



**BUDIMEX SA**

**CONDENSED FINANCIAL STATEMENTS**

**for 1 half of 2018**

**prepared in accordance with  
International Financial Reporting Standards**

**Table of contents**

Statement of financial position .....	2
Income statement .....	4
Statement of comprehensive income .....	5
Statement of changes in equity .....	6
Cash flow statement .....	8
1. General information .....	10
2. Principles applied for the purpose of preparation of this report .....	10
2.1. Accounting policies and basis of preparing the financial statements of the Company .....	10
2.2. Changes in accounting principles and the method of preparation of financial statements .....	12
2.3. Cash recognized in the cash flow statement .....	13
2.4. Going concern .....	13
3. Change in the shareholding structure of the Parent Company .....	14
4. Descriptions of factors and events which had a material effect on the financial result of the Company for the first half of 2018 .....	14
4.1. Business operation of the Company in the I half of 2018 .....	14
4.2. Revenue from sale of finished goods, services, goods for resale and raw materials by categories ....	16
4.3. Changes of estimates .....	17
5. Proceedings pending as at 30 June 2018 before court, competent arbitration body or any public administration authority .....	18
6. Significant events during I half of 2018 and after 30 June 2018 .....	19
7. Related party transactions .....	21
8. Contingent receivables and contingent liabilities .....	22

**Statement of financial position**

<b>ASSETS</b>	<b>30 June 2018</b> unaudited	<b>31 December 2017</b> audited
<b>Non-currents assets (long-term)</b>		
Property, plant and equipment	130 601	115 521
Investment properties	3 242	3 306
Intangible assets	27 446	29 937
Investments in subsidiaries	727 927	727 827
Investments in associates	61 246	61 246
Investments in other entities	6 417	6 417
Other financial assets	74 167	70 384
Trade and other receivables	20 931	18 124
Retentions for construction contracts	63 528	54 685
Deferred tax asset	356 092	360 149
<b>Total non-current assets (long-term)</b>	<b>1 471 597</b>	<b>1 447 596</b>
<b>Current assets</b>		
Inventories	376 325	242 103
Trade and other receivables	765 048	638 335
Retentions for construction contracts	48 252	46 306
Long-term construction contracts valuation	913 133	472 740
Current tax receivable	9 193	29 995
Other financial assets	20 532	295 836
Cash and cash equivalents	608 978	1 680 371
<b>Total current assets (short-term)</b>	<b>2 741 461</b>	<b>3 405 686</b>
<b>TOTAL ASSETS</b>	<b>4 213 058</b>	<b>4 853 282</b>

Warsaw, 28 August 2018

**Statement of financial position (cont.)**

<b>EQUITY AND LIABILITIES</b>	<b>30 June 2018</b> unaudited	<b>31 December 2017</b> audited
<b>Equity</b>		
<b>Shareholders' equity</b>		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	52 452	52 452
Foreign exchange differences on translation of foreign operations	7 110	5 682
Retained earnings	143 338	449 995
<b>Total shareholders' equity</b>	<b>428 947</b>	<b>734 176</b>
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Loans, borrowings and other external sources of finance	58 680	45 885
Retentions for construction contracts	200 706	192 314
Provision for long-term liabilities and other charges	212 670	219 909
Long-term retirement benefits and similar obligations	7 857	7 857
Other financial liabilities	69	713
<b>Total long-term liabilities</b>	<b>479 982</b>	<b>466 678</b>
<b>Short-term liabilities</b>		
Loans, borrowings and other external sources of finance	31 998	26 381
Trade and other payables	1 553 719	1 579 248
Retentions for construction contracts	195 575	207 272
Provision for construction contract losses	171 020	234 876
Long-term construction contracts valuation	576 577	767 855
Deferred revenue	586 290	671 844
Provisions for current liabilities and other charges	187 407	157 814
Short-term retirement benefits and similar obligations	985	985
Other financial liabilities	558	6 153
<b>Total short-term liabilities</b>	<b>3 304 129</b>	<b>3 652 428</b>
<b>Total liabilities</b>	<b>3 784 111</b>	<b>4 119 106</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4 213 058</b>	<b>4 853 282</b>

Warsaw, 28 August 2018

**BUDIMEX SA**

Condensed financial statements for I half of 2018  
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand)

**Income statement**

	6-month period ended 30 June		3-month period ended 30 June	
	2018	2017	2018	2017
	unaudited		unaudited	
Continuing operations				
Net sales of finished goods, goods for resale, raw materials and services	2 902 349	2 494 133	1 814 865	1 553 616
Cost of finished goods, goods for resale, raw materials and services sold	(2 712 571)	(2 205 265)	(1 708 765)	(1 398 470)
Gross profit on sales	189 778	288 868	106 100	155 146
Selling expenses	(5 020)	(5 096)	(2 682)	(2 608)
Administrative expenses	(98 307)	(92 280)	(50 592)	(44 613)
Other operating income	22 681	20 608	12 064	8 536
Other operating expenses	(13 399)	(3 434)	(6 863)	2 504
Operating profit	95 733	208 666	58 027	118 965
Finance income	86 617	66 441	29 443	46 643
Finance costs	(18 904)	(17 742)	(9 682)	(8 270)
Profit before tax	163 446	257 365	77 788	157 338
Income tax	(20 518)	(40 584)	(11 985)	(23 057)
Net profit from continuing operations	142 928	216 781	65 803	134 281
Net profit for the period	142 928	216 781	65 803	134 281
Basic and diluted earnings per share attributable to the shareholders (in PLN)	5.60	8.49	2.58	5.26

Warsaw, 28 August 2018

**Statement of comprehensive income**

	6-month period ended 30 June		3-month period ended 30 June	
	2018	2017	2018	2017
	<i>unaudited</i>		<i>unaudited</i>	
<b>Net profit for the period</b>	<b>142 928</b>	<b>216 781</b>	<b>65 803</b>	<b>134 281</b>
<b>Other comprehensive income for the period, which:</b>				
<i>Will be subsequently reclassified to profit or loss:</i>				
Foreign exchange differences on translation of foreign branch	1 428	(163)	598	47
Deferred tax related to components of other comprehensive income	-	-	-	-
<i>Will not be subsequently reclassified to profit or loss:</i>				
Actuarial gains/(losses)	-	-	-	-
Income tax related to components of other comprehensive income	-	-	-	-
<b>Other comprehensive income, net of tax</b>	<b>1 428</b>	<b>(163)</b>	<b>598</b>	<b>47</b>
<b>Total comprehensive income for the period</b>	<b>144 356</b>	<b>216 618</b>	<b>66 401</b>	<b>134 328</b>

Warsaw, 28 August 2018

**BUDIMEX SA**

Condensed financial statements for I half of 2018  
prepared in accordance with International Financial Reporting Standards

(all amounts are expressed in PLN thousand)

**Statement of changes in equity**

	Issued capital	Share premium	Other reserves	Foreign exchange differences on translation of foreign branch	Retained earnings	Total equity
<b>Balance as at 1 January 2018</b> <i>audited</i>	145 848	80 199	52 452	5 682	449 995	734 176
Profit for the period	-	-	-	-	142 928	142 928
Other comprehensive income	-	-	-	1 428	-	1 428
<b>Total comprehensive income for the period</b>	-	-	-	1 428	142 928	144 356
Dividend paid	-	-	-	-	(449 585)	(449 585)
<b>Balance as at 30 June 2018</b> <i>unaudited</i>	145 848	80 199	52 452	7 110	143 338	428 947

Warsaw, 28 August 2018

**Statement of changes in equity (cont.)**

	Issued capital	Share premium	Other reserves	Foreign exchange differences on translation of foreign branch	Retained earnings	Total equity
<b>Balance as at 1 January 2017</b> <i>audited</i>	<b>145 848</b>	<b>80 199</b>	<b>54 001</b>	<b>5 670</b>	<b>382 856</b>	<b>668 574</b>
Profit for the period	-	-	-	-	216 781	<b>216 781</b>
Other comprehensive income	-	-	-	(163)	-	<b>(163)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(163)</b>	<b>216 781</b>	<b>216 618</b>
Dividend paid	-	-	-	-	(382 696)	<b>(382 696)</b>
<b>Balance as at 30 June 2017</b> <i>unaudited</i>	<b>145 848</b>	<b>80 199</b>	<b>54 001</b>	<b>5 507</b>	<b>216 941</b>	<b>502 496</b>
Profit for the period	-	-	-	-	233 054	233 054
Other comprehensive income	-	-	(1 549)	175	-	(1 374)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(1 549)</b>	<b>175</b>	<b>233 054</b>	<b>231 680</b>
<b>Balance as at 31 December 2017</b> <i>audited</i>	<b>145 848</b>	<b>80 199</b>	<b>52 452</b>	<b>5 682</b>	<b>449 995</b>	<b>734 176</b>

Warsaw, 28 August 2018



**BUDIMEX SA**

Condensed financial statements for I half of 2018  
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand, unless stated otherwise)

**Cash flow statement**

	6-month period ended 30 June	
	2018 <i>unaudited</i>	2017 <i>unaudited</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>163 446</b>	<b>257 365</b>
<b>Adjustments:</b>		
Depreciation/ amortization	20 550	15 921
Foreign exchange (gains)/ losses	(842)	97
Interest and shares in profits (dividends)	(76 023)	(52 889)
(Profit)/ loss on disposal of investments	(1 747)	(3 454)
Change in valuation of derivative financial instruments	166	(2 426)
Change in provisions and liabilities arising from retirement benefits and similar obligations	22 354	15 995
Other adjustments	1 490	236
<b>Operating profit before changes in working capital</b>	<b>129 394</b>	<b>230 845</b>
Change in receivables and retentions for construction contracts	(141 139)	(118 949)
Change in inventories	(134 222)	(60 168)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	(28 746)	(64 337)
Change in long-term construction contracts valuation and provision for construction contract losses	(695 527)	(681 563)
Change in deferred income	(85 554)	(14 492)
Change in cash and cash equivalents of restricted use	(3 014)	2 596
<b>Cash used /from operations</b>	<b>(958 808)</b>	<b>(706 068)</b>
Income tax paid	4 341	(70 708)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(954 467)</b>	<b>(776 776)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of intangible assets and tangible fixed assets	1 909	128
Purchase of intangible assets and tangible fixed assets	(7 128)	(8 587)
Sale of investment properties	-	3 547
Purchase of shares in related entities	(100)	(2 418)
Purchase of bonds issued by banks	(238 868)	(178 486)
Proceeds from bonds issued by banks	516 877	-
Dividend received	72 834	40 000
Loans granted	(28 720)	(55 346)
Repayment of loans granted	16 900	-
Interest received	4 548	152
<b>NET CASH USED IN /FROM INVESTING ACTIVITIES</b>	<b>338 252</b>	<b>(201 010)</b>

**Cash flow statement (cont.)**

<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(449 585)	(382 696)
Payment of finance lease liabilities	(8 716)	(5 260)
Interest paid	(1 131)	(607)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(459 432)</b>	<b>(388 563)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
Foreign exchange differences, net	1 240	(506)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 2.3)</b>	<b>1 639 774</b>	<b>2 239 546</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 2.3)</b>	<b>565 367</b>	<b>872 691</b>

Warsaw, 28 August 2018

**1. General information**

Budimex SA (the "Company", the "Issuer") with its registered office in Warsaw, ul. Stawki 40, is a joint-stock company entered in the Commercial Register kept by the District Court for the capital city of Warsaw, Commercial Division XII of the National Court Register under No. KRS 0000001764.

Budimex SA is the parent company of the Budimex Group and serves as an advisory, management and financial centre.

The main areas of the Company's business activities are widely understood construction and assembly services realised in the system of general contracting at home and abroad and a limited scope of developer activities, property management, trading and production.

The Company is part of the Ferrovial Group with Ferrovial SA with its registered office in Madrid, Spain, as its parent company.

**2. Principles applied for the purpose of preparation of this report****2.1. Accounting policies and basis of preparing the financial statements of the Company**

These condensed financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim financial statements adopted by the European Union issued and effective when preparing the interim financial statements applying the same principles for the current and comparable period, with the exception of the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2018.

The financial statements and the comparative data contain aggregate data of the Company's German branch translated into Polish zloty and attributable to Budimex SA share in jointly controlled entities that constitute joint operations as per IFRS 11 "Joint Agreements":

- Budimex SA Sygnity SA Sp. j.,
- Budimex SA Ferrovial Agroman SA Sp. j.,
- Budimex SA Ferrovial Agroman SA S.C.,
- Budimex SA Budimex Budownictwo Sp. z o.o. S.C.,
- Budimex SA Cadagua SA II S.C.,
- Budimex SA Tecnicas Reunidas SA-Turów S.C.,
- Budimex SA Energetyka 1 Sp. j.,
- Budimex SA Energetyka 2 Sp. j.,
- Budimex SA Energetyka 3 Sp. j.,
- Budimex SA Ferrovial Agroman SA 2 S.C.,
- Budimex SA Cadagua SA III S.C.,
- Budimex SA Cadagua SA IV S.C.,
- Budimex SA Cadagua SA V S.C.

**Standards, amendments to standards and interpretations effective in the current period**

Starting from 1 January 2018 the Company adopted IFRS 9 "Financial Instruments" and appropriate changes in accounting principles were presented in paragraph 2.2 of the report.

Apart from the above, the Company for the first time adopted below standards, changes to standards and interpretation:

- Amendments to IFRS 2 „Share-based Payment” – Classification and Measurement of Share-based Payment Transactions,
- Amendments to IAS 40 "Investment Property" - Transfers of Investment Property,
- Annual Improvements to IFRSs (Cycle 2014-2016) – annual improvements to IFRS (IFRS 1 and IAS 28), mainly with a view to removing inconsistencies and ensuring wording clarification,
- IFRIC 22 „Foreign Currency Transactions and Advance Consideration”.

The implementation of changes to standards and interpretations had no significant impact on the financial statements.

**Standards and amendments to standards already published, but not yet effective**

At the date of the authorization of the financial statements, the Company did not apply the following standards, which had been issued and authorised for use in the EU, but were not yet effective:

- IFRS 16 „Leases” (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 9 „Financial Instruments” – “Prepayment option with negative compensation” (effective for annual periods beginning on or after 1 January 2019).

The Company has elected not to use the opportunity of early adoption of IFRS 16. The Company currently estimates that the application of IFRS 16 „Leases” may, to some extent, increase both its non-current assets and its financial liabilities which can impact some financial ratios. At the same time, positive impact on operating result and negative impact on the result from financing activities are expected. The value of future (undiscounted) payments under operating lease which would be recognised as financial assets / financial liabilities as at 31 December 2017 was disclosed in the financial statements for the year ended 31 December 2017, published on 22 March 2018.

**Standards, amendments to standards and interpretations issued by IASB but not yet adopted by the EU**

The IFRSs endorsed by the EU do not differ materially from regulations adopted by the International Accounting Standards Board (IASB), except for the below standards, amendments to Standards and IFRIC Interpretations, which as at the date of the preparation of these financial statements were not yet adopted for use:

- IFRS 17 „Insurance contracts” (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IAS 19 „Employee benefits” – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IAS 28 „Investments in Associates and Joint Ventures” - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- Annual Improvements to IFRSs (Cycle 2015-2017), effective for annual periods beginning on or after 1 January 2019,
- Amendments to References to the Conceptual Framework in IFRS Standards, effective for annual periods beginning on or after 1 January 2020,
- IFRIC 23 „Uncertainty over Income Tax Treatments” (effective for annual periods beginning on or after 1 January 2019).

The above mentioned standards, standards amendments and interpretations would not have any material impact on the financial statements, had these been applied by the Company at the reporting date.

## **2.2. Changes in accounting principles and the method of preparation of financial statements**

In the period covered by the report the Company applied for the first time IFRS 9 "Financial Instruments". The Company decided to apply the standard without restating comparative data and to include potential impact of the first time application in opening balance of the retained earnings.

Main assumptions of the accounting principles applied by the Company as at the date of the first application of IFRS 9 are presented below.

### **Financial instruments**

#### Classification and measurement

Financial assets and financial liabilities are recognised in the statement of financial position of the Company when it becomes party to the contractual provisions of the instrument. At first recognition financial assets and financial liabilities are recognised at fair value (in case of assets/ liabilities subsequently measured at amortised cost transaction costs should be added/deducted to/from the initial value).

At initial recognition trade receivables which do not contain significant financing component (according to IFRS 15) are measured at their transaction price.

Classification of financial assets is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

In the subsequent periods after the initial recognition the financial assets are measured at:

- amortised cost,
- at fair value through other comprehensive income,
- at fair value through profit or loss.

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Furthermore, the Company may make an irrevocable election at initial recognition for investments in equity instruments not held for trading that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. The amounts accumulated in other comprehensive income cannot be reclassified to profit or loss, even at derecognition. Such an investment is a non-monetary item. Any related foreign exchange component is also presented in other comprehensive income.

A financial asset is measured at fair value through profit and loss in all other cases.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or when they were transferred and substantially all risks and rewards of ownership of the financial asset were transferred as well.

All financial liabilities are classified as measured at amortised cost after the initial recognition, except for financial liabilities measured at fair value through profit or loss (meeting the definition of held for trading) – these instruments are measured at fair value after the initial recognition.

A special subcategory of financial assets and liabilities held for trading are *derivatives*. Derivative transactions are concluded to hedge cash flows against foreign exchange and interest rate risk.

Derivative instruments are measured as at the balance sheet date at a reliably determined fair value. The fair value of derivative instruments is estimated using a model based, inter alia, on exchange rates (average NBP rates) as at the balance sheet date or differences in interest rate levels of the quoted and base currencies.

The effects of periodic valuation of derivative instruments hedging exchange rate fluctuations on construction

*(all amounts are expressed in PLN thousand, unless stated otherwise)*

contracts denominated in foreign currencies and gains and losses as at the settlement date are recognized in the profit and loss account under "Other operating income (expenses)" under operating activities.

The effects of periodic valuation of derivative instruments hedging interest rate fluctuations or foreign exchange rates of items classified as financial activities and gains and losses as at the date of their settlement are shown in the profit and loss account under "Finance income (costs)" as part of financing activities.

The fair value of financial instruments is approximate to their carrying value.

The Company does not apply hedge accounting.

#### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on a financial asset. Credit losses are the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, taken into consideration all expected shortfalls (i.e. lack of payments). If the impaired financial assets are long-term, the loss allowance for expected credit losses should be discounted according to the original effective interest rate (i.e. the rate as at the asset recognition).

#### *The amount of the loss allowance for expected credit losses*

In case of trade receivables and financial assets within IFRS 15 scope (i.e. valuation of long-term construction contracts) the Company measures the loss allowance in the amount of the lifetime expected credit losses.

In case of other financial assets outside IFRS 15 scope (i.e. investments in equity instruments, retentions for construction contracts, loans granted and other financial assets not measured at fair value) the loss allowance should be measured at an amount equal to the lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument should be measured at an amount equal to 12-month expected credit losses.

In case of other financial assets outside IFRS 15 scope, if the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, and then, at the current reporting date, they determine that the credit risk is not significantly increased anymore, they shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

### **2.3. Cash recognized in the cash flow statement**

The Company recognizes cash of restricted use including cash of the consortia in the portion attributable to other consortium members in the statement of financial position under cash and cash equivalents. For the purpose of the statement of cash flow – the balance of cash at the beginning and at the end of the reporting period is reduced by cash of restricted use, and its change in the statement of financial position is recognized under cash flow from operating activities.

	30 June 2018	31 December 2017	30 June 2017
<b>Cash recognised in the statement of financial position</b>	<b>608 978</b>	<b>1 680 371</b>	<b>902 659</b>
Cash and cash equivalents of restricted use	(43 611)	(40 597)	(29 968)
<b>Cash recognised in the statement of cash flow</b>	<b>565 367</b>	<b>1 639 774</b>	<b>872 691</b>

### **2.4. Going concern**

The financial statements of the Company were prepared on the assumption that the Company will be going concern in the foreseeable future without a significant limitation in its activities. Except for the matter below, as at the date of signing the financial statements, the Management Board of the Company is not aware of any facts or circumstances that would indicate a threat to the Company's continued activities after the reporting date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

As at 30 June 2018 the excess of the current liabilities over the current assets amounted to PLN 562 668 thousand. Taking into consideration very good financial position of Budimex Group related to liquidity, of which the excess of current assets over current liabilities as at 30 June 2018 amounted to

**BUDIMEX SA**

Condensed financial statements for I half of 2018  
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand, unless stated otherwise)

PLN 265 386 thousand, the Company's Management Board does not state as at the date of signing the financial statements any threat to Company's ability to continue as a going concern.

### **3. Change in the shareholding structure of the Parent Company**

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

Shareholder	Type of shares	Number of shares	% of the issued capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (the Netherlands) - Ferrovial SA Group company (Spain)	ordinary	14 078 159	55.14%	14 078 159	55.14%
Aviva OFE Aviva BZ WBK	ordinary	2 490 000	9.75%	2 490 000	9.75%
Nationale - Nederlanden OFE	ordinary	1 360 000	5.33%	1 360 000	5.33%
Other shareholders	ordinary	7 601 939	29.78%	7 601 939	29.78%
<b>Total</b>		<b>25 530 098</b>	<b>100.00%</b>	<b>25 530 098</b>	<b>100.00%</b>

The above data presents the shareholding structure as at the last General Meeting of Shareholders of 17 May 2018.

The table below presents the shareholding structure of Budimex SA as at 31 December 2017:

Shareholder	Type of shares	Number of shares	% of the issued capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (the Netherlands) - Ferrovial SA Group company (Spain)	ordinary	14 078 159	55.14%	14 078 159	55.14%
Aviva OFE Aviva BZ WBK	ordinary	2 344 000	9.18%	2 344 000	9.18%
Nationale - Nederlanden OFE	ordinary	1 376 939	5.39%	1 376 939	5.39%
Other shareholders	ordinary	7 731 000	30.29%	7 731 000	30.29%
<b>Total</b>		<b>25 530 098</b>	<b>100.00%</b>	<b>25 530 098</b>	<b>100.00%</b>

### **4. Descriptions of factors and events which had a material effect on the financial result of the Company for the first half of 2018**

#### **4.1. Business operation of the Company in the I half of 2018**

Sale of construction-assembly services in Poland is characterized by seasonality mainly connected with atmosphere conditions and the highest revenues are usually achieved in the second and third quarter, while the lowest – in the first quarter.

In the period of six months ended on 30 June 2018 Budimex SA earned sales revenue in the amount of PLN 2 902 349 thousand (in the second quarter PLN 1 814 865 thousand), and in the comparative period of the year 2017 sales revenue amounted to PLN 2 494 133 thousand (in the second quarter PLN 1 553 616 thousand), giving the increase of 16.37%.

Gross profit on sales for the 6-month period of 2018 amounted to PLN 189 778 thousand and was by PLN 99 090 thousand (i.e. by 34.30%) lower than in the comparative period of the previous year in relation to increase in costs of sale, mainly due to costs of materials used and costs of subcontractors services.

Total amount of administrative and selling expenses in I half of 2018 was PLN 103 327 thousand, while in I half of 2017 amounted to PLN 97 376 thousand. The share of selling and administrative expenses in total sales in I half of 2018 was equal to 3.56% (in the first half of 2017 to 3.90%).



In I half of 2018, the result from the other operating activity, including financial result from derivative instruments, was positive and amounted to PLN 9 282 thousand. Other operating income comprised mainly: revenue from received penalties and compensations in the amount of PLN 13 512 thousand, profit from sale of investment properties and fixed assets in the amount of PLN 1 754 thousand, released provisions for compensations in the amount of PLN 5 849 thousand, reversal of receivable and retention write-downs in the amount of PLN 506 thousand, overdue liabilities write-off in the amount of PLN 944 thousand. Other operating expenses comprised mainly: costs of penalties and compensation paid in the amount of PLN 4 993 thousand, impairment write-downs against doubtful debts in the amount of PLN 4 601 thousand, provision for penalties and compensation in the amount of PLN 2 274 thousand, PLN 845 thousand of made donations and loss on valuation and realization of derivative instrument contracts of PLN 314 thousand.

In comparison, in I half of 2017, the result from the other operating activity, including financial result from derivative instruments, was positive and amounted to PLN 17 174 thousand. Other operating income comprised mainly: revenue from received penalties and compensations in the amount of PLN 8 510 thousand, profit from sale of investment properties and fixed assets in the amount of PLN 3 454 thousand, released provisions for penalties and legal proceedings in the amount of PLN 410 thousand and PLN 1 760 thousand accordingly, reversal of receivable and retention write-downs in the amount of PLN 2 316 thousand, overdue liabilities write-off in the amount of PLN 1 217 thousand and profit on valuation and realization of derivative instrument contracts of PLN 2 473 thousand. Other operating expenses comprised mainly: impairment write-downs against doubtful debts in the amount of PLN 1 237 thousand, penalties and compensation paid in the amount of PLN 1 096 thousand and PLN 509 thousand of made donations.

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 6 months period ended 30 June 2018, there was no transfer between Level 1 and Level 2 of fair value measurements, and no transfer into and out of Level 3 of fair value measurement. The fair value of financial instruments is close to their carrying amounts.

In I half of 2018 the operating profit amounted to PLN 95 733 thousand and was lower by PLN 112 933 thousand (i.e. 54.12%) compared to the comparative period of the year 2017. In I half of 2018, the operating margin was equal to 3.30%, while in the comparative period of 2017 was equal to 8.37%.

In I half of 2018, the result from financial activity was positive and amounted to PLN 67 713 thousand and in the comparative period of 2017 the result was lower by PLN 19 014 thousand. In I half of 2018 financial income, besides dividend income from related entities in the amount of PLN 72 834 thousand, comprised also interest of PLN 13 783 thousand. Financial expenses in the I half of 2018 comprised mainly costs of bank guarantees and commissions in the amount of PLN 11 897 thousand, costs of long-term retention receivables and liabilities discounting of PLN 4 430 thousand, interest costs in the amount of PLN 1 864 thousand and exchange differences in the amount of PLN 713 thousand.

In comparison, in I half of 2017, the result from financial activity was positive and amounted to PLN 48 699 thousand. In I half of 2017 financial income, besides dividend income from related entities in the amount of PLN 51 686 thousand, comprised also interest of PLN 14 755 thousand. Financial expenses in the I half of 2017 comprised mainly costs of bank guarantees and commissions in the amount of PLN 11 525 thousand, costs of long-term retention receivables and liabilities discounting of PLN 4 159 thousand, interest costs in the amount of PLN 1 315 thousand and exchange differences in the amount of PLN 726 thousand.

Profit before tax for the period of 6-months of 2018 amounted to PLN 163 446 thousand and was by PLN 93 919 thousand (i.e. by 36.49%) lower than in the I half of 2017.

In the period of six months of 2018 the Company reported a net profit of PLN 142 928 thousand gaining a net profit margin of 4.92% while in the same period of 2017 net profit margin was equal to 8.69%.

The increase in inventories balance as of 30 June 2018 in comparison with the balance as of 31 December 2017 by PLN 134 222 thousand resulted mainly from increase in stored materials on railway contracts.

As at 30 June 2018 the balance of other financial assets equaled to PLN 20 532 thousand, and as at 31 December 2017 PLN 295 836 thousand giving decrease by PLN 275 304 thousand caused by redemption of short-term corporate bonds by issuers i.e. polish real estate banks.

As at 30 June 2018 the position: "Long-term construction contracts valuation" on the assets' side in the statement of financial position amounted to PLN 913 133 thousand and was by PLN 440 393 thousand higher than as at 31 December 2017. The increase in the value of unbilled construction works resulted mainly from the seasonality of the invoicing cycle - the majority of invoices to public clients are issued at the end of the financial year, which causes a decrease in the value of unbilled works and during the year the value of this position remains at a much higher level. In addition, the increase of the Company's revenues also expanded causing increase in the balance of "Valuation of long-term construction contracts" on the assets' side.



(all amounts are expressed in PLN thousand, unless stated otherwise)

The increase of revenues had also a significant impact on value of the cash and cash equivalents, which decreased by PLN 1 071 393 thousand. The cash was mainly spent on dividend payment in the amount of PLN 449 585 thousand. Moreover, decrease in cash was connected with the above mentioned unbilled construction works in the amount of PLN 440 393 thousand, with decrease in overbilling for construction works in the amount of PLN 191 278 thousand and both decrease in the provision for losses on long-term construction contracts in amount of PLN 63 856 thousand and decrease in balance of item "Deferred income" by PLN 85 554 thousand due to settlement of prepayments received for construction works.

In the first half of 2018, the Company purchased or started to lease property, plant and equipment, intangible assets with a total value of PLN 34 023 thousand, of which machinery and equipment accounted for PLN 19 374 thousand.

In comparison, in the first half of 2017, the Company purchased or started to lease property, plant and equipment, intangible assets with a total value of PLN 18 143 thousand, of which machinery and equipment accounted for PLN 12 258 thousand.

Liabilities arising from investment agreements in relation to fixed assets as of 30 June 2018 equaled to PLN 45 977 thousand and as of as of 30 June 2017 equaled to PLN 63 184 thousand.

#### 4.2. Revenue from sale of finished goods, services, goods for resale and raw materials by categories

In the first half of 2018 and 2017 the revenue from sale of finished goods, services, goods for resale and raw materials by type of product or service was as follows:

Product/service type	Sales of finished goods and services in the 6-month period ended:	
	30 June 2018	30 June 2017
Revenue from sale of construction and assembly services	2 885 342	2 479 883
Revenue from sale of other services	14 451	12 149
Revenue from sale of goods and materials	2 556	2 101
<b>Total sales of finished goods, services goods for resale, raw materials</b>	<b>2 902 349</b>	<b>2 494 133</b>

In the first half of 2018 and 2017 the revenue from sale of finished goods, services, goods for resale and raw materials from contracts with customers by geographic area was as follows:

Region	Sales of finished goods and services in the 6-month period ended:	
	30 June 2018	30 June 2017
Poland	2 786 056	2 404 436
Germany	84 555	86 302
Other EU countries	31 738	3 395
<b>Total sales of finished goods, services, goods for resale, raw materials</b>	<b>2 902 349</b>	<b>2 494 133</b>

In the first half of 2018 and 2017 the revenue from sale of finished goods, services, goods for resale and raw materials by type of construction was as follows:

Type of construction	Sales of finished goods and services in the 6-month period ended:	
	30 June 2018	30 June 2017
Civil engineering (infrastructure)	1 191 577	1 243 432
Railway	208 712	76 408
General construction, of which:	1 485 053	1 160 041
- non-residential	1 084 932	762 352
- residential	400 121	397 689
Other	17 007	14 250
<b>Total sales of finished goods, services, goods for resale, raw materials</b>	<b>2 902 349</b>	<b>2 494 133</b>

#### **4.3. Changes of estimates**

##### **Provisions for onerous contracts**

Provisions for onerous contracts refer mainly to provisions for expected construction contracts losses. In accordance with accounting policies adopted, the Company creates provisions for expected contract losses if budgeted contract costs exceed the entire expected contract revenue. As at 30 June 2018, the balance of the provision for contract losses amounted to PLN 171 020 thousand, while as at 31 December 2017 amounted to PLN 234 876 thousand. Due to that, in the 6-month period of 2018 the balance of provision decreased by PLN 63 856 thousand, while in the second quarter of 2018 increased by PLN 6 237 thousand.

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

The Company recognizes provisions for legal proceedings when it is suited and the probability of an unfavorable court judgment is higher than the probability of a favorable one. An estimation of that result is made on the basis of analysis of a legal proceedings progress as well as lawyers' opinions. As at 30 June 2018, the balance of the provision in this respect amounted to PLN 23 554 thousand, while as at 31 December 2017 amounted to PLN 23 550 thousand. Due to that, in the 6-month period of 2018 the balance of provision increased by PLN 4 thousand and this change was reported in the second quarter of 2018.

##### **Provision for penalties and compensations**

The Company recognizes provisions for penalties and compensations related to the realization of construction contracts. A provision is recognized only when the Company has a present obligation as a result of past event, the settlement of that obligation is highly probable and a reliable estimate can be made of the amount of the obligation. As at 30 June 2018, the balance of the provision in this respect amounted to PLN 35 453 thousand, while as at 31 December 2017 amounted to PLN 39 027 thousand. Due to that, in the 6-month period of 2018 the balance of provision decreased by PLN 3 574 thousand, however, in the second quarter of 2018 it increased by PLN 1 900 thousand.

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

The Company is required to issue guarantees for its construction services. It is accepted that the provision between 0.3%-1.4% of revenue from the given contract is made what depends on particular construction segment. This general value is assessed on an individual basis and may be increased or reduced, as appropriate. Provision for warranty repairs is presented in the line: "Provision for long-term / short-term liabilities and other charges". As at 30 June 2018, the balance of the provision in this respect amounted to PLN 341 070 thousand, while as at 31 December 2017 amounted to PLN 315 146 thousand. Due to that, in the 6-month period of 2018 the balance of provision increased by PLN 25 924 thousand, while in the second quarter of 2018 it increased by PLN 10 473 thousand.

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

As at 30 June 2018, the balance of deferred tax asset (reduced by deferred tax liability) amounted to PLN 356 092 thousand, while as at 31 December 2017 amounted to PLN 360 149 thousand. Due to that, in the 6-month period of 2018 the balance of deferred tax asset decreased by PLN 4 057 thousand, of which PLN 6 443 thousand was reported in the second quarter of 2018.

##### **Impairment write-downs against receivables and retentions for construction contracts**

As at 30 June 2018, the balance of recognized impairment write-downs against receivables and retentions amounted to PLN 135 779 thousand, while as at 31 December 2017 amounted to PLN 131 246 thousand. In the 6-month period of 2018 the Company recognized impairment write-downs in the amount of PLN 4 601 thousand and reversed it increasing other operating income in the amount of PLN 506 thousand and increased it by PLN 438 thousand due to exchange differences. Only in the second quarter of 2018 the Company recognized impairment write-downs in the amount of PLN 2 617 thousand, reversed impairment write-downs in the amount of PLN 57 thousand and increased them by PLN 293 thousand due to exchange differences.

**Impairment write-downs against inventory**

As at 30 June 2018 and 31 December 2017 the balance of recognised impairment write-downs against inventory amounted to PLN 2 425 thousand.

**5. Proceedings pending as at 30 June 2018 before court, competent arbitration body or any public administration authority**

As at 30 June 2018, the total value of the proceedings relating to the Company's liabilities and claims amounted to PLN 311 957 thousand and PLN 124 516 thousand accordingly, and as at 31 December 2017 PLN 316 712 thousand and PLN 131 549 thousand accordingly.

The proceedings in the highest value case were pending before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw, which involved the consortium members: Ferrovial Agroman SA, Budimex SA and Estudio Lamela S.L. (the FBL Consortium) and Przedsiębiorstwo Państwowe "Porty Lotnicze" (PPL). The litigation was the result of PPL serving a notice rescinding the contract for the development and modernization of Terminal 2 of the Warsaw Chopin Airport.

Initially, the proceedings related solely to the claim filed in 2008 by the FBL Consortium, in relation to bank guarantees realised by PPL, which were given as a performance bond for a total amount of PLN 54 382 thousand. That case was finally resolved by a judgment of the Court of Appeal in Warsaw in 2012. The total value of the awarded claim and the amount of statutory interest for late payment was PLN 87 920 thousand (the amount attributable to Budimex SA was PLN 35 168 thousand, of which PLN 21 612 thousand as reimbursement of the performance bond). The court enforcement officer transferred that amount to the bank account of Budimex SA on 28 September 2012. After the cassation appeal of PPL was dismissed by the Supreme Court, the enforcement proceedings became final.

In the course of the proceedings before the Court of Arbitration, 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. In 2009 PPL filed to the Court of Arbitration further written statements of claim including extension of the counter-claim, changing the original amount of counter-claim from PLN 135 719 thousand to PLN 280 894 thousand. As a result of subsequent procedural steps in 2012, the PPL's claim was raised to PLN 298 892 thousand. According to the value of the shares set forth in the consortium agreement, the risk allocated to Budimex SA did not exceed the total of PLN 119 556 thousand.

Regardless of the PPL's counter-claim and in accordance with former announcements, in 2009 the FBL Consortium submitted a statement of claim including an extension of the main claim by the amount of PLN 216 458 thousand, covering: remuneration for the works performed, but not paid by the Investor, remuneration for additional works, and reimbursement for the retained amounts and interest on late payments. Under the consortium contract, the share of Budimex SA in this claim amounts to PLN 86 583 thousand.

During several hearings the court has examined all witnesses for the claimant and the counter-claimant with respect to the circumstances included in PPL's counter-claim. At the beginning of 2018 the hearing of evidence was completed.

On 8 August 2018 the parties to the dispute entered into a court settlement before the Court of Arbitration at the Polish Chamber of Commerce. Under the settlement, the parties waived each other's claims before the Court of Arbitration and cancelled each other's costs. The payment by PPL to the Consortium includes only receivables for the works and deliveries performed, including amounts retained.

Conclusion of the settlement confirms the amicable solution by the parties of the contract linking them and ending any disputes related to its implementation.

In the opinion of the Management Board of Budimex SA, the settlement is beneficial for both parties to the dispute and may have a positive impact on the financial result of Budimex SA, which will be accurately estimated in the third quarter of 2018, after the final settlement of the contract by the leader, Ferrovial Agroman SA.

On 24 July 2017, Muzeum Śląskie in Katowice filed a claim against Budimex SA and Ferrovial Agroman SA, operating as a consortium, in connection with the performance of the contract called „Construction of new premises of Muzeum Śląskie in Katowice” concluded on 7 June 2011. The claimant requested that either the

amount of PLN 122 758 thousand, together with statutory interest calculated as of the date of claim filing, was awarded jointly and severally against the defendants towards undue performance of the contract, or the defendants were ordered to reduce contract transaction price by the amount of PLN 34 675 thousand being the reimbursement of the unfairly, as stated by the claimant, paid contract consideration. Art. 471 of the Civil Code was named as the basis for the principal claim, while the provisions of contractor warranty for defects in the constructed facility – for the alternative claim (żądanie ewentualne).

In the opinion of the Management Board of Budimex SA, the claim is unjustified. The irregularities, if any, which the claimant names as the basis for its action do not result from contract performance or undue performance by the consortium. In addition, due contract performance was confirmed by the claimant by the issued Certificate of Acquisition and Certificate of Completion of premises of Muzeum Śląskie in Katowice. In the opinion of the Management Board, the reported provisions cover the risks related to contract performance. Budimex SA filed its reply to said claim on 31 October 2017. It was supplemented by Budimex SA in January 2018. As at the date of the report, it was not possible to successfully deliver a copy of the claim to Ferrovia Agroman SA.

Another legal proceedings with a material value 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 Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement of contractor costs incurred by the investor when the consortium rescinded the contract. The share of the companies in the consortium was 90%, therefore the value of the claim for which Budimex SA is presently liable is PLN 22 727 thousand. On 12 July 2017, the court of the first instance awarded against Budimex SA only the amount of PLN 22 thousand (towards reimbursement of the costs of expert opinions commissioned by the claimant), and dismissed the claim in its entirety. The appeal against court decision was filed both by the claimant (as regards the entire claim), and the defendant (as regards the part of the verdict regarding the amount of PLN 22 thousand). Currently, the parties await setting the date for the hearing before the court of the second instance.

As at the date of the preparation of these financial statements, the final outcome of the remaining proceedings is not known. For all legal proceedings, which according to the Company's assessment many finish in an unfavourable way, provisions were created in the amount including the risk estimated by the Company.

The proceedings in respect of claims of Budimex SA relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of the construction work performed. As at the date of this report, the final outcome of the proceedings is not known.

## **6. Significant events during I half of 2018 and after 30 June 2018**

On **15 January, 13 March, 10 April, 15 May and 18 June 2018** new tranches of the loan were provided by Budimex SA to Budimex Nieruchomości Sp. z o.o. (subsidiary of Budimex SA) in the amount of PLN 2 800 thousand, PLN 1 100 thousand, PLN 800 thousand, PLN 3 600 thousand and PLN 5 200 thousand based on the loan agreement dated 24 April 2017. In accordance to that agreement the loan was granted by Budimex to Budimex Nieruchomości Sp. z o.o. to the maximum amount of PLN 100 million for financing developer projects. Pursuant to the agreement the loan will be paid in tranches and it was to be repaid till 29 June 2018. On 29 June 2018 annex to the agreement was signed providing new repayment date i.e. 29 June 2019. The loan interest rate was determined as 1-m WIBOR plus margin. On 26 February 2018 Budimex Nieruchomości Sp. z o.o. partially repaid the loan in the amount of PLN 8 900 thousand.

On **24 January 2018** and on **28 March 2018** new tranches of the loan were provided by Budimex SA to Budimex Kolejnictwo SA (subsidiary of Budimex SA) in the amount of PLN 3 000 thousand and PLN 5 000 thousand, based on the loan agreement dated 26 October 2017. In accordance to that agreement the loan was granted by Budimex to Budimex Kolejnictwo SA in the amount up to PLN 30 000 thousand. The loan interest rate was agreed as 6-m WIBOR plus margin. The loan was paid back till 12 April 2018.

On **30 January 2018** new tranche of the loan was provided by Budimex SA to FBSerwis SA (an associate of Budimex SA) in the amount of PLN 1 470 thousand based on the loan agreement dated 4 January 2016. In accordance to that agreement the loan was granted by Budimex to FBSerwis SA in the amount up to PLN 13 720 thousand with the repayment date till 4 January 2021. The loan interest was agreed as 3-m WIBOR plus margin.

On **1 February 2018** the demerger of Elektromontaż Poznań SA by spinning off the part of the business related to property management to Budimex Inwestycje Grunwald SA was registered. As a result of the demerger, the issued capital of Elektromontaż Poznań SA was decreased from PLN 54 082 thousand to PLN 18 388 thousand (decrease of the nominal value of shares from PLN 10 to PLN 3.40 per share). At the same time, the issued capital of Budimex Inwestycje Grunwald SA was increased from PLN 100 thousand to PLN 35 794 thousand (issue of new shares with the nominal value of PLN 0.10 per share).

On **15 February 2018** and on **16 March 2018** new tranches of the loan were provided by Budimex SA to FBSerwis SA in the amount of PLN 1 470 thousand and PLN 3 920 thousand, based on the loan agreement dated 30 May 2017. In accordance to that agreement the loan was granted by Budimex to FBSerwis SA in the amount up to PLN 78 400 thousand with the repayment date till 26 May 2020. The loan interest was agreed as 3-m WIBOR plus margin.

On **20 March 2018** the increase of issuance capital of Budimex PPP SA (subsidiary of Budimex SA) by PLN 105 thousand i.e. from PLN 1 290 thousand to the amount of PLN 1 395 thousand was registered in the National Court Register.

On **23 March 2018** the association deed of Budimex K Sp. z o.o. and Budimex L Sp. z o.o. was signed and all shares of both companies were obtained by Budimex SA. Companies were registered in the National Court Register on 25 and 27 April 2018 respectively.

On **17 May 2018** the Ordinary General Meeting of Budimex SA adopted resolution on dividend payout. Pursuant to the resolution, net profit for the period from 1 January 2017 to 31 December 2017 in the amount of PLN 449 585 thousand has been allocated to the dividend payout in the amount of PLN 17.61 gross per share and the remaining amount of net profit in the amount of PLN 250 thousand was allocated to reserve capital. The dividend payout covered all Budimex SA shares, i.e. 25 530 098 shares. The dividend day was on 28 May 2018. The dividend was paid on 7 June 2018.

On **22 June 2018** Budimex SA paid tranche of the loan to Budimex SA – Cadagua SA V s.c (jointly controlled entity) in the amount of PLN 900 thousand, based on the loan agreement dated 21 June 2018. In accordance to that agreement the loan was granted in the amount up to PLN 900 thousand with the repayment date of 28 December 2018. The loan interest rate was agreed as 6-m WIBOR plus margin.

On **12 July 2018** the Company acquired from Budimex PPP SA (subsidiary of Budimex SA) 100% shares in issued capital of Budimex D Sp. z.o.o. with total nominal value of PLN 225 thousand for the price equal to this amount.

On **7 August 2018** the Company acquired from Budimex PPP SA (subsidiary of Budimex SA) 100% shares in issued capital of: Budimex C Sp. z.o.o., Budimex F Sp. z.o.o., Budimex H Sp. z.o.o., Budimex I Sp. z.o.o., Budimex J Sp. z.o.o. for the price equal to the shares nominal value i.e. PLN 225 thousand, PLN 175 thousand, PLN 125 thousand, PLN 125 thousand and PLN 75 thousand accordingly.

On **8 August 2018** a court settlement was reached before the Arbitration Court at the Polish Chamber of Commerce in a dispute over the extension of the Warsaw-Okęcie International Airport - Construction of Terminal 2. The details of the settlement are described in note 5.

In the period from 30 June 2018 to the date of the financial statement no other significant events took place.

**7. Related party transactions**

Transactions with related parties made in the first half of 2018 and in the first half of 2017 and unsettled balances of receivables and liabilities as at 30 June 2018 and 31 December 2017 are presented in the tables below:

	Receivables		Liabilities	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Parent Company and related parties (the Ferrovial Group)	20 780	20 679	77 186	73 553
Subsidiary companies	107 232	105 478	110 905	106 756
Associates	372	289	89	175
Jointly controlled entities	1 938	3 754	786	682
Other related parties*	16	11	-	-
<b>Total</b>	<b>130 338</b>	<b>130 211</b>	<b>188 966</b>	<b>181 166</b>

	Loans granted		Loans taken out	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Parent Company and related parties (the Ferrovial Group)	-	-	9 122	8 698
Subsidiary companies	17 663	13 217	-	-
Associates	70 226	62 451	-	-
Jointly controlled entities	360	-	-	-
<b>Total</b>	<b>88 249</b>	<b>75 668</b>	<b>9 122</b>	<b>8 698</b>

	Sales of finished goods and services		Purchase of finished goods and services	
	6-month period ended 30 June		6-month period ended 30 June	
	2018	2017	2018	2017
Parent Company and related parties (the Ferrovial Group)	271	565	19 833	22 904
Subsidiary companies	293 495	165 895	56 605	42 164
Associates	920	558	156	330
Jointly controlled entities	1 435	455	-	1
<b>Total transactions with related parties</b>	<b>296 121</b>	<b>167 473</b>	<b>76 594</b>	<b>65 399</b>

	Finance income		Finance costs	
	6-month period ended 30 June		6-month period ended 30 June	
	2018	2017	2018	2017
Parent Company and related parties (the Ferrovial Group)	-	-	25	29
Subsidiary companies	73 106	51 863	-	-
Associates	1 913	501	-	-
<b>Total transactions with related parties</b>	<b>75 019</b>	<b>52 364</b>	<b>25</b>	<b>29</b>

\*) Other related parties comprise also entities on which the key management person of the Company or his close relative exercises significant influence.

Inter-Group transactions are made on an arm's length basis.



**8. Contingent receivables and contingent liabilities**

	30 June 2018	31 December 2017
<b><u>Contingent receivables</u></b>		
<b>From related parties, of which:</b>	<b>14 020</b>	<b>15 066</b>
– guarantees and suretyships received	1 472	2 518
– bills of exchange received as security	2 548	2 548
– other contingent receivables	10 000	10 000
<b>From other entities</b>	<b>585 670</b>	<b>558 021</b>
– guarantees and suretyships received	584 521	557 169
– bills of exchange received as security	1 149	852
<b>Other contingent receivables</b>	<b>12 000</b>	<b>14 768</b>
<b>Total contingent receivables</b>	<b>611 690</b>	<b>587 855</b>
<b><u>Contingent liabilities</u></b>		
<b>To related parties, of which:</b>	<b>330 018</b>	<b>347 754</b>
– guarantees and suretyships issued	330 018	347 754
<b>To other entities, of which:</b>	<b>3 493 982</b>	<b>3 484 000</b>
– guarantees and suretyships issued	3 480 230	3 470 248
– bills of exchange issued as performance bond	13 752	13 752
<b>Other contingent liabilities</b>	<b>134 381</b>	<b>134 381</b>
<b>Total contingent liabilities</b>	<b>3 958 381</b>	<b>3 966 135</b>
<b>Total off-balance sheet items</b>	<b>(3 346 691)</b>	<b>(3 378 280)</b>

Contingent receivables represent guarantees issued by banks and other financial institutions to the companies of the Company as security for the potential claims the Company 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 Company as security for the potential claims they may be filed against the Company in respect of the construction contracts in progress. Banks are entitled to recourse the underlying claims to the Company. Guarantees issued to the Company's customers represent an alternative, to the retentions held, method of securing potential claims of customers.

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

Other contingent liabilities include among others voluntary acceptance of enforcement constituting a security of payment up to the amount of PLN 134 381 thousand due and payable in the case of improper performance of investment obligations and liabilities by Budimex SA under the acquisition agreement concerning shares of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.

**BUDIMEX SA**

Condensed financial statements for I half of 2018  
prepared in accordance with International Financial Reporting Standards

**budimex**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Dariusz Blocher	President of the Management Board	..... signature	Henryk Urbański	Member of the Management Board	..... signature
Fernando Luis Pascual Larragoiti	Vice-President of the Management Board	..... signature	Marcin Węglowski	Member of the Management Board	..... signature
Jacek Daniewski	Member of the Management Board	..... signature	Artur Popko	Member of the Management Board	..... signature
Cezary Mączka	Member of the Management Board	..... signature	Grzegorz Fąfara	Chief Accountant	..... signature
Radosław Górski	Member of the Management Board	..... signature	Warsaw, 28 August 2018		

*This is a translation of condensed financial statements originally issued in Polish. In case of any inconsistencies between the Polish and English version, the Polish version shall prevail.*