



THE BUDIMEX GROUP

**DIRECTORS' REPORT
ON THE ACTIVITIES OF THE BUDIMEX GROUP**

for the first half of 2015

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1 BUSINESS ENVIRONMENT

1.1 General market condition

The first half of 2015 years brought stable economic growth, which was in line with expectations. According to estimates by the Central Statistical Office, GDP growth in the first and second quarter of this year amounted to 3.6% and 3.3% compared to the corresponding quarter of the previous year.

The first half of 2015 years compared with the same period of the previous year resulted in a stabilization of construction and assembly production. The value of the construction output (in current prices) in the first mid-2015 was about 0.8% higher than a year earlier. The increase in production was mainly due to the increase in the value of production generated in the civil engineering segment (an increase of 2.3% compared to the first half of the previous year). The acceleration was mainly due to the increase in the scale of the investments in transmission and railway construction, while scale of road construction decreased. Positive growth was also recorded in residential construction (growth by 4.1% compared to the same period in 2014). Sale of construction output fell slightly in the non-residential construction segment, which declined by 2.7% compared to the first half of 2014. Higher construction output in the first two quarters of 2015 years was accompanied by improvements in the overall business climate indicator in the construction industry, which in June 2015 stood at minus 2 points compared to minus 5 points a year earlier, and minus 17 points in June 2013.

In the first half of 2015 years there was an increase in new investments in the housing market. According to the data reported, the construction of 80.3 thousand dwellings started, which is 11.2% more than in the corresponding period of the previous year. High positive growth rate of number of dwellings for which building permits were issued was maintained (86.4 thousand dwellings, i.e. by 13.0% more than the year before, when the growth rate amounted to 12.8% compared to the corresponding period of 2013). A boom in the development market is also confirmed by the number of units pre-sold within six months of the year by the largest developers, best of them recorded the growth in excess of 40% compared to the same period last year.

1.2 Market development prospects

Most market forecasts predict that in 2015 the Polish economy will face a similar grow rate compared to previous year, when GDP grew in real terms by 3.4%. The latest European Commission forecasts assume GDP growth at 3.3% in the current year and the acceleration of GDP growth to 3.4% in 2016. According to the draft state budget for 2016 GDP growth in 2015 is projected at 3.4%, in 2016 at 3.8%. Average annual inflation is estimated at -0.2% in 2015 and 1.7% in the following year. The projected unemployment rate is expected to fall to 10.5% at the end of 2015 and 9.8% at the end of the following year.

Prospects for the development of the construction market are good, but vary depending on the segment. The Ministry of Economy estimates that the value of construction and assembly production made by companies employing over 9 people in 2015 will increase by 1.5% compared to the previous year.

The main factor in improving the business climate in the construction industry is that public tenders co-financed with resources from the EU budget under the new financial perspective 2014-2020 are being announced and decided (under the new financial perspective for the years 2014-2020, Poland will receive 82.5 billion euro, and the largest operational program remains Infrastructure and Environment Program with allocation at the level of 27.4 billion euro).

Undoubtedly, further challenges, but also hopes are associated with the road segment. According to the draft of National Road Construction Program for 2014-2020 (NRCP), which is about to be discussed and adopted by the government in the course of coming months, assumes that PLN 92.7 billion will be spent on investment projects indicated in the attachment to NRCP. The resources will be firstly dedicated for construction of 1.862 km of expressways and high-ways and 366 km of ring roads. In case of additional resources' availability or savings, further 630 km of expressways and high-ways and 147 km of ring road may be accepted for realization from reserve list. The fact that the NRCP is not adopted is not an obstacle. In the whole 2014 offers for 46 tasks were opened and the total value (measured as value of best offer) amounted to almost PLN 14 billion. It is certain, that year 2015 will be even better in this respect. The standard list of risk factors of road construction business, which includes uncertainty associated with the prices of raw materials, construction materials and costs of subcontractors, is being extended by execution of contracts in design & build formula. Moreover, there is a high risk of accumulation of works in 2016-2018, which may result in difficulty in mobilization of sufficient capital, human and material resources.

In subsequent years, investment in rail infrastructure will take on the dynamics. According to the published draft of National Railway Program till year 2023, in the course of coming 8 years, planned execution of over 190 investment projects from the main list will require financial resources amounting to PLN 67 billion. Over 60% of the outlays will be co-financed from EU funds coming from particular operational programs and *Connecting Europe Facility*. However, the dominant investor in this sector – PKP Polskie Linie Kolejowe SA in 2015 focused on maximizing utilization of EU resources available within the financial framework 2007-2013 through execution of revitalization projects of lower value. Settlement of tendering procedures concerning investment projects of high value, co-financed from new EU perspective, is expected from the beginning of 2016.

The second half of 2015 years will likely bring a continuation of trends visible in the first half of the year in the housing market. Low interest rates leading to relatively cheap credit and the start of the government subsidy program to the first housing (Apartment for the Young) are likely to hold the good times of the first two quarters of 2015. In addition, launching of the fund of apartments for rent, managed by the National Economy Bank, together with progressive economic acceleration are a good sign for the development industry for the coming years. Taking into account the abovementioned, it is not ruled out that this year the largest residential developers will break the presales record of 2014.

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

2 SIGNIFICANT DEVELOPEMENTS IN THE FIRST HALF OF 2015**2.1 Major construction contracts concluded by the Budimex Group companies**

Contract date	Contract value for the Budimex Group (in PLN thousand)	Customer	Type of construction
2015-06-15	1 071 708	Generalna Dyrekcja Dróg Krajowych i Autostrad o. Olsztyn	Construction of express road S7 at Miłomłyn – Olsztynek section, Ostróda Północ – Ostróda Południe subsection along the S7 road and construction of the Ostróda ring road along the national road No. 16 (subsection "B")
2015-02-27	638 664	Generalna Dyrekcja Dróg Krajowych i Autostrad o. Wrocław	Design and construction of express road S3 between Nowa Sól and Legnica (A4), task V from the Lubin Południe junction (excl. the junction) to the Legnica II junction (A4)
2015-02-24	96 477	Mazowiecki Szpital Wojewódzki Drewnica Sp. z o.o.	Construction of the Mazovian Provincial Hospital Drewnica
2015-06-30	68 690	Poznańskie Inwestycje Miejskie Sp. z o.o. on behalf of City of Poznań and Aquanet SA	Construction and expansion of roads for the purposes of the investment in Mixed Municipal Waste Residues Fraction Incineration System (ITPOK)
2015-06-01	53 423	Dune B Sp. z o.o.	Construction of Dune B residential building with services and a car park together with necessary technical infrastructure in Mielno
2015-05-29	53 222	SPX Flow Technology Poland Sp. z o.o.	Construction of production shop in Bydgoszcz
2015-04-10	44 797	LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.	Construction of the stage II (building B) of office complex „Różdzieńskiego” in Katowice at Al. Różdzieńskiego together with internal infrastructure.
2015-01-09	32 275	PGNiG Termika SA	The delivery and assembly of the denitrification plant and the modernization of the desulfurization plant for the K2 boiler at EC Siekierki in Warsaw

2.2 Risk factors

The Budimex Group is exposed to various types of financial risk: currency risk, interest rate risk, price risk, credit risk and liquidity risk.

An inherent risk of conducting business activities is the credit risk. Despite implementation of restrictive control procedures for evaluation and monitoring of the financial standing of contractors, the risk of investor insolvency still exists. Delays in timely payments by customers (investors) may have adverse effects on the financial result of the Group and result in the necessity to create impairment write-downs against receivables or to finance business from external debt.

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

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

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

3 FINANCIAL SITUATION**3.1 Key economic-financial data of the Budimex Group****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 30 June 2015, compared to 31 December 2014, are presented in the table below:

ASSETS	30.06.2015	31.12.2014	Change	Change %
Non-current assets	714 608	677 496	37 112	5.5%
Property, plant and equipment	74 715	79 513	-4 798	-6.0%
Investment properties	63 687	24 994	38 693	154.8%
Intangible assets	4 213	4 494	-281	-6.3%
Goodwill of subsidiaries	73 237	73 237	-	0.0%
Investments in equity accounted companies	4 471	7 539	-3 068	-40.7%
Financial assets available for sale	8 526	8 376	150	1.8%
Retentions for construction contracts	22 318	27 923	-5 605	-20.1%
Trade and other receivables	30 722	29 945	777	2.6%
Concession agreement receivables	45 464	45 214	250	0.6%
Other financial assets	14 329	-	14 329	100.0%
Deferred tax assets	372 926	376 261	-3 335	-0.9%
Current assets	3 491 165	3 180 713	310 452	9.8%
Inventories	788 411	648 655	139 756	21.5%
Trade and other receivables	662 483	495 364	167 119	33.7%
Retentions for construction contracts	7 746	10 248	-2 502	-24.4%
Amounts due and receivable from customers under construction contracts	420 731	172 548	248 183	143.8%
Current tax assets	3 921	265	3 656	1 379.6%
Other financial assets	24 656	19 800	4 856	24.5%
Cash and cash equivalents	1 583 217	1 831 652	-248 435	-13.6%
Non-current (disposal groups) classified as held for sale	-	2 181	-2 181	-100.0%
TOTAL ASSETS	4 205 773	3 858 209	347 564	9.0%
EQUITY AND LIABILITIES	30.06.2015	31.12.2014	Change	Change %
Shareholders' equity attributable to the shareholders of the Parent Company	470 268	519 265	-48 997	-9.4%
Share capital	145 848	145 848	-	0.0%
Share premium	87 163	87 163	-	0.0%
Other reserves	5 245	4 816	429	8.9%
Foreign exchange differences on translation of foreign operations	5 294	5 326	-32	-0.6%
Retained earnings	226 718	276 112	-49 394	-17.9%
Non-controlling interests	3 714	3 244	470	14.5%
Total shareholders' equity	473 982	522 509	-48 527	-9.3%
Liabilities	3 731 791	3 335 700	396 091	11.9%
Non-current liabilities	398 416	412 629	-14 213	-3.4%
Loans, borrowings and other external sources of finance	42 347	46 298	-3 951	-8.5%
Retentions for construction contracts	176 749	176 116	633	0.4%
Provisions for non-current liabilities and other charges	171 479	179 169	-7 690	-4.3%
Retirement benefits and similar obligations	6 121	6 121	-	0.0%
Other financial liabilities	1 720	4 925	-3 205	-65.1%
Current liabilities	3 333 375	2 923 071	410 304	14.0%
Loans, borrowings and other external sources of finance	20 836	21 402	-566	-2.6%
Trade and other liabilities	1 351 651	1 117 743	233 908	20.9%
Retentions for construction contracts	177 206	201 207	-24 001	-11.9%
Amounts due and payable to customers under construction contracts	911 172	920 668	-9 496	-1.0%
Deferred income	737 300	520 766	216 534	41.6%
Provisions for current liabilities and other charges	129 375	111 598	17 777	15.9%
Current tax liability	3 340	26 291	-22 951	-87.3%
Retirement benefits and similar obligations	1 080	1 080	-	0.0%
Other financial liabilities	1 415	2 316	-901	-38.9%
TOTAL EQUITY AND LIABILITIES	4 205 773	3 858 209	347 564	9.0%

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

As at 30 June 2015, total consolidated assets increased by PLN 347 564 thousand compared to 31 December 2014, mainly due to a 5.5% increase in the value of non-current assets (PLN 37 112 thousand) and a 9.8% increase in the current assets (PLN 310 452 thousand).

Non-current assets:

Change in the value of non-current assets at 30 June 2015 as compared to 31 December 2014 was caused mainly by the following:

- decrease in the balance of property, plant and equipment by PLN 4 798 thousand mainly due to a depreciation charge in the amount of PLN 10 152 thousand. On the other hand, capital expenditures and new finance lease contracts in the amount of PLN 5 776 thousand increased property, plant and equipment,
- increase in the investment properties amounting to PLN 38 693 thousand related to the purchase carried out by Budimex Nieruchomości Sp. z o.o.,
- granting a long-term loan to an associate, FBSerwis SA in the amount of PLN 13 297 thousand.

Current assets:

Simultaneously, current assets increased by PLN 310 452 thousand due to the following:

- decrease in the balance of cash and cash equivalents by PLN 248 435 thousand,
- increase in the balance of inventory by PLN 139 756 thousand, mainly due to the developer activity,
- increase in the balance of trade and other receivables by PLN 167 119 thousand,
- increase in the balance of amounts due and receivable from customers under construction contracts by PLN 248 183 thousand caused mainly by discrepancies between the actual works carried out and invoicing.

Equity and liabilities:

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

- decrease in the balance of non-current liabilities by PLN 14 213 thousand, mainly due to the reduction of loans, borrowings and other external sources of finance by PLN 3 951 thousand with a simultaneous fall in the balance of provision for long-term liabilities and other charges by PLN 7 690 thousand.
- increase in the balance of current liabilities by PLN 410 304 thousand, where the most important changes refer to:
 - increase in the value of short-term trade and other liabilities by PLN 233 908 thousand, which results from seasonality of construction works (the highest revenues and costs are realized in the second and third quarter),
 - increase in the balance of deferred income by PLN 216 534 thousand, related to the prepayments received for construction contracts and the advance payments for apartments in developer activity.

Consolidated Profit and Loss Account of the Budimex Group

CONSOLIDATED PROFIT AND LOSS ACCOUNT	01.01 - 30.06.2015	01.01 - 30.06.2014	Change	Change %
Net sales of finished goods and services, goods for resale and raw materials	2 268 240	2 153 122	115 118	5.3%
Cost of finished goods, services, goods for resale and raw materials sold	-2 054 178	-1 943 793	-110 385	5.7%
Gross profit on sales	214 062	209 329	4 733	2.3%
Selling expenses	-13 897	-12 138	-1 759	14.5%
Administrative expenses	-91 538	-86 277	-5 261	6.1%
Other operating income	28 619	20 512	8 107	39.5%
Other operating expenses	-8 470	-21 435	12 965	-60.5%
Operating profit	128 776	109 991	18 785	17.1%
Finance income	21 824	20 160	1 664	8.3%
Finance costs	-12 933	-18 286	5 353	-29.3%
Shares in net results of equity accounted companies	-3 068	-1 675	-1 393	83.2%
Gross profit	134 599	110 190	24 409	22.2%
Income tax	-27 534	-22 750	-4 784	21.0%
Net profit for the period	107 065	87 440	19 625	22.4%
<i>of which:</i>				
<i>attributable to the shareholders of the Company</i>	<i>106 595</i>	<i>86 912</i>	<i>19 683</i>	<i>22.6%</i>
<i>attributable to non-controlling interests</i>	<i>470</i>	<i>528</i>	<i>-58</i>	<i>-11.0%</i>

In the 6-month period ended 30 June 2015, the Budimex Group earned sales revenue of PLN 2 268 240 thousand which means a 5.3% increase on the corresponding period of 2014.

Gross profit on sales in the first half of 2015 was PLN 214 062 thousand, while in the corresponding period of the prior year it amounted to PLN 209 329 thousand. The gross sales profitability ratio was therefore 9.4% in the first half of 2015, while in the first half of 2014 was 9.7%.

In accordance with the accounting policies adopted, when budgeted contract costs exceed the entire expected contract revenue, Group companies create provisions for expected contract losses and recognize them under „Amounts due and payable to customers under construction contracts“. As at 30 June 2015, the balance of the provision for contract losses amounted to PLN 571 173 thousand. In the first half of 2015, the balance of provision for contract losses increased by PLN 126 015 thousand.

Selling expenses increased in the first half of 2015 by PLN 1 759 thousand compared to the corresponding period of the prior year, while administrative expenses were PLN 5 261 thousand higher than expenses incurred in the corresponding period of 2014. The share of selling and administrative expenses in total sales increased from 4.6% in the first half of 2014 to 4.7% in the first half of the current year.

Other operating income for the first half of 2015 was PLN 28 619 thousand and comprised: gain on valuation and realization of FX forward and FX option derivative instrument contracts (made with a view to limiting the FX risk on foreign currency construction contracts) in the amount of PLN 2 985 thousand, income from compensations and contractual penalties in the amount of PLN 6 388 thousand, income from reversal of impairment write-downs against doubtful debts in the amount of PLN 2 182 thousand, income from the reversal of provisions for penalties amounted to PLN 2 848 thousand and write-off of redeemed and overdue liabilities in the amount of PLN 1 021 thousand. Additionally, in the period of six months of 2015 Group companies disposed of property, plant and equipment and investment properties and reported a gain on sale of PLN 12 153 thousand. The net book value of the property, plant and equipment and investment properties sold in the period of six months of 2015 amounted to PLN 2 188 thousand (including assets held for sale amounting to PLN 2 181 thousand). Assets held for sale comprised of a plot of land and accompanying buildings and were sold on 24 February 2015, which was disclosed as a post-balance sheet event in the consolidated financial statement for the financial year of 2014. The gain on the transaction amounted to PLN 11 819 thousand and was reported in the operating segment "Property management and developer business".

Other operating expenses for the first half of 2015 amounted to PLN 8 470 thousand, of which PLN 5 124 thousand related to creation of provisions for compensations and contractual penalties, PLN 539 thousand – to compensations and contractual penalties paid out, PLN 1 674 thousand related to impairment write-downs against receivables and PLN 399 thousand of provisions created for lawsuits.

The reported operating profit of the Group in the first half of 2015 was PLN 128 776 thousand, while in the first half of 2014 it amounted to PLN 109 991 thousand. The operating profit for the first half of 2015 represented 5.7% of sales revenue value, while for the corresponding period of the prior year – 5.1% of sales revenue.

In the 6-month period ended 30 June 2015 the Group generated a gain on finance activities in the amount of PLN 8 891 thousand while in the same period of the prior year – gain in the amount of PLN 1 874 thousand. Finance income in the first half of 2015 represented mainly interest of PLN 18 237 thousand, valuation of concession receivables of PLN 1 513 thousand, valuation of interest rate swap derivative instrument contracts (made with a view to limiting the interest risk) in the amount of PLN 1 771 thousand and positive exchange differences amounting to PLN 303 thousand. Finance costs in the first half of 2015 represented, among others, interest costs of PLN 1 872 thousand, bank commissions on guarantees and loans of PLN 9 697 thousand paid by Group companies and costs from discount of long-term retention receivables and liabilities of PLN 566 thousand. During the first half of 2015 the Group incurred a loss on valuation of interest rate swap derivative instrument contracts in the amount of PLN 302 thousand.

In the first half of 2015, the Group reported a gross profit of PLN 134 599 thousand, while in the corresponding period of the prior year – a gross profit of PLN 110 190 thousand.

Income tax for the 6-month period ended 30 June 2015 was PLN 27 534 thousand, of which:

- current tax was PLN 24 190 thousand,
- deferred tax in the amount of PLN 3 344 thousand.

As at 30 June 2015, the Group recognized a deferred tax asset in the amount of PLN 372 926 thousand, while as at 31 December 2014 – PLN 376 261 thousand. The reported statement of financial position items of deferred tax asset result mainly from a special method of settlement of construction contracts, under which the moment of recognition of costs as incurred and revenue as realized are different from the tax and accounting perspectives.

The net profit attributable to the shareholders of the Budimex SA for the first half of 2015 was PLN 106 595 thousand, while the net profit attributable to the shareholders of the Budimex SA for the corresponding period of 2014 was PLN 86 912 thousand.

The net profit attributable to non-controlling interest for the first half of 2015 amounted to PLN 470 thousand. In the corresponding period of 2014, the net profit attributable to non-controlling interest amounted to PLN 528 thousand.

3.2 Statement of Cash Flows

Cash and cash equivalents presented in the cash flow statement comprises of cash in hand and bank deposits with maturity which does not exceed 3 months, which were not included in the investing activity.

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

The Group recognizes the following positions as cash of restricted use:

- cash representing security for bank guarantees,
- funds kept in escrow by developer companies,
- cash of the consortia in the portion attributable to other consortium members,

provided their maturity does not exceed 3 months.

The Budimex Group entered the year 2015 with cash on hand and cash at bank amounting to a total of PLN 1 831 652 thousand. For the purpose of the Statement of Cash Flow this amount was reduced by the amount of cash of restricted use of PLN 104 962 thousand. Net cash flow for the first half of 2015 was negative and amounted to PLN 332 503 thousand. As at 30 June 2015, cash balance was PLN 1 583 217 thousand, of which cash of restricted use was PLN 188 887 thousand.

In the first half of 2015, the cash flows from operating activities showed a negative balance of PLN 120 875 thousand.

Cash flow from investing activities showed a negative balance of PLN 48 051 thousand that resulted mainly from the purchase of investment properties and loans given.

Cash flow from financing activities for the first half of 2015 showed a negative balance of PLN 163 577 thousand and was caused mainly by payment of dividends.

3.3 Finance management in the Budimex Group

Decrease in the balance of cash and cash equivalents in the period of 6 months of 2015 was significantly lower than in the corresponding periods of previous years, despite the dividend payout in the amount of PLN 155 989 thousand, investments in new plots for expanding the developer activity, as well as typical for the construction activity in this part of the year negative cash flows from operating activity. It was possible mainly due to continuous high profitability both in the construction and in the developer segment, very good results of presale in the developer activity, and a significant increase in the balance of prepayments received from customers in the construction activity.

In accordance with the Group policy, any periodic surpluses of cash were invested mainly in bank deposits in banks of high financial 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 (discounting) for Budimex SA.

At the same time, the Budimex Group reported an external debt regarding bank loans and borrowings and lease which as at 30 June 2015 was PLN 63 183 thousand and was slightly lower than as at 31 December 2014 (see table below). The indebtedness mainly comprised of: lease liabilities of Budimex SA and of Mostostal Kraków SA (concluded in order to finance purchases of tangible fixed assets – in case of Budimex SA mainly plant and machinery for the purposes of road contracts realization), but also due to indebtedness of Budimex Parking Wrocław Sp. z o.o. concerning bank loan financing the concession project carried out by the company. In the period of the first half-year of 2015 Budimex SA obtained from banks PLN 270 000 thousand in form of promised, renewable credit lines to finance its working capital. The credit lines are not used. The obtained loans are intended as an additional collateral in case of unforeseen fluctuations in the liquidity of Budimex SA in the period of the coming 3 years.

Bank loans and borrowings and other external sources of finance:	30.06.2015	31.12.2014	30.06.2014
- long-term	42 347	46 298	43 000
- short-term	20 836	21 402	20 544
Total	63 183	67 700	63 544

The following ratios present the finance structure in the Budimex Group:

Ratio	30.06.2015	31.12.2014	30.06.2014
Equity to assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)	0.11	0.13	0.12
Equity to non-current assets ratio: (shareholders' equity attributable to the shareholders of the Parent Company) / (non-current assets)	0.66	0.77	0.66
Debt ratio: (total assets - shareholders' equity attributable to the shareholders of the Parent Company) / (total assets)	0.89	0.87	0.88
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)	7.94	6.43	7.08

As at 30 June 2015 the equity to assets ratio decreased slightly, while the debt ratio and the assets to equity ratio increased. These changes in the finance structure of the Group are related to a decrease in the Group equity, which is a result of dividend payout in May 2015 and a simultaneous increase in the total assets.

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

Ratio	30.06.2015	31.12.2014	30.06.2014
Current Ratio (current assets)/(current liabilities)	1.05	1.09	1.07
Quick Ratio (or Acid Test) (current assets - inventory)/(current liabilities)	0.81	0.87	0.82

Liquidity ratios as of 30 June 2015 decreased in comparison to the values reported in the previous periods, which is related to the above mentioned increase in total assets, which was caused, among others, by prepayments received of significant value.

The current very good financial standing of the Budimex Group in terms of liquidity and access to external sources of finance is the reason why there are no threats to financing of the Group activity in the second half of 2015.

3.4 Contingent liabilities and contingent receivables of the Budimex Group

Guarantees, sureties, and other contingent liabilities and receivables:

	30.06.2015	31.12.2014
Contingent receivables	330 520	325 382
From related parties, of which:	-	-
- guarantees and sureties received	-	-
- bills of exchange received as security	-	-
From other entities, of which:	330 520	325 296
- guarantees and sureties received	323 220	316 777
- bills of exchange received as security	7 300	8 519
Other contingent receivables, of which:	-	86
- other off-balance-sheet receivables	-	86
Contingent liabilities	2 481 513	2 182 718
To related parties, of which:	5 317	5 456
- guarantees and sureties issued	5 317	5 456
- bills of exchange issued as security	-	-
To other entities, of which:	2 340 716	2 041 782
- guarantees and sureties issued	2 336 689	2 035 036
- bills of exchange issued as security	4 027	6 746
Other contingent liabilities, of which:	135 480	135 480
- other off-balance-sheet liabilities	135 480	135 480
Total contingent liabilities and contingent receivables	(2 150 993)	(1 857 336)

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.

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

The table below shows loan guarantees and sureties issued by Budimex SA or its subsidiaries as at 30 June 2015:

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	75 582	2018-11-13	against payment	subsidiary
Budimex SA	Budimex Budownictwo Sp. z o.o.	45 456	2024-02-28	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	81	2016-08-31	free of charge	subsidiary
Budimex SA	FBSerwis SA	4 053	2021-06-16	against payment	associate
Budimex Budownictwo Sp. z o.o.	FBSerwis SA	1 264	2018-11-16	against payment	associate
TOTAL		126 642			

4 OTHER INFORMATION

4.1 The shareholding structure

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at 30 June 2015 was as follows:

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Valivala Holdings B.V. Amsterdam (the Netherlands) - Ferrovial SA Group company (Spain)	ordinary	15 078 159	59.06%	15 078 159	59.06%
Aviva OFE Aviva BZ WBK	ordinary	1 280 000	5.01%	1 280 000	5.01%
Other shareholders	ordinary	9 171 939	35.93%	9 171 939	35.93%
Total		25 530 098	100.00%	25 530 098	100.00%

4.2 The Management and Supervisory Board

a) Composition of the Management Board

As at 30 June 2015, the Management Board of Budimex SA consisted of the following persons:

- Dariusz Jacek Blocher President of the Management Board, Chief Executive Officer
- Fernando Luis Pascual Larragoiti Vice-President of the Management Board
- Andrzej Artur Czynczyk Board Member, Chief HR Officer
- Jacek Daniewski Board Member, Chief Legal Officer
- Henryk Urbański Board Member, Chief Property Officer
- Marcin Węglowski Board Member, Chief Financial Officer

Composition of the Management Board in the period from 1 January 2015 to 30 June 2015 did not change.

Rules of appointing and recalling members of the Management Board, and their rights, in particular the right to resolve about the issue or buyout of shares, included in the Company's statute, did not change during the first half of 2015.

b) Composition of the Supervisory Board

As at 30 June 2015, the Supervisory Board of Budimex SA consisted of the following persons:

- Marek Michałowski Chairman of the Supervisory Board
- Alejandro de la Joya Ruiz de Velasco Vice-Chairman of the Supervisory Board
- Igor Adam Chalupec Secretary of the Supervisory Board
- Marzenna Anna Weresa Member of the Supervisory Board
- Ignacio Clopes Estela Member of the Supervisory Board
- Janusz Dedo Member of the Supervisory Board
- Javier Galindo Hernandez Member of the Supervisory Board
- Jose Carlos Garrido-Lestache Rodríguez Member of the Supervisory Board
- Piotr Kamiński Member of the Supervisory Board

Composition of the Supervisory Board and the functions of its members did not change in the period from 1 January 2015 to 30 June 2015.

Dariusz Blocher	President of the Management Board	.....	Henryk Urbański	Board Member	.....
name and surname	position	signature	name and surname	position	signature
Fernando Luis Pascual Larragoiti	Vice-President of the Management Board	.....	Marcin Węglowski	Board Member	.....
name and surname	position	signature	name and surname	position	signature
Jacek Daniewski	Board Member	.....		
name and surname	position	signature			
Andrzej Artur Czynczyk	Board Member	.....		
name and surname	position	signature			
					Warsaw, 25 August 2015