

budimex

sense of creation



2010 annual report



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President's Letter

Ladies and gentlemen,



Dariusz Blocher

President of the Board
General Director Budimex SA

2010 was an especially satisfying year for us. We achieved record-high financial results in all levels of the consolidated profit and loss account. The sales of the Budimex Group increased by nearly 35% in comparison with 2009, reaching PLN 4.43 billion. Operating profit increased by 65%, reaching a level of over PLN 330 million, while net profit went up by 54% to over PLN 267 million. At the same time, in spite of increases in sales, we limited the combined costs of general administration and sales by PLN 5.4 million. We also achieved an impressive value for the order portfolio, which at the end of 2010 amounted to nearly PLN 7 billion.

In 2010, Budimex SA concluded 65 agreements for a total value of PLN 5.4 billion, some of them as significant as the construction of the A4 motorway for the section between Rzeszów and Dębica (nearly PLN 1.4 billion), the Kurów–Lublin–Piaski section of the S-17 expressway (PLN 327 million), the Międzyrzecz–Sulechów section of the S-3 expressway (PLN 275 million), the Stryków motorway interchange (PLN 252 million), a bridge over the Vistula near Kwidzyn (PLN 251 million) and the modernisation of the Wrocław Main Railway Station (PLN 266 million).

Even though all market analysts expected an increase in the revenue of the Group on account of infrastructure contracts, near 60% sales growth in the general construction segment in 2010, resulting from the high efficiency of trade offices and the improvement of the condition of this market segment, is worthy of attention. However, maintaining such dynamics of growth in the following year will not be possible due to strong and growing competition.

In 2010, the Group continued the long-lasting, profitable operations in the construction segment of the German market, where it achieved a sales revenue of over PLN 120 million and an operating profit of PLN 10 million.

Last year was also very successful for the real estate development companies of the Group, especially Budimex Nieruchomości. The Group sold, in the form of notarial acts, nearly 950 apartments. The sales revenue amounted to nearly PLN 500 million, while net profit amounted to PLN 50 million. At the same time, 2010 saw an impressive increase in pre-sale of apartments: 975 flats, in comparison with 252 in 2009, which is a proof of revival in the housing construction segment. As a result, Budimex Nieruchomości started 5 new real estate development projects for 1,000 apartments, the sale of which will be reflected in the 2012 financial results. At the same time, once the 2010 apartment stock has been sold, Budimex Nieruchomości will experience a visible fall in the level of sales and profit in 2011.

2010 was also successful for Budimex Danwood, which concluded contracts for the construction and assembly of over 630 houses using the wooden framework system, compared with 400 such contracts in 2009. At the end of 2010, the company expanded its order portfolio to 600 houses, while at the end of 2009 it had 365.

The net cash position of the Budimex Group, covering financial funds and short-term securities, less the external sources of financing, increased at the end of 2010 by 123% in comparison with the end of 2009, reaching an impressive level of PLN 1.745 billion. Having at our disposal the financial funds to execute the planned purchase of a railway infrastructure company, we continue the policy of sharing the profit with the shareholders and recommend the payment of the 2010 dividend with even more satisfaction.

Our achievements have been recognised by the market; we have been awarded numerous awards and distinctions in prestigious rankings and competitions, including: 2nd place in the Management Board Competences category and 8th place in the general ranking of the Listed Company of the Year competition, 1st place in the industrial and construction companies category in the Pearls of the Polish Stock Exchange ranking of the most reputable listed companies, and the title of Reliable Employer in the Construction Industry, awarded in recognition of the company's personnel management. The Budimex brand has been awarded the prestigious Business Superbrand title in the Business Development category of the competition for the strongest business to business brands. In January 2011, we joined the elite group of 16 companies in the RESPECT Index, the first Central and Eastern European stock market index of socially-responsible companies.

A systematic growth in the value of shares reflected the very strong condition of Budimex. In 2010, market capitalisation of our company increased by nearly 40%, reaching the level of over PLN 2.6 billion.

I consider 2010 to be a great introduction to the further business successes of the Budimex Group in the coming years. However, the current market situation, especially the perspective of the shrinking of the market of infrastructure investment projects, requires a diversification of operations and ongoing adaptations of our offer and organisation to the signalled market needs. In 2011, the expenditures on infrastructure investment projects in Poland may be reduced by as much as 30%. The coming years will bring even stronger declines and this is why we are attempting to increase our involvement in the power engineering construction and railway construction sectors, which will play an increasingly important role in our operations.

We are also considering starting operations in the sector of public utility services, the involvement Public-Private Partnership projects, and starting operations and taking over entities in countries such as the Czech Republic, Hungary, Romania, Bulgaria, Ukraine and Russia.

Furthermore, we are working on increasing our competencies in terms of general construction, in particular high-rise buildings and class A office blocks.

I am sure that the development of our knowledge and skills and consistent implementation of the diversification policy, both in terms of the type of operations and their geographical reach, will bring us success, allowing the achievement of satisfactory financial results in the years to come.

In 2010, we achieved an impressive net profit in comparison with other construction companies listed on the Warsaw Stock Exchange and I hope that, thanks to increases in sales revenue and maintaining high profitability, we will be able to repeat this success in 2011.

I would like to encourage you to read the Budimex Group 2010 annual report.

Dariusz Blocher



**President of the Board
General Director Budimex SA**

Dariusz Blocher

President of the Management Board,
General Director

Jacek Daniewski

Board Member,
Chief Legal Officer

Ignacio Botella Rodriguez

Vice-President



Company's Management

Henryk Urbański

Board Member,
Chief Property Officer

Marcin Węglowski

Board Member,
Chief Financial Officer

Joanna Makowiecka

Board Member,
Chief HR Officer



Supervisory Board:

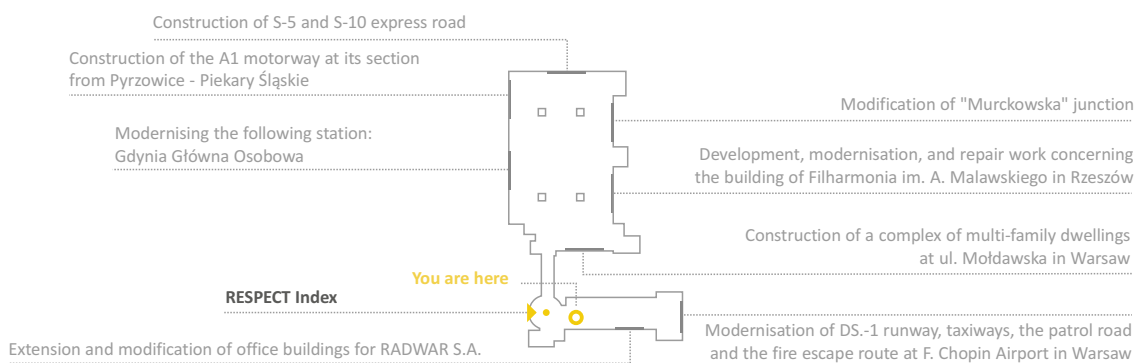
Marek Michałowski – President of the Supervisory Board

Carmelo Rodrigo López – Vice-President of the Supervisory Board

Tomasz Sielicki – Secretary

and **Members:**

Marzenna Anna Weresa, Igor Chalupiec, Javier Galindo Hernandez,
Jose Carlos Garrido-Lestache Rodriguez, Piotr Kamiński, Maciej Stańczuk





RESPECT Index

Budimex's participation in the RESPECT Index confirms that the initiatives undertaken in 2010 were appreciated by the people around us.

RESPECT Index

The RESPECT Index is a project started by the Warsaw Stock Exchange that has led to the establishment of the first Central and Eastern European index of responsible companies.



The idea of the project is to find companies managed in a responsible and sustainable way, but also attractive in terms of investment, characterised by high quality of reporting, relationships with investors and information governance. Because of the inclusion of a liquidity parameter in the evaluation criteria, the RESPECT Index, like other stock market indices, constitutes a real reference for professional investors.

The RESPECT Index comprises, on the basis of the level of meeting the adopted criteria, exclusively listed companies operating in accordance with the best management standards in terms of corporate governance, information governance and relationships with investors, as well as ecological, community and employee dimensions.

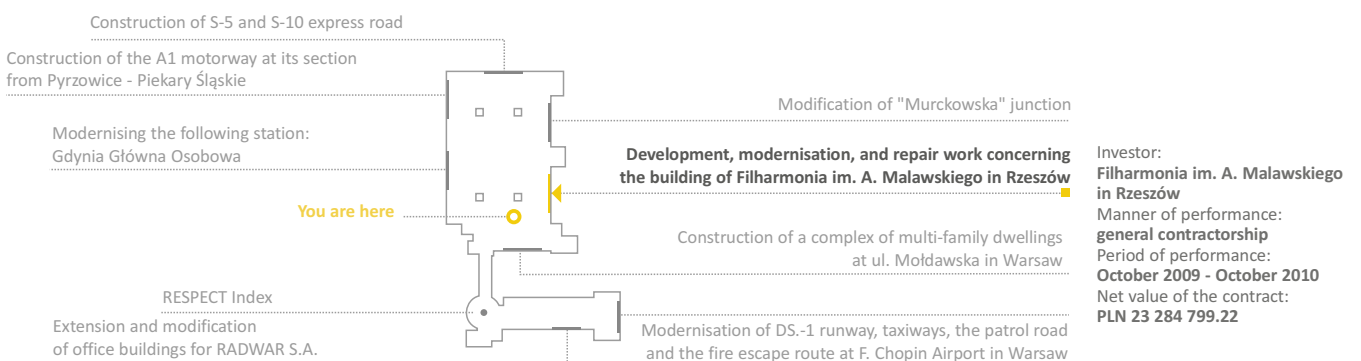
After the completion of a three-day analysis finishing with an audit confirming the highest CSR standards implemented by our company, **Budimex was named as one of the 16 most responsible listed companies in Poland**. Budimex's participation in the RESPECT Index confirms that the initiatives undertaken in 2010 – the introduction of Company Values, implementation of the Code of Conduct, appointment of the Ethics Committee, effectuation of the 'Domofon ICE' ('ICE Intercom') community programme, introduction of changes to agreements concluded by Budimex consisting in obligating all contracting parties to observe the rules of corporate social responsibility, carrying out several corporate volunteering actions, and improvement in terms of environmental protection actions – were appreciated by the people around us.





Market Environment

According to the Plan for National Road Construction (Plan Budowy Dróg Krajowych) for the years 2011-2015, the expenditure for new roads (in majority of cases, co-financed by the EU) is to reach in 2011 the record level of PLN 34 billion.



Business Environment

Year 2010 saw general improvement in market conditions and investment climate.

General market conditions

According to preliminary estimates of the Main Statistical Office (GUS), the GNP in 2010 was approx. 3.8% higher compared to the prior year 2009 (in terms of prior year's fixed prices). In 2009, the recorded GNP increase was 1.7%. The gross added value in national economy (value of products generated by domestic public and non-public enterprises) showed in 2010 a 3.3% increase, while the investment rate (relation of gross expenditure for fixed assets to gross national product calculated in current prices) showed a slight decrease (19.5% compared to 21.2% in the prior year).

The beginning of 2010 was not favourable to the construction industry. The prolonging winter conditions had negative effect on the value of building & assembly production. In 1Q 2010, the production of the construction industry calculated in current prices was 16% lower than in the corresponding period in 2009. However, improved weather conditions allowed realise a dynamic growth in the sector. As a result, in 2010 the recorded growth of building & assembly services was 3.3% in current prices and 3.5% in fixed prices compared to 2009. This increase was, however, lower than in prior years.

Faster growth in the construction sector in the 2nd half of 2010 resulted in a 1.6% increase in average employment in the construction industry and in a 2.2% increase in average monthly gross wage, when compared to the prior year.

The production growth referred to above was noted in all construction industry sectors. The most dynamic growth was recorded by enterprises dealing with specialised construction works (7.7%). Enterprises whose main business activity is erecting buildings increased sales by 2.8%, whilst those dealing with construction of civil and water engineering objects – by 1.8%.

It should be noted that increase in sales value in the construction industry was fuelled mainly by the repair-type works. Sales of such works increased by 11.4% compared to 2009. The investment-type construction works recorded a 0.1% decrease, and the share of such works in the building & assembly services decreased, compared to 2009, by 2.4 pp. (to the level of 66.5%).

The analysis of the structure of building & assembly production shows further increase in the share of civil engineering in the total result of the building & assembly production (from 58.3% in 2009 to 59.4% in 2010), which was influenced by a relatively high dynamics of infrastructure investments (mainly roads). An increase was also recorded in the share of non-residential building segment in the total result of the building & assembly production (by 0.6 pp.). The residential housing segment recorded a 1.7 pp. decrease.

The relatively good shape of the construction market in Poland, if compared to the European construction markets, contributed to brisk competition at home. This competitive trend was especially observable in the road investments segment because many foreign companies specializing in road and motorway construction entered Polish market. In 2010, the General Directorate for National Roads and Highways (GDDKiA) spent the record high amount of PLN 19.92 billion for building new roads (PLN 18.37 billion in 2009) whilst increasing the pool number of road building contractors to over 110 firms.

In 2010, developers started new residential housing investments and resumed those which were suspended during economic slow-down. Developer companies started in 2010 construction of a total of 63 thousand residential apartments (42.2% y/y increase). In total, the number of residential apartments commenced in 2010 showed a 10.6% increase (i.e. 158.1 thousand in the entire year 2010). The number of issued construction permits dropped by approx. 2.2% compared to 2009 and was 174.9 thousand. Low investment activities during the last two years translated into less housing apartments given over for use. In 2010, 135.7 thousand housing apartments were given over for use which is 15.2% less than in 2009.



Market development perspectives

General forecasts concerning growth of national economy in 2011 are more optimistic than in the prior year. According to the European Commission, the GNP of Poland will rise by 3.9% in 2011, whilst according to the World's Bank – by 4.1%. The act on the state budget for the year 2011 signed in February 2011 provides for a more conservative growth in GNP, i.e. 3.5%.

Business activities of the Budimex Group are centred upon the construction sector which has continued to materially benefit from the integration with the EU. A great majority of European funds has continued to be allocated to infrastructural projects, including road building. The total amount of finance to be engaged in the realization of the “Infrastructure and Environment” Operating Program” (the “IEOP”) in the years 2007-2013 is EUR 37.6 billion, of which the EU contribution share is EUR 27.9 billion, and the national contribution share – EUR 9.7 billion. As part of this program, the amount of the EU funds allocated to road and traffic investment projects in the years 2007-2013 will be EUR 19.4 billion, while to environmental projects – EUR 4.8 billion.

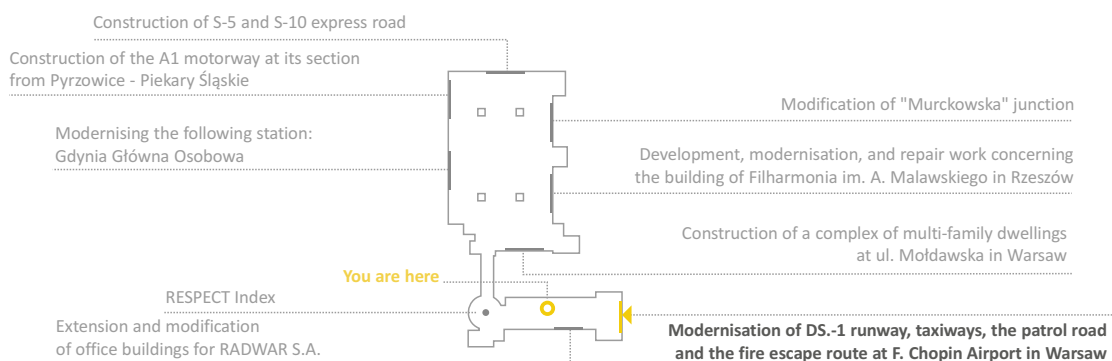
According to „Monthly information on the status of IEOP realization as at 31 December 2010”, transport industry enterprises signed contracts for an additional finance in the total amount of EUR 9.1 billion which accounts for 46.9% of the entire amount of funds allocated by the EU to this sector. At the same time, environment sector enterprises managed to secure the additional finance of EUR 3.3 billion, which accounts for 67.9% of the whole EU contribution to this sector. Payments made to the beneficiaries in the transport sector amounted to EUR 2.2 billion and represented 11% of the entire EU contribution share, whilst payments made to the beneficiaries in the environment sector – to EUR 0.3 billion and represented 6.7% of the whole EU contribution share.

According to the Plan for National Road Construction (Plan Budowy Dróg Krajowych) for the years 2011-2015, the expenditure for new roads (in majority of cases, co-financed by the EU) is to reach in 2011 the record level of PLN 34 billion. In the following years, funding for new roads building from the General Directorate for National Roads and Highways is expected to be gradually limited (PLN 26.2 billion in 2012 and PLN 12.3 billion in 2013) with a simultaneous growth in spending for investments in the energy and railway sectors.



Activity and Development Perspectives of Budimex Group

In the next years, the Budimex Group will continue to operate in all major segments of the construction market across the country. Group companies will aim to maintain leading position in key construction segments, especially in the infrastructure segment.



Investor:
PP Porty Lotnicze
 Manner of performance:
general contractorship
 Period of performance:
July 2010 - September 2011
 Net value of the contract:
PLN 73 459 823.77

Activity and Development Perspectives of Budimex Group

Group organizational structure, consolidated entities and changes in Group organization

The principal business activities of the Group comprise a wide range of construction & assembly services performed in the general contractor system at home and abroad, development activities and property management and to some extent sales, production, transport and hotel services.

The main area of business activities of Budimex SA comprises rendering construction & assembly services, development activities and rendering management and advisory services to other companies in the Budimex Group. The realization by Budimex SA of the advisory, management and financial functions is to:

- ensure quick flow of information across the Group,
- strengthen the effectiveness of financial & treasury management at individual Group companies,
- strengthen market position of the Group.

In 2010, the following changes occurred in the structure of the Budimex Group:

On 31 May 2010, the company Sprzęt Transport Sp. z o.o. was liquidated. This company dealt with lease of construction machines and equipment.

On 18 June 2010, Budimex Budownictwo Sp. z o.o. was entered in the Register of Entrepreneurs. Budimex SA holds 100% shares in this entity.

On 23 June 2010, the District Court for the capital city of Warsaw, XII Economic Department of the National Court Register, registered the merger of Budimex SA and Budimex Auto - Park Sp. z o.o. in the manner set forth in article 492 § 1 point 1 of the Code of Commercial Companies, whereby Budimex SA as the acquirer of Budimex Auto - Park Sp. z o.o., the acquiree, based on the Resolution of the Ordinary Annual General Meeting of Budimex SA dated 19 May 2010. Budimex Auto - Park Sp. z o.o. was a special purpose developer company (a SPE). Prior to the merger, the acquiree realized the housing project Wilczak in Poznań and operated a multi-level parking lot in Bydgoszcz.

On 21 July 2010, Budimex SA Ferrovia Agroman SA s.c. was incorporated, in which Budimex Group holds 99.98% shares. The company referred to above was established to execute the construction contract called „Rebuilding/modernization of the runway, DS-1, taxi roads, patrol roads and safety-exit roads in the Warsaw Chopin Airport”.

In 2010, there were no changes in the policies of management of the Budimex Group.

The table below shows a list of subsidiary companies and jointly controlled entities of the Budimex Group:

- 1) the company was entered in the Register of Entrepreneurs on 18 June 2010.
- 2) the company was incorporated on 21 July 2010.
- 3) the company was liquidated on 31 May 2010.
- 4) the company merged with Budimex SA on 23 June 2010. The company was consolidated using the full method and, as a result, this transaction had no effect on the consolidated financial statements.

| Entity name | Registered office | % of share capital and votes | | Consolidation method |
|---|--------------------------|------------------------------|-------------|----------------------|
| | | 31 Dec 2010 | 31 Dec 2009 | |
| Mostostal Kraków SA | Kraków / Poland | 100,00% | 100,00% | full |
| Centrum Konferencyjne „Budimex” Sp. z o.o. | Licheń / Poland | 100,00% | 100,00% | full |
| Budimex Danwood Sp. z o.o. | Bielsk Podlaski / Poland | 100,00% | 100,00% | full |
| Centrum Konferencyjne „Budimex” Sp. z o.o. | Licheń / Poland | 100,00% | 100,00% | full |
| MK Logistic Sp. z o.o. [in liquidation] | Zabrze / Poland | 100,00% | 100,00% | non-consolidated |
| Budimex Nieruchomości Sp. z o.o. | Warsaw / Poland | 100,00% | 100,00% | full |
| Budimex Budownictwo Sp. z o.o. ¹ | Warsaw / Poland | 100,00% | - | full |
| Budimex SA Ferrovia Agroman SA s.c. ² | Warsaw / Poland | 99,98% | - | proportionate |
| Dromex Oil Sp. z o.o. [in liquidation] | Warsaw / Poland | 97,93% | 97,93% | non-consolidated |
| Budimex Dromex SA Sygnity SA Sp. j. | Warsaw / Poland | 67,00% | 67,00% | proportionate |
| Budimex SA Ferrovia Agroman SA Sp. j. | Warsaw / Poland | 50,00% | 50,00% | proportionate |
| Sprzęt-Transport Sp. z o.o. [in liquidation] ³ | Kraków / Poland | - | 100,00% | full |
| Budimex Auto-Park Sp. z o.o. | Warsaw / Poland | - | 100,00% | full |

Operating segments and branches of the Parent Company

As at 31 December 2010, the Group reported the following two operating segments:

- construction activities,
- development activities and property management.

Construction activities comprise a wide range of construction & assembly services rendered at home and abroad by the following Group companies:

- Budimex SA,
- Sprzęt Transport Sp. z o.o. w likwidacji [in liquidation] (liquidated on 31 May 2010),
- Mostostal Kraków SA,
- Budimex Bau GmbH,
- Budimex Budownictwo Sp. z o.o.

Development and property management services comprise preparation of land for investment, execution of investment projects in the field of residential building, sale of apartments and rental and management of property on own account. Included in this operating segment are the following Group companies:

- Budimex Nieruchomości Sp. z o.o. ,
- Centrum Konferencyjne „Budimex” Sp. z o.o.,
- Budimex SA in a part relating to developer business, as a result of merger with Budimex Inwestycje on 13 August 2009,
- Budimex Auto-Park Sp. z o.o. (joined Budimex SA on 23 June 2010).

As at 31 December 2010, the Parent Company operated the following branches:

- Oddział Budownictwa Ogólnego Północ [general construction branch] in Poznań, at ul. Wołowska 92A,
- Oddział Budownictwa Ogólnego Południe [general construction branch] in Kraków, at ul. Ujastek 7,
- Oddział Budownictwa Ogólnego Wschód [general construction branch] in Warsaw, at ul. Stawki 40,
- Oddział Budownictwa Komunikacyjnego Północ [traffic infrastructure branch] in Warsaw, at ul. Stawki 40,
- Oddział Budownictwa Komunikacyjnego Południe [traffic infrastructure branch] in Kraków, at ul. Ujastek 7,
- Oddział Budownictwa Komunikacyjnego Zachód [traffic infrastructure branch] in Wrocław, at ul. Jana Długosza 2-6,
- Oddział Usług Sprzętowych [equipment services branch] in Pruszków, at ul. Przejazdowa 24,
- Branch in Rzeszów, at ul. Słowackiego 24,
- Branch in Poznań, at ul. Wołowska 92A,
- Budimex SA Zweigniederlassung Köln, Pferdmeigesstr. 5, Köln, Germany
- Oddział Budownictwa Przemysłowego i Kolejowego [industrial and railway infrastructure branch] in Warsaw, at ul. Stawki 40 (entered in the Register of Entrepreneurs on 16 February 2011)

and representation offices abroad:

- Representation offices in Russia – located in Moscow (in liquidation) and in Kaliningrad,
- Representation Office in Ukraine – located in Kiev, in liquidation,
- Representation Office in Byelorussia – located in Minsk, in liquidation.

Other Group companies conducted activities abroad through the following branch offices:

- Branch in Germany of Budimex Danwood Sp. z o.o.,
- Branch in Austria of Budimex Danwood Sp. z o.o.,
- Branch in the UK of Budimex Danwood Sp. z o.o.,
- Branch in Germany of Mostostal Kraków SA.



Sales structure of the Budimex Group

Sales of construction & assembly services

In 2010, the value of the construction & assembly services of Budimex Group was 29% higher compared to 2009. Sales of infrastructural construction segment were more than 15% higher, whilst sales of building objects segment – as much as 57% higher than in the prior year.

In 2010, further increase was recorded in the value of the civil engineering (infrastructure) segment (from PLN 2 037 million in 2009 to PLN 2 353 million in the current year). Due to the increase in total sales of the Group, the share of the infrastructural construction segment in total sales decreased to 62% (from 69% in 2009).

The sales structure, by individual segments of the construction market, is presented in the table below:

| Type of construction | Sales value | | | |
|--|--------------|-------------|--------------|-------------|
| | 2010 | | 2009 | |
| | PLN million | % | PLN million | % |
| Civil engineering (infrastructure) | 2 353 | 62% | 2 037 | 69% |
| Building objects, of which: | 1 461 | 38% | 930 | 31% |
| - non-residential housing | 1 276 | 33% | 717 | 24% |
| - residential housing | 185 | 5% | 213 | 7% |
| Total sales of construction & assembly services | 3 814 | 100% | 2 967 | 100% |

Development activities

In 2010, Budimex Group earned sales revenue of PLN 496 167 thousand, which marks a 93% increase compared to the prior year.

Achieving in 2010 such remarkable sales result is the effect of selling out housing apartments from the stocks of housing apartments, of which at the end of 2009 the Group held more than 1 300, compared to 386 held at the end of 2010.

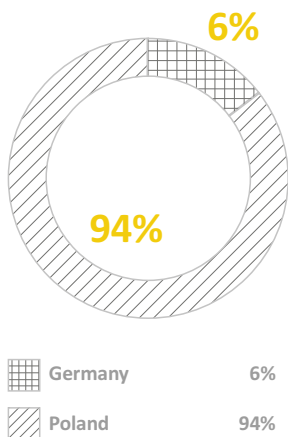
The observable in 2010 revival of the developer market allowed not only to significantly reduce the number of housing apartments in stocks, but also to commence new investment projects and realise a significant pre-sale result (975 housing apartments sold in a pre-sale campaign in 2010, compared to 252 sold in the pre-sale in 2009).



Major construction contracts (with a value greater than PLN 50 million) concluded by Budimex Group companies in 2010

| Contract date | Contract value allocated to the Budimex Group (in PLN '000) | Type of construction | Customer |
|---------------|---|--|---|
| 20.01.2010 | 149 948 | Building-assembly works under the contract called „Construction of the A1 motorway from Pyrzowice (with junction) to Piekary Śląskie (with junction) | ◀ Mostostal Warszawa SA |
| 11.02.2010 | 152 926 | Extension of junction OT (DK S6) with Kartuska street (DK7) - Karczemki Junction in Gdańsk | ◀ General Directorate for National Roads and Highways, Branch in Gdańsk |
| 18.02.2010 | 82 870 | Buildings of stage I of the multi-family and service facilities estate at ul. Sienna and Kolejowa in Warsaw | ◀ Pro - Urba Invest Sp. z o.o. |
| 24.02.2010 | 77 615 | Airport in Gdańsk – Construction of Passenger Terminal II | ◀ Port Lotniczy Gdańsk Sp. z o.o. |
| 02.03.2010 | 265 686 | Reconstruction of the Main Railway Station in Wrocław Główny – reconstruction of historic railway building complex and rebuilding of railway technical infrastructure | ◀ Polskie Koleje Państwowe SA |
| 09.03.2010 | 97 000 | Construction of Hotel and Conference Centre in Serock | ◀ Adamed Sp. z o.o. |
| 24.03.2010 | 105 450 | Construction of office building complex Libra Business Center in Warsaw | ◀ Palatium Sp. z o.o. Sp. k. |
| 31.03.2010 | 132 404 | Construction of the Nowogard ring-road as part of the S-6 road | ◀ General Directorate for National Roads and Highways, Branch in Szczecin |
| 21.04.2010 | 55 390 | Construction of a complex of residential buildings with underground parking space called Arboretum in Łódź | ◀ Kraków Development II Sp. z o.o. |
| 10.05.2010 | 1 418 411 | Construction of the A-4 motorway Tarnów - Rzeszów on the section from Dębica Pustynia interchange to Rzeszów interchange | ◀ General Directorate for National Roads and Highways, Branch in Rzeszów |
| 28.05.2010 | 252 102 | Construction of the A-1 motorway on the section from the border of kujawsko-pomorskie and łódzkie voivodships to the junction - Task II - Section 4 junction "Stryków I" | ◀ General Directorate for National Roads and Highways, Branch in Łódź |
| 28.06.2010 | 69 787 | Modernization of the DS-1 runway, taxi roads, patrol roads and safety-exit roads in the Warsaw Chopin Airport | ◀ Przedsiębiorstwo Państwowe „Porty Lotnicze” |
| 23.07.2010 | 275 493 | Construction of the S-3 express road on the section from Międzyrzecz Południe junction to Sulechów junction Section 3 and 4 | ◀ General Directorate for National Roads and Highways, Branch in Zielona Góra |
| 03.09.2010 | 250 818 | Construction of bridge over Vistula River near Kwidzyn together with access roads in the route of national road No.90 | ◀ General Directorate for National Roads and Highways, Branch in Gdańsk |
| 30.09.2010 | 64 170 | Construction of Wielkopolskie Centre for Advanced Technologies | ◀ Uniwersytet im. Adama Mickiewicza w Poznaniu |
| 21.10.2010 | 102 119 | Access roads to the Lublin city ring road – extension of the Mełgiewska street in the direction of "Mełgiew" junction in the route of express roads S-12, S-17 and S-19 | ◀ Urząd Miasta Lublin |
| 28.10.2010 | 152 320 | Construction of national road No. 78 – section Jędrzejów Północna Ring Road | ◀ General Directorate for National Roads and Highways, Branch in Kielce |
| 12.11.2010 | 327 148 | Construction of express road S-17 section Kurów – Lublin – Piaski, Task No. 5: Extension DK No. 17 (12) on the section Lublin (Witosa junction) - Piaski (start of the ring road) and Task No. 5a: Construction of "Projektowana" street | ◀ General Directorate for National Roads and Highways, Branch in Lublin |

The geographical structure of sales in 2010



Budimex Group geographical structure of sales in 2010

The main markets on which Budimex Group operates are:

- Poland
- Germany

Construction activities on the German market

In 2010, sales on the German market amounted to PLN 121 874 thousand and represent 85% of prior year sales. The main sales items were production of pre-fabricated elements and assembly of metal constructions. Compared to the prior year, these services recorded sales increase of PLN 17 499 thousand, i.e. 16.7% more than in the prior year. This increase, did not, however, made up for the reduced sales due to discontinued operations in the segment of warm shell constructions (roofed building shells), insulation and installations (- PLN 38 778 thousand). It did, however, greatly balance the value of sales and, most of all, the financial result. Due to the profitability of the pre-fabricated materials and metal construction segments the result for the year 2010 was 2.7% higher compared to the prior year. It is assumed that in the year 2011, increase in revenues will be the effect of a natural process of overcoming the financial crisis by German economy.

Activities on the Central and Eastern European markets

In 2010 the activities of Budimex Group in the Central and Eastern European markets concentrated on final projects settlement and on the continued process of closure of representation offices. In 2011, activities of Budimex Group in this region are expected to be completely extinguished.

Budimex Group development perspectives in the forthcoming year

In 2011, the main objective of the Budimex Group will be to maintain its market position with improved profitability.

In the next years, the Group will continue to operate in all major segments of the construction market across the country. Budimex SA will continue to be active on the German market. Group companies will aim to maintain leading position in key construction segments, especially in the infrastructure segment.

On the other hand, the perspective of limited infrastructure investments (in particular road-related investment projects) will demand that Budimex Group diversified its business activities. The Company plans to compensate for the expected decrease in the value of road-related investments by securing new contracts in the energy and railway sectors. Consideration is also given to entering the market of utilities services and expansion of business to new markets, among others, to Czech Republic, Hungary, Romania, Bulgaria, Ukraine and Russia.

In 2010, Budimex Group companies signed construction contracts for the total value of PLN 5 376 million (without annexes). The value of order portfolio as at 31 December 2010 was PLN 6 896 million and was 31% higher compared to the end of 2009.

Evaluation of investment project feasibility

In 2011, Budimex Group plans to incur capital expenditure of approx. PLN 41 million. The outlays will be made mainly on construction machines and IT solutions.

Capital expenditure will be financed from own and external resources.

Risk factors

In the course of its activities, Budimex Group is exposed to various financial risks, such as currency risk, interest rate risk, price risk, credit risk or loss of liquidity risk.

The inherent risk of any business activity is the credit risk of business partners. Despite implementation of restrictive debt control procedures at the Group, the risk of investor insolvency has not been eliminated. Delays in timely repayment of debt may have adverse effects on the financial results of the Group and may require that receivables impairment write-downs are recognized or that current business is financed through external borrowings.

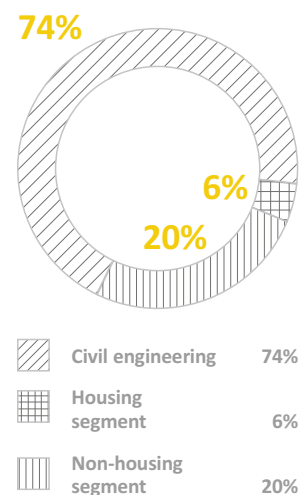
The construction contracts are performed in specific technical and economical conditions which have effect on the level of realised margin. Budimex Group companies which render construction services monitor technical, organizational, legal and financial risks related to contract works planning and progress. Despite control and preventive measures undertaken with respect to general risks (credit, currency and third party liability risks), it is possible that certain factors may occur that will cause that contracts will be performed with a lower margin than initially planned. Such factors may include:

- increase in prices of construction materials, energy and oil-derivatives,
- increase in costs of subcontractor services,
- increase in employment costs,
- delays in timely performance or insufficient quality of subcontracted works,
- delays in obtaining relevant administrative decisions,
- changes in the scope of work or technologies as agreed in the contracts,
- unfavourable weather or land conditions.

Changes in the sources of supply

In 2010 there were no significant changes in the sources of supply for construction sites. None of the suppliers of raw materials or services exceeded the 10% share of total Group sales.

The structure of order portfolio as at 31 December 2010





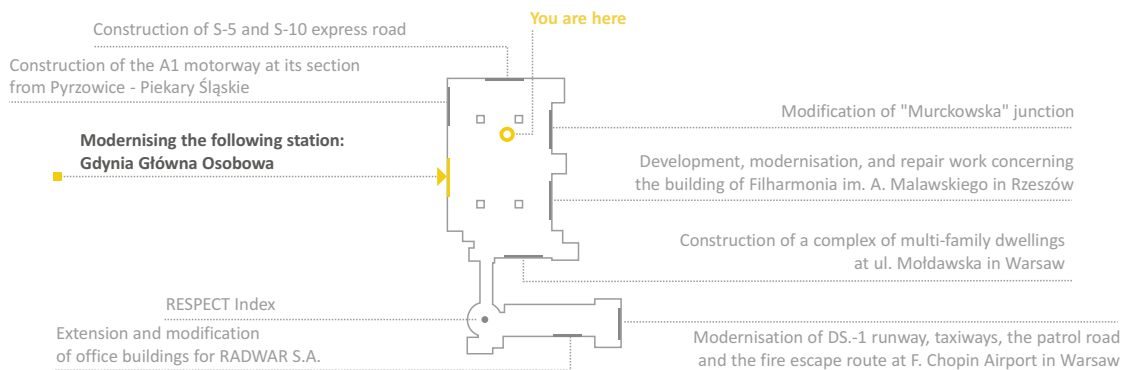
Responsibility and Social Involvement

In 2010, Budimex implemented numerous undertakings supporting the sustainable development of the company.

Apart from community, charity and sponsoring initiatives, Budimex also carried out educational activities, supporting the organisation of professional and sector conferences, congresses and seminars.



Investor:
PKP PLK SA
 Manner of performance:
general contractorship
 Period of performance:
July 2007 - January 2010
 Net value of the contract:
PLN 147 103 351.22



Responsibility and community involvement

In 2010, Budimex implemented numerous undertakings supporting the sustainable development of the company.



The Company joined the **Global Compact**, an initiative undertaken by the Secretary-General of the United Nations in order to promote the responsibility of companies towards society. **Shovel Instead of a Quad** is the name of our new CSR activity: corporate volunteering. Over 200 employees of our company engaged in works at the holiday centre for children from poor families in Rybaki. In 2010, we officially launched our own community programme, '**Domofon ICE**' ('ICE Intercom') promoting the safety of children on the roads. Apart from standard actions included in programmes of this type, Budimex is promoting the international ICE (In Case of Emergency) standard, equipping children in grades 1 to 3 with fluorescent cards containing contact data of their closest persons, which facilitates the work of rescuers in case of emergency.

Apart from large-scale activities, Budimex as always supported foundations set up to help individuals who found themselves in difficult situations. We also extended support to institutions helping those in need. We actively participated in reducing the effects of the catastrophic floods that hit Poland. For example, **we donated PLN 0.5 million** to the reconstruction and renovation of the local youth club in Radomierzycze – the only cultural centre in the area.

We have been participating for many years in undertakings aimed at protecting national heritage. We supported the reconstruction of the national emblem, the eagle of the Piast dynasty, on the facade of the Faculty of Philology of the University of Silesia in Katowice. Like every year, we donated financial funds for saving historic chapels and tombstones by the Community Committee for Maintaining the Stare Powązki Cemetery in Warsaw.



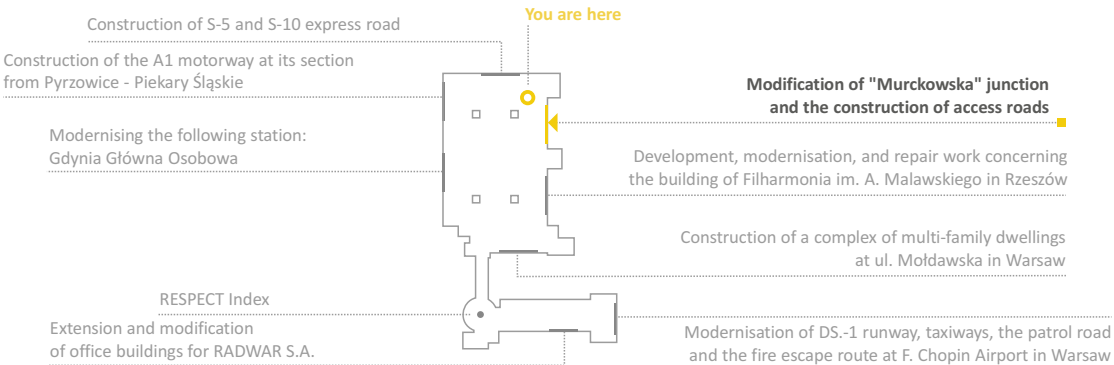
Sustainable development and responsibility towards the surroundings of the company have been recognised by the Warsaw Stock Exchange, which included Budimex shares in the **RESPECT** index, composed of the securities of the most responsible listed companies in Poland.



Once again we helped to organise the **Polish Disabled Sailors Championships**. 2010 saw the 16th edition of the tournament organised by the ALMATUR International Sailing and Water Tourism Centre in Giżycko. Budimex has become sponsor general of the Polish Duplicate Bridge Association and has granted support to the Polish Chess Association for the organisation of the Women's Polish Chess Championship. Budimex also offered its assistance to the Division I women's volleyball team from Dąbrowa Górnicza.

Apart from community, charity and sponsoring initiatives, Budimex also carried out educational activities, supporting the organisation of professional and sector conferences, congresses and seminars. Budimex representatives participated in many of those as experts.





Investor:
GDDKiA, Katowice
 Manner of performance:
general contractorship
 Period of performance:
September 2007 – September 2009
 Net value of the contract:
PLN 241 304 881.43



Awards and Distinctions

In 2010, the operations of the Budimex Group were often recognised by the organisers of competitions, rankings and polls.

Awards and distinctions

In 2010, the operations of the Budimex Group were often recognised by the organisers of competitions, rankings and polls.



In the 12th edition of the **Listed Company of the Year** ranking organised by Puls Biznesu daily, Budimex came second in the Management Board Competences category.

In the third Polish edition of the competition for the strongest B2B brands, Budimex was awarded the prestigious title of **Business Superbrand 2010** in the Business Development category.



The Polish Market monthly and the Institute of Economic Sciences of the Polish Academy of Sciences again awarded Budimex with the title of a **Pearl of the Polish Economy** in recognition of consistent implementation of its policy and strategy, as well as for being the leader among the most dynamic and the most efficient enterprises in Poland.

In 2010, the 6th edition of the **Reliable Employer** competition was organised under the patronage of the Rzeczpospolita daily. For the first time, titles were awarded in sector categories. Budimex, as the only company from the Polish construction industry, was given the title of 2009 Construction Industry Reliable Employer.

Budimex was awarded the main prize in **Polish Cement in Architecture** competition for the best delivery with the use of reinforced concrete technology. The building that is the subject of the award is the District Court in Katowice. For the construction of the Arboretum estate in Łódź, the National Labour Inspectorate awarded Budimex with second place in the **2010 Safe Construction Site** competition.

Like every year, the structures delivered by Budimex qualified for the final of the **Construction of the Year** competition, organised by the Polish Association of Building Engineers and Technicians in cooperation with the Ministry of Infrastructure. First degree award was given to the Radwar Business Park, a complex of office buildings located in Warsaw, and two road contracts: the S-5 and S-10 expressways in the section between the Stryzek Interchange and the Białe Błota Interchange, and the Murckowska Interchange in Katowice.

Budimex Nieruchomości was given three second degree prizes for Warsaw estates: Idzikowskiego, Olbrachta II and Berberysowe Ogrody. In the same competition, Budimex was also awarded four second degree awards and one third degree award for its deliveries.

During the Infrastructure 2010 show, the Minister of Infrastructure awarded Budimex with first place for the S-5 and S-10 expressways for the section between the Stryzek Interchange and the Białe Błota Interchange.





Construction of S-5 and S-10 express road between the Stryszek junction and Białe Błota junction

Investor:
GDDKiA, Bydgoszcz
 Manner of performance:
general contractorship
 Period of performance:
August 2008 - May 2010
 Net value of the contract:
PLN 308 825 229.60

Construction of the A1 motorway at its section
 from Pyrzowice - Piekary Śląskie

Modernising the following station:
 Gdynia Główna Osobowa

You are here

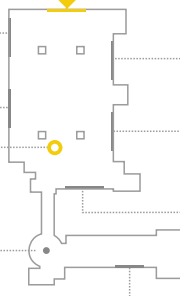
Modification of "Murckowska" junction
 and the construction of access roads

Development, modernisation, and repair work concerning
 the building of Filharmonia im. A. Malawskiego in Rzeszów

Construction of a complex of multi-family dwellings
 at ul. Mołdawska in Warsaw

RESPECT Index
 Extension and modification
 of office buildings for RADWAR S.A.

Modernisation of DS.-1 runway, taxiways, the patrol road
 and the fire escape route at F. Chopin Airport in Warsaw





Financial Performance

In 2010, Budimex Group earned sales revenue of PLN 4 430 269 thousand which represents a 34.7% increase compared to the result for 2009.

As at 31 December 2010, total consolidated assets increased by PLN 727 616 thousand compared to 31 December 2009, mainly due to a 22.2% (PLN 114 970 thousand) increase in non-current assets and a 21.7% (PLN 612 646 thousand) increase in current assets.

Key economic-financial data of Budimex Group

The financial situation of Budimex Group in 2010 is characterised by the selected below items disclosed in the Statement of Financial Position and Profit and Loss Account (together with the 2009 comparative data).

Consolidated Statement of Financial Position of Budimex Group

The main items of the Consolidated Statement of Financial Position of Budimex Group as at 31 December 2010 and 31 December 2009 are presented in the table below:

| ASSETS | 31.12.2010 | 31.12.2009 | Change | Change % |
|--|------------------|------------------|----------------|--------------|
| Non-current assets | 632 851 | 517 881 | 114 970 | 22,2% |
| Property, plant and equipment | 106 593 | 99 790 | 6 803 | 6,8% |
| Investment properties | 3 383 | 3 673 | (290) | -7,9% |
| Intangible assets | 3 434 | 3 530 | (96) | -2,7% |
| Goodwill | 73 237 | 73 237 | - | 0,0% |
| Investments in equity accounted companies | 16 040 | 20 653 | (4 613) | -22,3% |
| Available-for-sale financial assets | 23 955 | 23 955 | - | 0,0% |
| Retentions for construction contracts | 44 327 | 49 658 | (5 331) | -10,7% |
| Long-term prepayments and deferred costs | 4 539 | 1 878 | 2 661 | 141,7% |
| Deferred tax assets | 357 343 | 241 507 | 115 836 | 48,0% |
| Current assets | 3 434 388 | 2 821 742 | 612 646 | 21,7% |
| Inventories | 991 387 | 1 128 634 | (137 247) | -12,2% |
| Trade and other receivables | 373 013 | 398 293 | (25 280) | -6,3% |
| Retentions for construction contracts | 24 586 | 25 945 | (1 359) | -5,2% |
| Amounts due and receivable from customers under construction contracts | 151 998 | 99 329 | 52 669 | 53,0% |
| Current tax receivable | 3 157 | 8 839 | (5 682) | -64,3% |
| Derivative financial instruments | 14 017 | 19 850 | (5 833) | -29,4% |
| Other financial assets at fair value through profit or loss | 1 862 403 | 1 130 357 | 732 046 | 64,8% |
| Short-term prepayments and deferred costs | 7 646 | 4 772 | 2 874 | 60,2% |
| Non-current assets (disposable groups) classified as held for sale | 5 908 | 4 451 | 1 457 | 32,7% |
| TOTAL ASSETS | 4 067 239 | 3 339 623 | 727 616 | 21,8% |

Non-current assets:

Increase in the value of non-current assets as at 31 December 2010 compared to 31 December 2009 was caused mainly by the following:

- increase in the balance of deferred tax assets by PLN 115 836 thousand due to recognition of deductible temporary differences on valuation of assets and liabilities,
- increase in the balance of tangible fixed assets by PLN 6 803 thousand, mainly due to recognition of capital expenditure in the amount of PLN 32 979 thousand, depreciation charge in the amount of PLN 19 962 thousand, as well as due to reclassification to non-current assets of assets classified as held for trading in the amount of PLN 5 908 thousand,
- decrease in the value of retentions for construction contracts by PLN 5 331 thousand,
- decrease in the value of investments in equity accounted companies by PLN 4 613 thousand as a result of dividend payment by associates in the amount of PLN 1 477 thousand and share in losses amounting to PLN 3 136 thousand,
- increase in the balance of long-term accruals by PLN 2 661 thousand.

Current assets:

In the same period, the value of current assets increased by PLN 612 646 thousand, mainly as a result of increase in:

- cash and cash equivalents by PLN 732 046 thousand,
- amounts due and receivable from customers under construction contracts by PLN 52 669 thousand,

with a simultaneous decrease in:

- inventories by PLN 137 247 thousand, mainly relating to developer business,
- trade and other receivables by PLN 25 280 thousand,
- derivative financial instruments by PLN 5 682 thousand,
- other financial assets at fair value through profit or loss by PLN 5 833 thousand.



Equity and liabilities:

On the equity and liabilities side, the main changes related to the following:

- decrease in the value of long-term liabilities by PLN 163 061 thousand, mainly due to a decrease in the following balance: loans and borrowings and other sources of finance - by PLN 217 043 thousand with a simultaneous increase in the provisions for long-term liabilities and other charges by PLN 23 268 thousand and increase in the balance of retentions for construction contracts by PLN 30 413 thousand,
- increase in short-term liabilities by PLN 796 452 thousand, of which the greatest balance movements related to the following:
 - increase in amounts due and payable to customers under construction contracts by PLN 487 309 thousand,
 - increase in trade and other payables by PLN 361 834 thousand,
 - increase in current tax liability by PLN 78 003 thousand,
 - increase in short-term accruals by PLN 38 947 thousand,
 - increase in short-term accrued income by PLN 5 553 thousand,
 - decrease in the prepayments received by PLN 129 744 thousand,
 - decrease in the balance of loans and borrowings and other sources of finance by PLN 45 397

| EQUITY AND LIABILITIES | 31.12.2010 | 31.12.2009 | Change | Change % |
|--|------------------|------------------|------------------|---------------|
| Shareholders' equity attributable to the shareholders of the Parent Company | 680 405 | 586 180 | 94 225 | 16,1% |
| Share capital | 145 848 | 145 848 | - | 0,0% |
| Share premium | 234 799 | 234 799 | - | 0,0% |
| Other reserves | 256 | - | 256 | |
| FX differences on translation of foreign operations | 1 611 | 1 446 | 165 | 11,4% |
| Retained earnings/ (losses) | 297 891 | 204 087 | 93 804 | 46,0% |
| Non-controlling interest | - | - | - | 0,0% |
| Total shareholders' equity | 680 405 | 586 180 | 94 225 | 16,1% |
| Liabilities | 3 386 834 | 2 753 443 | 633 391 | 23,0% |
| Non-current liabilities | 254 960 | 418 021 | (163 061) | -39,0% |
| Loans, borrowings and other external sources of finance | 13 175 | 230 218 | (217 043) | -94,3% |
| Retentions for construction contracts | 135 545 | 105 132 | 30 413 | 28,9% |
| Provision for long-term liabilities and other charges | 102 082 | 78 814 | 23 268 | 29,5% |
| Retirement benefits and similar obligations | 4 158 | 3 857 | 301 | 7,8% |
| Current liabilities | 3 131 874 | 2 335 422 | 796 452 | 34,1% |
| Loans, borrowings and other external sources of finance | 17 544 | 62 941 | (45 397) | -72,1% |
| Trade and other liabilities | 1 270 662 | 908 828 | 361 834 | 39,8% |
| Retentions for construction contracts | 124 842 | 121 180 | 3 662 | 3,0% |
| Amounts due and payable to customers under construction contracts | 1 034 210 | 546 901 | 487 309 | 89,1% |
| Prepayments received | 225 828 | 355 572 | (129 744) | -36,5% |
| Provision for short-term liabilities and other charges | 110 490 | 98 517 | 11 973 | 12,2% |
| Current tax liability | 173 074 | 95 071 | 78 003 | 82,0% |
| Retirement benefits and similar obligations | 1 651 | 1 675 | (24) | -1,4% |
| Derivative financial instruments | 460 | 16 124 | (15 664) | -97,1% |
| Short-term accruals | 166 560 | 127 613 | 38 947 | 30,5% |
| Short-term deferred income | 6 553 | 1 000 | 5 553 | 555,3% |
| Liabilities relating directly to non-current assets classified as held for sale | - | - | - | |
| TOTAL EQUITY AND LIABILITIES | 4 067 239 | 3 339 623 | 727 616 | 21,8% |

Consolidated Profit and Loss Account of Budimex Group

| CONSOLIDATED PROFIT AND LOSS ACCOUNT | 01.01 - 31.12.2010 | 01.01 - 31.12.2009 | Change | Change % |
|---|-----------------------|-----------------------|----------------|--------------|
| Net sales of finished goods, services, goods for resale and raw materials | 4 430 269 | 3 289 866 | 1 140 403 | 34,7% |
| Cost of finished goods, services, goods for resale and raw materials sold | (3 946 002) | (2 877 223) | (1 068 779) | 37,1% |
| Gross profit on sales | 484 267 | 412 643 | 71 624 | 17,4% |
| Selling expenses | (23 488) | (22 762) | (726) | 3,2% |
| Administrative expenses | (123 251) | (129 425) | 6 174 | -4,8% |
| Other operating income | 85 053 | 71 032 | 14 021 | 19,7% |
| Other operating expenses | (97 958) | (127 312) | 29 354 | -23,1% |
| Gains/ (losses) on derivative financial instruments | 6 743 | (3 665) | 10 408 | -284,0% |
| Operating profit | 331 366 | 200 511 | 130 855 | 65,3% |
| Finance income | 39 993 | 43 473 | (3 480) | -8,0% |
| Finance costs | (36 471) | (21 481) | (14 990) | 69,8% |
| Share in net profits / (losses) of equity accounted subordinates | (3 136) | 1 681 | (4 817) | -286,6% |
| Gross profit on ordinary activities | 331 752 | 224 184 | 107 568 | 48,0% |
| Income tax | (64 343) | (50 526) | (13 817) | 27,3% |
| Net profit for the period | 267 409 | 173 658 | 93 751 | 54,0% |
| Of which: | | | | |
| Attributable to the shareholders of the Company | 267 409 | 173 658 | 93 751 | 54,0% |
| Attributable to non-controlling interest | - | - | - | |



In 2010, Budimex Group earned sales revenue of PLN 4 430 269 thousand which represents a 34.7% increase compared to the result for 2009.

Gross profit on sales in 2010 was PLN 484 267 thousand, while in the prior year – PLN 412 643 thousand. The gross sales profitability ratio for 2010 was therefore 10.93%, while for 2009 – 12.54%.

In accordance with the accounting policies adopted, where the fact is identified that budgeted contract costs exceed the entire expected contract revenue, Group companies create provisions for expected contract losses and recognize them under „Amounts due and payable to customers under construction contracts“. In the subsequent periods, a part of the then created provision is reversed in proportion to the percentage of contract completion, after taking into account total negative margin on the entire contract. As at 31 December 2010, the balance of the provision for contract losses amounted to PLN 476 319 thousand. In 2010, the balance of provision for contract losses increased by PLN 235 222 thousand.

Compared to the prior year, selling expenses increased in the year ended 31 December 2010 by PLN 726 thousand, while administrative expenses were lower by PLN 6 174 thousand. The share of the sum total of selling and administrative expenses in total sales decreased from 4.63% in 2009 to 3.31% in the current year.



Other operating income in 2010 was PLN 85 053 thousand and comprised, among others, received compensations and liquidated damages in the amount of PLN 47 650 thousand, reversal of provision for penalties and sanctions in the amount of PLN 12 493 thousand, reversal of impairment write-downs against doubtful debts in the amount of PLN 12 660 thousand, and reversal of provision for litigation in the amount of PLN 1 200 thousand. In addition, in 2010 Group companies sold fixed assets and investment properties and earned profit on those sales in the amount of PLN 6 550 thousand. The net carrying amount of the fixed assets and investment properties sold in 2010 was PLN 452 thousand.

Other operating expenses in the 12-month period ended 31 December 2010 amounted to PLN 97 958 thousand, of which PLN 43 540 thousand related to impairment write-downs against receivables, PLN 4 861 thousand – to impairment write-downs against inventories, PLN 4 251 thousand – to recognized provision for litigation and PLN 38 219 – to recognized provision for claims and penalties. The value of compensations and contractual penalties charged to the Group result in 2010 was PLN 3 670 thousand.

In 2010, the Group reported gains on valuation and realization of derivative financial instruments (made with a view to limiting the FX risk on foreign currency construction contracts) in the amount of PLN 6 743 thousand.

In 2010, the Group reported operating profit of PLN 331 366 thousand, while in the prior year – of PLN 200 511 thousand.

In the 12-month period ended 31 December 2010, the Group reported profit on financing activities in the amount of PLN 3 522 thousand, while in 2009 – profit of PLN 21 992 thousand. Finance costs in 2010 represented, among others, interest costs of PLN 11 998 thousand, bank commissions on guarantees and loans of PLN 15 877 thousand paid by Group companies, cost of discounting long-term receivables and long-term liabilities arising from retentions for construction contracts in the amount of PLN 7 243 thousand, and excess of FX losses over FX gains in the amount of PLN 803 thousand. Finance income in 2010 represented mainly interest of PLN 39 731 thousand. In 2010, the Group reported a gross profit of PLN 331 752 thousand, while in 2009 – the gross profit of PLN 224 184 thousand.

As at 31 December 2010, the Group recognized a deferred tax asset in the amount of PLN 357 343 thousand, while as at 31 December 2009 – in the amount of PLN 241 507 thousand. The reported balance sheet items of deferred tax assets result mainly from a special method of settlement of construction contracts, under which the moment of recognition of costs as incurred and revenue as realized are different from the tax and accounting perspectives.

The net profit attributable to the shareholders of Budimex SA for 2010 was PLN 267 409 thousand, while the net profit attributable to the shareholders Budimex SA for 2009 - PLN 173 658 thousand.

Consolidated Statement of Cash Flow

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

The Budimex Group entered the year 2010 with cash on hand and cash at bank amounting to a total of PLN 1 130 357 thousand. For the purpose of the Statement of Cash Flow this amount was reduced by the amount of cash of restricted use of PLN 68 thousand. Net cash flow for the year 2010 was positive and amounted to PLN 731 164 thousand. As at 31 December 2010, the reported cash balance was PLN 1 862 403 thousand, of which cash of restricted use was PLN 856 thousand.

In 2010, the balance of cash from operating activities increased by PLN 1 191 133 thousand owing to favourable conditions in the civil engineering (infrastructure) and developer business segments.

Cash flow from investing activities showed a negative balance of PLN 5 184 thousand that resulted mainly from the acquisition of tangible fixed assets.

Cash flow from financing activities for 2010 also showed a negative balance which was PLN 454 785 thousand and resulted from the repayment of loans and borrowings together with interest and from the 2009 dividend payment.

Managing of finance at Budimex Group

Monetary assets of Budimex Group amounted to PLN 1 876 420 thousand as at 31 December 2010 and were PLN 726 213 thousand higher than that at the end of the comparative period i.e. as at 31 December 2009.

In accordance with the Group policy, cash surpluses were placed as bank deposits at banks with good rating or were invested in treasury bills. In addition, Budimex SA used cash surpluses to finance its suppliers of services and raw materials. This had positive effect on the financial liquidity of these suppliers, and generated extra finance income for Budimex SA.

At the same time, the Group reported an external debt in respect of bank loans and borrowings and other sources of finance, including finance lease liabilities, which as at 31 December 2010 amounted to PLN 30 719 thousand only and was as much as PLN 262 440 thousand lower than as at 31 December 2009 (table below). The decrease in the balance of external debt resulted mainly from a significant decrease in bank loan liabilities incurred to finance developer projects, which occurred already in the 1st half of 2010 and related to generating a significant amount of cash in the developer segment as a result of sale of stocks of ready to live in dwelling apartments, which could be used to repay external debt.

Income tax for 2010 was PLN 64 343 thousand, of which:

- current tax was PLN (179 832) thousand,
- deferred tax – PLN 115 489 thousand.

Included in cash of restricted use are mainly cash items representing:

- security for bank guarantees,
- amounts gathered on escrow accounts of developer companies, provided their maturity does not exceed 3 months.



Due to commencing in the 2nd half of 2010 of new developer projects, the balance of external borrowing in respect of bank loans will gradually increase in 2011.

| Bank loans and borrowings and other external sources of finance, of which: | 31.12.2010 | 31.12.2009 |
|--|---------------|----------------|
| - long-term | 13 175 | 230 218 |
| - short-term | 17 544 | 62 941 |
| Total | 30 719 | 293 159 |

The external debt of the Group related mainly to liabilities under finance lease agreements of PLN 21 824 thousand which were incurred with a view to financing purchases of tangible fixed assets, mainly machines and equipment to carry out road construction projects.

The following ratios illustrate the structure of finance at Budimex Group:

| Ratio | 31.12.2010 | 31.12.2009 |
|--|------------|------------|
| Equity to assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (total assets) | 0,17 | 0,18 |
| Equity to non-current assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (total assets) | 1,08 | 1,13 |
| Debt ratio: (total assets - shareholders' equity attributable to the shareholders of the Parent Company) / (total assets) | 0,83 | 0,82 |
| Assets to equity ratio: (total assets - shareholders' equity attributable to the shareholders of the Parent Company) / (shareholders' equity attributable to the shareholders of the Parent Company) | 4,98 | 4,70 |

At the end of 2010, the Group maintained all finance structure ratios at the level similar to that reported at the end of 2009 (table above). At the same time, the Group managed to keep the liquidity ratios at the level approximating that of the prior year (table below), and to even slightly improve the level of the Quick Ratio. This was possible thanks to the following:

- maintained high profitability of the Group accompanied by high amounts of cash from operating activities generated by Group companies in 2010, despite payment by Budimex SA of a dividend of PLN 173 605 thousand,
- material disposal of the stocks of dwelling apartments as part of its developer business and reduction of Group debt in this segment.

| Ratio | 31.12.2010 | 31.12.2009 |
|--|------------|------------|
| Current Ratio (current assets) / (current liabilities) | 1,10 | 1,21 |
| Quick Ratio (or Acid Test) (current assets - inventory) / (current liabilities) | 0,78 | 0,72 |

The current very good financial standing of the Group and significant increase in cash resources in 2010 coupled with reduction in external debt cause that there are no threats to the Group's ability to finance business activities in 2011.

Off-balance sheet items of Budimex Group

Guarantees, suretyships, other liabilities and contingent liabilities:

| OFF-BALANCE SHEET ITEMS | 31.12.2010 | 31.12.2009 |
|--|--------------------|--------------------|
| Contingent receivables | 297 322 | 207 849 |
| From affiliates, of which: | - | - |
| - guarantees and suretyships received | - | - |
| - bills of exchange received as security | - | - |
| From other entities, of which: | 297 322 | 207 849 |
| - guarantees and suretyships received | 277 344 | 189 829 |
| - bills of exchange received as security | 19 978 | 18 020 |
| Contingent liabilities | 1 367 001 | 1 244 933 |
| To affiliates, of which: | 602 | 634 |
| - guarantees and suretyships issued | 602 | 634 |
| - bills of exchange issued as security | - | - |
| To other entities, of which: | 1 366 399 | 1 244 299 |
| - guarantees and suretyships issued | 1 361 935 | 1 233 684 |
| - bills of exchange issued as security | 4 464 | 10 615 |
| Other contingent liabilities, of which: | - | - |
| - other off-balance-sheet liabilities | - | - |
| Total off-balance sheet liabilities | (1 069 679) | (1 037 084) |

Contingent receivables arising from guarantees and suretyships represent guarantees issued by banks or other entities in favour of Budimex Group companies serving as security for Group's claims against business partners in connection with executed construction contracts.

Contingent liabilities arising from guarantees and suretyships represent guarantees issued by banks to business partners of Group companies to secure their claims against Group companies that may arise on the grounds of executed construction contracts. The banks are entitled to recourse claims against Group companies under these guarantees.

The table below shows loan guarantees and suretyships issued by Budimex SA or its subsidiaries as at 31 December 2010:

| Issuer of loan guarantees or suretyships | Recipient of loan guarantees or suretyships | Total value of loans and borrowings secured, in whole or in part, by guarantee (in PLN thousands) | Period of loan guarantees or suretyships | Financial terms and conditions of loan guarantees and suretyships | Type of relation between BUDIMEX SA and borrower |
|--|---|---|--|---|--|
| Budimex SA | Mostostal Kraków SA | 40 952 | 2016-10-04 | free of charge | subsidiary |
| Budimex SA | Budimex Danwood SA | 71 511 | 2014-06-30 | free of charge | subsidiary |
| Budimex SA | Budimex Bau GmbH | 602 | 2015-06-30 | free of charge | subsidiary |
| TOTAL | | 113 065 | | | |

In 2010, Bank Ochrony Środowiska SA issued a guarantee limit to Budimex SA in the amount of PLN 100 million.

Differences between forecasted and actual financial results of the Budimex Group

The Budimex Group did not publish any financial forecasts for 2010.

Utilisation of proceeds from issues of securities

During the period covered by this Report, no securities were issued.



Significant agreements

Insurance agreements for the Budimex Group companies

In 2010, the Budimex Group (including Budimex SA) was a party to the following General Insurance Agreements:

- General Insurance Coverage for All Construction & Assembly Risks

The leading co-insurer for this agreement is Ergo Hestia SA with its registered office in Sopot (40% share) and the other co-insurers are Generali TU SA with its registered office in Warsaw (30% share) and HDI – Gerling TU SA with its registered office in Warsaw (30% share).

Subject to the insurance coverage are all construction & assembly contracts realised by the Budimex Group companies with a value not exceeding PLN 500 million, which are reported to the Leading Co-Insurer within 30 days of entry of the first contractor on the construction site.

The agreement was concluded on 17 June 2010, following termination of the prior General Insurance Agreement and after being selected in tender proceedings organized for insurance companies. This agreement was concluded for the period from 21 June 2010 to 20 June 2012.

- General Third Party Liability (TPL) Agreement

The leading co-insurer for this agreement is Ergo Hestia SA with its registered office in Sopot (40% share) and the other co-insurers are Generali TU SA with its registered office in Warsaw (30% share), HDI – Gerling TU SA with its registered office in Warsaw (20% share) and Chartis Europe Branch in Poland (10% share).

Subject to the insurance coverage is the out-of-contract third party liability in tort of the Insured in respect of assets used to conduct business activities with insurance coverage and construction services against life and non-life (material) losses to third parties. The sum insured was set at PLN 30 million for one and all events in each of the reporting periods. This agreement provides for the extension of the basic insurance coverage together with sub-limits of the sum insured.

The agreement was concluded on 17 June 2010, following termination of the prior General Insurance Agreement and after being selected in tender proceedings organized for insurance companies. This agreement was concluded for the period from 21 June 2010 to 20 June 2012.

- General Third Party Liability (TPL) Excess of Loss Agreement

The insurer is Chartis Europe SA Branch in Poland.

Subject to the insurance coverage is the out-of-contract third party liability in tort of the Insured in respect of assets used to conduct business activities with insurance coverage and construction services against life and non-life (material) losses to third parties. The sum insured was set at PLN 70 million for one and all events in each of the reporting periods. This agreement provides for the extension of the basic insurance coverage together with sub-limits of the sum insured.

The liability of Chartis Europe under this Agreement starts at the time the amount of aggregated own share in the form of recognised losses exceeds the sum insured or sub-limits of the sum insured defined in the General TPL Agreement, where the leading co-insurer is Hestia with the losses resulting from one or several insurance events covered by this Agreement.

The agreement was concluded on 21 June 2010 after being selected in tender proceedings organized for insurance companies. This agreement was concluded for the period from 21 June 2010 to 20 June 2012.

- General All Risk Insurance Coverage for Construction Machines

This insurance agreement was concluded for a defined period of time i.e. from 28 September 2010 to 27 September 2011. The Insurer is TU Allianz Polska SA. Subject to the insurance coverage are construction machines and equipment which are owned by Budimex SA and which are subject to lease agreements. The insurance coverage comprises all risks of physical loss or damage of assets, except for damage resulting from losses incurred during or in connection with machines transport, loading, unloading, assembly or disassembly.

- Other significant insurance agreements:

On 11 August 2010, an extension was signed with Chartis Europe SA (formerly AIG) of the TPL of Management and Supervisory Boards Members of the Budimex Group companies. This extension of insurance coverage covers the period from 22 June 2010 to 21 June 2011. Included in the insurance coverage are Members of Management and Supervisory Boards and authorised commercial representatives of Group companies, and of subsidiaries and affiliates. This insurance is part of the global insurance program for the Ferrovial Group.

Cooperation agreements binding in 2010

Cooperation agreements concluded in 2010

| | Supplier | Scope of agreement | Annual value (in PLN thousands) | Agreement date |
|----|-------------------------------------|---|---------------------------------|----------------|
| 1 | Lotos Asfalt Sp. z o.o. | Road asphalts | 61 188 | 31.03.2010 |
| 2 | Stalprodukt SA | Steel road barriers, bridge barriers and railings | 15 872 | 1.03.2010 |
| 3 | Lafarge Kruszywa i Beton Sp. z o.o. | Aggregates | 14 639* | 1.06.2010 |
| 4 | Mal-Sped Sp.j. | Heating fuel | 8 578 | 1.06.2010 |
| 5 | Red Point Security Sp. z o.o. | Construction site security | 2 565 | 1.03.2010 |
| 6 | Radan Bazalt Sp. z o.o. | Aggregates | 2 509 | 1.06.2010 |
| 7 | Budinpol Sp. z o.o. | General construction materials | 1 899 | 17.03.2010 |
| 8 | Onninen Sp. z o.o. | Installation materials | 1 435 | 7.06.2010 |
| 9 | Rettenmaier Polska Sp. z o.o. | Cellulose fibres | 1 281 | 1.04.2010 |
| 10 | Polochem | Adhesive agents for bitumen | 924 | 1.04.2010 |

The agreements listed next to are framework cooperation agreements with no exclusivity clause and present no obligation for Budimex SA.

* global trading results with this supplier (incl. aggregates and concrete)

Cooperation agreements concluded by Budimex Group before 2010 and active in 2010

| | Supplier | Scope of agreement | Annual value (in PLN thousands) | Agreement date |
|----|---------------------------------------|---|---------------------------------|-------------------------|
| 1 | Lotos Asfalt Sp. z o.o. | Road asphalts | 61 188 | 1.04.2009 |
| 2 | Cemex Polska Sp. z o.o. | Aggregates, cement | 53 829* | 1.04.2009 23.11.2006 |
| 3 | Orlen Asfalt Sp. z o.o. | Road asphalts | 26 375 | 1.07.2009 |
| 4 | Ulma Construcción SA | Formworks lease | 16 695 | 21.12.2005 |
| 5 | Dolnośląskie Surowce Skalne SA | Aggregates | 16 582 | 1.04.2009 |
| 6 | Stalprodukt SA | Steel road barriers, bridge barriers and railings | 15 872 | 18.06.2007 |
| 7 | Peri Polska Sp. z o.o. | Formworks lease | 14 648 | 17.03.2006 |
| 8 | Lafarge Kruszywa i Beton Sp. z o.o. | Aggregates | 14 639* | 1.04.2008 |
| 9 | Górnice Zakłady Dolomitowe SA | Aggregates | 14 246 | 1.04.2009 |
| 10 | Lotos Paliwa Sp. z o.o. | Heating fuel | 14 100 | 12.04.2005 |
| 11 | Viacon Polska Sp. z o.o. | Road passes, geo-textiles and geo-grids | 12 896 | 14.02.2006 |
| 12 | Nordkalk Sp. z o.o. | Aggregates | 12 402 | 30.04.2009 |
| 13 | Śląskie Kruszywa Naturalne Sp. z o.o. | Aggregates | 11 156 | 1.05.2009 |
| 14 | Silos Sp. z o.o. | Aggregates | 10 956 | 1.02.2009 |
| 15 | Francisco Ros Casares Sp. z o.o. | Reinforcing steel, steel reinforcement | 10 230 | 12.02.2009 |

The agreements listed next to are framework cooperation agreements with no exclusivity clause and present no obligation for Budimex SA.

* global trading results with this supplier (incl. aggregates and concrete and cement)

Loans and borrowings

As at 31 December 2010, Budimex SA had the following loans and borrowings and finance lease agreements:

| Lender | Title of liability | Date of loan/ borrowing agreement | Amount available (in '000) | Liability, incl. of interest (in '000) | Interest rate | Maturity date |
|---|---|---|----------------------------------|--|-------------------------|----------------------------|
| Bank Handlowy w Warszawie SA | Overdraft facility | 20.01.2010 | 40 000 zł | - | 1M WIBOR + margin | 19.01.2011 |
| Ferrovial Infraestructuras SA | Loan | 01.12.2004 | 1 884 EUR | 1 888 EUR | 12M EURIBOR + margin | 01.12.2011 |
| Millennium Leasing Sp. z o.o. | Finance lease (4 agreements in total) | - | 25 000 zł | 10 330 zł | 1M WIBOR + margin | 30.11.2015 |
| SG Equipment Leasing Polska Sp. z o.o. | Finance lease (2 agreements in total) | - | 3 198 zł | 3 198 zł | 1M WIBOR + margin | 31.12.2011 - 29.02.2012 |
| Fortis Lease Sp. z o.o. | Finance lease (26 agreements in total) | - | 7 384 zł | 7 383 zł | 1M WIBOR + margin | 13.06.2011 - 31.10.2012 |

As at 31 December 2010, other companies of the Budimex SA Group were parties to the following agreements of loans and borrowings and finance lease agreements:

| Lender | Title of liability | Date of loan/ borrowing agreement | Amount available (in '000) | Liability, incl. of interest (in '000) | Interest rate | Maturity date |
|----------------------------------|-----------------------|---|----------------------------------|--|----------------------|----------------------------|
| Budimex Nieruchomości Sp. z o.o. | | | | | | |
| LA CAIXA Branch in Poland | Investment loan | 03.12.2010 | 60 000 zł | 1 425 zł | 1M WIBOR + margin | 30.09.2012 - 30.04.2016 |
| Budimex Danwood Sp. z o.o. | | | | | | |
| Bank PEKAO SA | Overdraft facility | 15.02.2007 | 6 000 zł | - | 1M WIBOR + margin | 31.05.2011 |
| Mostostal Kraków SA | | | | | | |
| Fortis Lease Sp. z o.o. | Finance lease | - | 913 zł | 913 zł | 1M WIBOR + margin | 13.12.2012 |

Main placements and equity investments made in 2010

On 19 May 2010, Budimex SA took up 100% shares with a value of PLN 10 thousand in a newly incorporated company Budimex Budownictwo Sp. z o.o. The main type of business activities of this company comprises construction activities. The entity has an unlimited period of operation. The new entity was entered in the Register of Entrepreneurs on 18 June 2010.

Loans granted during the year, including Issuer loans to related parties

On 28 June 2010, Budimex SA (lender) signed a loan agreement with Budimex Nieruchomości Sp. z o. o. (100% subsidiary of Budimex SA) for the amount of PLN 61 000 thousand. Loan interest rate was set at 1M WIBOR + margin. In accordance with the agreement, loan maturity date was set at 31 March 2011. The loan was repaid before maturity date i.e. on 30 July 2010.

On 21 July 2010, Budimex SA (lender) signed a loan agreement with Budimex Nieruchomości Sp. z o. o.) for the amount of PLN 14 500 thousand. Loan interest rate was set at 3M (deposit) WIBOR + margin, and loan is to be repaid in monthly installments commencing on 30 September 2011 with maturity date at 28 February 2013. The loan issued based on this agreement in the amount of PLN 300 thousand was repaid before maturity date i.e. on 16 September 2010.





Construction of S-5 and S-10 express road

Construction of the A1 motorway at its section from Pyrzowice - Piekary Śląskie

Modernising the following station:
Gdynia Główna Osobowa

RESPECT Index

Extension and modification of office buildings for RADWAR S.A.



Modification of "Murckowska" junction and the construction of access roads

Development, modernisation, and repair work concerning the building of Filharmonia im. A. Malawskiego in Rzeszów

Construction of a complex of multi-family dwellings with infrastructure and underground garages at ul. Młodawska in Warsaw - Berbersowe Ogrody

Modernisation of DS.-1 runway, taxiways, the patrol road and the fire escape route at F. Chopin Airport in Warsaw

Investor
Budimex Nieruchomości Sp. z o.o.
Manner of performance:
general contractorship
Period of performance:
July 2007 - September 2009
Net value of the contract:
PLN 99 491 151.29



Corporate Governance

The Company applied in 2010 the policies of „The Best Practices of WSE Listed Companies“. Following the adoption concerning balanced share of males and females in performing management and supervisory functions, the Company showed that in 2010, the Company’s Management Board was composed of one female and 5 males.

Corporate governance

Corporate governance policies at Budimex SA and public availability of the underlying document

The Company applied in 2010 the policies of „The Best Practices of WSE Listed Companies” (Appendix to Resolution of the WSE Supervisory Board dated 4 July 2007). The Practices were adopted for use by the Management Board of Budimex SA on 5 March 2008, by the Supervisory Board of Budimex SA on 25 March 2008 and by the Ordinary General Shareholders’ Meeting - 17 June 2008.

In connection with Resolution of the WSE Supervisory Board dated 19 May 2010 implementing a change to the above policies, the Company adopted „The Best Practices of WSE Listed Companies” after including the proposed changes.

To this end, resolutions concerning adoption of the amended policies for use were taken by the Management Board of Budimex SA on 23 June 2010 and by the Supervisory Board of Budimex SA on 30 September 2010. Appropriate resolution is planned to be adopted by the General Shareholders’ Meeting of the Company. The document containing corporate governance policies is available on the Internet website of the Company: <http://www.budimex.pl>.

Following the adoption, based on the above resolution dated 19 May 2010, Policy No. 9 Section I of the „The Best Practices of WSE Listed Companies” (Recommendations concerning best practices of public companies) concerning balanced share of males and females in performing management and supervisory functions, the Company showed that in 2010, the Company’s Management Board was composed of one female and 5 males.

Until May 2010, the Supervisory Board was composed of 9 males. On 19 May 2010, the Ordinary General Shareholders’ Meeting appointed Ms Marzena Weresa as Supervisory Board Member. After the Policy No. 9 of Best practices became effective, the composition of the Management and Supervisory Boards did not change. Given the fact that the governing bodies responsible for the composition of the Management and Supervisory Boards are the Supervisory Board and the General Shareholders’ Meeting, respectively, and given the fact that it can be expected that after the above Resolution of the Supervisory Board dated 30 September 2010, the General Shareholders’ Meeting of the Company will also adopt the amended Best practices for use, it is reasonable to state that this Policy will be the significant criterion of taking decisions by the said bodies of the Company.



Key features of the Company's internal control and risk management systems with respect to the process of the preparation of financial statements of Budimex SA and the Budimex Group

The Management Board of Budimex SA is responsible for the implementation and functioning of the internal control system in the process of the preparation of separate financial statements of Budimex SA and of the consolidated financial statements of the Budimex Group.

The obligation to prepare financial statements is realized in practice by qualified personnel of the Financial Department under the supervision of Chief Financial Officer of Budimex SA.

The preparation of annual financial statement is preceded by a meeting of the Audit Committee with independent auditors in order to determine audit scope and plan, and to discuss potential risk areas which may have impact on the truth and fairness of the financial statements. Preparation of the financial statements is an orderly process which accounts for the segregation of duties of the personnel of Financial Department of Budimex SA, appropriate to their competences and qualifications.

Separate financial statements of the Company are prepared on the basis of its books of account. The books of account of the most significant Group companies are maintained using the financial-accounting system SAP R/3, which has been used for financial and management accounting purposes since 1 January 2003. The SAP R/3 system is managed centrally by qualified employees of Budimex SA who define authorization levels for implementation and modification of transaction data, templates of key reports and changes in the Company's chart of accounts.

The consolidated financial statements are based on consistent consolidation packages prepared electronically by individual Group companies. The process of consolidation is realized by the Department of Reporting and Consolidation supervised by the Head of the Accounting Department.

The companies of the Budimex Group apply consistent accounting policies approved by the Management Boards of Budimex and subsidiary companies. The correctness of accounting policies application by individual companies is regularly monitored by the staff of the Department of Reporting and Consolidation and of the Controlling Office of Budimex SA.

Holders of securities which give special control rights

The Company did not issue any securities that give special control rights.

Restrictions on exercising voting right

There are no restrictions concerning exercising voting right.

The Department of Reporting and Consolidation of Budimex SA is responsible for recommending solutions relating to modification and update of accounting policies and other WSE reporting requirements, as well as for their implementation after prior approval of the Management Board.

During preparation of the financial statements, the following, among others, control activities are realised:

- assessment of significant, non-routine transactions for their effect on the financial position of the Group or the manner of their presentation in the financial statements,
- verification of consistency of assumptions underlying accounting estimates,
- comparative and substantive analyses of financial data,
- verification of clerical correctness and consistency of financial data,
- analysis of disclosure completeness.

Annual financial statements are forwarded to Chief Financial Officer for preliminary verification and then to the Management Board for final verification and authorisation.

Annual financial statements are subject to an audit by an independent certified auditor who presents his post-audit conclusions and observations to the Audit Committee and then to the Supervisory Board.

Shareholders with direct or indirect ownership of significant blocks of shares

According to the information available to Budimex SA, the shareholding structure of the Company as at 31 December 2010 was as follows:

| Shareholder | Share type | Number of shares | % of share capital | Number of votes | % of votes at GSM |
|---|------------|-------------------|--------------------|-------------------|-------------------|
| Valivala Holdings B.V. Amsterdam (Holland) - the Ferrovial SA (Spain) Group company | ordinary | 15 078 159 | 59,06% | 15 078 159 | 59,06% |
| OFE PZU „Złota Jesień” | ordinary | 1 444 895 | 5,66% | 1 444 895 | 5,66% |
| Other shareholders | ordinary | 9 007 044 | 35,28% | 9 007 044 | 35,28% |
| Total | | 25 530 098 | 100% | 25 530 098 | 100% |

Restrictions on transfer of ownership rights to securities of Budimex SA

There are no restrictions on the transfer of ownership rights to securities of Budimex SA, except for the rights concerning registered shares whose disposal requires pre-approval of the Company. Such approval has to be granted by the Management Board in writing to be valid.

Regulations concerning appointment or dismissal of Management or Supervisory Board Members, rights of those persons, in particular, the right to take decision on share issue or redemption

The Supervisory Board dismisses and appoints President of the Management Board and, upon his request, the Vice-Presidents of the Management Board or other Board Members for the common term of office of three years.

The Management Board is not authorised to take decision on share issue. The rights of the Management Board as regards taking decision to redeem shares do not vary from those set forth in the Code of Commercial Companies.

The policies concerning appointment and dismissal of Members of Management Board, rights of those persons, in particular the right to take decision to issue or redeem shares, included in the Articles of Association did not change in 2010.

In accordance with the provisions of the Company's Articles of Association, the Management Board conducts the Company's affairs and represents the Company, which effectively means that the scope of duties of this body does not differ from that defined in the Code of Commercial Companies. Detailed rights of the Management Board of Budimex SA specified in the Company's Articles of Association are as follows:

- granting approval for disposal of registered (inscribed) shares,
- determining share issue price in case of share capital increase,
- cancelling or limiting the pre-emptive right to newly issued shares upon prior approval of the Supervisory Board,
- defining the method of determining share issue price or issuing shares in exchange for non-monetary contribution upon prior approval of the Supervisory Board,
- taking decision on purchase or disposal of property, perpetual usufruct or share in property, machines and equipment, securities or other asset items where the unit price on acquisition or disposal does not exceed 1/5 of the Company's issued capital,
- taking decision on the prepayment of year-end dividend upon prior approval of the Supervisory Board.

Implementing changes to the Articles of Association of Budimex SA

Changes to the Articles of Association are made by way of resolution of the General Shareholders' Meeting and entry to the National Court Register. These issues are regulated in para.13 letter r) of the Articles of Association in the description of the rights of the General Shareholders' Meeting and in para.17 section 1 letter l) of the Byelaws of the General Meeting of Shareholders of Budimex SA. Prior to taking a resolution on changes to the Company's Articles of Association, draft of such resolution should be forwarded by the Management Board to the Supervisory Board for opinion. In accordance with the provisions of the Code of Commercial Companies, such resolution should be adopted with a qualified majority of votes, i.e. (i) as a rule, 3/4 of votes, and (ii) in the case of significant change to business activities - 2/3 of votes.





Functioning of the General Meeting of Shareholders, its fundamental powers, rights of the shareholders and the manner of exercising those rights

The General Meeting of Shareholders of Budimex SA operates based on the Company's Articles of Association, Byelaws of the General Meeting of Shareholders of Budimex SA (both documents are available on the Company's internet website) and provisions of other laws, including the provisions of the Code of Commercial Companies. Detailed powers of the General Shareholders' Meeting have been described in para. 13 of the Company's Articles of Association. Shareholders exercise their rights in the manner specified in the Articles of Association, Byelaws of the General Meeting of Shareholders of Budimex SA and binding laws.

General shareholders' meeting is convened by the Management Board as ordinary or extraordinary meeting. Ordinary general shareholders' meeting takes place at latest within 6 months of the end of each financial year. If the Management Board does not convene the ordinary shareholders' meeting within said period of time, this right is passed to the Supervisory Board. The extraordinary general shareholders' meeting is convened by the Management Board each time the Board considers such meeting necessary or if the Supervisory Board or the shareholders representing at least 1/10 of the share capital request that such meeting is convened. If the meeting is convened at the Supervisory Board or shareholder request rather than due to the initiative of the Management Board, the Management Board is required to convene such meeting within 2 weeks of the receipt of the request. If the Management Board does not take appropriate resolution within said period of time, the meeting is then convened by the Supervisory Board or by the shareholder or shareholders authorised by the Company's court of registration.

The shareholders representing at least 10% of the Company's share capital may request in writing that individual matters are included in the agenda for the closest extraordinary general shareholders' meeting.

The shareholders may participate in the general shareholders' meeting and exercise their voting right in person or by their authorized representatives. The authorization to participate in the general shareholders' meeting and to exercise voting right should be granted in writing or in an electronic form. Granting authorisation in an electronic form does not require the use of safe e-signature verified by valid certificate.

In accordance with the Company's Articles of Association, apart from the matters listed in appropriate regulations, the following activities also require resolutions of the general shareholders' meeting:

- considering and authorization of directors' report on the Company's activities and of the financial statements for the prior financial year,
- considering and authorization of directors' report on the Group's activities and of the consolidated financial statements of Budimex Group for the prior financial year,
- acknowledgment of the fulfilment of duties by members of the Management and Supervisory Boards,
- creation and reversal of special funds and reserve capital, and their utilisation,
- profit appropriation or defining the manner of loss absorption; general shareholders' meeting may resolve that dividend, in whole or in part, is allocated to increase share capital and the shareholders are issued new shares in exchange,
- taking decisions concerning claims for losses incurred on Company incorporation, or losses resulting from management or supervisory functions,
- taking resolution concerning disposal or lease/ rental of the company or its organized part, or establishing restricted property law thereon,
- taking decisions on company merger or liquidation, and in the case of the latter - appointing Company liquidators,
- issuance of convertible bonds or bonds with pre-emptive right, or subscription warrants,
- taking resolutions on share redemption,

- taking resolutions on changes to the Company's Articles of Association, especially concerning the increase or decrease in share capital, or changes in the Company's business activities,
- adopting Byelaws of the General Meeting of Shareholders of Budimex SA
- appointing and dismissing Supervisory Board members,
- defining principles and amount of remuneration for Supervisory Board members,
- re-acquisition of own shares to offer them to employees or persons who were employed at the Company or any related company for the period of at least three years,
- concluding by the Company of credit or loan agreement, or guarantee or other similar agreement with member of the Management or Supervisory Board, authorised commercial representative, liquidator, or concluding an agreement in favour of any of said persons,
- determining the date on which the list of shareholders entitled to receive dividend for the year is prepared (dividend date).

Matters forwarded by the Management Board for consideration of the general shareholders' meeting should first be forwarded for the Supervisory Board's consideration.

Resolutions of the general shareholders' meeting are passed by absolute majority of votes, irrespective of the number of shares represented at the meeting, unless the provisions of the Code of Commercial Companies state otherwise.

It is planned that during the Ordinary General Shareholders' Meeting of Budimex SA in the year 2011 a change will be made to the Company's Articles of Association and Byelaws of the General Shareholders' Meeting so as to ensure that as of 1 January 2012 the shareholders will be able to participate in the general shareholders' meetings using electronic means of communication consisting of the following:

- transmission of general shareholders' meeting in real time,
- bilateral communication in real time, where the shareholders will be able to „take the floor” at the general shareholders' meeting while being somewhere else than in the place of the meeting,
- possibility to exercise voting right during the general shareholders' meeting either personally or through authorised representative.

Composition of Management and Supervisory Boards, changes thereof in the last financial year and functioning of the management and supervisory bodies of the Company or their committees

Management Board

As at 31 December 2010, the Management Board of Budimex SA was composed of the following persons:

| | |
|---------------------------|---|
| Dariusz Blocher | President of the Management Board, General Director |
| Ignacio Botella Rodriguez | Vice-President |
| Jacek Daniewski | Board Member, Chief Legal Officer |
| Joanna Makowiecka | Board Member, Chief HR Officer |
| Henryk Urbański | Board Member, Chief Property Officer |
| Marcin Węglowski | Board Member, Chief Financial Officer |

During the period from 1 January 2010 to 31 December 2010, the composition of the Management Board did not change.

Supervisory Board and its Committees

As at 31 December 2010, the Supervisory Board of Budimex SA was composed of the following persons who were appointed for the 3-year joint term of office based on the Resolution of the Ordinary General Shareholders' Meeting dated 19 May 2010:

| | |
|--|---|
| • Marek Michałowski | President of the Supervisory Board |
| • Carmelo Rodrigo López | Vice-President of the Supervisory Board |
| • Tomasz Sielicki | Secretary |
| • Marzenna Anna Weresa | Supervisory Board Member |
| • Igor Chalupec | Supervisory Board Member |
| • Javier Galindo Hernandez | Supervisory Board Member |
| • Jose Carlos Garrido - Lestache Rodriguez | Supervisory Board Member |
| • Piotr Kamiński | Supervisory Board Member |
| • Maciej Stańczuk | Supervisory Board Member |

On 19 May 2010, the mandate of Supervisory Board Member expired for the following persons who were Members of the Supervisory Board of Budimex SA as at 1 January 2010:

- Igor Chalupec
- Javier Galindo Hernandez
- Jose Carlos Garrido-Lestache Rodriguez
- Marek Michałowski
- Carmelo Rodrigo López
- Stanisław Pacuk
- Krzysztof Sędzikowski
- Tomasz Sielicki
- Krzysztof Sokolik

As part of the Supervisory Board, the following two Committees operated throughout 2010: Audit Committee and Investment Committee, and as of 19 May 2010 – the third Committee – The Remuneration Committee.

The Audit Committee was composed of the following persons:

- until 19 May 2010 - Krzysztof Sędzikowski (Chairman), Javier Galindo Hernandez, Jose Carlos Garrido - Lestache Rodriguez.
- as of 19 May 2010 - Marzenna Weresa (Chairman), Javier Galindo Hernandez, Jose Carlos Garrido - Lestache Rodriguez.

Ms Marzenna Weresa is an independent member of the Supervisory Board and has appropriate accounting experience and qualifications.

As regards independence of Audit Committee member, provisions of the following are applied: article 56 section 3 point 1, 3 and 5 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009, and criteria of independence of the company from entities materially related to the company, within the meaning of the Best Practices of WSE Listed Companies (Practice 6 Chapter III Best practice for Supervisory Board Members).

The status of independence of Supervisory Board member is determined by the Company in accordance with the criteria defined in the Procedure for Integrated Management System No. 05-05 relating to obtaining information from Supervisory Board members and publication of this information, based on representations filed by Board members and based on article 56 section 3 point 1, 3 and 5 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009.

The Investment Committee was composed of the following persons:

- until 19 May 2010 - Stanisław Pacuk (Chairman), Javier Galindo Hernandez, Carmelo Rodrigo Lopez.
- as of 19 May 2010 - Maciej Stańczuk (Chairman), Javier Galindo Hernandez, Carmelo Rodrigo Lopez.

The composition of the Remuneration Committee was as follows:

Marek Michałowski (Chairman), Igor Chalupec, Carmelo Rodrigo Lopez.

Operation of the Management Board

The Management Board operates based on the provisions of the Company's Articles of Association, Byelaws of the Management Board and other binding regulations, including the Code of Commercial Companies. The Management Board is composed of one or more members. The Management Board conducts the Company affairs and formally represents the Company.

President of the Management Board is appointed and dismissed by the Supervisory Board. President of the Management Board is, at the same time, the Company's General Director. The Supervisory Board, at the request of the President of the Management Board, appoints vice-president and other members of the management board for the 3-year joint term of office.

The functioning of the Management Board is managed by the President of the Management Board. Detailed manner of Management Board functioning has been defined in the Byelaws of the Management Board approved by the Supervisory Board.

Resolutions of the Management Board may be adopted with an absolute majority of votes. In the case of equal number of votes, the casting vote is that of the President of the Management Board.

The persons authorised to make statements or sign documents on behalf of the Company are:

- President of the Management Board – one-man representation
- two Board Members – acting together or one Board Member acting together with an authorised commercial representative.

Statements filed with the Company or submissions of documents are considered valid if addressed to one Board Member or authorised legal representative of the Company.





Operation of the Supervisory Board

The Supervisory Board operates based on the Articles of Association, Byelaws of the Supervisory Board of Budimex SA and other legal regulations, including the Code of Commercial Companies.

The organization and operation of the Supervisory Board is defined in the Byelaws of the Supervisory Board.

The Supervisory Board takes decisions provided at least half of Board Members are present at the meeting and all its members were invited to the meeting. The Supervisory Board shall adopt resolutions with an absolute majority of votes. In the case of equal number of votes, the casting vote is that of the President of the Supervisory Board. It is allowed that resolutions of the Supervisory Board are taken in writing or using the means of direct communication. Resolutions of the Supervisory Board are valid and effective if all Board members were informed about the content of draft resolution. Supervisory Board members may participate in taking resolution by voting in writing by proxy i.e. through other member of the Supervisory Board, in all matters listed on the agenda of the Supervisory Board meeting, except for the matters that were added to the agenda during the course of the Supervisory Board's Meeting.

In performing its duties, the Supervisory Board is authorised to review all documents of the Company or to request reports and explanations from the Management Board or employees of the Company; it may also verify the company's assets, books of account, registers and documents. The Supervisory Board is also entitled to commission appropriate expert research in the matters of its supervision and control.

The Supervisory Board executes the supervisory function over all aspects of the Company's operations in an ongoing manner. Included in the scope of duties of the Supervisory Board are, in particular, the following:

- assessment of directors' report on the company's activities and evaluation of financial statements for the prior year,
- evaluation of profit appropriation or loss absorption proposals made by the Management Board,
- recommending to the general shareholders' meeting the acknowledgment of the fulfilment of duties by members of the Management Board,
- presenting to the general shareholders' meeting annual written reports on the results of the assessment referred to above,
- suspending, for important reasons, individual or all Management Board members and delegating Supervisory Board members for the period not longer than 3 months to temporarily perform the duties of those Management Board members who were dismissed, filed resignation or could not perform their duties for other reasons,
- approval of the Byelaws of the Management Board of the Company,
- concluding agreements with Management Board members, determining remuneration of the President of the Management Board and of other Board members, determining policies for granting management bonus, executing those rights towards Management Board members that result from work relations; with the proviso that such agreements are signed by the President of the Supervisory Board on behalf of the Supervisory Board,
- appointment of a new certified auditor from the list of certified auditors maintained by the National Council of Certified Auditors to audit the financial statements of the Company,
- approval of the agreement between the Company's Management Board and the underwriter to take up the Company's shares,
- granting approval to Board member to deal with competitive business or to participate in a competitive company,
- granting approval to excluding or limiting by the Management Board the pre-emptive right to the new issue shares,

- granting approval to the method of determining share issue price proposed by the Management Board or to issue of shares for an in-kind (non-monetary) contribution,
- granting approval for the purchase or disposal of property, perpetual usufruct right, machines and equipment and/ or disposal or acquisition of securities or other asset items, if the unit price on acquisition or disposal exceeds 1/5 of the Company's share capital; if the value of the transactions referred to in this point does not exceed the amount stated above, the decision is taken solely by the Management Board.

In accordance with para. 12, section 3 of the Byelaws of the Supervisory Board, the Supervisory Board may establish committees or appoint teams from among its members, or delegate Board member to such bodies. As stated above, the following three committees operate as part of the Supervisory Board: Audit Committee, Investment Committee and Remuneration Committee.

Audit Committee tasks

The tasks of the Audit Committee are to: recommend to the Supervisory Board an entity authorised to fulfil the function of a certified auditor and to audit the financial statements of the Company and the consolidated financial statements of the Group for the prior year, monitor the process of the preparation of the financial statements of the Company and the consolidated financial statements of the Group for the prior year, perform detailed reviews of the results of those audits at individual audit stage, monitor the process of the execution of financial audit, monitor the effectiveness of the internal control, internal audit and risk management systems, forward to the Supervisory Board conclusions and recommendations relating to the process of audit and assessment of the financial statements of the Company and of the consolidated financial statements of the Group for the prior year, to assess the Management Board's proposal concerning profit appropriation or loss absorption, forward to the Supervisory Board conclusions and recommendations concerning acknowledgment of the fulfilment of duties by the Chief Financial Officer, monitor the independence of certified auditor and the entity authorized to audit financial statements, in this case – the independence of services referred to in article 48 para.2 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009, execute other tasks, as they arise, commissioned by the Supervisory Board and depending on the current needs of the Company, and finally to forward the interim and annual reports on its activities to the Supervisory Board.

Investment Committee tasks

The tasks of the Investment Committee are to provide opinions or approve decisions material for the Company from the point of view of the value of operations relating to: making investments or de-investments in non-financial assets, company incorporation or liquidation, making investments or de-investments or executing issuance of financial assets, Group companies merger, division or transformation, carrying out financial operations, establishing special purpose vehicles (SPEs) to perform works or to render services based on the terms and conditions other than those provided in the consortium agreements concluded by Budimex Group, preliminary agreements and non-binding initial offers, development projects and significant contracts with affiliates. The Investment Committee is functioning based on the procedures authorised by the Supervisory Board. The Supervisory Board is informed at its meetings about the matters dealt with by the Investment Committee during the period in between Supervisory Board meetings.

Remuneration Committee tasks

The tasks of the Remuneration Committee comprise:

- putting forward, for Supervisory Board authorization, proposals concerning remunerating Management Board Members, especially in the form of: fixed remuneration, result-based remuneration, retirement benefits scheme and retirement benefits and long-term incentive programs together with recommendations concerning objectives and assessment criteria for the appropriate adjustment of remuneration of Management Board Members to long-term shareholder interests, Company objectives defined by the Supervisory Board, forwarding to the Supervisory Board proposals concerning remuneration of individual Management Board Members and ensuring that the remuneration proposed is consistent with the remuneration regulations adopted by the Company and assessment of work results of individual Board Members; putting forward to the Supervisory Board proposals concerning appropriate form of employment contracts with individual Board Members; putting forward to the Supervisory Board proposals concerning bonus ratios, their weight for Board members based on the budget for the given year; offering assistance to the Supervisory Board in fulfilling the function of supervising the process under which the Company fulfils binding regulations in the area of remuneration information requirements (in particular in the area of remuneration granted to members of the Management Board); monitoring the level and structure of remuneration of Management Board members based on independent payroll reports, market ratios and submitting to the Supervisory Board appropriate analyses and conclusions; providing opinions on the appointment and dismissal of members of Supervisory Boards at Budimex SA subsidiary companies, except for SPEs.
- accepting, at the request of the Management Board, the bonus ratio for employees of the Budimex SA head office to be used in calculation of prior year bonus and percentage ratio for pay increase for the current year,
- preparation of annual report on activities of the Remuneration Committee.



Remuneration Policy for Members of Management and Supervisory Boards at Budimex SA

Supervisory Board Members

The body authorised to determine remuneration policy for members of the Supervisory Board of Budimex SA is the General Shareholders' Meeting. On 19 May 2010, the General Shareholders' Meeting resolved that members of the Supervisory Board of Budimex SA will receive monthly remuneration for their work in the following amounts:

- President of the Supervisory Board – twice the amount of average monthly remuneration in the enterprise sector without out of profit payments, using the 1.7 ratio,
- President of the Audit Committee of the Supervisory Board - twice the amount of average monthly remuneration in the enterprise sector without out of profit payments, using the 1.4 ratio,
- Vice-President of the Supervisory Board - twice the amount of average monthly remuneration in the enterprise sector without out of profit payments, using the 1.15 ratio,
- Secretary of the Supervisory Board - twice the amount of average monthly remuneration in the enterprise sector without out of profit payments, using the 1.1 ratio,
- Supervisory Board Member - twice the amount of average monthly remuneration in the enterprise sector without out of profit payments, using the 1.0 ratio.

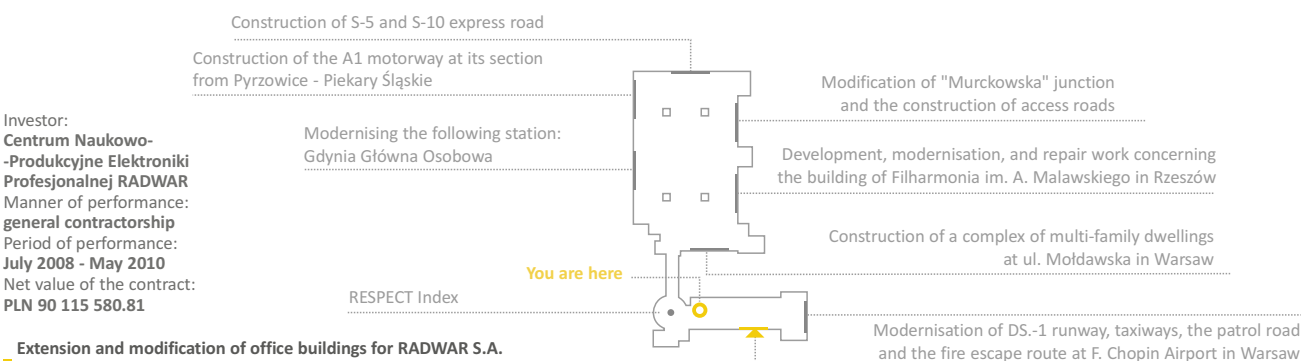
Management Board Members

The body authorised to determine remuneration policy for members of the Management Board of Budimex SA is the Supervisory Board. The policy defines all types of remuneration, in particular, fixed remuneration, result-based remuneration, retirement benefits scheme and long-term incentive scheme.

In addition, the Supervisory Board performs all activities provided by labour law between Budimex SA and members of the Management Board. Employment contracts with members of Management Board are signed by the President of the Supervisory Board on behalf of the Supervisory Board. Agreements between Budimex SA and Management Board members were described in point 5.1.

Remuneration of Management Board members is composed of the following items:

- fixed remuneration – monthly basic salary,
- result-based remuneration (annual bonus) which is composed of the following elements:
- task-related bonus which is determined on the basis of annual assessment of task realisation,
- ratio-related bonus relating to business activities of the Budimex Group,
- incentive scheme of Ferrovia SA called „Ferrovia objectives-related share incentive scheme” („Plan przyznania akcji związanych z celami Ferrovia”) which consists in conditional awarding of rights to acquire shares in the parent company. Management Board members who have been employed at the Company for at least 36 months will be eligible to shares of the parent company. Both the fact of awarding and the number of awarded shares depends on achieving economic parameters budgeted by Ferrovia SA in the period of the following three years and on the remaining of eligible persons at Management Board at the date of shares awarding,
- additional “in-kind” benefits (świadczenia w naturze) such as free-of-charge medical care, or payment of life insurance policy premiums.





Financial Statements

We have been creatively using the latest technical achievements for over 40 years. We are aware that even the most extensive experience alone does not guarantee as dynamic a development as being open to innovation and adapting new methods of work.

Budimex Group

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Supervisory Board of Budimex SA

The accompanying summary consolidated financial statements of the Budimex Group, with Budimex SA (the "Company") with the registered office in Warsaw, ul. Stawki 40 being its holding company, which comprise consolidated statement of financial position prepared as of 31 December 2010, consolidated profit and loss account and consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the financial year for the year then ended, are derived from the audited consolidated financial statements of the Company for the year ended 31 December 2010 and on 16 March 2011 we have issued an unqualified opinion on these consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by the

International Financial Reporting Standards as endorsed by the European Union. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Company.

Management's Responsibility for the Summary Financial Statements

Preparation of these summary consolidated financial statements is the responsibility of the Management Board of the Company.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Company for the year ended 31 December 2010 are consistent, in all material respects, with the complete consolidated financial statements.

The complete consolidated financial statements, which were audited by us, contain additional

information and explanations which are not included in the attached condensed consolidated financial statements. The complete consolidated financial statements, together with our opinion, are available at the registered office of Budimex SA and in the Registry Court.

Maciej Krasoń

Key certified auditor
conducting the audit
No. 10149

represented by

Zbigniew Adamkiewicz
Deputy Chairman
of the Board

Maciej Krasoń
Member of the Board

Deloitte Audyt Sp. z o.o.

Al. Jana Pawła II 19, 00-854 Warsaw
Entity entitled to audit

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

Warsaw, 16 March 2011

The above statement of statutory auditor is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PLN thousands)

| | 31 December 2010 | 31 December 2009 |
|--|---------------------|---------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 106 593 | 99 790 |
| Investment properties | 3 383 | 3 673 |
| Intangible assets | 3 434 | 3 530 |
| Goodwill | 73 237 | 73 237 |
| Loans granted | - | - |
| Equity accounted investments | 16 040 | 20 653 |
| Available-for-sale financial assets | 23 955 | 23 955 |
| Retentions for construction contracts | 44 327 | 49 658 |
| Other long-term receivables | - | - |
| Long-term prepayments and deferred costs | 4 539 | 1 878 |
| Deferred tax assets | 357 343 | 241 507 |
| Total non-current assets | 632 851 | 517 881 |
| Current assets | | |
| Inventories | 991 387 | 1 128 634 |
| Loans granted and other financial assets | - | - |
| Trade and other receivables | 373 013 | 398 293 |
| Retentions for construction contracts | 24 586 | 25 945 |
| Amounts due and receivable from customers (investors) under construction contracts | 151 998 | 99 329 |
| Current tax receivable | 273 | 1 272 |
| Derivative financial instruments | 3 157 | 8 839 |
| Other financial assets at fair value through profit or loss | 14 017 | 19 850 |
| Cash and cash equivalents | 1 862 403 | 1 130 357 |
| Short-term prepayments and deferred costs | 7 646 | 4 772 |
| | 3 428 480 | 2 817 291 |
| Non-current assets classified as held for sale | 5 908 | 4 451 |
| Total current assets | 3 434 388 | 2 821 742 |
| TOTAL ASSETS | 4 067 239 | 3 339 623 |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont.) (PLN thousands) | | |
|---|---------------------|---------------------|
| | 31 December 2010 | 31 December 2009 |
| EQUITY AND LIABILITIES | | |
| Shareholders' equity | | |
| Shareholders' equity attributable to the shareholders of the Parent Company | | |
| Share capital | 145 848 | 145 848 |
| Share premium | 234 799 | 234 799 |
| Other reserves | 256 | - |
| Foreign exchange differences on translation of foreign operations | 1 611 | 1 446 |
| Retained earnings | 297 891 | 204 087 |
| Total shareholders' equity attributable to the shareholders of the Parent Company | 680 405 | 586 180 |
| Non-controlling interests | - | - |
| Total shareholders' equity, incl. minority interest | 680 405 | 586 180 |
| Liabilities | | |
| Non-current liabilities | | |
| Loans, borrowings and other external sources of finance | 13 175 | 230 218 |
| Retentions for construction contracts | 135 545 | 105 132 |
| Provision for long-term liabilities and other charges | 102 082 | 78 814 |
| Long-term retirement benefits and similar obligations | 4 158 | 3 857 |
| Total non-current liabilities | 254 960 | 418 021 |
| Current liabilities | | |
| Loans, borrowings and other external sources of finance | 17 544 | 62 941 |
| Trade and other payables | 1 270 662 | 908 828 |
| Retentions for construction contracts | 124 842 | 121 180 |
| Amounts due and payable to customers (investors) under construction contracts | 1 034 210 | 546 901 |
| Prepayments received | 225 828 | 355 572 |
| Provision for short-term liabilities and other charges | 110 490 | 98 517 |
| Current tax payable | 173 074 | 95 071 |
| Short-term retirement benefits and similar obligations | 1 651 | 1 675 |
| Derivative financial instruments | 460 | 16 124 |
| Short-term accruals | 166 560 | 127 613 |
| Short-term deferred income | 6 553 | 1 000 |
| | 3 131 874 | 2 335 422 |
| Liabilities relating directly to non-current assets (disposable groups) classified as held for sale | - | - |
| Total current liabilities | 3 131 874 | 2 335 422 |
| Total liabilities | 3 386 834 | 2 753 443 |
| TOTAL EQUITY AND LIABILITIES | 4 067 239 | 3 339 623 |

| CONSOLIDATED PROFIT AND LOSS ACCOUNT (PLN thousands) | | |
|---|------------------------|----------------|
| | Year ended 31 December | |
| | 2010 | 2009 |
| Continuing operations | | |
| Net sales of finished goods, goods for resale, raw materials and services | 4 430 269 | 3 289 866 |
| Cost of finished goods, goods for resale, raw materials and services sold | (3 946 002) | (2 877 223) |
| Gross profit on sales | 484 267 | 412 643 |
| Selling expenses | (23 488) | (22 762) |
| Administrative expenses | (123 251) | (129 425) |
| Other operating income | 85 053 | 71 032 |
| Other operating expenses | (97 958) | (127 312) |
| Gains / (losses) on derivative financial instruments | 6 743 | (3 665) |
| Operating profit | 331 366 | 200 511 |
| Finance income | 39 993 | 43 473 |
| Finance costs | (36 471) | (21 481) |
| Shares in net profits / (losses) of equity accounted subordinates | (3 136) | 1 681 |
| Profit before tax | 331 752 | 224 184 |
| Income tax | (64 343) | (50 526) |
| Net profit from continuing operations | 267 409 | 173 658 |
| Net profit for the period | 267 409 | 173 658 |
| Of which: | | |
| Attributable to the shareholders of the Parent Company | 267 409 | 173 658 |
| Attributable to non-controlling interests | - | - |
| Basic and diluted earnings per share attributable to the shareholders of the Parent Company (in PLN) | 10,47 | 6,80 |

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PLN thousands) | | |
|---|------------------------|----------------|
| | Year ended 31 December | |
| | 2010 | 2009 |
| Net profit for the period | 267 409 | 173 658 |
| Other comprehensive income (loss) for the period: | | |
| Foreign exchange differences on translation of foreign operations | 165 | (111) |
| Deferred tax related to components of other comprehensive income | - | - |
| Other comprehensive income (loss), net of tax | 165 | (111) |
| Total comprehensive income for the period | 267 574 | 173 547 |
| Of which: | | |
| Attributable to the shareholders of the Parent Company | 267 574 | 173 547 |
| Attributable to non-controlling interests | - | - |

**CONSOLIDATED
STATEMENT
OF CHANGES
IN EQUITY
(PLN thousands)**

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

**CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
(cont.) (PLN thousands)**

| | Equity attributable to the shareholders of the Parent Company | | | | Non-controlling interests | Total equity | |
|---|---|---------------|---|-------------------|---------------------------|--------------|-----------|
| | Share capital | Share premium | Foreign exchange differences on translation of foreign operations | Retained earnings | | | Total |
| Balance as at 1 January 2009 | 145 848 | 234 799 | 1 557 | 179 525 | 561 729 | - | 561 729 |
| Profit for the period | - | - | - | 173 658 | 173 658 | - | 173 658 |
| Other comprehensive income | - | - | (111) | - | (111) | - | (111) |
| Total comprehensive income for the period | - | - | (111) | 173 658 | 173 547 | - | 173 547 |
| Dividends | - | - | - | (149 096) | (149 096) | - | (149 096) |
| Balance as at 31 December 2009 | 145 848 | 234 799 | 1 446 | 204 087 | 586 180 | - | 586 180 |

CONSOLIDATED STATEMENT OF CASH FLOW (PLN thousands)

| | Year ended 31 December | |
|--|------------------------|------------------|
| | 2010 | 2009 restated |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 331 752 | 224 184 |
| Adjustments for: | | |
| Depreciation/ amortization | 21 201 | 21 232 |
| Shares in net profits of equity accounted subordinates | 3 136 | (1 681) |
| Foreign exchange gains/ (losses) | (369) | 901 |
| Interest and shares in profits (dividends) | 8 090 | 4 870 |
| (Profit)/ loss on disposal of investments | (6 545) | (5 884) |
| Change in valuation of derivative financial instruments | (10 526) | (67 325) |
| Operating profit/ (loss) before changes in working capital | 346 739 | 176 297 |
| Change in receivables and retentions for construction contracts | 31 972 | 243 299 |
| Change in inventories | 137 247 | 91 145 |
| Change in provisions and liabilities arising from retirement benefits and similar obligations | 35 518 | 46 289 |
| Change in retentions for construction contracts and in liabilities, except for loan and borrowings liabilities | 394 927 | (25 409) |
| Change in accruals and accrued income | 40 515 | 44 198 |
| Change in amounts due and receivable under construction contracts | 434 640 | 356 441 |
| Change in prepayments received | (129 744) | 133 591 |
| Change in cash and cash equivalents of restricted use | (788) | 788 |
| Other adjustments | 1 284 | (1 139) |
| Cash generated from operations | 1 292 310 | 1 065 500 |
| Income tax paid | (101 177) | (101 049) |
| NET CASH FROM OPERATING ACTIVITIES | 1 191 133 | 964 451 |

| CONSOLIDATED STATEMENT OF CASH FLOW (cont.) (PLN thousands) | | |
|--|------------------------|------------------|
| | Year ended 31 December | |
| | 2010 | 2009 restated |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale of intangible assets and tangible fixed assets | 5 876 | 14 187 |
| Purchase of intangible assets and tangible fixed assets | (22 271) | (13 917) |
| Sale of investments in property | 3 800 | - |
| Investments in property | (58) | (73) |
| Purchase of shares in subsidiaries | - | (385 000) |
| Sale / (purchase) of financial assets at fair value through profit or loss | 5 054 | 84 190 |
| Purchase of available-for-sale financial assets | - | (6 443) |
| Dividends received | 1 482 | 2 158 |
| Interest received | 933 | - |
| Other investing inflows / (outflows) | - | 250 |
| NET CASH USED IN INVESTING ACTIVITIES | (5 184) | (304 648) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Loans and borrowings taken out | 1 424 | 89 688 |
| Repayment of loans and borrowings | (263 688) | (175 022) |
| Dividends paid | (173 605) | (149 096) |
| Payment of finance lease liabilities | (10 714) | (11 920) |
| Interest paid | (8 202) | (7 280) |
| NET CASH FROM USED IN FINANCING ACTIVITIES | (454 785) | (253 630) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 731 164 | 406 173 |
| Foreign exchange differences, net | 94 | (1 034) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 1 130 289 | 725 150 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 1 861 547 | 1 130 289 |
| Cash and cash equivalents of disposable groups | - | - |
| TOTAL CASH AND CASH EQUIVALENTS OF THE GROUP | 1 861 547 | 1 130 289 |

Budimex SA

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Shareholders and Supervisory Board of Budimex SA

The accompanying summary financial statements of Budimex SA (the "Company") with its registered office in Warsaw, ul. Stawki 40, which comprise balance sheet prepared as of 31 December 2010, profit and loss account, statement of changes in equity, cash flow statement for the financial year for the year then ended, are derived from the audited financial statements of the Company for the year ended 31 December 2010 and on 16 March 2011 we have issued an unqualified opinion on these financial statements.

The summary financial statements do not contain all the disclosures required by the Accounting Act of 29 September 1994 (Dz. U. from 2009, No. 152, item 1223 with subsequent amendments).

Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

Management's Responsibility for the Summary Financial Statements

Preparation of these summary financial statements is the responsibility of the Management Board of the Company.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion the summary financial statements derived from the audited financial statements of the Company for the year ended 31 December 2010 are consistent, in all material respects, with the complete financial statements.

The complete financial statements, which were audited by us, contain additional information and

explanations which are not included in the attached condensed financial statements. The complete financial statements, together with our opinion, are available at the registered office of Budimex SA and in the Registry Court.

Maciej Krasoń
Key certified auditor
conducting the audit
No. 10149

represented by
Zbigniew Adamkiewicz
Deputy Chairman
of the Board

Maciej Krasoń
Member of the Board

Deloitte Audit Sp. z o.o.

Al. Jana Pawła II 19, 00-854 Warsaw
Entity entitled to audit financial statements
entered under number 73 on the list kept
by National Council of Statutory Auditors

Warsaw, 16 March 2011

The above statement of statutory auditor is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

| Balance Sheet (PLN thousands) | 31.12.2010 | 31.12.2009 |
|---|------------------|------------------|
| ASSETS | | |
| I. Non-current assets | 1 288 055 | 1 161 048 |
| 1. Intangible assets, of which: | 1 768 | 2 028 |
| - goodwill | - | - |
| 2. Property, plant and equipment | 82 891 | 69 592 |
| 3. Long-term receivables | - | - |
| 3.1. From related entities | - | - |
| 3.2. From other entities | - | - |
| 4. Long-term investments | 810 754 | 834 875 |
| 4.1. Investment properties | 13 391 | 14 053 |
| 4.2. Intangible assets | - | - |
| 4.3. Long-term financial assets | 797 363 | 820 822 |
| a) in related entities, of which: | 795 121 | 818 580 |
| - shares in equity accounted entities | - | - |
| b) in other entities | 2 242 | 2 242 |
| 4.4. Other long-term investments | - | - |
| 5. Long-term prepayments | 392 642 | 254 553 |
| 5.1. Deferred tax assets | 388 337 | 252 675 |
| 5.2. Other prepayments | 4 305 | 1 878 |
| II. Current assets | 2 570 896 | 1 718 791 |
| 1. Inventories | 237 579 | 110 194 |
| 2. Short-term receivables | 413 961 | 472 262 |
| 2.1. From related entities | 72 481 | 69 762 |
| 2.2. From other entities | 341 480 | 402 500 |
| 3. Short-term investments | 1 769 110 | 1 035 607 |
| 3.1. Short-term financial assets | 1 769 110 | 1 035 607 |
| a) in related entities | - | 700 |
| b) in other entities | 14 111 | 27 198 |
| c) cash and cash equivalents | 1 754 999 | 1 007 709 |
| 3.2. Other short-term investments | - | - |
| 4. Short-term prepayments | 150 246 | 100 728 |
| Total assets | 3 858 951 | 2 879 839 |

| Balance Sheet (PLN thousands) | 31.12.2010 | 31.12.2009 |
|---|------------------|------------------|
| EQUITY AND LIABILITIES | | |
| I. Shareholders' equity | 642 735 | 590 312 |
| 1. Share capital | 127 650 | 127 650 |
| 2. Called-up share capital receivable not paid (negative value) | - | - |
| 3. Own shares (equities) (negative value) | - | - |
| 4. Reserve capital | 285 349 | 324 265 |
| 5. Revaluation reserve | 3 453 | 3 964 |
| 6. Other reserves | - | - |
| 7. Accumulated profit (loss) from prior years | - | - |
| 8. Net profit (loss) | 226 283 | 134 433 |
| 9. Write-offs from net profit during the accounting year (negative value) | - | - |
| II. Liabilities and provisions for liabilities | 3 216 216 | 2 289 527 |
| 1. Provisions for liabilities | 231 671 | 193 087 |
| 1.1. Deferred tax liabilities | 48 683 | 34 019 |
| 1.2. Provision for retirement benefits and similar obligations | 2 911 | 2 767 |
| a) long-term | 1 554 | 1 441 |
| b) short-term | 1 357 | 1 326 |
| 1.3. Other provisions | 180 077 | 156 301 |
| a) long-term | 76 285 | 66 617 |
| b) short-term | 103 792 | 89 684 |
| 2. Long-term liabilities | 11 244 | 10 660 |
| 2.1. Due to related entities | - | - |
| 2.2. Due to other entities | 11 244 | 10 660 |
| 3. Short-term liabilities | 1 678 864 | 1 237 402 |
| 3.1. Due to related entities | 108 140 | 115 995 |
| 3.2. Due to other entities | 1 567 628 | 1 118 666 |
| 3.3. Special Funds | 3 096 | 2 741 |
| 4. Accruals | 1 294 437 | 848 378 |
| 4.1. Negative goodwill | - | - |
| 4.2. Other accruals | 1 294 437 | 848 378 |
| - long-term | 5 150 | 5 150 |
| - short-term | 1 289 287 | 843 228 |
| Total equity and liabilities | 3 858 951 | 2 879 839 |

| CALCULATION OF BOOK VALUE PER SHARE | 31.12.2010 | 31.12.2009 |
|--|-------------------|-------------------|
| Book value (in PLN thousands) | 642 735 | 590 312 |
| Number of shares | 25 530 098 | 25 530 098 |
| Book value per share (in PLN) | 25,12 | 23,12 |

| PROFIT AND LOSS ACCOUNT (PLN thousands) | 2010 | 2009 |
|---|----------------|----------------|
| I. Net sales of finished goods, goods for resale and materials, of which: | 3 751 456 | 2 862 234 |
| - from related parties | 165 845 | 142 365 |
| 1. Net sales of finished goods | 3 750 663 | 2 861 339 |
| 2. Net sales of goods for resale and materials | 793 | 895 |
| II. Cost of finished goods, goods for resale and materials, of which: | 3 393 301 | 2 534 532 |
| - to related parties | 119 712 | 67 368 |
| 1. Cost of goods produced | 3 392 737 | 2 533 789 |
| 2. Value of goods for resale and materials sold | 564 | 743 |
| III. Gross profit (loss) on sales (I - II) | 358 155 | 327 702 |
| IV. Selling expenses | 9 382 | 11 335 |
| V. Administrative expenses | 113 893 | 117 373 |
| VI. Profit (loss) on sales (III - IV - V) | 234 880 | 198 994 |
| VII. Other operating income | 58 356 | 54 888 |
| 1. Profit on disposal of non-financial fixed assets | 2 989 | 4 764 |
| 2. Donations | - | - |
| 3. Other operating revenues | 55 367 | 50 124 |
| VIII. Other operating expenses | 79 549 | 108 739 |
| 1. Loss on disposal of non-financial fixed assets | - | - |
| 2. Revaluation of non-financial assets | 42 660 | 45 791 |
| 3. Other operating costs | 36 889 | 62 948 |
| IX. Operating profit (loss) (VI+VII -VIII) | 213 687 | 145 143 |
| X. Finance income | 82 375 | 104 591 |
| 1. Dividends and shares in profits, of which: | 35 958 | 9 596 |
| - from related parties | 35 953 | 9 596 |
| 2. Interest, of which: | 36 609 | 37 129 |
| - from related parties | 285 | - |
| 3. Profit on sale of investments | - | 2 000 |
| 4. Revaluation of investments | 9 551 | 55 301 |
| 5. Other | 257 | 565 |
| XI. Finance costs | 25 181 | 77 240 |
| 1. Interest, of which: | 2 064 | 5 432 |
| - to related entities | 149 | 595 |
| 2. Loss on disposal of investments | 7 219 | 58 581 |
| 3. Revaluation of investments | 1 716 | 3 099 |
| 4. Other | 14 182 | 10 128 |
| XII. Profit (loss) on operating activities (IX+X-XI) | 270 881 | 172 494 |
| XIII. Extraordinary gains/(losses) (XIII.1. - XIII.2.) | - | - |
| 1. Extraordinary gains | - | - |
| 2. Extraordinary losses | - | - |
| XIV. Gross profit (loss) (XIII+/-XIV) | 270 881 | 172 494 |
| XV. Income tax | 44 598 | 38 061 |
| a) current tax | 165 596 | 117 857 |
| b) deferred tax | (120 998) | (79 796) |
| XVI. Other statutory deductions from profit (increases of loss) | - | - |
| XVII. Shares in net profits of equity accounted subordinates | - | - |
| XVIII. Net profit (loss) (XIV+/-XV+/-XVI+/-XVII) | 226 283 | 134 433 |
| Net profit (loss) (annualized) | 226 283 | 134 433 |
| Weighted average number of ordinary shares | 25 530 098 | 25 530 098 |
| Earnings per ordinary share (in PLN) | 8,86 | 5,27 |

| STATEMENT OF CHANGES IN SHAREHOLDERS` EQUITY (PLN thousands) | 2010 | 2009 |
|---|----------------|----------------|
| I. Shareholders` equity at the beginning of the period | 590 312 | 604 549 |
| a) changes of accounting policies applied | - | - |
| b) corrections of fundamental errors | - | - |
| I.a. Shareholders` capital at the beginning of the period after reconciliation of comparative data | 590 312 | 604 549 |
| 1. Share capital at the beginning of the period | 127 650 | 127 650 |
| 1.1. Changes in share capital | - | - |
| a) increases | - | - |
| b) decreases | - | - |
| 1.2. Share capital at the end of the period | 127 650 | 127 650 |
| 2. Called-up share capital receivable not paid (negative value) | | |
| 2.1. Changes in called-up share capital receivable not paid at the beginning of the period | - | - |
| a) increases | - | - |
| b) decreases | - | - |
| 2.2 Called-up share capital receivable not paid (negative value) at the end of the period | - | - |
| 3. Own shares (equities) at the beginning of the period (negative value) | | |
| 3.1. Changes in own shares (equities) | - | - |
| a) increase | - | - |
| b) decrease | - | - |
| 3.2. Own shares (equities) at the end of the period (negative value) | - | - |
| 4. Reserve capital at the beginning of the period | 324 265 | 346 172 |
| 4.1. Changes in reserve capital | (38 916) | (21 907) |
| a) increases, of which: | 256 | 78 020 |
| - from profit distribution (in excess of the statutorily required minimum value) | - | 78 020 |
| - fair value of employee share option granted by the parent company | 256 | - |
| b) decreases, of which: | (39 172) | (99 927) |
| - payment of dividend | (35 575) | (99 927) |
| - adjustment of equity due to merger | (3 597) | - |
| 4.2. Reserve capital at the end of the period | 285 349 | 324 265 |
| 5. Revaluation reserve at the beginning of the period | 3 964 | 3 538 |
| 5.1. Changes in revaluation reserve | (511) | 426 |
| a) increases, of which: | - | 426 |
| - exchange differences on revaluation foreign entities | - | 426 |
| b) decreases, of which: | (511) | - |
| - exchange differences on revaluation foreign entities | (511) | - |
| 5.2. Reserve capital at the end of the period | 3 453 | 3 964 |
| 6. Other reserves at the beginning of the period | | |
| 6.1. Changes in other reserves | - | - |
| a) increases | - | - |
| b) decreases | - | - |
| 6.2. Other reserves at the end of a period | - | - |

| STATEMENT OF CHANGES IN SHAREHOLDERS` EQUITY (PLN thousands) (cont.) | 2010 | 2009 |
|--|----------------|----------------|
| 7. Accumulated profit (loss) from prior years | 134 433 | 127 189 |
| 7.1. Accumulated profit from prior years at the beginning of the period | 134 433 | 127 189 |
| 7.2. Accumulated profit at the beginning of the period, after reconciliation of comparative data | 134 433 | 127 189 |
| a) increases, of which: | 3 597 | - |
| - adjustment of equity due to merger | 3 597 | - |
| b) decreases, of which: | (138 030) | (127 189) |
| - distribution of profit to reserve capital | - | (78 020) |
| - payment of dividend | (138 030) | (49 169) |
| 7.3. Accumulated profit at the end of the period | - | - |
| 7.4. Accumulated loss from prior years | - | - |
| 7.5. Accumulated loss from prior years at the beginning of the period, after reconciliation of comparative data | - | - |
| a) increases | - | - |
| b) decreases | - | - |
| 7.6. Accumulated loss from prior years at the end of the period | - | - |
| 7.7. Accumulated profit (loss) from prior years at the end of the period | - | - |
| 8. Net financial result | 226 283 | 134 433 |
| a) net profit | 226 283 | 134 433 |
| b) net loss | - | - |
| c) write-offs from profit | - | - |
| II. Shareholders` equity at the end of the period | 642 735 | 590 312 |
| III. Shareholders` equity after accounting for the proposed distribution of profit (cover of loss) | 642 735 | 590 312 |

| CASH FLOW STATEMENT (PLN thousands) | 2010 | 2009 |
|--|----------------|----------------|
| A. Cash flow from operating activities | | |
| I. Net profit (loss) | 226 283 | 134 433 |
| II. Adjustments for | 665 414 | 788 745 |
| 1. Shares in (net profits) losses of equity accounted subordinates | - | - |
| 2. Depreciation /Amortization | 18 346 | 16 783 |
| 3. FX (gains) losses | (369) | 901 |
| 4. Interest and shares in profits (dividends) | (35 407) | (9 832) |
| 5. (Profit) loss on investing activities | 5 529 | 70 739 |
| 6. Change in provisions | 38 584 | 36 479 |
| 7. Change in inventories | (127 385) | 14 134 |
| 8. Chnage in receivables | 58 303 | 198 202 |
| 9. Change in short-term liabilities, except for loans and borrowings | 456 976 | 42 529 |
| 10. Change in accruals and prepayments | 258 452 | 473 657 |
| 11. Other adjustments | (7 615) | (54 847) |
| III. Net cash from (used) in operating activities (I +/- II) | 891 697 | 923 178 |
| B. Cash flow from investing activities | | |
| I. Inflows | 146 556 | 178 914 |
| 1. Disposal of intangible and tangible fixed assets | 4 341 | 3 728 |
| 2. Disposal of investments in properties and intangible assets | - | 2 335 |
| 3. From financial assets, of which: | 81 215 | 172 851 |
| a) in related entities: | 61 210 | 10 142 |
| - disposal of financial assets | - | - |
| - dividends and shares in profits | 35 953 | 9 596 |
| - repayment of long-term loans granted | 1 600 | - |
| - interests | 185 | 456 |
| - other cash inflows from financial assets | 23 472 | 90 |

| CASH FLOW STATEMENT (PLN thousands) (cont.) | 2010 | 2009 |
|--|------------------|------------------|
| b) in other entities: | 20 005 | 162 709 |
| - disposal of financial assets | 19 067 | 157 770 |
| - dividends and shares in profits | 5 | - |
| - repayment of long-term loans granted | - | - |
| - interests | 933 | 2 939 |
| - other cash inflows from financial assets | - | 2 000 |
| 4. Other inflows from investing activities | 61 000 | - |
| II. Outflows | 106 378 | 549 893 |
| 1. Acquisition of intangible and tangible fixed assets | 21 937 | 16 107 |
| 2. Investments in properties and intangible assets | - | 25 |
| 3. To financial assets, of which: | 16 222 | 473 897 |
| a) in related entities: | 2 209 | 395 378 |
| - acquisition of financial assets | 1 309 | 395 378 |
| - long-term loans granted | 900 | - |
| b) in other entities | 14 013 | 78 519 |
| - acquisition of financial assets | 14 013 | 78 519 |
| - long-term loans granted | - | - |
| 4. Other investing expenses | 68 219 | 59 864 |
| III. Net cash from investing activities (I - II) | 40 178 | (370 979) |
| C. Cash flow from financing activities | | |
| I. Inflows | - | - |
| 1. Net proceeds from issue of shares (delivery of equities) and other equity instruments and capital contributions | - | - |
| 2. Loans and borrowings | - | - |
| 3. Issue of debt securities | - | - |
| 4. Other inflows from financing activities | - | - |
| II. Outflows | 184 679 | 196 628 |
| 1. Acquisition of own shares (equities) | - | - |
| 2. Dividends and other payments to owners | 173 605 | 149 096 |
| 3. Expenditures arising from profit distribution, other than payments to owners | - | - |
| 4. Repayment of loans and borrowings | - | 25 951 |
| 5. Redemption of debt securities | - | 8 000 |
| 6. Arising from other financial liabilities | - | - |
| 7. Payments of lease liabilities | 10 333 | 11 558 |
| 8. Interests | 741 | 2 023 |
| 9. Other financial expenses | - | - |
| III. Net cash used in financing activities(I - II) | (184 679) | (196 628) |
| D. Total net cash flows (A.III. +/- B.III. +/- C.III.) | 747 196 | 355 571 |
| E. Change in balance sheet of cash balance, of which | 747 290 | 354 537 |
| - foreign exchange differences, net | 94 | (1 034) |
| F. Cash and cash equivalents at the beginning of the period | 1 007 709 | 653 172 |
| G. Cash and cash equivalents at the end of the period (F +/- D), of which: | 1 754 999 | 1 007 709 |
| - restricted cash | 100 402 | 74 735 |

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