



THE BUDIMEX GROUP

**DIRECTORS' REPORT
ON THE ACTIVITIES OF THE GROUP FOR THE YEAR 2014**

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1 BUSINESS ENVIRONMENT

1.1 General market conditions

Despite a difficult and unstable situation on international markets and geopolitical conflicts, the last year was successful for the Polish economy. In 2014, Poland experienced accelerated economic growth. In accordance with the initial data provided by the Central Statistical Office (GUS), the GDP increased 3.3 per cent annually in comparison with 1.7 per cent in the previous year. The GDP growth was most positively affected by domestic demand (+4.6 per cent against 2013) while foreign demand's influence was negative. In 2014, gross added value in the domestic economy grew 3.0 per cent in comparison with 2013, while a year before it grew 1.8 per cent. This good result is to a great extent attributable to the construction sector, where, according to initial estimates, gross added value increased 4.7 per cent against the previous year. Another positive movement is the fall in the unemployment rate by 1.9 percentage points from 13.4 per cent in December 2013 to 11.5 per cent at the end of 2014.

Improvement in sentiments on the construction market were reflected in the general trends ratio throughout the construction industry; despite the fact that it still remains negative, the ratio values were the highest since 2012. An increase in investments measured with gross capital expenditures on fixed assets (growth by 9.4 per cent in comparison with the previous year against 0.9 per cent in 2013) and in the second half of the year, speeding up the awarding of tenders in the road construction segment were undoubtedly of significance for the future market perspectives.

While in 2013, the construction and assembly production shrank by 13.6 per cent (in present values), in 2014 this trend was reversed. The construction industry grew 2.6 per cent over the course of the year and the main driving force was the infrastructural segment, where railway, industrial and hydraulic engineering played the key roles.

Expenditures by the key investor in the roads segment, the General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad – GDDKiA), decreased significantly from around PLN 13 billion in 2013 to approximately PLN 10.6 billion last year. Lower expenditures result from the expiring financial perspective of the European Union for the years 2007-2013 on the one hand and from the fact that the contracts performed in the new EU perspective are still not concluded fast enough, on the other.

The share of civil and water engineering facilities in the structure of construction and assembly production increased from 52.1 per cent in 2013 to 54.0 per cent in 2014, which was achieved at the cost of non-residential construction (a fall from 34.7 per cent to 33.3 per cent) and residential construction (a fall from 13.2 per cent to 12.7 per cent).

In 2014, the number of flats completed and put to use fell for the second time in a row, although slightly, and amounted to 143.4 thousand (a decrease by 1.2 per cent in comparison with 2013). However, these data do not reflect the current situation on the residential construction market. Good economic situation is supported by the number of flats whose construction was started (an increase by 16.3 per cent annually from the level of 127.4 thousand to 148.1 thousand), similarly as the number of issued construction permits (growth by 13.0 annually from the level of 138.7 thousand to 156.8 thousand). The launch of the government programme "Flat for Young People" (Mieszkanie dla Młodych, MdM) and the record-low interest rates making the financing relatively cheap and, at the same time, the unattractive interest on bank deposits caused a clear revival on the development market. The above factors combined with developers' offers that are tailor-made to the preferences and buying capacity of the customers, as well as stabilization of flats' prices made 2014 probably the best year in history for the development industry in terms of the number of pre-booked flats.

1.2 Market development perspectives

As expected, in 2014 the strong downturn trend in the construction industry was reversed. The upward trend will probably continue in 2015 and in subsequent years. Faster awarding of new contracts co-financed from the budget of the European Union within the framework of the new financial perspective for the years 2014-2020 will be of key importance here. It is the smart use of the European funds that will determine the dynamics and paths of Polish construction industry development in the years to come. Another positive event concerns reaching the main milestones on this path, i.e.: arrangement of the Partnership Agreement with the European Commission, finalising the negotiations for the Infrastructure and Environment Operational Programme 2014-2020 and the approval of part of the Regional Operational Programmes. The coordination of the regional investments will be facilitated by the approval and execution of the Territorial Contracts for the years 2014-2023 directing the efforts of the government and local authorities to address specific investment needs and priorities in each of the regions. The total amount of funds planned for the member states in the financial perspective for the years 2014-2020 for cohesion policy will reach approximately EUR 350 billion. Poland will benefit the most from the EU funds; the country may count on a total support amounting to EUR 82.5 billion. Still, the largest operational programme will be the Infrastructure and Environment Operational Programme with allocation at the level of EUR 27.4 billion. The priorities of the programme include low carbon economy, environment protection, development of Polish technical infrastructure and energy security. In accordance with the content of the Programme, which was accepted by the European Commission in December 2014, it may be expected that most of the funds will go to undertakings related to transport, i.e. roads, railways, public transport in cities, air and sea transport (planned allocation levels at approximately EUR 19.8 billion). The above will be followed by: environment protection sector (EUR 3.5 billion) and power industry (EUR 2.8 billion). The key beneficiaries are to include public entities, including local authority units and entrepreneurs, in particular large companies.

In accordance with the provisions of the Act on State Budgets, the real increase in GDP in 2015 should be 3.4 per cent, and the yearly average inflation rate - 1.2 per cent. The unemployment rate at the end of 2015 is projected to be 11.8 per cent. Construction market development perspectives for 2015 are stable with a slight growth perspective. In the years 2016-2018 we should expect a much more rapid growth due to the accumulation of construction works based on the contracts co-financed from the new EU perspective.

Currently, details of new priorities and challenges are agreed upon in the roads segment. The draft version of the National Roads Construction Programme (Projekt Programu Budowy Dróg Krajowych, PBDK) for the years 2014-2020, public consultation of which was closed in January 2015, provides that as part of investment tasks defined in an appendix to the PBDK, the amount spent on the project will equal PLN 92.7 billion. In the first place, these funds are to be used for the construction of 1,862 km of expressways and motorways and 366 km of bypasses determined in Appendix 1 to the draft PBDK. If additional funds or savings are obtained, further 630 km of expressways or motorways and 147 km of bypasses may be approved for construction if selected from the reserve projects. Already in 2014, the General Directorate for National Roads and Motorways awarded part of large road projects included in the draft PBDK for the years 2014-2020 and projects from PBDK for the years 2011-2015 that have to be finished (46 tasks). The total value of the lowest bids exceeded PLN 13.5 billion. In January 2015 further bids were opened in the next 5 large tenders with the total value reaching nearly PLN 2.9 billion.

The infrastructural construction market is still exposed to such risk factors as tough price competition and the risk of work accumulation in the years 2016-2018, which may result in difficulties with mobilisation of sufficient capital, human and material resources.

Investments in the railway infrastructural sector did not gain momentum assumed in the Multi-year Railway Investment Plan by the year 2015, although they beat a new record anyway. The expenditures of the key investor in this construction market segment, PKP PLK, are estimated to have exceeded PLN 7 billion in 2014. The year 2015 is to witness another surge in expenditure, which may be as high as PLN 9-10 billion; but the expenses will still concern projects co-financed from the past financial perspective of the European Union. Important tenders within the framework of the new financial perspective are not announced or awarded fast enough. In 2016-2017, this may pose a risk of shrinking market and problems for businesses having extended contractor's potential.

Long-term prospects for the railway construction are relatively positive. In the sole priority axis V dedicated to the development of railway transport in Poland, within the framework of the Infrastructure and Environment Operational Programme, the allocation is supposed to exceed EUR 5 billion in the years 2014-2020. Moreover, we expect that further funds for railway will be obtained as part of Connecting Europe Facility, where, at the initial stage, 6 projects are to be submitted with a total value of approximately PLN 10.2 billion that were approved by the government already in July 2014. Polish allocation to the Connecting Europe Facility stands at EUR 4.1 billion. The major part of the funds is planned to be used in railway transport.

Power engineering segment will probably maintain good growth rate owing to large construction projects for several power units, which were launched almost at the same time. Energy Regulatory Office (ERO) estimates that by the end of 2028, 18 GW of new capacity will have been completed and put to use. And even though the largest contracts have already been awarded, over a dozen major investments in the broadly understood conventional power engineering sector are still in planning or tenders. Additionally, the market of renewable energy sources, in particular wind energy, will gain in importance. The key issue here will be to stabilise regulations, which will be achieved through a new act on renewable energy sources that is currently at the stage of legislative work.

It seems that the electrical power and gas transfer and distribution market enjoys stable outlooks. The transfer system operator and the major operators of the distribution system agreed with the ERO on an investment programme for the years 2014-2019 worth around PLN 42 billion and the operator of gas pipelines declares to allocate more than PLN 7 billion to capital expenditure between 2014 and 2018. From the contractors' perspective, probably tenders' terms and conditions will play the key role in providing stability of these market segments.

The year 2015 may once again bring an increase in the number of investments in development companies. The offer of the primary market combined with the good economic growth rate expected to be maintained should cause the continuation of positive trends of the year 2014. However, keeping up a comparable number of transactions may be challenging. The biggest players carrying on business in large cities in Poland whose offers are adapted to market expectations have probably the best chances for further growth. Factors that may influence the market in 2015 will probably include, on the one hand, new limits under MdM programme and the fact that developers' offers are adjusted to them to an ever greater extent, and on the other hand, raising the minimum downpayment in mortgage loans, which may cause the loans to be less available for some customers.

The opportunity of further development of the construction market may also be based on the public-private partnership (PPP) formula. PPP is still applied in Poland to a very limited degree, usually with respect to small projects. Little successes give the reason to be satisfied when they build a set of best practices and reliable solutions acceptable for public entities, private partners and the banking sector; unfortunately there are still too few of them. Much significance to PPP and its role in the cohesion policy for the years 2014-2020 is also attached by the European Union. In its general regulation defining detailed rules for disposing of funds in the new perspective, the EU promotes combining PPP with European funds under so-called hybrid PPP projects, which may provide a good solution, in particular for projects that are less profitable for private partners.

2 CURRENT ACTIVITIES AND DEVELOPMENT PERSPECTIVES FOR THE BUDIMEX GROUP

2.1 The Group's organisational structure, consolidated entities and changes in Group organisation

The main area of business activities of the Group are broadly interpreted construction and assembly services rendered in the system of general contracting at home and abroad, development activities, property management, and, to a limited extent, trading, production and transport.

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

The main area of business activity of the Parent Company is rendering construction and assembly services, development activities and rendering management and advisory services to other companies in the Budimex Group. Execution by Budimex SA of the advisory, management and financial functions serves to:

- ensure quick flow of information across the Group,
- strengthen the efficiency of cash and financial management of individual Group companies,
- strengthen the market position of the Group as a whole.

In 2014, the following changes occurred in the structure of the Budimex Group:

On 21 February 2014, the company Budimex PPP SA sold its shares in the company Budimex E Sp. z o.o.

On 16 May 2014, the company Budimex F Sp. z o.o. was entered in the National Court Register. Budimex PPP SA holds 100 per cent of shares in this company.

On 19 May 2014, the company Budimex G Sp. z o.o. was entered in the National Court Register. Budimex PPP SA holds 100 per cent of shares in this company.

On 4 December 2014, Budimex SA Tecnicas Reunidas SA Turów Spółka Cywilna was established. Budimex SA holds 50 per cent of shares in this company.

On 18 December 2014, Budimex Budownictwo Sp. z o.o., a wholly owned subsidiary of Budimex SA, acquired 41.65 per cent of shares in Elektromontaż Poznań SA., increasing the total share of the Budimex Group to 92.31 per cent.

In 2014, there were no changes in the management policies at the Budimex Group.

Presented below is the list of **subsidiaries** of the Budimex Group:

Entity name	Registered office	Share in the share capital and in the number of votes (%)		Consolidation method	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Consolidated					
Mostostal Kraków SA	Kraków / Poland	100.00%	100.00%	full	full
Budimex Bau GmbH	Cologne / Germany	100.00%	100.00%	full	full
Budimex Nieruchomości Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
SPV-BN 1 Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Poznańskie Przedsiębiorstwo Inwestycyjne Sp. z o.o. ¹	Warsaw / Poland	100.00%	100.00%	full	full
Budimex Kolejnictwo SA	Warsaw / Poland	100.00%	100.00%	full	full
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	full	full
Budimex B Sp. z o.o. (in liquidation)	Warsaw / Poland	100.00%	100.00%	full	full
Elektromontaż Poznań SA ²	Poznań / Poland	92.31%	50.66%	full	full
Elektromontaż Import Sp. z o.o. ²	Warsaw / Poland	92.31%	50.66%	full	full
Instal Polska Sp. z o.o. ²	Poznań / Poland	92.31%	50.66%	full	full
Elektromontaż Warszawa SA ²	Warsaw / Poland	92.31%	50.66%	full	full
Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o. ³	Warsaw / Poland	100.00%	100.00%	full	non-consolidated
Non-consolidated					
Budimex Autostrada SA	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex Most Wschodni SA	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex Autostrada A-1 SA	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in bankruptcy open to arrangements	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex A Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex C Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex D Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex E Sp. z o.o. ⁴	Warsaw / Poland	-	100.00%	-	non-consolidated
Budimex F Sp. z o.o. ⁵	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex G Sp. z o.o. ⁶	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Budimex PPP SA	Warsaw / Poland	100.00%	100.00%	non-consolidated	non-consolidated
MK Logistic Sp. z o.o. (in liquidation)	Zabrze / Poland	100.00%	100.00%	non-consolidated	non-consolidated
Dromex Oil Sp. z o.o. (in liquidation)	Warsaw / Poland	97.93%	97.93%	non-consolidated	non-consolidated
PKZ Budimex GmbH	Cologne / Germany	50.00%	50.00%	non-consolidated	non-consolidated

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

¹⁾ Previous name of the company: SPV-BN 2 Sp. z o.o.²⁾ On 18 December 2014, Budimex Budownictwo Sp. z o.o. acquired 41.65 per cent of shares in Elektromontaż Poznań SA. Therefore, the share of Budimex Group in Elektromontaż Poznań SA and its subsidiaries increased from 50.66 per cent to 92.31 per cent.³⁾ The company was entered in the National Court Register on 6 December 2013. It was included in consolidation from 1 January 2014.⁴⁾ The Company was sold on 21 February 2014.⁵⁾ The company was entered in the National Court Register on 16 May 2014.⁶⁾ The company was entered in the National Court Register on 19 May 2014.The list of **jointly controlled companies** of the Budimex Group:

Entity name	Registered office	Share in the share capital and in the number of votes (%)		Method of recognition in the financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Joint operations					
Budimex SA – Budimex Budownictwo Sp. z o.o. s.c.	Warsaw / Poland	100.00%	100.00%		full
Budimex SA Ferrovial Agroman SA s.c.	Warsaw / Poland	99.98%	99.98%		
Budimex SA Sygnity SA Sp. j.	Warsaw / Poland	67.00%	67.00%	share in assets, liabilities, revenues and costs	proportionate
Budimex SA Ferrovial Agroman SA Sp. j.	Warsaw / Poland	50.00%	50.00%		
Budimex SA – Cadagua SA s.c.	Warsaw / Poland	50.00%	50.00%		
Budimex SA – Cadagua II SA s.c.	Warsaw / Poland	50.00%	-		
Budimex SA Tecnicas Reunidas SA Turów s.c. ¹	Warsaw / Poland	50.00%	-		
Joint ventures					
Tecpresa – Techniki Sprężania i Usługi Dodatkowe Sp. z o.o.	Warsaw / Poland	30.00%	30.00%	equity method	proportionate

¹⁾ the Company was established on 4 December 2014.

2.2 Operating segments and branches of the Parent Company

As at 31 December 2014, the Group conducted business in the following two operating segments:

- construction business,
- development activities and property management.

The construction business covers rendering of broadly understood construction and assembly services at home and abroad and is carried out by the following Group companies:

- Budimex SA,
- Mostostal Kraków SA,
- Budimex Bau GmbH,
- Budimex Budownictwo Sp. z o.o.,
- Budimex Kolejnictwo SA,

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

- Budimex Nieruchomości Sp. z o.o.
- SPV-BN 1 Sp. z o.o.
- Poznańskie Przedsiębiorstwo Inwestycyjne Sp. z o.o. (former: SPV-BN 2 Sp. z o.o.)
- Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o.
- Budimex SA in the part relating to the development business, as a result of a merger with Budimex Inwestycje Sp. z o.o. on 13 August 2009.

As at 31 December 2014, the Parent Company operated the following branches:

- Oddział Budownictwa Ogólnego Północ w Poznaniu, ul. Wołowska 92A,
- Oddział Budownictwa Ogólnego Południe w Krakowie, ul. Ujastek 7,
- Oddział Budownictwa Ogólnego Wschód w Warszawie, ul. Stawki 40,
- Oddział Budownictwa Komunikacyjnego Północ w Warszawie, ul. Stawki 40,
- Oddział Budownictwa Komunikacyjnego Południe w Krakowie, ul. Ujastek 7,
- Oddział Budownictwa Komunikacyjnego Zachód we Wrocławiu, ul. Jana Długosza 2-6,
- Oddział Budownictwa Przemysłowego i Kolejowego w Warszawie, ul. Stawki 40,
- Oddział Usług Sprzętowych w Pruszkowie, ul. Przejazdowa 24,
- Oddział w Rzeszowie, ul. Słowackiego 24,

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- Oddział w Poznaniu, ul. Wołowska 92A,
- Budimex SA Zweigniederlassung Köln, Pferdmenesstr. 5, Cologne.

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

- Branch in Germany of Mostostal Kraków SA,
- Tax Representative Office in Estonia (Narva) of Mostostal Kraków SA.

2.3 Structure of sales revenues of the Budimex Group

Sales of the construction segment

In 2014, the construction market (measured by the value of sales of the construction and assembly production) increased 2.6 per cent in comparison with 2013. The general construction segment's growth rate was negative and stood at -1.5 per cent, while the infrastructural construction segment went up 6.4 per cent.

In the discussed period, the value of sales in the construction segment of the Budimex Group was 13.9 per cent higher when compared to 2013. In the infrastructural construction and the general construction segments, sales grew 9.1 and 20.9 per cent respectively against 2013; in both cases the recorded market growth rate was exceeded.

However, the share of the infrastructural construction segment in total revenue from sales of the Group's construction and assembly services decreased from 59.3 per cent in 2013 to 56.8 per cent in 2014. The sound trends on the residential market were reflected in the value of the contracts acquired in this sector; as a consequence, the share of the residential construction in the construction segment sales structure rose from 4.8 per cent in 2013 to 6.1 in 2014.

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

Type of construction	Sales value			
	2014		2013	
	PLN million	%	PLN million	%
Civil engineering (infrastructure)	2 680	56.8%	2 456	59.3%
General construction, of which:	2 037	43.2%	1 685	40.7%
- non-residential buildings	1 748	37.1%	1 485	35.9%
- residential buildings	289	6.1%	200	4.8%
Total sales of construction and assembly services	4 717	100.0%	4 141	100.0%

Development activities

In 2014, the revenues from sales in the development business amounted to PLN 250 565 thousand thus recording a 11.3 per cent increase compared to the prior year. Revenues from sales of the development business are recognised upon the transfer of the ownership title to a flat/premises to buyer after the technical acceptance report has been signed for the entire building. Notary sales of the flats depend on the dates of completion of the construction projects and delivery of finished flats to the customers. It is neither a seasonal phenomenon, nor can it be compared annually.

As a result of the factors specified in pt. 1.1 (general characteristics of the market), in 2014 a significant revival and a rapid growth in demand for new flats could be observed on the entire development market. It was directly reflected in very record-high level of pre-booking sale of flats. In the year 2014, 1 685 flats were sold in the pre-booking system, compared to 742 flats pre-sold in the prior year.

In order to live up to customers' expectations and ensure stability of the revenues from sales in the following years, in 2014 the development of more than 2 000 new flats was commenced in twelve development projects located in Warsaw, Kraków and Poznań. As at 31 December 2014, 2 751 flats were under construction. In 2014, the Group started the process of portfolio diversification by launching the "Nowe Czyżyny" project, which comprised 1 374 flats (it also used a major part of land stock located in Kraków) and purchasing new plots. Construction of over 5.4 thousand of new flats is possible on the presently owned lands.

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

Major construction contracts concluded by the Budimex Group companies in the year 2014:

Contract date	Contract value allocated to the Budimex Group	Customer	Type of construction
2014-07-10	725 000	PGE Górnictwo i Energetyka Konwencjonalna SA	Design and construction in the turnkey formula of a power unit at Turów Power Plant.
2014-12-03	387 281	General Directorate for National Roads and Motorways branch in Poznań	Construction of the S5 road Żnin – Gniezno, Section: "Mielno" junction – Gniezno
2014-10-29	344 618	General Directorate for National Roads and Motorways branch in Lublin	Construction of the S19 expressway Lubartów - Kraśnik within the section from Dąbrowica junction (excluding the junction) to Konopica junction
2014-09-16	292 478	General Directorate for National Roads and Motorways branch in Rzeszów	Continuation of the A4 motorway construction within the section from Rzeszów (East junction) to Jarosław (Wierzbna junction)
2014-10-16	283 409	General Directorate for National Roads and Motorways branch in Kielce	Construction of S7 expressway within the section from Jędrzejów to the boundary between Świętokrzyskie and Małopolskie Voivodeship
2014-09-30	263 229	General Directorate for National Roads and Motorways branch in Łódź	Continuation of the design and construction of A-1 motorway Stryków - "Tuszyn" junction (task III)
2014-11-18	238 533	General Directorate for National Roads and Motorways branch in Poznań	Construction of bypass for the city of Jarocin along S11 road
2014-11-05	237 636	General Directorate for National Roads and Motorways branch in Olsztyn	Construction of S7 expressway within the section from Miłomłyn to Olsztynek, subsection Miłomłyn – Ostróda Północ (subsection "A")
2014-07-31	234 250	General Directorate for National Roads and Motorways branch in Wrocław	Design and construction of S5 expressway; Poznań - Wrocław within the section Korzeńsko (excluding the junction) - Widawa Wrocław junction
2014-02-21	198 799	General Directorate for National Roads and Motorways branch in Poznań	Finishing S5 expressway Poznań-Wrocław
2014-11-25	189 880	Landprop Services I Sp. z o.o.	Construction of the 3rd stage of Business Garden Wrocław i.e. 3 office buildings (4, 5, 7) and R1 restaurant pavilion with a shared underground car park
2014-08-14	153 700	Ferrero Polska Sp. z o.o.	Construction of production hall and warehouse with appurtenant infrastructure in Belsko Duże
2014-05-28	120 741	Polskie Koleje Państwowe SA	Construction of an integrated communication centre in Bydgoszcz – Stage I Central Railway Station in Bydgoszcz ("Bydgoszcz Główna")
2014-12-31	118 416	General Directorate for National Roads and Motorways branch in Łódź	Construction of a bypass for the city of Bełchatów along national road No. 8
2014-12-18	102 000	Beyond.pl Sp. z o.o.	Construction and fitting of BEYOND.pl Information Technology Research Centre (Centrum Badań Technologii Informatycznych BEYOND.pl)
2014-07-08	89 941	Warmia i Mazury Sp. z o.o.	Construction of landing area together with a guardroom on the premises of "Mazury" Airport in Szymany
2014-03-12	89 723	Office of the Marshal of the Lubelskie Voivodeship	Finishing the construction of the Office Building of the Marshal and a Conference Centre in Lublin
2014-04-25	88 944	Urban Infrastructure Administration in Słupsk	Construction works under a project entitled New Route of National Road No. 21 in Słupsk
2014-03-03	87 696	Port Lotniczy Szczecin Goleniów Sp. z o.o.	Expansion and modernisation of the airport infrastructure at Szczecin Goleniów Airport
2014-11-17	83 649	General Directorate for National Roads and Motorways branch in Zielona Góra	Construction of the second roadway on the bypass for Międzyrzecze along S3 expressway
2014-12-30	74 917	Maritime Office in Słupsk	Protection of seashores within the area of the Koszalińskie Coast (Pobrzeże Koszalińskie) - task VI and VII
2014-02-07	61 127	Gmina Olsztyn	Construction of a tram depot at ul. Kołobrzeka 40 in Olsztyn in the design and build system
2014-04-18	58 231	Jeronimo Martins Polska SA	JMP SA Distribution Centre
2014-12-19	51 187	Bouygues Immobilier Polska Sp. z o.o.	Construction of a residential and commercial services complex "LA CLARTE" (building B - stage I and building A - stage II)
2014-04-22	49 660	General Directorate for National Roads and Motorways branch in Łódź	Finishing the construction of A1 Motorway within the section from Sójki junction to Piątek junction
2014-01-22	44 114	Voivodeship Roads Administration in Lublin	Expansion of Voivodeship Road No. 747 Ilza-Konopnica within the section Konopnica-Kamień
2014-11-25	39 710	District Infrastructure Administration in Szczecin	Construction works consisting in preparing the infrastructure for army accommodation in the Konotop site

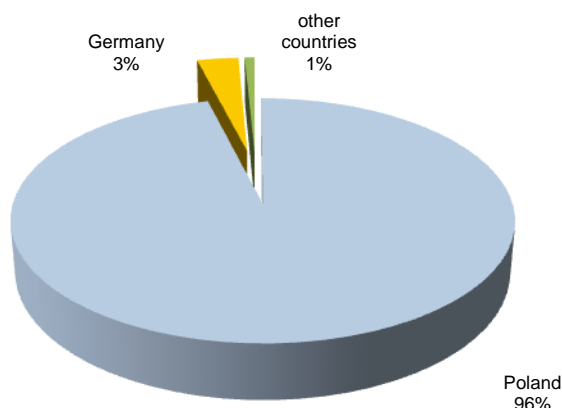
The above Directors' report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version should prevail.

Geographical structure of the Budimex Group sales in 2014

The main markets on which the Budimex Group operates are:

- Poland
- Germany

The geographical structure of revenues from sales in 2014 is as follows:



2.4 Construction activities on the German market

In 2014, only workshop services were rendered on the German market. Sales revenues in Germany amounted to PLN 157 963 thousand and were PLN 1 672 thousand, i.e. 1.1 per cent, higher compared to 2013. The increase occurred on prefabrication works (4.9 per cent), while metal-related turnover recorded a downturn at the same time (5.7 per cent). The share of metal-related works in the sales structure decreased by 2.4 per cent in 2013 and amounted to 34.0 per cent. Gross profit generated in 2014 was 6.3 per cent lower than previous year, which mainly resulted from customer's bankruptcy and affecting the output of the prefabrication works by receivables impairment write-down. Profitability achieved with other customers of the prefabrication works was 1.6 per cent lower than in 2013 and profitability of the metal-related works was 1.1 per cent higher than in the prior year. The operating profit on the German market amounted to PLN 18 319 thousand in 2014, while in 2013 it was PLN 20 104 thousand. Customer structure in both segments shows dispersion and the share of no customer in total sales revenue exceeds 10 per cent.

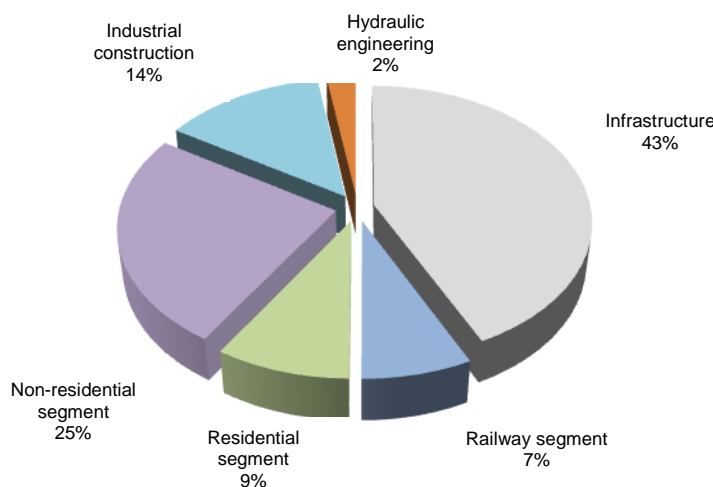
2.5 Budimex Group development perspectives in the forthcoming year

Next year the Budimex Group will continue to operate in all major sectors of the construction market in Poland, as well as on the German market.

New infrastructural projects (in particular road investments carried out under the "National Roads Construction Programme for the years 2014-2020") offer an opportunity for the Budimex Group to win contracts in this segment. The Group also plans to win contracts in the building objects, energy and hydraulic engineering construction segments. Further development on the market of municipal services is also contemplated, as well as engaging in new projects on the basis of public-private partnerships.

In 2014, the Budimex Group companies signed construction contracts for the total value of PLN 6 310 million (with annexes). The value of the order portfolio of the Budimex Group as at 31 December 2014 amounted to PLN 6 107 million and was 40.7 per cent higher in comparison with the end of 2013.

The structure of the order portfolio as at 31 December 2014 is as follows:



2.6 Evaluation of investment projects feasibility

In 2015, the Budimex Group plans to incur capital expenditure of approx. PLN 68 million. The outlays will be made mainly on construction machines and IT solutions.

Capital expenditure will be financed from own funds and from external sources of finance.

2.7 Risk factors

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

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

Information concerning the financial risk management objectives and policies adopted by the Group is presented in the consolidated financial statements for the year ended 31 December 2014 (note 4).

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

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

2.8 Procurement source changes

In 2014, there were no significant changes in the procurement sources for construction sites. None of the suppliers of raw materials or services exceeded 10 per cent of the Group's consolidated sales.

3 FINANCIAL POSITION

3.1 Key economic and financial data of the Budimex Group

The financial situation of the Budimex Group in 2014 is characterised by selected items disclosed in the Statement of Financial Position and Profit and Loss Account (broken down below together with the 2013 comparative data).

Consolidated statement of financial position of the Budimex Group

The main items of the Consolidated Statement of Financial Position of the Budimex Group as at 31 December 2014, compared to 31 December 2013, are presented in the table below:

ASSETS	31.12.2014	31.12.2013 transformed	Change	Change %
Non-current assets	677 496	622 230	55 266	8.9%
Property, plant and equipment	79 513	83 755	(4 242)	-5.1%
Investment properties	24 994	24 529	465	1.9%
Intangible assets	4 494	4 106	388	9.4%
Goodwill of subsidiaries	73 237	73 237	-	0.0%
Investments in equity accounted companies	7 539	3 518	4 021	114.3%
Financial assets available for sale	8 376	8 381	(5)	-0.1%
Retentions for construction contracts	27 923	24 804	3 119	12.6%
Trade and other receivables	29 945	25 496	4 449	17.4%
Concession agreement receivables	45 214	22 376	22 838	102.1%
Other financial assets	-	692	(692)	-100.0%
Deferred tax assets	376 261	351 336	24 925	7.1%
Current assets	3 178 532	3 064 523	114 009	3.7%
Inventories	648 655	697 046	(48 391)	-6.9%
Trade and other receivables	495 364	540 221	(44 857)	-8.3%
Retentions for construction contracts	10 248	18 217	(7 969)	-43.7%
Amounts due and receivable from customers under construction contracts	172 548	146 630	25 918	17.7%
Current tax assets	265	331	(66)	-19.9%
Other financial assets	19 800	3 295	16 505	500.9%
Cash and cash equivalents	1 831 652	1 658 783	172 869	10.4%
Non-current (disposal groups) classified as held for sale	2 181	-	2 181	100.0%
TOTAL ASSETS	3 858 209	3 686 753	171 456	4.7%
EQUITY AND LIABILITIES	31.12.2014	31.12.2013 transformed	Change	Change %
Shareholders' equity attributable to the shareholders of the Parent Company	519 265	626 323	(107 058)	-17.1%
Share capital	145 848	145 848	-	0.0%
Share premium	87 163	87 163	-	0.0%
Other reserves	4 816	4 584	232	5.1%
Foreign exchange differences on translation of foreign operations	5 326	5 101	225	4.4%
Retained earnings	276 112	383 627	(107 515)	-28.0%
Non-controlling interests	3 244	18 852	(15 608)	-82.8%
Total shareholders' equity	522 509	645 175	(122 666)	-19.0%
Liabilities	3 335 700	3 041 578	294 122	9.7%
Non-current liabilities	412 629	347 985	64 644	18.6%
Loans, borrowings and other external sources of finance	46 298	34 355	11 943	34.8%
Retentions for construction contracts	176 116	161 347	14 769	9.2%
Provisions for non-current liabilities and other charges	179 169	147 676	31 493	21.3%
Retirement benefits and similar obligations	6 121	4 381	1 740	39.7%
Other financial liabilities	4 925	226	4 699	2 079.2%
Current liabilities	2 923 071	2 693 593	229 478	8.5%
Loans, borrowings and other external sources of finance	21 402	19 729	1 673	8.5%
Trade and other liabilities	1 117 743	1 374 915	(257 172)	-18.7%
Retentions for construction contracts	201 207	189 466	11 741	6.2%
Amounts due and payable to customers under construction contracts	920 668	689 915	230 753	33.4%
Deferred income	520 766	281 679	239 087	84.9%
Provisions for current liabilities and other charges	111 598	120 126	(8 528)	-7.1%
Current tax liability	26 291	16 147	10 144	62.8%
Retirement benefits and similar obligations	1 080	1 117	(37)	-3.3%
Other financial liabilities	2 316	499	1 817	364.1%
TOTAL EQUITY AND LIABILITIES	3 858 209	3 686 753	171 456	4.7%

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

As at 31 December 2014, consolidated total assets increased by PLN 171 456 thousand compared to 31 December 2013, mainly due to a 8.9 per cent (PLN 55 266 thousand) increase in non-current assets and a 3.7 per cent (PLN 114 009 thousand) increase in current assets.

Non-current assets:

Increase in the value of non-current assets as at 31 December 2014 compared to 31 December 2013 was caused mainly by the following:

- a decrease in the balance of property, plant and equipment by PLN 4 242 thousand, mainly due to a depreciation charge in the amount of PLN 20 930 thousand. Capital expenditures of PLN 19 846 thousand were allocated towards property, plant and equipment.
- increased balance of receivables due to concession agreement by PLN 22 838 thousand as a result of the completion of car park construction,
- increase in the balance of assets due to deferred income tax by PLN 24 925 thousand as a result of creating assets in the amount of PLN 29 607 thousand, creating a provision in the amount of PLN 4 656 thousand, as well as other changes in the amount of PLN (26) thousand.

Current assets:

In the same period, the value of current assets increased by PLN 114 009 thousand, mainly as a result of an increase in:

- amounts due and receivable from customers under construction contracts by PLN 25 918 thousand,
- the balance of cash and cash equivalents by PLN 172 869 thousand,

with a simultaneous decrease in:

- trade and other receivables by PLN 44 857 thousand,
- inventories by PLN 48 391 thousand, mainly relating to development business,

Equity capital and liabilities:

On the side of equity capital and liabilities the changes referred to:

- an increase in the value of non-current liabilities by PLN 64 644 thousand, mainly due to an increase in the balance of credits, loans and other external financing sources by PLN 11 943 thousand, with a simultaneous increase in the balance of provisions for non-current liabilities by PLN 31 493 thousand and increase in liabilities arising from long-term deposits by PLN 14 769 thousand,
- increase in current liabilities by PLN 229 478 thousand, of which the greatest balance movements related to the following:
 - a decrease in trade and other payables by PLN 257 172 thousand,
 - increase in amounts due and payable to customers under construction contracts by PLN 230 753 thousand,
 - increase in deferred income by PLN 239 087 thousand, mainly due to prepayments for performed contracts.

Consolidated Profit and Loss Account of the Budimex Group

CONSOLIDATED PROFIT AND LOSS ACCOUNT	01.01 - 31.12.2014	01.01 - 31.12.2013 (transformed)	Change	Change %
Net sales of finished goods and services, goods for resale and raw materials	4 949 939	4 749 459	200 480	4.2%
Cost of finished goods, services, goods for resale and raw materials sold	(4 517 259)	(4 354 043)	(163 216)	3.8%
Gross profit on sales	432 680	395 416	37 264	9.4%
Selling expenses	(27 660)	(28 364)	704	-2.5%
Administrative expenses	(177 743)	(162 917)	(14 826)	9.1%
Other operating income	60 191	44 181	16 010	36.2%
Other operating expenses	(40 150)	(109 122)	68 972	-63.2%
Profit on disposal of a subsidiary	-	194 112	(194 112)	-100.0%
Operating profit	247 318	333 306	(85 988)	-25.8%
Finance income	42 841	30 905	11 936	38.6%
Finance costs	(41 688)	(28 256)	(13 432)	47.5%
Shares in net (losses) of subsidiary companies valued using equity method	(5 852)	(4 684)	(1 168)	24.9%
Gross profit	242 619	331 271	(88 652)	-26.8%
Income tax	(48 681)	(29 971)	(18 710)	62.4%
Net profit for the period	193 938	301 300	(107 362)	-35.6%
<i>of which:</i>				
<i>attributable to the shareholders of the Company</i>	<i>191 973</i>	<i>300 480</i>	<i>(108 507)</i>	<i>-36.1%</i>
<i>attributable to non-controlling interests</i>	<i>1 965</i>	<i>820</i>	<i>1 145</i>	<i>139.6%</i>

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In 2014, the Budimex Group earned a sales revenue of PLN 4 949 939 thousand, which represents a 4.2% increase compared to the result for 2013.

Gross profit on sales in 2014 was PLN 432 680 thousand, while in the prior year it was PLN 395 416 thousand. The gross sales profitability ratio for 2014 was therefore 8.74 per cent, while for 2013 – 8.33 per cent.

In accordance with the adopted accounting policies, as soon as Group companies become aware of the fact that budgeted construction contract costs exceed the entire expected contract revenues, they create provisions for expected contract losses and recognise them in the consolidated statements of financing activities under "Amounts due and payable to customers under construction contracts". As at 31 December 2014, the balance of the provision for contract losses amounted to PLN 445 158 thousand. In 2014, the balance of the provision for contract losses was increased by PLN 235 791 thousand.

Compared to the prior year, selling expenses decreased in the twelve-month period ended 31 December 2014 by PLN 704 thousand, while administrative expenses were PLN 14 826 thousand higher than the expenses incurred in 2013. The share of the sum total of selling and administrative expenses in total sales revenue increased from 4.03 per cent in 2013 to 4.15 per cent in the current year.

Other operating income in 2014 was PLN 60 191 thousand and comprised, among others, received compensations and liquidated damages in the amount of PLN 26 743 thousand, reversal of the provision for penalties and sanctions in the amount of PLN 9 699 thousand, reversal of the provision for litigation in the amount of PLN 12 116 thousand, reversal of impairment write-downs against receivables in the amount of PLN 5 740 thousand, reversal of the write-downs for inventories in the amount of PLN 704 thousand, as well as deduction of overdue liabilities in the amount of PLN 1 753 thousand. In addition, in 2014, Group companies sold property, plant and equipment and investment properties and earned a profit on those sales in the total amount of PLN 694 thousand. The net value of the property, plant and equipment sold in 2014 was PLN 2 056 thousand. In 2014, the Budimex Group recorded a profit in the amount of PLN 1 759 thousand due to an adjustment of Budimex Danwood Sp. z o.o.'s sale price; the company was sold in 2013.

Other operating expenses in the 12-month period ended on 31 December 2014 amounted to PLN 40 150 thousand, of which PLN 6 827 thousand related to impairment write-downs against receivables, PLN 637 thousand – to recognised impairment write-downs against inventories. The costs of recognised provision for litigation amounted to PLN 3 691 thousand and recognised provision for claims and penalties amounted to PLN 12 324 thousand. The value of compensations and liquidated damages charged to the Group result in 2014 was PLN 9 298 thousand. In 2014, the Group also recorded losses on valuation and realization of FX Forward derivative financial instruments and FX options (made with a view to limiting the FX risk on foreign currency construction contracts) in the amount of PLN 2 627 thousand.

In 2014, the Group reported an operating profit of PLN 247 318 thousand, representing 5.00 per cent of total sales revenues. In the previous year, the Group reported an operating profit of PLN 333 306 thousand, representing 7.02% of total sales revenues (operating profit included profit on disposal of a subsidiary amounting to PLN 194 112 thousand).

In the 12-month period ended 31 December 2014, the Group reported profit on financing activities in the amount of PLN 1 153 thousand, while in 2013 – profit of PLN 2 649 thousand. Finance costs in 2014 represented, among others, interest costs of PLN 5 503 thousand, bank commissions on guarantees and loans of PLN 14 409 thousand paid by Group companies, cost of discounting long-term receivables and liabilities arising from guarantee deposits in the amount of PLN 16 932 thousand. In 2014, the Group also reported losses on valuation and realisation of interest rate swap derivative financial instruments (made with a view to limiting the interest rate risk) in the amount of PLN 4 648 thousand. Finance income in 2014 represented mainly interest received in the amount of PLN 37 972 thousand and valuation of receivables due to concession agreement in the amount of PLN 2 361 thousand, as well as reversal of long-term receivables discount amounting to PLN 2 380.

In 2014, the Group reported a gross profit of PLN 242 619 thousand, while in the previous year – a gross profit of PLN 331 271 thousand.

Income tax liability for 2014 was PLN 48 681 thousand, of which:

- current tax – PLN 73 371 thousand,
- deferred tax – PLN (24 690) thousand.

As at 31 December 2014, the Group recognised deferred tax assets in the amount of PLN 376 261 thousand, while as at 31 December 2013, the Group recorded deferred tax assets of PLN 351 336 thousand. Items of deferred income tax asset reported in the statement of financial position of the Budimex Group result mainly from the specific method of settlement of construction contracts, under which the moment of recognition of costs as incurred and revenue as earned is different from the tax and accounting perspective.

The net profit attributable to the shareholders of Budimex SA for 2014 was PLN 191 973 thousand, while the net profit attributable to the shareholders of Budimex SA for 2013 was PLN 300 480 thousand.

Net profit attributable to non-controlling interest for 2014 amounted to PLN 1 965 thousand. Net result attributable to non-controlling interest in the same period of the previous year stood at PLN 820 thousand.

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

3.2 Statement of Cash Flows

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

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

- security for bank guarantees,
- gathered at open housing escrow accounts,
- cash at escrow accounts and current accounts in the part due to partners performing construction contracts together with a company from the Group,

provided their maturity does not exceed 3 months.

The Budimex Group entered the year 2014 with cash on hand and cash in bank amounting to a total of PLN 1 658 783 thousand. For the purpose of the Statement of Cash Flows, this amount was reduced by the amount of cash of restricted use of PLN 69 185 thousand. Net cash flow for the year 2014 was positive and amounted to PLN 136 824 thousand. As at 31 December 2014, the Group's reported cash balance was PLN 1 831 652 thousand, of which the cash of restricted use was PLN 104 962 thousand.

In 2014, the balance of cash from operating activities increased by PLN 486 062 thousand.

Cash flow from investing activities came out to a negative balance of PLN 49 024 thousand, which was mainly caused by the result of acquiring shares in subsidiaries and associates and granted loans.

Cash flow from financing activities for 2014 showed a negative balance which amounted to PLN 300 214 thousand and resulted mainly from the 2013 dividend payment.

3.3 Managing of finance at the Budimex Group

The cash balance of the Budimex Group as at 31 December 2014 amounted to PLN 1 831 652 thousand and was PLN 172 869 thousand higher than as at 31 December 2013. In 2014, Budimex SA paid out a dividend in the amount of PLN 302 532 thousand, being a similar amount to that company's net profit for 2013 (PLN 302 599 thousand). Generating cash at the above level, despite the dividend pay-out, was possible owing to positive profitability maintained by Group companies in all segments of business in 2014 as well as to: sustained favourable tendencies in working capital in the construction part which took place in the second half of 2014, including the contract prepayments received from customers and increase in the inflows from customers in the development part.

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

The Budimex Group entities reported an external debt in respect of bank loans and borrowings and other external sources of finance, including finance lease liabilities, which as at 31 December 2014 amounted to PLN 67 700 thousand and were PLN 13 616 thousand higher than as at 31 December 2013 (see table below). The Group's debt is mainly composed of: the debt of Budimex Parking Wrocław Sp. z o.o. taken out to finance car park concession (car park at the Centennial Hall in Wrocław) and the debt of Budimex SA under finance leases (concluded for the purpose of financing the purchase of property, plant and equipment – primarily machines and equipment for performing roadwork contracts). As at the end of 2014, the Group had no debt under bank loans financing the development activities.

Liabilities due to bank loans and borrowings and other external sources of finance:	31.12.2014	31.12.2013	31.12.2012
- non-current	46 298	34 355	75 967
- current	21 402	19 729	17 718
Total	67 700	54 084	93 685

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

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

Ratio	31.12.2014	31.12.2013	31.12.2012
Equity to assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)	0.13	0.17	0.13
Equity to non-current assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (total non-current assets)	0.77	1.01	0.77
Debt ratio: (total assets - shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)	0.87	0.83	0.87
Assets to equity ratio: (total assets - shareholders' equity attributable to the shareholders of the Parent Company) / (shareholders' equity attributable to the shareholders of the Parent Company)	6.43	4.89	6.96

As at the end of 2014, the ratios illustrating the Group's equity structure were back at the levels close to those observed at the end of 2012. Significantly improved ratios as at 31 December 2013 were related to one-off increase in the Group's net profit (and, at the same time, rise in its equity) in 2013 which was due to the sale of shares in Budimex Danwood Sp. z o.o.

Although liquidity ratios were lower than at the end of 2013, when they were at exceptionally high levels due to the above-mentioned one-off factors, remain at the level close to the one recorded at the end of 2012.

Ratio	31.12.2014	31.12.2013	31.12.2012
Current ratio (current assets) / (current liabilities)	1.09	1.14	1.10
Quick ratio (current assets - inventory) / (current liabilities)	0.87	0.88	0.76

Due to the current very good financial standing of the Budimex Group and significant cash resources, there are no threats to the Group's ability to finance its business activities in 2015.

3.4 Contingent liabilities and contingent receivables of the Budimex Group

Guarantees, sureties, and other contingent liabilities and receivables:

	31.12.2014	31.12.2013
Contingent receivables	325 382	366 233
From related parties, of which:	-	-
- guarantees and sureties received	-	-
- bills of exchange received as security	-	-
From other entities, of which:	325 296	366 233
- guarantees and sureties received	316 777	353 159
- bills of exchange received as security	8 519	13 074
Other contingent receivables, of which:	86	-
- other off-balance-sheet receivables	86	-
Contingent liabilities	2 182 718	1 652 986
To related parties, of which:	5 456	3 566
- guarantees and sureties issued	5 456	3 566
- bills of exchange issued as security	-	-
To other entities, of which:	2 041 782	1 506 240
- guarantees and sureties issued	2 035 036	1 497 507
- bills of exchange issued as security	6 746	8 733
Other contingent liabilities, of which:	135 480	143 180
- other off-balance-sheet liabilities	135 480	143 180
Total contingent liabilities and contingent receivables	(1 857 336)	(1 286 753)

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

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

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

Other contingent liabilities include among others voluntary submission to enforcement which secures the payment in the amount of up to PLN 135 010 thousand payable in the case of improper performance by the Budimex SA of its obligations under the agreement of acquisition of shares of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.

The table below shows loan guarantees and sureties issued by Budimex SA or its subsidiaries as at 31 December 2014:

Name of the company granting a surety for a loan or borrowing or granting a guarantee	Name of the (company) entity to which sureties or guarantees were granted	Total amount of loans or borrowings that has been duly guaranteed to the extent specified	Term for which sureties or guarantees were granted	Financial terms on which a surety or guarantee were granted	The nature of the relationship existing between BUDIMEX SA and the entity that incurred the loan or borrowing
Budimex SA	Mostostal Kraków SA	76 273	2021-10-21	in exchange for payments	subsidiary
Budimex SA	Budimex Nieruchomości Sp. z o.o.	25 452	2017-07-15	free of charge	subsidiary
Budimex SA	Budimex Parking Wrocław Sp. z o.o.	206	2017-08-31	free of charge	subsidiary
Budimex SA	Budimex Bau GmbH	82	2015-06-30	free of charge	subsidiary
Budimex SA	Budimex Budownictwo Sp. z o.o.	51 747	2023-01-31	free of charge	subsidiary
Budimex SA	FBŚerwis SA	4 193	2018-11-16	in exchange for payments	associate
Budimex Budownictwo Sp. z o.o.	FBŚerwis SA	1 263	2018-11-16	in exchange for payments	associate
TOTAL		159 216			

3.5 Differences between forecast and actual financial results of the Budimex Group

The Budimex Group did not publish any financial forecasts for 2014.

3.6 Utilisation of proceeds from issues of securities

In the period covered by the report, no securities were issued outside the Group.

4 SIGNIFICANT AGREEMENTS

4.1 Insurance agreements for the Budimex Group companies

In 2014, the Budimex Group (including Budimex SA) was a party to the following General Insurance Agreements:

- General Insurance Coverage for All Construction & Assembly Risks

The leading co-insurer for this agreement is TUiR Warta SA with its registered office in Warsaw (50 per cent share) and the other co-insurers are TUiR Allianz Polska SA with its registered office in Warsaw (25 per cent share) and PZU SA with its registered office in Warsaw (25 per cent share).

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

This agreement was concluded for the period from 5 July 2014 to 4 July 2016.

- General Third Party Liability (TPL) Agreement

Insurer: Generali T.U. SA

Subject to the insurance coverage is the out-of-contract third party liability in tort of the Insured in respect of assets used to conduct business activities with insurance coverage and construction services rendered against life and non-life (material) losses caused to third parties. The sum insured was set at PLN 100 million for one and all events in each of the insurance

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

settlement periods. This agreement provides for the extension of the basic insurance coverage together with sub-limits of the sum insured.

This agreement was concluded for the period from 5 July 2014 to 4 July 2015.

- General All-Risk Insurance Coverage for Construction Machines

This insurance agreement was concluded for a defined period of time i.e. from 15 November 2014 to 14 November 2016. Gothaer TU SA is the insurer. Subject to the insurance coverage are construction machines and equipment which are owned by Budimex SA and which are subject to lease agreements. The insurance coverage comprises all risks of physical loss or damage of assets, except for damage resulting from losses incurred during or in connection with the transport, loading, unloading, assembly or disassembly of the machine.

- Other significant insurance agreements:

In 2014, an extension was signed to the agreement with AIG concerning TPL insurance for Management and Supervisory Boards Members of the Budimex Group companies. This extension of insurance coverage covers the period from 22 June 2014 to 21 June 2015. The insurance coverage covers Members of Management and Supervisory Boards and authorised commercial representatives of the Budimex Group companies and of their subsidiaries. This insurance constitutes a part of the global insurance programme for the Ferrovial Group.

4.2 Cooperation agreements binding in 2014

Cooperation agreements concluded in 2014:

	Supplier	Subject of the Agreement	Annual value	Agreement date
1	Lotos Asfalt Sp. z o.o.	road asphalts	93 992	14.03.2014
2	Vimex SA	steel reinforcements, reinforcement bars	10 243	06.06.2014
3	Hochtrans Transport Sp. z o.o.	transportation of aggregates	5 868	14.02.2014
4	Ecol-Unicon Sp. z o.o.	sanitary items	5 489	05.03.2014
5	PTHU Mantrans	transportation of aggregates	5 012	27.01.2014
6	Przeds. Usług Sprzętowych A.Nogaj	transportation of aggregates	4 534	27.02.2014
7	Euro-Trans Sp. z o.o.	transportation of aggregates	4 451	07.01.2014
8	Anna Sp. z o.o.	steel reinforcements, reinforcement bars	4 035	02.06.2014

The agreements listed above are framework cooperation agreements with no exclusivity clause and present no obligation for the Budimex Group.

Cooperation agreements concluded before 2014 and effective in 2014:

	Supplier	Subject of the Agreement	Annual value	Agreement date
1	Orlen Asfalt Sp. z o.o.	road asphalts	84 059	13.11.2013
2	Cemex Polska Sp. z o.o.	aggregates, cement, concrete	27 170	23.11.2006 01.04.2009 06.12.2011
3	Lafarge Kruszywa i Beton Sp. z o.o.	aggregates, concrete	25 885	01.06.2010
4	ArcelorMittal Distribution Solutions Polska Sp. z o.o.	steel reinforcements, reinforced steel	23 903	24.05.2011
5	ZPK Rupińscy Sp.j.	aggregates	18 101	15.01.2013
6	Mal-Sped Sp. z o.o.	mazut	15 920	01.06.2010
7	PKN Orlen SA	fuels	15 073	15.06.2011
8	Pol-Miedź Trans Sp. z o.o.	transportation of aggregates	14 950	01.02.2013
9	Mineral Polska Sp. z o.o.	aggregates	13 674	29.06.2012
10	Śląskie Kruszywa Naturalne Sp. z o.o.	aggregates	11 998	01.05.2009 16.05.2012
11	Konsorcjum Stali SA	steel reinforcements, reinforced steel	11 303	01.03.2012
12	ThyssenKrupp Energostal SA	steel reinforcements, metallurgical products	10 183	04.02.2013
13	Kopalnie Dolomitu w Sandomierzu SA	aggregates	10 101	10.01.2012
14	Viacon Polska Sp. z o.o.	road pass elements	10 044	15.02.2013
15	Stalprodukt SA	road and bridge rails	9 793	18.06.2007 01.03.2010

The agreements listed above are framework cooperation agreements with no exclusivity clause and present no obligation for the Budimex Group.

4.3 Transactions with related parties

Detailed information on transactions with related parties was presented in note 42 of the consolidated financial statements of the Budimex Group.

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

4.4 Loans and borrowings

As at 31 December 2014, Budimex SA had the following loans, borrowings and finance lease agreements:

Lender	Title of liability	Date of signing the loan/borrowing agreement	Amount available (in '000)	Liability incl. interest (in '000)	Interest rate	Maturity date
Bank Handlowy w Warszawie SA	Overdraft facility	05.02.2014	PLN 50 000	-	WIBOR 1M + margin	04.02.2015
ING Bank Śląski SA	Overdraft facility	18.02.2013	PLN 25 000	-	WIBOR 1M + margin	18.02.2015
Bank Zachodni WBK SA	Overdraft facility	04.03.2013	PLN 50 000	-	WIBOR 1M + margin	03.03.2015
Bank PEKAO SA	Overdraft facility	16.04.2013	PLN 50 000	-	WIBOR 1M + margin	30.06.2015
Societe Generale SA Branch in Poland	Overdraft facility	10.12.2013	PLN 50 000	-	WIBOR 1M + margin	09.03.2015
Cintra Infraestructuras SA	Loan	01.12.2004	EUR 2 032	EUR 2 034	EURIBOR 12 M + margin	01.12.2015
Millennium Leasing Sp. z o.o.	Finance lease (83 agreements in total)	-	-	PLN 23 135	WIBOR 1M + margin	30.11.2015 - 30.11.2019
Konica Minolta Business Solutions Sp. z o.o.	Finance lease	16.02.2012	-	PLN 909	fixed, as provided in the agreement	monthly

As at 31 December 2014, other companies of the Budimex Group were parties to the following loan agreements and finance lease agreements:

Lender	Title of liability	Date of signing the loan agreement	Amount available (in '000)	Liability, incl. interest (in '000)	Interest rate	Maturity date
Budimex Nieruchomości Sp. z o.o.						
Alior Bank SA	Investment loan	27.05.2014	PLN 28 340	-	WIBOR 1M + margin	30.09.2016
Konica Minolta Business Solutions Sp. z o.o.	Finance lease	16.02.2012	-	PLN 80	fixed, as provided in the agreement	monthly
Mostostal Kraków SA						
BNP Paribas Bank Polska SA	Finance lease	22.11.2013	-	PLN 1 279	1M WIBOR + margin	13.11.2018
Konica Minolta Business Solutions Sp. z o.o.	Finance lease	02.01.2012	-	PLN 57	fixed, as provided in the agreement	monthly
Millennium Leasing Sp. z o.o.	Finance lease	17.12.2014	PLN 453	-	WIBOR 1M + margin	31.01.2020
Budimex Parking Wrocław Sp. z o.o.						
Bank PKO BP SA (consortium leader)	Concession financing loan	30.06.2012	-	PLN 33 339	WIBOR 3M + margin	31.12.2031
Konica Minolta Business Solutions Sp. z o.o.	Finance lease	30.09.2014	-	PLN 4	fixed, as provided in the agreement	monthly
Elektromontaż Poznań SA						
Getin Bank SA	Finance lease	17.07.2014	-	PLN 72	WIBOR 3M + margin	07.06.2018
Prime Car Management SA	Finance lease (7 agreements in total)	-	-	PLN 122	WIBOR 1M + margin	30.05.2015 - 05.05.2017
Millennium Leasing Sp. z o.o.	Finance lease	26.01.2012	-	PLN 33	WIBOR 1M + margin	30.11.2016

4.5 Major capital deposits and equity investments in 2014

On 7 April 2014, the Deed of Association of Budimex F Sp. z o.o. was signed. The share capital of the new company amounting to PLN 75 thousand (1 500 shares with a nominal value of PLN 50 each) was taken up in full by Budimex PPP SA. The company was entered in the National Court Register on 16 May 2014.

The above Directors' report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version should prevail.

On 7 April 2014, the Deed of Association of Budimex G Sp. z o.o. was signed. The share capital of the new company amounting to PLN 75 thousand (1 500 shares with a nominal value of PLN 50 each) was taken up in full by Budimex PPP SA. The company was entered in the National Court Register on 19 May 2014.

On 28 April 2014, Budimex B Sp. z o.o. (a wholly owned subsidiary of Budimex SA) made a payment for the benefit of Budimex SA in the amount of PLN 238 600 thousand in connection with the registration of the share capital decrease to PLN 75 thousand.

On 4 December 2014, the articles of association of the company Budimex SA – Técnicas Reunidas SA – Turów Spółka Cywilna were signed. The company was established for the purpose and duration of performance of the investment task entitled "Construction of a new power unit at Turów Power Plant". Both partners, i.e. Budimex SA and Técnicas Reunidas SA hold 50% of shares each.

On 10 December 2014, the Extraordinary General Shareholders' Meeting of FB Serwis SA (an associate of Budimex SA) resolved to increase the company's share capital by PLN 20 000 thousand, i.e. from PLN 19 600 thousand to PLN 39 600 thousand. All the new shares were purchased by existing shareholders, i.e. by Ferrovial Servicios SA - 408 shares of nominal value of PLN 500 per share for a total of PLN 10 200 thousand and by Budimex SA - 392 shares of nominal value of PLN 500 per share for a total of PLN 9 800 thousand.

On 18 December 2014, Budimex Budownictwo Sp. z o.o. signed with the State Treasury a purchase agreement on 2 650 000 shares of company Elektromontaż Poznań SA for the total price of PLN 14 529 thousand. Thus, the share of the Group in the share capital and votes at the GSM increased from 50.66 per cent to 92.31 per cent.

4.6 Information about loans granted during the accounting year, including in particular loans granted to related parties of the Issuer

On 15 September 2014, Budimex SA concluded an annex to the short-term borrowing agreement with the company FBSerwis SA (an associate of Budimex SA) entered into on 24 September 2013. By virtue of the above Annex, the borrowing repayment date was extended to 24 September 2015. Budimex SA provided FBSerwis with a borrowing in the amount of up to PLN 19 600 thousand. Pursuant to the agreement, the interest on the borrowing was agreed as 3M WIBOR + margin. As at 31 December 2014, the amount of the borrowing paid out was PLN 18 988 thousand.

On 1 December 2014, an agreement concerning a borrowing granted in 2004 to Budimex SA by Ferrovial Infraestructuras SA (currently Cintra Infraestructuras SA) was extended, and the interest due for the period from 1 December 2013 was capitalised. Therefore, the amount of the loan increased by EUR 22 thousand to EUR 2 034 thousand. The borrowing repayment date is 1 December 2015.

5 OTHER INFORMATION

5.1 Agreements between the Issuer and the Management Board Members

Members of the Management Board of Budimex SA ("Company"), in connection with the work performed and position occupied on the Management Board, are employed at either Budimex SA or at subsidiary companies where they receive remuneration based on an employment contract concluded for a fixed term of office, with a 2-week termination notice. In addition, the employment contracts provide for severance pay in the amount of 6-12 average monthly salaries, depending on the position, in case of removal or non-appointment for the next term of office of the Management Board for reasons dependent on the Company. Where the contract is terminated due to employee resignation or his/her wilful misconduct to the detriment of the Company, severance pay is not paid and only the 2-week termination notice remains in effect.

In addition, each Member of the Management Board of Budimex SA has concluded with the Company or the company paying his remuneration a separate non-competition agreement, which is valid for the period of 12 months after the date of dissolution of the employment contract. During the period of validity of the non-competition clause, the Company will pay the employee 75 per cent of his/her basic monthly remuneration if the termination of the employment contract is initiated by the Company, or 25 per cent of the basic monthly remuneration if the termination is initiated by the employee. Contractual penalties have been established for the breach of the non-competition clause by a member of the Management Board. Non-competition agreements have been concluded with all Management Board members.

Information on the remuneration of Members of the Management Board was presented in note 42.1 to the consolidated financial statements of the Budimex Group.

5.2 Information about the shareholding in the Parent Company and related parties held by Members of the Management and Supervisory Boards of the Parent Company

As at 31 December 2014, Members of the Management Board of Budimex SA held the following numbers of shares:

- Marcin Węglowski – 2 830 shares

As at 31 December 2014, the Members of the Supervisory Board of Budimex SA held the following numbers of shares:

- Marek Michałowski – 3 900 shares

As at 31 December 2014, Members of the Management and Supervisory Boards of Budimex SA did not hold any shares in the Company's related parties.

5.3 Acquisition of own shares

In 2014, Budimex SA did not acquire its own shares.

5.4 System of control over employee share incentive programs

The Company did not operate an employee share incentive scheme.

5.5 Information about agreements acknowledged by the Company (including post-balance sheet date agreements) with a possible future effect on the current ownership structure

As at the date of publication of this report, Budimex SA is not aware of any agreements that may result in future changes in the ownership structure of the current shareholders.

5.6 Entity authorised to audit financial statements

On 24 April 2014, the Supervisory Board of Budimex SA resolved to appoint Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. to review the Company's mid-year financial statements and consolidated financial statements of the Budimex Group for the 6-month period of 2014, and to audit the financial statements of Budimex SA and consolidated financial statements of the Budimex Group for the financial year 2014. The contracts for the review and audit of financial statements were concluded on 8 July 2014 and 17 October 2014, respectively. The remuneration for the obligatory audit of separate and consolidated financial statements amounted to PLN 454 thousand, the remuneration for review of the mid-year separate and consolidated financial statements amounted to PLN 114 thousand, the remuneration for tax consulting amounted to PLN 46 thousand, the remuneration for other certification services amounted to PLN 40 thousand and the remuneration for other services amounted to PLN 32 thousand.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. also reviewed the mid-year separate financial statements of Budimex SA and consolidated financial statements of the Budimex Group for the 6-month period of 2013 and audited the separate financial statements of Budimex SA and consolidated financial statements of the Budimex Group for the financial year 2013. The remuneration for the obligatory audit of separate and consolidated financial statements amounted to PLN 454 thousand, the remuneration for review of the mid-year separate and consolidated financial statements and other certification services amounted to PLN 155 thousand, the remuneration for tax consulting amounted to PLN 36 thousand and the remuneration for other services amounted to PLN 144 thousand.

6 CORPORATE GOVERNANCE

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

In 2014, the Company applied the "Best Practices of WSE Listed Companies" adopted by the resolution of the WSE Supervisory Board dated 4 July 2007, as amended, while further suspending the application of policies included in the current report filed on 8 March 2011, i.e. Policy 12 of Section I Recommendations relating to best practices of listed companies and point 2 of Policy 10 of Section IV "Best Practices Applied by Shareholders" (rules' indication as per the latest wording of the Best Practices).

In 2012, due to the amendment of the best practices adopted by the WSE's Supervisory Board in 2011 (resolutions of the WSE's Supervisory Board of 31 August 2011 and 19 October 2011), by Resolution No. 171 of 26 April 2012, the Ordinary General Meeting of Shareholders of the Company adopted for use the "Best Practices of WSE Listed Companies" in their new wording, save for the above point 2 and 3 of Policy No. 10 in Section IV of the "Best Practices Applied by Shareholders". Its adoption by the General Meeting was preceded by appropriate resolutions of the Management Board (of 28 September 2011 and 29 November 2011) and the Supervisory Board (of 13 October 2011 and 14 December 2011).

By virtue of Resolution No. 19/1307/2012 of 21 November 2012, the Supervisory Board of WSE adopted further amendments to the policies of 4 July 2007.

On 20 December 2012, under Resolution No. 18, the Company's Management Board adopted the "Best Practices of WSE Listed Companies", as amended on 21 November 2012, for use from 1 January 2013, save for:

- the option to exercise voting rights in person or through an authorised legal representative during the course of the general meeting, outside of the place of the general meeting, using electronic means of communication,
- two-way real-time communication process during which shareholders can take the floor during the General Meeting of Shareholders while being in a place other than the place of the meeting - Policy No. 10 point 2) in Section IV of Best Practices Applied by Shareholders.

The decision in this matter was taken following an analysis covering the matters relating to both technical and legal threats to the correct and efficient execution of the General Meeting of Shareholders, whilst considering the number of shareholders who usually participate in the General Meeting of Shareholders of the Company. The Company will start to apply Policy No. 12 in Section I and Policy No. 10 point 2 in Section IV of the "Best Practices of WSE Listed Companies" in full as soon as it clears all doubts regarding functioning in practice of the new regulations concerning the two-way real-time communication process, during which the shareholders can "take the floor" during the General Meeting of Shareholders while being in a place other than the

actual place of the Meeting, and execute in person or by an authorised representative their voting right at the General Meeting of Shareholders using electronic means of communication.

In the above Resolution No. 18 of 20 December 2012, the Management Board recommended that the Company's Supervisory Board adopted a resolution regarding the application by the Supervisory Board of the "Best Practices of WSE Listed Companies" to the extent adopted by the Management Board.

While following the application and recommendation of the Management Board, on 26 March 2013, by resolution No. 204, the Supervisory Board of the Company adopted the "Best Practices of WSE Listed Companies" to be applied from 1 January 2013, in the wording introduced by Resolution No. 19/1307/2012 of the WSE Supervisory Board of 21 November 2012, save for providing the shareholders with:

- the option to exercise voting rights in person or through an authorised legal representative during the course of the general meeting, outside of the place of the general meeting, using electronic means of communication,
- two-way real-time communication during which shareholders can take the floor during the General Meeting of Shareholders while being in a place other than the place of the meeting.

Upon request of the Management Board, by Resolution No. 206 of 26 March 2013, the Supervisory Board of the Company applied to the Ordinary General Meeting of Shareholders to adopt the resolution on observing the "Best Practices of WSE Listed Companies" in the wording introduced by Resolution No. 19/1307/2012 of the WSE Supervisory Board of 21 November 2012, save for the elements specified in the Resolution No. 204 of the Supervisory Board of the Company.

In 2013, the Ordinary General Meeting of Shareholders of the Company, by Resolution No. 201 of 24 April 2013, adopted for use the "Best Practices of WSE Listed Companies" in their new wording, within the scope suggested by the Management Board and the Supervisory Board. The document containing corporate governance policies was and is posted on the Company's website at <http://www.budimex.pl>.

Under Policy No. 9 Section I of the "Best Practices of WSE Listed Companies" (Recommendations concerning best practices of public companies) concerning the balanced share of males and females performing management and supervisory functions, the Company reported that in 2014 the Company's Management Board was composed of six males.

Throughout 2014, the Supervisory Board was composed of one female and, taking into account changes in the Supervisory Board described in point 6.10 from seven to eight males.

Given the fact that the bodies authorising the composition of the Management and Supervisory Boards are, as appropriate, the Supervisory Board and the General Meeting of Shareholders, and that the new wording of best practice policies was authorised for use based on the Resolution of the Supervisory Board and based on the Resolution of the General Meeting of Shareholders, it is reasonable to conclude that this Policy will be a significant criterion in taking decisions by the said bodies of the Company.

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

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

The obligation to prepare financial statements is realised in practice by qualified personnel of the Financial Department under the supervision of a Management Board Member – the Chief Financial Officer of Budimex SA.

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

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

Consolidated financial statements are drafted on the basis of consistent consolidation packages prepared electronically by individual Group companies. The process of consolidation is executed by the Department of Reporting and Consolidation and is supervised by the Head of the Accounting Department.

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

The Department of Reporting and Consolidation of Budimex SA is responsible for recommending solutions relating to modifying and updating accounting policies and other WSE reporting requirements, as well as for implementing solutions approved by the Management Board.

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

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

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

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

6.3 Shareholders with direct or indirect ownership of significant blocks of shares

According to the information available to Budimex SA, the shareholding structure of the Company as at 31 December 2014 was as follows:

Shareholder	Type of shares	Number of shares	% share in the share capital	Number of votes	% share in the number of votes at the GSM
Valivala Holdings B.V. Amsterdam (the Netherlands) - a Ferrovial SA Group (Spain) company	ordinary	15 078 159	59.06%	15 078 159	59.06%
Aviva OFE Aviva BZ WBK	ordinary	1 820 426	7.13%	1 820 426	7.13%
Other shareholders	ordinary	8 631 513	33.81%	8 631 513	33.81%
Total		25 530 098	100.00%	25 530 098	100.00%

6.4 Holders of all securities which confer special control rights

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

6.5 Restrictions on exercising voting rights

There are no restrictions concerning exercising voting rights.

6.6 Restrictions on transferring ownership rights to the securities of Budimex SA

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

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

The Supervisory Board removes and appoints President of the Management Board and, upon his/her request, the Vice-Presidents of the Management Board or other Board Members for a joint three-year term of office.

The Management Board is not authorised to take decision on share issue. The rights of the Management Board regarding decision

to redeem shares do not vary from those set forth in the Code of Commercial Companies.

The policies concerning the appointment or removal of members of managing bodies as well as the rights of members of these bodies, including the right to take decision on issuance or redemption of the Company shares, as provided for in the Articles of Association, did not change in 2014.

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

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

6.8 Implementing changes to the Articles of Association of Budimex SA

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

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

The General Meeting of Shareholders of the Company operates on the basis of the Articles of Association, By-laws of the General Meeting (both documents are posted on the Company's website) and provisions of other laws, including the provisions of the Code of Commercial Companies. Detailed powers of the General Meeting of Shareholders have been described in par. 13 of the Articles of Association. Shareholders exercise their rights in the manner specified in the Articles of Association, By-laws of the General Meeting of Shareholders and binding laws.

The General Meeting of Shareholders is convened as ordinary or extraordinary. Ordinary General Meetings of Shareholders take place, at the latest, within 6 months of the end of each financial year. General Meetings of Shareholders are convened by the Company's Management Board. The Supervisory Board may convene an Ordinary General Meeting of Shareholders if the Company's Management Board does not convene it within the period defined in the Code of Commercial Companies or in the Articles of Association; the Supervisory Board may also convene an Extraordinary General Meeting of Shareholders if such a meeting is deemed advisable. An Extraordinary General Meeting of Shareholders may also be convened by the shareholders representing at least half of the Company's share capital or at least half of the total number of votes in the Company. If this is the case, the shareholders appoint the chairman of the Meeting.

The shareholder or shareholders representing at least 1/20th of the Company's share capital may request in writing, or using electronic means of communication, that the Company's Management Board convene an Extraordinary General Meeting of Shareholders and include certain specific matters on the meeting agenda or matters that are to be introduced to the meeting agenda. If, within two weeks of the date of forwarding such a request, the Extraordinary General Meeting of Shareholders is not convened, the court of registration may authorise the shareholders initiating such a request to convene the Meeting. The court of registration appoints the person chairing the Meeting, and in the notification about the Meeting the shareholders should refer to such decision of the court of registration. The Meeting convened in this manner takes resolution on whether the costs of convening and holding the Meeting are to be borne by the Company. The shareholders who requested convening the Meeting may apply to the court to be exempted from the costs imposed by the resolution of the Meeting of Shareholders.

A dedicated email address which may be used in cases defined by the Code of Commercial Companies in connection with convening General Meetings of Shareholders is posted on the Company's website.

The General Meeting of Shareholders of the Company is convened by way of posting an announcement on the Company's website and in the manner reserved for forwarding current information, in accordance with the provisions of the Act on the Public Offering and the Terms and Conditions of Introducing Financial Instruments to an Organised System of Trading and on Public Companies. The announcement should be made at least twenty-six days before the scheduled date of the General Meeting of Shareholders.

A General Meeting of Shareholders may also take place in the manner specified in the Code of Commercial Companies on condition that the provisions of Article 405 of the Code of Commercial Companies are fulfilled.

A shareholder or shareholders representing at least 1/20th of the Company's share capital may request that certain matters be included on the agenda of the next General Meeting of Shareholders. The request should be forwarded to the Management Board of the Company no later than twenty-one days before the scheduled date of the meeting and should include justification for or a draft of the resolution concerning the proposed matter for the agenda. The request may be forwarded in an electronic form. The Management Board must immediately, but no later than 18 days before scheduled date of the General Meeting, announce changes to the meeting agenda that were introduced at the request of the shareholders. Such announcement is executed in the manner applicable to convening the General Meetings of Shareholders.

A shareholder or shareholders representing at least 1/20th of the Company's share capital may, before the date of the General Meeting of Shareholders, send to the Company in writing, or using electronic means of communication, draft resolutions concerning matters entered on the agenda of the General Meeting of Shareholders or matters that are to be introduced to the agenda. The Company shall immediately post such drafts of resolutions on its website. During a General Meeting of Shareholders, each shareholder may submit draft resolutions concerning matters entered on the agenda.

The shareholders may participate in the General Meeting of Shareholders and exercise their voting rights in person or through authorised representatives. The authorisation to participate in the General Meeting of Shareholders and to exercise voting rights should be granted in writing or in an electronic form. Granting authorisation in an electronic form does not require the use of a secure electronic signature verified by valid classified certificate.

In accordance with the Articles of Association (apart from other matters listed in appropriate regulations), the General Meeting of Shareholders adopts resolutions on the following matters:

- considering and authorization of the report on the Company's activities and of the financial statements for the prior financial year,
- reviewing and approving the directors' report on the Group's activities and the consolidated financial statements of the Budimex Group,
- acknowledging fulfilment of duties by members of the Management and Supervisory Boards,
- creating and reversing of special funds and reserve capital, and their utilisation,
- profit appropriation or defining the manner of loss absorption; the General Meeting of Shareholders may resolve that dividend, in whole or in part, be allocated towards increasing the share capital and the shareholders are issued new shares in exchange,
- claims for losses incurred at incorporation of the Company, or losses resulting from performing management or supervisory functions,
- disposing or leasing/renting the company or its organised part, or establishing restrictions on its use or disposal,
- taking decisions on company merger or liquidation, and in the case of the latter - appointing Company liquidators,
- issuing convertible bonds or bonds with pre-emptive rights, or subscription warrants,
- redemption of shares,
- amendment to the Company's Articles of Association, especially concerning a share capital increase or decrease, or amendment to the Company's objects,
- adopting By-laws of the General Meeting of Shareholders of Budimex SA,
- appointing and removing Supervisory Board members,
- defining the principles and amount of remuneration for Supervisory Board members,
- re-acquisition of own shares to offer them to employees or persons who were employed at the Company or any related company for the period of at least three years,
- conclusion by the Company of a loan, borrowing or suretyship agreement, or other similar agreement with a member of the Management or Supervisory Board, authorised commercial representative, liquidator, or concluding an agreement in favour of any of the said persons,
- determining the date on which the list of shareholders entitled to receive dividend for the year is prepared (dividend date).

Matters forwarded by the Management Board for consideration of the General Meeting of Shareholders should first be forwarded for the Supervisory Board's consideration.

Resolutions of the General Meeting of Shareholders are adopted by an absolute majority of votes, irrespective of the number of shares represented at the meeting, unless the provisions of the Code of Commercial Companies state otherwise.

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

a) Composition of the Management Board

As at 31 December 2014, the Management Board of Budimex SA was composed of the following persons:

- | | |
|------------------------------------|---|
| • Dariusz Jacek Blocher | President of the Management Board, General Director, |
| • Fernando Luis Pascual Larragoiti | Vice-President of the Management Board, |
| • Andrzej Artur Czynczyk | Board Member, Chief HR Officer, |
| • Jacek Daniewski | Board Member, Chief Legal and Organisational Officer, |
| • Henryk Urbański | Board Member, Chief Real Estate Officer |
| • Marcin Węglowski | Board Member, Chief Financial Officer. |

In 2014, the following changes to the composition of the Management Board took place:

- Ignacio Botella Rodriguez resigned from the position of the Vice-President of the Management Board as of 24 April 2014,
- By virtue of Resolution No. 229 dated 24 April 2014, the Supervisory Board appointed Fernando Luis Pascual Larragoiti for the position of the Vice-President of the Management Board.

As at 31 December 2014, joint authorisations to represent the Company together with a member of the Management Board of Budimex SA were granted to the following persons:

- Artur Popko,
- Radosław Górski,
- Andrzej Goławski.

In 2014, the following changes to joint authorisations to represent the Company took place:

- on 26 March 2014, joint authorisations to represent the Company granted to Jaime Rontome Perez and Emilio Pont Perez were cancelled,
- On 19 September 2014, joint authorisations to represent the Company together with a member of the Management Board were granted to: Artur Popko, Radosław Górski and Andrzej Goławski.

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The policies concerning the appointment or removal of members of managing bodies as well as the rights of members of these bodies, including the right to take decision on issuance or redemption of the Company shares, as provided for in the Articles of Association, did not change during 2014.

b) Composition of the Supervisory Board and its Committees

As at 31 December 2014, the Supervisory Board of Budimex SA was composed of the following persons:

- | | |
|--|---|
| • Marek Michałowski | Chairman of the Supervisory Board, |
| • Alejandro de la Joya Ruiz de Velasco | Deputy Chairman of the Supervisory Board, |
| • Igor Adam Chalupec | Supervisory Board secretary, |
| • Marzenna Anna Weresa | Supervisory Board Member, |
| • Ignacio Clopes Estela | Supervisory Board Member, |
| • Javier Galindo Hernandez | Supervisory Board Member, |
| • José Carlos Garrido-Lestache Rodríguez | Supervisory Board Member, |
| • Piotr Kamiński | Supervisory Board Member, |
| • Janusz Dedo | Supervisory Board Member. |

Changes to the composition (and structure) of the Supervisory Board in 2014:

- Tomasz Sielicki resigned from the positions of the Supervisory Board Member and Secretary as of 7 January 2014,
- the Supervisory Board's composition was supplemented by the appointment of Janusz Dedo to replace Tomasz Sielicki - SB Resolution No. 218 dated 29 January 2014; the supplemented Supervisory Board's composition was approved by the General Meeting on 24 April 2014,
- an existing Supervisory Board member, Maciej Stańczuk, was appointed for the position of Board Secretary - SB Resolution No. 219 dated 29 January 2014,
- Maciej Stańczuk resigned from the positions of the Supervisory Board Member and Secretary as of 7 February 2014,
- an existing Supervisory Board member, Igor Chalupec, was appointed for the position of Board Secretary - SB Resolution No. 220 dated 12 March 2014,
- General Meeting of Shareholders of Budimex SA appointed Ignacio Clopes Estela to the Supervisory Board as of 1 May 2014.

As at 31 December 2014, the Audit Committee was composed of the following persons:

- Marzenna Weresa – Chairperson,
- Javier Galindo Hernandez – Member,
- José Carlos Garrido - Lestache Rodríguez – Member.

The composition of the Audit Committee did not change in 2014.

As regards the independence of an Audit Committee member, provisions of the following apply: Article 56 section 3 points 1, 3 and 5 of the Act on Statutory Auditors and their Self-Governance, Audit Firms Authorised to Audit Financial Statements and Public Oversight, dated 7 May 2009, and criteria of independence with regard to the company and entities materially related to the company, within the meaning of the Best Practices of WSE Listed Companies (Policy 6 Section III Best Practices for Supervisory Board Members).

The status of independence of a Supervisory Board member is determined by the Company in accordance with the criteria defined in the Procedure for Integrated Management System No. 05-05 relating to obtaining information from Supervisory Board members and publication of this information, based on representations filed by Board members and based on Article 56 section 3 points 1, 3 and 5 of the Act on Statutory Auditors and their Self-Governance, Audit Firms Authorised to Audit Financial Statements and Public Oversight, dated 7 May 2009.

The Investment Committee was composed of the following persons:

- Piotr Kamiński - Chairperson,
- Alejandro de la Joya Ruiz de Velasco - Member,
- Javier Galindo Hernandez – Member.

Changes to the composition of the Investment Committee in 2014:

- Maciej Stańczuk resigned from the position held as of 7 February 2014,
- Piotr Kamiński was appointed to the Investment Committee by Supervisory Board Resolution No. 221 dated 12 March 2014. After the above changes in Investment Committee composition were introduced, the Committee was constituted by way of appointing Piotr Kamiński for the position of the Committee's Chairman.

The Remuneration Committee was composed of the following persons:

- Marek Michałowski - Chairperson,

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

- Igor Chalupec - Member,
- Alejandro de la Joya Ruiz de Velasco - Member.

The composition of the Remuneration Committee did not change in 2014.

c) Operation of the Management Board

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

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

The functioning of the Management Board is managed by the President of the Management Board. The detailed manner of Management Board functioning has been defined in the By-laws of the Management Board approved by the Supervisory Board.

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

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

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

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

d) Operation of the Supervisory Board

The Supervisory Board operates on the basis of the Articles of Association, By-laws of the Supervisory Board of Budimex SA and other legal regulations, including the Code of Commercial Companies. The organisation and operation of the Supervisory Board is defined in the By-laws of the Supervisory Board.

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

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

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

- assessment of the directors' report on the company's activities and evaluation of the financial statements for the previous year,
- evaluation of profit appropriation or loss absorption proposals made by the Management Board,
- recommending to the General Meeting of Shareholders the acknowledgement of the fulfilment of duties by members of the Management Board,
- presenting to the General Meeting of Shareholders annual written reports on the results of the assessment referred to above,
- suspending, for valid reasons, individual or all Management Board members and delegating Supervisory Board members for a period lasting no more than 3 months to temporarily perform the duties of those Management Board members who were removed, resigned or could not perform their duties for other reasons,
- approval of the By-laws of the Management Board of the Company,
- concluding agreements with the Company Management Board members, determining remuneration of the President of the Management Board and of other Board members, determining policies for granting management bonuses, exercising rights towards Management Board members resulting from work relations; with the proviso that such agreements are signed by the Chairperson of the Supervisory Board on behalf of the Supervisory Board,

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- appointment of a new certified auditor from the list of certified auditors maintained by the National Council of Certified Auditors to audit the financial statements of the Company,
- approval of the agreement between the Company's Management Board and the underwriter to take up the Company's shares,
- granting approval to a Board member to deal with competitive business or to participate in a competing company,
- granting approval to excluding or limiting by the Management Board a pre-emptive right to newly issued shares,
- granting approval to the method of determining share issue price proposed by the Management Board or to issue of shares for an in-kind (non-monetary) contribution,
- granting approval for the purchase or disposal of property, perpetual usufruct right or share in property, machines and equipment and/or disposal or acquisition of securities or other asset items, if the unit price on acquisition or disposal exceeds 1/5th of the Company's share capital; if the value of the transactions referred to in this point does not exceed the amount stated above, the decision is made independently by the Management Board.

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

e) Tasks of the Audit Committee

The role of the Audit Committee is to: recommend to the Supervisory Board an entity authorised to serve as a certified auditor and to audit the financial statements of the Company and the consolidated financial statements of the Group for the previous year, monitor the process of preparation of the financial statements of the Company and the consolidated financial statements for the previous year, perform detailed reviews of the results of those audits at each audit stage, monitor the financial audit process, monitor the effectiveness of the internal control, internal audit and risk management systems, forward to the Supervisory Board conclusions and recommendations relating to the audit and assessment of the financial statements of the Company and of the consolidated financial statements for the previous year, to assess the Management Board's proposal concerning profit appropriation or loss absorption, forward to the Supervisory Board conclusions and recommendations concerning acknowledgement of the fulfilment of duties by the Chief Financial Officer, monitor the independence of the certified auditor and the entity authorised to audit financial statements, in this case – the independence of services referred to in article 48 par. 2 of the Act on Statutory Auditors and Their Self-Governance, Audit Firms Authorised to Audit Financial Statements and Public Oversight, dated 7 May 2009, perform other tasks commissioned by the Supervisory Board depending on the current situation at the Company, and submit interim and annual reports on its activities to the Supervisory Board.

f) Tasks of the Investment Committee

The role of the Investment Committee is to provide opinions or approve decisions material for the Company from the point of view of the value of operations relating to: making investments or de-investments in non-financial assets, company incorporation or dissolution, making investments or de-investments or issuing financial assets, Budimex Group company mergers, divisions or transformations, carrying out financial operations, establishing special purpose vehicles (SPVs) to perform works or to render services based on the terms and conditions other than those prevailing in the consortium agreements concluded by Budimex Group, preliminary agreements and non-binding initial offers, development projects and significant contracts with related parties.

The Investment Committee operates based on the procedure authorised by the Supervisory Board. The Supervisory Board is informed at its subsequent meetings about matters on which the Investment Committee was to provide opinions during the period in between the Supervisory Board's meetings.

g) Tasks of the Remuneration Committee

The tasks of the Remuneration Committee comprise:

- submitting for approval by the Supervisory Board, proposals concerning remunerating Management Board Members, especially in the form of fixed remuneration, performance-based remuneration, retirement benefit scheme and retirement benefit and long-term incentive programs, together with recommendations concerning objectives and assessment criteria for appropriate adjustment of remuneration of Management Board Members to long-term shareholder interests and the Company's objectives defined by the Supervisory Board; providing the Supervisory Board with proposals concerning remuneration of individual Management Board Members and ensuring that the remuneration proposed is consistent with the remuneration regulations adopted by the Company and assessment of work performance of individual Board Members; providing the Supervisory Board with proposals concerning the appropriate form of employment contracts for individual Board Members; providing the Supervisory Board with proposals concerning bonus ratios, their weight for Board members based on the budget for the given year; offering assistance to the Supervisory Board in supervising the process under which the Company fulfils binding regulations in the area of remuneration disclosure requirements (in particular in the area of remuneration of members of the Management Board); monitoring the level and structure of remuneration of Management Board members based on independent payroll reports, market ratios and submitting to the Supervisory Board appropriate underlying analyses and conclusions; providing opinions on the appointment and removal of members of Supervisory Boards at Budimex SA subsidiary companies, except for SPVs.
- accepting, at the request of the Management Board, the bonus ratio for employees of the Budimex SA head office to be used in calculation of previous year bonus and the percentage ratio for salary/wage increase in the current year;
- preparation of annual report on activities of the Remuneration Committee.

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

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

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

Management Board Members

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

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

The remuneration of Management Board members is composed of the following items:

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

Dariusz Blocher	President of the Management Board	.....	Henryk Urbański	Member of the Management Board	.....
name and surname	position	signature	name and surname	position	signature
Fernando Luis Pascual Larragoiti	Vice-President of the Management Board	.....	Marcin Węglowski	Member of the Management Board	.....
name and surname	position	signature	name and surname	position	signature
Jacek Daniewski	Member of the Management Board	.....		
name and surname	position	signature			
Andrzej Artur Czynczyk	Member of the Management Board	.....		
name and surname	position	signature			
					Warsaw, 11 March 2015