

Budimex SA

Condensed financial statements
for III quarter of 2010

BALANCE SHEET

	As at 30.09.2010	As at 30.06.2010	As at 31.12.2009	As at 30.09.2009
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
Assets				
I. Non-current assets	1 235 506	1 171 302	1 161 048	743 359
1. Intangible assets, including:	1 710	1 845	2 028	2 008
- goodwill	-	-	-	-
2. Tangible fixed assets	68 134	64 556	69 592	73 137
3. Long-term receivables	-	-	-	-
3.1. From related parties	-	-	-	-
3.2. From other entities	-	-	-	-
4. Long-term investments	810 984	811 586	834 875	448 648
4.1. Investment property	13 546	13 700	14 053	13 948
4.2. Intangible assets	-	-	-	-
4.3. Long-term financial assets	797 438	797 886	820 822	434 700
a) in related parties, including:	795 196	795 644	818 580	432 458
- shares in subordinate entities equity accounted	-	-	-	-
b) in other entities	2 242	2 242	2 242	2 242
4.4. Other long-term investments	-	-	-	-
5. Long-term deferred costs	354 678	293 315	254 553	219 566
5.1. Deferred tax assets	350 221	289 834	252 675	217 104
5.2. Other prepayments and deferred costs	4 457	3 481	1 878	2 462
II. Current assets	1 953 257	1 572 246	1 718 791	1 747 707
1. Inventories	200 731	186 697	110 194	113 626
2. Short-term receivables	658 308	615 453	472 262	623 888
2.1. From related parties	95 575	107 733	69 762	72 056
2.2. From other entities	562 733	507 720	402 500	551 832
3. Short-term investments	788 167	576 840	1 035 607	868 971
3.1. Short-term financial assets	788 167	576 840	1 035 607	868 971
a) in related parties	1 234	61 971	700	-
b) in other entities	287	877	27 198	26 122
c) cash and cash equivalents and other monetary assets	786 646	513 992	1 007 709	842 849
3.2. Other short-term investments	-	-	-	-
4. Short-term deferred costs	306 051	193 256	100 728	141 222
Total Assets	3 188 763	2 743 548	2 879 839	2 491 066
Liabilities and Shareholders' Equity				
I. Shareholders' equity	584 627	529 277	590 312	558 274
1. Share capital	127 650	127 650	127 650	127 650
2. Unpaid share capital (negative value)	-	-	-	-
3. Own shares purchased (negative value)	-	-	-	-
4. Reserve capital	285 093	285 093	324 265	324 265
5. Revaluation reserve	3 560	4 092	3 964	4 489
6. Other reserves	-	-	-	-
7. Accumulated profits (losses) from previous years	-	-	-	-
8. Net profit (loss) for the period	168 324	112 442	134 433	101 870
9. Deductions from profit for the period (negative value)	-	-	-	-
II. Liabilities and provisions	2 604 136	2 214 271	2 289 527	1 932 792
1. Provisions	261 667	232 738	193 087	216 046
1.1. Deferred tax liability	79 967	52 679	34 019	39 819
1.2. Provision for retirement bonuses and related obligations	2 767	2 767	2 767	2 696
a) long-term	1 441	1 441	1 441	1 722
b) short-term	1 326	1 326	1 326	974
1.3. Other provisions	178 933	177 292	156 301	173 531
a) long-term	77 628	67 253	66 617	67 035
b) short-term	101 305	110 039	89 684	106 496
2. Long-term liabilities	3 920	5 905	10 660	13 037
2.1. To related parties	-	-	-	-
2.2. To other entities	3 920	5 905	10 660	13 037
3. Short-term liabilities	1 378 869	1 172 106	1 237 402	1 196 964
3.1. To related parties	104 570	84 704	115 995	98 023
3.2. To other entities	1 269 893	1 082 830	1 118 666	1 094 847
3.3. Special funds	4 406	4 572	2 741	4 094
4. Accruals and deferred income	959 680	803 522	848 378	506 745
4.1. Negative goodwill	-	-	-	-
4.2. Other accruals and deferred income	959 680	803 522	848 378	506 745
a) long-term	5 150	5 150	5 150	5 150
b) short-term	954 530	798 372	843 228	501 595
Total Liabilities and Shareholders' Equity	3 188 763	2 743 548	2 879 839	2 491 066
Book value per share calculation				
As at 30.09.2010	As at 30.06.2010	As at 31.12.2009	As at 30.09.2009	
Net assets (PLN thd)	584 627	529 277	590 312	558 274
Number of shares	25 530 098	25 530 098	25 530 098	25 530 098
Book value per share (PLN)	22,90	20,73	23,12	21,87

OFF-BALANCE SHEET ITEMS

	Stan na 30.09.2010 (PLN '000)	Stan na 30.06.2010 (PLN '000)	Stan na 31.12.2009 (PLN '000)	Stan na 30.09.2009 (PLN '000)
1. Contingent receivables	271 333	233 263	184 534	193 799
1.1. From related parties, of which:	-	-	-	-
- guarantees and suretyships received	-	-	-	-
- bills of exchange received as security	-	-	-	-
1.2. From other entities, of which:	271 333	233 263	184 534	193 799
- guarantees and suretyships received	268 437	230 420	179 094	189 226
- bills of exchange received as security	2 896	2 843	5 440	4 573
1.3. Other	-	-	-	-
- other contingent receivables	-	-	-	-
2. Contingent liabilities	1 463 057	1 428 443	1 341 620	1 281 793
2.1. To related parties, of which:	109 812	121 556	150 350	90 144
- guarantees and suretyships issued	109 812	151 556	150 350	90 144
- promissory notes issued as security	-	-	-	-
2.2. To other entities, of which:	1 353 245	1 306 887	1 191 270	1 191 649
- guarantees and suretyships issued	1 351 091	1 303 089	1 185 080	1 186 167
- promissory notes issued as security	2 154	3 798	6 190	5 482
3. Other	-	-	-	-
- other contingent liabilities	-	-	-	-
Total off-balance sheet items	(1 191 724)	(1 195 180)	(1 157 086)	(1 087 994)

PROFIT AND LOSS ACCOUNT

	III quarter, period from 01.07.10 to 30.09.10	3-quarter period from 01.01.10 to 30.09.10	III quarter, period from 01.07.09 to 30.09.09	3-quarter period from 01.01.09 to 30.09.09
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
I. Sales of finished products, goods for resale and raw materials, including:	1 238 237	2 591 052	828 551	2 127 621
- <i>to related parties</i>	37 196	67 459	26 955	122 179
1. Sales of finished products	1 237 981	2 590 628	828 312	2 126 762
2. Sales of goods for resale and raw materials	256	424	239	859
II. Cost of finished products, goods for resale and raw materials, including:	(1 113 213)	(2 334 442)	(805 051)	(1 866 968)
- <i>from related parties</i>	(36 282)	(73 705)	(23 704)	(45 166)
1. Cost of finished products	(1 113 190)	(2 334 378)	(805 013)	(1 866 405)
2. Cost of goods for resale and raw materials sold	(23)	(64)	(38)	(563)
III. Gross profit (loss) on sales	125 024	256 610	23 500	260 653
IV. Selling expenses	(2 095)	(6 680)	(2 690)	(9 164)
V. General and administrative expenses	(26 232)	(77 667)	(27 646)	(83 262)
VI. Profit (loss) on sales	96 697	172 263	(6 836)	168 227
VII. Other operating revenue	9 085	46 565	38 947	45 199
1. Profits on the sale of non-financial fixed assets	-	2 913	4 733	4 876
2. Subsidies	-	-	-	-
3. Other	9 085	43 652	34 214	40 323
VIII. Other operating expenses	(40 612)	(72 578)	(12 074)	(102 873)
1. Losses on the sale of non-financial fixed assets	(2)	-	-	-
2. Revaluation of non-financial assets	(39 013)	(42 040)	-	(42 173)
3. Other	(1 597)	(30 538)	(12 074)	(60 700)
IX. Operating profit (loss)	65 170	146 250	20 037	110 553
X. Financial revenue	10 777	70 725	44 204	79 335
1. Dividends received and share in profits, including:	-	35 952	2 031	9 596
- <i>from related parties</i>	-	35 952	2 031	9 596
2. Interest revenue, including:	8 026	26 450	13 307	28 929
- <i>from related parties</i>	214	252	-	-
3. Profits on the sale of investments	-	-	2 000	2 000
4. Revaluation of investments	2 751	8 323	26 866	36 973
5. Other	-	-	-	1 837
XI. Financial expenses	(7 151)	(18 641)	(9 587)	(60 139)
1. Interest expenses, including:	(512)	(1 595)	(949)	(4 802)
- <i>to related parties</i>	(37)	(110)	(115)	(524)
2. Losses on the sale of investments	(2 890)	(5 766)	(3 416)	(48 360)
3. Revaluation of investments	(341)	(341)	-	(38)
4. Other	(3 408)	(10 939)	(5 222)	(6 939)
XII. Profit (loss) on operating activities	68 796	198 334	54 654	129 749
XIII. Extraordinary items	-	-	-	-
1. Extraordinary gains	-	-	-	-
2. Extraordinary losses	-	-	-	-
XIV. Gross profit (loss)	68 796	198 334	54 654	129 749
XV. Corporate income tax	12 914	30 010	8 099	27 879
a) current	46 012	81 608	44 761	66 302
b) deferred	(33 098)	(51 598)	(36 662)	(38 423)
XVI. Other obligatory charges	-	-	-	-
XVII. Profit (loss) on shares in subordinate entities equity accounted	-	-	-	-
XVIII. Net profit (loss)	55 882	168 324	46 555	101 870

Computation of profit (loss) per ordinary share

	3-quarter period from 01.01.10 to 30.09.10	3-quarter period from 01.01.09 to 30.09.09
Net profit (loss) (annualised)	200 888	152 203
Weighted average number of ordinary shares	25 530 098	25 530 098
Net profit (loss) for three quarters per ordinary share (PLN)	6,59	3,99
Net profit /(loss) annualised per ordinary share (PLN)	7,87	5,96

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	III quarter, period from 01.07.10 to 30.09.10	3-quarter period from 01.01.10 to 30.09.10	2009	3-quarter period from 01.01.09 to 30.09.09
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
I. Shareholders' equity at the beginning of the period	529 277	590 312	604 549	604 549
a) changes in accounting policies	-	-	-	-
b) adjustments due to errors	-	-	-	-
I.a. Shareholders' equity at the beginning of the period, restated	529 277	590 312	604 549	604 549
I. Share capital at the beginning of the period	127 650	127 650	127 650	127 650
a) changes in accounting policies	-	-	-	-
b) adjustments due to errors	-	-	-	-
b) decreases	-	-	-	-
1.2. Share capital at the end of the period	127 650	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	285 093	324 265	346 172	346 172
4.1. Changes in reserve capital	-	(39 172)	(21 907)	(21 907)
a) increases	-	-	78 020	78 020
- profit distribution (in excess of statutory requirements)	-	-	78 020	78 020
b) decreases	-	(39 172)	(99 927)	(99 927)
- dividend payment	-	(35 575)	(99 927)	(99 927)
- others	-	(3 597)	-	-
4.2. Reserve capital at the end of the period	285 093	285 093	324 265	324 265
5. Revaluation reserve at the beginning of the period	4 092	3 964	3 538	3 538
5.1. Changes in revaluation reserve	-	(404)	426	951
a) increases	-	-	426	951
- exchange differences on revaluation of foreign entities	-	-	426	951
- others	-	-	-	-
b) decreases	(532)	(404)	-	-
- exchange differences on revaluation of foreign entities	(532)	(404)	-	-
- exchange differences on revaluation of foreign investments	-	-	-	-
5.2. Revaluation reserve at the end of the period	3 560	3 560	3 964	4 489
6. Accumulated profit (loss) from previous years at the beginning of the period	112 442	134 433	127 189	127 189
6.1. Accumulated profit from previous years at the beginning of the period	112 442	134 433	127 189	127 189
a) changes in accounting policies	-	-	-	-
b) adjustments due to fundamental errors	-	-	-	-
6.2. Accumulated profit from previous years at the beginning of the period, restated	112 442	134 433	127 189	127 189
a) increases	-	3 597	-	-
- adjustment of equity due to merger	-	3 597	-	-
b) decreases	-	(138 030)	(127 189)	(127 189)
- transfer to reserve capital	-	-	(78 020)	(78 020)
- dividend payment	-	(138 030)	(49 169)	(49 169)
6.3. Accumulated profit from previous years at the end of the period	-	-	-	-
6.4. Accumulated loss from previous years at the beginning of the period	-	-	-	-
a) changes in accounting policies	-	-	-	-
b) adjustments due to 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	112 442	-	-	-
7. Net profit	55 882	168 324	134 433	101 870
a) net profit	55 882	168 324	134 433	101 870
b) net loss	-	-	-	-
c) net profit distribution	-	-	-	-
II. Shareholders' equity at the end of the period	584 627	584 627	590 312	558 274
III. Shareholders' equity at the end of the period, after proposed profit distribution / loss absorption	584 627	584 627	590 312	558 274

CASH FLOW STATEMENT

A. Cash flows from operating activities

I. Net profit (loss) for the period

II. Adjustments for:

1. Depreciation and amortisation
2. Foreign exchange (gains)/losses
3. Interest and dividends
4. (Profit) / loss on investing activities
5. Change in provisions
6. Change in inventories
7. Change in receivables
8. Change in short-term liabilities and special funds (excluding loans and borrowings)
9. Change in accruals and deferred income / costs
10. Other

III. Net cash flows from operating activities

B. Cash flows from investing activities

I. Inflows

1. Sale of intangible assets and tangible fixed assets
2. Sale of investments in property and intangible assets
3. From financial assets, including:
 - a) in related parties
 - sale of financial assets
 - dividends received and share in profits
 - repayment of long-term loans granted
 - interest received
 - other inflows from financial assets
 - b) in other entities
 - sale of financial assets
 - dividends received and share in profits
 - repayment of long-term loans granted
 - interest received
 - other inflows from financial assets
4. Other investment inflows

II. Outflows

1. Purchase of intangible assets and tangible fixed assets
2. Purchase of investments in property and intangible assets
3. From financial assets, including:
 - a) in related parties
 - purchase of financial assets
 - long-term loans granted
 - b) in other entities
 - purchase of financial assets
 - long-term loans granted
4. Other investment outflows

III. Net cash flows from investing activities

C. Cash flows from financing activities

I. Inflows

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
4. Other financing inflows

II. Outflows

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
5. Redemption of debt securities
6. Other financial liabilities payments
7. Finance lease payments
8. Interest paid
9. Other financing outflows

III. Net cash flows from financing activities

D. Net cash flows

E. Change in cash and cash equivalents

- changes in cash and cash equivalents arising from foreign exchange gains/losses

F. Cash and cash equivalents at the beginning of the period

G. Cash and cash equivalents at the end of the period

- including restricted cash

	III quarter, period from 01.07.10 to 30.09.10 (PLN '000)	3-quarter period from 01.01.10 to 30.09.10 (PLN '000)	III quarter, period from 01.07.09 to 30.09.09 (PLN '000)	3-quarter period from 01.01.09 to 30.09.09 (PLN '000)
A. Cash flows from operating activities				
I. Net profit (loss) for the period	55 882	168 324	46 555	101 870
II. Adjustments for:	167 222	(240 340)	288 087	241 014
1. Depreciation and amortisation	4 485	13 109	4 301	12 448
2. Foreign exchange (gains)/losses	(297)	(525)	(521)	774
3. Interest and dividends	67	(35 588)	(1 752)	(9 628)
4. (Profit) / loss on investing activities	3 339	2 777	(2 695)	57 352
5. Change in provisions	28 929	68 580	8 231	59 438
6. Change in inventories	(14 034)	(90 537)	20 794	10 702
7. Change in receivables	(45 947)	(152 863)	(40 700)	47 656
8. Change in short-term liabilities and special funds (excluding loans and borrowings)	211 512	155 181	60 841	(28 241)
9. Change in accruals and deferred income / costs	(18 000)	(192 596)	268 040	126 517
10. Other	(2 832)	(7 878)	(28 452)	(36 004)
III. Net cash flows from operating activities	223 104	(72 016)	334 642	342 884
B. Cash flows from investing activities				
I. Inflows	64 559	112 156	36 319	177 815
1. Sale of intangible assets and tangible fixed assets	199	4 207	3 005	3 653
2. Sale of investments in property and intangible assets	-	-	2 336	2 336
3. From financial assets, including:	3 360	46 949	29 978	170 826
a) in related parties	3 360	26 949	9 558	10 116
- sale of financial assets	-	-	-	-
- dividends received and share in profits	2 942	2 942	9 558	9 570
- repayment of long-term loans granted	300	400	-	-
- interest received	118	135	-	456
- other inflows from financial assets	-	23 472	-	90
b) in other entities	-	20 000	20 420	160 710
- sale of financial assets	-	19 067	20 000	157 770
- dividends received and share in profits	-	-	-	-
- repayment of long-term loans granted	-	-	-	-
- interest received	-	933	420	2 940
- other inflows from financial assets	-	-	-	-
4. Other investment inflows	61 000	61 000	1 000	1 000
II. Outflows	(9 780)	(79 422)	(16 740)	(146 154)
1. Purchase of intangible assets and tangible fixed assets	(6 340)	(11 746)	(10 042)	(12 669)
2. Purchase of investments in property and intangible assets	-	-	-	-
3. From financial assets, including:	(550)	(910)	(2 697)	(84 542)
a) in related parties	(550)	(910)	(2 277)	(6 023)
- purchase of financial assets	-	(10)	(2 277)	(6 023)
- long-term loans granted	(550)	(900)	-	-
b) in other entities	-	-	(420)	(78 519)
- purchase of financial assets	-	-	(420)	(78 519)
- long-term loans granted	-	-	-	-
4. Other investment outflows	(2 890)	(66 766)	(4 001)	(48 943)
III. Net cash flows from investing activities	54 779	32 734	19 579	31 661
C. Cash flows from financing activities				
I. Inflows	-	-	-	-
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	-	-	-	-
4. Other financing inflows	-	-	-	-
II. Outflows	(5 229)	(182 081)	(162 312)	(184 172)
1. Purchase of own shares	-	-	-	-
2. Dividends and other payments to shareholders	(2 575)	(173 605)	(149 096)	(149 096)
3. Other payments relating to distribution of profit (excluding payments to shareholders)	-	-	-	-
4. Repayment of bank loans and borrowings	-	-	(2 024)	(16 311)
5. Redemption of debt securities	-	-	(8 000)	(8 000)
6. Other financial liabilities payments	-	-	-	-
7. Finance lease payments	(2 493)	(7 903)	(2 792)	(8 874)
8. Interest paid	(161)	(573)	(400)	(1 891)
9. Other financing outflows	-	-	-	-
III. Net cash flows from financing activities	(5 229)	(182 081)	(162 312)	(184 172)
D. Net cash flows	272 654	(221 363)	191 909	190 373
E. Change in cash and cash equivalents	272 654	(221 363)	191 983	189 677
- changes in cash and cash equivalents arising from foreign exchange gains/losses	-	300	74	(696)
F. Cash and cash equivalents at the beginning of the period	513 992	1 007 709	650 866	653 172
G. Cash and cash equivalents at the end of the period	786 646	786 646	842 849	842 849
- including restricted cash	21 521	21 521	25 422	25 422

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

The financial statements of Budimex SA for the 9-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 30 September 2010, 30 June 2010, 31 December 2009 and 30 September 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., Budimex SA Ferrovia Agroman SA Sp. j. and Budimex SA Ferrovia Agroman SA S.c., 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.

Additionally, on 23 June 2010 Budimex SA was merged with Budimex Auto-Park Sp. z o. o., what was described in detail in the condensed financial statements for I half of 2010.

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 30 September 2009 as well as approved financial statements of the Company for the year 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 30 September 2009 and 31 December 2009 as the result of the merger, compared to the amounts presented in the approved condensed financial statements for III quarter of 2009 and the approved financial statements for the year 2009:

	Shareholders' equity	including net profit (loss)
The value as at 30 September 2009 in accordance with the condensed financial statements for III quarter 2009*	482 117	16 470
- adjustments of shareholders' equity **/ net profit of Budimex Dromex SA	79 138	89 800
- adjustments of shareholders' equity **/ net profit of Budimex Auto-Park Sp. z o. o.	2 772	2 772
- adjustments of dividend paid between merged companies	-	(7 172)
- difference between the share capital of acquired entities and the value of their shares in the books of Budimex SA	(5 753)	-
The value as at 30 September 2009 in accordance with the condensed financial statements for III quarter 2010	558 274	101 870

	Shareholders' equity	including net profit (loss)
The value as at 31 December 2009 in accordance with the financial statements for the year 2009	585 253	138 030
- adjustments of shareholders' equity ** / net loss of Budimex Auto-Park Sp. z o. o.	3 575	3 575
- adjustments of dividend paid between merged companies	-	(7 172)
- difference between the share capital of acquired entities and the value of their shares in the books of Budimex SA	1 484	-
The value as at 31 December 2009 in accordance with the financial statements for the year 2010	590 312	134 433

* the condensed financial statements for III quarter of 2009 was prepared reflecting the merger Budimex SA and Budimex Inwestycje Sp. z o.o.

**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 20 252 thousand as at 30 September 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 30 September 2010 – 3.9870 PLN/EUR,
- individual profit and loss account and cash flow statement items for three quarters 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 30 September 2010 – 4.0027 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 three quarters 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 30 September 2009 – 4.3993 PLN/EUR.

1.5. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be a going concern during the period of 12 months from the balance sheet date, i.e. 30 September 2010 without a significant limitation in its activities. As at the date of signing the financial statements, the Management Board of the Company is not aware of any facts or circumstances that would indicate a threat to the Company's continued activities after the balance sheet date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

As at 30 September 2010 the excess of the current liabilities and short-term accruals over the current assets amounted to PLN 482 773 thousand. Taking into account a good liquidity condition of Budimex Group and the excess of the current assets over the current liabilities in the total amount of PLN

299 584 thousand as at 30 September 2010, the Company's Management Board does not state as at the date of signing the financial statements any threat to Company's ability to continue as a going concern

2. Changes in the shareholding structure

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at the date of publication of the report 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%

Since the date of issuing the condensed financial statements for the I half of 2010, e.i. 31 August 2010 the shareholding structure has not been changed.

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 III quarter of 2010

In the period of three quarters of 2010 Budimex SA earned sales revenue in the amount of PLN 2 591 052 thousand (in the third quarter – 1 238 237 thousand), of which 95.61% related to sales of construction services amounted to PLN 2 477 410 thousand and 2.47% related to sales from development activity and property investments' management amounted to PLN 63 928 thousand.

In the comparative period of the year 2009, sales revenue amounted to PLN 2 127 621 thousand (in the third quarter – 828 551 thousand), of which 97.07% related to sales of construction services amounted to PLN 2 065 302 thousand and sales from development activity and property investments' management amounted to PLN 17 279 thousand (0.81%).

The sales of construction services increased by 19.95% in the three quarters of 2010 in relation to the comparative period of the year 2009. 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.

Gross profit on sales for the 9-month period of 2010 amounted to PLN 172 263 thousand and was of PLN 4 036 thousand higher than in the comparative period of the previous year.

Otherwise, the operating profit for the period of three quarters of 2010 amounted to PLN 146 250 thousand and in the comparative period of 2009 amounted to PLN 110 553 thousand. The main reason of an improvement of that result in 2010 was decrease in the amount of provisions for legal proceedings and penalties by 29 623 thousand.

Due to the positive result from financial activity, mainly including dividends and interests received, the profit on operating activities for the period of 9-months of 2010 amounted to PLN 198 334 thousand and increased by PLN 68 585 thousand in relation to the period of 9-months of 2009.

In the period of three quarters of 2010 the Company reported a net profit of PLN 168 324 thousand gaining higher net profit margin of 6.50% in relation to the comparative period of 2009 – 4.79%.

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 30 September 2010, the balance of the provision for contract losses amounted to PLN 444 461 thousand, while as at 30 September 2009 amounted to PLN 177 988 thousand. In the 9-month period of 2010 the balance of provision increased by PLN 203 638 thousand, of which in the third quarter of 2010 increased by PLN 129 796 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 30 September 2010, the balance of the provision in this respect amounted to PLN 41 932 thousand, while as at 30 September 2009 amounted to PLN 40 553 thousand. In the 9-month period of 2010 the balance of provision increased by PLN 686 thousand, while in the third quarter of 2010 decreased by PLN 280 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 30 September 2010, the balance of the provision in this respect amounted to PLN 44 685 thousand, while as at 30 September 2009 amounted to PLN 41 011 thousand. In the 9-month period of 2010 the balance of provision increased by PLN 14 592 thousand, while in the third quarter of 2010 decreased by PLN 9 333 thousand.

Costs of future warranty repairs

The Company is required to issue guarantees for its construction services. It is accepted that the provision between 0.3%-1.4% of revenue from the given contract is made what depends on particular construction segment. This general value is assessed on an individual basis and may be increased or reduced, as appropriate. As at 30 September 2010, the balance of the provision in this respect amounted to PLN 91 738 thousand, while as at 30 September 2009 amounted to PLN 88 838 thousand. In the 9-month period of 2010 the balance of provision increased by PLN 7 702 thousand, of which in the third quarter of 2010 increased by PLN 11 334 thousand.

Deferred tax asset and liability

During the 9-month period of 2010 deferred tax asset increased by PLN 97 546 thousand (an increase by PLN 60 387 thousand compared to the amount recognized as at 30 June 2010 and an increase by PLN 133 117 thousand compared to the amount recognized as at 30 September 2009), while deferred tax liability increased by PLN 45 948 thousand (an increase by PLN 27 288 thousand compared to the amount recognized as at 30 June 2010 and an increase by PLN 40 148 thousand compared to the amount recognized as at 30 September 2009).

Impairment write-downs against receivables

As at 30 September 2010, the balance of recognized impairment write-downs against receivables amounted to PLN 95 533 thousand, while as at 30 September 2009 amounted to PLN 64 235 thousand. In the 9-month period of 2010 the Company recognized impairment write-downs in the amount of PLN 42 040 thousand (of which in the third quarter of 2010 in the amount of PLN 39 013 thousand) and reversed it in the amount of PLN 12 776 thousand (of which in the third quarter of 2010 in the amount of PLN 1 605 thousand).

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

The value of the proceedings relating to the Company's liabilities and claims as at 30 September 2010 was approximate to the value recognised in the financial statements of the Company for the year 2009 and amounted to PLN 226 189 thousand and PLN 270 379 thousand, respectively.

In the year of 2010 there were further conclusions in the proceedings between are the Consortium Ferrovial Agroman SA – Budimex SA – Estudio Lamela LS (the "FBL Consortium") and Przedsiębiorstwo Państwowe „Porty Lotnicze” (the "PPL"), resulted from the filing by PPL of statement of rescinding the Contract for the Development of the Warsaw Fryderyk Chopin Airport – Terminal 2 Construction, what was described in detail in the financial statements of the Company for the year 2009. On 31 May 2010, the District Court in Warsaw has cancelled the partial verdict of the Court of Arbitration issued on 23 March 2009 in the matter of bank guarantees, whereby the PPL was to pay the FBL Consortium the amount of PLN 54 382 thousand together with statutory interest. The argumentation of cancelation was the breach in a public order as the claim was awarded together in respect of all entities whereas the consideration was divisible. On 13 July 2010 Budimex SA appealed against the decision of the District Court. Given the above, the Management Board is of the opinion that the final decision of the Court would be favourable to the FBL Consortium.

On 10 August 2010 the National Court in Neuruppin presented preliminary opinion in the case relates to the claim forwarded on 8 February 2005 by the Federal Republic of Germany (represented by the Brandenburg land) due to which the claim against Budimex SA in the amount of EUR 1 697 thousand was justified. Budimex SA has the right to answer for that opinion by 3 November 2010.

What is more, in the case related to the claim filed on 5 March 2008 by the company Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o. o., on 30 September 2010 the court issued a resolution about refusal of dismissing the claim, thereby identified the common court as appropriate to adjudicate the dispute. By 28 October 2010 Budimex SA is going to register the complaint in the above matter.

On 20 October 2010, the Supreme Court accepted a cassation appeal of Budimex Dromex SA (the Company merged with Budimex SA in the year 2009) against the decision of the court of the second instance dated 15 July 2009 in the case of Budimex Dromex SA claim against the company Gmina Miejska Kraków. The case will be again adjudicated by the District Court in Cracow.

The both above cases was described in detail in the financial statements of the Company for the year 2009.

In the period of III quarter of 2010 there were no other changes of the material legal proceedings pending in which Budimex SA is a claimant as well as in which the Company is a defendant.

3.4. Other material events in III quarter of 2010

On 21 July 2010 Budimex SA concluded Loan Contract with Budimex Nieruchomości Sp. z o. o.. Under the Contract Budimex SA as the Lender granted a loan of PLN 14 500 thousand to Budimex Nieruchomości Sp. z o. o. The interest on the loan shall amount to WIBOR rate for 3-months deposits plus margin. The repayment of the capital rates was stated monthly from 30 September 2011 until 28 February 2013. The loan paid due to above contract in the amount of PLN 300 thousand was repaid anticipatorily on 16 September 2010.