

Budimex SA

Condensed financial statements  
for III quarter of 2013

## BALANCE SHEET

	As at 30.09.2013	As at 30.06.2013	As at 31.12.2012	As at 30.09.2012
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>Assets</b>				
<b>I. Non-current assets</b>	<b>1 245 870</b>	<b>1 267 398</b>	<b>1 256 112</b>	<b>1 297 676</b>
1. Intangible assets, including:	3 618	3 218	2 996	2 120
- goodwill	-	-	-	-
2. Tangible fixed assets	68 447	73 209	84 079	90 804
3. Long-term receivables	-	-	-	-
3.1. From related parties	-	-	-	-
3.2. From other entities	-	-	-	-
4. Long-term investments	814 177	813 279	811 856	796 209
4.1. Investment property	8 071	8 244	8 382	7 577
4.2. Intangible assets	-	-	-	-
4.3. Long-term financial assets	806 106	805 035	803 474	788 632
a) in related parties, including:	803 921	802 850	801 289	786 447
- shares in subordinate entities equity accounted	-	-	-	-
b) in other entities	2 185	2 185	2 185	2 185
4.4. Other long-term investments	-	-	-	-
5. Long-term deferred costs	359 628	377 692	357 181	408 543
5.1. Deferred tax assets	355 365	372 695	353 085	404 101
5.2. Other prepayments and deferred costs	4 263	4 997	4 096	4 442
<b>II. Current assets</b>	<b>1 803 009</b>	<b>1 513 319</b>	<b>1 820 607</b>	<b>1 927 021</b>
1. Inventories	125 713	137 398	143 580	185 785
2. Short-term receivables	652 834	477 010	402 875	593 089
2.1. From related parties	104 206	95 383	97 192	105 517
2.2. From other entities	548 628	381 627	305 683	487 572
3. Short-term investments	738 635	508 390	1 043 008	700 269
3.1. Short-term financial assets	738 635	508 390	1 043 008	700 269
a) in related parties	3 112	-	-	-
b) in other entities	178	575	1 460	1 322
c) cash and cash equivalents and other monetary assets	735 345	507 815	1 041 548	698 947
3.2. Other short-term investments	-	-	-	-
4. Short-term deferred costs	285 827	390 521	231 144	447 878
<b>Total Assets</b>	<b>3 048 879</b>	<b>2 780 717</b>	<b>3 076 719</b>	<b>3 224 697</b>
<b>Liabilities and Shareholders' Equity</b>				
<b>I. Shareholders' equity</b>	<b>381 779</b>	<b>353 138</b>	<b>380 769</b>	<b>343 028</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	135 106	135 106	282 570	281 148
5. Revaluation reserve	5 964	6 016	5 936	5 962
6. Other reserves	-	-	-	-
7. Accumulated profits (losses) from previous years	-	-	(147 636)	(147 636)
8. Net profit (loss) for the period	113 059	84 366	112 249	75 904
9. Deductions from profit for the period (negative value)	-	-	-	-
<b>II. Liabilities and provisions</b>	<b>2 667 100</b>	<b>2 427 579</b>	<b>2 695 950</b>	<b>2 881 669</b>
1. Provisions	293 845	302 053	280 312	311 909
1.1. Deferred tax liability	62 356	84 468	56 342	97 424
1.2. Provision for retirement bonuses and related obligations	3 283	3 283	3 283	3 364
a) long-term	2 542	2 542	2 542	2 637
b) short-term	741	741	741	727
1.3. Other provisions	228 206	214 302	220 687	211 121
a) long-term	121 415	114 581	113 930	110 973
b) short-term	106 791	99 721	106 757	100 148
2. Long-term liabilities	19 477	22 005	27 740	29 982
2.1. To related parties	-	-	-	-
2.2. To other entities	19 477	22 005	27 740	29 982
3. Short-term liabilities	1 607 870	1 475 637	1 615 954	1 804 736
3.1. To related parties	189 441	185 725	168 806	213 532
3.2. To other entities	1 412 032	1 282 590	1 442 469	1 585 133
3.3. Special funds	6 397	7 322	4 679	6 071
4. Accruals and deferred income	745 908	627 884	771 944	735 042
4.1. Negative goodwill	-	-	-	-
4.2. Other accruals and deferred income	745 908	627 884	771 944	735 042
a) long-term	4 913	4 947	5 014	5 048
b) short-term	740 995	622 937	766 930	729 994
<b>Total Liabilities and Shareholders' Equity</b>	<b>3 048 879</b>	<b>2 780 717</b>	<b>3 076 719</b>	<b>3 224 697</b>
<b>Book value per share calculation</b>	<b>As at 30.09.2013</b>	<b>As at 30.06.2013</b>	<b>As at 31.12.2012</b>	<b>As at 30.09.2012</b>
Net assets (PLN thd)	381 779	353 138	380 769	343 028
Number of shares	25 530 098	25 530 098	25 530 098	25 530 098
Book value per share (PLN)	14,95	13,83	14,91	13,44

**BUDIMEX SA**

Condensed financial statements for III quarters of 2009

**OFF-BALANCE SHEET ITEMS**

	<b>Stan na 30.09.2013</b>	<b>Stan na 30.06.2013</b>	<b>Stan na 31.12.2012</b>	<b>Stan na 30.09.2012</b>
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>1. Contingent receivables</b>	<b>334 200</b>	<b>368 132</b>	<b>347 223</b>	<b>352 813</b>
1.1. From related parties, of which:	3 386	13 808	4 208	7 770
- guarantees and suretyships received	1 672	1 972	2 372	5 934
- bills of exchange received as security	1 714	1 836	1 836	1 836
- other contingent receivables	10 000	10 000	-	-
1.2. From other entities, of which:	330 814	351 324	340 015	342 043
- guarantees and suretyships received	328 628	349 138	338 497	340 516
- bills of exchange received as security	2 186	2 186	1 518	1 527
1.3. Other	-	3 000	3 000	3 000
- other contingent receivables	-	3 000	3 000	3 000
<b>2. Contingent liabilities</b>	<b>1 535 411</b>	<b>1 565 500</b>	<b>1 466 852</b>	<b>1 624 175</b>
2.1. To related parties, of which:	127 467	133 587	126 333	92 051
- guarantees and suretyships issued	127 467	133 587	126 333	92 051
- promissory notes issued as security	-	-	-	-
2.2. To other entities, of which:	1 407 944	1 431 913	1 340 519	1 532 124
- guarantees and suretyships issued	1 403 494	1 427 402	1 336 014	1 527 190
- promissory notes issued as security	4 450	4 511	4 505	4 934
<b>3. Other</b>	<b>143 180</b>	<b>143 180</b>	<b>143 180</b>	<b>142 010</b>
- other contingent liabilities	143 180	143 180	143 180	142 010
<b>Total off-balance sheet items</b>	<b>(1 344 391)</b>	<b>(1 340 548)</b>	<b>(1 262 809)</b>	<b>(1 413 372)</b>

## PROFIT AND LOSS ACCOUNT

	III quarter, period from 01.07.13 to 30.09.13	3-quarter period from 01.01.13 to 30.09.13	III quarter, period from 01.07.12 to 30.09.12	3-quarter period from 01.01.12 to 30.09.12
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>I. Sales of finished products, goods for resale and raw materials, including:</b>	<b>1 189 527</b>	<b>2 903 607</b>	<b>1 489 483</b>	<b>4 054 729</b>
- to related parties	82 671	162 966	77 145	196 240
1. Sales of finished products	1 186 495	2 895 828	1 486 563	4 047 951
2. Sales of goods for resale and raw materials	3 032	7 779	2 920	6 778
<b>II. Cost of finished products, goods for resale and raw materials, including:</b>	<b>(1 109 975)</b>	<b>(2 700 036)</b>	<b>(1 424 785)</b>	<b>(3 766 939)</b>
- from related parties	(20 938)	(62 188)	(23 560)	(104 347)
1. Cost of finished products	(1 108 565)	(2 696 060)	(1 423 395)	(3 762 592)
2. Cost of goods for resale and raw materials sold	(1 410)	(3 976)	(1 390)	(4 347)
<b>III. Gross profit (loss) on sales</b>	<b>79 552</b>	<b>203 571</b>	<b>64 698</b>	<b>287 790</b>
<b>IV. Selling expenses</b>	<b>(2 687)</b>	<b>(7 356)</b>	<b>(2 372)</b>	<b>(7 742)</b>
<b>V. General and administrative expenses</b>	<b>(35 658)</b>	<b>(102 848)</b>	<b>(36 355)</b>	<b>(115 860)</b>
<b>VI. Profit (loss) on sales</b>	<b>41 207</b>	<b>93 367</b>	<b>25 971</b>	<b>164 188</b>
<b>VII. Other operating revenue</b>	<b>10 037</b>	<b>23 693</b>	<b>30 997</b>	<b>46 748</b>
1. Profits on the sale of non-financial fixed assets	1 255	1 223	-	809
2. Subsidies	-	-	-	-
3. Other	8 782	22 470	30 997	45 939
<b>VIII. Other operating expenses</b>	<b>(14 537)</b>	<b>(30 487)</b>	<b>(8 820)</b>	<b>(52 207)</b>
1. Losses on the sale of non-financial fixed assets	-	-	(10)	-
2. Revaluation of non-financial assets	(4 152)	(14 048)	(5 877)	(44 931)
3. Other	(10 385)	(16 439)	(2 933)	(7 276)
<b>IX. Operating profit (loss)</b>	<b>36 707</b>	<b>86 573</b>	<b>48 148</b>	<b>158 729</b>
<b>X. Financial revenue</b>	<b>4 530</b>	<b>60 644</b>	<b>32 934</b>	<b>73 802</b>
1. Dividends received and share in profits, including:	-	45 409	-	20 021
- from related parties	-	45 409	-	20 021
2. Interest revenue, including:	4 371	14 624	29 191	47 820
- from related parties	33	38	69	165
3. Profits on the sale of investments	159	611	-	-
4. Revaluation of investments	-	-	3 743	5 961
5. Other	-	-	-	-
<b>XI. Financial expenses</b>	<b>(4 680)</b>	<b>(13 905)</b>	<b>(7 973)</b>	<b>(132 227)</b>
1. Interest expenses, including:	(731)	(2 476)	(1 804)	(4 094)
- to related parties	(30)	(85)	(938)	(1 053)
2. Losses on the sale of investments	-	-	(1 207)	(3 355)
3. Revaluation of investments	(151)	(1 240)	-	(112 916)
4. Other	(3 798)	(10 189)	(4 962)	(11 862)
<b>XII. Profit (loss) on operating activities</b>	<b>36 557</b>	<b>133 312</b>	<b>73 109</b>	<b>100 304</b>
<b>XIII. Extraordinary items</b>	-	-	-	-
1. Extraordinary gains	-	-	-	-
2. Extraordinary losses	-	-	-	-
<b>XIV. Gross profit (loss)</b>	<b>36 557</b>	<b>133 312</b>	<b>73 109</b>	<b>100 304</b>
<b>XV. Corporate income tax</b>	<b>(7 864)</b>	<b>(20 253)</b>	<b>(15 676)</b>	<b>(24 400)</b>
a) current	(12 646)	(16 519)	866	(93)
b) deferred	4 782	(3 734)	(16 542)	(24 307)
<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>28 693</b>	<b>113 059</b>	<b>57 433</b>	<b>75 904</b>

## Computation of profit (loss) per ordinary share

	3-quarter period from 01.01.13 to 30.09.13	3-quarter period from 01.01.12 to 30.09.12
Net profit (loss) for three quarters	113 059	75 904
Net profit (loss) (annualised)	149 404	(6 235)
Weighted average number of ordinary shares	25 530 098	25 530 098
Net profit (loss) for three quarters per ordinary share (PLN)	4,43	2,97
Net profit /(loss) annualised per ordinary share (PLN)	5,85	(0,24)

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	III quarter, period from 01.07.13 to 30.09.13	3-quarter period from 01.01.13 to 30.09.13	2012	3-quarter period from 01.01.12 to 30.09.12
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>I. Shareholders' equity at the beginning of the period</b>	<b>353 138</b>	<b>380 769</b>	<b>692 960</b>	<b>692 960</b>
a) changes in accounting policies	-	-	-	-
b) adjustments due to errors	-	-	(147 636)	(147 636)
<b>I.a. Shareholders' equity at the beginning of the period, restated</b>	<b>353 138</b>	<b>380 769</b>	<b>545 324</b>	<b>545 324</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>135 106</b>	<b>282 570</b>	<b>280 845</b>	<b>280 845</b>
4.1. Changes in reserve capital	-	(147 464)	1 725	303
a) increases	-	172	1 725	303
- profit distribution (in excess of statutory requirements)	-	172	303	303
- the fair value of rights to shares granted to employees of the parent company	-	-	1 422	-
b) decreases	-	(147 636)	-	-
- covering the loss from previous years	-	(147 636)	-	-
<b>4.2. Reserve capital at the end of the period</b>	<b>135 106</b>	<b>135 106</b>	<b>282 570</b>	<b>281 148</b>
<b>5. Revaluation reserve at the beginning of the period</b>	<b>6 016</b>	<b>5 936</b>	<b>4 097</b>	<b>4 097</b>
5.1. Changes in revaluation reserve	(52)	28	1 839	1 865
a) increases	-	28	1 839	1 865
- exchange differences on revaluation of foreign entities	-	28	62	88
- transfer of the exchange differences on revaluation liquidated foreign entities to the profit of the period	-	-	1 777	1 777
b) decreases	(52)	-	-	-
- exchange differences on revaluation of foreign entities	(52)	-	-	-
<b>5.2. Revaluation reserve at the end of the period</b>	<b>5 964</b>	<b>5 964</b>	<b>5 936</b>	<b>5 962</b>
<b>6. Accumulated profit (loss) from previous years at the beginning of the period</b>	<b>84 366</b>	<b>(35 387)</b>	<b>280 368</b>	<b>132 732</b>
<b>6.1. Accumulated profit from previous years at the beginning of the period</b>	<b>84 366</b>	<b>112 249</b>	<b>280 368</b>	<b>280 368</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>84 366</b>	<b>112 249</b>	<b>280 368</b>	<b>280 368</b>
a) increases	-	-	-	-
b) decreases	-	(112 249)	(280 368)	(280 368)
- distribution of profit to reserve capital	-	(172)	(303)	(303)
- dividend payment	-	(112 077)	(280 065)	(280 065)
<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	-	-	(147 636)	(147 636)
<b>6.5. Accumulated loss from previous years at the beginning of the period, restated</b>	-	<b>(147 636)</b>	<b>(147 636)</b>	<b>(147 636)</b>
a) increases	-	-	-	-
b) decreases	-	147 636	-	-
- covering the loss from previous years	-	147 636	-	-
<b>6.6. Accumulated loss from previous years at the end of the period</b>	-	-	<b>(147 636)</b>	<b>(147 636)</b>
<b>6.7. Accumulated profit (loss) from previous years at the end of the period</b>	<b>84 366</b>	-	<b>(147 636)</b>	<b>(147 636)</b>
<b>7. Net profit</b>	<b>28 693</b>	<b>113 059</b>	<b>112 249</b>	<b>75 904</b>
a) net profit	28 693	113 059	112 249	75 904
b) net loss	-	-	-	-
c) net profit distribution	-	-	-	-
<b>II. Shareholders' equity at the end of the period</b>	<b>381 779</b>	<b>381 779</b>	<b>380 769</b>	<b>343 028</b>
<b>III. Shareholders' equity at the end of the period, after proposed profit distribution / loss absorption</b>	<b>381 779</b>	<b>381 779</b>	<b>380 769</b>	<b>343 028</b>

**CASH FLOW STATEMENT**

	III quarter, period from 01.07.13 to 30.09.13 (PLN '000)	3-quarter period from 01.01.13 to 30.09.13 (PLN '000)	III quarter, period from 01.07.12 to 30.09.12 (PLN '000)	3-quarter period from 01.01.12 to 30.09.12 (PLN '000)
<b>A. Cash flows from operating activities</b>				
<b>I. Net profit (loss) for the period</b>				
	<b>28 693</b>	<b>113 059</b>	<b>57 433</b>	<b>75 904</b>
<b>II. Adjustments for:</b>				
1. Depreciation and amortisation	5 927	18 274	7 649	22 947
2. Foreign exchange (gains)/losses	245	342	(310)	(699)
3. Interest and dividends	316	(44 132)	1 578	(17 026)
4. (Profit) / loss on investing activities	(1 414)	(1 834)	1 217	115 462
5. Change in provisions	(8 208)	13 533	(30 125)	56 670
6. Change in inventories	11 685	17 867	64 774	77 562
7. Change in receivables	(175 722)	(248 828)	282 594	(158 697)
8. Change in short-term liabilities and special funds (excluding loans and borrowings)	132 980	(8 317)	30 767	20 305
9. Change in accruals and deferred income / costs	240 782	(83 166)	4 864	(709 860)
10. Other	1 003	1 465	(2 196)	(4 699)
	<b>236 287</b>	<b>(221 737)</b>	<b>418 245</b>	<b>(522 131)</b>
<b>III. Net cash flows from operating activities</b>				
<b>B. Cash flows from investing activities</b>				
<b>I. Inflows</b>				
	<b>4 264</b>	<b>56 383</b>	<b>20 227</b>	<b>25 680</b>
1. Sale of intangible assets and tangible fixed assets	105	1 344	227	1 004
2. Sale of investments in property and intangible assets	-	-	-	-
3. From financial assets, including:	4 000	54 428	20 000	24 676
a) in related parties	4 000	54 428	20 000	24 676
- sale of financial assets	4 000	10 000	-	4 676
- dividends received and share in profits	-	44 428	20 000	20 000
- 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	159	611	-	-
	<b>(9 891)</b>	<b>(20 372)</b>	<b>(4 083)</b>	<b>(83 140)</b>
<b>II. Outflows</b>				
	<b>(9 891)</b>	<b>(20 372)</b>	<b>(4 083)</b>	<b>(83 140)</b>
1. Purchase of intangible assets and tangible fixed assets	(1 730)	(4 652)	(2 376)	(10 617)
2. Purchase of investments in property and intangible assets	-	-	-	-
3. From financial assets, including:	(5 050)	(12 609)	(500)	(69 168)
a) in related parties	(5 050)	(12 609)	(500)	(69 168)
- purchase of financial assets	(4 250)	(10 809)	(500)	(69 168)
- long-term loans granted	(800)	(1 800)	-	-
b) in other entities	-	-	-	-
- purchase of financial assets	-	-	-	-
- long-term loans granted	-	-	-	-
4. Other investment outflows	(3 111)	(3 111)	(1 207)	(3 355)
	<b>(5 627)</b>	<b>36 011</b>	<b>16 144</b>	<b>(57 460)</b>
<b>III. Net cash flows from investing activities</b>				
<b>C. Cash flows from financing activities</b>				
<b>I. Inflows</b>				
	-	-	<b>85 000</b>	<b>85 000</b>
1. Issuance of shares and capital contributions and additional payments to capital	-	-	-	-
2. Proceeds from bank loans and borrowings	-	-	-	-
3. Issuance of bonds and other securities	-	-	85 000	85 000
4. Other financing inflows	-	-	-	-
	<b>(2 660)</b>	<b>(120 389)</b>	<b>(89 118)</b>	<b>(376 567)</b>
<b>II. Outflows</b>				
	<b>(2 660)</b>	<b>(120 389)</b>	<b>(89 118)</b>	<b>(376 567)</b>
1. Purchase of own shares	-	-	-	-
2. Dividends and other payments to shareholders	-	(112 077)	-	(280 065)
3. Other payments relating to distribution of profit (excluding payments to shareholders)	-	-	-	-
4. Repayment of bank loans and borrowings	-	-	-	-
5. Redemption of debt securities	-	-	(85 000)	(85 000)
6. Other financial liabilities payments	-	-	-	-
7. Finance lease payments	(2 348)	(7 093)	(2 596)	(8 676)
8. Interest paid	(312)	(1 219)	(1 522)	(2 826)
9. Other financing outflows	-	-	-	-
	<b>(2 660)</b>	<b>(120 389)</b>	<b>(4 118)</b>	<b>(291 567)</b>
<b>III. Net cash flows from financing activities</b>				
<b>D. Net cash flows</b>				
	<b>228 000</b>	<b>(306 115)</b>	<b>430 271</b>	<b>(871 158)</b>
<b>E. Change in cash and cash equivalents</b>				
	<b>227 530</b>	<b>(306 203)</b>	<b>430 291</b>	<b>(871 048)</b>
- changes in cash and cash equivalents arising from foreign exchange gains/losses	(470)	(88)	20	110
	<b>507 815</b>	<b>1 041 548</b>	<b>268 656</b>	<b>1 569 995</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>				
<b>G. Cash and cash equivalents at the end of the period</b>				
	<b>735 345</b>	<b>735 345</b>	<b>698 947</b>	<b>698 947</b>
- including restricted cash	39 942	39 942	98 354	98 354

**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 2012 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 2012.

The financial statements and the comparative data comprise aggregate data of the reporting organizational branches as at 30 September 2013, 30 June 2013, 31 December 2012 and 30 September 2012, 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., Budimex SA Ferrovia Agroman SA S.C. and Budimex SA Budimex Budownictwo Sp. z o.o. 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 third quarter of 2013 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**

There were no 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 2013 – 4.2163 PLN/EUR,
- individual profit and loss account and cash flow statement items for three quarters of 2013 – 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 2013 to 30 September 2013 – 4.2231 PLN/EUR,
- individual asset and liability items of comparative financial data for the year 2012 – using the average exchange rate prevailing as at 31 December 2012 – 4.0882 PLN/EUR
- individual profit and loss account and cash flow statement items of comparative financial data for three quarters of 2012 - 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 2012 to 30 September 2012 – 4.1948 PLN/EUR.

**1.5. Going concern**

The financial statements of the Company were prepared on the assumption that the Company will be going concern during the period of 12 months from the balance sheet date, i.e. 30 September 2013 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.

## BUDIMEX SA

Condensed financial statements for III quarter of 2013

As at 30 September 2012 the excess of the current liabilities, provisions and short-term accruals (excluding sales revenue adjustments which are result of a contract valuation) over the current assets except guarantee provisions kept or granted by Budimex of due date above 12 months amounted to PLN 256 929 thousand.

As at 30 September 2013 the excess of current assets over current liabilities excluding sales revenue adjustments which are result of a contract valuation in consolidated financial statements of Budimex Group amounted to PLN 469 352 thousand. A net treasury position of Budimex Group including cash, cash equivalents and short-term securities reducing by external financing amounted to PLN 920 375 thousand as at 30 September 2013.

Taking into account the above, 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 (The Netherlands) – the company of Ferrovial Group (Spain)	ordinary	15 078 159	59.06%	15 078 159	59.06%
Aviva OFE Aviva BZ WBK	ordinary	1 304 851	5.11%	1 304 851	5.11%
OFE PZU „Złota Jesień”	ordinary	2 253 988	8.83%	2 253 988	8.83%
Other shareholders	ordinary	6 893 100	27.00%	6 893 100	27.00%
<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 period of III quarters of 2013

In the period of three quarters of 2013 Budimex SA earned sales revenue in the amount of PLN 2 903 607 thousand (in the third quarter – 1 189 527 thousand), of which 99% related to sales of construction services amounted to PLN 2 874 457 thousand.

In the comparative period of the year 2012, sales revenue amounted to PLN 4 054 729 thousand (in the third quarter – 1 489 483 thousand), of which 99% related to sales of construction services amounted to PLN 4 014 309 thousand.

A drop of sales relates to reducing the scope of investments, especially the civil – engineering ones.

Gross profit on sales for the 9-month period of 2013 amounted to PLN 203 571 thousand and PLN 287 790 thousand.

Otherwise, the operating profit for the period of nine months of 2013 amounted to PLN 86 573 thousand and in the comparative period of 2012 amounted to PLN 158 729 thousand. In the third quarter of 2013, the operating profit was negative and amounted to PLN 4 500 thousand, mainly due to recognition of provisions for penalties in the amount of PLN 7 351 thousand and provisions for bad debts in the amount of PLN 4 152 thousand as well as claims received in the amount of PLN 5 507 thousand and profit from sales of investment located in Cracow in the amount of 1 155 thousand.



In the period of three quarters of 2013, Budimex showed a positive result from financial activity in the amount of PLN 46 739 thousand, mainly due to dividends received in the amount of PLN 45 409 thousand, however in the III quarter of 2013 the result amounted to PLN 150 thousand.

Due to above, in the period of nine months of 2013 the Company reported a gross profit of PLN 133 312 thousand and in the comparative period of the year 2012 amounted to PLN 100 304 thousand.

In the period of three quarters of 2013 net profit amounted to PLN 113 059 thousand and in the third quarter amounted to PLN 28 693 thousand.

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

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

In accordance with accounting policies adopted, the Company creates provisions for expected contract losses if budgeted contract costs exceed the entire expected contract revenue. 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 2013, the balance of the provision for contract losses amounted to PLN 211 014 thousand, while as at 30 September 2012 amounted to PLN 295 427 thousand. In the 9-month period of 2012 the balance of provision decreased by PLN 17 398 thousand, of which in the third quarter of 2013 increased by PLN 5 616 thousand.

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

The Company recognises provisions for legal proceedings when it is suited and the probability of an unfavourable court judgement is higher than the probability of a favourable one. An estimation of that result is made on the basis of analysis of a legal proceedings progress as well as lawyers' opinions. As at 30 September 2013, the balance of the provision in this respect amounted to PLN 35 354 thousand, while as at 30 September 2012 amounted to PLN 32 999 thousand. In the 9-month period of 2013 the balance of provision increased by PLN 748 thousand, of which in the third quarter of 2013 decreased by PLN 152 thousand.

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

The Company recognises provisions for penalties related to the realisation of construction contracts. A provision is recognised only when the Company has a present obligation as a result of past event, the settlement of that obligation is highly probable and a reliable estimate can be made of the amount of the obligation. As at 30 September 2013, the balance of the provision in this respect amounted to PLN 33 670 thousand, while as at 30 September 2012 amounted to PLN 27 221 thousand. In the 9-month period of 2013 the balance of provision increased by PLN 6 618 thousand, of which in the third quarter of 2013 increased by PLN 6 410 thousand.

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

The Company is required to issue guarantees for its construction services. It is accepted that the provision between 0.3%-1.4% of revenue from the given contract is made what depends on particular construction segment. This general value is assessed on an individual basis and may be increased or reduced, as appropriate. As at 30 September 2013, the balance of the provision in this respect amounted to PLN 156 129 thousand, while as at 30 September 2012 amounted to PLN 150 901 thousand. In the 9-month period of 2013 the balance of provision increased by PLN 4 865 thousand, of which in the third quarter of 2013 increased by PLN 7 646 thousand.

#### ***Deferred tax asset and liability***

During the 9-month period of 2013 deferred tax asset increased by PLN 2 280 thousand (a decrease by PLN 17 330 thousand compared to the amount recognized as at 30 June 2013), while deferred tax liability increased by PLN 6 014 thousand (a decrease by PLN 22 112 thousand compared to the amount recognized as at 30 June 2013).

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

As at 30 September 2013, the balance of recognized impairment write-downs against receivables amounted to PLN 101 126 thousand, while as at 30 September 2012 amounted

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to PLN 83 475 thousand. In the 9-month period of 2013 the Company recognized impairment write-downs in the amount of PLN 14 048 thousand (of which in the third quarter of 2013 in the amount of PLN 4 152 thousand) and reversed it in the amount of PLN 3 111 thousand (of which in the third quarter of 2013 in the amount of PLN 445 thousand).

**Impairment write-downs against inventory**

As at 30 September 2013, the balance of recognised impairment write-downs against inventory amounted to PLN 30 435 thousand and has not been changed since 30 September 2012.

**3.3. Material changes of the legal proceedings pending in the III quarter of 2013**

As at 30 September 2013, the value of the proceedings relating to the liabilities against the Company and claims filed by the Company amounted accordingly to PLN 286 730 thousand and PLN 268 159 thousand and as at 30 June 2013 accordingly to PLN 283 220 thousand and PLN 263 748 thousand.

**3.4. Bank guarantees and insurance agreements signed in the III quarter of 2013**

<b>Date</b>	<b>Business partner</b>	<b>Contract value in PLN thousand</b>	<b>Description</b>
5.07.2013	Bank Millennium SA	100 000	Addendum to the facility agreement for bank guarantees, under which the sum of all guarantees issued pursuant to the agreement shall not exceed PLN 100 000 thousand. The term of the agreement was extended to 29 May 2014.
8.07.2013	Bank PEKAO SA	n/a	Annex to the credit facility agreement, under which the term of the agreement was extended to 30 June 2014.
23.07.2013	TUIR Allianz Polska SA	50 000	Annex to the agreement for the provision of contract guarantees, under which the term of the agreement was extended to 30 June 2014. Under this agreement, Budimex SA may order TUIR Allianz Polska SA to issue contract insurance guarantees of up to a total sum of PLN 50 000 thousand.
22.08.2013	Alior Bank SA	100 000	Agreement for the limit for guarantee products. Under the agreement, Budimex SA may order the bank to issue bank guarantees up to the total value of PLN 100 000 thousand. The agreement was concluded up to a period of 20 August 2014.
29.08.2013	Credit Agricole Bank Polska SA	n/a	Annex to the credit agreement, which specifies the new expiry date for the agreement to be 30 August 2014.
30.09.2013	The Polish branch of Societe Generale SA	n/a	Annex to the Bank Guarantee Agreement, which specifies the new expiry date for the agreement to be 31 December 2013.

**3.5. Other material events in the III quarter of 2013**

**On 25 July 2013 and 26 August 2013** Budimex paid second and third tranches of long-term loan accordingly in the amount of PLN 600 thousand and PLN 200 thousand to Budimex Parking Sp. z o.o.

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(the 100% subsidiary of Budimex SA) on the base of agreement dated 19 December 2012. Interests of the loan were established as 1-m WIBOR + margin. Other tranches will be paid until 30 April 2014.

**On 5 August 2013** Budimex Danwood Sp. z o.o. (the company related to Budimex SA) on the base of the Ordinary General Meeting resolution repaid a contribution to the equity in the amount of PLN 4 000 thousand made by Budimex. Due to above the amount of shares in Budimex Danwood decreased from PLN 24 779 thousand to PLN 20 779 thousand.

**On 16 September 2013** the Extraordinary General Meeting of the company Budimex Parking Sp. z o. o. (the 100% subsidiary of Budimex SA) made the resolution on increasing the capital in the amount of PLN 4 150 thousand, i.e. from the amount of PLN 1 500 thousand to the amount of 5 650 thousand. The total amount 83 000 new shares of nominal value PLN 50 each was taken by Budimex SA. Payment of the increased capital was made on 20 September 2013.

**On 17 September 2013** Budimex took 4 772 000 shares in the increased capital of Budimex B Sp. z o.o. (the 100% subsidiary of Budimex SA) of nominal value PLN 50 each, i.e. total value of PLN 238 000 thousand against a contribution-in-kind of the 100% shares in Budimex Danwood Sp. z o.o.

**On 24 September 2013** Budimex SA and FBSerwis SA (the company associated with Budimex) signed the short-term loan agreement. Due to that agreement Budimex grants the loan to FBSerwis in the total amount of 19 600 thousand. Interests of the loan were established as 3-m WIBOR + margin. The first tranche of the loan in the amount of PLN 3 111 thousand was paid on 30 September 2013.

**On 27 September 2013** the Extraordinary General Meeting of the company Budimex A Sp. z o. o. (the 100% subsidiary of Budimex SA) made the resolution on increasing the capital in the amount of PLN 100 thousand, i.e. from the amount of PLN 75 thousand to the amount of 175 thousand. The total amount 2 000 new shares of nominal value PLN 50 each was taken by Budimex SA. Payment of the increased capital was made on 30 September 2013.