

Budimex SA

Condensed financial statements  
for III quarter of 2011

## BALANCE SHEET

	As at 30.09.2011	As at 30.06.2011	As at 31.12.2010	As at 30.09.2010
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>Assets</b>				
<b>I. Non-current assets</b>	<b>1 285 237</b>	<b>1 289 121</b>	<b>1 288 055</b>	<b>1 235 506</b>
1. Intangible assets, including:	1 602	1 662	1 768	1 710
- goodwill	-	-	-	-
2. Tangible fixed assets	98 979	90 114	82 891	68 134
3. Long-term receivables	-	-	-	-
3.1. From related parties	-	-	-	-
3.2. From other entities	-	-	-	-
4. Long-term investments	795 071	794 895	810 754	810 984
4.1. Investment property	7 791	7 819	13 391	13 546
4.2. Intangible assets	-	-	-	-
4.3. Long-term financial assets	787 280	787 076	797 363	797 438
a) in related parties, including:	785 095	784 891	795 121	795 196
- shares in subordinate entities equity accounted	-	-	-	-
b) in other entities	2 185	2 185	2 242	2 242
4.4. Other long-term investments	-	-	-	-
5. Long-term deferred costs	389 585	402 450	392 642	354 678
5.1. Deferred tax assets	384 486	397 881	388 337	350 221
5.2. Other prepayments and deferred costs	5 099	4 569	4 305	4 457
<b>II. Current assets</b>	<b>2 210 748</b>	<b>1 978 588</b>	<b>2 570 896</b>	<b>1 953 257</b>
1. Inventories	274 979	280 562	237 579	200 731
2. Short-term receivables	706 533	776 476	413 961	658 308
2.1. From related parties	129 315	124 885	72 481	95 575
2.2. From other entities	577 218	651 591	341 480	562 733
3. Short-term investments	862 711	588 497	1 769 110	788 167
3.1. Short-term financial assets	862 711	588 497	1 769 110	788 167
a) in related parties	-	-	-	1 234
b) in other entities	1 679	293	14 111	287
c) cash and cash equivalents and other monetary assets	861 032	588 204	1 754 999	786 646
3.2. Other short-term investments	-	-	-	-
4. Short-term deferred costs	366 525	333 053	150 246	306 051
<b>Total Assets</b>	<b>3 495 985</b>	<b>3 267 709</b>	<b>3 858 951</b>	<b>3 188 763</b>
<b>Liabilities and Shareholders' Equity</b>				
<b>I. Shareholders' equity</b>	<b>626 506</b>	<b>549 795</b>	<b>642 735</b>	<b>584 627</b>
1. Share capital	127 650	127 650	127 650	127 650
2. Unpaid share capital (negative value)	-	-	-	-
3. Own shares purchased (negative value)	-	-	-	-
4. Reserve capital	279 818	279 818	285 349	285 093
5. Revaluation reserve	4 167	3 350	3 453	3 560
6. Other reserves	-	-	-	-
7. Accumulated profits (losses) from previous years	-	-	-	-
8. Net profit (loss) for the period	214 871	138 977	226 283	168 324
9. Deductions from profit for the period (negative value)	-	-	-	-
<b>II. Liabilities and provisions</b>	<b>2 869 479</b>	<b>2 717 914</b>	<b>3 216 216</b>	<b>2 604 136</b>
1. Provisions	275 147	270 597	231 671	261 667
1.1. Deferred tax liability	89 317	85 480	48 683	79 967
1.2. Provision for retirement bonuses and related obligations	2 911	2 911	2 911	2 767
a) long-term	1 554	1 554	1 554	1 441
b) short-term	1 357	1 357	1 357	1 326
1.3. Other provisions	182 919	182 206	180 077	178 933
a) long-term	94 218	83 766	76 285	77 628
b) short-term	88 701	98 440	103 792	101 305
2. Long-term liabilities	32 012	20 730	11 244	3 920
2.1. To related parties	-	-	-	-
2.2. To other entities	32 012	20 730	11 244	3 920
3. Short-term liabilities	1 630 586	1 463 306	1 678 864	1 378 869
3.1. To related parties	104 479	113 830	108 140	104 570
3.2. To other entities	1 520 431	1 343 876	1 567 628	1 269 893
3.3. Special funds	5 676	5 600	3 096	4 406
4. Accruals and deferred income	931 734	963 281	1 294 437	959 680
4.1. Negative goodwill	-	-	-	-
4.2. Other accruals and deferred income	931 734	963 281	1 294 437	959 680
a) long-term	5 150	5 150	5 150	5 150
b) short-term	926 584	958 131	1 289 287	954 530
<b>Total Liabilities and Shareholders' Equity</b>	<b>3 495 985</b>	<b>3 267 709</b>	<b>3 858 951</b>	<b>3 188 763</b>
<b>Book value per share calculation</b>				
As at 30.09.2011	As at 30.06.2011	As at 31.12.2010	As at 30.09.2010	
Net assets (PLN thd)	626 506	549 795	642 735	584 627
Number of shares	25 530 098	25 530 098	2 530 098	25 530 098
Book value per share (PLN)	24,54	21,54	25,18	22,90

## OFF-BALANCE SHEET ITEMS

	Stan na 30.09.2011 (PLN '000)	Stan na 30.06.2011 (PLN '000)	Stan na 31.12.2010 (PLN '000)	Stan na 30.09.2010 (PLN '000)
<b>1. Contingent receivables</b>	<b>316 107</b>	<b>318 011</b>	<b>278 736</b>	<b>271 333</b>
1.1. From related parties, of which:	-	-	-	-
- guarantees and suretyships received	-	-	-	-
- bills of exchange received as security	-	-	-	-
1.2. From other entities, of which:	316 107	318 011	278 736	271 333
- guarantees and suretyships received	304 138	306 914	271 037	268 437
- bills of exchange received as security	11 969	11 097	7 699	2 896
1.3. Other	-	-	-	-
- other contingent receivables	-	-	-	-
<b>2. Contingent liabilities</b>	<b>1 791 604</b>	<b>1 734 753</b>	<b>1 429 246</b>	<b>1 463 057</b>
2.1. To related parties, of which:	149 748	137 742	113 066	109 812
- guarantees and suretyships issued	149 748	137 742	113 066	109 812
- promissory notes issued as security	-	-	-	-
2.2. To other entities, of which:	1 641 856	1 597 011	1 316 180	1 353 245
- guarantees and suretyships issued	1 639 801	1 594 956	1 314 180	1 351 091
- promissory notes issued as security	2 055	2 055	2 000	2 154
<b>3. Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- other contingent liabilities	-	-	-	-
<b>Total off-balance sheet items</b>	<b>(1 475 497)</b>	<b>(1 416 742)</b>	<b>(1 150 510)</b>	<b>(1 191 724)</b>

## PROFIT AND LOSS ACCOUNT

	III quarter, period from 01.07.11 to 30.09.11	3-quarter period from 01.01.11 to 30.09.11	III quarter, period from 01.07.10 to 30.09.10	3-quarter period from 01.01.10 to 30.09.10
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>I. Sales of finished products, goods for resale and raw materials, including:</b>	<b>1 475 788</b>	<b>3 508 734</b>	<b>1 238 237</b>	<b>2 591 052</b>
- to related parties	80 782	203 912	37 196	67 459
1. Sales of finished products	1 474 647	3 507 073	1 237 981	2 590 628
2. Sales of goods for resale and raw materials	1 141	1 661	256	424
<b>II. Cost of finished products, goods for resale and raw materials, including:</b>	<b>(1 372 499)</b>	<b>(3 244 237)</b>	<b>(1 113 213)</b>	<b>(2 334 442)</b>
- from related parties	(27 484)	(90 847)	(36 282)	(73 705)
1. Cost of finished products	(1 372 156)	(3 243 566)	(1 113 190)	(2 334 378)
2. Cost of goods for resale and raw materials sold	(343)	(671)	(23)	(64)
<b>III. Gross profit (loss) on sales</b>	<b>103 289</b>	<b>264 497</b>	<b>125 024</b>	<b>256 610</b>
<b>IV. Selling expenses</b>	<b>(2 775)</b>	<b>(7 833)</b>	<b>(2 095)</b>	<b>(6 680)</b>
<b>V. General and administrative expenses</b>	<b>(31 661)</b>	<b>(93 761)</b>	<b>(26 232)</b>	<b>(77 667)</b>
<b>VI. Profit (loss) on sales</b>	<b>68 853</b>	<b>162 903</b>	<b>96 697</b>	<b>172 263</b>
<b>VII. Other operating revenue</b>	<b>29 944</b>	<b>61 891</b>	<b>9 085</b>	<b>46 565</b>
1. Profits on the sale of non-financial fixed assets	15	5 162	-	2 913
2. Subsidies	-	-	-	-
3. Other	29 929	56 729	9 085	43 652
<b>VIII. Other operating expenses</b>	<b>(6 887)</b>	<b>(18 027)</b>	<b>(40 612)</b>	<b>(72 578)</b>
1. Losses on the sale of non-financial fixed assets	-	-	(2)	-
2. Revaluation of non-financial assets	(3 659)	(4 363)	(39 013)	(42 040)
3. Other	(3 228)	(13 664)	(1 597)	(30 538)
<b>IX. Operating profit (loss)</b>	<b>91 910</b>	<b>206 767</b>	<b>65 170</b>	<b>146 250</b>
<b>X. Financial revenue</b>	<b>13 260</b>	<b>74 345</b>	<b>10 777</b>	<b>70 725</b>
1. Dividends received and share in profits, including:	-	37 000	-	35 952
- from related parties	-	37 000	-	35 952
2. Interest revenue, including:	11 699	36 039	8 026	26 450
- from related parties	9	9	214	252
3. Profits on the sale of investments	1 561	1 306	-	-
4. Revaluation of investments	-	-	2 751	8 323
5. Other	-	-	-	-
<b>XI. Financial expenses</b>	<b>(11 021)</b>	<b>(25 011)</b>	<b>(7 151)</b>	<b>(18 641)</b>
1. Interest expenses, including:	(1 848)	(3 137)	(512)	(1 595)
- to related parties	(45)	(130)	(37)	(110)
2. Losses on the sale of investments	-	(29)	(2 890)	(5 766)
3. Revaluation of investments	(4 141)	(10 382)	(341)	(341)
4. Other	(5 032)	(11 463)	(3 408)	(10 939)
<b>XII. Profit (loss) on operating activities</b>	<b>94 149</b>	<b>256 101</b>	<b>68 796</b>	<b>198 334</b>
<b>XIII. Extraordinary items</b>	-	-	-	-
1. Extraordinary gains	-	-	-	-
2. Extraordinary losses	-	-	-	-
<b>XIV. Gross profit (loss)</b>	<b>94 149</b>	<b>256 101</b>	<b>68 796</b>	<b>198 334</b>
<b>XV. Corporate income tax</b>	<b>18 255</b>	<b>41 230</b>	<b>12 914</b>	<b>30 010</b>
a) current	1 022	(3 255)	46 012	81 608
b) deferred	17 233	44 485	(33 098)	(51 598)
<b>XVI. Other obligatory charges</b>	-	-	-	-
<b>XVII. Profit (loss) on shares in subordinate entities equity accounted</b>	-	-	-	-
<b>XVIII. Net profit (loss)</b>	<b>75 894</b>	<b>214 871</b>	<b>55 882</b>	<b>168 324</b>

## Computation of profit (loss) per ordinary share

	3-quarter period from 01.01.11 to 30.09.11	3-quarter period from 01.01.10 to 30.09.10
Net profit (loss) (annualised)	272 830	200 888
Weighted average number of ordinary shares	25 530 098	25 530 098
Net profit (loss) for three quarters per ordinary share (PLN)	8,42	6,59
Net profit /(loss) annualised per ordinary share (PLN)	10,69	7,87

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	III quarter, period from 01.07.11 to 30.09.11	3-quarter period from 01.01.11 to 30.09.11	2010	3-quarter period from 01.01.10 to 30.09.10
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>I. Shareholders' equity at the beginning of the period</b>	<b>549 795</b>	<b>642 735</b>	<b>590 312</b>	<b>590 312</b>
a) changes in accounting policies	-	-	-	-
b) adjustments due to errors	-	-	-	-
<b>I.a. Shareholders' equity at the beginning of the period, restated</b>	<b>549 795</b>	<b>642 735</b>	<b>590 312</b>	<b>590 312</b>
<b>I. Share capital at the beginning of the period</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>
a) changes in accounting policies	-	-	-	-
b) adjustments due to errors	-	-	-	-
b) decreases	-	-	-	-
<b>1.2. Share capital at the end of the period</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>	<b>127 650</b>
<b>2. Unpaid share capital at the beginning of the period</b>	-	-	-	-
2.1. Changes in unpaid share capital	-	-	-	-
a) increases	-	-	-	-
b) decreases	-	-	-	-
<b>2.2. Unpaid share capital at the end of the period</b>	-	-	-	-
<b>3. Own shares purchased at the beginning of the period</b>	-	-	-	-
3.1. Changes in own shares purchased	-	-	-	-
a) increases	-	-	-	-
b) decreases	-	-	-	-
<b>3.2. Own shares purchased at the end of the period</b>	-	-	-	-
<b>4. Reserve capital at the beginning of the period</b>	<b>279 818</b>	<b>285 349</b>	<b>324 265</b>	<b>324 265</b>
4.1. Changes in reserve capital	-	(5 531)	(38 916)	(39 172)
a) increases	-	-	256	-
- profit distribution (in excess of statutory requirements)	-	-	256	-
b) decreases	-	(5 531)	(39 172)	(39 172)
- dividend payment	-	(5 531)	(35 575)	(35 575)
- adjustment of equity due to merger	-	-	(3 597)	(3 597)
- others	-	-	-	-
<b>4.2. Reserve capital at the end of the period</b>	<b>279 818</b>	<b>279 818</b>	<b>285 349</b>	<b>285 093</b>
<b>5. Revaluation reserve at the beginning of the period</b>	<b>3 350</b>	<b>3 453</b>	<b>3 964</b>	<b>3 964</b>
5.1. Changes in revaluation reserve	817	714	(511)	(404)
a) increases	-	714	-	-
- exchange differences on revaluation of foreign entities	817	714	-	-
b) decreases	-	-	(511)	(404)
- exchange differences on revaluation of foreign entities	-	-	(511)	(404)
<b>5.2. Revaluation reserve at the end of the period</b>	<b>4 167</b>	<b>4 167</b>	<b>3 453</b>	<b>3 560</b>
<b>6. Accumulated profit (loss) from previous years at the beginning of the period</b>	<b>138 977</b>	<b>226 283</b>	<b>134 433</b>	<b>134 433</b>
<b>6.1. Accumulated profit from previous years at the beginning of the period</b>	<b>138 977</b>	<b>226 283</b>	<b>134 433</b>	<b>134 433</b>
a) changes in accounting policies	-	-	-	-
b) adjustments due to fundamental errors	-	-	-	-
<b>6.2. Accumulated profit from previous years at the beginning of the period, restated</b>	<b>138 977</b>	<b>226 283</b>	<b>134 433</b>	<b>134 433</b>
a) increases	-	-	3 597	3 597
- adjustment of equity due to merger	-	-	3 597	3 597
b) decreases	-	(226 283)	(138 030)	(138 030)
- dividend payment	-	(226 283)	(138 030)	(138 030)
<b>6.3. Accumulated profit from previous years at the end of the period</b>	-	-	-	-
<b>6.4. Accumulated loss from previous years at the beginning of the period</b>	-	-	-	-
a) changes in accounting policies	-	-	-	-
b) adjustments due to errors	-	-	-	-
<b>6.5. Accumulated loss from previous years at the beginning of the period, restated</b>	-	-	-	-
a) increases	-	-	-	-
b) decreases	-	-	-	-
<b>6.6. Accumulated loss from previous years at the end of the period</b>	-	-	-	-
<b>6.7. Accumulated profit (loss) from previous years at the end of the period</b>	<b>138 977</b>	-	-	-
<b>7. Net profit</b>	<b>75 894</b>	<b>214 871</b>	<b>226 283</b>	<b>168 324</b>
a) net profit	75 894	214 871	226 283	168 324
b) net loss	-	-	-	-
c) net profit distribution	-	-	-	-
<b>II. Shareholders' equity at the end of the period</b>	<b>629 506</b>	<b>626 506</b>	<b>642 735</b>	<b>584 627</b>
<b>III. Shareholders' equity at the end of the period, after proposed profit distribution / loss absorption</b>	<b>626 506</b>	<b>626 506</b>	<b>642 735</b>	<b>584 627</b>

## CASH FLOW STATEMENT

## A. Cash flows from operating activities

## I. Net profit (loss) for the period

## II. Adjustments for:

1. Depreciation and amortisation
2. Foreign exchange (gains)/losses
3. Interest and dividends
4. (Profit) / loss on investing activities
5. Change in provisions
6. Change in inventories
7. Change in receivables
8. Change in short-term liabilities and special funds (excluding loans and borrowings)
9. Change in accruals and deferred income / costs
10. Other

## III. Net cash flows from operating activities

## B. Cash flows from investing activities

## I. Inflows

1. Sale of intangible assets and tangible fixed assets
2. Sale of investments in property and intangible assets
3. From financial assets, including:
  - a) in related parties
    - sale of financial assets
    - dividends received and share in profits
    - repayment of long-term loans granted
    - interest received
    - other inflows from financial assets
  - b) in other entities
    - sale of financial assets
    - dividends received and share in profits
    - repayment of long-term loans granted
    - interest received
    - other inflows from financial assets
4. Other investment inflows

## II. Outflows

1. Purchase of intangible assets and tangible fixed assets
2. Purchase of investments in property and intangible assets
3. From financial assets, including:
  - a) in related parties
    - purchase of financial assets
    - long-term loans granted
  - b) in other entities
    - purchase of financial assets
    - long-term loans granted
4. Other investment outflows

## III. Net cash flows from investing activities

## C. Cash flows from financing activities

## I. Inflows

1. Issuance of shares and capital contributions and additional payments to capital
2. Proceeds from bank loans and borrowings
3. Issuance of bonds and other securities
4. Other financing inflows

## II. Outflows

1. Purchase of own shares
2. Dividends and other payments to shareholders
3. Other payments relating to distribution of profit (excluding payments to shareholders)
4. Repayment of bank loans and borrowings
5. Redemption of debt securities
6. Other financial liabilities payments
7. Finance lease payments
8. Interest paid
9. Other financing outflows

## III. Net cash flows from financing activities

## D. Net cash flows

## E. Change in cash and cash equivalents

- changes in cash and cash equivalents arising from foreign exchange gains/losses

## F. Cash and cash equivalents at the beginning of the period

## G. Cash and cash equivalents at the end of the period

- including restricted cash

III quarter, period from 01.07.11 to 30.09.11	3-quarter period from 01.01.11 to 30.09.11	III quarter, period from 01.07.10 to 30.09.10	3-quarter period from 01.01.10 to 30.09.10
(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>75 894</b>	<b>214 871</b>	<b>55 882</b>	<b>168 324</b>
<b>203 866</b>	<b>(887 547)</b>	<b>167 222</b>	<b>(240 340)</b>
6 734	18 755	4 485	13 109
538	496	(297)	(525)
507	(36 090)	67	(35 588)
(1 575)	(356)	3 339	2 777
4 550	43 476	28 929	68 580
5 583	(37 400)	14 034	(90 537)
69 944	(250 898)	(45 947)	(152 863)
164 760	(54 398)	211 512	155 181
(52 154)	(575 925)	(18 000)	(192 596)
4 979	4 793	(2 832)	(7 878)
<b>279 760</b>	<b>(672 676)</b>	<b>223 104</b>	<b>(72 016)</b>
<b>3 196</b>	<b>29 562</b>	<b>64 559</b>	<b>112 156</b>
1 636	12 646	199	4 207
-	-	-	-
-	15 610	3 360	46 949
-	1 400	3 360	26 949
-	1 400	-	-
-	-	2 942	2 942
-	-	300	400
-	-	118	135
-	-	-	23 472
-	14 210	-	20 000
-	14 013	-	19 067
-	-	-	-
-	-	-	-
-	197	-	933
-	-	-	-
1 560	1 306	61 000	61 000
<b>(2 978)</b>	<b>(9 655)</b>	<b>(9 780)</b>	<b>(79 422)</b>
(2 774)	(7 434)	(6 340)	(11 746)
-	-	-	-
(204)	(2 221)	(550)	(910)
(204)	(2 221)	(550)	(910)
(204)	(2 221)	-	(10)
-	-	(550)	(900)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(2 890)	(66 766)
<b>218</b>	<b>19 907</b>	<b>54 779</b>	<b>32 734</b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>(7 425)</b>	<b>(241 565)</b>	<b>(5 229)</b>	<b>(182 081)</b>
-	-	-	-
(3 850)	(231 814)	(2 575)	(173 605)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(3 113)	(8 778)	(2 493)	(7 903)
(462)	(973)	(161)	(573)
-	-	-	-
<b>(7 425)</b>	<b>(241 565)</b>	<b>(5 229)</b>	<b>(182 081)</b>
<b>272 553</b>	<b>(894 334)</b>	<b>272 654</b>	<b>(221 363)</b>
<b>272 828</b>	<b>(893 967)</b>	<b>272 654</b>	<b>(221 063)</b>
275	367	-	300
<b>588 204</b>	<b>1 754 999</b>	<b>513 992</b>	<b>1 007 709</b>
<b>861 032</b>	<b>861 032</b>	<b>786 646</b>	<b>786 646</b>
57 037	57 037	21 521	21 521

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

The financial statements of Budimex SA for the 9-month period of 2011 together with comparative data were prepared in accordance with Polish accounting regulations, described in the introduction to the financial statements of the Company for the year 2010, except an accounting estimates of raw materials, described below.

As from 1 January 2011, raw materials are valued at acquisition cost determined using weighted average prices. Previously, as described in the financial statement for the year 2010, raw materials were valued at acquisition cost determined using the FIFO (first-in, first-out) method. The above change in accounting estimates had no influence on value of inventories and net profit for the I half of 2011.

The financial statements and the comparative data contain aggregate data of the reporting organizational branches acting as at 30 September 2011, 30 June 2011, 31 December 2010 and 30 September 2010, prepared in foreign currencies and translated into Polish zloty using the rate of exchange presented in the point 1.4 of herein condensed financial statements.

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

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

In the period reported in herein condensed financial statements as well as in comparative periods there were not any events required adjusting data of previously published condensed financial statements.

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

In the period reported in herein condensed financial statements there were not any significant changes introduced in the preparation of financial statements.

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

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

- individual asset and liability items – using the average exchange rate prevailing as at 30 September 2011 – 4.4112 PLN/EUR,
- individual profit and loss account and cash flow statement items for three quarters of 2011 – using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2011 to 30 September 2011 – 4.0413 PLN/EUR,
- individual asset and liability items of comparative financial data for the year 2010 – using the average exchange rate prevailing as at 31 December 2010 – 3.9603 PLN/EUR
- individual profit and loss account and cash flow statement items of comparative financial data for three quarters of 2010 - using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2010 to 30 September 2010 – 4.0027 PLN/EUR.

### 1.5. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be a going concern during the period of 12 months from the balance sheet date, i.e. 30 September 2011 without a significant limitation in its activities. As at the date of signing the financial statements, the Management Board of the Company is not aware of any facts or circumstances that would indicate a threat to the Company's continued activities after the balance sheet date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

As at 30 September 2011 the excess of the current liabilities and short-term accruals over the current assets amounted to PLN 436 480 thousand. Taking into account a good liquidity condition of Budimex Group and the excess of the current assets over the current liabilities in the total amount of PLN 386 854 thousand as at 30 September 2011, the Company's Management Board does not state as at the date of signing the financial statements any threat to Company's ability to continue as a going concern

## 2. Changes in the shareholding structure

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

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (Holandia) - Spółka z Grupy Ferrovial SA (Hiszpania)	ordinary	15 078 159	59.06%	15 078 159	59.06%
OFE PZU „Złota Jesień”	ordinary	1 444 895	5.66%	1 444 895	5.66%
Other shareholders	ordinary	9 007 044	35.28%	9 007 044	35.28%
<b>Total</b>		<b>25 530 098</b>	<b>100.00%</b>	<b>25 530 098</b>	<b>100.00%</b>

## 3. Description of factors and events which had a material effect on a financial result of Budimex SA

### 3.1. Business operation of the Company in the III quarter of 2011

In the period of nine months of 2011 Budimex SA earned sales revenue in the amount of PLN 3 508 734 thousand (in the third quarter – 1 475 788 thousand), of which 98.85% related to sales of construction services amounted to PLN 3 468 487 thousand and 0.54% related to sales from development activity and property investments' management amounted to PLN 18 792 thousand.

In the comparative period of the year 2010, sales revenue amounted to PLN 2 591 052 thousand (in the third quarter – 1 238 237 thousand), of which 95.61% related to sales of construction services amounted to PLN 2 477 410 thousand and sales from development activity and property investments' management amounted to PLN 63 928 thousand (2.47%).

The sales of construction services increased by more than 40% in the three quarters of 2011 in relation to the comparative period of the year 2010. Revenue from development activities are of temporary character, as they are recognized based on the documents transferring ownership right to the buyer after the technical reception.

Gross profit on sales for the 9-month period of 2011 amounted to PLN 162 903 thousand and in the comparative period of the previous year it amounted to PLN 172 263 thousand.

Otherwise, the operating profit for the period of three quarters of 2011 amounted to PLN 206 767 thousand and it was of 41.38% higher than in the comparative period of 2010. The main reason of an improvement of that result in 2011 was decrease in the amount of debt provisions by 38 185



thousand. In the period of three quarters, the Company recognised provisions for legal proceedings and penalties accordingly in the amounts of PLN 1 316 thousand and PLN 6 849 thousand and reversed those provisions accordingly in the amounts of PLN 7 494 thousand and 20 842 thousand. In the third quarter of 2011 the Company recognised the above mentioned provisions in the total amount of PLN 388 thousand and reversed in the amount of PLN 20 394 thousand.

Due to the positive result from financial activity, mainly including dividends and interests received, the profit on operating activities for the period of 9-months of 2011 amounted to PLN 256 101 thousand and increased by PLN 57 767 thousand in relation to the period of 9-months of 2010. In the third quarter of 2011, the Company recognised the loss on derivatives valuation in the amount of PLN 4 141 thousand.

In the period of nine months of 2011 the Company reported a net profit of PLN 214 871 thousand gaining net profit margin of 6.12%. In the third quarter of 2011, net profit amounted to PLN 75 894 thousand and it was of PLN 20 012 thousand higher than in the comparative period of previous year.

### **3.2. Changes of estimates**

#### ***Provisions for expected contract losses***

In accordance with accounting policies adopted, the Company creates provisions for expected contract losses if budgeted contract costs exceed the entire expected contract revenue. In the subsequent periods, a part of the created provision is released in proportion to the percentage of contract completion, after taking into account total negative margin on the entire contract. As at 30 September 2011, the balance of the provision for contract losses amounted to PLN 396 818 thousand, while as at 30 September 2010 amounted to PLN 444 461 thousand. In the 9-month period of 2011 the balance of provision decreased by PLN 78 884 thousand, of which in the third quarter of 2011 decreased by PLN 24 986 thousand.

#### ***Provision for legal proceedings***

The Company recognizes provisions for legal proceedings when it is suited and the probability of an unfavourable court judgement is higher than the probability of a favourable one. An estimation of that result is made on the basis of analysis of a legal proceedings progress as well as lawyers' opinions. As at 30 September 2011, the balance of the provision in this respect amounted to PLN 31 974 thousand, while as at 30 September 2010 amounted to PLN 41 932 thousand. In the 9-month period of 2011 the balance of provision decreased by PLN 10 589 thousand, of which in the third quarter of 2011 decreased by PLN 9 497 thousand.

#### ***Provision for penalties***

The Company recognizes provisions for penalties related to the realization of construction contracts. A provision is recognized only when the Company has a present obligation as a result of past event, the settlement of that obligation is highly probable and a reliable estimate can be made of the amount of the obligation. As at 30 September 2011, the balance of the provision in this respect amounted to PLN 23 523 thousand, while as at 30 September 2010 amounted to PLN 44 685 thousand. In the 9-month period of 2011 the balance of provision decreased by PLN 19 903 thousand, of which in the third quarter of 2011 decreased by PLN 14 878 thousand.

#### ***Costs of future warranty repairs***

The Company is required to issue guarantees for its construction services. It is accepted that the provision between 0.15%-1.4% of revenue from the given contract is made what depends on particular construction segment. This general value is assessed on an individual basis and may be increased or reduced, as appropriate. As at 30 September 2011, the balance of the provision in this respect amounted to PLN 127 240 thousand, while as at 30 September 2010 amounted to PLN 91 738 thousand. In the 9-month period of 2011 the balance of provision increased by PLN 33 507 thousand, of which in the third quarter of 2011 increased by PLN 25 117 thousand.

***Deferred tax asset and liability***

During the 9-month period of 2011 deferred tax asset decreased by PLN 3 851 thousand (a decrease by PLN 13 395 thousand compared to the amount recognized as at 30 June 2011), while deferred tax liability increased by PLN 40 634 thousand (an increase by PLN 3 837 thousand compared to the amount recognized as at 30 June 2011).

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

As at 30 September 2011, the balance of recognized impairment write-downs against receivables amounted to PLN 82 547 thousand, while as at 30 September 2010 amounted to PLN 95 533 thousand. In the 9-month period of 2011 the Company recognized impairment write-downs in the amount of PLN 4 363 thousand (of which in the third quarter of 2011 in the amount of PLN 3 659 thousand) and reversed it in the amount of PLN 13 284 thousand (of which in the third quarter of 2011 in the amount of PLN 1 476 thousand).

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**3.3. Material changes of the legal proceedings pending in III quarter of 2011**

As at 30 September 2011, the value of the proceedings relating to the Company's liabilities and claims amounted accordingly to PLN 290 435 thousand and PLN 249 675 thousand while as at 30 June 2010, accordingly to PLN 303 483 thousand and PLN 233 609 thousand.

According to the statement of claim directed by Federal Republic of Germany, next represented by federal country Brandenburg, represented by Ministry of cities, housing and communication development received on 8 February 2005 (the case described in detail in the Financial Statements for the year 2010), a plea was made on 31 May 2011 before the National Court in Neuruppin on the base of which Budimex SA is obliged to pay the amount of EUR 1 million consisted of the main claim in the amount of EUR 600 thousand and the interests in the amount of EUR 400 thousand. The parties agreed that costs of a court action and plea will be settled mutually. The parties agreed also that during the period of 3 months, i.e. up to 31 August 2011, the plea may be cancelled. After that time, as at 14 September 2011, the above amount was paid.

**3.4. Other material events in I half of 2011 and after balance sheet date**

**On 4 August 2011** Budimex SA and Polskie Koleje Państwowe SA signed the agreement of acquisition of 100% shares of the company called Przedsiębiorstwo Napraw Infrastruktury Sp. z o. o. located in Warsaw for the amount of PLN 225 017 thousand. Nominal value of the shares acquired amounted to PLN 178 869 thousand. The acquisition is going to be financed from private sources of Budimex SA. On 14 October 2011 the annex was signed on the base of which the conditional period was enlarged up to 21 December 2011.

**On 25 August 2011** Budimex Autostrada SA was registered. The total share capital of new company amounted to PLN 100 thousand, consisted of 100 shares of nominal value PLN 1 000 each, was gained by Budimex SA.

**On 2 September 2011** Budimex Most Wschodni SA was registered. The total share capital of new company amounted to PLN 100 thousand, consisted of 100 shares of nominal value PLN 1 000 each, was subscribed by Budimex SA.