THE BUDIMEX GROUP

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

Prepared in accordance with International Financial Reporting Standards

Table of contents

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated statement of financial position

ASSETS	Note	31 December 2011	31 December 2010
Non-current assets			
Property, plant and equipment	11	274 001	106 593
Investment properties	12	3 278	3 383
Intangible assets	13	13 117	3 434
Goodwill	15	183 031	73 237
Loans granted	21	-	-
Equity accounted investments	17	13 503	16 040
Available-for-sale financial assets	18	12 146	23 955
Retentions for construction contracts	34	37 883	44 327
Other long-term receivables	22	24	-
Long-term prepayments and deferred costs		6 498	4 539
Deferred tax assets	29	326 308	357 343
Total non-current assets		**869 789**	**632 851**
Current assets			
Inventories	23	1 115 558	991 387
Loans granted and other financial assets	21	-	-
Trade and other receivables	22	515 513	373 013
Retentions for construction contracts	34	22 394	24 586
Amounts due and receivable from customers (investors) under construction contracts	32	246 187	151 998
Current tax receivable		5 985	273
Derivative financial instruments	20	141	3 157
Other financial assets at fair value through profit or loss	19	-	14 017
Cash and cash equivalents	24	1 761 630	1 862 403
Short-term prepayments and deferred costs		13 917	7 646
		3 681 325	**3 428 480**
Non-current assets classified as held for sale	14	-	5 908
Current assets		**3 681 325**	**3 434 388**
TOTAL ASSETS		**4 551 114**	**4 067 239**

Warsaw, 15 March 2012

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated statement of financial position (cont.)

Shareholders' equity	Note	31 December 2011	31 December 2010
Shareholders' equity attributable to the shareholders of the Parent Company			
Share capital	25	145 848	145 848
Share premium	25	234 799	234 799
Other reserves		1 283	256
Foreign exchange differences on translation of foreign operations		2 229	1 611
Retained earnings		326 951	297 891
Total shareholders' equity attributable to the shareholders of the Parent Company		**711 110**	**680 405**
Non-controlling interests		-	-
Total shareholders' equity, incl. non-controlling interest		**711 110**	**680 405**
Liabilities			
Non-current liabilities			
Loans, borrowings and other external sources of finance	26	73 981	13 175
Retentions for construction contracts	34	150 122	135 545
Provision for long-term liabilities and other charges	31	124 665	102 082
Long-term retirement benefits and similar obligations	30	11 385	4 158
Total non-current liabilities		**360 153**	**254 960**
Current liabilities			
Loans, borrowings and other external sources of finance	26	37 753	17 544
Trade and other payables	27	1 698 239	1 270 662
Retentions for construction contracts	34	153 436	124 842
Amounts due and payable to customers (investors) under construction contracts	32	941 261	1 034 210
Prepayments received	33	357 956	225 828
Provision for short-term liabilities and other charges	31	105 529	110 490
Current tax payable		-	173 074
Short-term retirement benefits and similar obligations	30	5 044	1 651
Derivative financial instruments	20	12 330	460
Short-term accruals	28	162 231	166 560
Short-term deferred income		6 072	6 553
		3 479 851	**3 131 874**
Liabilities relating directly to non-current assets (disposable groups) classified as held for sale	14	-	-
Total current liabilities		**3 479 851**	**3 131 874**
Total liabilities		**3 840 004**	**3 386 834**
TOTAL EQUITY AND LIABILITIES		**4 551 114**	**4 067 239**

Warsaw, 15 March 2012

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated profit and loss account

		Year ended 31 December	
	Note	**2011**	**2010**
Continuing operations			
Net sales of finished goods, goods for resale, raw materials and services	35	5 516 675	4 430 269
Cost of finished goods, goods for resale, raw materials and services sold	36	(5 055 141)	(3 946 002)
Gross profit on sales		**461 534**	**484 267**
Selling expenses		(24 529)	(23 488)
Administrative expenses		(138 087)	(123 251)
Other operating income	38	86 338	85 053
Other operating expenses	38	(54 602)	(97 958)
Gains / (losses) on derivative financial instruments	39	(11 218)	6 743
Operating profit		**319 436**	**331 366**
Finance income	40	54 457	39 993
Finance costs	40	(44 777)	(36 471)
Shares in net profits / (losses) of equity accounted subordinates	41	(2 537)	(3 136)
Profit before tax		**326 579**	**331 752**
Income tax	42	(65 705)	(64 343)
Net profit from continuing operations		**260 874**	**267 409**
Net profit for the period		**260 874**	**267 409**
Of which:			
Attributable to the shareholders of the Parent Company		**260 874**	**267 409**
Attributable to non-controlling interests		-	-
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (in PLN)	43	10.22	10.47

Warsaw, 15 March 2012

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated statement of comprehensive income

	Year ended 31 December	
	2011	**2010**
Net profit for the period	**260 874**	**267 409**
Other comprehensive income (loss) for the period:		
Foreign exchange differences on translation of foreign operations	618	165
Deferred tax related to components of other comprehensive income	-	-
Other comprehensive income (loss), net of tax	**618**	**165**
Total comprehensive income for the period	**261 492**	**267 574**
Of which:		
Attributable to the shareholders of the Parent Company	**261 492**	**267 574**
Attributable to non-controlling interests	-	-

Warsaw, 15 March 2012

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves– share-based payments	Foreign exchange differences on translation of foreign operations	Retained earnings	Total		
Balance as at 1 January 2011	**145 848**	**234 799**	**256**	**1 611**	**297 891**	**680 405**	**-**	**680 405**
Profit for the period	-	-	-	-	260 874	260 874	**-**	**260 874**
Other comprehensive income	-	-	-	618	-	618	**-**	**618**
Total comprehensive income for the period	-	-	-	**618**	**260 874**	**261 492**	**-**	**261 492**
Dividends					(231 814)	(231 814)	-	**(231 814)**
Share-based payments	-	-	1 027	-	-	1 027	**-**	**1 027**
Balance as at 31 December 2011	**145 848**	**234 799**	**1 283**	**2 229**	**326 951**	**711 110**	**-**	**711 110**

Warsaw, 15 March 2012

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated statement of changes in equity (cont.)

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves– share-based payments	Foreign exchange differences on translation of foreign operations	Retained earnings	Total		
Balance as at 1 January 2010	**145 848**	**234 799**	**-**	**1 446**	**204 087**	**586 180**	**-**	**586 180**
Profit for the period	-	-	-	-	267 409	267 409	**-**	**267 409**
Other comprehensive income	-	-	-	165	-	165	**-**	**165**
Total comprehensive income for the period	-	-	-	**165**	**267 409**	**267 574**	**-**	**267 574**
Dividends					(173 605)	(173 605)	**-**	**(173 605)**
Share-based payments	-	-	256	-	-	256	**-**	**256**
Balance as at 31 December 2010	**145 848**	**234 799**	**256**	**1 611**	**297 891**	**680 405**	**-**	**680 405**

Warsaw, 15 March 2012

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated statement of cash flow

	Note	Year ended 31 December 2011	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**326 579**	**331 752**
Adjustments for:			
Depreciation/ amortization	36	30 330	21 201
Shares in net (profits) /losses of equity accounted subordinates	41	2 537	3 136
Foreign exchange (gains)/ losses		2 998	(369)
Interest and shares in profits (dividends)		1 775	8 090
(Profit)/ loss on disposal of investments		651	(6 545)
Change in valuation of derivative financial instruments	39	14 886	(10 526)
Operating profit/ (loss) before changes in working capital		**379 756**	**346 739**
Change in receivables and retentions for construction contracts		55 011	31 972
Change in inventories		(77 804)	137 247
Change in provisions and liabilities arising from retirement benefits and similar obligations		13 981	35 518
Change in retentions for construction contracts and in liabilities, except for loan and borrowings		310 121	394 927
Change in accruals and accrued income		(55 150)	40 515
Change in amounts due and receivable under construction contracts		(180 161)	434 640
Change in prepayments received		124 565	(129 744)
Change in cash and cash equivalents of restricted use	24	(20 286)	(788)
Other adjustments	45	(657)	1 284
Cash generated from operations		**549 376**	**1 292 310**
Income tax paid		(197 972)	(101 177)
NET CASH FROM OPERATING ACTIVITIES		**351 404**	**1 191 133**

Warsaw, 15 March 2012

(All amounts are expressed in PLN thousands, unless stated otherwise)

Consolidated statement of cash flow (cont.)

	Note	Year ended 31 December 2011	Year ended 31 December 2010
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of intangible assets and tangible fixed assets		4 916	5 876
Purchase of intangible assets and tangible fixed assets		(15 600)	(22 271)
Sale of investments in property		8 899	3 800
Investments in property		-	(58)
Sale of shares in subsidiaries		(1)	-
Purchase of shares in subsidiaries		(224 092)	-
Sale / (purchase) of financial assets at fair value through profit or loss		14 013	5 054
Dividends received		-	1 482
Interest received		197	933
NET CASH USED IN INVESTING ACTIVITIES		**(211 668)**	**(5 184)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans and borrowings taken out		42 082	1 424
Repayment of loans and borrowings		(56 575)	(263 688)
Dividends paid		(231 814)	(173 605)
Payment of finance lease liabilities		(12 661)	(10 714)
Interest paid		(1 787)	(8 202)
NET CASH USED IN FINANCING ACTIVITIES		**(260 755)**	**(454 785)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(121 019)**	**731 164**
Foreign exchange differences, net		(40)	94
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**24**	**1 861 547**	**1 130 289**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**24**	**1 740 488**	**1 861 547**
Cash and cash equivalents of disposable groups		-	-
TOTAL CASH AND CASH EQUIVALENTS OF THE GROUP		**1 740 488**	**1 861 547**

Warsaw, 15 March 2012

Notes to the consolidated financial statements

1. General information

The parent company of the Budimex Group (hereinafter the „Group") is Budimex SA (the „Parent Company") with its registered office in Warsaw, ul. Stawki 40, entered in the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw, XIX Economic Department of the National Court Register, File No. WA.XIX NS REJ.KRS/12100/01/253, Entry No. KRS 1764.

The main area of business activities of the Parent Company is building, rendering of management and advisory services. The industry branch, in which the Parent Company operates was classified by the Stock Exchange in Warsaw as general construction and civil engineering business.

The main area of the business activities of the Group are widely understood construction-assembly services realized in the system of general execution at home and abroad, developer activities, property management, and limited scope trading, production, transport, hotel and other business. Budimex SA serves in the Group as an advisory, management and financial center. Realization of these three functions is to facilitate:

- efficient flow of information within Group structures,
- strengthening the efficiency of cash and financial management of individual Group companies,
- strengthening market position of the entire Group.

The Parent Company and other Group companies have an unlimited period of operation.

The Budimex Group operates as part of the Ferrovial Group with the Ferrovial SA as its parent company.

These consolidated financial statements were signed by the Management Board on 15 March 2012.

1.1 Going concern assumption

The consolidated financial statements of the Group for the year ended 31 December 2011 were prepared on the assumption that the Group companies will be going concerns in the foreseeable future. As at the date of signing the consolidated financial statements, the Management Board of the Parent Company is not aware of any facts or circumstances that would indicate a threat to the main Group companies' continued activities after the balance sheet date, due to an intended or compulsory withdrawal from or a significant limitation in their activities.

2. Accounting policies

The main accounting policies applied during the course of the preparation of these consolidated financial statements are presented below. These accounting policies were applied consistently in all the periods presented, unless stated otherwise.

2.1 Format and basis of preparation financial statements

These financial statements for the year ended 31 December 2011 were prepared in accordance with International Financial Reporting Standards („IFRS") approved by the European Union and prevailing as at the balance sheet date.

Standards and Interpretations effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011),
- Amendments to IAS 32 "Financial Instruments: Presentation" – Accounting for rights issues, adopted by the EU on 23 December 2009 (effective for annual periods beginning on or after 1 February 2010),
- Amendments to IFRS 1 "First-time Adoption of IFRS"- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, adopted by the EU on 30 June 2010 (effective for annual periods beginning on or after 1 July 2010),
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 18 February 2011 (amendments are to be applied for annual periods beginning on or after 1 July 2010 or 1 January 2011 depending on

standard/interpretation),

- Amendments to IFRIC 14 “IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction” - Prepayments of a Minimum Funding Requirement, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011),
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, adopted by the EU on 23 July 2010 (effective for annual periods beginning on or after 1 July 2010).

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

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- Amendments to IFRS 7 “Financial Instruments: Disclosures” - Transfers of Financial Assets, adopted by the EU on 22 November 2011 (effective for annual periods beginning on or after 1 July 2011).

The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

Standards and Interpretations 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, amendments to the existing standards and interpretations, which were not endorsed for use as at 15 March 2012:

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2015),
- IFRS 10 “Consolidated Financial Statements” (effective for annual periods beginning on or after 1 January 2013),
- IFRS 11 “Joint Arrangements” (effective for annual periods beginning on or after 1 January 2013),
- IFRS 12 “Disclosures of Involvement with Other Entities” (effective for annual periods beginning on or after 1 January 2013),
- IFRS 13 “Fair Value Measurement” (effective for annual periods beginning on or after 1 January 2013),
- IAS 27 (revised in 2011) “Separate Financial Statements” (effective for annual periods beginning on or after 1 January 2013),
- IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures” (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 “First-time Adoption of IFRS” - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011),
- Amendments to IFRS 7 “Financial Instruments: Disclosures” - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” – Mandatory Effective Date and Transition Disclosures,
- Amendments to IAS 1 “Presentation of financial statements” -Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012),
- Amendments to IAS 12 “Income Taxes” - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012),
- Amendments to IAS 19 “Employee Benefits” - Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 32 “Financial instruments: presentation” - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” (effective for annual periods beginning on or after 1 January 2013).

The Group anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the entity'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.

These consolidated financial statements were prepared under the historical cost convention, except for hyperinflation adjustments described in note 25.

2.2 The principles of consolidation

Subsidiary companies

The consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of the entities controlled by the Parent Company (or subsidiaries of the Parent Company) prepared as at the reporting date. The control of an entity is ascertained if the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiary companies are subject to full consolidation from the date the Group assumes control over them until such time as the control ends.

The financial statements of subsidiary companies are prepared for the same [reporting] period as the financial statements of the Parent Company using similar accounting policies consistently.

Acquisitions of subsidiary companies by the Group are accounted for using the purchase method except for acquisition of entities under common control, which is accounted for using pooling of interests method.

Acquisition of entities which are not under common control

As at the date of acquisition the aggregate of:

- the consideration transferred measured at acquisition-date fair value;
- the amount of any non-controlling interest in the acquiree measured either at its fair value or at its proportionate interest in the net identifiable assets;
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree

over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at fair value, apart from limited exceptions provided in IFRS 3 is recognized as goodwill.

Goodwill represents a payment made in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised

The following were excluded from the consolidated financial statements:

- equity of subsidiary companies that arose prior to taking control over those entities,
- value of shares held by the Parent Company or other entities included in consolidation,
- mutual receivables and liabilities and other similar settlements with entities included in consolidation,
- revenues and costs arising from business operations between entities included in consolidation,
- unrealized, from the point of view of the Group, gains from operations between entities included in consolidation, and included in the value of consolidated assets and liabilities, as well as unrealized losses, unless the transaction proves the impairment of the asset acquired,
- dividends accrued or paid by subsidiary companies to the Parent Company or other entities included in consolidation.

Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that are directly or indirectly under the control of the shareholder that controls the Budimex Group are accounted for using pooling of interests method, i.e. as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognized at their carrying amounts after the harmonization of accounting policies and appropriate consolidation adjustments. The amount of equity of the aquired entity and all differences between carrying amount and purchase price is recognized directly in the consolidated equity as retained earnings. Intercompany receivables and liabilities, income and expenses realised between the companies, profits and losses realized before acquisition that are included in the value of consolidated assets and liabilities are excluded on consolidation. Expenses related to the acquisition of entities under common control are charged to other operating activities of the period in which they were incurred.

The following policies were observed while performing full consolidation:

- all appropriate items of assets and liabilities of subsidiary entities and the Parent Company were aggregated in full amounts irrespective of the share of the Parent Company in those assets and liabilities,
- consolidation adjustments and exclusions were made after aggregating the data,
- all appropriate items of revenues and expenses of subsidiaries and the Parent Company were aggregated in full irrespective of the ownership share of the Parent Company of the given subsidiary,
- consolidation adjustments and exclusions were made after aggregating the data.

The consolidated net result is allocated to the shareholders of the Parent Company and to non-controlling interests.

Transactions with non-controlling interests without control change effect

Transactions with non-controlling interests without control change effect are recorded in correspondence with equity.

Associates

An associate is an entity on which the Parent Company has significant influence but over which it does not exercise control by way of participating in governing the financial and operating policies.

Shares in associates are valued using the equity method, except where the investment is classified as held for trading. Investments in associates are stated at acquisition cost after considering changes in the share in net assets of the company that occurred to the balance sheet date, less impairment of individual investments. Losses of associates in excess of the Group's share in the investment in the associate are recognized, unless the Parent Company undertook to absorb losses or to make payment on behalf of the given associate.

Any excess of acquisition cost above the share in the fair value of identifiable net assets (inclusive of contingent liabilities) of an associate at acquisition date is recognized as goodwill thus increasing the value of the investment in associate. Where the acquisition cost is lower than the Groups' share in the identifiable net assets (inclusive of contingent liabilities) of an associate at acquisition date, the difference is recognized as gain in the profit and loss account for the period, in which the acquisition took place.

Gains or losses on transactions between the Group and associate are subject to consolidation exclusions in accordance with the Group's share in equity of associate.

Joint ventures

The Group's/ Company's share in a joint venture is recognized in the following manner:

- for shares in jointly controlled business (contracts realized by consortia without setting up separate entities) – assets, liabilities, revenues and costs relating to a joint venture are recognized directly in the books of account of joint venture participants.

- for shares in jointly controlled entities (registered partnerships, other special purpose companies) – these entities are consolidated using the proportionate method, under which the proportionate share of the Group in assets, liabilities, revenues and costs of a joint venture is recognized on a line by line basis together with similar items in the consolidated financial statements.

2.3 Foreign currency transactions and valuation of foreign currency items

Functional and reporting currency

Items recognized in the financial statements of individual Group entities are valued using the currency of the main economic environment, in which the company conducts its business („functional currency"). The consolidated financial statements of the Group are presented in Polish zloty, which is the functional and reporting currency of the Parent Company.

Transactions and balances

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

At each balance sheet date,

- foreign currency monetary items are translated using the closing rate,

- non-monetary items stated at historical cost expressed in foreign currencies are translated using the exchange rate prevailing on the transaction date, and
- 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 payables as well as on sale of currencies are included under finance income or finance expense, as appropriate.

Foreign operations

The financial result and assets and liabilities of foreign operations of the Group as well as those of the Group subsidiaries with functional currency different from that of the Parent Company (with the provision that the functional currency of those entities is not the currency of the hyperinflationary economy) are translated into Polish zloty as follows:

- assets and liabilities of branches and of each of the balance sheet presented (i.e. including the comparative data) are translated using the closing rate prevailing at the balance sheet date,
- revenues and costs are translated using the average rate (unless application of average exchange rate would materially differ from the values obtained from using the exchange rate prevailing on the transaction date),
- all resultant exchange differences are recognized as separate item of equity under „Foreign exchange differences on translation of foreign operations".

At the time of disposal of a foreign operation, the accumulated amount of deferred foreign exchange differences recognized as separate item of equity is recognized in the financial result upon recognition of profit or loss on disposal of this entity.

2.4 Property, plant and equipment

Tangible fixed assets

Tangible fixed assets are stated at cost or cost of production less accumulated depreciation and impairment losses. Land and perpetual usufruct are stated at acquisition cost less impairment losses.

Tangible fixed assets, except for land, are depreciated using the straight line method in order to spread their initial cost reduced by the residual value, over the period of their estimated useful lives. Depreciation starts when the given item of tangible fixed assets is available for use. The depreciation periods are as follows:

• 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 amount of the given fixed asset or as a separate item provided that it is probable that an inflow of economic benefits will flow to the Group and the cost of the given item may be reliably measured. Other costs incurred since the initial recognition such as 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 recognized in the carrying amount of the appropriate item of tangible fixed assets.

Verification of assets recoverable value and useful lives is performed at least once a year and, if necessary, their values are adjusted.

Where the carrying amount of the given tangible fixed asset exceeds its estimated recoverable value, the carrying amount is immediately reduced to asset recoverable value.

Gains and losses on disposal of tangible fixed assets are determined by way of comparing sale proceeds with assets carrying amounts and are recognized in the profit and loss account

Construction in progress (Assets under construction)

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.

2.5 Investment property

Investments in property (investment property) are initially valued at acquisition cost, after including transaction costs. After initial recognition, investment property, except for land, is depreciated on a straight-line basis over its estimated useful life and adjusted for impairment losses.

The useful lives of investments in property are as follows:

- Buildings and constructions 10 – 50 years
- Other investment properties 2 – 10 years

2.6 Intangible assets

Intangible assets are recognized 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 amortization and impairment losses.

Intangible assets are amortized using the straight line method over their estimated useful lives. The expected useful lives of the Group's intangible assets are as follows:

- Patents and licenses 5 – 15 years
- Software 1 – 5 years

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

Included in this group are items of property, plant and equipment and investment property provided their carrying amount will be recovered in a disposal transaction rather than through asset further use.

Non-current assets are valued at the lower of carrying amount and fair value less selling expenses. The fair value of non-current assets is the value determined in the preliminary agreement less selling expenses.

2.8 Goodwill

Goodwill is the excess of the aggregate of:

- the consideration transferred measured at acquisition-date fair value;
- the amount of any non-controlling interest in the acquiree measured either at its fair value or at its proportionate interest in the net identifiable assets;
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree

over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at fair value, apart from limited exceptions provided in IFRS 3.

Goodwill represents a payment made in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised

Goodwill is recognized under assets and is not subject to amortization; it is, however, subject to impairment test at least once a year. Any impairment loss is recognized directly in the profit and loss account and is not subject to reversal in the subsequent reporting periods.

If the activities belonging to a cash generating unit to which the goodwill was allocated are to be sold, then the goodwill allocated to the activities sold will be accounted for during the course of determining gains or losses on sale.

Goodwill that arose prior to transitioning to IFRS was recognized in the books of account in the value determined using the earlier recognized accounting policies and was subject to impairment testing as at the date of transitioning to IFRSs. In addition, goodwill is tested annually for impairment and is recognized in the balance sheet at cost less accumulated impairment losses. In order to conduct an impairment test, goodwill is allocated to a cash generating unit.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

2.9 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.
Other borrowing costs are recognized as an expense in the period, in which they are incurred.

The amount of borrowing costs eligible for capitalisation shall be determined in accordance with IAS 23.

At the Budimex Group, the qualifying assets are mainly inventories in developer companies as well as fixed assets, investment properties and intangible assets.

2.10 Leases

Group companies are parties to lease agreements under which they use third party tangible fixed assets over an agreed period of time in return for payments.

In the case of a finance lease agreement, which transfers substantially all of the risks and rewards of ownership of an asset, the leased asset is recorded under tangible fixed assets or investments at fair value or at the present value of the minimum lease payments at the inception of the lease term, if the present value is lower than asset fair value. Lease payments are apportioned between finance charges and reduction of the outstanding lease liability so as to produce a constant rate of interest on the outstanding lease liability.

Leased assets are depreciated over the shorter of the two periods: asset 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 leases are recognized as an expense in the profit and loss account over the lease term.

Finance costs are recognized directly in the profit and loss account in accordance with policies described in note 2.9.

2.11 Impairment of non-financial assets

An assessment is made by Group companies 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 loss is recognized for the difference between the recoverable amount and the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of impairment analysis, assets are grouped on the lowest possible level, on which identifiable cash flows occur (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 group of assets.

Impairment losses are recognized in the profit and loss account.

2.12 Prepayments for non-financial assets

Prepayments for tangible fixed assets, investment properties, intangible assets or inventories („Prepayments made") are recognized under short-term receivables.

2.13 Inventories

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

- <u>Raw materials</u> – 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 as well as general purpose and low processes inventory items which are stored on construction sites and which may be used, in a simple way and without incurring significant costs, for the realization of other contracts, or sold (if considered unnecessary for the realization of the given contract).
- Goods for resale – inventory items purchased with a view to re-selling, including land used in realization of developer projects.
- 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 the given construction project or processed either internally or externally by a subcontractor, which are not certain to be simply used for other contracts or sold. Such items are taken directly to the costs of the contract and thus are included in contract percentage valuation method.

Inventories are valued at the lower of acquisition cost or cost of production and net realizable value.

Net realizable value is the selling price achievable at the balance sheet date, net of VAT and excise taxes, less any rebates, discounts and other similar items, less the estimated costs to complete and costs to sell.

Raw materials are valued based on weighted average basis, goods for resale are valued on a „first in – first out" basis, while the 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.

2.14 Cash and cash equivalents

Cash on hand and at bank is stated at nominal value.

Cash and cash equivalents presented in the cash flow statement comprise cash on hand and bank deposits which have maturity period of 3 months or less and were not included under investing activities.

Included in the cash of restricted use the following items:

- cash representing security for bank guarantees,
- funds kept in escrow by developer companies,

provided their maturity does not exceed 3 months.

The Group recognizes cash of restricted use in the balance sheet under cash and cash equivalents, while for the purpose of cash flow statement – the balance of cash at the beginning and at the end of the financial year is reduced by cash of restricted use, and its balance sheet change is recognized under cash flow from operating activities.

2.15 Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet of the Group when the Group becomes a party to a binding agreement.
The financial instruments held are classified into the following balance sheet 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: financial liabilities and equity instruments, bank loans and borrowings, trade payables, 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 the given item upon item initial recognition, and subsequently verifies this initial classification at each balance sheet date. During the period covered by these financial statements, the Group did not hold any financial instruments classified as held to maturity.

Financial assets at fair value through profit or loss

This category covers the following two sub-categories:

- financial assets held for trading,
- financial assets classified upon initial recognition as at fair value through profit or loss.

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 effective hedging instrument).

Investments purchase or sale transactions are recognized as at the transaction date i.e. the date on which the Group commits to purchase or sell the given asset item. Investments are initially recognized at fair value increased by transaction costs.

Loans and receivables

Loans 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 the prepayments made are classified as short-term receivables, if it is expected that these will be settled during the course of normal operating cycle of entity.

Receivables from retentions for construction contracts and loans with maturity date falling below 12 months are recognized as short-term receivables. Long-term receivables 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 amortized cost less impairment losses. Impairment losses are recognized if objective evidence exists that the Group will not be able to recover all amounts due under original receivables' terms and conditions.

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 Group Management has the positive intention and ability to hold to maturity.

Investments purchase or sale transactions are recognized as at the transaction date i.e. the date on which the Group commits to purchase or sell the given asset. Investments held to maturity are initially recorded at fair value increased by transaction costs, while in the subsequent periods – at amortized cost.

Financial assets available for sale

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 provided the Management Board does not intend to dispose of these investments within 12 months of the balance sheet date. Where the Management Board intends to dispose of them within 12 months from the balance sheet date, the assets are classified as held for trading and valued at fair value.

Investments purchase or sale transactions are recognized as the date of transaction i.e. the date on which the Group commits to purchase or sell the given asset. Financial assets available for sale are initially valued at fair value increased by transaction costs – this policy relates to all assets not classified as at fair value through profit or loss. Financial assets available for sale are derecognized when the contractual rights to the cash flow from the asset expired or were transferred and the Group did not transfer substantially all of the risks and rewards attached to asset ownership.
Following initial recognition, financial assets available for sale for sale are recorded at fair value. If determining the fair value of available-for-sale financial assets with specified maturity date is not possible, they are recorded at amortized cost; if, however, the maturity date was not specified – at acquisition cost.

Gains or losses arising from changes in asset fair value are recognized in the period, in which they arose. Gains and loses arising from changes in the fair value of available-for-sale financial assets being monetary items that result from foreign exchange differences are recognized in the profit and loss account in period in which they arose. Other differences in the carrying amount of assets are recognized directly in equity. Where the fair value is not determinable, the financial assets available for sale representing non-monetary items are valued at acquisition cost less impairment losses, if any. In the case of disposal of available for sale financial assets classified as „available for sale" or in the case of their loss of value, total adjustments consisting in re-measurement to fair value recognized in equity are taken to the profit and loss account as gains/ losses on financial assets.

An assessment is made at each balance sheet date 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 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 recognized previously in the profit and loss account are excluded from equity and recognized in the profit and loss account.

Trade creditors and retentions for construction contracts

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

Trade liabilities arising from the construction contracts in progress and from the prepayments received are classified as short-

term liabilities as it is expected that they will be settled during the course of the normal operating cycle of entity.
Liabilities arising from retentions for construction contracts with the settlement deadline of less than 12 months are recognized as short-term 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 recognized in the subsequent periods at amortized cost.

Loans and borrowings and other external sources of finance

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

Derivative financial instruments

Group companies enter into forward transactions to hedge against foreign currency risk. Policies relating to use of derivative financial instruments have been described in the risk management policy approved by the Management Board as described in detail in note 4 „Financial risk management".

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

The effects of periodic valuation of derivative financial instruments as well as gains and losses determined at the date of settlement are reported in the profit and loss account under „Gains/ (losses) on derivative financial instruments" as part of operating business. Group companies do not apply hedge accounting.

As regards transactions on the money, equity or derivative financial instruments markets, Group companies cooperate with banks of good financial standing and thus do not contribute to significant credit risk concentration.

Fair value measurements

The Group 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,
- Level 2: inputs other than quoted prices 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: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.16 Equity

Shareholders' equity

Share capital covers ordinary shares and is recorded in the nominal value (as presented in the Articles of Association of the Parent Company 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 of the Parent Company were taken up and their nominal value. This was adjusted by the effects of hyperinflation for the period, in which Polish economy was hyperinflationary.

Non-controlling interests

Non-controlling interest is the part of equity of subsidiary companies consolidated using the full method, which belongs to the shareholders other than those of the entities belonging to the Group.

Net profit (loss) of subsidiary companies in the part belonging to the shareholders other than those of the entities belonging to the Group represents non-controlling interests gain/ (loss).

2.17 Employee benefits

Group entities operate jubilee bonus and retirement benefits / pension plan programs and thus create provisions for their underlying liabilities. 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 companies. The amount of the provision is determined by an independent actuary using the projected unit credit method.

The Group companies adopted the policy to recognize the actuarial gains and losses in the period, in which they arose. All actuarial gains and losses are recognized in the profit and loss account.

Future benefits and allowances are not funded.

2.18 Share-based payment

Ferrovial SA operates its own equity-settled, share-based compensation plan under which employees of the Group render services to the Company and its subsidiaries as consideration for equity instruments of Ferrovial SA. In accordance with IFRS 2 "Share-based Payments", the fair value of the employee services received in exchange for the grant of the equity instruments of Ferrovial SA is recognised in these consolidated 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 by reference to the fair value of the equity instruments at the grant date. 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.

2.19 Provisions

Group entities create provisions for future liabilities the maturity or amount of which are not certain. Provisions are created when:

- the company has a present obligation (legal or constructive) as a result of a past event,
- it is certain or highly probable that settlement of this obligation will result in an outflow of resources embodying economic benefits, and
- a reliable estimate can be made of the amount of obligation.

Group entities create provisions for costs of future warranty repairs as in the case of construction services they are required to provide warranty for their services. Warranty provision is connected with particular construction segments and amounts from 0.15% to 1.4% of total revenue from the given contract. This value is subject to individual analysis and in justified cases may be increased or reduced, as appropriate. Costs of future warranty repairs are accrued in proportion to the direct costs of contracts (cost of the finished goods sold).

2.20 Recognition of revenues and expenses

Sales revenue is 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 sale-related taxes.

Revenue from sale of goods for resale is recognized when goods have been delivered and the significant risks and rewards of ownership have passed to the buyer.

Payments received for goods not delivered or services not completed are recognized in the balance sheet under prepayments received.

Revenue from realization of construction contracts is recognized in accordance with the accounting policies of the Group presented below.

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

Dividend income is recognized upon determining the right of the shareholders to receive payment.

In accordance with the accruals principle, the Group recognizes in the profit and loss account all costs relating to the given reporting period, irrespective of the period, in which they were actually settled. Incurred costs that do not relate to the given reporting period are recognized under assets as prepayments, while the costs not incurred and relating to the given period – under accruals.

2.21 Construction contracts

Group companies recognize revenues from construction contracts using the percentage of completion method measured as the share of the costs incurred from the date of contract signing to the date of determining contract revenue in total service costs.

Where it is possible that total costs of contract realization 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 recognized only to the amount of the incurred costs, the recovery of which is probable.

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 recognized profits (reduced by recognized losses) exceed the amounts calculated for the contract work performed. Outstanding invoiced amounts due and payable for the contract work performed are recognized under „Trade and other receivables", while the amounts retained by contractors - under „Retentions for construction contracts".

Included in liabilities are the amounts due and payable to investors under all construction work in progress, for which the amounts invoiced for the work performed as part of the contract exceed incurred costs increased by recognized gains (reduced by recognized losses). Outstanding amounts due and payable to suppliers, in respect of which the Group received invoices are recognized under „Trade and other payables", while the amounts retained by suppliers - under „Retentions for construction contracts".

2.22 Developer contracts

Revenue from developer activities is recognised at the moment when a 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.

Developer companies keep records that allow to determine the amount of costs relating to individual project elements which may be sold separately. Upon recognition of sales revenue, the Company recognizes cost of construction of the given area, by reducing work in progress by the share of the premises sold in the total area of the given type of premises and by reducing the goods for resale by the share of the area of land attributed to the given premises.

2.23 Gross profit / (loss) on sale

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

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

2.24 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 commission and bank guarantee.

2.25 Taxation (including deferred 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, after considering the appropriate treaty on avoidance of double taxation.

Due to the temporary differences between the carrying amount of assets and liabilities recognized in the books of account and their tax bases and due to the tax loss available for utilization in future years, Group companies recognize deferred tax liability and deferred tax asset in their financial statements.

Deferred tax liabilities are recognized in the amount of income tax to be paid in the future in respect of all taxable temporary differences i.e. difference 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 amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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 laws (and tax rates) that have been enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are netted off on a Group company level.

2.26 Operating segments

Group management and organization is based on segments.

The Budimex Group operates in the area of two main operating segments:

- construction business,
- developer and property management business.

Other business areas that do not meet the requirements to be classified as reporting segments relate to companies conducting, among others, production, service or trading activities.

The division of business into individual segments have been made based on the main statutory business activities or the importance of their business to the given segment. Such division reflects the spread of main business risks and returns on the expenditure made.

The Group applies uniform accounting policies for all segments. Transactions between individual segments are made on arm's length.

Shares in equity accounted entities have been classified to the appropriate segment based on the type of business of the entity.

3. Changes in principles of preparation of financial statements

Starting from 1 January 2011, raw materials are valued based on the purchase price established as a weighted average of the purchased material prices. Before, as described in the consolidated financial statements of the Group for the year 2010, raw materials were valued on a „first in – first out" basis. The aforementioned change of valuation methods has no impact on the inventory value and the amount of net result of the Group for the year ended 31 December 2011.

4. Financial risk management

The main financial instruments used by the Budimex Group are:

- bank loans and borrowings, finance lease, bonds and liabilities arising from discounting of invoices from subcontractors, the objective of which is to obtain resources to finance Group activities,
- trade receivables and liabilities and other receivables and liabilities as well as cash and short-term deposits that arise during the course on normal business activities of the Group,
- derivative financial instruments such as foreign currency forward contracts (currency forwards), the purpose of which is to manage currency risk arising from construction contracts in foreign currency.

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

Foreign currency risk

As part of its core business activities, Group companies enter into construction contracts denominated in foreign currencies. 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 Group. In accordance with this policy, Group companies hedge against foreign currency risk attached to each construction contract, on which net currency exposure is material. Hedging against foreign currency risk is made mainly using the derivative financial instruments, mainly currency contracts (fx forwards) and, if possible, using natural hedge mechanism, which consists in concluding agreements with subcontractors in the currency of the underlying contract and hence in transferring this risk to the subcontractors.

In accordance with the Group policy, foreign currency exposure is systematically measures 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 against net foreign currency exposure on individual contracts. As at 31 December 2011, the Group had approx. 93% of its foreign currency exposure resulting from contracts concluded in foreign currency with investors and approx. 47% of its foreign currency exposure resulting from foreign currency outflows realised within contracts concluded in domestic currency hedged.

Group companies do not apply hedge accounting.

Foreign currency risk – sensitivity to changes

In order to conduct analysis of sensitivity to fluctuations in exchange rates, on the basis of historical changes in values and the Group's knowledge of and experience in the financial markets, „feasible and possible" fluctuations in exchange rates were assessed at -10% / +10% as at 31 December 2011 and as at 31 December 2010.

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

	Carrying amount at the reporting date	**Sensitivity to fluctuations as at 31 December 2011**	
		Depreciation	**Appreciation**
		of Polish zloty against other currencies	
	(in thousands)	**+10%**	**-10%**
Forward contracts:			
– EUR	43 044	(12 456)	12 456
Financial instruments denominated in foreign currencies – net currency exposure (FX differences):			
– EUR	(3 993)	(1 764)	1 764
– USD	(23)	(8)	8
– GBP	40	21	(21)
– RUB	7 325	78	(78)
Gross effect on the result for the period and net assets		**(14 129)**	**14 129**
Deferred tax		2 684	(2 684)
Total		**(11 445)**	**11 445**

	Carrying amount at the reporting date	**Sensitivity to fluctuations as at 31 December 2011**	
		Depreciation	**Appreciation**
		of Polish zloty against other currencies	
	(in thousands)	**+10%**	**-10%**
Forward contracts:			
– EUR	34 789	(54 698)	57 856
Financial instruments denominated in foreign currencies – net currency exposure (FX differences):			
– EUR	6 280	2 487	(2 487)
– USD	83	25	(25)
– GBP	28	13	(13)
– RUB	5 759	56	(56)
Gross effect on the result for the period and net assets		**(52 117)**	**55 275**
Deferred tax		9 902	(10 502)
Total		**(42 215)**	**44 773**

Interest rate risk

Interest rate risk occurs mainly due to use by Group companies of such instruments as bank loans and borrowings, finance lease, issue of bonds directed to associates and extending loans by Group companies. The above financial instruments are based on variable interest rate and expose the Group to fluctuations in cash flows.

The risk related to the current debt balances was assessed as immaterial from the point of view of the effect on the results of the Group and for this reason, interest rate risk management is currently limited to monitoring of market situation only. Should the Group's debt arising from bank's loans and borrowings increase, appropriate measures will be taken to hedge against fluctuations in interest rates.

Interest rate risk – sensitivity to changes

In order to conduct an analysis of sensitivity to fluctuations in interest rates, on the basis of historical changes in values and the Group's knowledge of and experience in the financial markets, „feasible and possible" fluctuations in interest rates were assessed at -1.0% / +1.0% for PLN and at -0.5% / +0.5% for EUR, USD and other currencies as at 31 December 2011 while as at 31 December 2010 at -1.5% / +1.5% for PLN and at -0.5% / +0.5% for EUR, USD and other currencies. At the same time, a parallel shift was assumed of interest rate curve for the purpose of calculation of sensitivity of discount to fluctuations in interest rates. Adjustments relating to possible changes in the range of fluctuations in interest rates in the sensitivity analysis as at 31 December

(All amounts are expressed in PLN thousands, unless stated otherwise)

2011 compared to the ranges used in the sensitivity analysis as at 31 December 2010, were made due to lower volatility of interest rates for PLN compared to the prior year.
Presented below is the effect on the financial result for the year and net assets as at 31 December 2011 and 31 December 2010.

	Carrying amount at the reporting date	Sensitivity to fluctuations as at 31 December 2011	
		+100 pb (PLN) +50 pb (EUR, USD, other)	**-100 pb (PLN) -50 pb (EUR, USD, other)**
Long-term retentions for construction contracts (discount):		3 342	(3 266)
– recognized in assets (present value)	37 883		
– recognized in liabilities (present value)	150 122		
Cash at bank (nominal value / interest rate)	1 759 378	17 360	(17 360)
Bank loans and borrowings (nominal value / interest rate)	(48 892)	(446)	446
Commercial and treasury bonds (present value /interest rate)	(62 685)	(539)	539
Finance lease liabilities (nominal value / interest rate)		**19 717**	**(19 641)**
Effect on gross result for the period and net assets		(3 746)	3 732
Deferred tax		**15 971**	**(15 909)**

	Carrying amount at the reporting date	Sensitivity to fluctuations as at 31 December 2010	
		+150 pb (PLN) +50 pb (EUR, USD, other)	**-150 pb (PLN) -50 pb (EUR, USD, other)**
Long-term retentions for construction contracts (discount):		3 896	(4 010)
– recognized in assets (present value)	44 327		
– recognized in liabilities (present value)	135 545		
Cash at bank (nominal value / interest rate)	1 859 990	27 605	(27 605)
Bank loans and borrowings (nominal value / interest rate)	(8 881)	(59)	59
Commercial and treasury bonds (present value /interest rate)	14 017	(75)	76
Finance lease liabilities (nominal value / interest rate)	(21 824)	(327)	327
Effect on gross result for the period and net assets		**31 040**	**(31 153)**
Deferred tax		(5 898)	5 919
Total		**25 142**	**(25 234)**

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

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

Price risk

The Group is exposed to the price risk relating to increases in prices of the most popular construction materials such as steel, concrete or crude oil derivatives such as petrol, diesel oil, asphalts or fuel. The price risk regarding material 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, in turn, result in higher prices of services rendered by subcontractors. Prices set forth in contracts with investors remain fixed over the entire period of contract realization 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.
In order to limit the price risk, prices of the most popular construction materials are monitored on an ongoing basis, while the construction contracts signed have the parameters relating, among others, to contract duration and value, appropriately matched with market situation. The Central Purchase Bureau operating within the structures of the Budimex Group, negotiates framework agreements with suppliers of basic construction materials based on the construction works planned.

Credit risk

Group companies cooperate with financial institutions of high financial standing both in the cash and capital transactions without incurring material risk of credit concentration. At the same time, the Group applies the policy of limiting credit exposure to individual financial institutions and issuers of debt securities, which are acquired as investments for periodic cash surpluses.

The financial assets of the Group exposed to an increased credit risk are trade receivables. The Budimex Group has applied the policy of credit risk assessment and verification in respect of all contracts, both at contract pre-tender and realization proper stage.

Prior to contract signing, each business partner is assessed for the capacity to discharge his financial liabilities. Signing contract with a party whose payment abilities were assessed negatively depends on establishing adequate financial and property collaterals and securities. 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. Where possible, special contract provisions are made that tie payments to subcontractors with inflow of cash from the investor.

No significant credit risk concentration has been identified at the Group taking into consideration the fact that main customer is the government office (urząd administracji rządowej).

The Group is not exposed to significant credit risk to one business partner or a group of business partners with similar features. Credit risk relating to liquid assets and derivative financial instruments is limited as the Group business partners are banks with high credit rating awarded by recognized international rating agencies.
Except for the data presented in note 55, the carrying amount of financial assets recognized in the financial statements without accounting for losses reflects the maximum credit exposure of the Group to the credit risk without the value of the collaterals/ securities established.

Liquidity loss risk

In order to limit the risk of loss of liquidity, Group companies hold appropriate amounts of cash and marketable securities, and enter into credit facilities contracts which serve as an additional safeguard against loss of liquidity. To finance its investment purchases, the Group uses own funds or long-term finance lease contracts 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 Group companies.

The maturity structure of finance liabilities has been presented in notes 26 and 27. Current favourable financial situation of the Budimex Group as regards its liquidity and availability of external sources of finance does not create any threats to further financing of Group's activities

5. Capital management

The main objective of capital management at the Group is to keep good credit rating and safe financial covenants that would support operating business of the Group and increase its value for the shareholders.

The Group manages its capital structure and modifies it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may return its capital to the shareholders, issue new shares or pay dividend. In 2011 and 2010, no changes were made to process objectives and policies binding in this area.

The Group monitors the level of equity using the leverage ratio which is calculated as the ratio of net debt to total shareholders' equity increased by net debt. Included in the net debt are interest-bearing loans and borrowings, trade and other liabilities less cash and cash equivalents. Shareholders' equity comprises share capital attributable to the shareholders of the Parent Company less other reserves relating to unrealized net profits.

The Group monitors the balance of equity using the gearing ratio, which is calculated as a proportion of net debt to the sum of capital increased by the net debt. Net debts includes interest-bearing loans and borrowings and other external sources of finance, trade and other payables, retentions for construction contracts, amounts due and payable to customers (investors) under construction contracts, prepayments received and current tax payables decreased by cash and cash equivalents and commercial and treasury bonds. Individual items were increased by appropriate amounts of cash and cash equivalents and liabilities of disposal groups.

(All amounts are expressed in PLN thousands, unless stated otherwise)

	31 December 2011	31 December 2010
Interest bearing bank borrowings and loans	111 734	30 719
Trade and other liabilities	3 301 014	2 964 161
Less: Cash and Cash equivalents	(1 761 630)	(1 862 403)
Less: Commercial and security bonds	-	(14 017)
Net debt	1 651 118	1 118 460
Equity	711 110	680 405
Equity and net debt	2 362 228	1 798 865
Gearing ratio	69,90%	62,18%

6. Key estimates and assumptions

Estimates and assumptions are verified on a regular basis. These result from to date experience and other factors, including forecast of future events, which are reasonable in the given circumstances.

6.1 Key accounting estimates

Estimates and assumptions regarding future are made which are reflected in these consolidated financial statements. The actual results may differ from these estimates. The estimates made relate, among others, to created provisions, valuation of construction contracts, impairment write-downs against property, plant and equipment, accruals or adopted depreciation rates. Material assumptions, not described in this point, and adopted in the estimate of above values have been described in point 2 „Key accounting policies".

Warranty provision

The Budimex Group companies are required to issue a warranty for their construction services rendered. As a general rule, it has been accepted that warranty provision is connected with particular construction segments and amounts from 0.15% to 1.4% of total revenue from the given contract. This ratio is, however, analyzed on an individual basis and in justified cases maybe increased or reduced, as appropriate. The amounts of warranty provision have been presented in note 31.

Companies not engaged in construction business at the reporting date assess their risk of warranty for their products or services based on the historical data and current estimates.

Un-invoiced subcontractor services

The majority of construction contracts is realized by Group companies as general contractors with a wide 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 reporting date, a material part of completed, yet not accepted and un-invoiced by subcontractors, construction projects is recorded. In accordance with the accruals principle, these are recognized by Group companies as costs of contracts. The amount of subcontractor costs in respect of completed and un-invoiced 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

Polish law contains numerous regulations concerning VAT, excise tax, corporate profits tax and social security contributions, which are all subject to frequent changes. Regulations regarding these taxes are subject to frequent changes which cause that these regulations are 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 companies. Tax and other settlements (e.g. customs or foreign currency settlements) may become subject to inspection by tax authorities within a period of five years. Tax control bodies are authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. There is a risk that tax or other administrative bodies take view on certain matters different to that adopted by Group companies as regards interpretations of binding regulations. This, in turn, could have a significant impact on tax liabilities of the Group.

Provision for litigation

Group companies are parties to litigation proceedings. Legal departments and management boards of Group companies prepare detailed analyses of potential risks relating to the legal cases pending and, based on these, take decisions concerning the necessity to account for the effects of such proceedings in the company's books of account, or the amount of the provision.

(All amounts are expressed in PLN thousands, unless stated otherwise)

6.2 Professional judgement in application of accounting policies

Recognition of sales revenue on construction contracts

Revenue from construction contracts during the period from contract date to the reporting 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 as the share of the costs incurred from the date of contract to the date of contract revenue determining in the total contract costs (contract budget). Budgets of individual contracts are subject to regular updates (revisions), based on the current information, three times a year 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 regular scheduled contract update.

Where at the reporting 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.

7. Discountinued operations

During the year ended 31 December 2011 and in 2010, no operations were discontinued within the meaning of IFRS 5.

8. Acquisition of shares

On 16 November 2011 the conditions consisted of obtaining legally required permits – of the Minister of Infrastructure for disposal of PNI Sp. z o.o. shares by PKP SA, of the President of the Office for Competition and Consumer Protection for concentration and consent to the transaction by the Supervisory Board of PKP and the General Meeting of Shareholders of PNI Sp. z o.o. were met. Consequently, payment of PLN 225 017 thousand was made for 100% of shares in the company under the name of Przedsiębiorstwo Napraw Infrastruktury (PNI). On 16 November 2011, the date of the acknowledgement of bank account of PKP SA, Budimex SA became an owner of PNI and gained control over the company.

Budimex SA acquired PNI to strengthen considerably its position on the railway construction market, in case of which a substantial growth is expected in the forthcoming years. At the moment of acquisition PNI's backlog amounted to ca. 1,4 bn PLN. The assets of PNI in terms of specialized railway construction machinery places the company as a top player in terms of realization capacity. Combined Budimex and PNI's backlog, places Budimex Group as a leader on this market.

According to the opinion of the Management Board of Budimex SA, introducing corporate culture, know-how and supporting IT systems will allow to improve the profitability of the company.

As at the publication of these financial statements, the fair value of tangible fixed assets acquired and assets and liabilities related to the valuation of long-term contracts were accounted for provisionally according to IFRS 3, par 45.

Fair values as at acquisition date and provisionally recognized goodwill are presented in the table below:

Purchase consideration	
- cash paid at acquisition date	225 017
Total purchase consideration	**225 017**
Net assets indentified in the acquiree	
Cash and cash equivalents	1 338
Tangible fixed assets	148 723
Intangible assets	9 317
- including fair value of backlog identified at acquisition date	*8 846*
Deferred tax assets	13 803
Inventories	46 367
Receivables and other assets	214 734
Trade payables and other liabilities	(319 059)
Total net assets at fair values	**115 223**

(All amounts are expressed in PLN thousands, unless stated otherwise)

Goodwill	**109 794**
Purchase consideration in cash	(225 017)
Cash and cash equivalents in acquired entity at the acquisition date	1 338
Cash outflow regarding acquisition	**(223 679)**
Acquisition-related costs recognised in the consolidated income statement for the year 2011	4 544
- *including* civil law action tax	*2 250*
Sales revenue for the period from the acquisition date to 31 December 2011	63 135
Net profit for the period from the acquisition date to 31 December 2011	1 252

Gross value of receivables as at the acquisition date amounted to PLN 185 000 thousand, while the value of unrecoverable debts and fully provided for was PLN 478 thousand.

The aforementioned provisional goodwill consists largely of various synergies and economies of scale expected from combining the operations, as well as expected improvements in the company's management (introducing corporate culture, know-how, supporting IT systems) which all is expected to be reflected in improved profitability of the company.

9. The Budimex Group Entities

Presented below is the list of subsidiaries and jointly controlled entities of the Budimex Group:

Company name	Registered office	% in the share capital and in the number of votes	
		31 December 2011	31 December 2010
Mostostal Kraków SA	Cracow / Poland	100.00%	100.00%
Budimex Danwood Sp. z o.o.	Bielsk Podlaski / Poland	100.00%	100.00%
Budimex Bau GmbH	Cologne / Germany	100.00%	100.00%
MK Logistic Sp. z o.o. (in liquidation)	Zabrze / Poland	100.00%	100.00%
Budimex Nieruchomości Sp. z o.o.	Warsaw / Poland	100.00%	100.00%
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	100.00%	100.00%
Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. [1]	Warsaw / Poland	100.00%	-
SPV-BN 1 Sp. z o.o. [2]	Warsaw / Poland	100.00%	-
SPV-BN 2 Sp. z o.o. [3]	Warsaw / Poland	100.00%	-
Budimex Serwis SA [4]	Warsaw / Poland	100.00%	-
Budimex Parking Wrocław Sp. z o.o. [5]	Warsaw / Poland	100.00%	-
Budimex Autostrada SA [6]	Warsaw / Poland	100.00%	-
Budimex Most Wschodni SA [7]	Warsaw / Poland	100.00%	-
Budimex Autostrada A-1 SA [8]	Warsaw / Poland	100.00%	-
Budimex SA Ferrovial Agroman SA s.c.	Warsaw / Poland	99.98%	99.98%
Dromex Oil Sp. z o.o. (in liquidation)	Warsaw / Poland	97.93%	97.93%
Budimex SA Sygnity SA Sp. j.	Warsaw / Poland	67.00%	67.00%
Budimex SA Ferrovial Agroman SA Sp. j.	Warsaw / Poland	50.00%	50.00%
Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o.o. [9]	Warsaw / Poland	30.00%	-
Centrum Konferencyjne „Budimex" Sp. z o.o.[10]	Licheń / Poland	-	100.00%

[1]) Company purchased on 16 November 2011.
[2]) Company entered in the Register of Entrepreneurs on 27 July 2011.
[3]) Company entered in the Register of Entrepreneurs on 28 July 2011.
[4]) Company entered in the Register of Entrepreneurs on 10 May 2011.
[5]) Company entered in the Register of Entrepreneurs on 10 February 2011.

[6]) Company entered in the Register of Entrepreneurs on 25 August 2011.
[7]) Company entered in the Register of Entrepreneurs on 2 September 2011.
[8]) Company entered in the Register of Entrepreneurs on 30 September 2011.
[9]) Company entered in the Register of Entrepreneurs on 17 March 2011.
[10]) Company sold on 31 May 2011.

10. Operating segment information

Operating segments

For the management purposes the Group has been divided into segments based on the products and services offered. The Group operates in the following two operating segments:

- construction business
- developer and property management business.

Construction business covers rendering of widely understood construction-assembly services at home and abroad and is realised by the following Group companies:

- Budimex SA
- Sprzęt Transport Sp. z o.o. w likwidacji (liquidated on 31 May 2010)
- Mostostal Kraków SA
- Budimex Bau GmbH
- Budimex Budownictwo Sp. z o.o.
- Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o.o. (entered in the Register of Entrepreneurs on 17 March 2011).
- Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. (purchased by Budimex SA on 16 November 2011)

Developer and property management segment covers preparation of land for investment projects, realization of investment projects in the field of housing construction industry, flat disposal and rental and servicing property on own account. The following Group entities were included in this segment:

- Budimex Nieruchomości Sp. z o.o.
- SPV-BN 1 Sp. z o.o. (entered in the Register of Entrepreneurs on 27 July 2011)
- SPV-BN 2 Sp. z o.o. (entered in the Register of Entrepreneurs on 28 July 2011)
- Centrum Konferencyjne „Budimex" Sp. z o.o. (sold on 31 May 2011)
- Budimex SA in a part relating to developer business, as a result of merger with Budimex Inwestycje on 13 August 2009
- Budimex Auto- Park Sp. z o.o. (included in Budimex SA on 23 June 2010).

Segment performance is evaluated based on sales revenue, gross profit (loss) on sales, operating profit (loss) and net profit (loss) for the period.

Other business conducted does not meet the requirements of reportable segment. Included in other business are entities that mainly conduct production, service or trading activities.

(All amounts are expressed in PLN thousands, unless stated otherwise)

The results of segments for year ended **31 December 2011** are presented in the table below:

	Construction business	Property management and developer business	Other business	Exclusions	Consolidated value
External sales	5 007 741	247 797	261 137	-	**5 516 675**
Inter-segment sales	185 235	425	-	(185 660)	**-**
Total sales revenue	**5 192 976**	**248 222**	**261 137**	**(185 660)**	**5 516 675**
Cost of finished goods, goods for resale and raw materials sold externally	(4 637 709)	(182 012)	(235 420)	-	**(5 055 141)**
Cost of finished goods, goods for resale and raw materials sold to other segments	(153 848)	(23 965)	-	177 813	**-**
Cost of finished goods, goods for resale and raw materials sold	**(4 791 557)**	**(205 977)**	**(235 420)**	**177 813**	**(5 055 141)**
Gross profit on sales	**401 419**	**42 245**	**25 717**	**(7 847)**	**461 534**
Selling expenses	(12 535)	(8 526)	(3 508)	40	**(24 529)**
Administrative expenses	(127 663)	(11 739)	(9 654)	10 969	**(138 087)**
Other operating income/ (expenses), net	25 875	6 506	(645)	-	**31 736**
Profits on derivative financial instruments	(2 981)	-	(8 237)	-	**(11 218)**
Segment result	**284 115**	**28 486**	**3 673**	**3 162**	**319 436**
Finance income / (costs), net, of which:	6 929	4 040	(1 289)	-	**9 680**
- interest income	*48 927*	*4 506*	*715*	-	***54 148***
- interest expense	*(4 502)*	*(755)*	*(37)*	-	***(5 294)***
Shares in losses of equity accounted entities	-	-	(2 537)	-	**(2 537)**
Income tax expense	(56 190)	(5 994)	(2 919)	(602)	**(65 705)**
Net profit for the period	**234 854**	**26 532**	**(3 072)**	**2 560**	**260 874**

In 2011 sales revenue from one customer amounted to PLN 2 895 580 thousand and related entirely to the construction segment.

(All amounts are expressed in PLN thousands, unless stated otherwise)

The results of segments for year ended **31 December 2010** are presented in the table below:

	Construction business	**Property management and developer business**	**Other business**	**Exclusions**	**Consolidated value**
External sales	3 774 627	495 680	159 962	-	**4 430 269**
Inter-segment sales	39 502	487	-	(39 989)	**-**
Total sales revenue	**3 814 129**	**496 167**	**159 962**	**(39 989)**	**4 430 269**
Cost of finished goods, goods for resale and raw materials sold externally	(3 432 556)	(365 963)	(147 483)	-	**(3 946 002)**
Cost of finished goods, goods for resale and raw materials sold to other segments	(24 069)	(39 894)	-	63 963	**-**
Cost of finished goods, goods for resale and raw materials sold	**(3 456 625)**	**(405 857)**	**(147 483)**	**63 963**	**(3 946 002)**
Gross profit on sales	**357 504**	**90 310**	**12 479**	**23 974**	**484 267**
Selling expenses	(11 108)	(8 796)	(3 614)	30	**(23 488)**
Administrative expenses	(113 007)	(15 996)	(6 957)	12 709	**(123 251)**
Other operating income/ (expenses), net	(19 709)	4 903	695	1 206	**(12 905)**
Profits on derivative financial instruments	2 052	-	4 691	-	**6 743**
Segment result	**215 732**	**70 421**	**7 294**	**37 919**	**331 366**
Finance income / (costs), net, of which:	11 287	(8 816)	(245)	1 296	**3 522**
- interest income	*36 799*	*3 172*	*45*	*(285)*	***39 731***
- interest expense	*(2 214)*	*(9 898)*	*(168)*	*282*	***(11 998)***
Shares in losses of equity accounted entities	-	-	(3 136)	-	**(3 136)**
Income tax expense	(42 929)	(12 010)	(1 932)	(7 472)	**(64 343)**
Net profit for the period	**184 090**	**49 595**	**1 981**	**31 743**	**267 409**

In 2010 sales revenue from one customer amounted to PLN 2 369 094 thousand and related entirely to the construction segment.

(All amounts are expressed in PLN thousands, unless stated otherwise)

Other segment-related items recognized in the profit and loss account for the year ended **31 December 2011** are as follows:

	Construction business	**Property management and developer business**	**Other business**	**Consolidated value**
Depreciation and amortization	(27 681)	(532)	(2 117)	**(30 330)**
(Recognition) / reversal of impairment write-downs against receivables	452	(8)	(486)	**(42)**
(Recognition) / reversal of impairment write-downs against inventories	-	(404)	-	**(404)**
(Recognition) / reversal of other impairment write-downs	(7 489)	-	-	**(7 489)**
Other non-monetary income / (costs) *	85 986	(1 456)	(4 496)	**80 034**

Other segment-related items recognized in the profit and loss account for the year ended **31 December 2010** are as follows:

	Construction business	**Property management and developer business**	**Other business**	**Consolidated value**
Depreciation and amortization	(18 586)	(604)	(2 011)	**(21 201)**
(Recognition) / reversal of impairment write-downs against receivables	(30 819)	(4)	(57)	**(30 880)**
(Recognition) / reversal of impairment write-downs against inventories	30	(4 852)	163	**(4 659)**
(Recognition) / reversal of other impairment write-downs	-	-	-	**-**
Other non-monetary income / (costs) *	(257 123)	(1 841)	(898)	**(259 862)**

*) Other non-monetary income / (costs) cover reversal / (creation) of provisions for contract losses and warranty repairs.

(All amounts are expressed in PLN thousands, unless stated otherwise)

Segment assets and liabilities and capital (investment) expenditure as at **31 December 2011** are presented in the table below:

	Construction business	**Property management and developer business**	**Other business**	**Exclusions**	**Consolidated value**
Segment assets	3 158 154	971 752	100 376	(24 964)	4 205 318
Investments in equity accounted entities	-	-	13 503	-	13 503
Unallocated segment assets					332 293
Total consolidated assets					**4 551 114**
Segment liabilities	3 454 376	265 015	93 071	(84 192)	3 728 270
Unallocated segment liabilities					111 734
Total consolidated liabilities					**3 840 004**
Capital expenditure	275 207	261	2 573	(612)	**277 429**

Segment assets comprise mainly tangible fixed assets, intangible assets, inventories, derivative financial instruments, receivables and cash from operating activities. They do not, however, comprise loans granted, deferred tax assets or current tax assets (receivables)

Segment liabilities comprise operating liabilities (including derivatives), and do not cover tax liabilities, loan liabilities, liabilities arising from external sources of finance and deferred tax liability.

Capital expenditure covers increases in tangible fixed assets, investment properties, intangible assets and financial non-current assets.

(All amounts are expressed in PLN thousands, unless stated otherwise)

Segment assets and liabilities and capital (investment) expenditure as at **31 December 2010** are presented in the table below:

	Construction business	**Property management and developer business**	**Other business**	**Exclusions**	**Consolidated value**
Segment assets	2 737 883	915 792	62 660	(22 752)	3 693 583
Investments in equity accounted entities	-	-	16 040	-	16 040
Unallocated segment assets					357 616
Total consolidated assets					**4 067 239**
Segment liabilities	2 965 385	218 659	53 632	(54 635)	3 183 041
Unallocated segment liabilities					203 793
Total consolidated liabilities					**3 386 834**
Capital expenditure	31 841	140	1 891	(282)	**33 590**

Segment assets comprise mainly tangible fixed assets, intangible assets, inventories, derivative financial instruments, receivables and cash from operating activities. They do not, however, comprise loans granted, deferred tax assets or current tax assets (receivables)

Segment liabilities comprise operating liabilities (including derivatives), and do not cover tax liabilities, loan liabilities, liabilities arising from external sources of finance and deferred tax liability.

Capital expenditure covers increases in tangible fixed assets, investment properties, intangible assets and financial non-current assets.

(All amounts are expressed in PLN thousands, unless stated otherwise)

Geographical information

The Budimex Group conducts business in Poland and abroad. Other markets include United Kingdom and Austria.

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

	2011	2010
Poland	5 120 514	4 165 163
Germany	372 910	254 221
Russia	-	-
Other markets	23 251	10 885
Total	**5 516 675**	**4 430 269**

Non-current assets

	31 December 2011	31 December 2010
Poland	476 938	188 424
Germany	2 985	2 326
Russia	-	433
Other markets	2	3
Total	**479 925**	**191 186**

Capital expenditure

	2011	2010
Poland	277 053	33 166
Germany	373	424
Russia	-	-
Other markets	3	-
Total	**277 429**	**33 590**

The geographical split of sales revenue matches customer localization and is consistent with the internal organizational structure of the Group and the system of internal financial reporting.

Non-current assets include property, plant and equipment, investment property, intangible assets, goodwill and long-term prepaid expenses.

The split of total assets and capital expenditure matches localization of branches and foreign operations included in the Budimex Group.

(All amounts are expressed in PLN thousands, unless stated otherwise)

11. Property, plant and equipment

	Land & perpetual usufruct	Buildings and constructions	Plant and machinery	Motor vehicles	Other [tangible] fixed assets	Construction in progress	Total
Gross book value as at 1 January 2011	**6 229**	**25 623**	**176 840**	**23 835**	**17 730**	**602**	**250 859**
Increases:	**23 582**	**67 235**	**121 409**	**60 284**	**7 251**	**1 455**	**281 216**
– purchase (including, acceptance for use under lease contracts)	-	218	41 917	2 597	4 111	1 041	**49 884**
– change in the composition of the Group	23 582	66 122	79 156	57 606	3 050	1 158	**230 674**
– transfer from construction in progress	-	895	249	-	-	(1 144)	**-**
– increase of construction in progress	-	-	-	-	-	400	**400**
– foreign exchange differences	-	-	75	81	90	-	**246**
– other increases	-	-	12	-	-	-	**12**
Decreases:	**-**	**(724)**	**(13 855)**	**(4 475)**	**(2 574)**	**-**	**(21 628)**
– sale	-	(723)	(11 237)	(4 348)	(815)	-	**(17 123)**
– liquidation, scrapping	-	-	(2 466)	(115)	(1 288)	-	**(3 869)**
– change in the composition of the Group	-	-	(152)	(12)	(471)	-	**(635)**
– other decreases	-	(1)	-	-	-	-	**(1)**
Gross book value as at 31 December 2011	**29 811**	**92 134**	**284 394**	**79 644**	**22 407**	**2 057**	**510 447**
Accumulated depreciation as at 1 January 2011	**-**	**(7 603)**	**(109 628)**	**(12 661)**	**(12 507)**	**-**	**(142 399)**
Movements for the period:	-	(10 130)	(57 416)	(22 908)	(1 726)	-	**(92 180)**
– current depreciation (note 36)	-	(1 268)	(22 131)	(3 127)	(2 144)	-	**(28 670)**
– sale		279	11 079	2 200	810	-	**14 368**
– liquidation, scrapping		-	2 368	113	1 267	-	**3 748**
– change in the composition of the Group	-	(9 141)	(48 661)	(22 035)	(1 607)	-	**(81 444)**
– foreign exchange differences	-	-	(70)	(59)	(52)	-	**(181)**
– other	-	-	(1)	-	-	-	**(1)**
Accumulated depreciation as at 31 December 2011	**-**	**(17 733)**	**(167 044)**	**(35 569)**	**(14 233)**	**-**	**(234 579)**
Impairment write-downs as at 1 January 2011	**-**	**(1 565)**	**-**	**-**	**(302)**	**-**	**(1 867)**
– increases/(decreases)	-	-	-	-	-	-	**-**

	Land & perpetual usufruct	Buildings and constructions	Plant and machinery	Motor vehicles	Other [tangible] fixed assets	Construction in progress	Total
Impairment write-downs as at 31 December 2011	**-**	**(1 565)**	**-**	**-**	**(302)**	**-**	**(1 867)**
Net book value as at 1 January 2011	**6 229**	**16 455**	**67 212**	**11 174**	**4 921**	**602**	**106 593**
Net book value as at 31 December 2011	**29 811**	**72 836**	**117 350**	**44 075**	**7 872**	**2 057**	**274 001**

(All amounts are expressed in PLN thousands, unless stated otherwise)

	Land & perpetual usufruct	Buildings and constructions	Plant and machinery	Motor vehicles	Other [tangible] fixed assets	Construction in progress	Total
Gross book value as at 1 January 2010	**6 319**	**35 743**	**158 056**	**23 685**	**16 476**	**2 099**	**242 378**
Increases:	**120**	**2 724**	**25 979**	**3 578**	**2 656**	**(1 497)**	**33 560**
– purchase (including, acceptance for use under lease contracts)	-	647	24 769	3 578	2 631	803	**32 428**
– transfer from construction in progress	-	2 055	796	-	-	(2 851)	**-**
– increase of construction in progress	-	-	-	-	-	551	**551**
– foreign exchange differences	-	15	-	-	-	-	**15**
– other increases	120	7	414	-	25	-	**566**
Decreases:	**(210)**	**(12 844)**	**(7 195)**	**(3 428)**	**(1 402)**	**-**	**(25 079)**
– sale	(35)	-	(3 985)	(3 207)	(23)	-	**(7 250)**
– liquidation, scrapping	-	(117)	(1 447)	(203)	(655)	-	**(2 422)**
– transfer to assets classified as held for sale	(90)	(12 727)	(1 748)	-	(289)	-	**(14 854)**
– foreign exchange differences	-	-	(15)	(18)	(434)	-	**(467)**
– other decreases (including transfer to investments property)	(85)	-	-	-	(1)	-	**(86)**
Gross book value as at 31 December 2010	**6 229**	**25 623**	**176 840**	**23 835**	**17 730**	**602**	**250 859**
Accumulated depreciation as at 1 January 2010	**-**	**(9 598)**	**(101 188)**	**(13 794)**	**(12 036)**	**-**	**(136 616)**
Movements for the period:	-	1 995	(8 440)	1 133	(471)	-	**(5 783)**
– current deprecition (note 36)	-	(1 081)	(14 871)	(2 245)	(1 765)	-	**(19 962)**
– sale	-	-	3 891	3 162	18	-	**7 071**
– liquidation, scrapping	-	26	1 394	199	626	-	**2 245**
– transfer to assets classified as held for sale	-	3 076	1 498	-	267	-	**4 841**
– foreign exchange differences	-	(5)	16	17	15	-	**43**
– other (including transfer to investments property)	-	(21)	(368)	-	368	-	**(21)**
Accumulated depreciation as at 31 December 2010	**-**	**(7 603)**	**(109 628)**	**(12 661)**	**(12 507)**	**-**	**(142 399)**

(All amounts are expressed in PLN thousands, unless stated otherwise)

	Land & perpetual usufruct	Buildings and constructions	Plant and machinery	Motor vehicles	Other [tangible] fixed assets	Construction in progress	Total
Impairment write-downs as at 1 January 2010	**-**	**(5 670)**	**-**	**-**	**(302)**	**-**	**(5 972)**
– transfer to assets classified as held for sale	-	4 105	-	-	-	-	**4 105**
Impairment write-downs as at 31 December 2010	**-**	**(1 565)**	**-**	**-**	**(302)**	**-**	**(1 867)**
Net book value as at 1 January 2010	**6 319**	**20 475**	**56 868**	**9 891**	**4 138**	**2 099**	**99 790**
Net book value as at 31 December 2010	**6 229**	**16 455**	**67 212**	**11 174**	**4 921**	**602**	**106 593**

(All amounts are expressed in PLN thousands, unless stated otherwise)

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

	2011	2010
Cost of finished goods and services sold	26 905	18 123
Administrative expenses	1 569	1 646
Other costs	196	193
Total	**28 670**	**19 962**

The Group as lessee uses the following fixed assets under finance lease contracts:

	31 December 2011		31 December 2010	
	Initial cost-capitalised finance lease	Net carrying amount	Initial cost-capitalised finance lease	Net carrying amount
Plant and machinery	81 605	67 533	42 400	29 544
Motor vehicles	13 145	11 030	2 604	1 398
Other fixed assets	208	187	-	-
Total	**94 958**	**78 750**	**45 004**	**30 942**

As at 31 December 2011 a pledge with a value of PLN 51 000 thousand was established on tangible fixed assets of Group entities, while as at 31 December 2010 – of EUR 7 897 thousand. Carrying amount of fixed assets with a pledge established as at 31 December 2011 amounted to PLN 42 531 thousand, while as at 31 December 2010 amounted to PLN 6 272 thousand.

Total value of received or receivable compensations in respect of the fixed assets that were impaired or lost in 2011 was PLN 1 840 thousand (in the corresponding period of 2010: PLN 38 thousand).

12. Investment property

	31 December 2011	31 December 2010
Land	-	1
Perpetual usufruct	-	-
Buildings and constructions	3 224	3 343
Other	54	39
Total investment properties	**3 278**	**3 383**
Fair value of investment properties	*12 809*	*18 788*

(All amounts are expressed in PLN thousands, unless stated otherwise)

Movements in the balance of investment properties during 2011 and 2010 were as follows:

	2011	2010
Balance at the beginning of the period		
Gross book value	5 792	6 089
Accumulated depreciation (incl. accumulated impairment losses)	(2 409)	(2 416)
Net book value at the beginning of the period	**3 383**	**3 673**
Movements for the period:		
Purchase	26	23
Disposal	(1)	(273)
Reversal of impairment write-downs recognised in profit and loss account as a result of disposal	-	104
Depreciation (note 36)	(163)	(144)
Other movements	33	-
Balance at the end of the period		
Gross book value	5 816	5 792
Accumulated depreciation (incl. accumulated impairment losses)	(2 538)	(2 409)
Net book value	**3 278**	**3 383**

As at 31 December 2011 and 31 December 2010, Group entities did not report any significant legal or obligatory charges established on their investment properties.

Depreciation of investment properties for the year ended 31 December 2011 and 31 December 2010 was recognized in the profit and loss account under cost of finished goods and services sold.

An independent surveyor performed valuation of the part of investment properties for the amount of PLN 7 320 thousand as of 31 December 2011. The valuations confirmed that investment properties held by the Group were not impaired.

An independent surveyor performed valuation of the part of investment properties for the amount of PLN 18 788 thousand as of 31 December 2010. The valuations confirmed that investment properties held by the Group were not impaired.

Group companies recognized in their profit and loss accounts the following balances of income from and costs of investment property management:

	2011	2010
Rental charge income	3 156	3 604
Direct operating expenses (incl. costs of repair and maintenance) relating to investment properties that resulted in rental charge income	3 360	4 605
Direct operating expenses (incl. costs of repair and maintenance) relating to investment properties that did not result in rental charge income	-	-

(All amounts are expressed in PLN thousands, unless stated otherwise)

13. Intangible assets

	Computer software	Licenses and patents	Other	Total
Gross book value as at 1 January 2011	**19 611**	**4 551**	**160**	**24 322**
Increases:	**3 069**	**524**	**8 848**	**12 441**
– change in the composition of the Group	1 422	-	8 846*	**10 268**
– purchase	787	60	-	**847**
– settlement of prepayments received	843	-	-	**843**
– foreign exchange differences	17	464	2	**483**
Decreases:	(101)	-	-	**(101)**
– change in the composition of the Group	(61)	-	-	**(61)**
– liquidation	(40)	-	-	**(40)**
Gross book value as at 31 December 2011	**22 579**	**5 075**	**9 008**	**36 662**
Accumulated amortization as at 1 January 2011	**(18 150)**	**(2 597)**	**(141)**	**(20 888)**
Movements for the period:	(2 010)	(634)	(13)	**(2 657)**
– current amortization (note 36)	(1 138)	(348)	(11)	**(1 497)**
– change in the composition of the Group	(895)	-	-	**(895)**
– liquidation	40	-	-	**40**
– foreign exchange differences	(15)	(286)	(2)	**(303)**
– other	(2)	-	-	**(2)**
Accumulated amortization as at 31 December 2011	**(20 160)**	**(3 231)**	**(154)**	**(23 545)**
Net book value as at 1 January 2011	**1 461**	**1 954**	**19**	**3 434**
Net book value as at 31 December 2011	**2 419**	**1 844**	**8 854**	**13 117**

*) fair value of backlog recognized at the acquisition date with the expected amortization period of 3 years (see note 8)

(All amounts are expressed in PLN thousands, unless stated otherwise)

	Computer software	Licenses and patents	Other	Total
Gross book value as at 1 January 2010	**18 733**	**4 712**	**139**	**23 584**
Increases:	**1 023**	**-**	**22**	**1 045**
– purchase	566	-	22	**588**
– settlement of prepayments received	457	-	-	**457**
Decreases:	**(145)**	**(161)**	**(1)**	**(307)**
– liquidation	(137)	(11)	-	**(148)**
– foreign exchange differences	(6)	(150)	(1)	**(157)**
– other	(2)	-	-	**(2)**
Gross book value as at 31 December 2010	**19 611**	**4 551**	**160**	**24 322**
Accumulated amortization as at 1 January 2010	**(17 546)**	**(2 372)**	**(136)**	**(20 054)**
Movements for the period:	(604)	(225)	(5)	**(834)**
– current amortization (note 36)	(771)	(317)	(7)	**(1 095)**
– liquidation	137	11	-	**148**
– foreign exchange differences	5	80	2	**87**
– other	25	1	-	**26**
Accumulated amortization as at 31 December 2010	**(18 150)**	**(2 597)**	**(141)**	**(20 888)**
Net book value as at 1 January 2010	**1 187**	**2 340**	**3**	**3 530**
Net book value as at 31 December 2010	**1 461**	**1 954**	**19**	**3 434**

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

	2011	2010
Cost of finished goods and services sold	644	432
Administrative expenses	848	646
Other costs	5	17
Total	**1 497**	**1 095**

The Group did not report any material intangible assets developed internally.

As at 31 December 2011 and 31 December 2010, Group companies did not report any material public or obligatory charges established on their intangible assets.

No impairment write-downs against intangible assets were made in the year 2011 or 2010.

(All amounts are expressed in PLN thousands, unless stated otherwise)

14. Non-current asssets (disposal groups) classified as held for sale

	31 December 2011	**31 December 2010**
Non-current assets classified as held for sale, of which:	**-**	**5 908**
– fixed assets	-	*5 908*
Disposal groups	-	-
Total	**-**	**5 908**

Non-current assets classified as held for sale

As at 31 December 2011, the Budimex Group did not recognise any non-current assets classified as held for sale.
As at 31 December 2010, the Budimex Group reported under current assets plots of land classified as investment properties. These represent non-current assets, in respect of which preliminary sale contracts had been signed.

As a result of classifying those assets to the held for sale group, no impairment write-downs were recognized as their contractual selling price less selling expenses would exceed their carrying amounts. As of the moment of re-classification of those assets, the Group has discontinued calculating depreciation charges.

All non-current assets classified as held for sale as at 31 December 2010 were recognized as part of the „Property management and developer business" segment.

15. Goodwill

Goodwill in the amount of PLN 183 031 thousand recognised in the statement of financial position as at 31 December 2011 comprises goodwill of PLN 73 237 thousand related to Budimex Dromex SA, which was merged with Budimex SA on 16 November 2009, and goodwill recognised provisionally in the amount of PLN 109 794 thousand regarding the acquired company Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. (see note 8).

Goodwill impairment test

Goodwill is allocated to cash generating units at the Group. It is assumed that the cash generating unit for the goodwill that arose on acquisition of Budimex Dromex by the Parent Company is the part of construction segment referring to domestic general construction and infrastructure.

The recoverable amount of the cash generating unit is determined on the basis of calculations of value in use. The calculations make use of the projections of cash flows adopted for three-year budgets approved by the Management Board. Cash flows beyond the three year period were assessed at fixed level. The rate of growth adopted does not exceed the average growth rate for the construction industry, in which the cash generating unit operates. The calculations assumed the gross margin ranging from 6.6% to 7.6% and the discount rate of 10% (after grossing up). The Management Board determined budgeted gross margin on the basis of historical data and its projections for market development. Average weighted rates of growth are consistent with forecasts presented in industry reports. The applied discount rate is the rate before taxation that accounts for the specific threats of individual segments.

Based on the goodwill impairment test conducted as at 31 December 2011, the Management Board concluded that there was no need to recognize any impairment write-down.

16. Joint-ventures

Jointly controlled entities

The Budimex Group has 30% share in Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o.o., which was entered in the Register of Entrepreneurs on 17 March 2011.

The Budimex Group jointly controls Budimex SA Sygnity SA Sp. j., in which it has a 67% share. This is an SPE (special purpose entity) established to carry out the contract „Construction of the registered office of Transmission System Operator together with external infrastructure in Bielawa near Warsaw" *(„Budowa siedziby Operatora Systemu Przesyłowego wraz z infrastrukturą zewnętrzną Bielawa k/Warszawy").*

In addition, the Budimex Group has 50% share in Budimex SA Ferrovial Agroman SA Sp. j. The company was established to carry out the contract for designing and constructing the section of the A1 motorway between Stryków and Pyrzowice. On 21 July 2010 Budimex SA Ferrovial Agroman SA s.c. was established, in which the Budimex Group has a 99.98% share. The company was established to carry out the contract "Redevelopment/Modernisation of DS-1 runway, taxiways, patrol road and fire escape route at Fryderyk Chopin Airport in Warsaw". (*„Przebudowa/Modernizacja drogi startowej DS-1, dróg kołowania, drogi patrolowej i drogi p.poż w Porcie Lotniczym im. F. Chopina w Warszawie").*

(All amounts are expressed in PLN thousands, unless stated otherwise)

The following amounts represent the share of the Group in assets, liabilities, sales revenue, costs and the financial result of the jointly controlled companies:

	31 December 2011	**31 December 2010**
Non-current assets	41	74
Current assets	21 299	25 977
Total assets	**21 340**	**26 051**
Non-current liabilities	13 736	4 294
Current liabilities	15 695	27 082
Total liabilities	**29 431**	**31 376**
Net assets	**(8 091)**	**(5 325)**

	2011	**2010**
Total revenues	32 382	74 262
Total costs	(37 147)	(90 458)
Income tax expense	-	-
Net profit/ (loss)	**(4 765)**	**(16 196)**

	31 December 2011	**31 December 2010**
Proportionate share in future liabilities of joint venture	-	-
Proportionate share in contingent liabilities of joint venture	865	3 057

Jointly controlled business

As at 31 December 2011 and 31 December 2010, Group companies were parties to consortium agreements for the realization of construction contracts. Revenues and expenses, assets and liabilities relating to the realization of these contracts in the part allocated to Group companies were appropriately accounted for in the books of account of these companies. As at 31 December 2011 and 31 December 2010, the contingent liabilities underlying these projects include performance bond, guarantee to return contract prepayments received and were included in the total balance of contingent liabilities recognized in the consolidated financial statements. No future investment commitments relating to these contracts were recorded.

(All amounts are expressed in PLN thousands, unless stated otherwise)

The table below shows the Groups' share in jointly realized contracts:

Contract name	The Budimex Group share in the consortium	
	31 December 2011	31 December 2010
Consortiums with the Ferrovial Group companies		
Construction of drier and sediment burning plant in Olsztyn	65%	65%
Construction of sewage treatment plant in Szczecinek	51%	51%
Modernization of sewage treatment plant in Klimzowiec	50%	50%
Sewage treatment plant in Wrocław	50%	50%
Biogas management and thermal drying of sediment in the Central Sewage Treatment Plant in Poznań	40%	40%
Development and modernization (together with full technical infrastructure) of the Warsaw Frederic Chopin Airport – Terminal II*	37%	37%
Consortiums with other entities:		
Modernization of hospital in Koszalin	96%	96%
Construction of helipad - hopital in Bydgoszcz	80%	-
Construction of Voivodship Child Hospital in Bydgoszcz	51%	-
Construction of the second passenger terminal for Gdańsk Airport	51%	51%
Design and construction of modernization of railway Warszawa-Łódź stage II section Warszawa Zachodnia – Skierniewice*	64%	-
Primary railway construction works; section Wrocław – Grabiszyn - Skokowa and Żmigród – boundary of Lower Silesian voivodship*	42%	-
Modernisation of railway number 357 Sulechów – Luboń*	72%	-
Complex civil engineering works within Gdańsk project of public transport - stage III A*	78%	-
Modernization of regional railway 402 Goleniów - Kołobrzeg together with construction of junction to the Szczecin Goleniów Airport *	69%	-
Modernisation of railway E30, stage II, section: Krzeszowice - Kraków Główny Cargo*	63%	-
Construction of A-1 Pyrzowice - Piekary Śląskie Motorway**	-	90%
Construction of tourist and leisure complex in Żagań**	-	85%
Rebuilding of stadium of ArkaGdynia**	-	81%
Construction of the S-8 dual carriageway – The Armia Krajowa route from the Konotopa to Prymasa Tysiąclecia junction**	-	27%

* contracts realised by Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o., purchased on 16 November 2011
** contract completed

Presented below are selected financial data recognized in the books of account of the Budimex Group companies relating to contracts realized by the consortiums listed above:

	31 December 2011	31 December 2010
Non-current assets	249	1 504
Current assets	375 054	693 752
Non-current liabilities	6 374	12 630
Current liabilities	176 065	519 709
Contingent liabilities	-	106 259

(All amounts are expressed in PLN thousands, unless stated otherwise)

Profit and Loss Account	**2011**	**2010**
Total revenues	206 005	808 192
Total costs	(179 746)	(598 924)

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 developing and modernizing (together with full technical infrastructure) Warsaw Frederic Chopin Airport – Terminal II *(Międzynarodowy Port Lotniczy Warszawa Okęcie*) of an original value of USD 198 850 thousand and a completion date of 14 November 2005. In the 1st quarter of 2005, the investor extended the work completion deadline to 15 April 2006 due to a 5-month delay in the Consortium obtaining planning permission (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, the Consortium received a statement from Przedsiębiorstwo Państwowe Porty Lotnicze ("PPPL") to the effect that it was rescinding the contract for the development of 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 from the bank guarantee of USD 8 665 thousand towards Budimex SA's share, as a member of the Consortium carrying out the development project at Warsaw Frederic Chopin Airport. In the period 2-9 November 2007, payments were made to PPPL under the bank guarantee in proportion to Budimex's share in the Consortium of a total amount of PLN 21 612 thousand. According to the Executive Consortium, the demands for payments from the bank guarantees were made in breach of the Contract and the Civil Code, which has been described in note 53).

Income and expenses and assets and liabilities related to the realization of the contract in the part falling to Budimex were accounted for in books appropriately. As at 31 December 2011 there were no capital liabilities referring to the contract. Contingent liabilities resulting from counter-claim statements have been described in note 53.

According to the closest Management Board estimates, as at the date of these consolidated financial statements and having considered the risk relating to the above proceedings, the total loss incurred by Budimex on this contract (proportionate to Budimex's share in the Consortium), taking into account other operating costs/income and other financial costs/income (including the result on forward contracts entered into to minimize the foreign exchange risk) was PLN 98 258 thousand as at 31 December 2011 (as at 31 December 2010: PLN 101 136 thousand). Budimex's loss on the entire contract, without taking into account the result of other operating and financial activities was PLN 140 483 thousand as at 31 December 2011 (as at 31 December 2010: PLN 143 362 thousand). As the Consortium has not completed its financial settlements with PPPL and its subcontractors and due to the arbitration proceedings pending, the final result of the contract performance may change.

(All amounts are expressed in PLN thousands, unless stated otherwise)

17. Investments in equity accounted entities

	2011	2010
Balance at the beginning of the period	**16 040**	**20 653**
– of which goodwill	-	-
Share in profits / (losses)* (note 41)	(2 537)	(3 136)
Dividend paid by associates	-	(1 477)
Balance at the end of the period	**13 503**	**16 040**
– of which goodwill	**-**	**-**

*) Shares in profits for the period also covers a part of the prior year result, which was not consolidated in the year to which it related. The consolidated financial statements of the Budimex Group was based on the preliminary financial data of companies for the given financial year, while the financial statements of equity accounted changed after publication of the consolidated financial statements of the Group. Share in the results of equity accounted companies for the year 2011 was adjusted by PLN 140 thousand and for the year 2010 by PLN 577 thousand.

The list of associates as at 31 December 2011 and 31 December 2010 is as follows:

Company name	Registered office	% in the share capital and in the number of votes	
		31 December 2011	31 December 2010
Elektromontaż Poznań SA	Poznań / Poland	30.78%	30.78%
PPHU Promos Sp. z o.o.	Cracow / Poland	25.53%	25.53%

Selected financial data of equity accounted entities are as follows:

Company name	Assets	Liabilities and provisions	Total revenues	Net profit/ (loss)
31 December 2011				
Elektromontaż Poznań SA	93 850	41 859	122 805	(8 907)
PPHU Promos Sp. z o.o.	10 756	4 359	15 644	250
	104 606	**46 218**	**138 449**	**(8 657)**

Company name	Assets	Liabilities and provisions	Total revenues	Net profit/ (loss)
31 December 2010				
Elektromontaż Poznań SA	99 201	48 337	139 532	(12 436)
PPHU Promos Sp. z o.o.	10 775	5 017	15 734	450
	109 976	**53 354**	**155 266**	**(11 986)**

The share of the Budimex Group in the contingent liabilities of associates as at 31 December 2011 was PLN 25 698 thousand and as at 31 December 2010 was PLN 7 163 thousand. The share of the Budimex Group in the contingent receivables of associates as at 31 December 2011 was PLN 1 181 thousand and as at 31 December 2010 was PLN 711 thousand.

(All amounts are expressed in PLN thousands, unless stated otherwise)

18. Available-for-sale financial assets

	2011	2010
Balance at the beginning of the period	**23 955**	**23 955**
Increases:	**412**	**-**
– purchase	412	-
Decreases:	**(12 221)**	**-**
– impairment write-downs (note 40)*	(7 489)	-
– liquidation	(56)	-
– other **	(4 676)	-
Balance at the end of the period	**12 146**	**23 955**
Of which:		
– non-current	**12 146**	**23 955**
– current	-	-

*) refers to Inversora de Autopistas del Levante S.L.
**) refers to decrease in share capital of Autostrada Południe SA as a result of redemption of shares

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

The fair value of short- and long-term financial assets available-for-sale as at 31 December 2011 and 31 December 2010 equated their acquisition cost, considering the fact that there is no active market for these assets. The fair value of these assets cannot be established as there is no active market for them.

During the period of the nearest 12 months, the Group does not intend to dispose any available-for-sale financial assets.

As at 31 December 2011 and 31 December 2010 no securities or collaterals were established on these assets.

19. Financial assets at fair value through profit or loss

	31 December 2011	31 December 2010
Derivative financial instruments (note 20)	141	3 157
Other financial assets at fair value through profit or loss – financial assets held for trading	-	14 017
-- of which: commercial bonds	-	*14 017*
Total	**141**	**17 174**

Other financial assets at fair value through profit or loss

	2011	2010
Balance at the beginning of the period	**14 017**	**19 850**
Purchase	-	14 013
Disposal	(14 013)	(19 067)
Accrued interest adjustment	(4)	(779)
Balance at the end of the period	**-**	**14 017**
-- of which: in related parties	-	-

As at 31 December 2011 the Group does not have any debt securities.

As at 31 December 2010, the profitability of debt securities acquired by the Group was 3.62% p.a. The maturity date of debt securities recognized as at 31 December 2010 was 11 May 2011.

As at 31 December 2010 no securities or collaterals were established on these assets.

(All amounts are expressed in PLN thousands, unless stated otherwise)

20. Derivative financial instruments

Policies concerning use of derivative financial instruments are defined in the Group Risk Management Policy adopted by the Management Board.

Derivative financial instruments are valued at the reporting date in a reliably determined fair value. Fair value of derivative financial 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 financial instruments are stated under operating result for the reporting period, in which gains or losses from investment re-valuation/ impairment were recognized. Gains or losses determined on the date of settlement are recognized in the profit and loss account under gains or losses on disposal of investment, as appropriate.

The fair value of transactions concluded by the Group and open as at 31 December 2011 and 31 December 2010 is presented in the table below:

	Financial assets on valuation of derivative financial instruments		**Financial liabilities on valuation of derivative financial instruments**	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
Currency forward contracts, FX Forward	141	3 157	12 330	460

The total nominal value of currency forward contracts, the FX Forward type, as at 31 December 2011 was EUR 43 044 thousand, while as at 31 December 2010 was EUR 34 789 thousand. As at 31 December 2011 and 31 December 2010 the Group did not hold any currency options.

Forward selling/ buying rate for the EUR transactions open as at 31 December 2011 ranged EUR/ PLN 4.0379 – 4.5790 (as at 31 December 2010: EUR/ PLN 3.9453 – 4.4455). Forward transactions open as at 31 December 2011 are to be settled within 26 - 423 days (as at 31 December 2010, transaction settlement date was 13 - 577 days).

Financial assets at fair value through profit or loss

	31 December 2011	**31 December 2010**
<u>Maturity analysis</u>		
a) less than 1 year	141	3 157
b) 1-2 years	-	-
c) 2-5 years	-	-
d) above 5 years	-	-
Total	**141**	**3 157**

Financial liabilities at fair value through profit or loss

	31 December 2011	**31 December 2010**
<u>Maturity analysis</u>		
a) less than 1 year	12 330	460
b) 1-2 years	-	-
c) 2-5 years	-	-
d) above 5 years	-	-
Total	**12 330**	**460**

(All amounts are expressed in PLN thousands, unless stated otherwise)

21. Loans granted and other financial assets

As at 31 December 2011 and 31 December 2010 the Group has no loans granted or other financial assets.

22. Trade and other receivables

	31 December 2011	31 December 2010
Long-term trade and other receivables		
Other non-financial receivables	24	-
Long-term trade and other receivables, net	**24**	**-**
Receivables impairment write-down	96	95
Long-term trade and other receivables, gross	**120**	**95**
Short-term trade and other receivables		
Trade receivables	449 963	339 806
Prepayments made	34 139	24 621
Taxation, subsidy, customs duty, social security, health insurance and other debtors	15 052	3 972
Other receivables	16 359	4 614
Short-term trade and other receivables, net	**515 513**	**373 013**
Receivables impairment write-down	98 839	102 081
Short-term trade and other receivables, gross	**614 352**	**475 094**
Total trade and other receivables, net	**515 537**	**373 013**

There is no credit risk concentration in respect of trade receivables taking into consideration the fact that the main customer is government office.

The fair value of trade and other receivables approximates their carrying amount.

As at 31 December 2011 and 31 December 2010 no securities or collaterals were established on these assets.

Impairment write-downs against trade and other receivables

	2011	2010
Impairment write-downs against receivables at the beginning of the period	**102 176**	**80 019**
Charge to other operating expenses (note 38)	14 105	43 540
Reversed to other operating income (note 38)	(14 063)	(12 660)
Utilized	(5 016)	(8 267)
Foreign exchange differences	1 424	(600)
Change in the composition of the Group	311	-
Other	(2)	144
Impairment write-downs against receivables at the end of the period	**98 935**	**102 176**

(All amounts are expressed in PLN thousands, unless stated otherwise)

Maturity analysis of trade receivables

The tables below show the maturity analysis of trade and other receivables, which are overdue but not impaired at the reporting date. As at 31 December 2011 and 31 December 2010 there were no overdue debts not impaired.

	31 December 2011	31 December 2010
Overdue trade receivables, outstanding for:		
- less than 1 month	49 656	14 051
- 1-3 months	33 080	23 337
- 3-6 months	2 038	9 502
- 6 months – 1 year	156	18 653
- above 1 year	1 728	5 533
Total overdue trade receivables	**86 658**	**71 076**

23. Inventories

	31 December 2011	31 December 2010
Raw materials	283 794	205 725
Semi-finished goods and work in progress	243 459	70 818
Finished goods	40 014	194 339
Goods for resale	548 291	520 505
Total inventories at the end of the period, net	**1 115 558**	**991 387**
Inventory impairment write-downs	12 489	12 792
Total inventories at the end of the period, gross	**1 128 047**	**1 004 179**

Impairment write-downs against inventories

	2011	2010
Inventory impairment write-downs at the beginning of the period	**12 792**	**9 997**
Charge to other operating expenses (note 38)	4 965	4 861
Reversed to other operating income (note 38)	(4 561)	(202)
Change in the composition of the Group	392	(56)
Utilised	(1 099)	(1 808)
Inventory impairment write-downs at the end of the period	**12 489**	**12 792**

Reasons for reversing inventory impairment write-downs have been presented in the table below:

	2011	2010
Disposal of inventories	20	202
Increase of the recoverable value	4 541	-
Total	**4 561**	**202**

Securities were established on the inventories of Group companies at a value of PLN 365 273 thousand as at 31 December 2011, and PLN 23 770 thousand as at 31 December 2010. Carrying amount of inventories with collaterals established as at 31 December 2011 amounted to 366 619 thousand and 31 December 2010 amounted to PLN 24 519 thousand.

Total value of interest capitalised to the Group companies' inventories (developer companies) was PLN 1 677 thousand as at 31 December 2011 and PLN 4 461 thousand as at 31 December 2010. In 2011 companies capitalised to inventories interest with a value of PLN 925 thousand, while in 2010 no interest was capitalised. Average interest rate of loans taken out to finance inventories in 2011 was 6.56% (in 2010: 5.96%).

(All amounts are expressed in PLN thousands, unless stated otherwise)

The value of inventories to be utilised or sold in the period of more than 12 months as at 31 December 2011 is PLN 626 633 thousand and as at 31 December 2010 – PLN 586 252 thousand.

Inventories in the amount of PLN 777 577 thousand relates to investment expenditures incurred in respect of realized residential projects in order to sale the apartments subsequently. Due to the situation on the residential market the Group is subject to risk of decline in the prices of apartments and service premises. The risk of price decline was limited in respect of apartments, which had been sold based on the preliminary sales agreements. Regarding investment projects for which the construction phase did not start, the Group did not conclude the binding agreements for construction services.

In order to verify the appropriateness of market value of possessed assets, the Management Board Board commissioned an independent surveyor – Ernst & Young Real Estate Sp. z o.o. to perform impairment test in respect of inventories. Market value of inventories as at 31 December 2011 based on the valuation made by the surveyor exceed the carrying amount of valued assets. Based on the valuation made by the independent surveyor the Management Board decided that no other impairment adjustment should be recognised except for those already recognised in the financial statements. However, taking into consideration the instability of real estate market, it cannot be excluded that future sale prices can be significantly different from prices used by the Company and the independent surveyor for the impairment test purposes.

Up to the date of preparation the consolidated financial statements there were no events that should be reflected in the form of adjustment or disclosure in the consolidated financial statements.

24. Cash and cash equivalents

	31 December 2011	31 December 2010
Cash on hand	73	48
Cash at bank	1 759 378	1 859 990
- current accounts	14 108	2 296
- overnight (one-day) deposits	246 004	367 237
- other deposits	1 498 953	1 490 395
– deposits in developer entities on escrow accounts	313	51
- deposits serving as security for bank guarantees	-	11
Other cash	2 179	2 365
Total cash and cash equivalents	**1 761 630**	**1 862 403**
Cash and cash equivalents of restricted use	(21 142)	(856)
Cash recognized in the cash flow statement	**1 740 488**	**1 861 547**

The balance of cash and cash equivalents covers cash of consortiums in the part attributable to the consortium members in the amount of PLN 71 469 thousand as at 31 December 2011 and PLN 98 388 thousand as at 31 December 2010.

Short-term bank deposits and investments with high liquidity included cash and cash equivalents are mainly „overnight" deposits and short-term deposits with a maturity date of 3 - 62 days with an average effective interest rate as at 31 December 2011 of 4.62% per annum for deposits in PLN, 0.30% per annum for deposits in EUR (as at 31 December 2010: 3.64% p.a. for deposits in PLN and 0.52% p.a. for deposits in EUR). Average maturity period for these deposits is 29 days (31 December 2020: 52 days).

Included in cash and cash equivalents of restricted use are the following:

	31 December 2011	31 December 2010
Cash and cash equivalents serving as bank guarantees	-	11
Deposits in developer entities on escrow accounts	313	51
Other	20 829	794
Total cash and cash equivalents of restricted use	**21 142**	**856**

In 2011 the Group obtained cash in the amount of PLN 10 879 thousand as a result of guarantee realization (in 2010: PLN 200 thousand).

(All amounts are expressed in PLN thousands, unless stated otherwise)

25. Shareholders' equity

At the date of transition to IFRS, the Group adjusted shareholders' equity and share premium for the period, in which Polish economy was hyperinflationary. The effects of translation and reconciliation of balances shown in the books of account and corporate records of the Parent Company as at 31 December 2011 with balances recognized in the financial statements were presented in the table below. These balances were identical as at 31 December 2010.

	Ordinary shares	Share premium
Registered capital	**127 650**	**232 719**
Translation of capital due to hyperinflation	18 198	2 080
Value recognized in the financial statements	**145 848**	**234 799**

The value by which the share capital and share premium were adjusted in connection with hyperinflation was recognized in equity under „Accumulated profits/ (losses) from previous years".

Share capital of the Parent Company consists of 25 530 098 shares with a total value of PLN 127 650 thousand. The structure of the share capital of the Parent Company as at 31 December 2011 is as follows:

Share series/ issue	Type of shares	Type of preference	Type of limitations of rights to shares	Number of shares	Value of share/ issue at nominal value	Type of capital coverage	Registration date	Right to dividend (as of)
A	ordinary/ registered	None	None	2 470	14	1)	1994-08-05	1994-01-01
A	ordinary/bearer	None	None	2 997 530	14 986	1)	1994-08-05	1994-01-01
B	ordinary/bearer	None	None	2 000 000	10 000	cash	1994-11-13	1995-01-01
C	ordinary/bearer	None	None	1 900 285	9 501	cash	1995-03-07	1995-01-01
D	ordinary/bearer	None	None	1 725 072	8 625	cash	1996-04-25	1996-01-01
E	ordinary/bearer	None	None	2 000 000	10 001	2)	1997-08-05	1997-01-01
F	ordinary/bearer	None	None	5 312 678	26 563	cash	1998-05-05	1998-01-01
G	ordinary/bearer	None	None	2 217 549	11 088	3)	1999-11-02	1999-01-01
H	ordinary/bearer	None	None	1 448 554	7 243	3)	1999-11-02	1999-01-01
I	ordinary/bearer	None	None	186 250	931	3)	1999-11-02	1999-01-01
K	ordinary/bearer	None	None	1 484 693	7 423	4)	2000-07-13	2000-01-01
L	ordinary/bearer	None	None	4 255 017	21 275	cash	2000-12-18	2000-01-01
Total				**25 530 098**	**127 650**			

1) assets of the transformed companies, Budimex Engineering and Construction Sp. z o.o.
2) assets of the acquired company, Budimex Trading SA
3) assets of the acquired companies, Budimex Poznań SA, Unibud SA and Budimex Warszawa SA
4) assets of the acquired company, Mostostal Kraków SA

The number of shares making up the approved share capital equates the number of the shares issued. Nominal value of one share in PLN 5.

The Parent Company does not hold treasury shares. Subsidiary and associated companies do not hold any shares in the Parent Company. No shares were reserved in connection with share issue for the realization of share options and sales agreements.

The amount of profit set aside for appropriation (loss to be absorbed) results from the financial statements of the Parent Company.

(All amounts are expressed in PLN thousands, unless stated otherwise)

26. Loans, borrowings and other sources of finance

	31 December 2011	31 December 2010
	Carrying amount	**Carrying amount**
Non-current		
Bank loans and borrowings	25 075	1 420
Finance lease liabilities	48 906	11 755
	73 981	**13 175**
Current		
Overdrafts	-	-
Bank loans and borrowings	23 817	7 461
Finance lease liabilities	13 779	10 069
Interest accrued on long-term loans and borrowings	137	
Interest accrued on short-term loans and borrowings	20	14
Liabilities relating to bank commissions	-	-
	37 753	**17 544**
Total	**111 734**	**30 719**

Maturity analysis of loans and borrowings based on undiscounted contractual cash flows is as follows:

	31 December 2011		31 December 2010	
	Carrying amount	**Undiscounted contractual cash flows***	**Carrying amount**	**Undiscounted contractual cash flows***
– below a year	23 974	27 021	7 475	7 708
– 1- 3 years	25 075	27 494	1 420	1 468
– 3 - 5 years	-	-	-	-
– above 5 years	-	-	-	-
	49 049	**54 515**	**8 895**	**9 176**

*) includes both nominal and interest payments; as at 31 December 2011 and 31 December 2010 amounts in foreign currency were translated at the NBP period-end exchange rates and the interest payments were calculated using the latest interest rates fixed before 31 December 2011 and 31 December 2010.

Group companies are allowed to repay their loans and borrowing before maturity date. No penalty clause for earlier loan repayment has been included in the loan agreements signed by Group companies.

In the period covered by the financial statements there were no problems with fulfilling the obligation of repayment of capital, interest, terms of conditions of escrow accounts and terms of redemption the liabilities arising from borrowings.

The Group companies did not breach or renegotiate the terms of bank loans and borrowings before the approval of the consolidated financial statements.

The carrying amount of long-term loans and borrowings approximates their fair value as interest rate terms and conditions set in the agreements are based on variable interest rate.

Long-term loans and borrowings as at 31 December 2011

Bank/ entity	**Registered office**	**Loan/ borrowing principal as per loan agreement**		**Outstanding amount of loan/ borrowing**		**Interest rate**	**Repayment date**	**Collateral/ security**
		In PLN thousands	**Currency (in thousands)**	**In PLN thousands**	**Currency (in thousands)**			
Bank Millennium SA	Warsaw	31 000	PLN	2 542	PLN	WIBOR 1m + margin	30.11.2013	1. maximum mortgage to the amount of 170% of loan value (PLN 52 700 thousand) 2. transfer of rights under investment insurance policy 3. authorizations to escrow account in the amount of 150% of loan value
Pekao SA	Warsaw	87 870	PLN	10 079	PLN	WIBOR 1m + margin	31.01.2014	1. maximum mortgage to the amount of 150% of loan value (PLN 131 806 thousand) 2. authorization to bank accounts and registered pledge on rights under the bank accounts agreement 3. transfer of rights under investment insurance policy, sale agreements, general contractor contract, agreement for design and corporate guarantee
Getin Noble Bank SA	Warsaw	39 500	PLN	12 454	PLN	WIBOR 1m + margin	31.12.2014	1. maximum mortgage to the amount of 150% of loan value (PLN 59 250 thousand) 2. transfer of rights under investment insurance policy 3. authorizations to bank account relating to project
Caja de Ahorros y Pensiones de Barcelona "la Caixa"	Warsaw	23 100	PLN	-	PLN	WIBOR 1m + margin	31.12.2014	1. maximum mortgage to the amount of PLN 90 000 thousand 2. registered pledge on bank accounts 3. transfer of receivables under construction insurance contract, sales agreements and general contractor contract
Caja de Ahorros y Pensiones de Barcelona "la Caixa"	Warsaw	15 000	PLN	-	PLN	WIBOR 1m + margin	30.04.2016	1. maximum mortgage to the amount of PLN 90 000 thousand 2. registered pledge on bank accounts 3. transfer of receivables under construction insurance contract, sales agreements and general contractor contract
				25 075				

Long-term loans and borrowings as at 31 December 2010

Bank/ entity	Registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security
		In PLN thousands	Currency (in thousands)	In PLN thousands	Currency (in thousands)			
Caja de Ahorros y Pensiones de Barcelona "la Caixa"	Warsaw	60 000	PLN	1 420	PLN	WIBOR 1m + margin	30.09.2012 -30.04.2016	1. maximum mortgage to the amount of PLN 90 000 thousand 2. registered pledge on bank accounts 3. transfer of receivables under construction insurance contract, sales agreements and general contractor contract
				1 420				

Short-term loans and borrowings as at 31 December 2011

Bank/ entity	Registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security
		In PLN thousands	Currency (in thousands)	In PLN thousands	Currency (in thousands)			
Overdrafts								
Bank Handlowy SA	Warsaw	40 000	PLN	-	PLN	WIBOR 1m + margin	07.02.2012	none
Pekao SA	Warsaw	60 000	PLN	-	PLN	WIBOR 1m + margin	31.05.2012	1. transfer of receivables under contract to the amount of PLN 65 000 thousand 2. maximum mortgage to the amount of PLN 30 000 thousand 3. bank executory title 4. bill of exchange in blanco to the amount of PLN 30 000 thousand 5. transfer of rights under insurance policy of property being loan security 6. authorization to bank account in Pekao SA

Bank/ entity	Registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security
		In PLN thousands	Currency (in thousands)	In PLN thousands	Currency (in thousands)			
Other loans and borrowings								
Bank Millennium SA	Warsaw	31 000	PLN	1 779	PLN	WIBOR 1m + margin	in instalments to 30.11.2013	1. maximum mortgage to the amount of 170% of loan value (PLN 52 700 thousand) 2. transfer of rights under investment insurance policy 3. authorizations to escrow account in the amount of 150% of loan value
Pekao SA	Warsaw	87 870	PLN	1 057 (includes interest accrued: 62)	PLN	WIBOR 1m + margin	in instalments to 31.01.2014	1. maximum mortgage to the amount of 150% of loan value (PLN 131 806 thousand) 2. authorization to bank accounts and registered pledge on rights under the bank accounts agreement 3. transfer of rights under investment insurance policy, sale agreements, general contractor contract, agreement for design and corporate guarantee
Getin Noble Bank SA	Warsaw	39 500	PLN	5 (interests accrued)	PLN	WIBOR 1m + margin	in instalments to 31.12.2014	1. maximum mortgage to the amount of 150% of loan value (PLN 59 250 thousand) 2. transfer of rights under investment insurance policy 3. authorizations to bank accounts relating to project
PKO BP SA	Warsaw	77 500	PLN	12 602 (includes interest accrued: 70)	PLN	WIBOR 1m + margin	in instalments to 31.12.2014	1. maximum mortgage to the amount of 170% of loan value (PLN 131 750 thousand) 2. transfer of rights under investment insurance policy, sale agreements and general contractor contract 3. authorizations to bank accounts relating to project
HSBC Bank Polska SA	Warsaw	11 000	PLN	-	PLN	WIBOR 1m + margin	25.09.2012	1. transfer of receivables under contracts to the amount of PLN 21 000 thousand 2. mortgage to the amount of PLN 21 000 thousand 3. transfer of rights under insurance policy of property being loan security 4. bank executory title
Cintra Infraestructuras SA	Madrid	8 511	1 927€	8 531 (includes interest accrued:	1 931€ (includes interest	EURIBOR 12m + margin	01.12.2012	none

Bank/ entity	Registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security
		In PLN thousands	Currency (in thousands)	In PLN thousands	Currency (in thousands)			
				20)	accrued: 4€)			
				23 974				

Short-term loans and borrowings as at 31 December 2010

Bank/ entity	Registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security
		In PLN thousands	Currency (in thousands)	In PLN thousands	Currency (in thousands)	In PLN thousands		
Overdrafts								
Bank Handlowy SA	Warsaw	40 000	PLN	-	-	WIBOR 1m + margin	19.01.2011	none
Pekao SA	Białystok	6 000	PLN	-	-	WIBOR 1m + margin	31.05.2011	1. transfer to ownership right to inventories with a value of PLN 3 000 thousand together with transfer of rights under insurance policy 2. registered pledge on the identifiable items of property, plant and equipment with a total value of PLN 2 280 thousand together with transfer of rights under insurance policy 3. registered pledge on the Mercedes passenger car in the amount of PLN 117 thousand 4. maximum mortgage on a built over property in Brańska 132 Street in the amount of PLN 5 500 thousand 5. authorization to bank account

Bank/ entity	Registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security
		In PLN thousands	Currency (in thousands)	In PLN thousands	Currency (in thousands)	In PLN thousands		
Other loans and borrowings								
Cintra Infraestructuras SA	Madrid	7 461	1 884€	7 475 (includes interest accrued: 14)	1 888€ (includes interest accrued: 4€)	EURIBOR 12m + margin	01.12.2011	none
				7 475				

(All amounts are expressed in PLN thousands, unless stated otherwise)

Risk of fluctuations in interest rate

The effective interest rates as at 31 December 2011 and 31 December 2010 were as follows:

	31 December 2011		31 December 2010	
	PLN	**EUR**	**PLN**	**EUR**
Loan from Grimaldi Investments BV	6.32%	2.79%	5.06%	1.93%
Finance lease liabilities	5.86%	4.55%	4.72%	-

Finance lease liabilities

The Group companies signed with Millenium Leasing Sp. z o.o., Fortis Lease Polska Sp. z o.o., Raiffeisen Leasing Polska SA, BRE Leasing Sp. z o.o. and SG Equipment Leasing Polska Sp. z o.o. (the „Lessor") finance lease agreements for the use of construction machines, motor vehicles and other fixed assets. As at 31 December 2011, the net value of machines used under finance lease was PLN 67 533 thousand, of motor vehicles - PLN 11 030 thousand and other tangible fixed assets – PLN 187 thousand (see note 11). Leased assets were made available for the period of 36 - 84 months. After the completion of the above lease terms and after discharging its liabilities towards the Lessors, Budimex SA will have the right to acquire the leased assets for the price equating their residual value. The performance bond in respect of part of contractual liabilities is the blank bill of exchange issued by the Lessee together with a written authorization for its drawing. Future minimum lease payments under the above lease agreements and the net present value of minimum lease payments as at 31 December 2011 are as follows:

	Minimum lease payments	**Present value of minimum lease payments**
a) less than 1 year	16 692	13 779
b) 1-5 years	49 398	44 183
c) above 5 years	5 106	4 723
Total finance lease liabilities	**71 196**	**62 685**
of which: future finance costs	(8 511)	-
Present value	**62 685**	**62 685**

The Group companies have the right to early repay the remaining amounts of finance lease liabilities. Lease contracts do not provide for penalty for earlier repayment of lease liabilities.

27. Trade and other liabilities

	31 December 2011	**31 December 2010**
Long-term trade and other liabilities		
Trade liabilities	-	-
Other non-financial liabilities	-	-
Total long-term trade and other liabilities	**-**	**-**
Short-term trade and other liabilities		
Trade liabilities	880 162	509 992
Uninvoiced costs	523 994	451 681
Taxation and social security creditors	204 027	194 063
Liabilities relating to settlement of consortiums	62 791	103 280
Payroll	15 398	8 060
Other liabilities	11 867	3 586
Total short-term trade and other liabilities	**1 698 239**	**1 270 662**
Total trade and other liabilities	**1 698 239**	**1 270 662**

(All amounts are expressed in PLN thousands, unless stated otherwise)

28. Short-term accrued expenses

	31 December 2011	31 December 2010
Unused annual leave	28 486	19 051
Employee bonus	127 005	132 910
Costs of contracts completion	6 711	14 234
Other	29	365
Total	**162 231**	**166 560**

29. Deferred tax

	31 December 2011	31 December 2010
Deferred tax assets, of which:		
- to be realized after 12 months from the reporting date	233 240	237 302
- to be realized within 12 months of the reporting date	172 974	177 430
Total	**406 214**	**414 732**
Amount to be netted off	(79 906)	(57 389)
Deferred tax assets, after netting off	**326 308**	**357 343**
Deferred tax liability, of which:		
– to be settled after 12 months from the reporting date	45 619	36 856
– to be settled within 12 months of the reporting date	34 287	20 533
Total	**79 906**	**57 389**
Amount to be netted off	(79 906)	(57 389)
Deferred tax liability, after netting off	-	-

Movements in deferred tax are as follows:

	2011	2010
Balance at the beginning of the period	**357 343**	**241 507**
Tax credit / (charge) (note 42)	(44 661)	115 489
Other (inc. due to change in Group composition)	13 626	347
Balance at the end of the period	**326 308**	**357 343**

Deferred tax assets and deferred tax liabilities are recognized in respect of taxable and deductible temporary differences relating to local items of assets and liabilities using the 19% tax rate, while in respect of temporary differences relating to the balance sheet items 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 taxes.

As at 31 December 2011, temporary differences and unused tax losses for which no deferred tax asset was recognized in the balance sheet amounted to PLN 2 735 thousand (as at 31 December 2010: PLN 4 266 thousand). Deductible temporary differences for which no deferred tax asset of PLN 619 thousand was recognized in the balance sheet expire in 2012, while those for which no deferred tax asset of PLN 1 195 thousand – in the year 2013 and those for which no deferred tax asset of PLN 921 thousand – in the year 2016 and. The reason for non-recognition of deferred tax asset is the remote probability of earning by certain Group entities of taxable profit against which the deductible temporary differences may be utilized.

(All amounts are expressed in PLN thousands, unless stated otherwise)

Movements in the balance of deferred tax assets, by title, (before netting off), are presented in the table below:

	Deferred tax assets as at 1 Jan 2010	**Deferred tax assets recognition / (utilization)**	**Deferred tax assets as at 31 Dec 2010**	**Deferred tax assets recognition / (utilization)**	**Deferred tax assets as at 31 Dec 2011**
Amounts due and payable to customers (investors) under construction contracts	120 362	82 468	202 830	(16 997)	185 833
Contract costs relating to accrued income	18 005	30 425	48 430	(13 862)	34 568
Liabilities – uninvoiced costs	40 539	8 288	48 827	4 110	52 937
Tax loss	5 256	(626)	4 630	4 466	9 096
Provision for warranty repairs	16 263	2 346	18 609	7 546	26 155
Other provisions for liabilities	21 046	10 463	31 509	444	31 953
Receivables impairment write-downs	7 291	7 081	14 372	(479)	13 893
Employee bonus settlements	17 964	7 012	24 976	(1 223)	23 753
Liabilities - unused annual leave	2 902	665	3 567	1 630	5 197
Discount of retentions for construction contracts	1 629	(475)	1 154	(318)	836
Receivables/ Liabilities – unrealized FX losses	283	103	386	517	903
Forward contracts valuation	3 063	(2 976)	87	2 256	2 343
Provision for jubilee bonuses and retirement benefits	1 053	51	1 104	2 036	3 140
Deferred tax assets – German market	7 364	(3 725)	3 639	-	3 639
Long-term financial assets	1 560	54	1 614	(148)	1 466
Interest on liabilities	260	2	262	140	402
Other	17 557	(8 821)	8 736	1 364	10 100
Total	**282 397**	**132 335**	**414 732**	**(8 518)**	**406 214**
Amount to be netted off	(40 890)		(57 389)		(79 906)
Deferred tax assets, after netting off (recognized in the balance sheet)	**241 507**		**357 343**		**326 308**

(All amounts are expressed in PLN thousands, unless stated otherwise)

Movements in the balance of deferred tax liability, by title, (before netting off), are presented in the table below:

	Deferred tax liability as at 1 Jan 2010	**Deferred tax liability recognition / (utilization)**	**Deferred tax liability as at 31 Dec 2010**	**Deferred tax liability recognition / (utilization)**	**Deferred tax liability as at 31 Dec 2011**
Amounts due and receivable from customers (investors) under construction contracts	21 879	19 300	41 179	9 092	50 271
Forward contracts valuation	1 679	(1 079)	600	(573)	27
Discount of retentions for construction contracts	3 556	777	4 333	9	4 342
Receivables/ Liabilities – unrealized FX gains	170	(7)	163	119	282
Receivables – accrued interest	397	52	449	147	596
Contribution in kind valuation	706	-	706	-	706
Deferred tax liability- German market	1 265	1 024	2 289	3 460	5 749
Difference between accounting and tax depreciation	109	-	109	1 306	1 415
Leases	7 014	222	7 236	6 428	13 664
Other	4 115	(3 790)	325	2 529	2 854
Total	**40 890**	**16 499**	**57 389**	**22 517**	**79 906**
Amount to be netted off	(40 890)		(57 389)		(79 906)
Deferred tax liability, after netting off (recognized in the balance sheet)	**-**		-		-

(All amounts are expressed in PLN thousands, unless stated otherwise)

30. Liabilities arising from retirement benefits and similar obligations

Employees of the Budimex Group companies are entitled to the following three types of benefits:

- jubilee bonus,
- retirement- pension benefits,
- posthumous benefis (refer only to employees of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.)

Jubilee bonuses are paid to employees at certain Group companies for their long service every 5 years. The amount of the jubilee bonus due and payable is the product of the base of bonus calculation at the date of entitlement and the appropriate cumulative ratio (progressing in proportion to the years of service).

Retirement- pension benefits are one-off payments upon retirement. The amount of the retirement benefit/ pension benefit due and payable it's 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).

Posthumous benefits are paid to employee's members of family in case of employee's death. The amount of the posthumous benefit due and payable it's 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).

The table below shows the employee benefits recognized in the statement of financial position:

	31 December 2011	31 December 2010
Retirement/ pension benefits, of which:	**8 221**	**3 981**
– present value of the obligation at the reporting date	8 221	3 981
– actuarial gains/ (losses) not recognized at the reporting date	-	-
–past service costs not recognized at the reporting date	-	-
Jubilee bonuses, of which:	**7 534**	**1 828**
– present value of the obligation at the reporting date	7 534	1 828
– actuarial gains/ (losses) not recognized at the reporting date	-	-
– past service costs not recognized at the reporting date	-	-
Posthumous benefits, of which:	**674**	**-**
– present value of the obligation at the reporting date	674	-
– actuarial gains/ (losses) not recognized at the reporting date	-	-
– past service costs not recognized at the reporting date	-	-
Total liabilities arising from retirement benefits and similar obligations	**16 429**	**5 809**
of which:		
- long-term portion	11 385	4 158
- short-term portion	5 044	1 651

The table below shows main actuarial assumptions for valuations of the above benefits (i.e. range of individual rates adopted by actuary; these assumptions differ between the companies and years):

	31 December 2011	31 December 2010
Discount rate	4.8% - 4.9%	4.4% - 5.5%
Forecasted inflation rate	3.0%	3.0%
Forecasted remuneration increase rate	2.8% - 7.0%	2.5% - 5.0%

The last actuarial valuation of employee benefits was made as at 31 December 2011.

(All amounts are expressed in PLN thousands, unless stated otherwise)

Retirement-pension benefits

Changes in the balance of obligation under retirement-pension benefits are as follows:

	2011	**2010**
Present value of the obligation at the beginning of the period	**3 981**	**3 933**
Interest costs	159	152
Present service costs	484	436
Past service costs	-	-
Allowances paid	(423)	(218)
Actuarial (gains)/ losses	530	(322)
Change in the Group composition	3 490	-
Present value of the obligation at the end of the period	**8 221**	**3 981**

Costs of future employee allowances charged to the Profit and Loss Account are presented in the table below:

	2011	**2010**
Present service costs	484	436
Interest costs	159	152
Actuarial (gains)/ losses to be recognized in the period	530	(322)
Past service costs	-	-
Costs recognized in the Profit and Loss Account	**1 173**	**266**
of which, employee allowances costs recognized in the Profit and Loss Account under the following items:		
- cost of finished goods, goods for resale and raw materials sold	*404*	*49*
- administrative expenses	*769*	*217*

Jubilee bonuses

Changes in the balance of obligations under jubilee bonuses are as follows:

	2011	**2010**
Present value of the obligation at the beginning of the period	**1 828**	**1 599**
Interest costs	80	66
Present service costs	159	126
Past service costs	-	-
Allowances paid	(203)	(180)
Actuarial (gains)/ losses	-	217
Change in the Group composition	7 461	
Limitation and settlement of the programme	(1 791)	**-**
Present value of the obligation at the end of the period	**7 534**	**1 828**

(All amounts are expressed in PLN thousands, unless stated otherwise)

Costs of future employee allowances charged to the Profit and Loss Account are presented in the table below:

	2011	**2010**
Present service costs	159	126
Interest costs	80	66
Actuarial (gains)/ losses to be recognized in the period	-	217
Past service costs	-	-
Limitation and settlement of the programme	(1 791)	-
Costs recognized in the Profit and Loss Account	**(1 552)**	**409**
of which, employee allowances costs recognized in the Profit and Loss Account under the following items:		
- cost of finished goods, goods for resale and raw materials sold	*(1 552)*	*409*
- administrative expenses	-	-

Posthumous benefits

Changes in the balance of obligations under posthumous benefits are as follows:

	2011	**2010**
Present value of the obligation at the beginning of the period	**-**	**-**
Interest costs	-	-
Present service costs	-	-
Past service costs	-	-
Allowances paid	-	-
Actuarial (gains)/ losses	-	-
Change in the Group composition	674	-
Present value of the obligation at the end of the period	**674**	**-**

Analysis of sensitivity to fluctuations in interest rates

Increase in the assumed discount rate by 1 percentage point would result in an increase in the financial result and net assets of the Group by PLN 504 thousand, while the decrease in the assumed discount rate by 1 percentage point – a decrease in the financial result and net assets of the Group by PLN 573 thousand.

(All amounts are expressed in PLN thousands, unless stated otherwise)

31. Provisions for liabilities and other charges

	Litigation proceedings	Penalties and other sanctions	Warranty repairs	Restructuring	Other provisions	Total
Balance as at 1 January 2010	**38 326**	**34 364**	**92 714**	**1 519**	**10 408**	**177 331**
Creation of additional provisions (note 37)	4 936[1]	40 251[2]	42 477	33	-	87 697
Change in classification	3 521	6 925	(25)	-	(10 111)	310
Reversal of unused provisions (note 37)	(1 200)	(12 493)	(17 837)	(191)	(168)	(31 889)
Utilization of provisions	(242)	(6 848)	(12 966)	(692)	(129)	(20 877)
Balance as at 31 December 2010	**45 341**	**62 199**	**104 363**	**669**	**-**	**212 572**
Balance as at 1 January 2011	**45 341**	**62 199**	**104 363**	**669**	**-**	**212 572**
Creation of additional provisions (note 37)	2 728[3]	24 944[4]	59 729	-	-	87 401
Change in classification	-	-	845	-	-	845
Change in the Group composition	370	12	2 168	-	-	2 550
Reversal of unused provisions (note 37)	(7 309)	(28 439)[5]	(6 886)	(27)	-	(42 661)
Utilization of provisions	(6 221)	(14 236)	(9 823)	(233)	-	(30 513)
Balance as at 31 December 2011	**34 909**	**44 480**	**150 396**	**409**	**-**	**230 194**

[1]) of which PLN 267 thousands recognised as costs of finished goods and services sold and PLN 418 thousand as finance costs
[2]) of which PLN 2 032 thousands recognised as finance costs
[3]) of which PLN 224 thousand recognised as costs of finished goods and services sold and PLN 379 thousand recognized as finance costs
[4]) of which PLN 1 485 thousand recognised as finance costs
[5]) of which PLN 1 138 thousand recognised as a decrease of finance costs

In 2008 the Group communicated the implementation of restructuring plan. Redundancies and other restructuring activities are expected as a result of the implementation of the plan. The restructuring is expected to be completed by 2012.

Creation / (reversal) of provisions for litigation proceedings, compensations and of other provisions was recognized under other operating expenses (note 37), while creation / (reversal) of provision for warranty repairs – under operating expenses.

The structure of total provisions is as follows:

	31 December 2011	31 December 2010
Long-term	124 665	102 082
Short-term	105 529	110 490
	230 194	**212 572**

(All amounts are expressed in PLN thousands, unless stated otherwise)

32. Long-term construction contracts

The tables below present data relating to construction contracts valued by Group companies in accordance with the percentage of completion method:

Selected consolidated data – statement of financial position

	31 December 2011	31 December 2010
Assets		
Amounts due and receivable from customers (investors) under construction contracts, of which:	246 187	151 998
- contracts valuation	*246 187*	*151 998*
Liabilities		
Amounts due and payable to customers (investors) under construction contracts, of which:	941 261	1 034 210
- contracts valuation	*548 522*	*557 891*
- provision for contract losses	*392 739*	*476 319*
Advance payments received for contracted construction works (note 32)	135 092	59 842

Selected consolidated data – Profit and Loss Account

	2011	2010
Revenue from construction contracts	4 821 317	3 619 397
Cost of construction contracts	4 459 691	(3 302 928)
Gross profit/ (loss)	**361 626**	**316 469**

33. Advanced payment received

Advance payments received by the Group includes:

	31 December 2011	31 December 2010
Advance payments for the construction contracts in progress (note 32)	135 092	59 842
Prepayments for flats in developer companies	172 300	139 605
Prepayments for houses prefabricated in Budimex Danwood Sp. z o.o.	50 564	26 381
Total	**357 956**	**225 828**

All advance payments received as at 31 December 2011 and 31 December 2010 were recognized under short-term liabilities as their settlement date does not exceed 12 months.

(All amounts are expressed in PLN thousands, unless stated otherwise)

34. Retentions for construction contracts

	31 December 2011	31 December 2010
Kept by customers – to be returned after 12 months	37 883	44 327
Kept by customers – to be returned within 12 months	22 394	24 586
Total retentions for construction contracts kept by customers	**60 277**	**68 913**
Kept for suppliers – to be returned after 12 months	150 122	135 545
Kept for suppliers – to be returned within 12 months	153 436	124 842
Total retentions for construction contracts kept for suppliers	**303 558**	**260 387**

Retentions for construction contracts with payment date above one year are discounted and are recognized in the statement of financial position at present value. The table below shows the results of discounting recognized in the balance sheets and profit and loss accounts of Group companies in individual periods. The amounts of discount reduce the nominal value of receivables from and liabilities under retentions for construction contracts. In addition, a deferred tax asset is recognized in the balance sheet 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 December 2011	31 December 2010
Discount of long-term retentions for construction contracts kept by customers	4 402	6 076
Discount of long-term retentions for construction contracts kept for suppliers	22 852	22 803

The amount of discount recognized in the profit and loss account is as follows:

	2011	2010
Decrease in sales revenue	(2 004)	(1 301)
Reduction in the cost of services sold	15 997	15 132
Total adjustment to gross margin	**13 993**	**13 831**
Adjustment to finance income / (costs) (note 40)	(12 270)	(7 243)
Deferred tax on above adjustments	(327)	(1 252)
Net effect on the profit and loss account	**1 396**	**5 336**

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 December 2011	31 December 2010
Retentions for construction contracts overdue for the period of:		
– up to 1 month	345	1 719
– 1-3 months	787	70
– 3-6 months	266	-
– 6 months to 1 year	264	771
– above 1 year	323	657
Total overdue retentions for construction contracts	**1 985**	**3 217**

(All amounts are expressed in PLN thousands, unless stated otherwise)

Risk of fluctuations in interest rates

The effective interest rates as at 31 December 2011 and 31 December 2010 applied in the process of discounting of retentions for construction contracts are presented in the table below:

	31 December 2011			**31 December 2010**		
	PLN	**USD**	**EUR**	**PLN**	**USD**	**EUR**
Receivables	4.76%	1.25%	1.75%	5.25%	2.12%	2.40%
Liabilities	4.96%	1.45%	1.95%	5.45%	2.32%	2.60%

35. Sales revenue

	2011	**2010**
Sales of construction- assembly services	5 237 102	3 865 804
Sales of other services	27 644	75 881
Sales of finished goods	218 974	485 442
Sales of goods for resale and raw materials	32 955	3 142
	5 516 675	**4 430 269**

36. Costs by type

	2011	**2010**
Depreciation/ Amortization, of which of:	30 330	21 201
– property, plant and equipment (note 11)	*28 670*	*19 962*
– investment properties (note 12)	*163*	*144*
– intangible assets (note 13)	*1 497*	*1 095*
Costs of employee allowances (note 37)	625 281	542 272
Materials and energy	2 155 602	1 012 280
External services	2 424 376	1 830 901
Taxes and charges	11 064	8 965
Advertising and representation expenses	10 539	12 174
Life and non-life (property) insurance	9 558	5 753
Change in the balance of provision for contract losses (note 32)*	(132 877)	235 222
Other costs by type	89 914	67 342
Selling expenses (negative value)	(24 529)	(23 488)
Administrative expenses (negative value)	(138 087)	(123 251)
Change in the balance of finished goods and work in progress	(27 902)	352 687
Cost of goods produced for the Group's own use (negative value)	(21)	-
Cost of finished goods and services sold	**5 033 248**	**3 942 058**
Cost of goods for resale and raw materials sold	21 893	3 944
Cost of finished goods, services, goods for resale and raw materials sold	**5 055 141**	**3 946 002**

*) balance sheet change includes PLN 49 297 thousand refers to the change in the Group composition

(All amounts are expressed in PLN thousands, unless stated otherwise)

37. Costs of employee allowances

	2011	2010
Costs of remuneration, of which:	**528 253**	**464 626**
– retirement-pension benefits (note 30)	*(379)*	*675*
- post-employment benefits	*13*	*723*
- redundancy payments	*2 016*	*3 353*
Costs of social security benefits and other allowances, of which:	**97 028**	**77 646**
- social security	*57 161*	*53 749*
- retirement-pension benefits	*-*	*65*
- redundancy payments	*340*	*346*
Total costs of employee allowances recognized in the costs by type (note 36)	**625 281**	**542 272**

38. Other operating income and other operating expenses

Other operating income

	2011	2010
Gains on the sale of non-financial long-term assets	5 206	6 550
Reversal of impairment write-downs, of which against:	18 624	12 862
– receivables (following debtor repayment of the amounts due (note 22)	*14 063*	*12 660*
– inventories (following inventory sale and increase in the recoverable value (note 23))	*4 561*	*202*
Reversal of provisions, of which for:	34 637	14 052
– litigation proceedings and compensations (note 31)	*7 309*	*1 200*
– penalties and sanctions (note 31)	*27 301*	*12 493*
– restructuring (note 31)	*27*	*191*
– other (note 31)	-	*168*
Penalties/ compensations received	25 012	47 650
Write-off of overdue liabilities	1 819	800
Other	1 040	3 139
Total	**86 338**	**85 053**

Other operating expenses

	2011	2010
Recognition of impairment write-downs, of which against	19 070	48 401
– receivables (note 22)	*14 105*	*43 540*
– inventories (note 23)	*4 965*	*4 861*
– tangible fixed assets and investment properties (note 11 and 12)	-	-
Recognition of provisions, of which for:	25 584	42 503
– litigation proceedings (note 31)	*2 125*	*4 251*
– for penalties and compensations (note 31)	*23 459*	*38 219*
– restructuring (note 31)	-	*33*
– other (note 31)	-	-
Compensations and liquidation damages paid	5 521	3 670
Court charges and executions, costs of litigation proceedings	1 148	1 077
Civil law action tax related to acquisition of shares in Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.	2 250	-
Other	1 029	2 307
Total	**54 602**	**97 958**

(All amounts are expressed in PLN thousands, unless stated otherwise)

39. Gains / (losses) on derivative financial instruments

	2011	2010
Gains/ (losses) on valuation of derivative financial instruments	(14 886)	10 526
Gains/ (losses) on realization of derivative financial instruments	3 668	(3 783)
Total	**(11 218)**	**6 743**

40. Finance income and finance costs

Finance income

	2011	2010
Interest earned on financial instruments, of which:	41 308	27 032
– interest on bank deposits and cash on bank accounts	*41 115*	*26 878*
– interest on securities purchased	*193*	*154*
Other interest income, of which:	12 840	12 699
– interest on discounts received and penalty interest	*12 017*	*12 491*
– other	*823*	*208*
Gains from financial assets	307	-
Dividends	-	5
Other	2	257
Total	**54 457**	**39 993**

Gains from financial assets recognised in 2011 refer to sales of 100% of shares in Centrum Konferencyjne “Budimex” Sp. z o.o. for the price of PLN 102 thousand. The value of consolidated net assets of the company falling to the Budimex Group as at the transaction date was PLN -205 thousand.

Finance costs

	2011	2010
Interest expensed in respect of financial instruments, of which:	2 010	8 297
– interest on loans and borrowings taken out	*455*	*7 508*
– interest on lease contracts	*1 555*	*789*
Other interest expense, of which:	3 284	3 701
– penalty interest paid to suppliers and interest on discounts	*2 158*	*1 171*
– other interest	*1 126*	*2 530*
Impairment of financial assets, of which:	7 489	-
– financial assets available for sale (note 18)	*7 489*	-
FX losses	5 945	803
Discount of retentions for construction contracts (note 34)	12 270	7 243
Cost of bank commissions and guarantees	13 719	15 877
Other	60	550
Total	**44 777**	**36 471**

(All amounts are expressed in PLN thousands, unless stated otherwise)

41. Shares of profits / (losses) of equity accounted entities

	2011	2010
Shares in profits of associates	106	132
Shares in losses of associates	(2 643)	(3 268)
Total (note 17)	**(2 537)**	**(3 136)**

42. Income tax

	2011	2010
Current tax	21 691	179 835
Deferred tax (note 29)	44 661	(115 489)
Adjustment to prior periods current tax	(647)	(3)
Tax expense	**65 705**	**64 343**

The reconciliation of the accounting gross profit of the Group to the theoretical amount that would be recognized if the weighted average rate of tax were applied to the profits of consolidated companies is as follows:

	2011	2010
Gross profit/ (loss)	**326 579**	**331 752**
Shares in (profits)/ losses of equity accounted entities	2 537	3 136
Pre-tax profit/ (loss)	**329 116**	**334 888**
Tax calculated using the national tax rates	62 532	63 629
Differenced in taxation of revenues of foreign operations	612	361
Adjustments to prior periods current tax	(647)	(3)
Tax effects of permanent differences between gross profit and taxable revenues	1 718	1 651
Utilization of tax losses not recognized previously	(1 362)	(5 778)
Deductible temporary differences, unused tax losses and unused tax reliefs for which no deferred tax assets were recognized in the balance sheet	2 940	5 170
Deferred tax expense/ (income) in respect of deferred tax concerning changes in tax rates or new taxes levied	(224)	222
Write-off of prior year deferred tax assets / (reversal of prior year deferred tax liability)	136	(86)
Deferred tax on tax losses, not recognized before	-	(823)
Tax expense	**65 705**	**64 343**
Effective tax rate	*19.96%*	*19.21%*

43. Earnings per share

Basic earnings per share

Basic earnings per share are calculated as the quotient of net profit/ (loss) attributable to the ordinary shareholders of the Parent Company and the weighted average number of ordinary shares outstanding during the year (note 25).

	2011	2010
Profit attributable to the shareholders of the Parent Company	260 874	267 409
Weighted average number of ordinary shares	25 530 098	25 530 098
Basic earnings per share (in PLN per share)	**10.22**	**10.47**

(All amounts are expressed in PLN thousands, unless stated otherwise)

Diluted earnings per share

Diluted earnings per share equated basic earnings per share for both periods.

44. Dividend per share

On 20 June 2011 the dividend was paid in the amount of PLN 231 814 thousand, for which the net profit for the period from 1 January 2010 until 31 December 2010 in the amount of PLN 226 283 thousand plus the portion of the spare capital created from the profit of previous years in the amount of PLN 5 531 thousand were allocated, i.e. in the gross amount of PLN 9.08 per one share.

Till the date of preparation of these consolidated financial statements for the year ended 31 December 2011 Budimex SA has not made a resolution in respect of profit appropriation for the year 2011.

45. Statement of cash flow

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

	2011	**2010**
FX differences on translation of foreign operations	618	165
Share-based payments	1 027	256
Other	(2 302)	863
Total	**(657)**	**1 284**

Non-monetary transactions

In 2011, non-monetary transactions relating to investing and financing activities not recognized in the statement of cash flow related solely to the acquisition of tangible fixed assets with a value of PLN 35 390 thousand under finance lease contracts.

In 2010, non-monetary transactions relating to investing and financing activities not recognized in the statement of cash flow related solely to the acquisition of tangible fixed assets with a value of PLN 8 281 thousand under finance lease contracts.

46. Changes in the composition of the Group

In 2011 the following changes took place in the structure of the Budimex Group:

On 10 February 2011 company Budimex Parking Wrocław Sp. z o.o. was entered in the Register of Entrepreneurs. Budimex SA holds 100% of the company's shares.

On 17 March 2011 company Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o.o was entered in the Register of Entrepreneurs. Budimex SA holds 30% of the company's shares.

On 10 May 2011 company Budimex Serwis SA was entered in the Register of Entrepreneurs. Budimex SA holds 100% of the company's shares.

On 31 May 2011 Budimex SA sold 1 015 shares (100%) in the company Centrum Konferencyjne „Budimex" Sp. z o.o. for the price of PLN 102 thousand. The buyer of those shares was NORTHCAN Sp. z o.o. with it registered Office in Warsaw. At the transaction date, the consolidated net value of assets of this company attributable to the Budimex Group was PLN -205 thousand. The consolidated income statement of the Group for the 12-month period of 2011 accounts for sales revenue of this company in the amount of PLN 1 484 thousand and net loss of PLN 428 thousand.

On 27 July 2011 company SPV-BN 1 Sp. z o.o. was entered in the Register of Entrepreneurs. Budimex Nieruchomości Sp. z o.o. holds 100% of the company's shares.

On 28 July 2011 company SPV-BN 2 Sp. z o.o. was entered in the Register of Entrepreneurs. Budimex Nieruchomości Sp. z o.o. holds 100% of the company's shares.

On 25 August 2011 company Budimex Autostrada SA was entered in the Register of Entrepreneurs. Budimex SA holds 100% of the company's shares.

(All amounts are expressed in PLN thousands, unless stated otherwise)

On 2 September 2011 company Budimex Most Wschodni SA was entered in the Register of Entrepreneurs. Budimex SA holds 100% of the company's shares.

On 30 September 2011 company Budimex Autostrada A-1 SA was entered in the Register of Entrepreneurs. Budimex SA holds 100% of the company's shares.

On 16 November 2011 Budimex SA purchased 100% of shares in company Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. (see note 8).

In the period covered by these consolidated financial statements, no significant activities were discontinued and there were no formal plans to discontinue any significant activities in the future.

47. Share-based payments

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

Under the plan 41 800 shares were offered to management board members and executives of the Group. The grant date was established on 31 March 2010 that is the date when the main terms and conditions of the plan were announced to employees. The fair value of shares at grant date was PLN 24.47 per share. On 28 February 2011 (grant date) the next 50 900 shares were offered within the program. The fair value of shares at grant date was PLN 33.98 per share.

The vesting period of performance share plan is 3 years and the shares are granted every year. The plan is contingent upon meeting the following:

- 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 production net assets,
- the level of ratios required for being granted total or proportionate number of shares is set every year.

The key assumptions used in calculation of the fair value of equity instruments granted by Ferrovial SA to the Group employees are as follows:
- price of the underlying at the grant date: 28.51 zlotys
- performance conditions: 100%
- discount rate: 5%,

while for tranche of shares granted in 2011 were as follows:
- price of the underlying at the grant date: 34,67 zlotys
- performance conditions: 100%
- discount rate: 5%,

During the 12 months ended 31 December 2011, the fair value of services received, recognised in accordance with IFRS 2 "Share-based Payments" in labour expenses and equity, amounted to PLN 1 027 thousand.

During the 12 months ended 31 December 2010, the fair value of services received, recognised in accordance with IFRS 2 "Share-based Payments" in labour expenses and equity, amounted to PLN 256 thousand.

48. Related party transactions

Transactions with related parties made in 2011 and 2010 and unsettled balances of receivables and liabilities as at 31 December 2011 and 31 December 2010 are presented in the tables below:

	Receivables		**Liabilities**	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
Parent Company and related parties (the Ferrovial Group)	54 103	53 354	133 056	92 524
Jointly- controlled entities	1 298	233	1 918	132
Associates	19	12	7 410	3 779
Other related parties*	4 926	203	1 361	1 059
Total settlements with related parties	**60 346**	**53 802**	**143 745**	**97 494**

(All amounts are expressed in PLN thousands, unless stated otherwise)

	Sales of finished goods and services and other operating income		Purchase of finished goods and services	
	2011	**2010**	**2011**	**2010**
Parent Company and related parties (the Ferrovial Group)	86 758	88 895	94 278	105 417
Jointly- controlled entities	520	2 243	1 926	-
Associates	78	70	15 501	11 845
Other related parties*	111	29 206	2 699	2 552
Total settlements with related parties	**87 467**	**120 414**	**114 404**	**119 814**

	Loans granted / (taken out); acquired / (issued) debt securities		Finance income / (costs)	
	31 December 2011	**31 December 2010**	**2011**	**2010**
Parent Company and related parties (the Ferrovial Group)	(8 531)	(7 475)	(620)	(408)
Jointly- controlled entities	-	-	-	-
Associates	-	-	-	-
Other related parties*	-	-	-	-
Total settlements with related parties	**(8 531)**	**(7 475)**	**(620)**	**(408)**

*) other related parties represent controlled or jointly controlled entities or entities, on which the key management person of the Parent Company or of the subsidiary of the Budimex Group or his close relative exercises significant influence, or has significant number of votes at the shareholders' meeting of this company.

In the table above, included under „Parent company and related parties (the Ferrovial Group)" are the financial data relating to transactions with Ferrovial Agroman SA (the sole owner of the Parent Company of Budimex SA, i.e. Valivala Holdings BV), including with Ferrovial Agroman SA Oddział w Polsce [Branch in Poland] and other companies of the Ferrovial: Ferrovial Infraestructuras SA, Cadagua SA and Grimaldi Investments BV.

Sales income/ purchase of finished goods and services

Sales income and selling expenses related mainly to the performance of contracts described in note 16 „Joint ventures".

In 2010 Budimex SA signed two agreements with Ferrovial Agroman SA, based on which Ferrovial renders to the Company services relating to maintenance and development of IT and staff secondment. The costs of these agreements incurred by Budimex SA amounted to PLN 2 678 thousand and PLN 5 903 thousand, respectively.

Loans and borrowings/ debt securities

Based on the agreement dated 1 December 2004, Budimex SA took out from Ferrovial Infraestructuras SA a loan in the amount of EUR 1 500 thousand, which was granted for 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 motorway building, maintenance and operating the paid for motorway Ocaña – La Roda and the free of charge dual carriageway, A–42, section N301, Atalaya del Cañavate. The share capital of the newly created company was taken up, among others, by way of making an in-kind contribution in the form of all shares of Autopista Madrid Levante Concesionaria Española, SA, as a result of which Budimex SA holds currently shares in Inversora de Autopistas del Levante, S.L. In accordance with the provisions of a loan agreement, the loan was granted for the period of 12 months from the agreement date with the possibility to extend the loan term. If the shares in Inversora de Autopistas del Levante, S.L. are sold, loan will become immediately due and payable. After maturity date, loan will be repaid together with interest calculated based on the 1Y EURIBOR+0.75%. On 1 December 2011, the repayment date was extended for one more year and the loan value was increased by the amount of interest accrued as at that date.

Transactions with related parties are made on an arm's length basis.

(All amounts are expressed in PLN thousands, unless stated otherwise)

48.1 Remuneration of key members of management

The total value of remuneration, bonuses and awards of the members of the Management Board of Budimex SA amounted in 2011 to PLN 6 076 thousand (of which PLN 2 171 thousand represented performance bonus for the completed bonus tasks for the year 2010). In 2010 the total value of remuneration of key management personnel was PLN 5 800 thousand, of which PLN 2 046 thousand represented performance bonus for the completed bonus tasks for the year 2009.

Remuneration of the members of the Management Board in 2011 was as follows:

Dariusz Blocher	PLN 1 701 thousand
Henryk Urbański	PLN 1 148 thousand
Marcin Węgłowski	PLN 1 031 thousand
Jacek Daniewski	PLN 1 023 thousand
Joanna Makowiecka	PLN 729 thousand
Ignacio Botella Rodriguez	PLN 444 thousand

Additionally, apart from amounts presented above, in the 12-month period ended 31 December 2011 the estimated costs of share-based payments under Ferrovial SA incentives programmes allocated to the Company's Management Board amounted to PLN 655 thousand and were as follows:

Dariusz Blocher	PLN 265 thousand
Henryk Urbański	PLN 132 thousand
Marcin Węgłowski	PLN 87 thousand
Joanna Makowiecka	PLN 87 thousand
Jacek Daniewski	PLN 84 thousand

Total value of remuneration paid to proxies of Budimex SA in 2011 was EUR 505 thousand and PLN 1 883 thousand, while in 2010 – EUR 298 thousand and PLN 1 853 thousand.

Individual remuneration of proxies in 2011 was as follows:

Marek Kemnitz	EUR 152 thousand	(for the period from 01.01.2011 to 07.09.2011)
Tadeusz Zmyślony	EUR 176 thousand	(for the period from 02.02.2011 to 21.12.2011)
Lucyna Wojnicz	EUR 177 thousand	(for the period from 01.01.2011 to 21.12.2011)
Jaime Rontome Pérez	PLN 985 thousand	
Jose Emilio Pont Pérez	PLN 898 thousand	

Total value of remuneration paid to members of Supervisory Board in 2011 amounted to PLN 891 thousand (PLN 823 thousand in 2010).

Remunerations of members of Supervisory Board of Budimex SA in 2011 were as follows:

Marek Michałowski	PLN 146 thousand	
Carmelo Rodrigo López	PLN 25 thousand	(for the period from 01.01.2011 to 22.03.2011)
Igor Chalupec	PLN 86 thousand	
Tomasz Sielicki	PLN 94 thousand	
Javier Galindo Hernandez	PLN 86 thousand	
Jose Carlos Garrido-Lestache Rodriguez	PLN 86 thousand	
Marzenna Anna Weresa	PLN 120 thousand	
Piotr Kamiński	PLN 86 thousand	
Maciej Stańczuk	PLN 86 thousand	
Alejandro de la Joya Ruiz de Velasco	PLN 76 thousand	(for the period from 23.03.2011 to 31.12.2011)

48.2 Advance payments, loans, guarantees and suretyships and other agreements with Members of the Management or Supervisory Boards

As at 31 December 2011 and 31 December 2010, Members of the Management or Supervisory Boards of the Parent Company, their spouses, direct 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.

As at 31 December 2011, 31 December 2010, Members of the Management or Supervisory Boards of the subsidiary companies did not have any unpaid loans or borrowings or guarantees issued by those companies and were not parties to any agreements obligating them to provide services to Group companies.

49. Capital expenditure incurred and planned

Capital expenditure incurred in 2011 amounted to PLN 277 429 thousand, of which PLN 225 429 thousand was allocated to the financial long-term assets and the remaining part was allocated to non-financial long-term assets. In the corresponding period of 2010, capital expenditure amounted to PLN 33 590 thousand and was totally allocated to the non-financial long-term assets.

Capital expenditure planned to be incurred in 2012 for the non-financial long-term assets amount to PLN 28 756 thousand.

In 2011 and in 2010, Group companies did not incur any environmental protection expenditure and have no plans to incur any such expenditure in the 12-month period after the reporting date.

50. Off-balance sheet investment expenditure

As at 31 December 2010 committed investment expenditures amounted to PLN 12 087 thousand and related to finance lease contracts, under which the leased assets have not yet been transferred to the Lessee. As at 31 December 2011 there was no committed investment expenditure.

51. Future liabilities under rental or operating lease agreements

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

Group companies use motor vehicles based on long-term lease contracts. Lease terms vary for individual vehicles from 3 to 5 years. As at 31 December 2011 and 31 December 2010, the value of leased cars recognized in off-balance sheet records was PLN 46 177 thousand and PLN 39 502 thousand, respectively.

Apart from the lease contracts referred to above, Group companies recognize leased trucks under off-balance sheet fixed assets. As at 31 December 2011 the value of leased trucks was PLN 3 651 thousand and as at 31 December 2010: PLN 2 759 thousand.

Budimex SA and Budimex Nieruchomości Sp. z o.o. use office space with usable floor space of 5 156 m^2 located at Stawki 40 in Warsaw based on a lease agreement dated 29 October 2002 signed between Silesian Properties Sp. z o.o. The agreement was concluded for the period to 31 August 2015. The estimated value of the usable floor space used determined based on the value of total minimum lease payments was recognized under off-balance sheet fixed assets and amounted as at 31 December 2011 and 31 December 2010 to EUR 4 700 thousand (PLN 20 757 thousand), EUR 5 558 thousand (PLN 22 584 thousand), respectively.

The estimated value of space rented by other Group companies was PLN 1 660 thousand as at 31 December 2011 and PLN 1 267 thousand as at 31 December 2010.

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

	31 December 2011	**31 December 2010**
a) up to 1 year	30 311	22 052
b) 1-5 years	53 832	43 156
c) above 5 years	11 331	-
Lease payments taken to costs	**95 474**	**65 208**

	2011	**2010**
Lease payments taken to costs	30 355	23 571

In addition, the Group uses land under perpetual usufruct which it received based on an administrative decision. Estimated future payments for the perpetual usufruct were as follows:

	31 December 2011	**31 December 2010**
a) up to 1 year	441	493

(All amounts are expressed in PLN thousands, unless stated otherwise)

b) 1-5 years	1 815	1 325
c) above 5 years	13 860	25 610
Total	**16 116**	**27 428**

	2011	**2010**
Fee for perpetual usufruct taken to costs	2 449	2 039

(All amounts are expressed in PLN thousands, unless stated otherwise)

52. Financial Instruments

52.1 Statement of financial position

The tables below presents the carrying amounts of all financial instruments of the Group, divided into classes and categories of assets and liabilities:

Balance as at 31 December 2011

Classes of financial instruments	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Available-for-sale financial assets	12 146	-		-	-	**12 146**
Retentions for construction contracts	-	-	60 277	-	(303 558)	**(243 281)**
Trade and other receivables*	-	-	481 398	-	-	**481 398**
Amounts due and receivable from customers (investors) under construction contracts	-	-	246 187	-	-	**246 187**
Derivative financial instruments	-	141	-	(12 330)	-	**(12 189)**
Other financial assets at fair value through profit or loss	-	1 761 630	-	-	-	**1 761 630**
Cash and cash equivalents	-	-	-	-	(111 734)	**(111 734)**
Loans, borrowings and other external sources of finance	-	-	-	-	(941 261)	**(941 261)**
Amounts due and payable to customers (investors) under construction contracts	-	-	-	-	(1 698 239)	**(1 698 239)**
Total	**12 146**	**1 761 771**	**787 862**	**(12 330)**	**(3 054 792)**	**(505 343)**

*) prepayments made excluded

(All amounts are expressed in PLN thousands, unless stated otherwise)

Balance as at 31 December 2010

Classes of financial instruments	**Available-for-sale financial assets**	**Financial assets at fair value through profit or loss**	**Loans and receivables**	**Financial liabilities at fair value through profit or loss**	**Financial liabilities at amortised cost**	**Total**
Available-for-sale financial assets	23 955	-	-	-	-	**23 955**
Retentions for construction contracts	-	-	68 913	-	(260 387)	**(191 474)**
Trade and other receivables*	-	-	348 392	-	-	**348 392**
Amounts due and receivable from customers (investors) under construction contracts	-	-	151 998	-	-	**151 998**
Derivative financial instruments	-	3 157	-	(460)	-	**2 697**
Other financial assets at fair value through profit or loss	-	14 017	-	-	-	**14 017**
Cash and cash equivalents	-	1 862 403	-	-	-	**1 862 403**
Loans, borrowings and other external sources of finance	-	-	-	-	(30 719)	**(30 719)**
Amounts due and payable to customers (investors) under construction contracts	-	-	-	-	(1 034 210)	**(1 034 210)**
Trade and other payables	-	-	-	-	(1 270 662)	**(1 270 662)**
Total	**23 955**	**1 879 577**	**569 303**	**(460)**	**(2 595 978)**	**(123 603)**

*) prepayments made excluded

(All amounts are expressed in PLN thousands, unless stated otherwise)

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

For the period from 1 January 2011 to 31 December 2011

	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Interest income/ (expense)	-	41 308	2 485	-	5 364	**49 157**
FX gains/ (losses)	-	388	9 212	-	(15 545)	**(5 945)**
Reversal / (creation) impairment write-offs	(7 489)	-	(42)	-	1 819	**(5 712)**
Valuation gains/ (losses)	-	(9 764)	-	(5 122)	(12 270)	**(27 156)**
Gains /(losses) from disposal /realization of financial instruments	-	2 813	-	855	-	**3 668**
Total	**(7 489)**	**34 745**	**11 655**	**(4 267)**	**(20 632)**	**14 012**

For the period from 1 January 2010 to 31 December 2010

	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Interest income/ (expense)	-	27 032	5 565	-	(2 542)	**30 055**
FX gains/ (losses)	-	(355)	(1 650)	-	1 202	**(803)**
Reversal / (creation) impairment write-offs	-	-	(30 880)	-	800	**(30 080)**
Dividends received	5	-	-	-	-	**5**
Valuation gains/ (losses)	-	9 171	-	1 355	(7 243)	**3 283**
Gains /(losses) from disposal /realization of financial instruments	-	1 223	-	(5 006)	-	**(3 783)**
Total	**5**	**37 071**	**(26 965)**	**(3 651)**	**(7 783)**	**(1 323)**

(All amounts are expressed in PLN thousands, unless stated otherwise)

52.3 Financial assets and liabilities measured at fair value

The following tables provide an analysis of the Group'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 fair value is observable (see note 2.15)

	31 December 2011			
	Fair value measurement			
Financial assets at fair value through profit or loss	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	141	-	**141**
Cash and cash equivalents	-	1 761 630		**1 761 630**
Total	**-**	**1 761 771**	**-**	**1 761 771**

	31 December 2011			
	Fair value measurement			
Financial liabilities at fair value through profit or loss	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	12 330	-	**12 330**
Total	**-**	**12 330**	**-**	**12 330**

During the 12 months ended 31 December 2011, 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.

(All amounts are expressed in PLN thousands, unless stated otherwise)

	31 December 2010			
	Fair value measurement			
Financial assets at fair value through profit or loss	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	3 157	-	**3 157**
Other financial assets at fair value through profit or loss	14 017	-	-	**14 017**
Cash and cash equivalents	-	1 862 403		**1 862 403**
Total	**14 017**	**1 865 560**	**-**	**1 879 577**

	31 December 2010			
	Fair value measurement			
Financial liabilities at fair value through profit or loss	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	460	-	**460**
Total	**-**	**460**	**-**	**460**

During the 12 months ended 31 December 2010, 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.

53. Legal proceedings pending as at 31 December 2011

The total value of legal proceedings in progress in respect of liabilities of Budimex SA and its subsidiaries as at 31 December 2011 was PLN 298 580 thousand. These proceedings involve the Group companies' operating activity.

The proceedings in the highest value case, relating both to receivables and liabilities due from Budimex SA, is pending before Arbitration Court at the National Chamber of Commerce in Warsaw, which involve the consortium Ferrovial Agroman SA, Budimex SA and Estudio Lamela S.L. (Consortium FBL) and Przedsiębiorstwo Państwowe "Porty Lotnicze" (PPL). The litigation is the result of rescinding the contract for developing and modernizing Warsaw Frederic Chopin Airport – Terminal II by the Investor PPL. Initially, the proceedings related to the claim filed by the Consortium FBL, in relation to bank guarantees realised by PPL groundlessly, which were given as a performance warranty of a total amount of PLN 54 382 thousand. The claim in this respect was filed on 24 January 2008.

In the course of the case 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 Arbitration Court the next 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 (risk of Budimex SA does not exceed the amount of PLN 112 358 thousand).

In the opinion of Budimex SA, the main claims under the counter-suit are groundless.

The response to the counter-claim, including the motion to dismiss the claim entirely, and therefore supporting the statement that claims filed by PPL are unjustified, was filed on 21 October 2008. To date, there have been a dozen or so trials during which witnesses for the plaintiff and the counter-defendant have been examined for the circumstances included in the counter-claim.

On 27 May 2010 the Arbitration Court made a decision, based on which the evidence from the expert's opinion regarding the evaluation of reasonableness of the PPL claims was accepted. The expert appointed by the Arbitration Court – the BS Consulting Group 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. Currently, works regarding its detailed analysis and preliminary assessment are being performed. The parties made comments, remarks, details questions to the opinion prepared by the expert. Currently, according to the decision made by the Arbitration Court, the expert is to express his opinion on the last written statements of claim of the parties and based on them to complete the opinion issued.

Regardless of the counter-claim of PPL and in accordance with former announcements, on 27 February 2009 the Consortium FBL submitted a written statement of claim including the extension of the main claim by the amount of PLN 216 458 thousand, covering: the remuneration for works performed, but not paid by Investor, the remuneration for additional works, the return of the retained amounts and the interest on late payments. According to the consortium contract the share of Budimex SA in the claim amounts to PLN 86 583 thousand. Mutual financial claim related issued will be identified by the Arbitration Court (as well as by the expert's opinion) after the completion of opinion related works, with regard to the general legitimacy of claims filed by PPL.

The Management Board is of the opinion that the final Arbitration Court verdict will be favourable to the Consortium FBL

On 23 March 2009 the Arbitration Court issued a partial verdict covering the decision in respect of bank guarantees. Based on the verdict, the Arbitration Court adjudged the total amount of PLN 54 382 thousand together with statutory interest for the period from 9 November 2007 (at the date of issuing the verdict the amount of interest was PLN 8 805 thousand). According to the consortium contract the portion falling to Budimex SA is 40%, i.e. PLN 21 753 thousand and PLN 3 522 thousand referring to interest.

Having received the reason for the partial judgement from the Arbitration Court, the Consortium filed, in the Common Court, a motion on ascertainment of executability of the verdict of the Arbitration Court thorough giving an enforcement clause. On 8 May 2009 PPL filed a claim to dismiss the partial verdict and simultaneously to defer the verdict executability of the Arbitration Court. On 31 May 2010 the Disctrict Court in Warsaw quashed the partial verdict of the Arbitration Court, claiming that the appealed sentence of the Arbitration Court violates the public order rules with regard to adjudging the compensation jointly in favour of three entities in case the benefit is divisible. The verdict was issued with regard to the company Budimex SA, which was considered by the District Court to be the only legitimated passively in the case and at the same time deciding that the partial verdict cannot have been issued against Ferrovial Agroman SA – Branch in Poland and Estudio Lamela SL – Branch in Poland, as the branches of these entrepreneurs have no legal personality separate from the company. Therefore, in the verdict issued by the District Court, the proceedings against these parties were canceled and the complaint filed in this respect was rejected. All three parties of the consortium filed the appeal against the sentence of the District Court. Companies Ferrovial Agroman and Estudio Lamela filed a complaint against the decision regarding the abolition of proceedings against them. The complaints were considered and were in total allowed for by the Appeal Court. The Appeal Court reconsidering the complaints quashed the complained sentenced and agreed with the statements of Ferrovial Agroman and Estudio Lamela that as foreign entrepreneurs (and not as their branches in Poland) had legitimacy to act as a party in the trial and that the partial verdict issued by the Arbitration Court was correctly issued in this respect.

On 13 July 2010 Budimex SA appeled against the verdict of the District Court in Warsaw. Currently, Budimex SA is waiting for the verdict of the Appeal Court in Warsaw regarding the appeal filed, which will be issued when the remaining members of the Consortium appeal the verdict.

In the opinion of the Management Board the settlement of the appeal against sentence filed by Budimex SA should be favourable to the company and in consequence it should enable the company to receive the enforcement clause for the partial verdict issued by the Arbitration Court, allowing for the verdict execution. The Management Board is also in the opinion that the final verdict of the Arbitration Court will be favourable to the remaining claims filed by the consortium.

On 16 December 2010 Tomasz Ryskalok and Rafał Ryskalok, pursuing a business activity as a civil law partnership under the name Cerrys S.C., residing in Wykroty, filing a lawsuit against Budimex SA with regard to the payment of a contractual penalty for delay in the removal of defects identified within the effective period of the guarantee. 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 contractual 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% of the value of the agreement - has not been taken into account, and the defect is not material). To date, there have been two trials during which witnesses for the plaintiff have been examined. The court postponed the trial till 9 May 2012. During the next trial the witnesses of the defendant will be examined.

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 contractor costs incurred by the investor when the consortium rescinded a contract. The Budimex Group's share in consortium was 90%, therefore the value of the claim for which the Company is liable is PLN 22 727 thousand. The defendants filed a response to the statement of claim within two weeks of receipt of the statement of claim.
As a result of the plea of incompetency of a court formulized in the response to the statement of claim due to the written arbitration agreement, the court brought a case before the closed court in order to determine its jurisdiction. On 30 September 2010 the Court issued the ruling, refusing to reject the claim, thereby the Court acknowledged the Common Court as competent to consider the litigation. On 28 October 2010 Budimex SA filed a complaint regarding the court decision, which was dismissed by the Apeal Coourt on 10 March 2011. The decision of the Appeal Court cannot be sued. Due to above, the case will be considered by the common court when the brief is passed to the court of first instance. Till the date of publication of this financial statements, there have been three trials before the common court, during which witnesses of the plaintiff have been examined. The next trials in 2012 will be dedicated to examination of the remaining witnesses of both parties.

Budimex Dromex SA (the company merged with Budimex SA in 2009) as a legal successor of Dromex SA on 8 February 2005 received a statement of claim, directed by Federal Republic of Germany, next represented by federal country Brandenburg, represented by Ministry of cities, housing and communication development ("the Claimer") to the following companies:

- Budimex Dromex SA,
- VHV Deutsche Kautionsversicherung AG, Hannover,
- Deutsche Bank AG, Frankfurt/Main,
- Allgemeine Kreditversicherung Coface AG, Mainz

for return of overpaid remuneration for work and settlement of a warranty liability in the total amount of EUR 2 583 thousand. Dromex SA and Philipp Holzmann AG were shareholders in the company "ARGE Oderbrücke Philipp Holzmann AG/Dromex" (the "Consortium"). In the years 1993-1997, the companies built a bridge comprising the motorway over the Odra River near Frankfurt. According to the claimant, the fee received by the Consortium for this work was overstated by EUR 2 509 thousand, while Budimex Dromex SA is required to make a prepayment of EUR 74 thousand towards the costs of removing construction faults. The companies VHV Deutsche Kautionsversicherung AG and Allgemeine Kreditversicherung Coface AG incur liability as guarantors for both the prepayment and the return of the overpaid amount. Following payment by certain guarantors of part of the contractual liabilities, the total value of claim was reduced to EUR 1 697 thousand.

During the trial, which took place on 31 May 2011 before the National Court in Neuruppin the compromise was reached, based on which Budimex SA is obliged to pay the amount of EUR 1 million, comprising of EUR 600 thousand regarding the main claim and EUR 400 thousand of interest, in favour for Federal Republic of Germany. The parties decided that proceedings and compromise related costs would be netted off. Additionally, the parties established that in the 3-month period starting from the compromise date, i.e. in the period until 31 August 20011 the parties can withdraw the declaration of will filed with regard to this compromise. The parties did not withdraw the declaration of will, therefore the compromise became valid on 1 September 2011 and on 14 September 2011, according to the compromise reached, Budimex SA paid EUR 1 million in favour of the plaintiff. The case was finished by the valid court decision.

As at the date of this report the final outcome of the proceedings is not known.

Total value of legal proceedings in respect of receivables due to Budimex SA and its subsidiaries as at 31 December 2011 amounted to PLN 250 866 thousand. The proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of construction work performed.

On 10 March 2009 the District Court in Cracow issued the verdict regarding the claim filed by Budimex Dromex SA against Municipal Commune of Cracow, adjudging the payment of PLN 20 708 thousand together with statutory interest calculated for the period from 5 November 2007 and return of court fees in the amount of PLN 143 thousand. The claimed filed by Budimex Dromex related to the refund of the amount drawn by the Municipal Commune of Cracow on 5 November 2007 from the bank guarantee provided by Budimex Dromex SA as the performance bond for the contract for engineering, design and execution of a sports and show hall in Cracow – Czyżyny concluded on 20 December 2005 between the Consortium of Budimex Dromex SA, Ferrovial Agroman SA and Decathlon SA, and the Municipal Commune of Cracow. The commune drew this amount for the stipulated penalty provided by the contract after previous declaration of withdrawal from the contract and associated imposing of a stipulated penalty despite the fact that Budimex Dromex SA put the legitimacy of imposing of this penalty in question. On 15 July 2009 the Court of Appeal in Cracow, acting as the court of second resort in the proceedings described above, brought the verdict changing the verdict of the Court of first resort, adjudged the payment by the Municipal Commune of Cracow to Budimex Dromex SA of the amount of PLN 6 903 thousand including statutory interest calculated starting on 20 November 2007 until the date of payment and payment of the court fees in the amount of PLN 20 thousand. The Court rejected the rest of the appeal of the Municipal Commune of Cracow and adjudged the payment by Budimex Dromex SA to the Municipal Commune of the amount of PLN 70 thousand as the appeal trial fees. Budimex Dromex SA appealed to the Supreme Court for cassation of this verdict. On 20 October 2010 the Supreme Court provided for cassation and the case will be considered again by the Appeal Court in Cracow. On 17 February 2011 Budimex SA received information on the decision of the Appellate Court in Cracow, which, having re-examined – as a result of the Supreme Court reversing the previous decision of the Appellate Court in Cracow in the part regarding the dismissal of the claim and adjudication on legal costs – the appeal of the Urban Municipality of Cracow against the decision of the District Court in Cracow of 10 March 2008, reversed the decision of the District Court in Cracow of 10 March 2008 in the part regarding the claim for the amount exceeding PLN 6 903 thousand (i.e. to the amount of PLN 13 805 thousand) and referred the case to the District Court in Cracow for re-examination and adjudication on legal costs. The case brought by Budimex SA (as a general successor of Budimex Dromex SA) against the Urban Municipality of Cracow for the payment of PLN 20 708 thousand has become final with regard to the amount of PLN 6 903 thousand plus statutory interest calculated from 20 November 2007, having been adjudicated to be paid by the Urban Municipality of Cracow to Budimex SA. The remaining elements of the claim currently are being re-examined by the District Court in Cracow. The court accepted as evidence documents and expert's opinions submitted by Budimex SA, the case was postponed till the expert's opinion is prepared.

As at the date of this report the final outcome of the proceedings is not known.

54. Events after the balance sheet date

Till the date of publication of these consolidated financial statements there were no significant events that should be disclosed.

(All amounts are expressed in PLN thousands, unless stated otherwise)

55. Contingent liabilities and contingent receivables

	31 December 2011	31 December 2010
Contingent receivables		
From related parties, of which:		
– guarantees and suretyships received	-	-
– bills of exchange received as security	-	-
From related parties, total	**-**	**-**
From other entities		
– guarantees and suretyships received	358 041	277 344
– bills of exchange received as security	20 228	19 978
From other entities, total	**378 269**	**297 322**
Total contingent receivables	**378 269**	**297 322**
Contingent liabilities		
To related parties, of which:		
– guarantees and suretyships issued	503	602
– bills of exchange issued as performance bond	-	-
To related parties, total	**503**	**602**
To other entities, of which:		
– guarantees and suretyships issued	1 801 518	1 361 935
– bills of exchange issued as permormance bond	30 613	4 464
To other entities, total	**1 832 131**	**1 366 399**
Other contingent liabilities	**3 709**	**-**
Total contingent liabilities	**1 836 343**	**1 367 001**
Total off-balance sheet items	**(1 458 074)**	**(1 069 679)**

Contingent receivables represent guarantees issued by banks and other financial institutions to the companies of the Budimex Group as security for the potential claims the Group may file against its business partners in respect of the construction contracts in progress.

Contingent liabilities represent guarantees and suretyships issued by banks to business partners of the Group as security for the potential claims they may be filed against the Group in respect of the construction contracts in progress. Guarantees issued to the investors of the Group 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 Management Board of the Group as probable was appropriately reflected in the warranty repair reserves, as described in note 31 to these consolidated financial statements.

The promissory notes issued represent a security for the settlement of liabilities towards strategic suppliers of the Group, while the bills of exchange received and recognized under contingent assets (receivables) represent security for the repayment by the Group investors of the amounts due to the Group.

(All amounts are expressed in PLN thousands, unless stated otherwise)

56. Employment structure

Employee group	Number of employees as at 31 December	
	2011	2010
Blue collar employees	4 263	2 534
White collar employees	2 807	2 110
Total	**7 070**	**4 644**

57. Significant events with an impact on the Group financial situation

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 developing and modernizing (together with full technical infrastructure) Warsaw Frederic Chopin Airport – Terminal II *(Międzynarodowy Port Lotniczy Warszawa Okęcie*) of an original value of USD 198 850 thousand and a completion date of 14 November 2005. In the 1st quarter of 2005, the investor extended the work completion deadline to 15 April 2006 due to a 5-month delay in the Consortium obtaining planning permission (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, the Consortium received a statement from Przedsiębiorstwo Państwowe Porty Lotnicze ("PPPL") to the effect that it was rescinding the contract for the development of 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 from the bank guarantee of USD 8 665 thousand towards Budimex SA's share, as a member of the Consortium carrying out the development project at Warsaw Frederic Chopin Airport. In the period 2-9 November 2007, payments were made to PPPL under the bank guarantee in proportion to Budimex's share in the Consortium of a total amount of PLN 21 612 thousand. According to the Executive Consortium, the demands for payments from the bank guarantees were made in breach of the Contract and the Civil Code, which became the subject of litigation proceedings, further described in note 53.

Income and expenses and assets and liabilities related to the realization of the contract in the part falling to Budimex were accounted for in books appropriately. As at 31 December 2011 there were no capital liabilities referring to the contract. Contingent liabilities resulting from counter-claim statements have been described in note 53.

According to the closest Management Board estimates, as at the date of these consolidated financial statements and having considered the risk relating to the above proceedings, the total loss incurred by Budimex on this contract (proportionate to Budimex's share in the Consortium), taking into account other operating costs/income and other financial costs/income (including the result on forward contracts entered into to minimize the foreign exchange risk) was PLN 98 258 thousand as at 31 December 2011 (as at 31 December 2010: PLN 101 136 thousand). Budimex's loss on the entire contract, without taking into account the result of other operating and financial activities was PLN 140 483 thousand as at 31 December 2011 (as at 31 December 2010: PLN 143 362 thousand). As the Consortium has not completed its financial settlements with PPPL and its subcontractors and due to the arbitration proceedings pending, the final result of the contract performance may change.

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 Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna (formerly: Budimex Dromex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna) and Autostrada Południe SA for the design and construction of the section of A1 highway between Stryków and Pyrzowice did not become effective. Phase I, the value of which was estimated at PLN 180 000 thousand, covered the design work, 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 Ministry of Infrastructure did not approve the project documentation prepared by the company in favour of Autostrada Południe SA. Due to the above, there is a risk that the full amount of contract costs incurred by Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna (in which Budimex SA hold 50% 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 form the defect of the project delivered by Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna or the defects are the consequence of requirements of Autostrada Południe SA, different from requirements of the State Treasury as an investor.

(All amounts are expressed in PLN thousands, unless stated otherwise)

On 21 December 2011 Autostrada Południe SA filed a claim to the 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, for which the contractor was Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna

Sales revenue arising from realised design work, taking into consideration the anticipated risks, recognised in the prior years by Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna falling to Budimex SA amounted to PLN 72 505 thousand. As at 31 December 2011 Budimex Spółka Akcyjna Ferrovial Agroman Spółka Akcyjna Spółka Jawna made an impairment write-down against receivables due from Autostrada Południe SA, while the amount falling to Budimex SA was PLN 39 850 thousand and it recognized provision for liability regarding compensations in favour of Autostrada Południe SA, while the amount falling to Budimex SA was PLN 12 655 thousand.

Dariusz Blocher	President of the Management Board	....	Henryk Urbański	Management Board Member	....
name and surname	Position	signature	name and surname	position	signature
Ignacio Botella Rodriguez	Vice President of the Management Board	....	Marcin Węgłowski	Management Board Member	....
name and surname	position	signature	name and surname	position	signature
Jacek Daniewski	Management Board Member	....	Grzegorz Fąfara	Chief Accountant	....
name and surname	position	signature	name and surname	position	signature
Joanna Makowiecka	Management Board Member	....			
name and surname	position	signature		Warsaw, 15 March 2012	