

## Introduction

### 1. INFORMATION ON ISSUER'S BUSINESS ACTIVITIES

Budimex SA (hereinafter the „The Company”, “The Issuer”) with its registered office in Warsaw, ul. Stawki 40, is a joint-stock company entered in the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw, XIX Economic Department of the National Court Register, File No. WA.XIX NS-REJ.KRS/12100/01/253, Entry No. KRS 0000001764.

Budimex SA is a Parent Company of the Budimex Group and serves as an advisory, management and financial centre.

The company has an unlimited period of operation.

In years 2009-2010 there were mergers of Budimex SA (the acquiring company) and the following acquired companies:

- Budimex Investycje Sp. z o. o. - the registration in the National Court Register (KRS) on 13 August 2009,
- Budimex Dromex SA - the registration in the National Court Register (KRS) on 16 November 2009,
- Budimex Auto – Park Sp. z o.o. - the registration in the National Court Register (KRS) on 23 June 2010,

The mergers of the aforesaid companies took place pursuant to Art. 492 section 1 item 1 of the Commercial Companies Code by transfer whole possessions of the acquired companies to the acquiring company.

The main area of the business activities of the Company are widely understood construction-assembly services realized in the system of general execution at home and abroad and limited scope of developer activities, property management, trading and production.

According to the Polish Classification of Activities (“PKD” 2007) on 31 December 2011, the main area of business activity of the Company was an construction of roads and motorways (PKD no 42.11.Z). The industry branch, in which the Company operates was classified by the Stock Exchange in Warsaw as general construction and civil engineering business.

As at 31 December 2011, Budimex SA has in its organizational structure the following branches:

- General Construction North Branch in Poznań, ul. Wołowska 92A,
- General Construction South Branch in Krakow, ul. Ujastek 7,
- General Construction East Branch in Warsaw, ul. Stawki 40,
- Infrastructure North Branch in Warsaw, ul. Stawki 40,
- Infrastructure South Branch in Krakow, ul. Ujastek 7,
- Infrastructure West Branch in Wrocław, ul. Jana Długosza 2-6,
- Railway Branch in Warsaw, ul. Stawki 40,
- Equipment Services Branch in Pruszków, ul. Przejazdowa 24,
- Branch in Rzeszów, ul. Słowackiego 24,
- Branch in Poznań, ul. Wołowska 92A,
- Budimex SA Germany Branch with its registered office in Colonia.

## 2. FINANCIAL STATEMENTS

The financial statements cover the 12-month period ended 31 December 2011 and the comparative data for the 12-month period ended 31 December 2010 and were prepared in accordance with the following acts:

- The Accounting Act dated 29 September 1994 Dz. U. of 2009 No 152 item 1223 (with the subsequent changes) („the Act”),
- Decree of the Minister of Finance dated 18 October 2005, Dz. U. 209, item 1743 (with the subsequent changes), on the scope of information disclosed in financial statements and consolidated financial statements, required in the prospectuses for issuers with registered Office in the Republic of Poland, which should apply Polish Accounting Standards („Decree on the scope of information in financial statements”),
- Decree of The Minister of Finance dated 12 December 2001, Dz. U. 149, item 1674 (with the subsequent changes), on detailed rules of recognition, methods of valuation and disclosure extent and ways of presentation of financial instruments (“Decree on financial instruments”).

The financial data is expressed in PLN thousand unless stated otherwise.

The financial statements were prepared under historical cost convention, which was modified in the following cases:

- intangible and tangible assets,
- investments,
- financial instruments,

which was described in details in the point 7 of the introduction

The financial statements and the comparative data contain aggregate data of the reporting organizational branches acting as at 31 December 2011 and 31 December 2010. The financial statements of foreign operations are prepared in foreign currencies. The balance sheet data of these entities are translated into Polish zloty using the average NBP rate of exchange prevailing at the balance sheet date, while the profit and loss account items are translated using the rate of exchange being the mathematical mean of the average NBP exchange rate prevailing for the given currency at the end of each month. The resultant exchange differences are presented in the financial statements of the Company under equity item „Foreign exchange differences on translation of foreign operations”.

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. and Budimex SA Ferrovial Agroman SA s.c.. The financial data of the above mentioned entities were aggregated using the proportionate method pursuant to Art. 61 of the Accounting Act, i.e. individual items of the financial statements of Budimex SA were sum up with the proportionate part of the respective items of the jointly controlled entities' financial statements and the appropriate exclusions were made.

Budimex SA as the Parent Company of the Budimex Group prepares the consolidated financial statements for the 12-month period ended 31 December 2011 in accordance to International Financial Reporting Standards approved for use in the European Union (“IFRS”).

### 3. THE MANAGEMENT AND SUPERVISORY BOARDS

As at 31 December 2011 the Management Board of Budimex SA consisted of the following persons:

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

In 2011, the composition of the Management Board has not been changed.

As at 31 December 2011, the authorised commercial representatives of the Company were the following persons:

- José Emilio Pont Pérez
- Jaime Rontomé Pérez.

As at 31 December 2011, the Supervisory Board of Budimex SA was consisted of the following persons:

- |  |                                   |
|--|-----------------------------------|
| • Marek Michałowski                    | Chairman of the Supervisory Board |
| • Alejandro de la Joya Ruiz de Velasco | Vice-chairman                     |
| • Tomasz Sielicki                      | Secretary                         |

and the following members:

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

On 22 March 2011, Carmelo Rodrigo López resigned from the membership of the Supervisory Board.

On 23 March 2011, Alejandro de la Joya Ruiz de Velasco was appointed as a Vice-chairman of the Supervisory Board. On 19 May 2011, the Extraordinary General Meeting of Budimex SA approved decision of the Supervisory Board.

### 4. 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. 31 December 2011 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 31 December 2011 the excess of the current liabilities and short-term accruals over the current assets amounted to PLN 593 199 thousand. Taking into account, that the above amount included short-term deferred income referring to construction contracts valuation and advances received for future services in the total amount of PLN 680 621 thousand, the Company's Management Board does not state as at the date of signing the financial statements any threat to Company's ability to continue as a going concern.

## **5. BUSINESS COMBINATION**

In 2011 no mergers took place of Budimex SA and the other commercial companies.

## **6. COMPARABILITY OF PRIOR FINANCIAL STATEMENTS AND ADJUSTMENTS TO THE FINANCIAL STATEMENTS**

No adjustments resulting from qualifications of the 2010 auditors' opinion were made to the attached financial statements for the year 2011 or to the comparative data. Auditors' opinion for the year 2010 was unqualified.

## **7. BASIS OF VALUATION OF ASSETS AND LIABILITIES AND FINANCIAL RESULT**

### **a) Intangible assets**

Intangible assets are recognized if it is probable that the future economic benefits that are directly attributable to the assets will flow to the Company. Initially, intangible assets are valued at acquisition cost or cost of production. Following initial recognition, intangible assets are valued at acquisition cost or cost of production less accumulated amortization and impairment losses. Intangible assets are amortized using the straight line method over their estimated useful lives.

The expected useful lives of the Company's intangible assets are as follows:

- Patents and licenses 5 years,
- Software 2-5 years.

**b) Property, plant and equipment***Tangible fixed assets*

Tangible fixed assets are stated at acquisition cost, cost of production or re-valued amount, less accumulated depreciation and impairment losses. Land is valued at acquisition cost less any impairment losses.

Assets are re-valued in accordance with separate regulations. The last revaluation took place on 1 January 1995. The effects of the revaluation are taken to the revaluation reserve. After the asset is sold, the amount remaining in the revaluation reserve is transferred to reserve capital.

Costs incurred on an asset already in use, such as repairs, overhauls or operating fees, are expensed in the reporting period in which they were incurred. Costs incurred in connection with asset enhancement, modernization or development that result in an increase in asset value in use are capitalised to the initial cost of the asset.

Tangible fixed assets, except for land, are depreciated using the straight-line method commencing from the month following the month in which the assets were given over for use, over the period which matches their estimated useful lives. The depreciation periods are as follows:

- Buildings, premises and civil engineering objects	10-40 years
- Technical equipment	3-15 years
- Machines	3-15 years
- Computer hardware	3 years
- Motor vehicles (cars)	3-5 years
- Other [tangible]fixed assets	2-10 years.

Tangible fixed assets with a low initial cost i.e. less than PLN 3,500 are expensed in full in the period, to which this cost relates.

*Perpetual usufruct*

Perpetual usufruct (received from a community council) is stated at acquisition cost which is the excess of the first payment over the annual payment in accordance with the decision of a community council.

Perpetual usufruct is not depreciated.

*Construction in progress (Assets under construction)*

Construction in progress is stated at the amount of aggregate costs directly attributable to the acquisition or production of such assets, including finance costs, less any impairment losses. Construction in progress also includes investment materials purchased for construction. Construction in progress is not depreciated until completed and brought into use.

**c) Long-term investments***Investments in property*

Investments in property (investment property) consists of land, perpetual usufruct, buildings and constructions acquired for capital appreciation or to earn rentals. Investments in property are valued at the total amount of costs incurred for their acquisition less accumulated depreciation and impairment losses. Revenues and costs of lease or maintenance of property are included under operating income or operating expenses.

The useful lives of investments in property are as follows:

- |                               |             |
|-------------------------------|-------------|
| - Buildings and constructions | 10-40 years |
| - Other investment properties | 3-20 years. |

*Long-term financial assets*

Long-term financial assets, including investments in subsidiaries, jointly controlled entities and associates, are stated at historical cost less any write-downs due to permanent diminution in value. The carrying amount of such assets is reviewed for impairment each time impairment indicators have been identified to confirm that it does not exceed future economic benefits associated with the assets. Where the carrying amount exceeds the value of expected economic benefits associated with the asset, it is reduced to the net realizable value. Impairment losses are recognized under finance costs. An increase in the value of an investment which is directly related to a decrease that has been previously recognised as finance cost is recognised as finance income up to the amount of such expense.

Long-term investments expressed in foreign currencies are valued at the average NBP rate prevailing at the balance sheet date, while the exchange differences on valuation are recognized in accordance with the policies described in point h) Foreign currency transactions below.

**d) Inventories**

Inventories comprise raw materials in warehouses, goods for resale, work in progress and finished goods. In classifying inventory items to individual categories, the following policies are applied by the Company:

- Raw materials – represent items kept in warehouses or other places of storage that are to be used in production processes, especially to be consumed in construction activities,
- Work in progress – represents costs of uncompleted developer projects,
- Goods for resale – inventory items purchased with a view to re-selling, including land used in realization of developer projects,
- Finished goods – internally developed goods e.g. flats, usable floor space and completed constructions ready for sale.

Inventories are stated at the lower of acquisition cost or cost of production and net selling price. Net selling price is the selling price estimated at the balance sheet date, net of VAT

and excise taxes, less any rebates, discounts and other similar items, less the estimated costs to complete and costs to sell.

Raw materials and goods for resale are valued at acquisition cost determined in case of raw materials using the average method and in case of goods for resale using the FIFO (first-in, first-out) method. Work in progress and finished goods are valued at direct cost of production and an appropriate proportion of manufacturing overheads based on normal operating capacity.

**e) Receivables**

Receivables are stated at the amount due, less an allowance (a write-down) for any doubtful and uncollectable amounts.

The value of receivables overdue for over 180 days, receivables that are highly probable to be irrecoverable and of doubtful debts is adjusted by appropriate write-downs to the amount not covered by guarantee or other security.

Receivables impairment write-downs are recognized under other operating expenses or finance costs, depending on the type of the receivable.

The amounts of forgiven, statute-barred or bad debts for which no write-downs or only partial write-downs were made are recorded under other operating expenses or finance costs, as appropriate.

**f) Short-term investments (excluding cash and financial instruments)**

Short-term investments, other than financial assets for which an active market has been identified, are stated at the balance sheet date at market value. The effects of a net increase or a net decrease in the carrying amount of short-term investments stated at market value are recorded under finance income or finance costs, as appropriate.

Short-term investments, other than monetary assets for which there is no active market, are stated at the balance sheet date at the lower of acquisition cost and fair value. A decrease in the carrying amount of short-term investments valued as above is recorded in full under finance costs; an increase is taken to finance income up to the amount previously charged to finance costs.

**g) Cash and cash equivalents**

Cash in hand and at bank is stated at nominal value.

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

**h) Foreign currency transactions**

Transactions denominated in currencies other than Polish zloty are translated into Polish zloty at the rate of exchange prevailing on the transaction date, being the following:

- actual (real) rate resulted from the character of transaction– for transactions of purchase or sale of foreign currencies or payments of receivables or liabilities;
- average NBP rate announced for the given currency on the day prior to transaction date - for payments of receivables or liabilities, if actual (real) rate resulted from the character of transaction cannot be used and for all other transactions.

As at 31 December 2011 and 31 December 2010, assets and liabilities expressed in currencies other than Polish zloty are translated using the average NBP rate prevailing at the end of the reporting period.

At the balance sheet date, foreign exchange differences relating to foreign currency long-term investments are recognized in the following manner:

- the effects of revaluation resulting in an increase in investment value are taken to revaluation reserve;
- a decrease in the value of a previously re-valued investment will reduce the revaluation reserve up to the amount previously recorded under revaluation reserve, if the revalued amount has not been amortised to the date of the measurement. In all other cases, the effects of a decrease in the value of an investment are recognised as finance cost,
- an increase in the value of an investment which is directly related to a decrease that has been previously recognised as finance cost is recognised as finance income up to the amount of such expense.

Foreign exchange differences relating to items other than foreign currency investments (assets) and liabilities that were identified as at valuation date or upon payment of receivables or liabilities, or upon foreign currency sale, are recognized under finance income or finance costs, as appropriate, or in justified cases – under the cost of production of finished goods or purchase price of goods for resale, or purchase price or cost of production of fixed assets, assets under construction or intangible assets.

#### **i) Prepaid expenses**

Prepayments cover costs relating to the months following the month in which they were incurred. Prepaid expenses are amortized in proportion to the passage of time, while observing the prudence principle.

An excess of revenue from uncompleted construction services (the “contract”) over the amount invoiced also represents prepaid expenses.

#### **j) Shareholders` equity**

The issued share capital is recorded at the amount stated in the Company’s Articles of Association and registered in the National Court Register, i.e. nominal value.

Reserve capital consists of appropriated profits, amounts transferred from revaluation reserve and share premium. Additionally, in reserve capital is recognised a difference resulting from a merger settlement using the pooling of interest method, e. i. a difference between share capital of an acquired company and an acquisition cost of its shares in the Company books of account.

Revaluation reserve is composed of the following items:

- difference between the pre- and post valuation net carrying amounts of fixed assets, for which valuation was performed as at 1 January 1995. Revaluation reserve is gradually



reduced due to disposals of fixed assets subject to revaluation, with the proviso that the reserve capital is increased by the same amount.

- foreign exchange differences on translation of foreign operations,
- the effects of re-valuation of foreign currency long-term investments.

#### **k) Share-based payments**

The fair value of the employee services received in exchange for the grant of the equity instruments of Ferrovial SA is recognised in these financial statements as an expense with a corresponding increase in equity, over the period in which the service conditions are fulfilled (vesting period). The fair value of the employee services received is measured by reference to the fair value of the equity instruments at the grant date. Vesting conditions, other than market conditions, were taken into account by adjusting the number of equity instruments included in the measurement of the transaction so that, ultimately, the expense recognised for services received is based on the number of equity instruments that are expected to vest.

#### **l) Provisions**

Provisions are created for future liabilities, the maturity of which or amount are not certain. A provision is recognised only when:

- the Company has a present obligation (legal or constructive) as a result of past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- a reliable estimate can be made of the amount of the obligation.

The Company recognise provisions especially for the following:

- costs of retirement benefits,
- **results of legal proceedings,**
- costs of future warranty repairs,
- restructuring cost,
- penalties.

##### *Provision for retirement benefits*

The Company creates a provision for retirement benefits in the amount of the present value of future Company's liabilities under the retirement benefits scheme it operates. Payments under the scheme are taken to operating expenses so as to spread the cost of the retirement benefits over the employees' working lives at the Company. The value of the provision is determined by an independent actuary using the projected unit credit method. The last valuation took place as at 31 December 2011.

*Provision for legal proceedings*

A provision for legal proceedings is recognised when the Company 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.

*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.

*Restructuring provisions*

The Company creates a restructuring provision only for planned and controlled programme that materially changes either the scope of business undertaken or the manner in which the business is conducted as well as for redundancies in purpose of increasing the effectiveness and efficiency of the business which lead to inflow of resources embodying economic benefits.

**m) Loans and borrowings and financial liabilities held for trading**

All loans and borrowings are initially stated at cost, being the value of the funds received and including acquisition costs associated with the borrowing/loan. At the balance sheet date, all interest-bearing loans and borrowings, other than liabilities held for trading, are measured at amortized cost, using the effective interest rate method.

Liabilities which are held for trading are subsequently measured at fair value. Any gain/loss from re-measurement to fair value is included in the net profit/loss for the period.

**n) Liabilities (excluding financial liabilities)**

Liabilities which are not financial liabilities are stated at the amount due and payable.

The Company recognises as the trade payables the uninvoiced liabilities for services completed that a reliable estimate of its amount can be made.

**o) Accrued expenses**

Included in accrued expenses is the value of probable liabilities relating to the current reporting period and arising from current business activity.

*Expected losses on construction contracts*

When it is probable that total contract costs on uncompleted construction contracts will exceed total contract revenue, the expected loss (difference between contract revenue and estimated contract costs) is recognized as an expense. Provisions for expected losses on construction contracts are charged to the cost of the goods for resale sold.

*Costs of employee annual leave*

Employees of the Company are entitled to annual leave in accordance with the terms and conditions defined in Polish Labour Code. The cost of employee annual leave is recognized on an accrual basis using the liability method. The amount of the Company's liability arising from employee annual leave is determined based on the difference in the number of annual leave days already used and the number of days that remained to be used, had the leave been taken in proportion to the passage of time. Costs of employee annual leave are recognized in correspondence with appropriate operating expenses (costs of payroll and social security contributions).

**p) Accrued income**

Included in „Accrued income” are, while observing the prudence concept, the following items:

- amounts received or receivable from business partners in respect of services that will be performed in the subsequent periods,
- cash received to finance purchase or development of fixed assets, including assets under construction and development work, if – in accordance with other regulations – it does not increase the shareholders' equity. The amounts recognized under accrued income gradually increase other operating income, in line with depreciation/ accumulated depreciation charges on fixed assets or costs of development work financed from the cash received,
- negative goodwill.

*Non-performed invoiced services*

Where the carrying amount of revenue recognized on a construction contract is lower than the amount of the revenue invoiced, the difference is recorded under accrued income

**q) Financial instruments**

Financial instruments are classified into one of the following four categories:

- financial assets and financial liabilities held for trading,
- loans and receivables [originated by the Company],
- financial assets held to maturity,
- financial assets available for sale.

The above classification is based on the criterion of the purpose of the investment acquired or the liability incurred.

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred with a view to selling or repurchasing in a near term,
- a derivative (except for a derivative that is designated as effective hedging instrument).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Investments held to maturity are non-derivative financial assets that are not classified as financial assets held for trading or loans and receivables with determinable payments and fixed maturity that the Group Management has the positive intention and ability to hold to maturity.

Financial assets available for sale are financial instruments not classified to any of the remaining categories of financial instruments.

Included in financial instruments are also derivative financial instruments (derivatives).

Financial assets are introduced to the books of account at the transaction date at acquisition cost i.e. at the fair value of the expenditure made or the assets exchanged. In determining asset fair value as at that date, the transaction costs incurred are taken into account.

Financial assets are stated at fair value (without taking into account the transaction costs that the Company would incur on assets disposal), except for the following:

- loans and receivables which are not earmarked for sale,
- financial assets held to maturity,
- financial assets without market value determined on an active regulated market, or for which the fair value cannot otherwise be determined in a reliable manner,
- secured/ collateralized financial assets.

The non-fair- valued financial assets are measured as follows:

- loans and receivables, except for those classified as held for trading – at amortized cost determined using the effective interest rate, irrespective of whether or not the Company intends to hold them to maturity,
- financial assets with fixed maturity date – at amortized cost determined using the effective interest method,
- financial assets without the maturity date set – at acquisition cost.

Financial liabilities, except for hedged items, are valued at amortized cost, except for financial liabilities held for trading or the liability- type derivatives, which are valued at fair value.

Where impairment loss of a financial asset is ascertained, the asset is re-measured to recoverable amount or to fair value.

The effects of re-valuation of financial assets and financial liabilities are taken to finance income or finance costs, as appropriate, for the period in which the revaluation took place.

#### **r) Impairment of financial assets**

An assessment is made at each balance sheet date to determine whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss recognized for the difference between the recoverable amount and the carrying amount.

Impairment losses are recognized in the profit and loss account for the period. For financial assets for which previous revaluations were made in correspondence with revaluation reserve, impairment write-downs reduce revaluation reserve up to the previously re-valued amount, and are taken to other operating expenses or finance costs.

#### **s) Revenues, costs and financial result measurement**

Revenues and costs are recognized on an accrual basis, i.e. in the periods to which they relate, irrespective of the date on which the payment was received or made. Sales revenue comprises amounts receivable or received from sale, net of the Value Added Tax.

Operating result represents a difference between net income from sale of finished goods, goods for resale or raw materials, after considering subsidies, rebates and other increases or decreases, without value added tax, and other operating income, and the cost of the finished goods, goods for resale and raw materials sold valued at cost of production, acquisition or purchase, increased by the total of administrative expenses, selling expenses and other operating expenses incurred since the beginning of the year.

Revenue from developer activities are recognized based on the documents transferring ownership right to the buyer where 100% of costs was incurred for the given stage of the contract or where the anticipated costs were incurred in large majority. Upon recognition of sales revenue, the Company recognizes cost of construction of the given area, by reducing work in progress by the share of the premises sold in the total area of the given type of premises and by reducing the goods for resale by the share of the area of land attributed to the given premises.

The result on financial operations is the difference between finance income, being in particular dividend, interest, gains on investment disposal or revaluation and excess of foreign exchange gains over foreign exchange losses, and finance costs, being in particular interest, losses on investment disposal or valuation and excess of foreign exchange losses over foreign exchange gains.

Extraordinary gains or losses represent the financial effects of unique events outside the main business activities of the Company.

As part of its accounting records, the Company prepares profit and loss account both in the nature of expense and function of expense format.

#### **t) Construction contracts**

The Company recognizes revenue from construction contracts using the percentage of completion method, which measures the share of the costs incurred from the date of contract signing to the date of determining contract revenue in total service costs.

Where difference is ascertained between invoiced revenues and revenues calculated using the percentage of completion method, the Company adjusts the value of sales revenue by taking the difference to prepayments or accrued income.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized under provision for contract losses and is taken to operating expenses.

#### **u) Taxation**

Income tax on revenues earned in Poland is calculated in accordance with Polish tax regulations, while that on revenues of foreign operations is subject to local tax regulations, after considering the appropriate treaty on avoidance of double taxation.

Due to temporary differences between carrying amount of assets and liabilities recognized in the books of account and their tax bases, and due to the tax loss available to be utilized in future years, the Company recognizes deferred tax liability and deferred tax asset.

Deferred tax assets are determined in the amount that is expected to be deducted from the income tax in connection with deductible temporary differences, which in the future

will cause a decrease in taxable profit/ tax loss, and in the amount of carry-forward of unused tax losses determined while observing the prudence principle.

Deferred tax liabilities are recognized in the amount of income tax to be paid in the future in respect of all taxable temporary differences i.e. differences that will cause an increase in taxable profit/ tax loss in the future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply in the period when the asset is realised and the liability is settled, based on tax laws (and tax rates) that have been enacted at the balance sheet date.

As at 31 December 2011 and 31 December 2010, deferred tax assets and deferred tax liabilities were calculated using the 19% tax rate.

**v) Financial year**

The Company's balance sheet date is 31 December and the financial/ reporting year is calendar year.

**w) Management estimates**

Preparation of the financial statements requires that the Management Board of the Issuer makes certain estimates and assumptions which are reflected in the attached condensed financial statements and additional notes and explanation thereto. The results achieved may differ from those estimates. The Management Board's estimates relate, among others, to valuation of provisions, construction contracts, accruals, assets impairment write-downs or adopted depreciation/ amortization rates.

## **8. TRANSLATION OF FINANCIAL DATA INTO EURO**

Individual assets and liabilities items were translated into euro using average foreign exchange rate prevailing as at 31 December 2011 published by the National Bank of Poland, i.e. 4.4168 PLN/EUR. Individual items of profit and loss account and cash flow statement referring to the financial statements for the 12-month period ended 31 December 2011 were translated into euro using the average rate being the arithmetical average of average rate published by the National Bank of Poland prevailing at the last day of each ended month covered by the annual report, i.e. using the rate of 4.1401 PLN/EUR.

Individual asset and liabilities items of comparative financial data were translated into euro using average foreign exchange rate prevailing as at 31 December 2010, published by the National Bank of Poland, i.e. 3.9603 PLN/EUR. Individual profit and loss account and cash flow statement items of comparative financial data for the 12-month period ended 31 December 2010 were translated into euro using the average rate being the arithmetical average of average rate published by the National Bank of Poland prevailing at the last day of each ended month covered by the annual report, i.e. using the rate of 4.0044 PLN/EUR.

Selected main balance sheet, profit and loss account and cash flow statement of the financial statements and comparative financial data translated into euro were presented in the front page of the annual report.

The highest rate in the year was the rate prevailing at 14 December 2011, i.e. 4.5642 PLN/EUR, the lowest rate in the year was the rate prevailing at 12 January 2011, i.e. 3.8403 PLN/EUR.

## **9. DIFFERENCES BETWEEN POLISH ACCOUNTING REGULATIONS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company applies accounting policies and valuation and classification methods in accordance with accounting act ("PAR"). According to par. 7 section 1 Decree on the scope of information in financial statements differences between accounting policies adopted by the Company and IFRS are presented below:

### **a) Translation of long-term financial assets denominated in the foreign currencies**

On 31 December 2010, the Company values the long-term financial assets covering the shares in foreign operations and denominated in the foreign currencies using the rate prevailing at the balance sheet date. Foreign exchange differences on the translation are appropriately allocated to reserve capital (translation gain or adjustment of the historic translation) or to the financial result (translation loss). On 31 December 2011, due to recognition of an impairment write-down of Budimex share in entity Inversora de Autopistas del Levante S.L., Budimex ceased valuation of shares of that company using the rate prevailing at the balance sheet date.

In accordance with IAS 39 available-for-sale financial assets, which fair value cannot be reliably estimated, are valued at historic costs. In the financial statements prepared in accordance with IFRS differences on the translation were appropriately adjusted in equity and financial result for the prior periods and current year.

### **b) Discount of long-term receivables and liabilities**

Receivables and liabilities related to retentions for construction contracts are valued at amount due i.e. at nominal value.

In accordance with IAS 39 long-term receivables and liabilities which are free of interest are discounted and presented in the financial statements at present value. Sales revenue and operating costs are adjusted by the differences arising in the period between nominal and present value of long-term receivables and liabilities, respectively. The discount value which decreases the nominal value of long-term receivables and liabilities is settled against financial costs or income in the subsequent years.

### **c) Deferred tax**

Differences in the accounting policies prevailing in Poland and IFRS have an impact on the deferred tax computation.

Equity

		<b>31 December 2011</b>	<b>31 December 2010</b>
<b>Shareholders' equity according to PAS</b>		<b>692 960</b>	<b>642 735</b>
<u>Adjustments:</u>			
Valuation of long-term financial assets	(a)	1 369	1 369
Discount referring to long-term receivables and liabilities	(b)	16 727	15 784
Deferred tax calculated on above adjustments	(c)	(3 438)	(3 259)
<b>Shareholders' equity according to IFRS</b>		<b>707 618</b>	<b>656 629</b>

Net profit

		<b>Year 2011</b>	<b>Year 2010</b>
<b>Net profit according to PAS</b>		<b>280 368</b>	<b>226 283</b>
<u>Adjustments:</u>			
Valuation of long-term financial assets	(a)	-	417
Discount referring to long-term receivables and liabilities	(b)	943	6 073
Deferred tax calculated on above adjustments	(c)	(179)	(1 233)
<b>Net profit according to IFRS</b>		<b>281 132</b>	<b>231 540</b>

**d) Adjustment to equity due to hyperinflation**

At the date of transition to IFRS, the Group adjusted shareholders' equity and share premium for the period, in which Polish economy was hyperinflationary. The effects of translation and reconciliation of balances shown in the books of account and corporate records of the Company to the amount recognised in the consolidated financial statements of the Budimex Group were presented in the table below.

	<b>Ordinary shares</b>	<b>Share premium</b>
<b>Registered capital</b>	<b>127 650</b>	<b>232 719</b>
Translation of capital due to hyperinflation	18 198	2 080
<b>Value recognized in the consolidated financial statements</b>	<b>145 848</b>	<b>234 799</b>



The value by which the share capital and share premium were adjusted in connection with hyperinflation was recognized in equity under „Accumulated profits/ (losses) from previous years” in the consolidated financial statements.

e) Goodwill

The Company in the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), recognised goodwill in the amount of PLN 73 237 thousand related to the purchase of shares of Budimex Dromex SA. Due to the merger Budimex SA and Budimex Dromex SA, if that goodwill would be presented herein in separate financial statements of Budimex SA, prepared in accordance with The Accounting Act, it was fully depreciated as at 31 December 2011.

<b>Balance Sheet</b>	<b>Note</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>ASSETS</b>			
<b>I. Non-current assets</b>		<b>1 484 376</b>	<b>1 288 055</b>
<b>1. Intangible assets, of which:</b>	1	<b>2 051</b>	<b>1 768</b>
- goodwill		-	-
<b>2. Property, plant and equipment</b>	2	<b>100 326</b>	<b>82 891</b>
<b>3. Long-term receivables</b>	3	<b>-</b>	<b>-</b>
3.1. From related entities		-	-
3.2. From other entities		-	-
<b>4. Long-term investments</b>	4	<b>1 022 409</b>	<b>810 754</b>
4.1. Investment properties		7 762	13 391
4.2. Intangible assets		-	-
4.3. Long-term financial assets		1 014 647	797 363
a) in related entities, of which:		1 012 462	795 121
- shares in equity accounted entities		-	-
b) in other entities		2 185	2 242
4.4. Other long-term investments		-	-
<b>5. Long-term prepayments</b>	5	<b>359 590</b>	<b>392 642</b>
5.1. Deferred tax assets		353 769	388 337
5.2. Other prepayments		5 821	4 305
<b>II. Current assets</b>		<b>2 481 890</b>	<b>2 570 896</b>
<b>1. Inventories</b>	6	<b>263 347</b>	<b>237 579</b>
<b>2. Short-term receivables</b>	7	<b>439 156</b>	<b>413 961</b>
2.1. From related entities		98 887	72 481
2.2. From other entities		340 269	341 480
<b>3. Short-term investments</b>	8	<b>1 570 117</b>	<b>1 769 110</b>
3.1. Short-term financial assets		1 570 117	1 769 110
a) in related entities		-	-
b) in other entities		122	14 111
c) cash and cash equivalents		1 569 995	1 754 999
3.2. Other short-term investments		-	-
<b>4. Short-term prepayments</b>	9	<b>209 270</b>	<b>150 246</b>
<b>Total assets</b>		<b>3 966 266</b>	<b>3 858 951</b>

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>I. Shareholders' equity</b>		<b>692 960</b>	<b>642 735</b>
1. Share capital	11	127 650	127 650
2. Called-up share capital receivable not paid (negative value)		-	-
3. Own shares (equities) (negative value)		-	-
4. Reserve capital	12	280 845	285 349
5. Revaluation reserve	13	4 097	3 453
6. Other reserves	14	-	-
7. Accumulated profit (loss) from prior years		-	-
8. Net profit (loss)		280 368	226 283
9. Write-offs from net profit during the accounting year (negative value)	15	-	-
<b>II. Liabilities and provisions for liabilities</b>		<b>3 273 306</b>	<b>3 216 216</b>
<b>1. Provisions for liabilities</b>		<b>255 239</b>	<b>231 671</b>
1.1. Deferred tax liabilities	16	57 416	48 683
1.2. Provision for retirement benefits and similar obligations	17	3 364	2 911
a) long-term		2 637	1 554
b) short-term		727	1 357
1.3. Other provisions	17	194 459	180 077
a) long-term		99 362	76 285
b) short-term		95 097	103 792
<b>2. Long-term liabilities</b>	18	<b>33 652</b>	<b>11 244</b>
2.1. Due to related entities		-	-
2.2. Due to other entities		33 652	11 244
<b>3. Short-term liabilities</b>	19	<b>1 792 443</b>	<b>1 678 864</b>
3.1. Due to related entities		152 707	108 140
3.2. Due to other entities		1 635 429	1 567 628
3.3. Special Funds		4 307	3 096
<b>4. Accruals</b>	20	<b>1 191 972</b>	<b>1 294 437</b>
4.1. Negative goodwill		-	-
4.2. Other accruals		1 191 972	1 294 437
- long-term		5 150	5 150
- short-term		1 186 822	1 289 287
<b>Total equity and liabilities</b>		<b>3 966 266</b>	<b>3 858 951</b>

<b>CALCULATION OF BOOK VALUE PER SHARE</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Book value (in PLN thousands)	692 960	642 735
Number of shares	25 530 098	25 530 098
Book value per share (in PLN)	27,14	25,18

OFF BALANCE SHEET ITEMS	Note	31.12.2011	31.12.2010
<b>1. Contingent receivables</b>		<b>339 678</b>	<b>278 736</b>
1.1. From related entities, of which:	21	-	-
- guarantees and suretyships received			-
- bills of exchange received as security		-	-
- other contingent receivables		-	-
1.2. From other entities, of which:		336 678	278 736
- guarantees and suretyships received		329 996	271 037
- bills of exchange received as security		6 682	7 699
1.3. Other, of which:		3 000	-
- other contingent receivables		3 000	-
<b>2. Contingent liabilities</b>		<b>1 755 356</b>	<b>1 429 246</b>
2.1. To related entities, of which	21	147 130	113 066
- guarantees and suretyships issued		147 130	113 066
- promissory notes issued as security		-	-
- other contingent liabilities		-	-
2.2. To other entities, of which:		1 608 226	1 316 180
- guarantees and suretyships issued		1 606 171	1 314 180
- promissory notes issued as security		2 055	2 000
<b>3. Other, of which:</b>		<b>-</b>	<b>-</b>
- other contingent liabilities		-	-
<b>Total off balance sheet items</b>		<b>(1 415 678)</b>	<b>(1 150 510)</b>

<b>PROFIT AND LOSS ACCOUNT</b>	<b>Note</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
<b>I. Net sales of finished goods, goods for resale and materials, of which:</b>		<b>5 019 669</b>	<b>3 751 456</b>
- from related parties		293 580	165 845
1. Net sales of finished goods	22	5 016 946	3 750 663
2. Net sales of goods for resale and materials	23	2 723	793
<b>II. Cost of finished goods, goods for resale and materials, of which:</b>		<b>4 638 029</b>	<b>3 393 301</b>
- to related parties		143 074	119 712
1. Cost of goods produced	24	4 636 053	3 392 737
2. Value of goods for resale and materials sold		1 976	564
<b>III. Gross profit (loss) on sales (I - II)</b>		<b>381 640</b>	<b>358 155</b>
<b>IV. Selling expenses</b>	24	<b>11 692</b>	<b>9 382</b>
<b>V. Administrative expenses</b>	24	<b>123 518</b>	<b>113 893</b>
<b>VI. Profit (loss) on sales (III - IV - V)</b>		<b>246 430</b>	<b>234 880</b>
<b>VII. Other operating income</b>		<b>74 728</b>	<b>58 356</b>
1. Profit on disposal of non-financial fixed assets		5 781	2 989
2. Donations		-	-
3. Other operating revenues	25	68 947	55 367
<b>VIII. Other operating expenses</b>		<b>40 878</b>	<b>79 549</b>
1. Loss on disposal of non-financial fixed assets		-	-
2. Revaluation of non-financial assets	26	8 386	42 660
3. Other operating costs	26	32 492	36 889
<b>IX. Operating profit (loss) (VI+VII-VIII)</b>		<b>280 280</b>	<b>213 687</b>
<b>X. Finance income</b>		<b>87 399</b>	<b>82 375</b>
1. Dividends and shares in profits, of which:	27	37 000	35 958
- from related parties		37 000	35 953
2. Interest, of which:	27	48 294	36 609
- from related parties		9	285
3. Profit on sale of investments	29	2 105	-
4. Revaluation of investments	30	-	9 551
5. Other	27	-	257
<b>XI. Finance costs</b>		<b>30 484</b>	<b>25 181</b>
1. Interest, of which:	28	3 963	2 064
- to related entities		182	149
2. Loss on disposal of investments	29	29	7 219
3. Revaluation of investments	30	11 213	1 716
4. Other	28	15 279	14 182
<b>XII. Profit (loss) on operating activities (IX+X-XI)</b>		<b>337 195</b>	<b>270 881</b>
<b>XIII. Extraordinary gains/(losses) (XIII.1. - XIII.2.)</b>		<b>-</b>	<b>-</b>
1. Extraordinary gains	31	-	-
2. Extraordinary losses	32	-	-
<b>XIV. Gross profit (loss) (XIII+/-XIV)</b>		<b>337 195</b>	<b>270 881</b>
<b>XV. Income tax</b>	33	<b>56 827</b>	<b>44 598</b>
a) current tax		13 526	165 596
b) deferred tax		43 301	(120 998)
<b>XVI. Other statutory deductions from profit (increases of loss)</b>	34	<b>-</b>	<b>-</b>
<b>XVII. Shares in net profits of equity accounted subordinates</b>	35	<b>-</b>	<b>-</b>
<b>XVIII. Net profit (loss) (XIV+/-XV+/-XVI+/-XVII)</b>		<b>280 368</b>	<b>226 283</b>

Net profit (loss) (annualized)		280 368	226 283
Weighted average number of ordinary shares		25 530 098	25 530 098
Earnings per ordinary share (in PLN)	37	10,98	8,86

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	01.01 - 31.12.2011	01.01 - 31.12.2010
<b>I. Shareholders' equity at the beginning of the period</b>	<b>642 735</b>	<b>590 312</b>
<b>I.a. Shareholders' capital at the beginning of the period after reconciliation of comparative data</b>	<b>642 735</b>	<b>590 312</b>
<b>1. Share capital at the beginning of the period</b>	<b>127 650</b>	<b>127 650</b>
1.1. Changes in share capital	-	-
a) increases, of which:	-	-
b) decreases, of which:	-	-
<b>1.2. Share capital at the end of the period</b>	<b>127 650</b>	<b>127 650</b>
<b>2. Called-up share capital receivable not paid (negative value)</b>		
2.1. Changes in called-up share capital receivable not paid at the beginning of the period	-	-
a) increases, of which:	-	-
b) decreases, of which:	-	-
<b>2.2 Called-up share capital receivable not paid (negative value) at the end of the period</b>	<b>-</b>	<b>-</b>
<b>3. Own shares (equities) at the beginning of the period (negative value)</b>		
3.1. Changes in own shares (equities)	-	-
a) increase	-	-
b) decrease	-	-
<b>3.2. Own shares (equities) at the end of the period (negative value)</b>	<b>-</b>	<b>-</b>
<b>4. Reserve capital at the beginning of the period</b>	<b>285 349</b>	<b>324 265</b>
4.1. Changes in reserve capital	(4 504)	(38 916)
a) increases, of which:	1 027	256
- fair value of employee share option granted by the parent company	1 027	256
b) decreases, of which:	(5 531)	(39 172)
- payment of dividend	(5 531)	(35 575)
- adjustment of equity due to merger	-	(3 597)
<b>4.2. Reserve capital at the end of the period</b>	<b>280 845</b>	<b>285 349</b>
<b>5 Revaluation reserve at the beginning of the period</b>	<b>3 453</b>	<b>3 964</b>
5.1. Changes in revaluation reserve	644	(511)
a) increases, of which	644	-
- exchange differences on revaluation foreign entities	644	-
b) decreases, of which	-	(511)
- exchange differences on revaluation foreign entities	-	(511)
<b>5.2. Reserve capital at the end of the period</b>	<b>4 097</b>	<b>3 453</b>
<b>6. Other reserves at the beginning of the period</b>		
6.1. Changes in other reserves	-	-
a) increases, of which	-	-
b) decreases, of which	-	-
<b>6.2. Other reserves at the end of a period</b>	<b>-</b>	<b>-</b>
<b>7. Accumulated profit (loss) from prior years</b>	<b>226 283</b>	<b>134 433</b>
<b>7.1. Accumulated profit from prior years at the beginning of the period</b>	<b>226 283</b>	<b>134 433</b>
<b>7.2. Accumulated profit at the beginning of the period, after reconciliation of comparative data</b>	<b>226 283</b>	<b>134 433</b>
a) increases, of which	-	3 597
- adjustment of equity due to merger	-	3 597
b) decreases, of which	(226 283)	(138 030)
- payment of dividend	(226 283)	(138 030)
<b>7.3. Accumulated profit at the end of the period</b>	<b>-</b>	<b>-</b>
<b>7.4. Accumulated loss from prior years, "-"</b>	<b>-</b>	<b>-</b>
<b>7.5. Accumulated loss from prior years at the beginning of the period, after reconciliation of comparative data</b>	<b>-</b>	<b>-</b>
a) increases, "-"	-	-
b) decreases, "+"	-	-
<b>7.6. Accumulated loss from prior years at the end of the period</b>	<b>-</b>	<b>-</b>
<b>7.7. Accumulated profit (loss) from prior years at the end of the period</b>	<b>-</b>	<b>-</b>
<b>8. Net financial result</b>	<b>280 368</b>	<b>226 283</b>
a) net profit	280 368	226 283
b) net loss	-	-
c) write-offs from profit	-	-
<b>II. Shareholders' equity at the end of the period</b>	<b>692 960</b>	<b>642 735</b>
<b>III. Shareholders' equity after accounting for the proposed distribution of profit (cover of loss)</b>	<b>692 960</b>	<b>642 735</b>

<b>CASH FLOW STATEMENT</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
<b>A. Cash flow from operating activities</b>		
<b>I. Net profit (loss)</b>	<b>280 368</b>	<b>226 283</b>
<b>II. Adjustments for</b>	<b>(49 620)</b>	<b>665 414</b>
1. Shares in (net profits) losses of equity accounted subordinates	-	-
2. Depreciation /Amortization	25 577	18 346
3. FX (gains) losses	914	(369)
4. Interest and shares in profits (dividends)	(35 577)	(35 407)
5. (Profit) loss on investing activities	(1 774)	5 529
6. Change in provisions	23 568	38 584
7. Change in inventories	(25 768)	(127 385)
8. Change in receivables	(20 386)	58 303
9. Change in short-term liabilities, except for loans and borrowings	105 951	456 976
10. Change in accruals and prepayments	(128 437)	258 452
11. Other adjustments	6 312	(7 615)
<b>III. Net cash from (used) in operating activities (I +/- II)</b>	<b>230 748</b>	<b>891 697</b>
<b>B. Cash flow from investing activities</b>		
<b>I. Inflows</b>	<b>68 346</b>	<b>146 556</b>
1. Disposal of intangible and tangible fixed assets	4 732	4 341
2. Disposal of investments in properties and intangible assets	8 899	-
3. From financial assets, of which:	52 610	81 215
a) in related entities:	38 400	61 210
- disposal of financial assets	1 400	-
- dividends and shares in profits	37 000	35 953
- repayment of long-term loans granted	-	1 600
- interests	-	185
- other cash inflows from financial assets	-	23 472
b) in other entities:	14 210	20 005
- disposal of financial assets	14 013	19 067
- dividends and shares in profits	-	5
- repayment of long-term loans granted	-	-
- interests	197	933
- other cash inflows from financial assets	-	-
4. Other inflows from investing activities	2 105	61 000
<b>II. Outflows</b>	<b>238 963</b>	<b>106 378</b>
1. Acquisition of intangible and tangible fixed assets	9 375	21 937
2. Investments in properties and intangible assets	-	-
3. To financial assets, of which:	229 588	16 222
a) in related entities:	229 588	2 209
- acquisition of financial assets	229 588	1 309
- long-term loans granted	-	900
b) in other entities	-	14 013
- acquisition of financial assets	-	14 013
- long-term loans granted	-	-
4. Other investing expenses	-	68 219
<b>III. Net cash from investing activities (I - II)</b>	<b>(170 617)</b>	<b>40 178</b>

<b>CASH FLOW STATEMENT</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
<b>C. Cash flow from financing activities</b>		
<b>I. Inflows</b>	-	-
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	-	-
<b>II. Outflows</b>	<b>245 095</b>	<b>184 679</b>
1. Acquisition of own shares (equities)	-	-
2. Dividends and other payments to owners	231 814	173 605
3. Expenditures arising from profit distribution, other than payments to owners	-	-
4. Repayment of loans and borrowings	-	-
5. Redemption of debt securities	-	-
6. Arising from other financial liabilities	-	-
7. Payments of lease liabilities	11 847	10 333
8. Interests	1 434	741
9. Other financial expenses	-	-
<b>III. Net cash used in financing activities(I - II)</b>	<b>(245 095)</b>	<b>(184 679)</b>
<b>D. Total net cash flows (A.III. +/- B.III. +/- C.III.)</b>	<b>(184 964)</b>	<b>747 196</b>
<b>E. Change in balance sheet of cash balance, of which</b>	<b>(185 004)</b>	<b>747 290</b>
- foreign exchange differences, net	(40)	94
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>1 754 999</b>	<b>1 007 709</b>
<b>G. Cash and cash equivalents at the end of the period (F +/- D), of which:</b>	<b>1 569 995</b>	<b>1 754 999</b>
- restricted cash	74 685	100 402



## Explanatory notes to the balance sheet

### Note 1A

<b>INTANGIBLE ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) development costs	-	-
b) goodwill	-	-
c) licenses and patents, of which:	1 629	1 172
- <i>computer software</i>	1 629	1 172
d) other intangible assets	-	-
e) prepayments for intangible assets	422	596
<b>Total intangible assets</b>	<b>2 051</b>	<b>1 768</b>

### Note 1B

<b>INTANGIBLE ASSETS (ownership structure)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) own	2 051	1 768
b) used based on lease contracts and similar agreements	-	-
<b>Total intangible assets</b>	<b>2 051</b>	<b>1 768</b>

No legal or similar restrictions on intangible assets as security for liabilities existed as at 31 December 2011 and 31 December 2010.

**Note 1C**

<b>CHANGES IN INATNGIBLE ASSETS</b>							
	a) development costs	b) goodwill	c) licenses and patents, of which:	- computer software	d) other intangible assets	e) prepayments for intangible assets	<b>Total intangible assets</b>
<b>a) gross book value at the beginning of the period</b>	-	-	<b>16 965</b>	<b>16 965</b>	-	<b>596</b>	<b>17 561</b>
b) increases	-	-	<b>1 359</b>	<b>1 359</b>	-	<b>525</b>	<b>1 884</b>
- transfer from settled prepayments	-	-	645	645	-	-	645
- purchase	-	-	712	712	-	525	1 237
- other increases	-	-	2	2	-	-	2
c) decreases	-	-	<b>28</b>	<b>28</b>	-	<b>699</b>	<b>727</b>
- liquidation	-	-	28	28	-	54	82
- settlement of prepayments	-	-	-	-	-	645	645
<b>d) gross book value at the end of the period</b>	-	-	<b>18 296</b>	<b>18 296</b>	-	<b>422</b>	<b>18 718</b>
e) accumulated amortization at the beginning of the period	-	-	<b>15 793</b>	<b>15 793</b>	-	-	<b>15 793</b>
f) amortization for the period	-	-	<b>874</b>	<b>874</b>	-	-	<b>874</b>
- current amortization	-	-	900	900	-	-	900
- liquidation	-	-	(28)	(28)	-	-	(28)
- other	-	-	2	2	-	-	2
<b>g) accumulated amortization at the end of the period</b>	-	-	<b>16 667</b>	<b>16 667</b>	-	-	<b>16 667</b>
h) impairment write-down at the beginning of the period	-	-	-	-	-	-	-
- increases	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-
<b>i) impairment write-down at the end of the period</b>	-	-	-	-	-	-	-
<b>j) net book value of intangible assets at the end of the period</b>	-	-	<b>1 629</b>	<b>1 629</b>	-	<b>422</b>	<b>2 051</b>

**Note 2A**

<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) tangible fixed assets, of which:	<b>99 861</b>	<b>80 466</b>
- land and perpetual usufruct	3 640	3 640
- buildings, premises and civil engineering objects	2 648	3 204
- plant and machinery	80 936	59 790
- motor vehicles	6 599	9 287
- other tangible fixed assets	6 038	4 545
b) construction in progress	455	242
c) prepayments for construction in progress	10	2 183
<b>Total property, plant and equipment</b>	<b>100 326</b>	<b>82 891</b>

No legal or similar restrictions on tangible assets as security for liabilities existed as at 31 December 2011 and 31 December 2010.

**Note 2B**

<b>BALANCE SHEET TANGIBLE FIXED ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) own	47 650	50 747
b) used based on a lease agreement or other agreements:	52 211	29 719
- tangible fixed assets under lease contracts	52 211	29 719
<b>Total balance sheet tangible fixed assets</b>	<b>99 861</b>	<b>80 466</b>

**Note 2C**

<b>OFF-BALANCE SHEET TANGIBLE FIXED ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
used based on lease agreements and other agreements, of which:	151 694	92 942
- tangible fixed assets under lease contracts	41 896	34 823
- rent of office space	20 340	22 167
- rent of land	89 458	35 952
<b>Off balance sheet tangible fixed assets</b>	<b>151 694</b>	<b>92 942</b>

**Note 2D**

<b>CHANGES IN PROPERTY, PLANT AND EQUIPMENT</b>						
	- land and perpetual usufruct	- buildings, premises and civil engineering objects	- plant and machinery	- motor vehicles	- other tangible fixed assets	<b>Total property, plant and equipment</b>
<b>a) gross book value at the beginning of the period</b>	<b>3 680</b>	<b>7 874</b>	<b>117 737</b>	<b>15 229</b>	<b>16 798</b>	<b>161 318</b>
b) increases, of which:	-	<b>270</b>	<b>40 993</b>	<b>1 717</b>	<b>3 510</b>	<b>46 490</b>
- purchase	-	200	40 870	1 692	3 433	46 195
- transfer from construction in progress	-	70	70	-	-	140
- other increases	-	-	53	25	77	155
c) decreases, of which:	-	<b>723</b>	<b>4 844</b>	<b>3 082</b>	<b>1 969</b>	<b>10 618</b>
- sales and liquidation	-	723	4 844	3 082	1 969	10 618
<b>d) gross book value at the end of the period</b>	<b>3 680</b>	<b>7 421</b>	<b>153 886</b>	<b>13 864</b>	<b>18 339</b>	<b>197 190</b>
<b>e) accumulated depreciation at the beginning of the period</b>	<b>40</b>	<b>4 670</b>	<b>57 947</b>	<b>5 942</b>	<b>11 951</b>	<b>80 550</b>
f) depreciation for the period	-	<b>103</b>	<b>15 003</b>	<b>1 323</b>	<b>48</b>	<b>16 477</b>
- current depreciation	-	382	19 750	2 315	1 953	24 400
- sales and liquidation	-	(279)	(4 788)	(1 017)	(1 951)	(8 035)
- other	-	-	41	25	46	112
<b>g) accumulated depreciation at the end of the period</b>	<b>40</b>	<b>4 773</b>	<b>72 950</b>	<b>7 265</b>	<b>11 999</b>	<b>97 027</b>
<b>h) impairment write-down at the beginning of the period</b>	-	-	-	-	<b>302</b>	<b>302</b>
- increase	-	-	-	-	-	-
- decrease	-	-	-	-	-	-
<b>i) impairment write-down at the end of the period</b>	-	-	-	-	<b>302</b>	<b>302</b>
<b>j) net book value at the end of the period</b>	<b>3 640</b>	<b>2 648</b>	<b>80 936</b>	<b>6 599</b>	<b>6 038</b>	<b>99 861</b>

**Note 3A**

<b>LONG TERM LIABILITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) from related entities, of which:	-	-
- from subsidiaries	-	-
- from jointly-controlled entities	-	-
- from associates	-	-
- from significant investor	-	-
- from partner of jointly-controlled entity	-	-
- from Parent Company	-	-
- from other related entities	-	-
b) from other entities	-	-
<b>Net long-term receivables</b>	-	-
c) impairment write-downs against receivables	-	-
<b>Gross long-term receivables</b>	-	-

**Note 3B**

<b>CHANGE OF BALANCE OF LONG-TERM RECEIVABLES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) balance at the beginning of the period	-	-
b) increases, of which:	-	-
c) decrease, of which:	-	-
d) balance at the end of the period	-	-
<b>Total long-term receivables</b>	-	-

**Note 3C**

<b>CHANGE IN BALANCE OF IMPAIRMENT WRITE-DOWNS AGAINST LONG-TERM RECEIVABLES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) balance at the beginning of the period	-	-
b) increases, of which:	-	-
c) decrease, of which:	-	-
<b>Impairment write-downs at the end of the period</b>	-	-

**Note 3D**

<b>LONG-TERM RECEIVABLES (currency structure)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	-	-
b) in foreign currencies (translated into PLN)	-	-
<b>Total long-term receivables</b>	-	-

**Note 4A**

<b>CHANGE IN BALANCE OF INVESTMENT PROPERTIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Balance at the beginning of the period:	13 391	14 053
- land	9 011	9 057
- buildings, premises and civil engineering objects	4 194	4 618
- other investment properties	186	378
<b>A. Land</b>		
a) balance at the beginning of the period	9 011	9 057
b) increases, of which	-	-
c) decreases, of which	4 001	46
- sales	4 001	46
<b>d) balance at the end of the period</b>	<b>5 010</b>	<b>9 011</b>
<b>B. Buildings, premises and civil engineering objects</b>		
a) balance at the beginning of the period	4 194	4 618
b) increases, of which	30	-
- purchase	30	-
c) decreases, of which	1 516	424
- sales and liquidation	1 274	3
- current depreciation	242	421
<b>d) balance at the end of the period</b>	<b>2 708</b>	<b>4 194</b>
<b>C. Other investment properties</b>		
a) balance at the beginning of the period	186	378
b) increases, of which	-	-
- other increases	-	-
c) decreases, of which	142	192
- sales and liquidation	107	-
- current depreciation	35	192
<b>d) balance at the end of the period</b>	<b>44</b>	<b>186</b>
Balance at the end of the period, of which:	7 762	13 391
- land	5 010	9 011
- buildings, premises and civil engineering objects	2 708	4 194
- other investment properties	44	186
<b>Total investment properties</b>	<b>7 762</b>	<b>13 391</b>

No legal or similar restrictions on investment properties as security for liabilities existed as at 31 December 2011 and 31 December 2010.

**Note 4B**

<b>CHANGE IN BALANCE OF INTANGIBLE ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) balance at the beginning of the period	-	-
b) increases of which	-	-
c) decreases of which	-	-
d) balance at the end of the period	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>

**Note 4C**

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in subsidiaries	987 542	759 563
- shares and equities	987 542	759 563
b) in jointly-controlled entities	179	-
c) in associates	15 533	15 533
- shares and equities	15 533	15 533
d) in significant investor	-	-
e) in partner of jointly-controlled entity	-	-
f) in Parent Company	-	-
g) in other related parties	9 208	20 025
- shares and equities	9 208	20 025
h) in other entities	2 185	2 242
- shares and equities	2 185	2 242
<b>Total long-term financial assets</b>	<b>1 014 647</b>	<b>797 363</b>

No legal or similar restrictions on long-term financial assets as security for liabilities existed as at 31 December 2011 and 31 December 2010.

**Note 4D**

<b>CHANGE IN BALANCE OF LONG-TERM FINANCIAL ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>A. Shares and equities</b>		
a) balance at the beginning of the period	797 363	820 822
b) increases, of which	230 461	3 847
- purchase	228 158	1 309
- reversal of impairment write-downs	2 303	2 538
c) decreases, of which:	13 177	27 306
- sales	6 614	-
- liquidation	422	25 590
- translation of assets in foreign currencies	-	417
- impairment write-down	6 141	1 299
d) balance at the end of the period	1 014 647	797 363
<b>B. Debt securities</b>		
a) balance at the beginning of the period	-	-
b) increases, of which	-	-
c) decreases, of which:	-	-
- sales	-	-
d) balance at the end of the period	-	-
<b>C. Other securities</b>		
a) balance at the beginning of the period	-	-
b) increases, of which	-	-
c) decreases, of which:	-	-
d) balance at the end of the period	-	-
<b>D. Loan granted</b>		
a) balance at the beginning of the period	-	-
b) increases, of which	-	-
c) decreases, of which:	-	-
- swap loan for shares	-	-
d) balance at the end of the period	-	-
<b>E. Other long-term financial assets</b>		
a) balance at the beginning of the period	-	-
b) increases, of which	-	-
c) decreases, of which:	-	-
d) balance at the end of the period	-	-
<b>Total long-term financial assets</b>	<b>1 014 647</b>	<b>797 363</b>

**Note 4E**

<b>SECURITIES, EQUITIES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	1 009 632	786 207
b) in foreign currencies (translated into PLN)	5 015	11 156
b1. unit/currency thousands / EUR	1 266	2 817
PLN thousands	5 015	11 156
b2. unit/currency thousands / USD	-	-
PLN thousands	-	-
b3. other currencies in PLN thousands	-	-
<b>Total securities, equities and other long-term financial assets</b>	<b>1 014 647</b>	<b>797 363</b>

**Note 4F**

<b>SECURITIES, EQUITIES, AND OTHER LONG-TERM FINANCIAL ASSETS (NEGOTIABILITY)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
A. With unlimited negotiability, quoted on stock exchange (carrying amount)	-	-
B. With unlimited negotiability, quoted on kerb market (carrying amount)	-	-
C. With unlimited negotiability, not quoted on regulated market (carrying amount)	-	-
D. With limited negotiability (carrying amount)	1 014 647	797 363
a) shares and equities (carrying amount):	1 014 647	797 363
- revaluation adjustments (for the period)	(3 838)	822
- value at the beginning of the period	797 363	820 822
- value at acquisition cost	1 026 161	804 907
Value at acquisition cost	1 026 161	804 907
Total value at the beginning of the period	797 363	820 822
Total revaluation adjustments (for the period)	(3 838)	822
<b>Total carrying amount</b>	<b>1 014 647</b>	<b>797 363</b>

**Note 4G**

<b>LONG-TERM LOANS GRANTED (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	-	-
b) in foreign currencies (translated into PLN)	-	-
<b>Total long-term loans granted</b>	<b>-</b>	<b>-</b>

**Note 4H**

<b>OTHER LONG-TERM INVESTMENTS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Total other long-term investments</b>	<b>-</b>	<b>-</b>

**Nota 4I**

<b>CHANGE IN BALANCE OF OTHER LONG-TERM INVESTMENTS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) balance at the beginning of the period	-	-
b) increases, of which	-	-
c) decreases, of which	-	-
d) balance at the end of the period	-	-
<b>Total other long-term investments</b>	<b>-</b>	<b>-</b>

**Nota 4J**

<b>OTHER LONG-TERM INVESTMENTS (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	-	-
b) in foreign currencies (translated into PLN)	-	-
<b>Total other long-term investments</b>	<b>-</b>	<b>-</b>



**Note 4K**

SHARES AND EQUITIES IN SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES												
Lp.	a	b	c	d	e	f	g	h	i	j	k	l
	Company/entity	registered office	area of business activities	type of relationship	consolidation method applied	date of obtaining the control joint control /significant influence	acquisition costs of shares/equities	revaluation adjustments total	carrying amount of shares/equities	percentage of share capital held	share in the total number of votes at AGM	indication of other than described in point j) and k), basis for control/ joint-control / significant influence
1	Budimex Nieruchomości Sp. z o.o.	Warsaw	Development services	subsidiary	full	2005 year	717 519	-	717 519	100,00%	100,00%	-
2	Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.	Warsaw	Construction and repair of railway infrastructure	subsidiary	full	2011 year	227 267		227 267	100,00%	100,00%	
3	Budimex Danwood Sp. z o.o.	Bielsk Podlaski	Design, production and construction of wooden houses	subsidiary	full	1999 year	30 779	-	30 779	100,00%	100,00%	-
4	Mostostal Kraków SA	Kraków	Construction	subsidiary	full	2002 year	11 156	-	11 156	100,00%	100,00%	-
5	Budimex Budownictwo Sp. z o.o.	Warsaw	Construction	subsidiary	full	2010 year	310	-	310	100,00%	100,00%	-
6	Budimex Autostrada SA	Warsaw	Construction	subsidiary	not consolidated	2011 year	202		202	100,00%	100,00%	
7	Budimex Most Wschodni SA	Warsaw	Construction	subsidiary	not consolidated	2011 year	102		102	100,00%	100,00%	
8	Budimex Serwis SA	Warsaw	Construction	subsidiary	not consolidated	2011 year	101		101	100,00%	100,00%	
9	Budimex Bau GmbH	Walluf	Construction	subsidiary	full	2004 year	120	(21)	99	100,00%	100,00%	-
10	Budimex Parking Wrocław Sp. z o.o.	Warsaw	Construction	subsidiary	not consolidated	2011 year	7		7	100,00%	100,00%	
11	MK Logistic Sp. z o.o. (w likwidacji)	Zabrze	Transport services	subsidiary	not consolidated	1997 year	26	(26)	-	100,00%	100,00%	-
12	Dromex Oil Sp. z o.o. (w likwidacji)	Warsaw	Construction	subsidiary	not consolidated	1991 year	2 175	(2 175)	-	98,00%	98,00%	-
	<b>Total subsidiaries</b>						<b>989 764</b>	<b>(2 222)</b>	<b>987 542</b>			-
13	Budimex SA Ferrovia Agroman SA S.C. *	Warsaw	Construction	jointly-controlled entity	proportionate	2010 year	-	-	-	99,98%	99,98%	-
14	Budimex SA Sygnity SA Sp.j. *	Warsaw	Construction	jointly-controlled entity	proportionate	2005 year	-	-	-	67,00%	67,00%	-
15	Budimex SA Ferrovia Agroman SA Sp.j. *	Warsaw	Construction	jointly-controlled entity	proportionate	2009 year	-	-	-	50,00%	50,00%	-
16	PKZ Budimex GmbH	Kolonia	Construction	jointly-controlled entity	not consolidated	2002 year	50	(50)	-	50,00%	50,00%	-
17	Tecpresa - Techniki Sprężania i Usługi Dodatkowe Sp. z o.o.	Warsaw	Construction	jointly-controlled entity	proportionate	2011 year	179		179	30,00%	30,00%	
	<b>Total jointly-controlled entities</b>						<b>229</b>	<b>(50)</b>	<b>179</b>			-
18	Elektromontaż SA	Poznań	Energy infrastructure works	associate	equity method	1999 year	15 342	-	15 342	30,78%	30,78%	-
19	Promos Sp. z o.o.	Kraków	Industrial services	associate	equity method	1998 year	191	-	191	25,53%	25,53%	-
	<b>Total associates</b>						<b>15 533</b>	<b>-</b>	<b>15 533</b>			-
20	Inversora de Autopistas del Levante S.L.	Madryt	Construction and exploitation of motorways	other related	not consolidated	2004 year	12 404	(7 488)	4 916	3,16%	3,16%	-
21	Autostrada Południe SA	Warsaw	Construction and exploitation of motorways	other related	not consolidated	2004 year	4 292		4 292	5,05%	5,05%	-
	<b>Total other related entities</b>						<b>16 696</b>	<b>(7 488)</b>	<b>9 208</b>			-
						<b>Total</b>	<b>1 022 222</b>	<b>(9 760)</b>	<b>1 012 462</b>			

\* financial data are included in Budimex SA financial statements

## Note 4L

SHARES AND EQUITIES IN SUBSIDIARIES - cont.																		
	m	n							o			p			r	s	t	u
	Company	shareholders' capital, of which:							liabilities and provisions for liabilities, of which:			receivables, of which:			Total assets	Total revenues from sales	share capital receivable not paid	received or due dividends for the last financial year
		share capital	Called-up share capital receivable not paid (negative amount)	reserve capital	other equity, of which:				long-term liabilities	short-term liabilities		long-term receivables	short-term receivables					
						profit (loss) from prior years	net profit (loss)											
1	Budimex Nieruchomości Sp.z o.o.	685 092	657 333	-	5 808	21 951	-	21 951	297 114	25 075	80 023	7 005	-	7 005	982 206	247 269	-	37 000
2	Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.	102 077	178 869			(76 792)	(78 044)	1 252	393 198	16 007	240 073	221 067		221 043	495 275	63 135	-	-
3	Budimex Danwood Sp. z o.o.	12 919	20 779	-	-	(7 860)	(15 323)	(785)	97 978	-	32 692	14 486	-	14 486	110 897	261 137	-	-
4	Mostostal Kraków SA	20 540	11 100	-	8 618	822	-	(2 173)	68 275	84	57 568	50 053	-	50 053	88 815	170 356	-	-
5	Budimex Budownictwo Sp. z o.o.	(227)	310	-	-	(537)	(26)	(511)	1 277	-	1 257	608	-	608	1 050	4 185	-	-
6	Budimex Autostrada SA	185	200			(15)		(15)	18		18	4		4	203		-	-
7	Budimex Most Wschodni SA	91	100			(9)		(9)	15		15	3		3	106		-	-
8	Budimex Serwis SA	78	100			(22)		(22)	35		35	7		7	113		-	-
9	Budimex Bau GmbH	6	120	-	-	(114)	(59)	(8)	7	-	7	-	-	-	13	-	-	-
10	Budimex Parking Wrocław Sp. z o.o.	(110)	5			(115)		(115)	173		173	32		32	63		-	-
11	MK Logistic Sp. z o.o. (w likwidacji)	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	-	-
12	Dromex Oil Sp. z o.o. (w likwidacji)	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	-	-
13	Budimex SA Ferrovial Agroman SA S.C.	184	201	-	-	(17)	(3)	(14)	48	-	48	4	-	4	232	29 236	-	-
14	Budimex SA Sygnity SA Sp.j.	10 002	10	-	11 413	(1 421)	(895)	(526)	4 921	-	3 273	550	-	550	14 923	-	-	-
15	Budimex SA Ferrovial Agroman SA Sp.j.	(44 803)	4 200	-	-	(49 003)	(32 980)	(16 023)	48 149	-	22 839	958	-	958	3 346	-	-	-
16	PKZ Budimex GmbH	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	-	-
17	Elektromontaż SA	43 102	54 082	-	9 175	(20 155)	(12 436)	(7 719)	52 376	121	44 460	34 483	-	34 848	95 478	120 658	-	-
18	Promos Sp. z o.o.	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	-	-
19	Tecpresa - Techniki Sprężania i Usługi Dodatkowe Sp. z o.o.	888	590			298		298	7 157		6 214	6 164		6 164	8 045	6 867	-	-
20	Inversora de Autopistas del Levante S.L.	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	lack of data	-	-
21	Autostrada Południe SA	82 010	85 000	-	-	(2 990)	(6 910)	3 920	93 941	-	93 941	1 319		1 319	175 951	273	-	-

**Note 4M**

SHARES AND EQUITIES IN OTHER ENTITIES										
	a	b	c	d	e	f	g	h	i	
	Company/entity	registered office	area of business activities	carrying amount of equities / shares	shareholders' equity, of which:	share capital	percentage of share capital held	share in the total number of votes at AGM	share capital receivable not paid	dividends received or due for the last financial year
1	Autostrada Wielkopolska SA	Poznań	construction and exploitation of motorways	2 033	(193 051)	461 000	0,61%	0,61%	-	-
2	Kolej Gondolowa Jaworzyna Krynicka SA	Krynica	services	60	lack of data	lack of data	0,37%	0,37%	-	-
3	Drogowa Trasa Średnicowa SA	Katowice	construction	52	lack of data	lack of data	1,50%	1,50%	-	-
4	Agencja Rozwoju Regionu Krakowskiego SA	Kraków	services	30	lack of data	lack of data	0,08%	0,08%	-	-
5	Agencja Rozwoju Regionalnego SA	Bielsko-Biała	services	6	lack of data	lack of data	0,27%	0,27%	-	-
6	Megagaz SA	Warsaw	construction	1	lack of data	lack of data	1,00%	1,00%	-	-
7	Górnicza Spółdzielnia Mieszkaniowa	Cieszyn	management of investment property	-	lack of data	lack of data	0,10%	0,10%	-	-
8	Inne	-	-	3	-	-	-	-	-	-
			<b>Total</b>	<b>2 185</b>						

**Note 5A**

<b>CHANGE IN BALANCE OF DEFERRED TAX ASSET</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
1. Balance at the beginning of the period:	<b>388 337</b>	<b>252 675</b>
a) recognised in profit and loss account	387 854	252 192
- arising from negative temporary differences	387 854	252 192
b) recognised in equity	483	483
- arising from negative temporary differences	483	483
c) recognised in goodwill or negative goodwill	-	-
- arising from negative temporary differences	-	-
2. Increases:	12 635	144 007
a) recognised in profit and loss account arising from negative temporary differences:	12 635	144 007
- arising from temporary differences	12 635	144 007
b) recognised in profit and loss account regarding tax loss	-	-
- tax loss incurred on foreign markets	-	-
c) recognised in equity arising from negative temporary differences	-	-
d) recognised in equity concerning tax loss	-	-
e) recognised in goodwill or negative goodwill arising from negative temporary differences	-	-
3. Decreases	47 203	8 345
a) recognised in profit and loss account arising from negative temporary differences:	47 203	8 345
- reversal of temporary differences	47 203	8 345
b) recognised in profit and loss account considering tax loss:	-	-
- utilisation of tax loss from previous years	-	-
c) recognised in equity arising from negative temporary differences	-	-
d) recognised in equity concerning tax loss	-	-
e) recognised in goodwill or negative goodwill arising from negative temporary differences	-	-
4. Balances at the end of the period	353 769	388 337
a) recognised in profit and loss account	353 286	387 854
- arising from negative temporary differences	353 286	387 854
b) recognised in equity	483	483
- arising from negative temporary differences	483	483
c) recognised in goodwill or negative goodwill	-	-
- arising from negative temporary differences	-	-
<b>Total deferred tax asset</b>	<b>353 769</b>	<b>388 337</b>

**Note 5B**

<b>OTHER PREPAYMENTS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) prepayments, of which:	5 074	3 470
- costs of insurance	3 057	2 127
- costs of bank guarantees	2 017	1 343
b) other prepayments, of which:	747	835
- other	747	835
<b>Total other prepayments</b>	<b>5 821</b>	<b>4 305</b>

**Note 5A.1**

Deferred tax assets	provision for contract losses	costs connected with deferred income	accrual for uninvoiced costs	impairment write-downs against receivables	valuation of construction contract	forward valuation	accrual for bonuses	accrual for unused holidays	provision for jubilee bonuses and similar obligation	provision for warranty repairs	unrealised FX differences	other provisions/accruals	provisions/accruals concerning foreign branches (Germany)	other	Total
Negative temporary differences as at 01.01.2011	476 500	254 895	243 058	63 858	579 068	253	128 611	17 547	2 911	91 753	1 974	145 426	19 153	18 874	
<b>Balance of deferred tax assets as at 01.01.2011 per rate 19%</b>	<b>90 535</b>	<b>48 430</b>	<b>46 181</b>	<b>12 133</b>	<b>110 023</b>	<b>48</b>	<b>24 436</b>	<b>3 334</b>	<b>553</b>	<b>17 433</b>	<b>375</b>	<b>27 631</b>	<b>3 639</b>	<b>3 586</b>	<b>388 337</b>
a) increases, of which	-	-	3 538	-	-	969	-	1 020	86	6 950	72	-	-	-	12 635
recognised in profit and loss account arising from negative temporary differences:	-	-	3 538	-	-	969	-	1 020	86	6 950	72	-	-	-	12 635
b) decreases, of which	24 360	13 862	-	658	5 903	-	1 281	-	-	-	-	459	-	680	47 203
recognised in profit and loss account arising from negative temporary differences:	24 360	13 862	-	658	5 903	-	1 281	-	-	-	-	459	-	680	47 203
Negative temporary differences as at 31.12.2011	348 289	181 937	261 679	60 395	548 000	5 353	121 868	22 916	3 363	128 332	2 353	143 011	19 153	15 295	
<b>Balance of deferred tax assets as at 31.12.2011 per rate 19%</b>	<b>66 175</b>	<b>34 568</b>	<b>49 719</b>	<b>11 475</b>	<b>104 120</b>	<b>1 017</b>	<b>23 155</b>	<b>4 354</b>	<b>639</b>	<b>24 383</b>	<b>447</b>	<b>27 172</b>	<b>3 639</b>	<b>2 906</b>	<b>353 769</b>
Expiry date for negative temporary differences	2011-2017	2011-2013	2011-2014	2011-2016	2011-2015	2011-2014	2011-2014	2011-2015	2011-2037	2012-2014	2011-2017	2011-2014	2011-2013	2011-2014	

**Note 6**

<b>INVENTORIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a/ materials	228 906	201 573
b/ semi-finished goods and work in progress	366	89
c/ finished goods	364	14 170
d/ goods for resale	541	541
e/ advance payments	33 170	21 206
<b>Total inventories</b>	<b>263 347</b>	<b>237 579</b>
f) impairment write-downs at the beginning of the period	<b>1 864</b>	<b>3 242</b>
- increase	-	-
- decrease	735	1 378
<b>g) impairment write-downs at the end of the period</b>	<b>1 129</b>	<b>1 864</b>
<b>h) gross value of stock at the end of the period</b>	<b>264 476</b>	<b>239 443</b>

No legal or similar restrictions on inventories as security for liabilities existed as at 31 December 2011 and 31 December 2010.

**Note 7A**

<b>SHORT-TERM RECEIVABLES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) from related entities	98 887	72 481
- trade receivables, due	94 169	72 361
- within 12 months	78 586	59 269
- above 12 months	15 583	13 092
- other	4 718	120
- in court	-	-
b) receivables from other entities	340 269	341 480
- trade receivables, due	329 210	336 679
- within 12 months	270 120	286 315
- above 12 months	59 090	50 364
- arising from taxes, subsidies, customs duties, social and health insurance, and other benefits	4 411	105
- other	6 648	4 696
- in court	-	-
<b>Total net short-term receivables</b>	<b>439 156</b>	<b>413 961</b>
c) impairment write-downs against receivables	85 669	91 468
<b>Total gross short-term liabilities</b>	<b>524 825</b>	<b>505 429</b>

**Note 7B**

<b>SHORT-TERM RECEIVABLES FROM RELATED ENTITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) trade receivables, of which:	94 169	72 361
- from subsidiaries	45 979	28 200
- from jointly-controlled entities	3 856	233
- from associates	16	10
- from Parent Company	44 318	43 715
- from other related entities	-	203
b) other, of which:	4 718	120
- from subsidiaries	4	80
- from jointly-controlled entities	-	-
- from Parent Company	38	40
- from other related entities	4 676	-
<b>Total net short-term receivables from related entities</b>	<b>98 887</b>	<b>72 481</b>
d) impairment write-downs against receivables from related entities	39 850	39 850
<b>Total gross short-term liabilities from related entities</b>	<b>138 737</b>	<b>112 331</b>

**Note 7C**

<b>CHANGE IN BALANCE OF IMPAIRMENT WRITE-DOWNS AGAINST SHORT-TERM RECEIVABLES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) balance at the beginning of the period	91 468	66 626
b) increases (of which)	9 364	42 660
- doubtful debts	7 829	42 560
- receivables written-off without write-downs	557	100
- translation of impairment write-downs balances in foreign operations	978	-
c) decreases (of which)	15 163	17 818
- repayment of debts by debtors	12 692	3 559
- write-offs of receivables covered by the impairment write-downs	1 812	5 226
- revision of impairment write-downs created in prior years	102	8 500
- receivables written off without impairment write-downs	557	100
- translation of impairment write-downs balances in foreign operations	-	433
<b>Impairment write-downs at the end of the period</b>	<b>85 669</b>	<b>91 468</b>

**Note 7D**

<b>SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	496 512	459 384
b) in foreign currency (translated into PLN)	28 313	46 045
b1. unit/currency thousand / EUR	6 393	11 626
PLN thousands	28 237	46 042
b2. unit/currency thousand / USD	-	-
PLN thousands	-	-
b2. unit/currency thousand / RUB	-	34
PLN thousands	-	3
b3. other currencies in PLN thousands	76	-
<b>Total short-term receivables</b>	<b>524 825</b>	<b>505 429</b>

**Note 7E**

<b>TRADE RECEIVABLES (GROSS) - DUE:</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) within 1 month	131 643	185 585
b) 1 - 3 months	125 791	69 220
c) 3 - 6 months	6 860	4 872
d) 6 months - 1 year	18 308	13 898
e) above 1 year	74 673	63 456
f) overdue receivables	149 898	161 595
<b>Total trade receivables (gross)</b>	<b>507 173</b>	<b>498 626</b>
g) impairment write-downs against trade receivables	83 794	89 586
<b>Total trade receivables (net)</b>	<b>423 379</b>	<b>409 040</b>

Time-intervals for debt repayment, regarding normal course of sale cycle, amount to 1 - 3 months, except for retentions for construction contracts retained cumulatively by customers with due dates up to 6 years.

**Note 7F**

<b>OVERDUE TRADE RECEIVABLES (GROSS) - WITH MATURITY ANALYSIS:</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) within 1 month	42 544	15 606
b) 1 - 3 months	24 919	63 656
c) 3 - 6 months	4 389	10 145
d) 6 months - 1 year	3 755	19 491
e) above 1 year	74 291	52 697
<b>Total overdue trade receivables (gross)</b>	<b>149 898</b>	<b>161 595</b>
g) impairment write-downs against trade receivables	83 794	88 837
<b>Total overdue trade receivables (net)</b>	<b>66 104</b>	<b>72 758</b>



**Note 7G**

<b>LONG-TERM AND SHORT-TERM OVERDUE RECEIVABLES (GROSS) (BY TYPE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Overdue trade receivables	149 898	161 595
Other overdue receivables	1 847	1 847
Overdue receivables in court	28	35
<b>Total overdue receivables (gross)</b>	<b>151 773</b>	<b>163 477</b>
Impairment write-downs	85 669	91 468
<b>Total overdue receivables(net - decreased by impairment write-downs)</b>	<b>66 104</b>	<b>72 009</b>

**Note 7H**

<b>LONG-TERM AND SHORT-TERM RECEIVABLES IN COURT (GROSS) OF WHICH</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Trade receivables in court	-	-
Receivables in court arising from taxes, subsidies and social insurances	-	-
Receivables in court arising from dividends and other shares in profits,	-	-
Other receivables in court,	-	-
Receivables under vinification in court	28	35
- trade receivables	28	35
<b>Total receivables in court (gross)</b>	<b>28</b>	<b>35</b>
Impairment write-downs	28	35
<b>Total receivables in court (net)</b>	<b>-</b>	<b>-</b>

**Note 8A**

<b>SHORT-TERM FINANCIAL ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in subsidiaries	-	-
- loans granted	-	-
b) in jointly-controlled entities	-	-
c) in associates	-	-
d) in significant investor	-	-
e) in partner of jointly-controlled entities	-	-
f) in Parent Company	-	-
g) in other related entities	-	-
h) in other entities	122	14 111
- other securities (by type)	-	14 017
- commercial bonds	-	14 017
- treasury bills	-	-
- other short-term financial assets	122	94
- valuation of financial instruments (at fair value)	122	94
i) cash and cash equivalents	1 569 995	1 754 999
- cash on hand and cash at bank	1 567 869	1 752 700
- other cash equivalents	2 126	2 299
<b>Total short-term financial assets</b>	<b>1 570 117</b>	<b>1 769 110</b>

**Note 8B**

<b>DEBT SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	122	14 111
b) in foreign currency (translated into PLN)	-	-
<b>Total debt securities, shares and other short-term financial assets</b>	<b>122</b>	<b>14 111</b>

**Note 8C**

<b>DEBT SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (BY NEGOTIABILITY)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
A. With unlimited negotiability, quoted on stock exchange (carrying amount)	-	-
B. With unlimited negotiability, quoted on kerb market (carrying amount)	-	-
C. With unlimited negotiability, not quoted on regulated market (carrying amount)	-	-
D. With limited negotiability (carrying amount)	122	14 111
a) shares and equities (carrying amount):	-	-
b) bonds (carrying amount):	-	-
c) other - by type (carrying amount):	122	14 111
c1 valuation of financial instruments at fair value	122	94
c2 commercial bonds	-	-
- fair value	-	-
- market value	-	-
- value at acquisition costs	-	-
c3 treasury bills	-	14 017
- fair value	-	14 017
- market value	-	14 014
- value at acquisition costs	-	14 013
Total value at acquisition cost	-	14 013
Total amount at the beginning of the period	14 111	27 198
Total revaluation adjustments (for the period)	-	-
<b>Total carrying amount</b>	<b>122</b>	<b>14 111</b>

**Note 8D**

<b>SHORT-TERM LOANS GRANTED (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	-	-
b) in foreign currency (translated into PLN)	-	-
<b>Total short-term loans granted</b>	<b>-</b>	<b>-</b>

**Note 8E**

<b>CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	1 528 831	1 732 917
b) in foreign currency (translated into PLN)	41 164	22 082
b1. unit/currency thousand / EUR	9 292	5 489
PLN thousands	41 041	21 738
b2. unit/currency thousand / USD	24	113
PLN thousands	82	335
b3. other currencies in PLN thousands	41	9
<b>Total cash and cash equivalents</b>	<b>1 569 995</b>	<b>1 754 999</b>

**Note 8F**

<b>OTHER SHORT-TERM INVESTMENTS (OF WHICH)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Total other short-term investments</b>	<b>-</b>	<b>-</b>

**Note 8G**

<b>OTHER SHORT-TERM INVESTMENTS (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	-	-
b) in foreign currency (translated into PLN)	-	-
<b>Total other short-term investments</b>	<b>-</b>	<b>-</b>

**Note 9**

<b>SHORT-TERM PREPAYMENTS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) prepayments, of which	12 051	7 296
- insurances	7 227	6 272
- costs of work permission in Germany	-	72
- subscription	97	84
- IT services	333	236
- costs of bank guarantees	4 072	424
- other	322	208
b) other prepayments, of which:	197 219	142 950
- services rendered but not billed (valuation of contracts)	197 219	142 950
<b>Total short-term prepayments</b>	<b>209 270</b>	<b>150 246</b>

**Note 10****IMPAIRMENT WRITE-DOWNS**

Impairment write-downs recognised/reversed in 2011 and 2010 related to:

- a) tangible fixed assets - in 2011 the Company did not recognise or reverse any impairment write - downs; in 2010 the Company reversed an impairment write - down in the amount of PLN 3 652 thousand due to sales of property located in Bydgoszcz;
- b) investment properties - in 2011 the Company reversed an impairment write - down in the amount of PLN 8 015 thousand due to sales of property investment located in Licheń Stary; in 2010 the Company reversed an impairment write - down in the amount of PLN 104 thousand due to sales of land located in Nadarzyn;
- c) long-term financial assets - in 2011 the Company recognised an impairment write - down of Budimex share in the entity called Inversora de Autopista del Levante S.L. in the amount of PLN 6 141 thousand and reversed an impairment write-down in the amount of PLN 1 938 thousand due to sales of the entity called Centrum Konferencyjne Budimex SA and liquidation of shares in the other unrelated entities in the amount of PLN 365 thousand; in 2010 the Company recognised an impairment write - down of Budimex share in the entity called Centrum Konferencyjne Budimex Sp. z o. o. in the amount of PLN 1 299 thousand and reversed an impairment write-down in the amount of PLN 2 539 thousand due to liquidation of the subsidiary Sprzęt Transport Sp. z o. o.;
- d) inventories - impairment write-downs against inventories were presented in note 6; reversal of impairment write-downs was mainly due to disposal of materials and finished goods;
- e) receivables - impairment write-downs against receivables recognised and reversed were presented in note 7.C. Recognition of impairment write-downs was mainly due to deteriorated financial situation of debtors and deterioration of ageing structure of debts. Reversal of impairment write-downs against receivables was mainly due to write-offs and repayment of debts covered by impairment write-downs as well as revision of write-downs created in previous years.

**Note 11**

SHARE CAPITAL (STRUCTURE)					nominal value per one share = PLN 5			
share series/ issue	type of share	type of preference	type of limitations of rights to shares	number of shares	value of share/ issue at nominal value	type of capital coverage	registration date	right to dividend (as of)
A	ordinary/ registered	none	-	2 470	12	1)	94-08-05	94-01-01
A	ordinary/bearer	none	-	2 997 530	14 988	1)	94-08-05	94-01-01
B	ordinary/bearer	none	-	2 000 000	10 000	cash	94-11-13	95-01-01
C	ordinary/bearer	none	-	1 900 285	9 501	cash	95-03-07	95-01-01
D	ordinary/bearer	none	-	1 725 072	8 625	cash	98-04-25	96-01-01
E	ordinary/bearer	none	-	2 000 000	10 001	2)	97-08-05	97-01-01
F	ordinary/bearer	none	-	5 312 678	26 563	cash	98-05-05	98-01-01
G	ordinary/bearer	none	-	2 217 549	11 088	3)	99-11-02	99-01-01
H	ordinary/bearer	none	-	1 448 554	7 243	3)	99-11-02	99-01-01
I	ordinary/bearer	none	-	186 250	931	3)	99-11-02	99-01-01
K	ordinary/bearer	none	-	1 484 693	7 423	4)	00-07-13	00-01-01
L	ordinary/bearer	none	-	4 255 017	21 275	cash	00-12-18	00-01-01
<b>Total number of shares</b>				<b>25 530 098</b>				
<b>Total share capital</b>					<b>127 650</b>			

1) assets of the transformed companies, Budimex Engineering and Construction Sp. z o.o.

2) assets of the acquired company, Budimex Trading SA

3) assets of the acquired companies, Budimex Poznań SA, Unibud SA and Budimex Warszawa SA

4) assets of the acquired company, Mostostal Kraków SA

As at 31 December 2011 and 2010 the number of shares issued by Budimex SA amounted to 25 530 098 and share capital of the Company amounted to PLN 127 650 490.

In 2011 and 2010 there were no changes of the nominal value of shares of Budmex SA.

In 2011 there were no changes of right to shares.

Shareholding structure of Budimex SA as at 31 December 2011 is as follows:

Shareholder	Type of shares	Number of shares	% share in shareholders' equity	Number of votes	% of voting right at AGM
Valivala Holdings B.V. Amsterdam (Holandia) - the Company from Ferrovial Group (Spain)	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%
<b>Total</b>		<b>25 530 098</b>	<b>100,00%</b>	<b>25 530 098</b>	<b>100,00%</b>

**Note 12**

<b>RESERVE CAPITAL</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) arising from sales of shares above their nominal value	225 755	225 755
b) statutorily required	42 550	42 550
c) created according to company's statute, above statutorily required minimum value	9 731	15 262
- transfer from revaluation reserve	9 608	9 608
- from profit distribution	123	5 654
d) additional payment to capital by shareholders	-	-
e) fair value of employee share option granted by the parent company	1 283	256
f) other	1 526	1 526
<b>Total reserve capital</b>	<b>280 845</b>	<b>285 349</b>

**Note 13**

<b>REVALUATION RESERVE</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) arising from revaluation of property, plant and equipment	444	444
b) exchange differences arising from translation of foreign operations	3 653	3 009
c) other	-	-
<b>Total revaluation reserve</b>	<b>4 097</b>	<b>3 453</b>

**Note 14**

<b>OTHER RESERVES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Total other reserves</b>	-	-

**Note 15**

<b>Write-offs from net profit during the accounting year</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>Total write-offs from net profit during the accounting year</b>	-	-

**Note 16A**

<b>CHANGE IN BALANCE OF DEFERRED TAX LIABILITY</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
1. Balance at the beginning of the period, of which:	<b>48 683</b>	<b>34 019</b>
a) charged to profit and loss account	48 457	33 793
<i>- arising from positive temporary differences</i>	<i>48 457</i>	<i>33 793</i>
b) charged to equity	226	226
c) charge to goodwill or negative goodwill	-	-
2. Increases:	8 824	19 672
a) charged to profit and loss account arising from positive temporary differences (of which):	8 824	19 672
<i>- arising from temporary differences</i>	<i>8 824</i>	<i>19 672</i>
b) charged to equity with regards to positive temporary differences (of which):	-	-
c) charged to goodwill or negative goodwill with regards to positive temporary differences (of which):	-	-
3. Decreases (of which)	91	5 008
a) charged to profit and loss account arising from positive temporary differences (of which):	91	5 008
<i>- reversal of temporary differences</i>	<i>91</i>	<i>5 008</i>
b) charged to equity with regards to positive temporary differences (of which):	-	-
c) charged to goodwill or negative goodwill with regards to positive temporary differences (of which):	-	-
4. Balance at the end of the period (of which):	57 416	48 683
a) charged to profit and loss account	57 190	48 457
<i>- arising from positive temporary differences</i>	<i>57 190</i>	<i>48 457</i>
b) charged to equity	226	226
c) charge to goodwill or negative goodwill	-	-
<b>Total deferred tax liability at the end of the period</b>	<b>57 416</b>	<b>48 683</b>

**Note 16A.1**

<b>Deferred tax liability</b>	<b>valuation of construction contract</b>	<b>unrealised exchange gains</b>	<b>accrued interests</b>	<b>valuation of contribution-in- kind</b>	<b>leasing</b>	<b>forward valuation</b>	<b>provisions/accruals concerning foreign branches (Germany)</b>	<b>other</b>	<b>Total</b>
Positive temporary differences as at 01.01.2011	205 747	858	2 363	3 716	37 816	95	4 979	653	
<b>Balance of deferred tax assets as at 01.01.2011 per rate 19%</b>	<b>39 092</b>	<b>163</b>	<b>449</b>	<b>706</b>	<b>7 185</b>	<b>18</b>	<b>946</b>	<b>124</b>	<b>48 683</b>
a) increases, of which	3 178	102	-	-	5 091	5	448	-	8 824
recognised in profit and loss account arising from positive temporary differences:	3 178	102	-	-	5 091	5	448	-	8 824
b) decreases, of which	-	-	45	-	-	-	-	46	91
recognised in profit and loss account arising from positive temporary differences:	-	-	45	-	-	-	-	46	91
Positive temporary differences as at 31.12.2011	222 474	1 395	2 126	3 716	64 611	121	7 337	411	
<b>Balance of deferred tax assets as at 31.12.2011 per rate 19%</b>	<b>42 270</b>	<b>265</b>	<b>404</b>	<b>706</b>	<b>12 276</b>	<b>23</b>	<b>1 394</b>	<b>78</b>	<b>57 416</b>
Expiry date for positive temporary differences	2011-2015	2011-2014	2011-2014	2011-2013	2011-2018	2011-2014	2011-2013	2011-2014	



**Note 17A**

<b>CHANGE IN BALANCE OF LONG-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR OBLIGATIONS (OF WHICH)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>A. Retirement benefits</b>		
a) balance at the beginning of the period	1 554	1 441
b) increase (of which)	1 083	113
- revision of value	1 083	113
c) utilization (of which)	-	-
d) reversal (of which)	-	-
e) balance at the end of the period	<b>2 637</b>	<b>1 554</b>
<b>B. Jubilee bonuses</b>		
a) balance at the beginning of the period	-	-
b) increase (of which)	-	-
c) utilization (of which)	-	-
d) reversal (of which)	-	-
e) balance at the end of the period	-	-
<b>Total long-term provision for retirement benefits and similar obligations</b>	<b>2 637</b>	<b>1 554</b>

**Note 17B**

<b>CHANGE IN BALANCE OF SHORT-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR OBLIGATIONS (OF WHICH)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>A. Retirement benefits</b>		
a) balance at the beginning of the period	1 357	1 326
b) increase (of which)	-	217
- revision of value	-	217
c) utilization (of which)	228	186
- payments made	228	186
d) reversal (of which)	402	-
- revision of value	402	-
e) balance at the end of the period	<b>727</b>	<b>1 357</b>
<b>B. Jubilee bonuses</b>		
a) balance at the beginning of the period	-	-
b) increase (of which)	-	-
c) utilization (of which)	-	-
d) reversal (of which)	-	-
e) balance at the end of the period	-	-
<b>Total short-term provision for retirement benefits and similar obligations</b>	<b>727</b>	<b>1 357</b>

**Note 17C**

<b>CHANGE IN BALANCE OF OTHER LONG-TERM PROVISIONS (OF WHICH)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>A. Warranty repairs</b>		
a) balance at the beginning of the period	76 285	66 617
b) increase (of which)	31 616	25 028
- creation of provision	31 616	25 028
c) utilization (of which)	-	-
d) reversal (of which)	8 539	15 360
- revision of value	6 192	14 047
- transfer to short-term provisions	2 347	1 313
e) balance at the end of the period	<b>99 362</b>	<b>76 285</b>
<b>Total other long-term provisions</b>	<b>99 362</b>	<b>76 285</b>

**Nota 17D**

<b>CHANGE IN BALANCE OF OTHER SHORT-TERM PROVISIONS (OF WHICH)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>A. Legal proceedings</b>		
a) balance at the beginning of the period	42 563	41 245
b) increase (of which)	2 012	2 419
- creation of provision	2 012	2 419
c) utilization (of which)	5 304	122
- payments made	5 304	122
d) reversal (of which)	7 036	979
- revision of value	7 036	979
e) balance at the end of the period	<b>32 235</b>	<b>42 563</b>
<b>B. Warranty repairs</b>		
a) balance at the beginning of the period	17 448	17 419
b) increase (of which)	24 143	15 360
- creation of provision	21 796	14 047
- transfer from long-term provisions	2 347	1 313
c) utilization (of which)	9 421	12 584
- payments made	9 421	12 584
d) reversal (of which)	-	2 747
- revision of value	-	2 747
e) balance at the end of the period	<b>32 170</b>	<b>17 448</b>
<b>C. Penalties</b>		
a) balance at the beginning of the period	43 426	30 094
b) increase (of which)	23 363	28 171
- creation of provision	23 363	28 171
c) utilization (of which)	14 048	6 848
- payments made	14 048	6 848
d) reversal (of which)	22 207	7 991
- revision of value	22 207	7 991
e) balance at the end of the period	<b>30 534</b>	<b>43 426</b>
<b>D. Restructuring</b>		
a) balance at the beginning of the period	355	926
b) increase (of which)	-	-
c) utilization (of which)	197	380
- payments made	197	380
d) reversal (of which)	-	191
- revision of value	-	191
e) balance at the end of the period	<b>158</b>	<b>355</b>
<b>E. Others</b>		
a) balance at the beginning of the period	-	-
b) increase (of which)	-	-
c) utilization (of which)	-	-
d) reversal (of which)	-	-
e) balance at the end of the period	-	-
<b>Total other short-term provisions</b>	<b>95 097</b>	<b>103 792</b>

**Note 18A**

<b>LONG-TERM LIABILITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) due to subsidiary parties	-	-
b) due to jointly-controlled entities	-	-
c) due to associates	-	-
d) due to significant investor	-	-
e) due to partner of jointly-controller entities	-	-
f) due to parent company	-	-
g) due to other related entities	-	-
h) due to other entities	33 652	11 244
- loans and borrowings	-	-
- arising from debt securities issued	-	-
- other financial liabilities, of which:	33 652	11 244
- <i>finance lease contracts</i>	33 652	11 244
- other (of which)	-	-
<b>Total long-term liabilities</b>	<b>33 652</b>	<b>11 244</b>

**Note 18B**

<b>LONG-TERM LIABILITIES (MATURITY ANALYSIS)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) 1 - 3 years	29 837	7 316
b) 3 - 5 years	3 815	3 928
c) above 5 years	-	-
<b>Total long-term liabilities</b>	<b>33 652</b>	<b>11 244</b>

**Note 18C**

<b>LONG-TERM LIABILITIES (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	33 652	11 244
b) in foreign currencies (by currencies and after translation into PLN)	-	-
<b>Total long-term liabilities</b>	<b>33 652</b>	<b>11 244</b>

**Note 18D****LONG-TERM LOANS AND BORROWINGS**

Bank/entity	registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security	other
		PLN thousands	currency (EUR thousands)	PLN thousands	currency (EUR thousands)				
-									-
<b>Total</b>	-	-	-	-	-	-	-	-	-

**Note 18E****LONG-TERM LIABILITIES ARISING FROM DEBT - SECURITIES ISSUED**

Debt financial instrument, by type	Nominal value	Interest rate	Redemption date	Guarantee/ securities	Additional rights	quotation market	other
-	-						
<b>Total</b>	-	-	-	-	-	-	-

**Note 19A**

<b>SHORT-TERM LIABILITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) due to subsidiary entities	20 398	4 283
- trade payables, due:	20 394	4 270
- within 12 months	18 880	3 062
- above 12 months	1 514	1 208
- other (by type)	4	13
b) due to jointly-controlled entities	6 241	132
- trade payables, due:	6 175	66
- within 12 months	6 175	66
- above 12 months	-	-
- other (of which)	66	66
c) due to associates	6 901	3 724
- trade payables, due:	6 900	3 724
- within 12 months	6 801	2 746
- above 12 months	99	978
- other (by type)	1	-
d) due to significant investor	-	-
e) due to partner of jointly-controller entities	-	-
f) due to parent company	119 167	100 000
- loans and borrowings	8 531	7 475
- trade payables, due:	65 108	66 776
- within 12 months	65 108	66 776
- above 12 months	-	-
- other (of which)	45 528	25 749
- settlement of joint ventures	45 231	25 478
- other	297	271
g) due to other related entities	-	1
- trade payables, due:	-	1
- within 12 months	-	1
- above 12 months	-	-
h) due to other entities	1 635 429	1 567 628
- loans and borrowings	-	-
- arising from debt securities issued	-	-
- arising from dividends	-	-
- other financial liabilities, of which:	16 033	9 920
- valuation of financial instruments	5 353	253
- finance lease contracts	10 680	9 667
- trade payables, due:	1 423 119	1 122 800
- within 12 months	1 262 570	972 759
- above 12 months	160 549	150 041
- other (of which)	196 277	434 908
- arising from taxes and duties	161 863	342 607
- arising from insurance and similar	9 329	8 276
- payables due to employees	4 577	3 720
- settlement of joint ventures	17 560	77 802
- investment purchases	2 052	1 591
- other	896	912
i) special funds	4 307	3 096
Social Fund	4 040	2 840
Restructuring Fund	135	135
other	132	121
<b>Total short-term liabilities</b>	<b>1 792 443</b>	<b>1 678 864</b>

**Note 19B**

<b>SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) in PLN	1 717 355	1 636 379
b) in foreign currencies (by currencies and after translation into PLN)	75 088	42 485
b2. unit/currency thousand / EUR	16 895	10 663
PLN thousands	74 622	42 228
b3. unit/currency thousand/ USD	47	30
PLN thousands	161	89
b3. unit /currency thousand/ RUB	-	1 624
PLN thousands	-	168
b4. other currencies in PLN	305	-
<b>Total short-term liabilities</b>	<b>1 792 443</b>	<b>1 678 864</b>

**Note 19C**

SHORT-TERM LOANS AND BORROWINGS									
Bank/entity	registered office	Loan/ borrowing principal as per loan agreement		Outstanding amount of loan/ borrowing		Interest rate	Repayment date	Collateral/ security	other
		PLN thousands	currency (EUR thousands)	PLN thousands	currency (EUR thousands)				
Bank Handlowy SA w Warszawie	Warsaw	40 000	-	-	-	WIBOR T/N + margin	2012-02-07	none	-
Cintra Infraestructuras SA	Madryt	-	1 931 €	8 531	1 931 €	EURIBOR 12M + margin	2012-12-01	none	
				8 531					

**Note 19D**

<b>SHORT-TERM LIABILITIES ARISING FROM DEBT - SECURITIES ISSUED</b>						
Debt financial instrument, by type	Nominal value	Interest rate	Redemption date	Guarantee/ securities	Additional rights	Other
	-					

**Note 20A**

<b>CHANGE IN THE BALANCE OF NEGATIVE GOODWILL</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) balance at the beginning of the period	-	-
b) increases (of which)	-	-
c) decreases (of which)	-	-
<b>Balance of negative goodwill at the end of the period</b>	<b>-</b>	<b>-</b>

**Note 20B**

<b>OTHER ACCRUALS AND DEFERRED INCOME</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) accruals	<b>506 201</b>	<b>638 037</b>
- long-term (of which)	-	-
- short-term (of which)	506 201	638 037
- provision for contract losses	348 006	475 702
- provision for costs of contracts completion	9 413	14 277
- accrual for unused holidays	24 128	17 924
- accrual for bonuses	124 214	130 095
- other	440	39
b) deferred income	<b>685 771</b>	<b>656 400</b>
- long-term (of which)	5 150	5 150
- valuation of perpetual usufruct	5 150	5 150
- short-term (of which)	680 621	651 250
- advances received for future services	127 181	58 903
- contracts valuation - sales revenue adjustment	547 173	579 068
- advance payments for apartments	348	6 726
- compensations received	113	1 308
- other	5 806	5 245
<b>Other accruals and deferred income</b>	<b>1 191 972</b>	<b>1 294 437</b>

**Note 20C**

<b>CALCULATION OF BOOK VALUE PER SHARE</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Book value (in PLN thousands)	692 960	642 735
Number of shares	25 530 098	25 530 098
Number of shares	27,14	25,18

## Explanatory notes to off balance sheet items

### Note 21A

<b>CONTINGENT RECEIVABLES FROM RELATED ENTITIES (of which)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) guarantees and suretyships received	-	-
b) other	-	-
<b>Total contingent receivables from related entities</b>	<b>-</b>	<b>-</b>

### Note 21B

<b>CONTINGENT LIABILITIES DUE TO RELATED ENTITIES (of which)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) guarantees and suretyships issued, of which:	147 130	113 066
- from subsidiaries	147 130	113 066
b) other (of which)	-	-
<b>Total contingent liabilities due to related entities</b>	<b>147 130</b>	<b>113 066</b>



## Explanatory notes to the profit and loss account

### Note 22A

NET SALES OF FINISHED GOODS (BUSINESS TYPES)	01.01 - 31.12.2011	01.01 - 31.12.2010
a) sales of construction- assembly services, of which:	4 959 879	3 615 334
- from related entities	277 514	163 502
b) sales of other services, of which:	39 589	70 737
- from related entities	16 066	2 343
c) sales of finished goods, of which:	17 478	64 592
- from related entities	-	-
<b>Total net sales of finished goods</b>	<b>5 016 946</b>	<b>3 750 663</b>
- from related entities	293 580	165 845

### Note 22B

NET SALES OF FINISHED GOODS (TERRITORIAL STRUCTURE)	01.01 - 31.12.2011	01.01 - 31.12.2010
1. domestic market, of which:	4 887 027	3 650 614
- from related entities	293 580	165 845
2. export, of which:	129 919	100 049
- from related entities	-	-
<b>Total net sales of products</b>	<b>5 016 946</b>	<b>3 750 663</b>
- from related entities	293 580	165 845

### Note 23A

NET SALES OF GOODS FOR RESALE AND RAW MATERIALS (BUSINESS STRUCTURE)	01.01 - 31.12.2011	01.01 - 31.12.2010
a) sales of raw materials, of which:	2 723	793
- from related entities	-	-
b) sales of goods for resale, of which:	-	-
- from related entities	-	-
<b>Total net sales of goods for resale and raw materials</b>	<b>2 723</b>	<b>793</b>
- from related entities	-	-

### Note 23B

NET SALES OF GOODS FOR RESALE AND RAW MATERIALS (TERRITORIAL STRUCTURE)	01.01 - 31.12.2011	01.01 - 31.12.2010
1. domestic market, of which:	2 723	793
- from related entities	-	-
2. export, of which:	-	-
- from related entities	-	-
<b>Total net sales of goods for resale and raw materials</b>	<b>2 723</b>	<b>793</b>
- from related entities	-	-

### Note 23C

NET SALES OF GOODS FOR RESALE, RAW MATERIALS AND FINISHED GOODS BY SEGMENTS	01.01 - 31.12.2011	01.01 - 31.12.2010
a) construction business	4 959 879	3 615 334
b) property management and developer business	22 035	69 772
c) other business	37 755	66 350
<b>Total net sales of goods for resale, raw materials and finished goods</b>	<b>5 019 669</b>	<b>3 751 456</b>

### Note 23D

NET SALES OF GOODS FOR RESALE, RAW MATERIALS AND FINISHED GOODS BY GEOGRAPHICAL MARKETS	01.01 - 31.12.2011	01.01 - 31.12.2010
a) Poland	4 889 750	3 651 407
b) Germany	129 919	100 049
<b>Total net sales of goods for resale, raw materials and finished goods</b>	<b>5 019 669</b>	<b>3 751 456</b>

In the year ended 31 December 2011 and 31 December 2010 there were no barter transaction.

**Note 24**

<b>COSTS BY TYPE</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) depreciation/amortization	25 577	18 346
b) materials and energy	1 949 219	902 047
c) external services	2 315 565	1 788 529
d) taxes and charges	6 062	4 688
e) remuneration costs	424 037	388 207
f) social securities and others	79 107	64 670
g) other costs by type (of which):	(42 968)	301 912
- accommodation of employees	20 193	16 308
- business trips	2 118	2 110
- advertising and representation expenses	3 496	4 592
- life and non-life (property) insurance	8 164	4 671
- provision for contract losses	(127 696)	234 879
- cost of contracts completion (creation of provisions for warranties)	47 051	21 869
- cost of technical documentation	3 182	16 442
- other	524	1 041
<b>Total costs by type</b>	<b>4 756 599</b>	<b>3 468 399</b>
<b>Change in the balance of inventories, finished goods and accruals and prepayments</b>	<b>14 664</b>	<b>47 613</b>
<b>Cost of goods produced for the Group's own use (negative value)</b>	<b>-</b>	<b>-</b>
<b>Selling expenses (negative value)</b>	<b>(11 692)</b>	<b>(9 382)</b>
<b>Administrative expenses (negative value)</b>	<b>(123 518)</b>	<b>(113 893)</b>
<b>Cost of finished goods sold</b>	<b>4 636 053</b>	<b>3 392 737</b>

**Note 25**

<b>OTHER OPERATING INCOME</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) reversal of provision (of which)	<b>29 243</b>	<b>9 161</b>
- for legal proceedings	7 036	979
- for expected contract liabilities (penalties)	22 207	7 991
- for restructuring	-	191
- other	-	-
b) other of which:	<b>39 704</b>	<b>46 206</b>
- compensations, penalties and fines received	24 517	30 969
- reversal of impairment write-downs against receivables	12 794	12 059
- write-off of overdue liabilities	1 596	697
- reversal of impairment write-downs against inventories	-	39
- other	797	2 442
<b>Total other operating income</b>	<b>68 947</b>	<b>55 367</b>

**Note 26A**

<b>OTHER OPERATING EXPENSES</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) creation of the provision, of which	<b>25 375</b>	<b>30 590</b>
- for legal proceedings	2 012	2 419
- for restructuring	-	-
- for expected contract liabilities (penalties)	23 363	28 171
b) other, of which:	<b>7 117</b>	<b>6 299</b>
- donations	612	943
- compensations, penalties and fines paid	5 348	3 472
- court charges and executions, costs of litigation proceedings	965	883
- other	192	1 001
<b>Total other operating expenses</b>	<b>32 492</b>	<b>36 889</b>

**Note 26B**

<b>IMPAIRMENT WRITE-DOWNS AGAINST NON-FINANCIAL ASSETS (BY TITLE)</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) intangible assets	-	-
b) advances for tangible fixed assets under construction	-	-
c) investment property	-	-
d) doubtful and overdue debts	8 386	42 660
e) inventories (obsolescence)	-	-
<b>Total impairment write-downs against non-financial assets</b>	<b>8 386</b>	<b>42 660</b>

**Note 27A**

<b>FINANCIAL INCOME FROM DIVIDEDNS AND SHARES IN PROFITS</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) from related entities, of which:	37 000	35 953
- from subsidiaries	37 000	34 476
- from associates	-	1 477
b) from other entities	-	5
<b>Total financial income from dividends and shares in profits</b>	<b>37 000</b>	<b>35 958</b>

**Note 27B**

<b>INTEREST INCOME</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) from loans granted	-	285
- from related entities, of which	-	285
- from subsidiaries	-	285
- from jointly-controlled entities	-	-
b) other interest	48 294	36 324
- from related entities, of which:	9	-
- from subsidiaries	9	-
- from other entities	48 285	36 324
<b>Total interest income</b>	<b>48 294</b>	<b>36 609</b>

**Note 27C**

<b>OTHER FINANCIAL INCOME</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) foreign exchange gains*	-	-
- realised	-	-
- unrealised	-	-
b) reversal of provisions (of which)	-	-
c) other, of wihch:	-	257
- other	-	257
<b>Total other financial income</b>	<b>-</b>	<b>257</b>

\*) excess of exchange gains over exchange losses

**Note 28A**

<b>INTEREST CHARGES</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) on loans and borrowings	182	149
- to related entities, of which:	182	149
- to Parent Company	182	149
- to other entities	-	-
b) other interest	3 781	1 915
- to related entities, of which:	-	-
- to subsidiaries	-	-
- to other entities	3 781	1 915
<b>Total interest charges</b>	<b>3 963</b>	<b>2 064</b>

**Note 28B**

<b>OTHER FINANCIAL COSTS</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) foreign exchange losses *)	1 826	559
- realised	1 568	606
- unrealised	258	(47)
b) provisions created (of which)	-	-
c) other, of which:	13 453	13 623
- commissions and bank guarantees	13 397	13 077
- other	56	546
<b>Total other financial costs</b>	<b>15 279</b>	<b>14 182</b>

\*) excess of exchange losses over exchange gains

**Note 27C / 28C**

<b>Foreign exchange gains and losses are as follows:</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) gains	3 443	4 213
- realised	2 759	2 073
- unrealised	684	2 140
b) losses	5 269	4 772
- realised	4 327	2 679
- unrealised	942	2 093
<b>Total ( a - b )</b>	<b>(1 826)</b>	<b>(559)</b>

**Note 29A**

<b>PROFIT ON DISPOSAL OF INVESTMENTS</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) profit on disposal of financial instruments	2 105	-
b) profit on sale of shares and equities	-	-
c) other	-	-
<b>Profit on disposal, total</b>	<b>2 105</b>	<b>-</b>

**Note 29B**

<b>LOSS ON DISPOSAL OF INVESTMENTS</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) loss on disposal of financial instruments	-	7 219
b) loss on sale of shares and equities	29	-
<b>Loss on disposal, total</b>	<b>29</b>	<b>7 219</b>

On 31 May 2011 Budimex SA and Northcan Polska Sp. z o. o. signed the agreements of sales the shares of Centrum Konferencyjne Budimex Sp. z o. o. (100% subsidiary of Budimex SA) for the amount of PLN 102 thousand. Due to above transaction the Company recognised loss in the amount of PLN 29 thousand.

**Note 30A**

<b>INCOME FROM REVALUATION OF INVESTMENTS</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) valuation of financial instruments	-	9 134
b) reversal of impairment write-downs against long-term financial assets	-	417
<b>Income of revaluation of investments, total</b>	<b>-</b>	<b>9 551</b>

**Note 30B**

<b>COSTS FROM REVALUATION OF INVESTMENTS</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) valuation of financial instruments	5 072	-
b) impairment write-downs against long-term financial assets	6 141	1 716
<b>Costs from revaluation of investments, total</b>	<b>11 213</b>	<b>1 716</b>

**Note 31**

<b>EXTRAORDINARY GAINS</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) events difficult to predict	-	-
b) other	-	-
<b>Total extraordinary gains</b>	-	-

**Note 32**

<b>EXTRAORDINARY LOSSES</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
a) events difficult to predict	-	-
b) other	-	-
<b>Total extraordinary loss</b>	-	-

**Note 33A**

<b>CURRENT INCOME TAX</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
1. Gross profit (loss)	337 195	270 881
2. Differences between gross profit (loss) and tax base, of which:	(267 550)	621 761
- permanent differences between gross profit and taxable income	(31 847)	(28 547)
- temporary differences between gross profit and taxable income	(218 905)	658 137
- other differences	(16 798)	(7 829)
3. Tax base	69 645	892 642
4 Income tax according to enacted tax rate 19%	13 233	169 602
5. Income tax paid in respect on profits achieved abroad	293	(4 006)
6. Current income tax recognised in tax declaration for the period, of which:	13 526	165 596
- recognised in profit and loss account	13 526	165 596

**Note 33B**

<b>DEFERRED TAX ASSET RECOGNISED IN PROFIT AND LOSS ACCOUNT</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
- decrease (increase) regarding reversal of temporary differences	43 301	(120 998)
- decrease (increase) regarding change of tax loss	-	-
- decreases (increases) in respect of previously not recognised tax loss, tax relief or temporary difference relating to the prior period	-	-
- other components of deferred tax	-	-
<b>Total deferred tax asset</b>	<b>43 301</b>	<b>(120 998)</b>

**Note 33C**

<b>TOTAL DEFERRED TAX</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
- recognised in equity	-	-
- recognised in goodwill or negative goodwill (refers to standalone financial statements in case of business combination)	-	-

**Note 33D**

<b>INCOME TAX RECOGNISED IN PROFIT AND LOSS ACCOUNT:</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
- extraordinary gains/losses	-	-

Main differences between accounting gross profit (loss) and tax base	01.01 - 31.12.2011	01.01 - 31.12.2010
<b>1. Permanent differences:</b>	<b>(31 847)</b>	<b>(28 547)</b>
<b>Adjustments for revenues:</b>	<b>(42 698)</b>	<b>(37 043)</b>
- dividends received	(37 000)	(35 958)
- reversal of provision for legal proceedings and penalties	(5 069)	(687)
- other	(629)	(398)
<b>Adjustment for costs:</b>	<b>(10 851)</b>	<b>(8 496)</b>
- donations	(613)	(943)
- compensations, penalties and budget interest	(2 574)	(1 234)
- provision for legal proceedings and penalties	(4 069)	(1 615)
- amounts transferred to PFRON (National Fund for the Rehabilitation of Disabled Persons)	(3 211)	(2 453)
- fees paid to associations - non-obligatory	(62)	(181)
- costs of warranty repairs	(1 106)	(66)
- representation and advertising	(1 752)	(2 181)
- other	2 536	177
<b>2. Temporary differences:</b>	<b>(218 905)</b>	<b>658 137</b>
<b>Adjustments for revenues:</b>	<b>(112 270)</b>	<b>61 188</b>
- unrealised FX gains	(538)	467
- reversal of provision for legal proceedings and penalties	(43 723)	(15 824)
- valuation of forward contracts	-	(9 134)
- valuation of construction contracts	(47 790)	99 320
- reversal of impairment write-downs against receivables	(14 606)	(12 059)
- reversal of impairment write-downs against inventories and fixed assets	(735)	(5 029)
- reversal of impairment write-downs against investment properties	(8 015)	-
- compensations, penalties received	1 146	(808)
- accrued interest	437	(170)
- other	1 554	4 425
<b>Adjustment for costs:</b>	<b>106 635</b>	<b>(596 949)</b>
- unrealised FX gains	(381)	(149)
- impairment write-downs against receivables	(8 386)	(42 660)
- impairment write-downs against long-term financial assets	(3 838)	822
- provision for jubilee bonuses and similar obligations	(6 657)	(3 848)
- accrual for bonuses	5 192	(37 309)
- accrued interest	(6)	42
- accrual for uninvoiced costs	55 418	(229 083)
- valuation of forward contracts	(5 072)	-
- provision for contract losses	127 696	(235 642)
- provisions for warranty repairs	(36 693)	(10 771)
- provision for legal proceedings and penalties	(21 306)	(28 975)
- other	668	(9 376)
<b>3. Other differences:</b>	<b>(16 798)</b>	<b>(7 829)</b>
- taxable profit achieved on foreign markets	(16 557)	(7 090)
- deduction in respect of donations made	(241)	(739)
- deduction of losses from prior years	-	-
<b>Total ( 1 +2 +3)</b>	<b>(267 550)</b>	<b>621 761</b>



**Note 34**

<b>OTHER OBLIGATORY DECREASES OF PROFIT (INCREASES OF LOSS), OF WHICH</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
<b>Total other obligatory decreases of profit (increases of losses)</b>	-	-

**Note 35**

<b>SHARE IN NET PROFITS (LOSSES) OF EQUITY ACCOUNTED SUBORDINATES, OF WHICH:</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
<b>Total share in profits (losses) of equity accounted subordinates</b>	-	-

**Note 36**

Financial statements of Budimex SA for the year ended 31 December 2011 was approved by the General Annual Meeting of Shareholders on 19 May 2011. The General Meeting of Shareholders decided to allocate the net profit for the period in the amount of PLN 226 283 thousand increased by the portion of spare capital created from the profit of previous years in the amount of PLN 5 531 thousand for the payment of the dividend in the gross amount of PLN 9.08 per one share. The dividend was paid on 20 June 2011.

Till the date of preparation of these financial statements for the year ended 31 December 2011 the Company has not made a resolution in respect of appropriation of the profit for 2011 in the amount of PLN 280 368 thousand.

**Note 37**

<b>ERNINGS PER SHARE</b>	<b>01.01 - 31.12.2011</b>	<b>01.01 - 31.12.2010</b>
Net profit (loss) (annualised)	280 368	226 283
Average weighted number of shares	25 530 098	25 530 098
Earnings per share (in PLN) according to formulae: net profit / average weighted number of shares	10,98	8,86

**EXPLANATORY NOTES TO THE CASH FLOW STATEMENT****Note 38**

<b>CASH AND CASH EQUIVALENTS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) cash in hand	22	28
b) cash at bank	1 567 847	1 752 672
- current accounts	4 796	3 529
- overnights	175 167	315 427
- other cash deposits up to 1 year	1 387 884	1 433 716
- cash deposits above 1 year serving as security for bank guarantees	-	-
c) other cash equivalents	2 126	2 299
<b>Total cash and cash equivalents</b>	<b>1 569 995</b>	<b>1 754 999</b>

The above balance of cash and cash equivalents include the cash belonging to the partners of joint ventures in the amount of PLN 71 469 thousand as at 31 December 2011 and in the amount of PLN 98 373 thousand as at 31 December 2010.

**Note 39A**

<b>RECEIVABLES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- change in balance of receivables in the balance sheet	(25 195)	58 301
- receivables for redemption of shares in Autostrada Południe SA	4 676	-
- change of balance of investing receivables	133	2
<b>Change in balance of receivables in the cash flow statement</b>	<b>(20 386)</b>	<b>58 303</b>

**Note 39B**

<b>LIABILITIES AND SPECIAL FUNDS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- change in balance of liabilities and special funds	135 987	442 046
- change in balance of loans and borrowings	(1 056)	127
- change in balance of liabilities arising from lease contracts	(23 421)	(157)
- change in balance of valuation of forward contracts	(5 100)	15 844
- change in balance of investing liabilities	(459)	(884)
<b>Change in balance of liabilities and special funds in the cash flow statement</b>	<b>105 951</b>	<b>456 976</b>

**Note 39C**

<b>OTHER ADJUSTMENTS (OPERATING ACTIVITIES)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- adjustment for FX differences related to foreign operations	644	(511)
- forward contracts valuation	5 072	(9 134)
- other	596	2 030
<b>Total other adjustment to operating activities</b>	<b>6 312</b>	<b>(7 615)</b>

**Note 39D**

<b>OTHER INFLOWS FROM INVESTING ACTIVITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- repayment of short-term loan	-	61 000
- settlement of derivative instruments	2 105	-
<b>Total other inflows from investing activities</b>	<b>2 105</b>	<b>61 000</b>

**Note 39E**

<b>OTHER CAPITAL EXPENDITURES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- settlement of derivative instruments	-	7 129
- short-term loan granted	-	61 000
<b>Total other capital expenditures</b>	<b>-</b>	<b>68 129</b>

**EXPLANATORY NOTES TO THE CASH FLOW STATEMENT****Note 38**

<b>CASH AND CASH EQUIVALENTS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
a) cash in hand	22	28
b) cash at bank	1 567 847	1 752 672
- current accounts	4 796	3 529
- overnights	175 167	315 427
- other cash deposits up to 1 year	1 387 884	1 433 716
- cash deposits above 1 year serving as security for bank guarantees	-	-
c) other cash equivalents	2 126	2 299
<b>Total cash and cash equivalents</b>	<b>1 569 995</b>	<b>1 754 999</b>

The above balance of cash and cash equivalents include the cash belonging to the partners of joint ventures in the amount of PLN 71 469 thousand as at 31 December 2011 and in the amount of PLN 98 373 thousand as at 31 December 2010.

**Note 39A**

<b>RECEIVABLES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- change in balance of receivables in the balance sheet	(25 195)	58 301
- receivables for redemption of shares in Autostrada Południe SA	4 676	-
- change of balance of investing receivables	133	2
<b>Change in balance of receivables in the cash flow statement</b>	<b>(20 386)</b>	<b>58 303</b>

**Note 39B**

<b>LIABILITIES AND SPECIAL FUNDS</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- change in balance of liabilities and special funds	135 987	442 046
- change in balance of loans and borrowings	(1 056)	127
- change in balance of liabilities arising from lease contracts	(23 421)	(157)
- change in balance of valuation of forward contracts	(5 100)	15 844
- change in balance of investing liabilities	(459)	(884)
<b>Change in balance of liabilities and special funds in the cash flow statement</b>	<b>105 951</b>	<b>456 976</b>

**Note 39C**

<b>OTHER ADJUSTMENTS (OPERATING ACTIVITIES)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- adjustment for FX differences related to foreign operations	644	(511)
- forward contracts valuation	5 072	(9 134)
- other	596	2 030
<b>Total other adjustment to operating activities</b>	<b>6 312</b>	<b>(7 615)</b>

**Note 39D**

<b>OTHER INFLOWS FROM INVESTING ACTIVITIES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- repayment of short-term loan	-	61 000
- settlement of derivative instruments	2 105	-
<b>Total other inflows from investing activities</b>	<b>2 105</b>	<b>61 000</b>

**Note 39E**

<b>OTHER CAPITAL EXPENDITURES</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
- settlement of derivative instruments	-	7 129
- short-term loan granted	-	61 000
<b>Total other capital expenditures</b>	<b>-</b>	<b>68 129</b>

**Additional Notes and Explanations****1. FINANCIAL INSTRUMENTS****a) Embedded derivative financial instruments**

The Company concludes foreign currency investor, subcontractor and supplier contracts whose terms and conditions meet the recognition criteria of embedded derivative financial instruments (embedded derivatives) in accordance with the Decree on financial instruments. Due to the fact that the contracts concluded by the Company which are not financial instruments are expressed in foreign currencies commonly used in the contracts for supply of certain consumer products and services on home market, there was no need to bifurcate embedded derivatives from their host contracts and value them separately as at 31 December 2011 or 31 December 2010.

**b) Financial risk management**

During the course of its business activities, the Company is exposed to various types of financial risk: currency risk, interest rate risk, price risk, credit risk and risk of loss of liquidity. The Management Board verifies and determines risk management policies for each of the risk types identified.

*Currency risk*

As part of its core business activities, the Company enters into construction contracts and contracts with subcontractors and suppliers denominated in foreign currencies. The foreign currency risk management policy adopted by the Management Board consists in hedging future cash flows on these contracts in order to limit the effect of volatility of currency exchange rates on the results of the Company. In accordance with this policy, the Company hedges against foreign currency risk attached to each construction contract, on which the value of foreign currency payments (inflows or outflows) is deemed material. Hedging against foreign currency risk is realized mainly through the use of derivative financial instruments (FX forwards) or, if possible, through natural hedge mechanism, which consists in concluding agreements with suppliers or subcontractors in the currency of the underlying contract.

*Interest rate risk*

The Company is exposed to interest rate risk mainly in connection with finance lease contracts, which are based on variable interest rates and expose the Company to the risk of changes in cash flows in case they increase.

The risk related to the current debt balances was assessed as immaterial from the point of view of the effect on the results of the Company and for this reason interest rate risk management is currently limited to monitoring of market situation only.

*Price risk*

The Company is exposed to price risk relating to increases in prices of the most popular construction materials such as steel, aggregates, concrete or crude oil derivatives such as petrol, diesel oil, asphalts or heating fuel. Prices defined in contracts with investors remain fixed over the entire period of contract realization i.e. most often over the period of 6 – 36 months, whilst contracts with subcontractors are made at a later date, as work on individual contract progresses.

In order to limit the price risk, prices of the most popular construction materials are monitored on an ongoing basis, while the construction contracts signed have the parameters relating, among others, to contract duration and value, appropriately matched with market situation.

#### *Credit risk*

As regards transactions concluded on monetary and foreign currency markets, the Company cooperates with financial institutions of high financial standing and hence does not incur material risk of credit concentration. At the same time, the Company applies the policy of limiting credit exposure to those individual financial institutions, in which periodic cash surpluses are placed.

The financial assets of the Company exposed to an increased credit risk are trade receivables. The Company has the policy in place of credit risk assessment and verification in respect of all contracts, both at contract pre-tender stage and during contract realization.

Prior to contract signing, each business partner is assessed for the capacity to discharge his financial liabilities. Signing contract with a party whose payment abilities were assessed negatively depends on establishing adequate financial and property collaterals and securities. In addition, clauses are included in investor contracts that provide for the right to stop any work if payments for the services already performed are delayed. Where possible, special contract provisions are made that tie payments to subcontractors with inflow of cash from the investor.

#### *Liquidity loss risk*

In order to limit the risk of loss of liquidity, the Company holds appropriate amounts of cash and marketable securities, and enters into credit facilities contracts which serve as additional safeguard against loss of liquidity. To finance its investment purchases, the Company uses own funds or long-term finance lease contracts that ensure appropriate stability of financing structure for this type of assets.

### **c) Derivative financial instruments**

The Company enters into derivative transactions in order to hedge against foreign exchange risk. Policies concerning use of derivative financial instruments are defined in the Risk Management Policy adopted by the Management Board, as described in more detail in point b) above "Financial risk management".

Derivative financial instruments are valued at the reporting date in a reliably determined fair value. Fair value of derivative financial instruments is estimated using the model based, among others, on currency exchange rates (average NBP rates) prevailing on the reporting date and on differences in interest rates of the quotations and base currencies.

The effects of periodic valuation of derivative financial instruments are taken to finance income or finance costs for the period, as appropriate. Gains or losses determined on the date of settlement are recognized in the profit and loss account under gains or losses on disposal of investment, as appropriate.

The fair value and changes in valuation of transactions concluded by the Company and open as at 31 December 2011 and 31 December 2010 are presented in the table below:

	Financial assets on valuation of derivative financial instruments		Financial liabilities on valuation of derivative financial instruments	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Currency forward contracts, FX Forward	122	94	5 353	253
Currency options	-	-	-	-
<b>Total</b>	<b>122</b>	<b>94</b>	<b>5 353</b>	<b>253</b>

	Financial assets on valuation of derivative financial instruments		Financial liabilities on valuation of derivative financial instruments	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
<b>At the beginning of the period</b>	<b>94</b>	<b>7 348</b>	<b>253</b>	<b>16 097</b>
Valuation adjustment at the reporting date	28	(7 254)	5 100	(15 844)
<b>At the end of the period</b>	<b>122</b>	<b>94</b>	<b>5 353</b>	<b>253</b>

The total nominal value of currency forward contracts, the FX Forward type, as at 31 December 2011 was EUR 20 934 thousand. As at 31 December 2010, the total nominal value of currency forward contracts was EUR 14 518 thousand. The Company did not hold any currency options as at those dates.

Forward selling/ buying rate for the EUR transactions open as at 31 December 2011 ranged EUR/ PLN 4.0379-4.5654 (as at 31 December 2010 – EUR/PLN 3.9453-4.1525). Forward transactions open as at 31 December 2011 are to be settled within 26 - 299 days.

As at 31 December 2011 or 31 December 2010, the Company did not apply hedge accounting.

**d) Movements in financial instruments, by category**

The tables below show movements in individual classes of financial assets (except for cash and other monetary assets) and financial liabilities of the Company in the 12-month periods ended 31 December 2011 and 31 December 2010:

	Financial assets held for trading	Financial assets held to maturity	Financial assets available for sale	Loans and receivables	Financial liabilities held for trading	Other financial liabilities
<b>1 January 2011</b>	<b>14 111</b>	-	<b>2 242</b>	-	<b>253</b>	<b>28 386</b>
-increases	28	-	365	-	5 100	36 338
- <i>purchase</i>	-	-	-	-	-	35 444
- <i>impairment write-down</i>	28	-	365	-	5 100	874
- <i>interests incurred</i>	-	-	-	-	-	20
-decreases	(14 017)	-	(422)	-	-	(11 861)
- <i>sales</i>	(14 013)	-	-	-	-	(11 847)
- <i>liquidation</i>	-	-	(422)	-	-	-
- <i>interests incurred</i>	(4)	-	-	-	-	(14)
<b>31 December 2011</b>	<b>122</b>	-	<b>2 185</b>	-	<b>5 353</b>	<b>52 863</b>
	=====	=====	=====	=====	=====	=====
<b>Balance sheet recognition</b>						
<b>Long-term financial assets</b>						
- in affiliates	-	-	-	-	-	-
- in other entities	-	-	2 185	-	-	-
<b>Short-term financial assets</b>						
- in affiliates	-	-	-	-	-	-
- in other entities	122	-	-	-	-	-
<b>Long-term financial liabilities</b>						
- to affiliates	-	-	-	-	-	-
- to other entities	-	-	-	-	-	33 652
<b>Short-term financial liabilities</b>						
- to affiliates	-	-	-	-	-	8 531
- to other entities	-	-	-	-	5 353	10 680
<b>Total</b>	<b>122</b>	-	<b>2 185</b>	-	<b>5 353</b>	<b>52 863</b>
	=====	=====	=====	=====	=====	=====

	Financial assets held for trading	Financial assets held to maturity	Financial assets available for sale	Loans and receivables	Financial liabilities held for trading	Other financial liabilities
<b>1 January 2010</b>	<b>27 198</b>	-	<b>2 242</b>	<b>700</b>	<b>16 097</b>	<b>28 356</b>
-increases	14 017	-	-	61 900	-	10 638
- <i>purchase</i>	14 013	-	-	61 900	-	10 624
- <i>interests incurred</i>	4	-	-	-	-	14
-decreases	(27 104)	-	-	(62 600)	(15 844)	(10 608)
- <i>sales</i>	(19 067)	-	-	(62 600)	-	(10 333)
- <i>impairment write-down</i>	(7 254)	-	-	-	(15 844)	(275)
- <i>interests incurred</i>	(783)	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
<b>31 December 2010</b>	<b>14 111</b>	-	<b>2 242</b>	-	<b>253</b>	<b>28 386</b>
	=====	=====	=====	=====	=====	=====
<b>Balance sheet recognition</b>						
<b>Long-term financial assets</b>						
- in affiliates	-	-	-	-	-	-
- in other entities	-	-	2 242	-	-	-
<b>Short-term financial assets</b>						
- in affiliates	-	-	-	-	-	-
- in other entities	14 111	-	-	-	-	-
<b>Long-term financial liabilities</b>						
- to affiliates	-	-	-	-	-	-
- to other entities	-	-	-	-	-	11 244
<b>Short-term financial liabilities</b>						
- to affiliates	-	-	-	-	-	7 475
- to other entities	-	-	-	-	253	9 667
	-----	-----	-----	-----	-----	-----
<b>Total</b>	<b>14 111</b>	-	<b>2 242</b>	-	<b>253</b>	<b>28 386</b>
	=====	=====	=====	=====	=====	=====

The value of financial assets available for sale stated at amortized cost as at 31 December 2011 and 31 December 2010 was respectively PLN 2 185 thousand and PLN 2 242 thousand and covered only long-term financial assets in other entities.

During the 12-month period ended 31 December 2011, the Company recognized an impairment write-down against shares in other entities in the amount of PLN 365 thousand and in 2010 there were no recognition of any impairments.



**e) Interest on financial assets**

12 –month period ended 31 December 2011	Realised	Unrealised with maturity date			Total	Total interest
		< 3 months	3-12 months	> 12 months		
Loans and receivables	-	-	-	-	-	-
Financial assets held for trading	193	-	-	-	-	193
<b>Total</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193</b>

12 –month period ended 31 December 2010	Realised	Unrealised with maturity date			Total	Total interest
		< 3 months	3-12 months	> 12 months		
Loans and receivables	285	-	-	-	-	285
Financial assets held for trading	154	-	-	-	-	154
<b>Total</b>	<b>439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439</b>

**f) Interest on financial liabilities**

12 –month period ended 31 December 2011	Realised	Unrealised with maturity date			Total	Total interest
		< 3 months	3-12 months	> 12 months		
Short-term financial liabilities	1 596	-	20	-	20	1 616
Long-term financial liabilities	-	-	-	-	-	-
<b>Total</b>	<b>1 596</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>1 616</b>

12 –month period ended 31 December 2010	Realised	Unrealised with maturity date			Total	Total interest
		< 3 months	3-12 months	> 12 months		
Short-term financial liabilities	876	-	14	-	14	890
Long-term financial liabilities	-	-	-	-	-	-
<b>Total</b>	<b>876</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>890</b>

## 2. CONTINGENT LIABILITIES

### a) Guarantees, suretyships and other financial liabilities

Type of liability (in PLN thousands)	31 December 2011	31 December 2010
<b>Guarantees and suretyships issued (incl. bills of exchange), of which:</b>	<b>1 753 301</b>	<b>1 427 246</b>
- to affiliates	147 130	113 066
- to other entities *	1 606 171	1 314 180
<b>Promissory notes issued as security/ collateral, of which:</b>	<b>2 055</b>	<b>2 000</b>
- to affiliates	-	-
- to other entities	2 055	2 000
<b>Other off-balance sheet liabilities</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 755 356</b>	<b>1 429 246</b>

\* Contingent liabilities arising from guarantees and suretyships issued to other entities are mainly guarantees issued by banks to the Company's business partners as security for their claims against the Company. The banks are entitled to reverse claim against the Company.

### b) Legal proceedings pending as at 31 December 2011

The total value of legal proceedings in progress in respect of liabilities and receivables was PLN 541 208 thousand as at 31 December 2011. The excess of the value of the proceedings in which Budimex SA is a defendant over the proceedings in which the Company is a claimant is PLN 45 736 thousand.

The total value of the proceedings relating to the Company's liabilities was as at 31 December 2011 PLN 293 472 thousand. The proceedings in progress relate to the operating activities of the Company.

The proceedings in the highest value case, relating both to receivables and liabilities due from Budimex SA, is pending before Arbitration Court at the National Chamber of Commerce in Warsaw, which involve the consortium Ferrovial Agroman SA, Budimex SA and Estudio Lamela S.L. (Consortium FBL) and Przedsiębiorstwo Państwowe "Porty Lotnicze" (PPL). The litigation is the result of rescinding the contract for developing and modernizing Warsaw Frederic Chopin Airport – Terminal II by the Investor PPL. Initially, the proceedings related to the claim filed by the Consortium FBL, in relation to bank guarantees realised by PPL groundlessly, which were given as a performance warranty of a total amount of PLN 54 382 thousand. The claim in this respect was filed on 24 January 2008. In the course of the case PPL filed a counter-claim of a total amount of PLN 135 719 thousand, covering claims for the redress of damage, including lost benefits, return of unjust enrichment and liquidated damages. On 31 July and 26 October 2009 PPL filed to the Arbitration Court the next written statements of claim including extension of counter-claim, changing the original amount of counter-claim from PLN 135 719 thousand to PLN 280 894 thousand (risk of Budimex SA does not exceed the amount of PLN 112 358 thousand).

In the opinion of Budimex SA, the main claims under the counter-suit are groundless. The response to the counter-claim, including the motion to dismiss the claim entirely, and therefore supporting the statement that claims filed by PPL are unjustified, was filed on 21 October 2008. To date, there have fourteen trials during which witnesses for the plaintiff and the counter-defendant have been examined for the circumstances included in the counter-claim. On 27 May 2010 the Arbitration Court made a decision, based on which the evidence from the expert's opinion regarding the evaluation

of reasonableness of the PPL claims was accepted. The expert appointed by the Arbitration Court – the BS Consulting Group started to work at the end of 2010. To date, there have been several meetings with proxies of parties and the expert. The parties are waiting for the appointment by the Arbitration Court of meeting date, during which, among other things, the date for preparation of aforementioned opinion by the expert will be fixed.

Regardless of the counter-claim of PPL and in accordance with former announcements, on 27 February 2009 the Consortium FBL submitted a written statement of claim including the extension of the main claim by the amount of PLN 216 458 thousand, covering: the remuneration for works performed, but not paid by Investor, the remuneration for additional works, the return of the retained amounts and the interest on late payments. According to the consortium contract the share of Budimex SA in the claim amounts to PLN 86 583 thousand.

On 23 March 2009 the Arbitration Court issued a partial verdict covering the decision in respect of bank guarantees. Based on the verdict, the Arbitration Court adjudged the total amount of PLN 54 382 thousand together with statutory interest for the period from 9 November 2007 (at the date of issuing the verdict the amount of interest was PLN 8 805 thousand). According to the consortium contract the portion falling to Budimex SA is 40%, i.e. PLN 21 753 thousand and PLN 3 522 thousand referring to interest. Having received the reason for the partial judgement from the Arbitration Court, the Consortium filed, in the Common Court, a motion on ascertainment of executability of the verdict of the Arbitration Court thorough giving an enforcement clause. On 8 May 2009 PPL filed a claim to dismiss the partial verdict and simultaneously to defer the verdict executability of the Arbitration Court. On 31 May 2010 the District Court in Warsaw quashed the partial verdict of the Arbitration Court, claiming that the appealed sentence of the Arbitration Court violates the public order rules with regard to adjudging the compensation jointly in favour of three entities in case the benefit is divisible. The verdict was issued with regard to the company Budimex SA, which was considered by the District Court to be the only legitimated passively in the case and at the same time deciding that the partial verdict cannot have been issued against Ferrovial Agroman SA – Branch in Poland and Estudio Lamela SL – Branch in Poland, as the branches of these entrepreneurs have no legal personality separate from the company. Therefore, in the verdict issued by the District Court, the proceedings against these parties were canceled and the complaint filed in this respect was rejected. All three parties of the consortium filed the appeal against the sentence of the District Court. Companies Ferrovial Agroman and Estudio Lamela filed a complaint against the decision regarding the abolition of proceedings against them. The complaints were considered and were in total allowed for by the Appeal Court. The Appeal Court reconsidering the complaints quashed the complained sentenced and agreed with the statements of Ferrovial Agroman and Estudio Lamela that as foreign entrepreneurs (and not as their branches in Poland) had legitimacy to act as a party in the trial and that the partial verdict issued by the Arbitration Court was correctly issued in this respect.

On 13 July 2010 Budimex SA appealed against the verdict of the District Court in Warsaw. Currently, Budimex SA is waiting for the verdict of the Appeal Court in Warsaw regarding the appeal filed, which will be issued when the remaining members of the Consortium appeal the verdict.

In the opinion of the Management Board the settlement of the appeal against sentence filed by Budimex SA should be favourable to the company and in consequence it should enable the company to receive the enforcement clause for the partial verdict issued by the Arbitration Court, allowing for the verdict execution. The Management Board is also in the opinion that the final verdict of the Arbitration Court will be favourable to the remaining claims filed by the consortium.

On 16 December 2010 Tomasz Ryskalok and Rafał Ryskalok, pursuing a business activity as a civil law partnership under the name Cerrys S.C., residing in Wykroty, filing a lawsuit against Budimex SA with regard to the payment of a contractual penalty for delay in the removal of defects identified within the effective period of the guarantee. The lawsuit concerns the construction of a concrete plant in line with agreement concluded on 19 May 2003 with the value of the agreement amounting to PLN 4 189

thousand. The value of the subject matter of the lawsuit is PLN 90 000 thousand including contractual interest calculated from 19 October 2006 until the day of payment. In the opinion of Budimex SA, the claim constituting the subject matter of the argument is absolutely groundless and there is no basis, either formal or factual, for considering it (the deadline for submitting the claims in question expired, the limit concerning contractual penalties - i.e. up to 15% of the value of the agreement - has not been taken into account, and the defect is not material). To date, there have been two trials during which witnesses for the plaintiff have been examined. The court postponed the trial till 9 May 2012. During the next trial the witnesses of the defendant will be examined.

Another material in value legal proceedings relate to the claim filed on 5 March 2008 by Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement contractor costs incurred by the investor when the consortium rescinded a contract. The Budimex Group's share in consortium was 90%, therefore the value of the claim for which the Company is liable is PLN 22 727 thousand. The defendants filed a response to the statement of claim within two weeks of receipt of the statement of claim. As a result of the plea of incompetency of a court formulated in the response to the statement of claim due to the written arbitration agreement, the court brought a case before the closed court in order to determine its jurisdiction. On 30 September 2010 the Court issued the ruling, refusing to reject the claim, thereby the Court acknowledged the Common Court as competent to consider the litigation. On 28 October 2010 Budimex SA filed a complaint regarding the court decision, which was dismissed by the Appeal Court on 10 March 2011. The decision of the Appeal Court cannot be sued. Due to above, the case will be considered by the common court when the brief is passed to the court of first instance. Till the date of publication of this financial statements, there have been three trials before the common court, during which witnesses of the plaintiff have been examined. The next trials in 2012 will be dedicated to examination of the remaining witnesses of both parties.

Budimex Dromex SA (the company merged with Budimex SA in 2009) as a legal successor of Dromex SA on 8 February 2005 received a statement of claim, directed by Federal Republic of Germany, next represented by federal country Brandenburg, represented by Ministry of cities, housing and communication development ("the Claimer") to the following companies:

- Budimex Dromex SA,
- VHV Deutsche Kautionsversicherung AG, Hannover,
- Deutsche Bank AG, Frankfurt/Main,
- Allgemeine Kreditversicherung Coface AG, Mainz

for return of overpaid remuneration for work and settlement of a warranty liability in the total amount of EUR 2 583 thousand. Dromex SA and Philipp Holzmann AG were shareholders in the company "ARGE Oderbrücke Philipp Holzmann AG/Dromex" (the "Consortium"). In the years 1993-1997, the companies built a bridge comprising the motorway over the Odra River near Frankfurt. According to the claimant, the fee received by the Consortium for this work was overstated by EUR 2 509 thousand, while Budimex Dromex SA is required to make a prepayment of EUR 74 thousand towards the costs of removing construction faults. The companies VHV Deutsche Kautionsversicherung AG and Allgemeine Kreditversicherung Coface AG incur liability as guarantors for both the prepayment and the return of the overpaid amount. Following payment by certain guarantors of part of the contractual liabilities, the total value of claim was reduced to EUR 1 697 thousand. During the trial, which took place on 31 May 2011 before the National Court in Neuruppin the compromise was reached, based on which Budimex SA is obliged to pay the amount of EUR 1 million, comprising of EUR 600 thousand regarding the main claim and EUR 400 thousand of interest, in favour for Federal Republic of Germany. The parties decided that proceedings and compromise related costs would be netted off. Additionally, the parties established that in the 3-month period starting from the compromise date, i.e. in the period until 31 August 2011 the parties can withdraw the declaration of will filed with regard

to this compromise. The parties did not withdraw the declaration of will, therefore the compromise became valid on 1 September 2011 and on 14 September 2011, according to the compromise reached, Budimex SA paid EUR 1 million in favour of the plaintiff. The case was finished by the valid court decision.

As at the date of this report the final outcome of the proceedings is not known.

The total value of proceedings relating to claims of Budimex SA as at 31 December 2011 was PLN 247 736 thousand. The proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of construction work performed.

On 10 March 2009 the District Court in Cracow issued the verdict regarding the claim filed by Budimex Dromex SA against Municipal Commune of Cracow, adjudging the payment of PLN 20 708 thousand together with statutory interest calculated for the period from 5 November 2007 and return of court fees in the amount of PLN 143 thousand. The claimed filed by Budimex Dromex related to the refund of the amount drawn by the Municipal Commune of Cracow on 5 November 2007 from the bank guarantee provided by Budimex Dromex SA as the performance bond for the contract for engineering, design and execution of a sports and show hall in Cracow – Czyżyny concluded on 20 December 2005 between the Consortium of Budimex Dromex SA, Ferrovial Agroman SA and Decathlon SA, and the Municipal Commune of Cracow. The commune drew this amount for the stipulated penalty provided by the contract after previous declaration of withdrawal from the contract and associated imposing of a stipulated penalty despite the fact that Budimex Dromex SA put the legitimacy of imposing of this penalty in question. On 15 July 2009 the Court of Appeal in Cracow, acting as the court of second resort in the proceedings described above, brought the verdict changing the verdict of the Court of first resort, adjudged the payment by the Municipal Commune of Cracow to Budimex Dromex SA of the amount of PLN 6 903 thousand including statutory interest calculated starting on 20 November 2007 until the date of payment and payment of the court fees in the amount of PLN 20 thousand. The Court rejected the rest of the appeal of the Municipal Commune of Cracow and adjudged the payment by Budimex Dromex SA to the Municipal Commune of the amount of PLN 70 thousand as the appeal trial fees. Budimex Dromex SA appealed to the Supreme Court for cassation of this verdict. On 20 October 2010 the Supreme Court provided for cassation and the case will be considered again by the Appeal Court in Cracow. On 17 February 2011 Budimex SA received information on the decision of the Appellate Court in Cracow, which, having re-examined – as a result of the Supreme Court reversing the previous decision of the Appellate Court in Cracow in the part regarding the dismissal of the claim and adjudication on legal costs – the appeal of the Urban Municipality of Cracow against the decision of the District Court in Cracow of 10 March 2008, reversed the decision of the District Court in Cracow of 10 March 2008 in the part regarding the claim for the amount exceeding PLN 6 903 thousand (i.e. to the amount of PLN 13 805 thousand) and referred the case to the District Court in Cracow for re-examination and adjudication on legal costs. The case brought by Budimex SA (as a general successor of Budimex Dromex SA) against the Urban Municipality of Cracow for the payment of PLN 20 708 thousand has become final with regard to the amount of PLN 6 903 thousand plus statutory interest calculated from 20 November 2007, having been adjudicated to be paid by the Urban Municipality of Cracow to Budimex SA. The remaining elements of the claim currently are being re-examined by the District Court in Cracow. The court accepted as evidence documents and expert's opinions submitted by Budimex SA, the case was postponed till the expert's opinion is prepared.

As at the date of this report the final outcome of the proceedings is not known.

**c) Tax regulations in Poland**

Poland has numerous regulations regarding VAT, excise tax, corporate profits tax or social security contributions. Regulations concerning these taxes are subject to frequent changes that result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is significantly greater in Poland than in countries that have a more established taxation system.

There are no formal procedures in Poland that relate to determining the final amount of tax. Tax settlements may become subject to inspection by tax authorities within a period of five years. Accordingly, there is a risk that the tax authorities adopt a different standpoint as regards the legal interpretation of tax regulations than that of the Company, which could have a significant impact on the Company's tax liabilities.

**3. COMMITMENTS TO THE STATE BUDGET OR MUNICIPALITIES IN RESPECT OF THE ACQUISITION OF OWNERSHIP RIGHTS TO BUILDINGS AND CONSTRUCTIONS**

As at 31 December 2011 or 31 December 2010, the Company did not have commitments to the state budget or municipalities in respect of the acquisition of ownership rights to buildings and constructions.

**4. DISCONTINUED OPERATIONS**

The Company did not discontinue any activities during the financial year ended 31 December 2011 and during the prior year ended 31 December 2010, and there are no plans to discontinue any activity in the subsequent periods.

**5. COSTS CAPITALISED TO CONSTRUCTION IN PROGRESS OR COST OF GOODS DEVELOPED FOR THE COMPANY'S OWN NEEDS**

In the year 2011 or 2010, the Company did not capitalise any costs to construction in progress or cost of goods developed for the Company's own needs.

**6. CAPITAL EXPENDITURE INCURRED AND PLANNED FOR THE PERIOD OF 12 MONTHS FROM THE REPORTING DATE**

Capital expenditure incurred in the year 2011 amounted to PLN 273 770 thousand, of which PLN 45 612 thousand was allocated to the acquisition of non-financial long-term assets. In the year 2010, capital expenditure amounted to PLN 34 978 thousand, of which PLN 33 669 thousand was allocated to the acquisition of non-financial long-term assets. In both reporting periods, the capital expenditure incurred did not relate to environmental protection.

Capital expenditure planned for the year 2012 amounts to approx. PLN 24 000 thousand and this amount will be allocated to non-financial long-term assets in full. No capital expenditure is planned for natural environment protection.

## **7. TRANSACTIONS WITH AFFILIATES RELATING TO TRANSFER OF RIGHTS OR LIABILITIES**

**On 24 January 2011** the Incorporation Act of Budimex Parking Wrocław Sp. z o. o. was signed. The total share capital of new company amounted to PLN 5 thousand was subscribed by Budimex SA. The main activity of new company is construction and exploitation of a car park located in Wrocław on the base of public – private partnership. The decision of new company registration was issued on 8 February 2011.

**On 17 February 2011** the Incorporation Act of Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o. o. was signed. The share capital of new company amounted to PLN 5 thousand, consists of 100 shares of nominal value PLN 50 each, of which 30 shares of total amount of PLN 1,5 thousand was gained by Budimex SA and 70 shares of total amount of PLN 3,5 thousand were subscribed by Técnicas de Pretensado y Servicios Auxiliares S.L. located in Madrid. The new company was registered on 17 March 2011.

On 29 June 2011 an increase of Tecpresa capital to the total amount of PLN 590 thousand was registered, of which Budimex share amounted to PLN 177 thousand (3 540 shares).

**On 21 April 2011** the Incorporation Act of Budimex Serwis SA was signed. The total share capital of new company amounted to PLN 100 thousand, consisted of 2 000 shares of nominal value PLN 50 each, was subscribed by Budimex SA. The new company was registered on 10 May 2011.

**On 28 April 2011** the Extraordinary General Meeting of Shareholders of Budimex Budownictwo Sp. z o. o. made the resolution on increasing the capital in the amount of PLN 300 thousand (600 shares of nominal value PLN 500 thousand each). The capital was paid up by Budimex SA. The above event was registered on 26 May 2011.

**On 31 May 2011** Budimex SA and Northcan Polska Sp. z o. o. signed the agreements of sales the shares of Centrum Konferencyjne Budimex Sp. z o. o. (100% subsidiary of Budimex SA) for the amount of PLN 102 thousand as well as related not-build-up property located in Licheń Stary for the amount of PLN 8 899 thousand.

**On 6 June 2011** a decrease in Autostrada Południe SA capital (related company of Budimex SA) was registered. A decrease in capital was performed by redemption of shares. Due to that Budimex SA sold the shares of Autostrada Południe SA in the amount of PLN 4 676 thousand. After that transaction Budimex SA is still the owner of Autostrada Południe shares in the amount of PLN 4 292 thousand, which relates to 5.05% in share capital of the company.

**On 20 July 2011** the Incorporation Act of Budimex Most Wschodni SA was signed. The total share capital of new company amounted to PLN 100 thousand, consisted of 100 shares of nominal value PLN 1 000 each, was subscribed by Budimex SA. The new company was registered on 2 September 2011.

**On 20 July 2011** the Incorporation Act of Budimex Autostrada SA was signed. The total share capital of new company amounted to PLN 100 thousand, consisted of 100 shares of nominal value PLN 1 000 each, was gained by Budimex SA. The new company was registered on 25 August 2011. On 25 November 2011 an increase of capital up to the amount of PLN 200 thousand was registered.

**On 4 August 2011** Budimex SA and Polskie Koleje Państwowe SA signed the agreement of acquisition of 100% shares of the company called Przedsiębiorstwo Napraw Infrastruktury Sp. z o. o. located in Warsaw for the amount of PLN 225 017 thousand. Nominal value of the shares acquired amounted to PLN 178 869 thousand. On 16 November 2011, due to meeting the agreement condition related to gaining appropriate approvals, the payment for acquired shares was made. The acquisition was financed from private sources of Budimex SA.

**On 26 October 2011** a resolution of the Partners of Budimex SA Ferrovia SA SpA was signed that increased the contribution in the company in the amount of PLN 4 000 thousand. Due to above, the both partners, i.e. Budimex SA and Ferrovia Agroman SA paid up the amount respectively in the amount of PLN 2 000 thousand.



## 8. TRANSACTIONS OF BUDIMEX SA WITH AFFILIATES

The Company did not conclude transactions with affiliates (related entities) on the basis other than arms' length.

	Receivables as at 31 December 2011	Liabilities as at 31 December 2011	Sales of services and finished goods in 2011	Purchase of services and finished goods in 2011	Dividend income in 2011	Interest income in 2011	Interest expense in 2011
Parent company and parent affiliates (the Ferrovia Group)	54 103*	119 167**	86 758	93 686	-	-	182
Budimex Nieruchomości Sp. z o.o.	43 778	603	191 722	2 137	37 000	-	-
Budimex Bau GmbH	4	-	-	-	-	-	-
Elektromontaż Poznań SA	16	6 858	56	14 033	-	-	-
Mostostal Kraków SA	509	8 376	4 562	26 916	-	9	-
Budimex SA Sygnity SA Sp. j	6	-	60	-	-	-	-
Budimex SA Ferrovia Agroman SA S.j	196	66	453	-	-	-	-
Tecpresa – Techniki Sprężania i Usługi	3 654	6 175	25	6 420	-	-	-
PPHU Promos Sp. z o.o.	-	43	-	366	-	-	-
Budimex Danwood Sp. z o.o.	852	-	5 371	-	-	-	-
Centrum Konferencyjne Budimex Sp. z o.o.	-	-	360	-	-	-	-
Autostrada Południe SA	4 676	-	-	-	-	-	-
Budimex Parking Wrocław Sp. z o.o.	173	-	25	-	-	-	-
Budimex Serwis SA	35	-	14	-	-	-	-
Budimex Autostrada SA	18	-	10	-	-	-	-
Budimex Autostrada 1 SA	16	-	10	-	-	-	-
Budimex Most Wschodni SA	15	-	10	-	-	-	-
SPV-BN 1 Sp. z o.o.	-	-	1	-	-	-	-
SPV-BN 2 Sp. z o.o.	-	-	1	-	-	-	-
Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.	11	11 415	0	10 013	-	-	-
Budimex Budownictwo Sp. z o.o.	572	4	4 142	-	-	-	-
<b>Total transactions with affiliates</b>	<b>108 634</b>	<b>152 707</b>	<b>293 580</b>	<b>153 571</b>	<b>37 000</b>	<b>9</b>	<b>182</b>
Transactions with other affiliates ***	3	1 371	42	2 699	-	-	-
<b>Total transactions with affiliates, plus transactions with other affiliates</b>	<b>108 637</b>	<b>154 078</b>	<b>293 622</b>	<b>156 270</b>	<b>37 000</b>	<b>9</b>	<b>182</b>

\* this amount includes the prepayment in the amount of PLN 9 747 thousand recognised as "Inventory",

\*\* this amount includes the liability under loan from Ferrovia Infraestructuras SA in the amount of PLN 8 531 thousand, as described below.

\*\*\* other affiliates comprise: members of the management or supervisory bodies of the Company or the Company's affiliates, their spouses or life partners, direct relatives or persons who are relations by marriage or who are connected by a guardianship, adoption or wardship relationship with a person who is a member of managing or supervisory bodies of the Company, controlled or jointly controlled entities, or other entities on which the persons listed above have direct or indirect significant influence or hold significant amount of votes.

In the table above, included in the item „Parent company and parent affiliates (the Ferrovia Group)” are the financial data of the transaction with Ferrovia Agroman (the company which is the sole shareholder of the parent of Budimex SA – Valivala Holdings BV), including with Ferrovia Agroman SA Branch in Poland and with other companies of the Ferrovia Group: Cintra Infraestructuras SA, Cadagua SA oraz Cadagua SA Branch in Poland.

In 2010, Budimex SA signed two agreements with Ferrovia Agroman SA, based on which Ferrovia

renders to the Company services relating to maintenance and development of IT systems as well as delegation of staff. The costs of execution of those agreements incurred by Budimex SA in the year ended 31 December 2011 amounted respectively to PLN 2 678 thousand and PLN 5 903 thousand.

Based on the agreement dated 1 December 2004, Budimex SA took out from Ferrovial Infraestructuras SA (currently Cintra Infrastructures SA) a loan in the amount of EUR 1 500 thousand; the loan was granted for the increase in the share capital of Inversora de Autopistas del Levante S.L. The company Inversora de Autopistas del Levante S.L. was incorporated on 23 June 2004 as the sole shareholder of Autopista Madrid Levante Concesionaria Española SA. The main area of business activities of this company is motorway construction, maintenance and operating the toll motorway Ocaña – La Roda and the free of charge dual carriageway, A-42, section N301, Atalaya del Cañavate. In accordance with the provisions of the loan agreement, the loan was granted for the period of 12 months from the agreement date with the possibility to extend the loan term. If the shares in Inversora de Autopistas del Levante S.L. are sold, the loan will become immediately due and payable. After maturity date, the loan will be repaid together with interest calculated based on 1Y EURIBOR+0.75%. On 1 December 2011, the repayment date was extended for one more year and the loan value was increased by the amount of interest accrued as at that date.

## **9. JOINT VENTURES**

As at 31 December 2011, the Company was a party to consortium agreements for the realization of construction contracts. Revenues and expenses, assets and liabilities relating to the realization of these contracts in the part allocated to Budimex SA were appropriately accounted for in the books of account of the Company. As at 31 December 2011, the contingent liabilities underlying these projects include performance bonds and guarantee to return contract prepayments received, and were included in the total balance of contingent liabilities reported in the financial statements. No future investment commitments relating to these contracts were recorded.

The table below shows the Company's share in jointly realized contracts as at 31 December 2011:

Contract name	Company share in the consortium
<b>Consortiums with the Ferrovial Group companies:</b>	
Biogas management and thermal drying of sediment in the Central Sewage Treatment Plant	40%
Modernization of sewage treatment plant in Klimzowiec	50%
Construction of sewage treatment plant in Szczecinek	51%
Construction of sewage treatment plant in Wrocław	50%
Design and construction of drier and sediment burning plant in Olsztyn	65%
<b>Consortiums with other entities:</b>	
Construction of hospital in Bydgoszcz	51%
Construction of the second passenger terminal for Gdańsk Airport	51%
Construction of the helipad for hospital in Bydgoszcz	80%
Modernization of hospital in Koszalin	96%

The financial data of the Company as at 31 December 2011 and 31 December 2010 contain also data corresponding to Budimex SA share in the following activities (as it was described in the point 1 of the introduction):

- "Modernization of the DS-1 runway, taxi roads, patrol roads and safety-exit roads in the Warsaw Chopin Airport" (*Przebudowa i modernizacja drogi startowej DS.-1, dróg kołowania, drogi patrolowej i drogi p. poż. w Porcie lotniczym im. Fryderyka Chopina w Warszawie*) as part of Budimex SA Ferrovial Agroman SA s.c. with 99,975% of share,
- „Construction of premises for Transmission System Operator” (*Budowa siedziby Operatora Systemu Przesyłowego*) as part of Budimex SA Sygnity SA Sp.j. [registered partnership] with 67% of share (contract completed as at 31 December 2009),
- Phase I of the contract “Design and construction of A-1 Motorway Stryków-Pyrzowice” (*Projekt i budowa Autostrady A-1 na odcinku Stryków – Pyrzowice*) as part of Budimex SA Ferrovial Agroman SA Sp. j. with 50% of share.

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 21 December 2011 Autostrada Południe SA claimed against the State Treasury for payment in the amount of PLN 176 855 thousand as a compensation for design works performed by Spółka Jawna.

Total revenues recognized by Spółka Jawna (including the anticipated risks) in the part related to Budimex SA amounted to PLN 72 505 thousand. Additionally, on 31 December 2011 Spółka Jawna recognized an impairment write – down against receivables from Autostrada Południe SA, of which Budimex SA part amounted to PLN 39 850 thousand and created a provision of liabilities for Autostrada Południe SA, of which Budimex SA part amounted to PLN 12 655 thousand.

Presented below are selected financial data recognized in the books of account of the Company as at 31 December 2011 and 31 December 2010 relating to the contracts realized by the consortiums and registered partnerships listed above:

<b>Balance Sheet data:</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Non-current assets	290	1 578
Current assets	396 353	778 355
Liabilities	211 870	612 602
<b>Contingent liabilities</b>	<b>91 111</b>	<b>109 316</b>

  

<b>P&amp;L data:</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Total revenues	223 039	883 250
Total costs	201 721	680 439

Budimex SA has a 37% share in the consortium set up with Ferrovial Agroman SA and Estudio Lamela S.L. (the “Consortium”) to execute a contract to develop and modernize (together with full technical infrastructure) the Warsaw Frederic Chopin Airport – Terminal II (*Międzynarodowy Port Lotniczy Warszawa Okęcie*) with an original value of USD 198 850 thousand and a completion date set at 14 November 2005. In the 1<sup>st</sup> quarter of 2005, the investor extended the work completion deadline to 15 April 2006 due to a 5-month delay in the Consortium obtaining planning permission (for reasons independent of the Consortium). On 15 September 2006, the Consortium signed an Annex to the above contract with the airport managing company, Przedsiębiorstwo Państwowe Porty Lotnicze. Due to the scope of work being extended and taking into account compensation for the additional general construction costs incurred by the Consortium in that extended period, the total value of the contract increased to USD 247 687 thousand. The Parties agreed that the new work completion deadline would be 30 November 2007. The investor, Przedsiębiorstwo Państwowe Porty Lotnicze (the “PPPL”) imposed on the Consortium liquidated damages (as provided for in the original contract) of USD 6 378 thousand for the delay in contract performance past the agreed deadline of 15 April 2006.

On 12 October 2007, the Consortium received a statement from the PPPL to the effect that it was rescinding the contract for the development of Warsaw Frederic Chopin Airport. On 29 October 2007, the Management Board of Budimex SA was informed by the Company’s banks that the PPPL had demanded payment from the bank guarantee of USD 8 665 thousand towards Budimex SA’s share, as a member of the Consortium carrying out the development project at Warsaw Frederic Chopin Airport. In the period 2-9 November 2007, payments were made to the PPPL under the bank guarantee in proportion to Budimex’s share in the Consortium of a total amount of PLN 21 612 thousand. According to the Executive Consortium, the demands for payments from the bank guarantees were made in breach of the Contract and the Civil Code and the case was submitted to court, as described in more detail in Note 2b of the Additional notes and explanations.

Revenues and expenses, assets and liabilities relating to the realization of this contract in the part allocated to Budimex SA were appropriately accounted for in the books of account of the Company. As at 31 December 2011, there were no investment liabilities relating to this contract. Contingent liabilities resulting from the counter-claims filed in this matter were described in Note 2b) of the Additional notes and explanations.

According to the closest Management Board estimates, as at the date of the preparation of these financial statements, the total loss incurred by Budimex on this contract (proportionate to Budimex's share in the Consortium), taking into account other operating costs/income and other financial costs/income (including the result on forward contracts entered into to minimize the foreign exchange risk) was PLN 98 258 thousand as at 31 December 2011 (as at 31 December 2010: PLN 101 136 thousand). Budimex's loss on the entire contract, without taking into account the result on other operating and financial activities was PLN 140 483 thousand as at 31 December 2011 (as at 31 December 2010 PLN 143 362 thousand). As the legal proceeding is pending and the Consortium has not completed its financial settlements with PPPL and its subcontractors, the final result of the contract performance may change.

## 10. AVERAGE EMPLOYMENT

Average employment at Budimex SA in the year 2011 and 2010 was as follows:

Employee	Year ended 31 December 2011	Year ended 31 December 2010
White collar employees	1 976	1 669
Blue collar employees	1 983	1 543
<b>Total employment</b>	<b>3 959</b>	<b>3 212</b>

## 11. SHARE-BASED PAYMENTS

In 2010 Ferrovial SA (the parent company of Budimex SA) established a performance share plan, which is classified as a share-based payment transaction.

Under the plan 41 800 shares were offered to management board members and executives of the Group. The grant date was established on 31 March 2010 that is the date when the main terms and conditions of the plan were announced to employees. The fair value of shares at grant date was PLN 24.47.

The vesting period of performance share plan is 3 years and the shares are granted every year. The plan is contingent upon meeting the following:

- beneficiaries must be contractually employed by company for the 3-year period after the vesting date, except for the special situations given,
- achievement of specified cash-flow ratios and relation between gross operating profit and production net assets,
- the level of ratios required for being granted total or proportionate number of shares is set every year.

The key assumptions used in calculation of the fair value of equity instruments granted by Ferrovial SA to the Group employees in the year 2010 were as follows:

- price of the underlying at the grant date: 28.51 zlotys
- performance conditions: 100%
- discount rate: 5%

and for shares granted in 2011:

- price of the underlying at the grant date: 34.67 zlotys
- performance conditions: 100%
- discount rate: 5%.

During the 12 months ended 31 December 2011, the fair value of services received, recognized in accordance with IFRS 2 in labour expenses and equity, amounted to PLN 1 027 thousand.

During the 12 months ended 31 December 2010, the fair value of services received, recognized in accordance with IFRS 2 in labour expenses and equity, amounted to PLN 256 thousand.

## **12. REMUNERATION OF MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS**

The total value of remuneration, bonuses and awards of the members of the Management Board of Budimex SA amounted in 2011 to PLN 6 076 thousand (of which PLN 2 171 thousand represented performance bonus for the completed bonus tasks for the year 2010), of which the amount of PLN 4 928 thousand was charged to Budimex SA costs and the amount of PLN 1 148 thousand was charged to subsidiary costs. In 2010 the total value of remuneration of key management personnel was PLN 5 800 thousand, of which the amount of PLN 4 689 thousand was charged to Budimex SA costs (the amount of PLN 2 046 thousand represented performance bonus for the completed bonus tasks for the year 2009).

Remuneration of the members of the Management Board in 2011 was as follows:

Dariusz Blocher	PLN 1 701 thousand
Henryk Urbański	PLN 1 148 thousand
Marcin Węglowski	PLN 1 031 thousand
Jacek Daniewski	PLN 1 023 thousand
Joanna Makowiecka	PLN 729 thousand
Ignacio Botella Rodriguez	PLN 444 thousand

Additionally, apart from amounts presented above, in the 12-month period ended 31 December 2011 the estimated costs of share-based payments under Ferrovial SA incentives programmes allocated to the Company's Management Board amounted to PLN 655 thousand and were as follows:

Dariusz Blocher	PLN 265 thousand
Henryk Urbański	PLN 132 thousand
Marcin Węglowski	PLN 87 thousand
Joanna Makowiecka	PLN 87 thousand
Jacek Daniewski	PLN 84 thousand

Total value of remuneration paid to proxies of Budimex SA in 2011 was EUR 505 thousand and PLN 1 883 thousand, while in 2010 – EUR 298 thousand and PLN 1 853 thousand.

Individual remuneration of proxies in 2011 was as follows:

Marek Kemnitz	EUR 152 thousand (for the period from 01.01.2011 to 07.09.2011)
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Tadeusz Zmyślony	EUR 176 thousand (for the period from 02.02.2011 to 21.12.2011)
Lucyna Wojnicz	EUR 177 thousand (for the period from 01.01.2011 to 21.12.2011)
Jaime Rontome Pérez	PLN 985 thousand
Jose Emilio Pont Pérez	PLN 898 thousand

Total value of remuneration paid to members of Supervisory Board in 2011 amounted to PLN 891 thousand (PLN 823 thousand in 2010).

Remunerations of members of Supervisory Board of Budimex SA in 2011 were as follows:

Marek Michałowski	PLN 146 thousand
Carmelo Rodrigo López	PLN 25 thousand
Igor Chalupec	PLN 86 thousand
Tomasz Sielicki	PLN 94 thousand
Javier Galindo Hernandez	PLN 86 thousand
Jose Carlos Garrido-Lestache Rodriguez	PLN 86 thousand
Marzenna Anna Weresa	PLN 120 thousand
Piotr Kamiński	PLN 86 thousand
Maciej Stańczuk	PLN 86 thousand
Alejandro de la Joya Ruiz de Velasco	PLN 76 thousand (for the period from 23.03.2011 to 31.12.2011)

### **13. ADVANCE PAYMENTS, LOANS, GUARANTEES AND SURETYSHIPS ISSUED TO MEMBERS OF MANAGEMENT OR SUPERVISORY BOARDS**

As at 31 December 2011, Members of the Management or Supervisory Boards of the Company, their spouses, direct and second degree relatives or persons who are connected by a guardianship or wardship relationship and other persons who are related to them in person did not have any unpaid loans or borrowings or guarantees issued by Budimex SA or its subsidiaries, jointly controlled entities or associates and were not parties to other agreements obligating them to provide benefits to Budimex SA or its subsidiaries, jointly controlled entities or associates.

### **14. SIGNIFICANT PRIOR YEAR EVENTS REFLECTED IN THE CURRENT YEAR FINANCIAL STATEMENTS**

In 2011 there were no prior year events that should be reflected in the current year financial statements.

### **15. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

**On 31 January 2012** the Extraordinary Shareholding Meeting of Budimex Budownictwo Sp. z o. o. made a resolution of increasing a share capital of the company in the amount of PLN 1 500 thousand, i.e up to the amount of PLN 1 810 thousand. The total 3 000 of new shares of the nominal value amounted to 500 zloty was gained by Budimex SA. Up to the date of signing of herein financial statement the increase of capital was not registered.

Up to the date of authorization of these financial statements, there were no significant events after the reporting period that were not included in these financial statements.

## **16. RELATIONS BETWEEN LEGAL PREDECESSOR AND ISSUER**

In the year 2011, the Company did not change its legal form.

## **17. DISCONTINUATION OF INFLATION AMENDMENTS**

The accumulated yearly average inflation rate for the last three years of business activities of the Issuer did not reach or exceed 100%, and hence no inflation adjustments were made to the financial data reported in these financial statements.

## **18. LISTING AND EXPLANATION OF DIFFERENCES BETWEEN CURRENT AND COMPARATIVE DATA REPORTED IN THE CURRENT YEAR FINANCIAL STATEMENTS, AND THE DATA CONTAINED IN THE PRIOR YEAR FINANCIAL STATEMENTS**

There were not any difference between current and comparative data reported in the herein financial statement and data contained in the prior year financial statement.

## **19. CHANGES IN ACCOUNTING POLICIES AND IN THE METHOD OF PREPARATION OF FINANCIAL STATEMENTS**

As from 1 January 2011, raw materials are valued at acquisition cost determined using weighted average prices. Previously, raw materials were valued at acquisition cost determined using the FIFO (first-in, first-out) method. The above change in accounting estimates had no influence on value of inventories and net profit for the year 2011.

Apart above, the Company did not introduce any other significant changes in the accounting policies or the method of preparation of financial statements.

## **20. ADJUSTMENT OF FUNDAMENTAL ERRORS**

In the year 2011, the Company did not identify or introduce to its books of account any fundamental error adjustments.

## **21. THE EFFECTS OF EQUITY ACCOUNTING FOR SUBORDINATES ON THE FINANCIAL STATEMENTS OF BUDIMEX SA**

The Company recognized subordinated entities at acquisition cost less impairment losses. As at 31 December 2011 and 31 December 2010 the total value of shares in subordinated entities stated at acquisition cost was PLN 1 003 254 thousand and PLN 775 096 thousand, respectively. Had the Company accounted for the subordinated entities using the equity method, the total value of shares as at 31 December 2011 and 31 December 2010 would be PLN 29 178 thousand and PLN 49 688 thousand, respectively, higher. Had the equity method been applied, the net financial result for 2011 would be lower of PLN 16 166 thousand and for 2010 would be higher



of PLN 3 317 thousand.

## **22. REMUNERATION OF ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS**

The Supervisory Board of Budimex SA at its meeting on 23 March 2011 resolved to appoint Deloitte Audyt Sp. z o.o. to perform a review of the interim (half-year) financial statements of Budimex SA and of the consolidated financial statements of the Budimex Group for the 6-month period ended 30 June 2011, and to perform an audit of the separate financial statements of Budimex SA and of the consolidated financial statements of the Budimex Group for the year 2011. Audit contract with Deloitte Audyt for the review and audit of the financial statements was concluded on 17 June 2011. Auditor remuneration for the above services was set at PLN 459 thousand.

Deloitte Audyt Sp. z o. o. performed a review of the interim (half-year) financial statements of Budimex SA and of the consolidated financial statements of the Budimex Group for the 6-month period ended 30 June 2010, and audited separate financial statements of Budimex SA and the consolidated financial statements of the Budimex Group for the year 2010. Remuneration for the 2010 audit and review services was PLN 312 thousand.

In years 2011 and 2010, Deloitte Audyt Sp. z o. o. was not provide any advisory services to Budimex SA.