

BUDIMEX SA
WARSZAWA, UL. STAWKI 40

FINANCIAL STATEMENTS
FOR THE 2011 FINANCIAL YEAR
WITH
AUDITOR'S OPINION
AND
AUDIT REPORT

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FINANCIAL STATEMENTS OF BUDIMEX SA FOR THE 2011 FINANCIAL YEAR

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REPORT ON THE ACTIVITIES OF BUDIMEX SA FOR THE 2011 FINANCIAL YEAR

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Budimex SA

We have audited the attached financial statements of Budimex SA with the registered office in Warsaw, ul. Stawki 40, which comprise the introduction to the financial statements, balance sheet as at 31 December 2011, profit and loss account, statement of changes in equity, cash flow statement prepared for the financial year from 1 January 2011 to 31 December 2011 and notes.

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company.

The Management Board of the Company and members of its Supervisory Board are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company, express an opinion whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and an opinion on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act;
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification – largely on a test basis - of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as at 31 December 2011, as well as its profit/loss in the financial year from 1 January 2011 to 31 December 2011;
- have been prepared in line with the applicable accounting principles (policy) arising from the Accounting Act and its executory provisions, and based on properly kept accounting records;
- comply with the provisions of law and the by-laws of the Company which affect the contents of the financial statements.

The Report on the activities of the Company for the 2011 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states and consistent with underlying information disclosed in the audited financial statements.

Maciej Krason
Key certified auditor
conducting the audit
No. 10149

represented by

entity authorized to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 15 March 2012

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF BUDIMEX SA FOR THE 2011 FINANCIAL YEAR

I. GENERAL INFORMATION

1. Details of the audited Company

The Company operates under the business name Budimex SA. The Company's registered office is located in Warsaw, ul. Stawki 40.

The Company operates as a joint stock company established by a notarized deed on 28 July 1994 before Jacek Nalewajek, Notary Public in Warsaw (Rep. No. A 2894/94) established as a result of transforming of Budimex Engineering and Construction Sp. z o.o. into a joint stock company. The Company is recorded in the Register of Entrepreneurs kept by the District Court, XIX Business-Registry Division in Warsaw, under KRS number 0000001764.

The Company has the tax identification number NIP: 526-10-03-187, assigned by the Second Mazowiecki Tax Office in Warsaw on 9 September 1994.

The REGON number assigned by the Statistical Office on 22 August 1994 is: 010732630.

The Company operates based on the provisions of the Code of Commercial Companies.

In accordance with the Company's by-laws, the scope of its activities includes:

1. Logging (PKD 02.20);
2. Quarrying of stone, sand and clay (PKD 08.1);
3. Support activities for other mining and quarrying (PKD 09.9);
4. Manufacture of products of wood, cork, straw and plaiting materials (PKD 16.2);
5. Manufacture of builders' ware of plastic (PKD 22.23);
6. Manufacture of bricks, tiles and construction products, in baked clay (PKD 23.32);
7. Manufacture of cement, lime and plaster (PKD 23.5);
8. Manufacture of articles of concrete, cement and plaster (PKD 23.6);
9. Manufacture of structural metal products (PKD 25.1);
10. Treatment and coating of metals; machining (PKD 25.6);
11. Manufacture of other fabricated metal products (PKD 25.9);
12. Manufacture of other general-purpose machinery n.e.c. (PKD 28.29);
13. Manufacture of metal forming machinery (PKD 28.41);
14. Manufacture of other special-purpose machinery (PKD 28.9);
15. Repair of fabricated metal products, machinery and equipment (PKD 33.1);
16. Installation of industrial machinery and equipment (PKD 33.2);
17. Sewerage (PKD 37.0);
18. Waste collection (PKD 38.1);
19. Waste treatment and disposal (PKD 38.2);
20. Materials recovery (PKD 38.3);
21. Remediation activities and other waste management services (PKD 39.0);
22. Development of building projects (PKD 41.1);
23. Construction of residential and non-residential buildings (PKD 41.2);
24. Construction of roads and railways (PKD 42.1);
25. Construction of utility projects (PKD 42.2);
26. Construction of other civil engineering projects (PKD 42.9);
27. Demolition and site preparation (PKD 43.1);
28. Electrical, plumbing and other construction installation activities (PKD 43.2);
29. Building completion and finishing (PKD 43.3);
30. Other specialized construction activities (PKD 43.9);
31. Other specialized wholesale (PKD 46.7);
32. Freight transport by road and removal services (PKD 49.4.);

33. Support activities for transportation (PKD 52.2);
34. Hotels and similar accommodation (PKD 55.1);
35. Telecommunications (PKD 61);
36. Other information service activities (PKD 63.9);
37. Computer programming, consultancy and related activities (PKD 62.0);
38. Activities of holding companies (PKD 64.2);
39. Other financial service activities, except insurance and pension funding (PKD 64.9);
40. Buying and selling of own real estate (PKD 68.1);
41. Renting and operating of own or leased real estate (PKD 68.2);
42. Real estate activities on a fee or contract basis (PKD 68.3);
43. Accounting and bookkeeping; tax consultancy (PKD 69.2);
44. Activity of head offices and holdings, excluding financial holdings (PKD 70.1);
45. Management consultancy activities (PKD 70.2);
46. Architectural and engineering activities and related technical consultancy (PKD 71.1);
47. Technical testing and analysis (PKD 71.2);
48. Research and experimental development on natural sciences and engineering (PKD 72.1);
49. Market research and public opinion polling (PKD 73.2);
50. Specialized design activities (PKD 74.1);
51. Other professional, scientific and technical activities n.e.c. (PKD 74.9);
52. Renting and leasing of other machinery, equipment and tangible goods (PKD 77.3);
53. Leasing of intellectual property and similar products, except copyrighted works (PKD 77.4);
54. Activities of employment placement agencies (PKD 78.1);
55. Security systems service activities (PKD 80.20);
56. Services to buildings and landscape activities (PKD 81);
57. Office administrative and support activities (PKD 82.1.);
58. Other education (PKD 85.5);
59. Educational support activities (PKD 85.6);
60. Repair of computers and communication equipment (PKD 95.1).

In the audited period, activities of the Company included development of building projects, installation activities, assembly and construction, as well as advisory, finance and management services for Budimex Group companies.

As at 31 December 2011, the Company's share capital amounted to PLN 127,650,490 and was divided into 25,530,098 ordinary shares with a face value of PLN 5 each.

As at 19 May 2011 (the date of the last Shareholders' Meeting) the Company's shareholders included:

- | | |
|--|--|
| – Valivala Holdings B.V. (The Netherlands) | - 59.06% of shares in the share capital; |
| – OFE PZU „Złota Jesień” | - 5.66% of shares in the share capital; |
| – other shareholders | - 35.28% of shares in the share capital. |

During the financial year and after the balance sheet date there were no changes in the share capital of the Company or its structure.

During the audited period, the shareholding structure of the Company's share capital did not undergo any significant changes.

As at 31 December 2011, the Company's equity amounted to PLN 692,960 thousand.

The Company's financial year is the calendar year.

Related parties of the Company include subsidiaries, co-subsidiaries and associates:

– Budimex Nieruchomości Sp. z o.o.	- 100% subsidiary;
– Budimex Danwood Sp. z o.o.	- 100% subsidiary;
– Mostostal Kraków SA	- 100% subsidiary;
– Budimex Bau GmbH	- 100% subsidiary;
– MK Logistic Sp. z o.o. (in liquidation)	- 100% subsidiary;
– Budimex Budownictwo Sp. z o.o.	- 100% subsidiary;
– Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.	- 100% subsidiary;
– Budimex Parking Wrocław Sp. z o.o.	- 100% subsidiary;
– Budimex Serwis SA	- 100% subsidiary;
– Budimex Autostrada SA	- 100% subsidiary;
– Budimex Most Wschodni SA	- 100% subsidiary;
– SPV – BN 1 Sp. z o.o.	- 100% subsidiary;
– SPV – BN 2 Sp. z o.o.	- 100% subsidiary;
– Budimex Autostrada A-1 SA	- 100% subsidiary;
– Dromex Oil Sp. z o.o. (in liquidation)	- 98% subsidiary;
– Budimex SA Ferrovial Agroman SA s.c.	– 99.98% co-subsiary;
– Budimex SA Sygnity SA Sp.j.	– 67% co-subsiary;
– Budimex SA Ferrovial Agroman SA Sp.j.	– 50% co-subsiary;
– PKZ Budimex GmbH	– 50% co-subsiary;
– Tecpresa-Techniki Sprężania i Usługi Dodatkowe Sp. z o.o.	– 30% co-subsiary;
– Elektromontaż Poznań SA	- 30.78% associate;
– Promos Sp. z o.o.	- 25.53 % associate.

In addition, the companies in the Ferrovial Capital Group are treated as related parties of Budimex SA.

The financial statements of Budimex SA include financial data of Budimex SA Sygnity SA Sp.j., Budimex SA Ferrovial Agroman SA Sp. j. and Budimex SA Ferrovial Agroman SA s. c. proportional to shares held by the Company, recognized with the pro-rata method in line with Article 61 of the Accounting Act.

Composition of the Management Board as of the date of the opinion:

– Dariusz Blocher	- Chairman of the Board.
– Ignacio Botella Rodriguez	- Vice-Chairman of the Board;
– Jacek Daniewski	- Member of the Board;
– Henryk Urbański	- Member of the Board;
– Marcin Węglowski	- Member of the Board;
– Joanna Makowiecka	- Member of the Board.

During the audited period there were no changes in the composition of the Management Board of the Company.

2. Information about the financial statements for the prior financial year

The activities of the Company in 2010 resulted in a net profit of PLN 226,283 thousand. The financial statements of the Company for 2010 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 16 March 2011, the certified auditor issued an unqualified opinion on these financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2010 financial year was held on 19 May 2011. The Shareholders' Meeting decided to allocate the net profit for 2010 of PLN 226,283 thousand and PLN 5,531 thousand of the supplementary capital for dividend payment.

In accordance with applicable laws, the financial statements for the 2010 financial year were submitted to the National Court Register (KRS) on 25 May 2011 and filed for publication in Monitor Polski B on 23 May 2011. They were published in Monitor Polski B No. 1607 on 19 September 2011.

3. Details of the authorized entity and the key certified auditor acting on its behalf

The audit of the financial statements was performed based on the agreement of 17 June 2011 concluded between Budimex SA and Deloitte Audyt Sp. z o.o. with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Maciej Krasoń, key certified auditor (No. 10149), in the registered office of the Company from 24 October to 4 November 2011 and from 23 January to 15 March 2012.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of 23 March 2011, based on authorization included in Article 16.9 of the Company's by-laws.

Deloitte Audyt Sp. z o.o. and Maciej Krasoń, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009, No. 77, item 649) to express an unbiased and independent opinion on the financial statements of Budimex SA.

4. Availability of data and management's representations

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 15 March 2012.

5. Economic and financial position of the Company

Presented below are the main items from the profit and loss account as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior year.

<u>Main items from the profit and loss account</u> <u>(PLN '000)</u>	<u>2011</u>	<u>2010</u>
Sales revenue	5 019 669	3 751 456
Operating expenses	4 773 239	3 516 576
Other operating revenue	74 728	58 356
Other operating expenses	40 878	79 549
Financial revenue	87 399	82 375
Financial expenses	30 484	25 181
Extraordinary gains (losses)	0	0
Income tax	56 827	44 598
Net profit (loss)	280 368	226 283

<u>Profitability ratios</u>	<u>2011</u>	<u>2010</u>
– gross profit margin	7%	7%
– net profit margin	6%	6%
– net return on equity	68%	54%

<u>Effectiveness ratios</u>		
– assets turnover ratio	1.27	0.97
– receivables turnover in days	15	43
– liabilities turnover in days	104	108
– inventory turnover in days	19	18

<u>Liquidity/Net working capital</u>		
– debt ratio	83%	83%
– equity to fixed assets ratio	17%	17%
– net working capital (PLN '000)	(593 199)	(502 404)
– current ratio	0.81	0.84
– quick ratio	0.72	0.76

An analysis of the above figures and ratios indicated the following trends in 2011:

- an increase in the net return on equity;
- a reduced turnover of receivables and liabilities in days;
- a decrease in the net working capital;
- a decrease in liquidity ratios.

II. DETAILED INFORMATION

1. Evaluation of the accounting system

Accounting system

The Company has valid documentation required by Article 10 of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act", referring in particular to: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities and determining the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act and approved for use since 1 January 2002 by a resolution of the Management Board of Budimex SA No. 2 of 5 February 2002.

The accounting principles adopted by the Company comply with the Accounting Act. Principal methods of measuring assets, liabilities and the financial result have been presented in the introduction to the financial statements.

Accounting principles selected at the Company's discretion pursuant to Section 4 of the Accounting Act have been selected in a manner that correctly reflects specifics of its business operations, its financial standing and performance. Except for the measurement of materials, the accounting principles have been applied in a continuous manner and unchanged compared to those applied to the accounting records and financial statements in the preceding financial year.

The Company uses SAP R3 computerized accounting system to record all business transactions. The SAP R3 system is password-protected against unauthorized access and has functional access controls. The description of the IT system complies with the requirements of Article 10.1.3c of the Accounting Act.

The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

In the part we have audited, documentation of business transactions, accounting records and the relationships between accounting entries, documents and financial statements complied with the requirements of section 2 of the Accounting Act.

The accounting records and evidence, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count of assets and liabilities within the scope, timing and frequency required by the Accounting Act. Identified differences have been recorded and settled in the accounting records for the audited period.

2. Information about the audited financial statements

The audited financial statements were prepared as at 31 December 2011 and comprise:

- introduction to the financial statements;
- balance sheet prepared as at 31 December 2011, with total assets and liabilities plus equity of PLN 3,966,266 thousand;

- profit and loss account for the period from 1 January 2011 to 31 December 2011, disclosing a net profit of PLN 280,368 thousand;
- statement of changes in equity for the period from 1 January 2011 to 31 December 2011, disclosing an increase in equity of PLN 50,225 thousand;
- cash flow statement for the period from 1 January 2011 to 31 December 2011, showing a cash outflow of PLN 184,964 thousand;
- notes.

The structure of assets and liabilities plus equity as well as items affecting the financial result has been presented in the financial statements.

3. Information about selected material items of the financial statements

Property, plant and equipment

Property, plant and equipment in the Company include:

- fixed assets of PLN 99,861 thousand;
- fixed assets under construction of PLN 455 thousand.
- advance payments for fixed assets under construction of PLN 10 thousand.

The notes to the financial statements correctly describe changes in fixed assets.

Long-term investments

The Company's long-term investments include:

- shares in subsidiaries, co-subsidiaries, associates and other related parties of PLN 1,012,462 thousand;
- investment property in the amount of PLN 7,762 thousand;
- shares in other entities of PLN 2,185 thousand.

The notes to the financial statements correctly describe changes in investments during the financial year.

Inventory

The structure of inventory has been correctly presented in the respective explanatory note to the balance sheet.

The Company's inventory includes:

- materials to be used in processing of PLN 228,906 thousand;
- semi-finished products and work in progress of PLN 366 thousand;
- finished products including mainly apartments and premises ready for sale of PLN 364 thousand;
- goods of PLN 541 thousand;
- advances for deliveries of PLN 33,170 thousand.

Receivables

Ageing of trade receivables has been correctly presented in the relevant explanatory note to the balance sheet. The audited sample did not include past-due or redeemed receivables. We have also not found past-due or impaired receivables with no revaluation write-downs required by the accounting policy adopted by the Company.

Liabilities

Key items of the Company's liabilities include:

- trade liabilities to other entities of PLN 1,423,119 thousand.
- tax, customs duties, insurance and other liabilities in the amount of PLN 171,192 thousand;
- trade liabilities to related parties of PLN 98,577 thousand.

Prepayments, accruals and provisions for liabilities

The explanatory notes to prepayments, accruals and provisions for liabilities correctly present the structure of these items.

Surplus of recognized revenue on completion of pending construction services over the amount of billed revenue is the largest item in prepayments and amounts to PLN 197,219 thousand.

Surplus of billed revenue over revenue recognized on construction contracts is the key item of deferred income and amounts to PLN 547,173 thousand.

Provisions for losses on contracts of PLN 348,006 thousand account for the key item in accruals.

Deferred expenses and income have been correctly classified with respect to the audited financial period.

Provisions for liabilities have been determined at reliably estimated amounts.

The items have been recognized completely and correctly in all material respects in relation to the financial statements as a whole.

4. Completeness and correctness of drawing up the introduction to the financial statements, notes and explanations and the report on the activities of the Company

The introduction to the financial statements includes all information required under Attachment no. 1 to the Accounting Act. The Company confirmed the validity of the going concern basis in preparation of the financial statements. The introduction gives a correct and complete description of measurement principles regarding assets, liabilities, financial result and principles of preparation of the financial statements.

The Company prepared notes in the form of tables to individual balance sheet and profit and loss account items as well as narrative descriptions.

Explanatory notes describing: tangible fixed assets, intangible assets, investments, liabilities and provisions correctly present increases and decreases as well as their basis during the financial year. Limitations imposed on individual assets disclosed in the balance sheet arising from security granted to creditors have been described.

The notes to the financial statements give a correct and complete description of the reporting items and clearly present other information required under the Ordinance of the Minister of Finance of 18 October 2005 on information disclosed in the financial statements and consolidated financial statements required in the prospectus for issuers headquartered in Poland bound by Polish accounting principles (Journal of Laws of 2005, No. 209, item 1743, as amended) and under the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2009, No. 33, item 259, as amended).

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the 2011 financial year. The report contains information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states. We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

5. Final information and findings

Management Board's Representation

Deloitte Audyt Sp. z o.o. and the certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

Maciej Krasoń
Key certified auditor
conducting the audit
No. 10149

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Warsaw, 15 March 2012