change in temporary differences	45 214	-	-	-	-	-	6 442	993	66	5 834	9 374	-	**67 923**
Decreases:	-	1 003	401	141	2 255	27 730	-	-	-	-	-	3 089	**34 619**
charged to financial result in connection with change in balance of temporary differences	-	1 003	401	141	2 255	27 730	-	-	-	-	-	3 089	**34 619**
Balance of deferred tax assets as at 31.12.2014	**84 929**	**38 558**	**42 471**	**12 712**	**89 657**	**-**	**27 671**	**5 911**	**1 026**	**36 158**	**45 938**	**8 336**	**393 367**

in accordance with International Financial Reporting Standards in PLN thousand

Change in the balance of deferred tax liability

	valuation of construction contracts	unrealised exchange gains	accrued interests	valuation of contribution-in-kind	lease	valuation of derivative instruments	discount of retentions	other	Total
Balance of deferred tax assets as at 01.01.2013	**43 294**	**163**	**194**	**706**	**10 018**	**277**	**3 403**	**1 690**	**59 745**
Increases:	-	-	-	-	-	-	256	-	**256**
recognised in financial result in connection with change in balance of temporary differences	-	-	-	-	-	-	256	-	**256**
Decreases:	15 805	81	39	706	2 376	272	-	1 396	**20 675**
charged to financial result in connection with change in balance of temporary differences	15 805	81	39	706	2 376	272	-	1 396	**20 675**
Balance of deferred tax assets as at 31.12.2013	**27 489**	**82**	**155**	**-**	**7 642**	**5**	**3 659**	**294**	**39 326**
Increases:	5 179	-	126	-	-	82	-	4 534	**9 921**
recognised in financial result in connection with change in balance of temporary differences	5 179	-	126	-	-	82	-	4 534	**9 921**
Decreases:	-	39	-	-	497	-	1 371	-	**1 907**
charged to financial result in connection with change in balance of temporary differences	-	39	-	-	497	-	1 371	-	**1 907**
Balance of deferred tax assets as at 31.12.2014	**32 668**	**43**	**281**	**-**	**7 145**	**87**	**2 288**	**4 828**	**47 340**

in accordance with International Financial Reporting Standards in PLN thousand

25. Liabilities arising from retirement benefits and similar obligations

As at 31 December 2014, 31 December 2013 and 1 January 2013, the Company's employees took advantage of the post-employment benefits. Post-employment benefits are provided to the employees on a one-off basis, upon retirement. The amount of the post-employment benefit due is the product of the base of benefit calculation at the date of entitlement and the appropriate cumulative ratio (progressing in proportion to the years of service).

Usually, the Company's obligation to pay the post-employment benefits entails the actuarial risk consisting of:

Interest rate risk – the current value of liabilities under the retirement benefits and similar obligations is calculated using the discount rate established by reference to the profitability of T-bonds available on the market, as in Poland there are no liquid commercial bonds of a low level of risk. In case of a decrease in interest rates of the bonds, the liabilities under the retirement benefits and similar obligations increase.

Remuneration risk - the current value of liabilities under retirement benefits and similar obligations is calculated by reference to the future level of remunerations of the Company employees. Thus, an increase in employee remuneration will result in an increase in liabilities under the retirement benefits.

Risk of longevity - the current value of liabilities under retirement benefits and similar obligations is calculated by reference to the best estimates of employee mortality during employment. Lengthening of the expected employee life will result in an increase in liabilities under the retirement benefits.

Risk of changes to retirement age - the current value of liabilities under retirement benefits and similar obligations is calculated on the basis of the retirement age as applicable in Poland. In the event of further postponement of the retirement age, the current value of liabilities under retirement benefits will decrease.

Liabilities under employee benefits recognised in the statement of financial position:

	31.12.2014	31.12.2013	01.01.2013
Post-employment benefits, of which:	5 399	4 143	3 283
– present value of the obligation at the balance sheet date	5 399	4 143	3 283
– actuarial gains / (losses) not recognised at the balance sheet date	-	-	-
– past service costs not recognised at the balance sheet date	-	-	-
Total liabilities arising under retirement benefits and similar obligations	5 399	4 143	3 283
of which:			
- long-term portion	4 407	3 264	2 542
- short-term portion	992	879	741

Main actuarial assumptions (the table below shows the ranges of rates adopted by actuary):

	31.12.2014	31.12.2013	01.01.2013
Discount rate	1.61% – 2.38%	2.70% – 4.33%	3.59% – 3.74%
Forecast inflation rate	1.1% – 1.6%	1.20% - 2.50%	2.70%
Forecast remuneration increase rate	3.50% – 4.60%	4.00% – 4.70%	2.50%

Assumptions regarding mortality are based on the life length charts for Poland for 2013 as published by the Central Statistical Office (with respect to valuation as at 31 December 2014), life length charts for Poland for 2012 as published by the Central Statistical Office (with respect to valuation as at 31 December 2013) and life length charts for Poland for 2010 as published by the Central Statistical Office (with respect to valuation as at 1 January 2013).

in accordance with International Financial Reporting Standards in PLN thousand

The last valuation of employee benefits was made by an independent actuary as at 31 December 2014.

Changes in the balance of liabilities under post-employment benefits are presented in the table below.

	2014	2013
Present value of the obligation - opening balance	4 143	3 283
Interest costs	131	110
Employment costs	432	309
Benefits paid	(216)	(281)
Actuarial (gains) / losses, of which:	909	722
- change in the assumptions	998	770
- other	(89)	(48)
Present value of the obligation at the end of the period	**5 399**	**4 143**

Costs of future employee benefits charged to the profit and loss account are as follows:

	2014	2013
Employment costs	432	309
Interest costs	131	110
Costs recognised in the profit and loss account (note 32)	**563**	**419**
Actuarial (gains) / losses to be recognised in the period	909	722
Costs recognised in other comprehensive income	**909**	**722**
of which, employee allowance costs recognised in the profit and loss account under the following items:		
– administrative expenses	563	419

Sensitivity analysis

Significant actuarial assumptions applied to calculate the liabilities under retirement benefits include the discount rate, expected remuneration increase and staff turnover.

Analysis of sensitivity to fluctuations in interest rates

An increase in the assumed discount rate by 1 percentage point would result in an increase in retirement benefits and similar obligations by PLN 530 thousand (growth by 0.5 pp - increase by PLN 279 thousand), while a decrease in the assumed discount rate by 1 percentage point would bring about an increase in retirement benefits and similar obligations by PLN 654 thousand (decrease by 0.5 pp - increase by PLN 309 thousand).

Analysis of sensitivity to fluctuations in remuneration growth rates

An increase in the assumed remuneration growth rate by 1 percentage point would result in an increase in retirement benefits and similar obligations by PLN 631 thousand (growth by 0.5 pp - increase by PLN 300 thousand), while a decrease in the assumed remuneration growth rate by 1 percentage point would bring about a decrease in retirement benefits and similar obligations by PLN 523 thousand (decrease by 0.5 pp - decrease by PLN 274 thousand).

Analysis of sensitivity to staff turnover

An increase in the assumed staff turnover by 1 percentage point would result in a decrease in retirement benefits and similar obligations by PLN 578 thousand (growth by 0.5 pp - decrease by PLN 304 thousand), while a decrease in the assumed staff turnover by 1 percentage point would bring about an increase in retirement benefits and similar obligations by PLN 714 thousand (decrease by 0.5 pp - increase by PLN 338 thousand).

in accordance with International Financial Reporting Standards in PLN thousand

The above analysis does not need to be a representative presentation of the actual movements in the level of the retirement benefits and similar obligations. It is not very likely that the changes of certain assumptions occur separately, as some of the assumptions may be correlated. Methods and assumptions used to perform the sensitivity analysis did not change significantly as compared to the previous year.

26. Provisions for liabilities and other charges

Long-term provisions for liabilities and other charges	**31.12.2014**	**31.12.2013**
Warranty repairs		
opening balance	125 307	113 930
creation	63 685	41 754
utilization	-	-
reversal:	34 867	30 377
- revision of value	15 869	17 928
- transfer to current provisions	18 998	12 449
closing balance	**154 125**	**125 307**
Total other long-term provisions	**154 125**	**125 307**

Non-current provisions for liabilities and other charges	**31.12.2014**	**31.12.2013**
Legal proceedings		
opening balance	35 703	34 606
creation	3 689	2 805
utilization	1 733	432
reversal	12 030	1 276
closing balance	**25 629**	**35 703**
Warranty repairs		
opening balance	38 269	37 334
creation:	18 998	12 449
- transfer from long-term provisions	18 998	12 449
utilization	17 692	11 514
closing balance	**39 575**	**38 269**
Provisions for penalties / compensations		
opening balance	39 005	27 052
creation	12 324	13 817
utilization	3 010	734
reversal	9 636	1 130
closing balance	**38 683**	**39 005**
Restructuring		
opening balance	2 769	7 765
utilization	-	2 642
reversal	-	2 354
closing balance	**2 769**	**2 769**
Total other current provisions	**106 656**	**115 746**

in accordance with International Financial Reporting Standards in PLN thousand

Creation / (reversal) of provisions for litigation, compensations and of restructuring provisions was recognised under other operating expenses (note 33), while creation / (reversal) of provisions for warranty repairs – under operating expenses.

27. Long-term construction contracts

The below data relate to construction contracts valued by the Company in accordance with the percentage of completion method.

Selected data – statement of financial position

	31.12.2014	31.12.2013	01.01.2013
Assets			
Amounts due and receivable from customers under construction contracts, of which:	165 648	137 441	222 889
- contract valuation	165 648	137 441	222 889
Liabilities			
Amounts due and payable to customers under construction contracts, of which:	910 183	688 159	549 447
- contract valuation	463 187	479 134	321 035
- provision for contract losses	446 996	209 025	228 412
Advances for construction contracts in progress received (note 28)	245 101	59 346	55 341

The fair value of amounts due and receivable from customers as well as those due and payable to customers under construction contracts approximates their carrying value.

Selected data – profit and loss account

	2014	2013
Revenues from construction contracts	4 399 783	3 837 973
Cost of construction contracts	4 080 242	3 602 568
Gross profit	**319 541**	**235 405**

28. Deferred income

	31.12.2014	31.12.2013	01.01.2013
- advances for construction contracts in progress	245 101	59 346	55 341
- other	2 885	5 406	6 137
Total	**247 986**	**64 752**	**61 478**

All advances received as accrued and deferred income at 31 December 2014, 31 December 2013 and 1 January 2013 were recognised under current liabilities as they will be settled in the course of the normal operating cycle of the Company.

in accordance with International Financial Reporting Standards in PLN thousand

29. Retentions for construction contracts

	31.12.2014	31.12.2013	01.01.2013
Retained by customers – to be returned after 12 months	35 616	29 813	25 919
Retained by customers – to be returned within 12 months	20 044	29 850	67 211
Total retentions for construction contracts retained by customers	**55 660**	**59 663**	**93 130**
Received from suppliers – to be returned after 12 months	165 288	152 294	155 387
Received from suppliers – to be returned within 12 months	191 520	179 697	218 454
Total retentions for construction contracts kept for suppliers	**356 808**	**331 991**	**373 841**

Change in balance of impairment write-downs of retentions kept by customers	31.12.2014	31.12.2013
opening balance	8 200	2 243
increases:	-	5 957
- doubtful and overdue receivables (note 33)	-	5 957
decreases:	(540)	-
- repayment of debts by debtors (note 33)	(540)	-
Impairment write-downs of receivables - closing balance	**7 660**	**8 200**

Retentions for construction contracts with a payment date of more than one year are discounted and are recognised in the statement of financial position at present value. The table below shows the results of discounting recognised in the statement of financial position and profit and loss accounts of the Company in specific periods. The amounts of discount appropriately reduce the nominal value of receivables and liabilities under retentions for construction contracts. In addition, a deferred tax asset is recognised in the statements of financial position on the amounts stated calculated using the tax rate prevailing in Poland, i.e. 19%, and on the effect of change in the value of discount in the profit and loss account.

	31.12.2014	31.12.2013	01.01.2013
Discount of long-term retentions for construction contracts held by customers	934	2 138	2 214
Discount of long-term retentions for construction contracts received from suppliers	12 043	19 258	17 911

Amount of discount recognised in the profit and loss account:

	2014	2013
Decrease in sales revenues	(465)	(612)
Reduction in the cost of services sold	10 247	8 447
Total adjustment to gross margin	9 782	7 835
Adjustment to finance income / (costs) (note 34)	(15 794)	(6 412)
Deferred tax on above adjustments	1 142	(270)
Net effect on the profit and loss account	**(4 870)**	**1 153**

The fair value of retentions held by the customers and received from suppliers approximates their respective carrying values.

in accordance with International Financial Reporting Standards in PLN thousand

Risk of interest rate fluctuations

The effective interest rates as at 31 December 2014, 31 December 2013 and 1 January 2013 applied in the process of discounting of retentions for construction contracts are as follows:

	31.12.2014			31.12.2013			01.01.2013		
	PLN	USD	EUR	PLN	USD	EUR	PLN	USD	EUR
Receivables	1.88%	1.59%	0.33%	3.60%	1.79%	1.23%	3.31%	0.93%	0.80%
Liabilities	2.08%	1.79%	0.53%	3.80%	1.99%	1.43%	3.51%	1.13%	1.00%

Maturity analysis of overdue retentions for construction contracts
(nominal value before discounting)

The table below shows the maturity analysis of retentions for construction contracts which are overdue, but not impaired at the reporting date:

	31.12.2014	31.12.2013	01.01.2013
– up to 1 month	1 816	843	1 647
– 1-3 months	213	2 192	3 851
– 3-6 months	358	8 575	8 699
– 6 months to 1 year	1 104	5 520	40
– above 1 year	6 632	4 671	1 407
Total overdue retentions for construction contracts	**10 123**	**21 801**	**15 644**

30. Sales revenues

Net sales revenues - by type	**01.01 - 31.12.2014**	**01.01 - 31.12.2013**
revenues from sales of construction and assembly services	4 516 747	3 969 200
revenues from sales of other services	29 878	21 773
revenues from sales of finished goods	-	3
revenues from sales of goods for resale and raw materials	6 140	9 303
Total net sales revenues	**4 552 765**	**4 000 279**

in accordance with International Financial Reporting Standards in PLN thousand

31. Costs by type

	2014	2013
Depreciation / Amortization, of which:	20 269	24 054
– property, plant and equipment (note 12)	*18 908*	*22 942*
– investment properties (note 13)	*124*	*140*
– intangible assets (note 14)	*1 237*	*972*
Costs of employee allowances (note 32)	546 627	460 613
Consumption of materials and energy	1 166 398	1 301 346
External services	2 197 269	2 007 726
Taxes and charges	2 182	5 613
Advertising and representation expenses	2 889	3 760
Life and non-life (property) insurance	10 588	11 585
Change in the balance of the provision for construction contract losses	237 971	(19 387)
Other costs by type	187 606	56 296
Selling expenses (negative value)	(10 884)	(10 625)
Administrative expenses (negative value)	(161 892)	(145 898)
Change in the balance of finished goods and work in progress	(271)	2 224
Cost of goods produced for the entity's own use (negative value)	-	-
Cost of finished goods and services sold	**4 198 752**	**3 697 307**
Value of goods for resale and raw materials sold	1 304	4 649
Cost of finished goods, services, goods for resale and raw materials sold	**4 200 056**	**3 701 956**

32. Costs of employee allowances

	2014	2013
Costs of remuneration, of which:	**464 529**	**384 091**
- costs of retirement benefits (note 25)	563	419
- costs of share-based payments	2 195	2 664
- redundancy payments	1 358	4 442
Costs of social security benefits and other allowances, of which:	**82 098**	**76 522**
- social security	60 330	57 028
- redundancy payments	202	417
Total costs of employee allowances recognised in costs by type (note 31)	**546 627**	**460 613**

in accordance with International Financial Reporting Standards in PLN thousand

33. Other operating income and expenses

Other operating income

	2014	2013
Profit on disposal of non-financial non-current assets	1 492	767
Reversal of impairment write-downs, of which against:	5 004	2 790
– receivables (following repayment of amounts due by debtors) (note 18, 29)	*5 004*	*2 790*
Reversal of provisions, of which for:	21 666	4 760
– legal proceedings and compensations (note 26)	*12 030*	*1 276*
– penalties and sanctions (note 26)	*9 636*	*1 130*
– restructuring (note 26)	*-*	*2 354*
Penalties / compensations received	26 591	18 725
Write-off of time-barred liabilities	1 751	2 496
Other	975	1 413
Total	**57 479**	**30 951**

Other operating expenses

	2014	2013
Recognition of impairment write-downs, of which against:	5 742	12 498
– receivables (note 18, 29)	*5 742*	*12 498*
Creation of provisions, of which:	16 013	16 622
– for legal proceedings (note 26)	*3 689*	*2 805*
– for penalties and sanctions (note 26)	*12 324*	*13 817*
Compensations and liquidated damages paid	9 228	9 877
Court charges and executions, costs of litigation	1 381	1 704
Loss on derivative financial instruments	2 752	1 025
Other	726	635
Total	**35 842**	**42 361**

34. Finance income and finance costs

Finance income

	2014	2013
Interest earned on financial instruments, of which:	18 574	15 781
– on bank deposits and cash on bank accounts	*17 509*	*15 587*
- on borrowings granted	*1 065*	*194*
Other interest income, of which:	8 875	4 787
– interest income on discounts received and penalty interest	*8 867*	*4 787*
– other	*8*	*-*
Profit on disposal of assets available for sale	-	100
Dividends and shares in profits	41	45 414
The fair value of assets held for trading	-	214 363*
Total	**27 490**	**280 445**

*pertains to shares in the company Budimex B Sp. z o.o. covered with a contribution of shares in the company Budimex Danwood Sp. z o. o.

in accordance with International Financial Reporting Standards in PLN thousand

On 10 October 2013 Budimex SA and Polskie Koleje Górskie SA signed an agreement on sale of shares of the company Kolej Gondolowa Jaworzyna Krynicka SA for the amount of PLN 160 thousand. The book value of the shares sold was PLN 60 thousand.

Finance costs

	2014	2013
Interest expense in respect of financial instruments, of which:	1 046	1 620
– interest on borrowings, loans and other external sources of finance taken out	*104*	*110*
– interest on lease contracts	*942*	*1 510*
Other interest expense, of which:	2 513	2 144
– penalty interest paid to suppliers and interest on discounts	*2 504*	*2 120*
– other interest	*9*	*24*
Revaluation of financial assets	-	54 913
Exchange losses net	357	531
Discount of retentions for construction contracts (note 29)	15 794	6 412
Cost of bank commissions and guarantees	13 431	12 742
Other	-	200
Total	**33 141**	**78 562**

In 2013, the Company recognised an impairment write-down in the amount of PLN 54 913 thousand connected with the loss of value of shares of the company Budimex Nieruchomości Sp. z o.o.. The recoverable amount was determined on the base of its value-in-use, calculated using a discount rate of 8%. The discount rate represents risks related to that asset.

35. Income tax

	01.01 - 31.12.2014	**01.01 - 31.12.2013**
Gross profit (loss)	195 919	332 273
Differences between gross profit (loss) and income tax base (by type):	266 122	69 614
- permanent differences between gross profit and taxable income	3 803	(201 805)
- temporary differences between gross profit and taxable income	272 412	282 674
- other differences	(10 093)	(11 255)
Income tax base	462 041	401 887
Income tax according to enacted tax rate of 19%	87 788	76 359
Income tax paid in respect on profits generated abroad	3 999	6 044
Tax increases, abandonments, exemptions, deductions and reductions	(27 579)	(29 048)
Adjustments to prior periods' income tax	932	1 251
Current income tax	65 140	54 606

	2014	2013
Current income tax	65 140	54 606
Deferred tax (note 24)	(25 290)	(26 670)
Charge on / (credit to) the financial result	**39 850**	**27 936**

in accordance with International Financial Reporting Standards in PLN thousand

The Company's income tax on profit before taxation differed from the theoretical amount that would be recognised in the case of application of the weighted average tax rate in the following manner:

	2014	2013
Pre-tax profit / (loss)	**195 919**	**332 273**
Tax calculated using national tax rates	37 225	63 132
Differences in taxation of revenues of foreign operations	(320)	(357)
Adjustments to prior periods current tax	932	1251
Tax effects of permanent differences between gross profit and taxable income	723	(38 343)
Utilisation of tax losses or deductible temporary differences not recognised previously	(372)	(216)
Deductible temporary differences, unused tax losses and unused tax reliefs for which no deferred tax assets were recognized in the statement of financial position	423	1 183
Charge on / (credit to) the financial result on account of tax on industrial and commercial business operations in Germany	1 239	1 286
Income tax charge on / (credit to) the financial result	**39 850**	**27 936**
Effective tax rate	20.34%	8.41%

36. Earnings (loss) per share

Basic

Basic earnings / (loss) per share are calculated as the quotient of net profit/ (loss) and weighted average number of ordinary shares during the year (note 21).

	2014	2013
Net profit / (loss)	156 069	304 337
Weighted average number of ordinary shares	25 530 098	25 530 098
Basic earnings / (loss) per share (in PLN per share)	**6.11**	**11.92**

Diluted

Diluted earnings / (loss) per share equated basic earnings per share for both periods.

37. Dividend per share

On 24 April 2014, the Ordinary General Meeting of Budimex SA passed a resolution on the payment of dividend in the gross amount of PLN 11.85 per one share. To pay the dividend, the Company used the individual net profit for the period from 1 January 2013 to 31 December 2013 in the amount of PLN 302 532 thousand. The remaining portion of the profit, i.e. PLN 67 thousand, was credited to the reserve capital. The dividend was paid on 21 May 2014.

Until the date of preparation of these financial statements for the year ended 31 December 2014, the Management Board of Budimex SA has not made a resolution in respect of profit appropriation for the year 2014.

in accordance with International Financial Reporting Standards in PLN thousand

38. Statement of cash flows

Other adjustments to the operating activities section of the statement of cash flows cover the following items:

	2014	2013
Foreign exchange differences on translation of foreign operations	21	(6)
Share-based payments (note 39)	1 343	2 665
Other	(615)	(730)
Total	**749**	**1 929**

Non-monetary transactions

In 2014, non-monetary transactions relating to investing and financing activities not recognised in the statement of cash flows related solely to the acquisition of property, plant and equipment with a value of PLN 7 391 thousand under finance lease agreements.

In 2013, non-monetary transactions relating to investing and financing activities not recognised in the statement of cash flows related solely to the acquisition of property, plant and equipment with a value of PLN 272 thousand under finance lease agreements.

39. Share-based payments

In 2010 Ferrovial SA established a performance share plan, which is classified as a share-based payment transaction settled under equity instruments.

According to the plan, each year the members of the Management Board and senior management of Budimex SA are granted shares in Ferrovial SA. Such shares will be finally settled three years after the grant date, subject to the following conditions:

- beneficiaries must be contractually employed by company for the 3-year period after the vesting date, except for the special situations given,
- achievement of specified cash-flow ratios and relation between gross operating profit and net production assets,
- the level of ratios required for being granted total or proportionate number of shares is set every year.

Pursuant to an agreement executed with the Ferrovial Group in 2014, Budimex SA undertook to cover the programme costs with respect to the tranche of instruments granted in 2014 and later on. Therefore, the fair value of the employee services, related with the instruments granted in 2014 was classified as liabilities (correspondingly as an expense).

As at 31 December 2014, the total fair value of services recorded under other reserves amounted to PLN 6 713 thousand and of those included in liabilities to PLN 852 thousand. As at 31 December 2013, the total fair value of services recorded under other reserves was PLN 5 370 thousand.

Detailed information on the Ferrovial SA shares vested since the launch of the plan is presented in the table below:

	Number of shares granted	Grant date	Fair value of 1 share at grant date	Achievement of specific financial results	Discount rate adopted	Cost of shares granted*
2014	50 200	11-02-2014	59.94	100%	5%	2 195
2013	48 464	15-02-2013	51,84	100%	5%	2 665
2012	55 650	12-02-2012	38.84	100%	5%	1 422
2011	50 900***	28-02-2011	33.98	100%	5%	1 027
2010	41 800**	31-03-2010	24.47	100%	5%	256
Total	**247 014**	**-**	**-**	**-**	**-**	**7 565**

in accordance with International Financial Reporting Standards in PLN thousand

*cost for the specific financial years was calculated as follows:

- 2010 - 9/36 of the cost of shares granted in 2010,
- 2011 - 12/36 of the cost of shares granted in 2010 and 10/36 of the cost of shares granted in 2011,
- 2012 - 12/36th of the cost of shares granted in 2010, 12/36th of the cost of shares granted in 2011 and 10/36th of the cost of shares granted in 2013,
- 2013 - 3/36th of the cost of shares granted in 2010, 12/36th of the cost of shares granted in 2011, 12/36th of the cost of shares granted in 2012 and 10/36th of the cost of shares granted in 2013.
- 2014 - 2/36th of the cost of shares granted in 2011, 12/36th of the cost of shares granted in 2012, 12/36th of the cost of shares granted in 2013 and 10/36th of the cost of shares granted in 2014.

**The three-year vesting period for shares granted in 2010 ended in March 2013. As the conditions were satisfied, 59 800 shares in Ferrovial SA were formally handed over to the employees entitled to obtain such shares in this tranche. The number of shares actually granted differs from the originally defined number due to adjustments made at later date.

*** The three-year vesting period for shares granted in 2011 ended in March 2014. As the conditions were satisfied, 59 800 shares in Ferrovial SA were formally handed over to the employees entitled to obtain such shares in this tranche. The number of shares actually granted differs from the originally defined number due to adjustments made at later date.

40. Related party transactions

The Company did not conclude transactions with related parties on the basis other than arms' length.

	Receivables			Liabilities		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
The parent company and related entities of the parent (the Ferrovial Group)	23 989	47 259	54 408	99 649	99 370	131 897
Subsidiary companies	58 467	52 857	50 016	8 090	9 885	4 769
Associates	730	6 709	629	98	117	4 470
Jointly controlled entities	959	1 132	274	727	727	727
Other related parties*	34	59	1 463	8 128	28 744	18 836
Total settlements with related parties	**84 179**	**108 016**	**106 790**	**116 692**	**138 843**	**160 699**

	Revenues on sales of products and services and other operating income		Purchase of finished goods and services	
	2014	**2013**	**2014**	**2013**
The parent company and related entities of the parent (the Ferrovial Group)	20 757	8 242	32 216	39 340
Subsidiary companies	420 790	223 747	48 821	50 773
Associates	834	334	207	191
Jointly controlled entities	1 247	756	-	-
Other related parties*	158	554	720	24 540
Total settlements with related parties	**443 786**	**233 633**	**81 964**	**114 844**

	Borrowings granted / (received)			Finance income / (costs)	
	31.12.2014	**31.12.2013**	**01.01.2013**	**2014**	**2013**
The parent company and related entities of the parent (the Ferrovial Group)	(8 670)	(8 333)	(8 107)	(104)	(110)
Subsidiary companies	20 623	1 849	-	272	45 570
Associates	18 988	3 164	-	817	53
Total settlements with related parties	**30 941**	**(3 320)**	**(8 107)**	**985**	**45 513**

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

In the table above, included under "Parent company and related entities of the parent (the Ferrovial Group)" is financial data relating to transactions with Ferrovial Agroman SA (the sole owner of the

in accordance with International Financial Reporting Standards in PLN thousand

Parent Company of Budimex SA, i.e. Valivala Holdings BV), including with Ferrovial Agroman SA Oddział w Polsce [Branch in Poland] and other Ferrovial Group companies: Cintra Infraestructuras SA, Tecpresa SA, Cadagua SA and Cadagua SA Oddział w Polsce [Branch in Poland].

In 2010, Budimex SA signed two agreements with Ferrovial Agroman SA under which Ferrovial renders to the Company services relating to maintenance and development of IT and staff secondment. In connection with the performance of those agreements, in 2014 Budimex SA incurred costs of PLN 4 089 thousand and PLN 6 719 thousand, while in 2013: PLN 4 055 thousand and PLN 6 270 thousand, respectively.

On 29 October 2012, Budimex SA concluded with Ferrovial Agroman SA a conditional agreement for operational know-how support, streamlining processes and procedures in key areas of construction, investment and management activity. The remuneration under the contract was established as 0.5 per cent of the value of the annual sales revenues of the Budimex Group, less sales revenues of Budimex Nieruchomości Sp. z o.o., with the stipulation that until the correctness of the transaction price is approved by the Polish and Spanish tax authorities, Budimex SA will be remitting to Ferrovial Agroman SA payments reduced by 25 per cent. The contract covers the period from 1 January 2012 to 31 December 2016. In connection with the performance of those contracts, in 2014 Budimex SA incurred costs of PLN 23 514 thousand and in 2013 total costs of PLN 22 612 thousand.

40.1 Transactions with related parties involving transfer of rights or liabilities

On 28 April 2014, Budimex B Sp. z o.o. (a wholly owned subsidiary of Budimex SA) made a payment for the benefit of Budimex SA in the amount of PLN 238 600 thousand in connection with the registration of the share capital decrease to PLN 75 thousand.

On 10 December 2014, the Extraordinary Shareholders' Meeting of FB Serwis SA (an associate of Budimex SA) resolved to increase the company's share capital by PLN 20 000 thousand, i.e. from PLN 19 600 thousand to PLN 39 600 thousand. All the new shares were purchased by existing shareholders, i.e. by Ferrovial Servicios SA - 408 shares of nominal value of PLN 500 per share for a total of PLN 10 200 thousand and by Budimex SA – 392 shares of nominal value of PLN 500 per share for a total of PLN 9 800 thousand.

40.2 Remuneration of key members of management

The Management Board

In 2014, the total value of remuneration, bonuses and awards for the members of the Management Board of Budimex SA amounted to PLN 8 014 thousand (of which PLN 2 443 thousand represented performance bonuses for the year 2013), of which PLN 6 829 thousand was recognised costs of Budimex SA. The remaining balance was recognised as costs of its subsidiaries.

In 2013, the total value of remuneration was PLN 6 519 thousand, of which PLN 5 530 thousand was entered as costs of Budimex SA (PLN 1 406 thousand represented performance bonuses for the year 2012). The remaining balance was recognised as costs of its subsidiaries.

In 2014, remuneration of the members of the Management Board was as follows:

Dariusz Blocher	PLN 1 880 thousand
Henryk Urbański	PLN 1 185 thousand
Marcin Węgłowski	PLN 1 071 thousand
Jacek Daniewski	PLN 1 070 thousand
Andrzej Artur Czynczyk	PLN 1 071 thousand
Fernando Pascual Larragoiti	PLN 1 154 thousand (from 24 April to 31 December 2014)
Ignacio Botella Rodriguez	PLN 583 thousand (from 1 January to 24 April 2014).

in accordance with International Financial Reporting Standards in PLN thousand

Additionally, apart from the amounts presented above, in the 12-month period ended 31 December 2014, the estimated costs of share-based payments under Ferrovial SA incentive programmes allocated to the Company's Management Board amounted to PLN 1 340 thousand and were distributed as follows:

Dariusz Blocher	PLN 542 thousand
Fernando Pascual Larragoiti	PLN 61 thousand
Henryk Urbański	PLN 244 thousand
Marcin Węgłowski	PLN 170 thousand
Jacek Daniewski	PLN 170 thousand
Andrzej Artur Czynczyk	PLN 153 thousand

The above costs consist of: 2/36th of the cost of shares granted in 2011, 12/36th of the cost of shares granted in 2012, 12/36th of the cost of shares granted in 2013 and 10/36th of the cost of shares granted in 2014.
The three-year vesting period for shares granted in 2011 ended in March 2014. As the conditions were satisfied, the shares in Ferrovial SA were formally handed over. The number of shares actually granted to the members of the Management Board of the Company was as follows:

Dariusz Blocher	13 500 shares
Ignacio Botella Rodríguez	6 600 shares
Henryk Urbański	6 750 shares
Marcin Węgłowski	4 400 shares
Jacek Daniewski	4 400 shares

The market value of Ferrovial SA shares as at the date of actual grant amounted to PLN 65.28.

Proxies

The total value of remuneration paid to proxies of Budimex SA in 2014 was PLN 1 243 thousand, while in 2013 it was PLN 2 936 thousand.

Individual remuneration of proxies in 2014 was as follows:

Jaime Rontomé Pérez	PLN 366 thousand (from 1 January to 26 March 2014)
José Emilio Pont Pérez	PLN 366 thousand (from 1 January to 26 March 2014)
Andrzej Goławski	PLN 160 thousand (from 19 September to 31 December 2014)
Artur Popko	PLN 191 thousand (from 19 September to 31 December 2014)
Radosław Górski	PLN 160 thousand (from 19 September to 31 December 2014).

Additionally, apart from the amounts presented above, in the 12-month period ended 31 December 2014, the estimated costs of share-based payments under Ferrovial SA incentive programmes allocated to the Company's proxies amounted to PLN 181 thousand and were distributed as follows:

Jaime Rontomé Pérez	PLN 29 thousand (from 1 January to 26 March 2014)
José Emilio Pont Pérez	PLN 29 thousand (from 1 January to 26 March 2014)
Andrzej Goławski	PLN 40 thousand (from 19 September to 31 December 2014)
Artur Popko	PLN 43 thousand (from 19 September to 31 December 2014)
Radosław Górski	PLN 40 thousand (from 19 September to 31 December 2014).

The three-year vesting period for shares granted in 2011 ended in March 2014. As the conditions were satisfied, the shares in Ferrovial SA were formally handed over. The number of shares actually granted to the proxies of the Company was as follows:

Jaime Rontomé Pérez	3 350 shares
José Emilio Pont Pérez	3 350 shares

The market value of Ferrovial SA shares as at the date of actual grant amounted to PLN 65.28.

in accordance with International Financial Reporting Standards in PLN thousand

The Supervisory Board

Total value of remuneration paid to the members of the Supervisory Board in 2014 amounted to PLN 967 thousand (PLN 944 thousand in 2013).

In 2014, remuneration of the members of the Supervisory Board of Budimex SA was as follows:

Marek Michałowski	PLN 161 thousand
Igor Chalupec	PLN 102 thousand
Tomasz Sielicki	PLN 11 thousand (from 1 January to 7 January 2014).
Javier Galindo Hernandez	PLN 95 thousand
Jose Carlos Garrido-Lestache Rodriguez	PLN 95 thousand
Marzenna Anna Weresa	PLN 132 thousand
Piotr Kamiński	PLN 95 thousand
Maciej Stańczuk	PLN 16 thousand (from 1 January to 7 February 2014)
Alejandro de la Joya Ruiz de Velasco	PLN 109 thousand
Janusz Dedo	PLN 88 thousand (from 29 January to 31 December 2014)
Ignacio Clopes Estela	PLN 63 thousand (from 24 April to 31 December 2014)

40.3 Advances, loans, borrowings, guarantees and sureties provided to Members of the Management or Supervisory Boards

As at 31 December 2014 and 31 December 2013, the Members of the Management and Supervisory Boards of the Company, their spouses, direct and second degree relatives or persons who are connected by a guardianship or wardship relationship and other persons who are related to them in person did not have any unpaid loans or borrowings or guarantees issued by Budimex SA or its subsidiaries, jointly controlled entities or associates and were not parties to other agreements obligating them to provide benefits to Budimex SA or its subsidiaries, jointly controlled entities or associates.

41. Capital expenditure incurred and planned

Capital expenditure incurred in the year 2014 amounted to PLN 30 771 thousand, of which PLN 20 971 thousand was allocated to the acquisition of non-financial non-current assets. In the year 2013, capital expenditure amounted to PLN 17 651 thousand, of which PLN 6 062 thousand was allocated to the acquisition of non-current non-financial long assets. In both periods, the capital expenditure incurred did not relate to investments into environmental protection.
The Company intends to incur in 2015 capital expenditure of approx. PLN 66 600 thousand and this amount will be allocated in full to non-financial non-current assets. The Company does not plan to incur investment outlays for natural environment protection.

42. (Off-balance sheet) investment expenditure

As at 31 December 2014 and 31 December 2013, there were no committed investment expenditures.

43. Future liabilities under rental or operating lease agreements

Liabilities under rental or operating lease agreements relate mainly to car or office space rental agreements.

in accordance with International Financial Reporting Standards in PLN thousand

Total minimum lease payments under irrevocable agreements of operating lease amount to the following:

	31.12.2014	31.12.2013
- up to 1 year	16 493	17 309
- 1-5 years	32 025	15 597
– above 5 years	-	500
Total	**48 518**	**33 406**

	2014	2013
Lease payments taken to costs	**25 549**	**27 537**

The Company uses also land under perpetual usufruct which it received based on an administrative decision. Estimated future payments for the perpetual usufruct will as follows:

	31.12.2014	31.12.2013
- up to 1 year	154	158
- 1-5 years	616	631
– above 5 years	10 625	11 049
Total	**11 395**	**11 838**

	2014	2013
Fees for perpetual usufruct taken to costs	**151**	**158**

44. Financial instruments

Carrying value

The tables below present the carrying values of all financial instruments of the Company, divided into classes and categories of assets and liabilities:

Balance as at 31.12.2014

Classes of financial instruments	Financial assets available for sale	Financial assets at fair value through profit or loss	Borrowings and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Borrowings granted	-	-	39 611	-	-	**39 611**
Investments in other entities	6 417	-	-	-	-	**6 417**
Retentions for construction contracts	-	-	55 660	-	(356 808)	**(301 148)**
Trade and other receivables*	-	-	374 703	-	-	**374 703**
Amounts due and receivable from customers under construction contracts	-	-	165 648	-	-	**165 648**
Derivative financial instruments	-	785	-	(2 995)	-	**(2 210)**
Cash and cash equivalents	-	1 403 970	-	-	-	**1 403 970**
Loans, borrowings and other external sources of finance	-	-	-	-	(32 714)	**(32 714)**
Amounts due and payable to customers under construction contracts	-	-	-	-	(910 183)	**(910 183)**
Trade liabilities and other financial liabilities**	-	-	-	-	(924 327)	**(924 327)**
Total	**6 417**	**1 404 755**	**635 622**	**(2 995)**	**(2 224 032)**	**(180 233)**

in accordance with International Financial Reporting Standards in PLN thousand

Balance as at 31.12.2013

Classes of financial instruments	Financial assets available for sale	Financial assets at fair value through profit or loss	Borrowings and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Borrowings granted	-	-	5 013	-	-	**5 013**
Investments in other entities	6 596	-	-	-	-	**6 596**
Retentions for construction contracts	-	-	59 663	-	(331 991)	**(272 328)**
Trade and other receivables*	-	-	439 641	-	-	**439 641**
Amounts due and receivable from customers under construction contracts	-	-	137 441	-	-	**137 441**
Derivative financial instruments	-	29	-	(440)	-	**(411)**
Cash and cash equivalents	-	1 112 254	-	-	-	**1 112 254**
Loans, borrowings and other external sources of finance	-	-	-	-	(35 209)	**(35 209)**
Amounts due and payable to customers under construction contracts	-	-	-	-	(688 159)	**(688 159)**
Trade liabilities and other financial liabilities**	-	-	-	-	(1 097 984)	**(1 097 984)**
Total	**6 596**	**1 112 283**	**641 758**	**(440)**	**(2 153 343)**	**(393 146)**

Balance as at 01.01.2013

Classes of financial instruments	Financial assets available for sale	Financial assets at fair value through profit or loss	Borrowings and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Investments in other entities	6 656	-	-	-	-	**6 656**
Retentions for construction contracts	-	-	93 130	-	(373 841)	**(280 711)**
Trade and other receivables*	-	-	305 850	-	-	**305 850**
Concession agreement receivables	-	-	-	-	-	**-**
Amounts due and receivable from customers under construction contracts	-	-	222 889	-	-	**222 889**
Derivative financial instruments	-	1 460	-	(243)	-	**1 217**
Cash and cash equivalents	-	1 038 436	-	-	-	**1 038 436**
Loans, borrowings and other external sources of finance	-	-	-	-	(45 435)	**(45 435)**
Amounts due and payable to customers under construction contracts	-	-	-	-	(549 447)	**(549 447)**
Trade liabilities and other financial liabilities**	-	-	-	-	(1 216 149)	**(1 216 149)**
Total	**6 656**	**1 039 896**	**621 869**	**(243)**	**(2 184 872)**	**(516 694)**

*) excluding receivables under advances and prepayments,
**) the amount includes trade liabilities, uninvoiced costs, payroll, consortia settlements as well as accruals and prepayments related to unused holidays and employee bonuses.

Available-for sale financial assets comprise solely equities and shares in companies.

The carrying value of available-for-sale financial assets as at 31 December 2014, 31 December 2013 and 1 January 2013 equated their acquisition cost. The fair value of these assets cannot be established as there is no active market for them.

The Company does not intend to dispose of any available-for-sale financial assets in the period of the next 12 months.

in accordance with International Financial Reporting Standards in PLN thousand

Income, costs, gains and losses recognised in the profit and loss account classified into financial instrument categories

For the period from 01.01.2014 to 31.12.2014

	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Borrowings and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Interest income/ (expense)	-	17 509	4 769	-	1 613	**23 891**
Foreign exchange gains / (losses)	-	275	(152)	-	(480)	**(357)**
Reversal / (creation) of impairment write-downs	-	-	(738)	-	-	**(738)**
Dividends received	25	-	-	-	-	**25**
Valuation gains / (losses)	-	430	1 204	(2 555)	(7 216)	**(8 137)**
Gains / (losses) from disposal / realisation of financial instruments	-	141	-	(768)	-	**(627)**
Total	**25**	**18 355**	**5 083**	**(3 323)**	**(6 083)**	**14 057**

For the period from 01.01.2013 to 31.12.2013

	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Borrowings and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Interest income/ (expense)	-	15 587	571	-	670	**16 828**
Foreign exchange gains / (losses)	-	(127)	(253)	-	(151)	**(531)**
Reversal / (creation) of impairment write-downs	-	-	(9 708)	-	-	**(9 708)**
Dividends received	5	-	-	-	-	**5**
Valuation gains / (losses)	-	(1 431)	75	(197)	1 348	**(205)**
Gains / (losses) from disposal / realisation of financial instruments	100	2 193	-	(1 590)	-	**703**
Total	**105**	**16 222**	**(9 315)**	**(1 787)**	**1 867**	**7 092**

Financial assets and liabilities measured at fair value

The following tables provide an analysis of the Company's financial assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the inputs for determination of the fair value are observable.

	31.12.2014			
	Fair value measurement			
Financial assets at fair value through profit or loss	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	785	-	**785**
Cash and cash equivalents	-	1 403 970	-	**1 403 970**
Total	**-**	**1 404 755**	**-**	**1 404 755**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	**-**	2 995	**-**	2 995
Total	**-**	**2 995**	**-**	**2 995**

The above financial statements are a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version should prevail.

in accordance with International Financial Reporting Standards in PLN thousand

	31.12.2013			
	Fair value measurement			
Financial assets at fair value through profit or loss	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	29	-	**29**
Cash and cash equivalents	-	1 112 254	-	**1 112 254**
Total	**-**	**1 112 283**	**-**	**1 112 283**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	**-**	440	**-**	440
Total	-	440	-	440

	01.01.2013			
	Fair value measurement			
Financial assets at fair value through profit or loss	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	1 460	-	**1 460**
Cash and cash equivalents	-	1 038 436	-	**1 038 436**
Total	**-**	**1 039 896**	**-**	**1 039 896**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	**-**	243	**-**	243
Total	**-**	**243**	**-**	**243**

During the 12 months ended 31 December 2013, there was no transfer between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurement (note 6.11).

44. Legal proceedings pending as at 31 December 2014

The total value of legal proceedings pending in respect of liabilities of Budimex SA as at 31 December 2014 was PLN 286 250 thousand. The proceedings pending relate to the operating activities of the Company.

The proceedings in the highest value case are pending before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw, which involve the Ferrovial Agroman SA consortium members: Budimex SA and Estudio Lamela S.L. (FBL Consortium) and Przedsiębiorstwo Państwowe "Porty Lotnicze" (PPL). The litigation is the result of PPL serving a notice rescinding the contract for the development and modernization of Terminal 2 of the Warsaw Frederic Chopin International Airport.
In the course of the proceedings before the Court of Arbitration, 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. On 31 July and 26 October 2009 PPL filed to the Court of Arbitration further 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. As a result of subsequent procedural steps, in August 2012, PPL's claim was raised to PLN 298 892 thousand. According to the value of the shares set forth in the consortium agreement, the risk allocated to Budimex SA does not exceed the total of PLN 119 556 thousand.
According to Budimex SA, all the claims under the counter-suit are groundless. Consequently, on 21 October 2008, the FBL Consortium filed a response to the counter-claim, which contained a motion to dismiss the action in its entirety, together with the statement on the groundlessness

of PPL's claims. The court has already heard all witnesses for the claimant and the counter-claimant with respect to the circumstances included in PPL's counter-claim. The evidence in the form of an expert opinion is the last to be considered with respect to this part of the dispute. This, however, may be done only after the court has completed the evidence proceedings concerning the claims of the claimant. The determinations made in the expert opinion concerning the claims of the FBL Consortium will affect the scope of claims of PPL and, consequently, on the scope of evidence taken in order to prove them.
Regardless of PPL's counter-claim and in accordance with former announcements, on 27 February 2009 the Consortium FBL submitted a statement of claim including an extension of the main claim by the amount of PLN 216 458 thousand, covering: remuneration for the works performed, but not paid by Investor, remuneration for additional works, and reimbursement for the retained amounts and interest on late payments. Under the consortium contract, the share of Budimex SA in the claim amounts to PLN 86 583 thousand.
On 27 May 2010, the Court of Arbitration issued a decision under which the evidence from the expert's opinion regarding the evaluation of reasonableness of the PPL claims was accepted (except for any amounts sought at that stage). The expert appointed by the Court of Arbitration, Grupa BS Consulting, started to work at the end of 2010. To date, there have been several meetings with proxies of parties and the expert and there was an inspection of the airport objects with the participation of the aforementioned expert in March 2011.
Technical opinion prepared by the expert, that was delivered to proxies of both parties on 29 July 2011, represented the result of his work. The parties submitted comments, remarks and detailed questions to the opinion prepared by the expert. Upon taking these into consideration, the expert prepared his final supplementary opinion at the end of March 2012. The assessment presented in the opinion was favourable for the FBL Consortium as it, among other things, confirmed that the FBL Consortium was entitled to postpone the work completion deadline.
Due to completion by the expert of work on the assessment of the validity of PPL's claims, the Court ordered both parties to present final calculations of their claims, taking into account the expert's views expressed in the opinion. As a result, PPL extended the claim as stated above to PLN 298 892 thousand, and the value of the FBL Consortium's claim remained unchanged.
Pursuant to a decision of the Court of Arbitration dated 28 January 2013 and based on a site inspection performed in July 2013, the expert, i.e. Grupa BS Consulting was to draft an opinion on assessment on value of claims submitted by the FBL Consortium in the extended claim by the end of October 2013. Since the expert did not draft the opinion on time, at the hearing held on 20 December 2013 the Court of Arbitration made a decision on appointment of a new expert. At present, the parties are awaiting the Court's decision regarding the appointment of a new expert selected among proposals submitted. The procedure of selection is expected to be completed in the first quarter of 2015.

On 16 December 2010, Tomasz Ryskalok and Rafał Ryskalok, conducting business activity as a civil law partnership under the name Cerrys S.C., with its registered office in Wykroty, filed a lawsuit against Budimex SA for payment of a contractual penalty for delay in the removal of defects identified during the warranty period. The lawsuit concerns the construction of a concrete plant in line with agreement concluded on 19 May 2003 with the value of the agreement amounting to PLN 4 189 thousand. The value of the subject matter of the lawsuit is PLN 90 000 thousand including statutory interest calculated from 19 October 2006 until the day of payment. In the opinion of Budimex SA, the claim constituting the subject matter of the argument is absolutely groundless and there is no basis, either formal or factual, for considering it (the deadline for submitting the claims in question expired, the limit concerning contractual penalties - i.e. up to 15 per cent of the value of the agreement - has not been taken into account, and the defect is not material). To date, there have been several hearings during which witnesses for the claimant and defendant were examined. Having heard the parties, on 19 December 2013, the Court issued a decision under which the evidence from the expert's opinion regarding the evaluation of reasonableness of the PPL claims was accepted. The inspection of the facility was carried out in June 2014. In October 2014, the court delivered the opinion of the construction expert. Upon a request of Budimex, the court is to commission the drafting of a supplementary opinion.

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 of contractor costs incurred by the investor when the consortium rescinded the contract. The share of the companies in the consortium was 90 per cent, therefore the value of the claim for which the Company is presently liable is PLN 22 727 thousand. The court ended examination of witnesses of both parties, and then heard the parties. On 6 February 2014, the court accepted evidence from the construction expert opinion with regard, inter alia, to: assessment of quality and value of works completed by the defendant, the scope and completeness of works to be performed as well as value of corrections. The expert drafted an opinion which the defendant considers to be in its favour. This assessment is confirmed by the actions of the claimant who submitted a request for appointment of a new expert. Presently, the parties expect the court to consider this request. The court has set the date for another hearing in order to hear the witnesses for the defendant.

in accordance with International Financial Reporting Standards in PLN thousand

As at the date of this report, the final outcome of the remaining proceedings is not known.
The total value of legal proceedings pending in respect of claims of Budimex SA amounted to PLN 222 646 thousand as at 31 December 2014. The proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of the construction work performed. Aside from the case brought to court by the FBL Consortium against PPL, the value of no other proceedings concerning claims exceeds 10% of the shareholders' equity of Budimex SA. As at the date of this report, the final outcome of the proceedings is not known.

45. Events after the balance sheet date

On 24 February 2015, the final agreement was signed off with respect to the sale of the plot of land with buildings which had been recognised as non-current assets held for sale as at 31 December 2014.
Until the date of publication of these financial statements, there were no other significant events that should be disclosed.

46. Contingent liabilities and contingent receivables

	31.12.2014	31.12.2013	01.01.2013
1. Contingent receivables	**310 947**	**353 267**	**347 223**
1.1. From related parties (under):	14 482	12 765	4 208
- guarantees and suretyships received	880	880	2 372
- bills of exchange received as security	2 964	1 092	1 836
- other contingent receivables	10 638	10 793	-
1.2. From other entities (under):	296 465	340 502	340 015
- guarantees and suretyships received	295 422	338 524	338 497
- bills of exchange received as security	1 043	1 978	1 518
1.3. Other, of which:	-	-	3 000
- other contingent receivables	-	-	3 000
2. Contingent liabilities	**2 038 659**	**1 493 231**	**1 466 852**
2.1. To related parties (under)	157 953	138 657	126 333
- guarantees and suretyships issued	157 953	138 657	126 333
2.2. To other entities (under)	1 880 706	1 354 574	1 340 519
- guarantees and suretyships issued	1 877 637	1 348 669	1 336 014
- bills of exchange issued as security	3 069	5 905	4 505
3. Other, of which:	**135 480**	**143 180**	**143 180**
- other contingent liabilities	135 480	143 180	143 180
Total off-balance sheet items	**(1 863 192)**	**(1 283 144)**	**(1 262 809)**

in accordance with International Financial Reporting Standards in PLN thousand

Contingent receivables arising from guarantees and sureties comprise guarantees issued by banks or other entities in favour of the Company securing the Company's claims against its business partners in connection with executed construction contracts.
Contingent liabilities arising from guarantees and sureties comprise mainly guarantees issued by banks to business partners of the Company to secure their claims against the Company that may arise on the grounds of executed construction contracts. The banks have the right to recourse against the Company on that account. Guarantees issued to the investors of the Company represent an alternative, to the retentions held, method of securing potential investor claims relating to construction contracts. At the same time, the risk relating to warranty repairs assessed by the Company Management Board as probable was appropriately reflected in the warranty repair provision, as described in note 7 to these statements.
The bills of exchange issued represent security for the settlement of liabilities towards strategic suppliers of the Company, while the bills of exchange received and recognised under contingent receivables represent security for the payment of the receivables due to the Company by its customers.
Other contingent liabilities include among others voluntary submission to enforcement which secures the payment in the amount of up to PLN 135 010 thousand payable in the case of improper performance by the Company of its obligations under the agreement of acquisition of shares of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.

47. Employment structure

Average employment at Budimex SA in the years 2014 and 2013 was as follows:

Employee group	Year ended 31 December 2014	Year ended 31 December 2013
White collar employees	2 197	1 943
Blue collar employees	1 540	1 679
Total employment	**3 737**	**3 622**

48. Significant events with an impact on the Company financial situation

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 SA Ferrovial Agroman SA Sp. J. (formerly: Budimex Dromex SA Ferrovial Agroman SA Sp. J.) and Autostrada Południe SA for the design and construction of the section of the A1 highway between Stryków and Pyrzowice did not become effective. Phase I covered design work with a value of PLN 180 000, 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 the design works realised by Spółka Jawna on behalf of Autostrada Południe SA had not been accepted by the Ministry of Infrastructure. Due to the above, there is a risk that the full amount of contract costs incurred by that company (in which Budimex SA holds 50% of 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 from the defect of the project delivered by Spółka Jawna or the defects are the consequence of the requirements of Autostrada Południe SA, different from the requirements of the State Treasury as an investor. On 21 December 2011 Autostrada Południe SA filed a claim to court against the State Treasury represented by the Ministry of Transportation, Construction and Naval Economy, calling for payment of PLN 176 855 thousand regarding design works performed by Spółka Jawna. In 2012 and 2013, partial evidence proceedings and witness interrogation took place, and an expert opinion was drafted. Autostrada Południe SA submitted a request for the drafting of a supplementary opinion which was prepared and delivered to the parties in October 2014. As follows from the opinion, all stages of design works with respect to which the claimant demands payment were performed, and thus the comments of the former expert were not justified. At present, the parties have the right to submit potential comments or queries to the expert. As the conclusions of the supplementary opinion were positive for the claimant, the claimant is not supposed to submit any reservations, comments or queries.

Total revenues recognised by Spółka Jawna in prior years in connection with the design works performed (including the anticipated risks) corresponding to the share of Budimex SA amounted to PLN 72 505 thousand. Spółka Jawna made an impairment write-down against receivables due from Autostrada Południe SA, of which PLN 39 850 thousand was attributable to Budimex SA, and recognised a provision representing a liability regarding compensations in favour of Autostrada Południe SA, of which PLN 12 655 thousand was attributable to Budimex SA.

Furthermore, Budimex SA has a 37% share in the consortium set up with Ferrovial Agroman SA and Estudio Lamela S.L. (the "Consortium") to perform a contract for development and modernization (including full technical infrastructure) of Warsaw Frederic Chopin Airport – Terminal II (Międzynarodowy Port Lotniczy Warszawa Okęcie) of original value of USD 198 850 thousand and completion date of 14 November 2005. In the first quarter of 2005, the investor extended the work completion deadline to 15 April 2006 due to a 5-month delay in the Consortium obtaining construction permit (for reasons independent of the Consortium). On 15 September 2006, the Consortium signed an Annex to the above contract with the airport managing company, Przedsiębiorstwo Państwowe Porty Lotnicze. Due to the scope of work being extended and taking into account compensation for the additional general costs incurred by the Consortium in the extended period, the total value of the contract increased to USD 247 687 thousand. The Parties agreed that the new work completion deadline would be 30 November 2007. The investor, Przedsiębiorstwo Państwowe Porty Lotnicze, also imposed on the Consortium liquidated damages (as provided for in the original contract) of USD 6 378 thousand for the delay in contract performance past the deadline of 15 April 2006.

On 12 October 2007, Budimex SA received a statement from Przedsiębiorstwo Państwowe Porty Lotnicze ("PPL") to the effect that it was rescinding the contract for the development of the Warsaw Frederic Chopin Airport. On 29 October 2007, the Management Board of Budimex SA was informed by the company's banks that Przedsiębiorstwo Państwowe Porty Lotnicze had demanded payment of USD 8 665 thousand under the bank guarantees against the share attributable to Budimex SA as a member of the Consortium carrying out the development project at Warsaw Frederic Chopin Airport. In the period 2-9 November 2007, payments of a total amount of PLN 21 612 thousand were made to PPL under the bank guarantee granted to Budimex SA. According to the Consortium, the requests for payments from the bank guarantees submitted in breach of the Contract and the Civil Code, which became the subject of litigation proceedings, described in more detail in note 44.

Revenues and expenses, assets and liabilities relating to the realization of this contract in the part corresponding to the share Budimex SA were appropriately accounted for in the books of account of the Company. As at 31 December 2014, there were no investment obligations regarding the contract. Contingent liabilities resulting from counter-claim statements have been described in note 44.

According to the Management Board's best estimates as at the date of drafting these financial statements, total loss incurred by Budimex on this contract (proportionate to the share of Budimex in the Consortium), taking into account other operating costs/revenues and finance costs/income (including the result on forward contracts entered into to minimize the FX risk) was PLN 94 885 thousand as at 31 December 2014 (as at 31 December 2013: PLN 99 211 thousand). The loss of Budimex on the entire contract, without taking into account the result of other operating and financial activities, was PLN 137 110 thousand as at 31 December 2014 (as at 31 December 2013: PLN 141 436 thousand). In view of the legal proceedings pending and the fact that the Consortium has not completed its financial settlements with PPL and its subcontractors, the final result of the contract performance may change.

Dariusz Blocher	President of the Management Board	....	Henryk Urbański	Member of the Management Board	....
name and surname	Position	signature	name and surname	position	signature
Fernando Luis Pascual Larragoiti	Vice-President of the Management Board	....	Marcin Węgłowski	Member of the Management Board	....
name and surname	Position	signature	name and surname	position	signature
Jacek Daniewski	Member of the Management Board	....	Grzegorz Fąfara	Chief Accountant	....
name and surname	Position	signature	name and surname	position	signature
Andrzej Artur Czynczyk	Member of the Management Board	....		Warsaw, 11 March 2015	
name and surname	Position	signature			

The above financial statements are a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version should prevail.