

## AUDITOR'S OPINION

### To the Shareholders and Supervisory Board of Budimex SA

We have audited the attached financial statements of Budimex SA with its registered office in Warsaw, at. ul. Stawki 40, including an introduction to the financial statements, balance sheet prepared as of 31 December 2012, profit and loss account, statement of changes in equity, cash flow statement for the financial year from 1 January 2012 to 31 December 2012 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 and 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 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 of 31 December 2012 as well as its financial result in the financial year from 1 January 2012 to 31 December 2012;
- have been prepared in accordance 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 2012 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.

Wojciech Kłys  
Key certified auditor  
conducting the audit  
No. 11775

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Zbigniew Adamkiewicz – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.)

Warsaw, 15 March 2013

**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 2012 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. A No. 2894/94), as a result of transformation 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's tax identification number NIP assigned by the Second Mazowiecki Tax Office on 9 September 1994 is: 526-10-03-187.

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 use 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 61.9);
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 property (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, the Company conducted the following business activities: development of building projects, installation, assembly and construction as well as advisory, financial and management services for the Budimex Group companies.

As of 31 December 2012, the Company's share capital amounted to PLN 127,650,490 and was divided into 25,530,098 shares with a face value of PLN 5 each.

As of 31 December 2012, the Company's shareholders included:

- |  |                     |
|--|---------------------|
| – Valivala Holdings B.V. (the Netherlands) | – 59.06% of shares; |
| – OFE PZU "Złota Jesień"                   | – 10.03% of shares; |
| – other shareholders                       | – 30.91% of shares. |

During the financial year there were no changes in the share capital of the Company.

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

After the balance-sheet date there were no changes in the Company's share capital.

As of 31 December 2012, the Company's equity amounted to PLN 380,769 thousand.  
The Company's financial year is the calendar year.

The Company has the following related parties:

– 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;
– Budimex Parking Wrocław Sp. z o.o.	– 100% subsidiary;
– Budimex Kolejnictwo SA (formerly: Budimex Serwis SA)	– 100% subsidiary;
– Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in bankruptcy by arrangement	– 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 PPP SA	– 100% subsidiary;
– Budimex A Sp. z o.o.	– 100% subsidiary;
– Budimex B Sp. z o.o.	– 100% subsidiary;
– Budimex C Sp. z o.o.	– 100% subsidiary;
– Budimex D Sp. z o.o.	– 100% subsidiary;
– Budimex E Sp. z o.o.	– 100% 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;
– FBSerwis SA	– 49% associate.

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

The financial statements of Budimex SA contain the financial data of Budimex SA Sygnity SA Sp.j., Budimex SA Ferrovial Agroman SA Sp.j. and Budimex SA Ferrovial Agroman SA s.c. in the part attributable to the Company due to its shares, which have been recognized in the financial statements using the proportional method, in accordance 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;
– Andrzej Artur Czynczyk	– Member of the Board.

Changes in the composition of the Management Board during the audited period until the date of the opinion:

- on 8 May 2012 Ms. Joanna Makowiecka resigned from the position of Member of the Board;
- on 25 May 2012 the Supervisory Board of Budimex SA appointed Mr. Andrzej Artur Czynczyk as a Member of the Board.



The above changes have been reported and registered at a relevant court register.

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

The activities of the Company in 2011 resulted in a net profit of PLN 280,368 thousand. The financial statements of the Company for 2011 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 15 March 2012 the certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2011 financial year was held on 26 April 2012. The General Shareholders' Meeting decided on the following distribution of the net profit for 2011:

- dividends to shareholders – PLN 280,065 thousand;
- supplementary capital – PLN 303 thousand.

In accordance with applicable laws, the financial statements for the 2011 financial year were submitted to the National Court Register (KRS) on 10 May 2012 and filed for publication in Monitor Polski B on 27 April 2012. They were published in Monitor Polski B No. 1429 on 9 July 2012.

In 2012, Budimex SA recognized impairment of the shares in Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in bankruptcy by arrangement, in the amount of PLN 290,267 thousand, where the amount of PLN 182,267 thousand and the deferred tax assets of PLN 34,631 thousand adjusted prior year result. As a result, the financial statements of the Company for the 2012 financial year contain adjusted comparative financial data in relation to the approved financial statements for the 2011 financial year.

## **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 19 October 2012 concluded between Budimex SA and Deloitte Audyt Sp. z o.o. (now: Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.) 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 Wojciech Kłys, key certified auditor (No. 11775) in the registered office of the Company from 22 to 31 October 2012, from 21 January to 6 February 2013 as well as outside the Company's premises until the date of this opinion.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of 28 March 2012 based on authorization included in Article 16.9 of the Company's by-laws.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) and Wojciech Kłys, 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, as amended) 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 2013.

## II. 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 (PLN '000)</u>	<u>2012</u>	<u>2011*</u>
Sales revenue	5 232 591	5 019 669
Operating expenses	(5 020 028)	(4 773 239)
Other operating revenue	55 789	74 728
Other operating expenses	(74 015)	(40 878)
Financial revenue	86 282	87 399
Financial expenses	(135 372)	(212 751)
Extraordinary gains (losses)	0	0
Income tax	(32 998)	(22 196)
Net profit (loss)	112 249	132 732

\* Comparative data has been changed in relation to the approved financial statements due to impairment of shares in Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in bankruptcy by arrangement.

<u>Profitability ratios</u>	<u>2012</u>	<u>2011</u>
– gross profit margin	3%	3%
– net profit margin	2%	3%
– net return on equity	42%	32%

<u>Effectiveness ratios</u>		
– assets turnover ratio	1.70	1,31
– receivables turnover in days	29	30
– liabilities turnover in days	107	104
– inventory turnover in days	15	19

<u>Liquidity/Net working capital</u>		
– debt ratio	88%	86%
– equity to fixed assets ratio	12%	14%
– net working capital (PLN '000)	(203 575)	58 290
– current ratio	0.77	0.83
– quick ratio	0.71	0.74

An analysis of the above figures and ratios indicated the following trends in 2012:

- an increase in the net return on equity;
- an increase in the assets turnover ratio;
- a decrease in the net working capital;
- a decrease in liquidity ratios.



### **III. DETAILED INFORMATION**

#### **1. Evaluation of the 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 as of 1 January 2002 by Resolution No. 2 of the Management Board of Budimex SA of 5 February 2002. Changes in the accounting policy arising from amended accounting and tax regulations have been introduced by separate resolutions of the Company's Management Board.

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.

The accounting principles selected at the Company's discretion pursuant to Section 4 of the Accounting Act have been chosen in a manner that correctly reflects the nature of its business operations, financial position and performance. Except for the measurement of perpetual usufruct of land, the accounting principles have been applied consistently and remained unchanged compared to those applied to the accounting records and financial statements in the preceding financial year.

The Company uses the 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 was adjusted in relation to the published financial statements of the Company for 2011 due to recognition of impairment of shares in Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in bankruptcy by arrangement, in the amount of PLN 182,267 thousand as well as deferred tax assets in the amount of PLN 34.631 thousand as an adjustment to prior year result.

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 of 31 December 2012 and include:

- introduction to the financial statements,
- balance sheet prepared as of 31 December 2012, with total assets and liabilities plus equity of PLN 3,076,719 thousand;
- profit and loss account for the period from 1 January 2012 to 31 December 2012, disclosing a net profit of PLN 112,249 thousand;
- statement of changes in equity for the period from 1 January 2012 to 31 December 2012, disclosing a decrease in equity of PLN 164,555 thousand;
- cash flow statement for the period from 1 January 2012 to 31 December 2012, showing a cash outflow of PLN 528,581 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****Tangible fixed assets**

Tangible fixed assets in the Company include:

- fixed assets of PLN 83,137 thousand;
- fixed assets under construction of PLN 942 thousand.

The notes to the financial statements correctly describe changes in fixed assets and fixed assets under construction and disclose any revaluation write-downs on such assets.

**Long-term investments**

The Company's long-term investments include:

- shares in related parties in the amount of PLN 801,289 thousand;
- investment property in the amount of PLN 8,382 thousand;
- shares in other entities in the amount of PLN 2,185 thousand.

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

**Inventory**

The inventory includes:

- materials in the amount of PLN 116,405 thousand;
- semi-finished products and work in progress of PLN 2,388 thousand;
- advance payments for deliveries amounting to PLN 24,787 thousand.

**Receivables**

Ageing of trade receivables has been correctly presented in the respective explanatory note to the balance sheet, together with related revaluation write-downs. The audited sample did not include past-due or cancelled 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 amounting to PLN 1,278,729 thousand;
- tax, customs duty, insurance and other liabilities in the amount of PLN 129,783 thousand;
- trade liabilities to related parties amounting to PLN 142,334 thousand.

#### Prepayments, accruals and provisions for liabilities

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

The surplus of recognized revenue from provision of non-completed construction services over billed revenue, in the amount of PLN 222,889 thousand, is the key item of the Company's prepayments.

The surplus of billed revenue over recognized revenue from construction contracts, in the amount of PLN 321,035 thousand, is the key item of the Company's deferred income.

Provisions for contractual losses, in the amount of PLN 228,412 thousand, are the key items of the Company's 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 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.

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 and 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 2012 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.

#### IV. CLOSING COMMENTS

##### Management Board's Representation

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) and the key 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.

Wojciech Kłys  
Key certified auditor  
conducting the audit  
No. 11775

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Zbigniew Adamkiewicz – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.)

Warsaw, 15 March 2013