

Budimex SA

Condensed financial statements
for I quarter of 2010

BALANCE SHEET

	As at 31.03.2010	As at 31.12.2009	As at 31.03.2009
	(PLN '000)	(PLN '000)	(PLN '000)
Assets			
I. Non-current assets	1 157 876	1 169 179	722 818
1. Intangible assets, including:	1 895	2 025	1 974
- goodwill	-	-	-
2. Tangible fixed assets	64 320	66 818	69 445
3. Long-term receivables	-	-	-
3.1. From related parties	-	-	-
3.2. From other entities	-	-	-
4. Long-term investments	845 794	846 642	464 439
4.1. Investment property	13 899	14 053	22 427
4.2. Intangible assets	-	-	-
4.3. Long-term financial assets	831 895	832 589	442 012
a) in related parties, including:	829 653	830 347	439 732
- shares in subordinate entities equity accounted	-	-	-
b) in other entities	2 242	2 242	2 280
4.4. Other long-term investments	-	-	-
5. Long-term deferred costs	245 867	253 694	186 960
5.1. Deferred tax assets	243 782	251 816	185 257
5.2. Other prepayments and deferred costs	2 085	1 878	1 703
II. Current assets	1 211 171	1 704 035	1 393 112
1. Inventories	131 635	109 817	134 444
2. Short-term receivables	359 402	474 120	521 417
2.1. From related parties	67 117	71 640	91 514
2.2. From other entities	292 285	402 480	429 903
3. Short-term investments	604 533	1 019 372	565 252
3.1. Short-term financial assets	604 533	1 019 372	565 252
a) in related parties	608	700	456
b) in other entities	10 792	27 198	101 053
c) cash and cash equivalents and other monetary assets	593 133	991 474	463 743
3.2. Other short-term investments	-	-	-
4. Short-term deferred costs	115 601	100 726	171 999
Total Assets	2 369 047	2 873 214	2 115 930
Liabilities and Shareholders' Equity			
I. Shareholders' equity	605 005	585 253	622 783
1. Share capital	127 650	127 650	127 650
2. Unpaid share capital (negative value)	-	-	-
3. Own shares purchased (negative value)	-	-	-
4. Reserve capital	315 609	315 609	346 858
5. Revaluation reserve	3 153	3 964	7 349
6. Other reserves	-	-	-
7. Accumulated profits (losses) from previous years	138 030	-	117 847
8. Net profit (loss) for the period	20 563	138 030	23 079
9. Deductions from profit for the period (negative value)	-	-	-
II. Liabilities and provisions	1 764 042	2 287 961	1 493 147
1. Provisions	194 345	192 262	162 319
1.1. Deferred tax liability	34 272	34 019	49 810
1.2. Provision for retirement bonuses and related obligations	2 767	2 767	2 696
a) long-term	1 441	1 441	1 722
b) short-term	1 326	1 326	974
1.3. Other provisions	157 306	155 476	109 813
a) long-term	64 618	66 200	73 295
b) short-term	92 688	89 276	36 518
2. Long-term liabilities	8 438	10 660	18 246
2.1. To related parties	-	-	-
2.2. To other entities	8 438	10 660	18 246
3. Short-term liabilities	811 616	1 237 401	1 124 778
3.1. To related parties	100 735	115 995	144 369
3.2. To other entities	706 111	1 118 665	976 000
3.3. Special funds	4 770	2 741	4 409
4. Accruals and deferred income	749 643	847 638	187 804
4.1. Negative goodwill	-	-	-
4.2. Other accruals and deferred income	749 643	847 638	187 804
a) long-term	5 150	5 150	5 150
b) short-term	744 493	842 488	182 654
Total Liabilities and Shareholders' Equity	2 369 047	2 873 214	2 115 930
Book value per share calculation	As at 31.03.2010	As at 31.12.2009	As at 31.03.2009
Net assets (thd zł)	605 005	585 253	622 783
Number of shares	25 530 098	25 530 098	25 530 098
Book value per share (zł)	23,70	22,92	24,39

OFF-BALANCE SHEET ITEMS (in PLN thousands)

	As at 31.03.2010	As at 31.12.2009	As at 31.03.2009
	(PLN '000)	(PLN '000)	(PLN '000)
1. Contingent receivables	208 602	184 534	176 570
1.1. From related parties, of which:	-	-	-
- guarantees and suretyships received	-	-	-
- bills of exchange received as security	-	-	-
1.2. From other entities	208 602	184 534	176 570
- guarantees and suretyships received	205 761	179 094	174 110
- bills of exchange received as security	2 841	5 440	2 460
1.3. Other	-	-	-
- other contingent receivables	-	-	-
2. Contingent liabilities	1 412 340	1 341 620	1 032 281
2.1. To related parties, of which	130 258	150 350	54 639
- guarantees and suretyships issued	130 258	150 350	54 639
- promissory notes issued as security	-	-	-
2.2. To other entities, of which	1 282 082	1 191 270	977 642
- guarantees and suretyships issued	1 278 080	1 185 080	950 359
- promissory notes issued as security	4 002	6 190	27 283
3. Other	-	-	-
- other contingent liabilities	-	-	-
Total off-balance sheet items	(1 203 738)	(1 157 086)	(855 711)

PROFIT AND LOSS ACCOUNT

	1. quarter for the period from 01.01.10 to 31.03.10 (PLN '000)	1. quarter for the period from 01.01.09 to 31.03.09 (PLN '000)
I. Sales of finished products, goods for resale and raw materials, including:	383 383	524 730
- to related parties	11 755	52 357
1. Sales of finished products	383 333	524 250
2. Sales of goods for resale and raw materials	50	480
II. Cost of finished products, goods for resale and raw materials, including:	(348 201)	(420 128)
- from related parties	(14 920)	(12 742)
1. Cost of finished products	(348 167)	(419 653)
2. Cost of goods for resale and raw materials sold	(34)	(475)
III. Gross profit (loss) on sales (I - II)	35 182	104 602
IV. Selling expenses	(2 588)	(3 359)
V. General and administrative expenses	(25 964)	(26 314)
VI. Profit (loss) on sales (III - IV - V)	6 630	74 929
VII. Other operating revenue	6 188	5 362
1. Profits on the sale of non-financial fixed assets	483	120
2. Subsidies	-	-
3. Other	5 705	5 242
VIII. Other operating expenses	(4 857)	(3 368)
1. Losses on the sale of non-financial fixed assets	-	-
2. Revaluation of non-financial assets	(465)	(2 096)
3. Other	(4 392)	(1 272)
IX. Operating profit (loss) (VI + VII - VIII)	7 961	76 923
X. Financial revenue	23 853	14 782
1. Dividends received and share in profits, including:	-	-
- from related parties	-	-
2. Interest revenue, including:	9 926	7 086
- from related parties	8	-
3. Profits on the sale of investments	-	-
4. Revaluation of investments	13 910	773
5. Other	17	6 923
XI. Financial expenses	(6 881)	(62 254)
1. Interest expenses, including:	(353)	(1 347)
- to related parties	(36)	(451)
2. Losses on the sale of investments	(1 766)	(29 197)
3. Revaluation of investments	(693)	(29 678)
4. Other	(4 069)	(2 032)
XII. Profit (loss) on the sale of shares in subordinate entities	24 933	29 451
XIII. Extraordinary items (XIV.1. - XIV.2.)	-	-
1. Extraordinary gains	-	-
2. Extraordinary losses	-	-
XIV. Gross profit (loss) (XIII +/- XIV)	24 933	29 451
XV. Corporate income tax	4 370	6 372
a) current	(3 917)	3 853
b) deferred	8 287	2 519
	-	-
XVI. Other obligatory charges	-	-
XVII. Profit (loss) on shares in subordinate entities equity accounted	-	-
XVIII. Net profit (loss) (XIV +/- XV +/- XVI +/- XVII)	20 563	23 079

Calculation of net profit (loss) per ordinary share

	1. quarter for the period from 01.01.10 to 31.03.10	1. quarter for the period from 01.01.09 to 31.03.09
Net profit (loss) (annualised)	135 514	133 062
Weighted average number of ordinary shares	25 530 098	25 530 098
Net profit (loss) for the first quarter per ordinary share (zł)	0,81	0,90

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	1. quarter for the period from 01.01.10 to 31.03.10	year 2009	1. quarter for the period from 01.01.09 to 31.03.09
	(PLN '000)	(PLN '000)	(tys. zł)
I. Shareholders' equity at the beginning of the period	585 253	595 893	595 893
a) changes in accounting policies	-	-	-
b) adjustments due to errors	-	-	-
I.a. Shareholders' equity at the beginning of the period, restated	585 253	595 893	595 893
1. Share capital at the beginning of the period	127 650	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	127 650
2. Unpaid share capital at the beginning of the period	-	-	-
2.1. Changes in unpaid share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
2.2. Unpaid share capital at the end of the period	-	-	-
3. Own shares purchased at the beginning of the period	-	-	-
3.1. Changes in own shares purchased	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
3.2. Own shares purchased at the end of the period	-	-	-
4. Reserve capital at the beginning of the period	315 609	346 858	346 858
4.1. Changes in reserve capital	-	(31 249)	-
a) increases	-	68 678	-
- profit distribution (in excess of statutory requirements)	-	68 678	-
b) decreases	-	(99 927)	-
- dividend payment	-	(99 927)	-
4.2. Reserve capital at the end of the period	315 609	315 609	346 858
5. Revaluation reserve at the beginning of the period	3 964	3 538	3 538
5.1. Changes in revaluation reserve	(811)	426	3 811
a) increases	-	426	3 811
- FX differences on translation of foreign operations	-	426	3 090
- FX differences on translation of investment denominated in foreign currencies	-	-	721
- others	-	-	-
b) decreases	(811)	-	-
- FX differences on translation of foreign operations	(811)	-	-
5.2. Revaluation reserve at the end of the period	3 153	3 964	7 349
6. Accumulated profit (loss) from previous years at the beginning of the period	138 030	117 847	117 847
6.1. Accumulated profit from previous years at the beginning of the period	138 030	117 847	117 847
a) changes in accounting policies	-	-	-
b) adjustments due to errors	-	-	-
6.2. Accumulated profit from previous years at the beginning of the period, restated	138 030	117 847	117 847
a) increases	-	-	-
b) decreases	-	(117 847)	-
- transfer to reserve capital	-	(68 678)	-
- dividend payment	-	(49 169)	-
6.3. Accumulated profit from previous years at the end of the period	138 030	-	117 847
6.4. Accumulated loss from previous years at the beginning of the period	-	-	-
a) changes in accounting policies	-	-	-
b) adjustments due to fundamental errors	-	-	-
6.5. Accumulated loss from previous years at the beginning of the period, restated	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
6.6. Accumulated loss from previous years at the end of the period	-	-	-
6.7. Accumulated profit (loss) from previous years at the end of the period	138 030	-	117 847
7. Net profit	20 563	138 030	23 079
a) net profit	20 563	138 030	23 079
b) net loss	-	-	-
c) net profit distribution	-	-	-
II. Shareholders' equity at the end of the period	605 005	585 253	622 783
III. Shareholders' equity at the end of the period, after proposed profit distribution / loss absorption	431 400	585 253	473 687

CASH FLOW STATEMENT

	1. quarter for the period from 01.01.10 to 31.03.10 (PLN '000)	1. quarter for the period from 01.01.09 to 31.03.09 (PLN '000)
A. Cash flows from operating activities		
I. Net profit (loss) for the period	20 563	23 079
II. Adjustments for:	(432 933)	(169 309)
1. Depreciation and amortisation	4 225	3 979
2. Foreign exchange (gains)/losses	(372)	686
3. Interest and dividends	100	(132)
4. (Profit) / loss on investing activities	1 976	28 321
5. Change in provisions	2 083	7 341
6. Change in inventories	(21 818)	(13 722)
7. Change in receivables	114 716	154 551
8. Change in short-term liabilities and special funds (excluding loans and borrowings)	(414 075)	(192 966)
9. Change in accruals and deferred income / costs	(105 043)	(190 180)
10. Other	(14 725)	32 813
III. Net cash flows from operating activities	(412 370)	(146 230)
B. Cash flows from investing activities		
I. Inflows	20 519	79 522
1. Sale of intangible assets and tangible fixed assets	419	232
2. Sale of investments in property and intangible assets	-	-
3. From financial assets, including:	20 100	79 290
a) in related parties	100	-
- sale of financial assets	-	-
- dividends received and share in profits	-	-
- repayment of long-term loans granted	100	-
- interest received	-	-
- other inflows from financial assets	-	-
b) in other entities	20 000	79 290
- sale of financial assets	19 067	77 983
- dividends received and share in profits	-	-
- repayment of long-term loans granted	-	-
- interest received	933	1 307
- other inflows from financial assets	-	-
4. Other investment inflows	-	-
II. Outflows	(3 479)	(108 894)
1. Purchase of intangible assets and tangible fixed assets	(1 713)	(1 513)
2. Purchase of investments in property and intangible assets	-	-
3. From financial assets, including:	-	(78 184)
a) in related parties	-	(85)
- purchase of financial assets	-	(85)
- long-term loans granted	-	-
b) in other entities	-	(78 099)
- purchase of financial assets	-	(78 099)
- long-term loans granted	-	-
4. Other investment outflows	(1 766)	(29 197)
III. Net cash flows from investing activities	17 040	(29 372)
C. Cash flows from financing activities		
I. Inflows	-	32 000
1. Issuance of shares and capital contributions and additional payments to capital	-	-
2. Proceeds from bank loans and borrowings	-	-
3. Issuance of bonds and other securities	-	32 000
4. Other financing inflows	-	-
II. Outflows	(2 927)	(42 883)
1. Purchase of own shares	-	-
2. Dividends and other payments to shareholders	-	-
3. Other payments relating to distribution of profit (excluding payments to shareholders)	-	-
4. Repayment of bank loans and borrowings	-	(8 704)
5. Redemption of debt securities	-	(29 500)
6. Other financial liabilities payments	-	-
7. Finance lease payments	(2 705)	(3 327)
8. Interest paid	(222)	(1 352)
9. Other financing outflows	-	-
III. Net cash flows from financing activities	(2 927)	(10 883)
D. Net cash flows	(398 257)	(186 485)
E. Change in cash and cash equivalents	(398 341)	(186 232)
- changes in cash and cash equivalents arising from foreign exchange gains/losses	(84)	253
F. Cash and cash equivalents at the beginning of the period	991 474	649 975
G. Cash and cash equivalents at the end of the period	593 133	463 743
- including restricted cash	28 626	24 732

1. Principles applied for the purpose of preparation of financial statements**1.1. Accounting policies applied**

The financial statements of Budimex SA for the 3-month period of 2010 together with comparative data were prepared in accordance with Polish accounting regulations, described in the introduction to the financial statements of the Company for the year 2009.

The financial statements and the comparative data contain aggregate data of the reporting organizational branches acting as at 31 March 2010 and 31 March 2009, prepared in foreign currencies and translated into Polish zloty using the rate of exchange presented in the point 1.4 of herein condensed financial statements.

The financial statements and the comparative data contain also data corresponding to Budimex SA share in jointly controlled entities: Budimex SA Sygnity SA Sp. j. and Budimex SA Ferrovial Agroman SA Sp. j., that were aggregated using the proportionate method pursuant to Art. 61 of the Accounting Act.

1.2. Differences between current and comparative data reported in the herein condensed financial statements and the data contained in the prior period condensed financial statements

In the year ended 31 December 2009, the merger transactions of Budimex SA (the acquiring company) with Budimex Dromex SA and Budimex Inwestycje Sp. z o. o. (the acquired companies) were realized which were accounted for in accordance with article 44c of the Accounting Act using the pooling of interests method, which was described in details in the financial statements of Budimex SA for the year 2009.

Due to the above, the comparative data recognised in the herein condensed financial statements were restated as compared with the approved condensed financial statements of Budimex SA for the period ended 31 March 2009 in the manner ensuring their comparability through the use of consistent accounting policies.

Presented below is the reconciliation of shareholders' equity and net profit (loss) of Budimex SA as at 31 March 2009 as the result of the merger, compared to the amounts presented in the approved condensed financial statements for I quarter of 2009:

	Shareholders' equity	including net profit (loss)
The value as at 31 March 2009 in accordance with the condensed financial statements for I quarter 2009	584 641	8 247
- adjustments of shareholders' equity * / net profit of Budimex Dromex SA	8 002	17 266
- adjustments of shareholders' equity * / net loss of Budimex Inwestycje Sp. z o. o.	37 430	(2 434)
- difference between the share capital of acquired entities and the value of their shares in the books of Budimex SA	(7 290)	-
The value as at 31 March 2009 in accordance with the condensed financial statements for I quarter 2010	622 783	23 079

* the adjustments of shareholders' equity consist of the adjustments of reserve capital, revaluation reserve, accumulated profit (loss) from prior years and net profit (loss).

In addition, due to broadening of the definition of affiliates in the Accounting Act, the Company reclassified shares held in Autopistas del Levante S.L (3.16%) and Autostrada Południe Sp. z o. o. (5.05%) from shares in other entities to shares in affiliates. The above entities are, together with Budimex SA, under common control of Grupo Ferrovial SA. The value of reclassified shares amounted to PLN 15 650 thousand as at 31 March 2009.

1.3. Changes in the method of preparation of financial statements

Apart from the changes described in the point 1.2. of the herein condensed financial statements, there were not any other significant changes introduced in the preparation of financial statements.

1.4. The principles of translation of selected financial data into euro

Selected financial data was translated into euro in accordance with the following rules:

- individual asset and liability items – using the average exchange rate prevailing as at 31 March 2010 – 3.8622 PLN/EUR,
- individual profit and loss account and cash flow statement items for the first quarter of 2010 – using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2010 to 31 March 2010 – 3.9669 PLN/EUR,
- individual asset and liability items of comparative financial data for the year 2009 – using the average exchange rate prevailing as at 31 December 2009 – 4.1082 PLN/EUR
- individual profit and loss account and cash flow statement items of comparative financial data for the first quarter of 2009 – using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2009 to 31 March 2009 – 4.5994 PLN/EUR.

2. Changes in the shareholding structure

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at 28 April 2010 was as follows:

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (Holandia) - Spółka z Grupy Ferrovial SA (Hiszpania)	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	100.00%	25 530 098	100.00%

On 3 February 2010, in the result of purchase of shares of Budimex SA at the Warsaw Stock Exchange, the customers of OFE PZU "Złota Jesień" (the Fund) held 1 444 895 shares, which accounts for 5.66% of the share capital of Budimex SA and corresponds to 1 444 895 votes and 5.66% share in the total number of votes. Before the change of the stake, the Fund held 1 273 730 shares, which accounted for 4.99% stake in the share capital of Budimex SA and corresponded to 1 273 730 votes and 4.99% share in the total number of votes.

3. Description of factors and events which had a material effect on a financial result of Budimex SA**3.1. Business operation of the Company in the I quarter of 2010**

In the first quarter of 2010 Budimex SA earned sales revenue in the amount of PLN 383 383 thousand, of which 87.91% related to sales of construction services amounted to PLN 337 028 thousand and 10.38% related to sales from development activity and property investments' management amounted to PLN 39 807 thousand.

In the comparative quarter of the year 2009, sales revenue amounted to PLN 524 730 thousand, of which 98.25% related to sales of construction services amounted to PLN 515 546 thousand and sales from development activity and property investments' management amounted to PLN 4 454 thousand (0.84%).

The drop of sales of construction services by 34.63% in the first quarter of 2010 in relation to the comparative period of the year 2009 was mainly connected with atmospheric conditions as a result of longer winter period, which delayed some construction works. Revenue from development activities are of temporary character, as they are recognized based on the documents transferring ownership right to the buyer after the technical reception.

Despite the significantly lower sales and gross margin (gross profit on sales), in the first quarter of 2010 the Company reported a net profit of PLN 20 563 thousand gaining higher net profit margin of 5.36% in relation to the comparative period of 2009 – 4.40%. It was mainly concerned with the profit from financial instruments' valuation and realization in the amount of PLN 12 144 thousand, that was purchased in order to limit the effect of volatility of currency exchange rates on the construction contracts denominated in foreign currencies and the result of which compensated lower gross margin. In comparative period of 2009, the Company reported loss from financial instruments' valuation and realisation in the amount of PLN 58 875 thousand.

3.2. Changes of estimates***Provisions for expected contract losses***

In accordance with accounting policies adopted, the Company creates provisions for expected contract losses if budgeted contract costs exceed the entire expected contract revenue. In the subsequent periods, a part of the created provision is released in proportion to the percentage of contract completion, after taking into account total negative margin on the entire contract. As at 31 March 2010, the balance of the provision for contract losses amounted to PLN 231 357 thousand, while as at 31 March 2009 amounted to PLN 26 521 thousand. In the 3-month period of 2010 the balance of provision decreased by PLN 9 466 thousand.

Provision for legal proceedings

The Company recognises provisions for legal proceedings when it is suited and the probability of an unfavourable court judgement is higher than the probability of a favourable one. An estimation of that result is made on the basis of analysis of a legal proceedings progress as well as lawyers' opinions. As at 31 March 2010, the balance of the provision in this respect amounted to PLN 41 334 thousand, while as at 31 March 2009 amounted to PLN 23 954 thousand. In the 3-month period of 2010 the balance of provision increased by PLN 88 thousand.

Provision for penalties

The Company recognises provisions for penalties related to the realization of construction contracts. A provision is recognised only when the Company has a present obligation as a result of past event, the settlement of that obligation is highly probable and a reliable estimate can be made of the amount of the obligation. As at 31 March 2010, the balance of the provision in this respect amounted to PLN 32 137 thousand, while as at 31 March 2009 amounted to PLN 14 420 thousand. In the 3-month period of 2010 the balance of provision increased by PLN 2 044 thousand.

Costs of future warranty repairs

The Company is required to issue guarantees for its construction services. It is accepted that the provision between 0.15%-1.4% of revenue from the given contract is made what depends on particular construction segment. This general value is assessed on an individual basis and may be increased or reduced, as appropriate. As at 31 March 2010, the balance of the provision in this respect amounted to PLN 83 271 thousand, while as at 31 March 2009 amounted to PLN 75 544 thousand. In the 3-month period of 2010 the balance of provision decreased by PLN 190 thousand.

Deferred tax asset and liability

During the 3-month period of 2010 deferred tax asset decreased by PLN 8 034 (a drop by PLN 58 525 thousand compared to the amount recognized as at 31 March 2009), while deferred tax liability increased by PLN 253 thousand (a fall by PLN 15 538 thousand compared to the amount recognized as at 31 March 2009).

Impairment write-downs against receivables

As at 31 March 2010, the balance of recognized impairment write-downs against receivables amounted to PLN 65 841 thousand, while as at 31 March 2009 amounted to PLN 51 250 thousand. In the 3-month period of 2010 the Company recognized impairment write-downs in the amount of PLN 465 thousand and reversed it in the amount of PLN 614 thousand.

3.3. Material changes of the legal proceedings pending in I quarter of 2010

In the period of I quarter 2010 there were no material changes of the legal proceedings pending in which Budimex SA is a claimant as well as in which the Company is a defendant. The value of the proceedings relating to the Company's liabilities and claims as at 31 March 2010 was approximate to the value recognised in the financial statements of the Company for the year 2009 and amounted to PLN 221 651 thousand and PLN 238 730 thousand, respectively.

3.4. Bank guarantees and insurance agreements signed in I quarter 2010 and after the balance sheet date

On 13 January 2010 Budimex SA signed with Kredyt Bank SA the Annex no. 12 to the Contract on granting Bank Guarantee Line from 13 November 2000. Pursuant to the Annex, Budimex SA is entitled to order the Bank to issue bank guarantees up to a sum total of PLN 116 000 thousand until 30 June 2010. The above mentioned limit is reduced by guarantees already issued by Kredyt Bank SA on the order of Budimex SA and Budimex Dromex SA (a company taken over by Budimex SA on 16 November 2009). A contract securities are Budimex SA statement on submission to bank execution and the power of attorney to administer Budimex SA bank accounts run by Kredyt Bank SA.

On 2 March 2010 Budimex SA signed with the Polish branch of Societe Generale SA agreement concerning bank guarantees. Pursuant to the agreement, Budimex SA may place instructions at the Bank for furnishing bank guarantees totalling PLN 150 000 thousand. The validity period of the agreement is 28 February 2011. The agreement does not provide for establishing securities. Other financial terms and conditions are standard for this type of agreement.

On 11 March 2010 Budimex SA signed with Powszechny Zakład Ubezpieczeń SA Annex no. 4 to the Commission Contract for Periodic Contract Insurance Guarantee of 8 May 2007. Pursuant to the Annex, the limit of PLN 70 000 thousand has been established to which PZU SA may issue contract guarantees and the security of the Contract has been renewed which currently comprises 7 blank promissory notes with a promissory note declaration issued by Budimex SA. Other provisions of the Contract remain unchanged.

On 21 April 2010 Budimex SA signed with Bank Zachodni WBK the Annex to the Contract on granting Bank Guarantee Line from 16 October 2009. Pursuant to the Annex, the bank guarantees limit was increased from the amount of PLN 100 000 thousand up to a sum total of PLN 150 000 and the date was enlarged until 19 April 2011. A contract security is Budimex SA statement on submission to bank execution. Other provisions of the Contract remain unchanged.

3.5. Other material events in I quarter of 2010

On 23 January 2010 the Management Board of Budimex SA learned that the condition concerning the construction and operation of the A1 highway between Stryków and Pyrzowice in the concession system in accordance with the agreement signed on 22 January 2009 between Autostrada Południe SA and the State Treasury had not been fulfilled. Due to the above, Phase II of the agreement (for the construction works), concluded on 19 January 2010 by and between the general partnership under the name of Budimex SA Ferrovial Agroman SA Sp. J. (previously Budimex Dromex SA Ferrovial Agroman SA Sp. J.) and Autostrada Południe SA, did not become effective. Phase I, covered the design works, the value of which was estimated at PLN 180 000 thousand, was realized in 2009 on the basis of preliminary agreement dated 30 May 2008 between Autostrada Południe SA, Budimex Dromex SA and Ferrovial Agroman SA.

In March 2010, the Management Board of Budimex SA learned that the design works realized by Spółka Jawna on behalf of Autostrada Południe SA had not been accepted by the Ministry of Infrastructure. Due to that, the risk exists that the full costs of realized contract will not be refunded by Autostrada Południe SA to Spółka Jawna (of which Budimex SA has 50% of shares) unless there will be demonstrated that lack of payment by the State Treasury to Autostrada Południe SA is not the result of failure of the project provided or that failure is a consequence of different requirements of Autostrada Południe SA than it was previously agreed with the Investor.

On 8 March 2010 the Management Board of Budimex SA decided about the intention of the merger of Budimex SA and Budimex Auto-Park Sp. z o. o.. The merger of the companies shall take place pursuant to article 492 § 1 item 1 of the Commercial Companies Code through the acquisition of Budimex Auto-Park Sp. z o. o. (as the acquired company) by Budimex SA (as the acquiring company). Because of the fact that Budimex SA owns 100% of shares in Budimex Auto-Park Sp. z o. o., a simplified procedure shall be applied to the merger anticipated for such circumstances by the provisions of the Commercial Companies Code (article 516 § 6). Previously, the acquired company realized residential project called Wilczak in Poznań and managed the car park in Bydgoszcz.

On 22 March 2010 the Management Board of Budimex SA decided to recommend taking the decision to pay out a dividend of PLN 6.80 gross per one share to the Ordinary General Meeting in 2010. It is suggested to reserve unit net profit for the period from 1 January 2009 to 31 December 2009 in the amount of PLN 138 030 thousand increased by the sum of the Company's supplementary capital in this part which has been created from the profit from previous years in the amount of PLN 35 575 thousand for the dividend. The total proposed sum for the dividend payout in the amount of PLN 173 605 thousand. It is suggested the dividend payout date to be 21 June 2010.

**President
of the Management Board**

**Member
of the Management Board**

Dariusz Blocher

Marcin Węglowski

Warsaw, 28 April 2010