

BUDIMEX SA
WARSAW, UL. STAWKI 40

FINANCIAL STATEMENTS
FOR THE 2015 FINANCIAL YEAR

WITH
AUDITOR'S OPINION
AND
AUDIT REPORT

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FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR

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REPORT ON THE ACTIVITIES OF THE COMPANY FOR THE 2015 FINANCIAL YEAR

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Budimex SA

We have audited the attached financial statements of Budimex SA with its registered office in Warsaw, ul. Stawki 40 (hereinafter: the "Company"), including statement of financial position prepared as of 31 December 2015, income statement and statement of comprehensive income, statement of changes in equity, statement of cash flows for the financial year from 1 January 2015 to 31 December 2015 and notes comprising a summary of significant accounting policies and other explanatory information as required by the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations.

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company.

The Management Board of the Company and members of its Supervisory Board are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013 item 330, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company and whether the financial statements give a true and fair view of the financial and economic position as well as the financial performance of the Company and on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification - largely on a test basis - of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the audited financial statements in all material respects:

- give a true and fair view of the information material to evaluation of the economic and financial position of the Company as of 31 December 2015 as well as its financial performance in the financial year from 1 January 2015 to 31 December 2015,
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations and in all matters not regulated in the standards - in accordance with the provisions of the Accounting Act and its executory provisions and based on properly kept accounting records,
- comply with the provisions of law and the by-laws of the Company, which affect the contents of the financial statements.

The Report on the activities of the Company for the 2015 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2014 item 133) and consistent with underlying information disclosed in the audited financial statements.

Wojciech Kłys
Key certified auditor
conducting the audit
No. 11775

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Zbigniew Adamkiewicz – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 10 March 2016

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF BUDIMEX SA
FOR THE 2015 FINANCIAL YEAR**

I. GENERAL INFORMATION

1. Details of the audited Company

The Company operates under the business name Budimex SA (hereinafter: the "Company"). The Company's registered office is located in Warsaw, ul. Stawki 40.

The Company operates as a joint stock company. The Company is recorded in the Register of Entrepreneurs kept by the District Court in XII Commercial Division of National Court Register under KRS number 0000001764.

The Company operates based on the provisions of the Code of Commercial Companies.

As of 31 December 2015, the Company's share capital equaled PLN 127,650,490 and was divided into 25,530,098 shares with a face value of PLN 5 each.

In the audited period, the Company conducted the following business activities: development of building projects, installation, assembly and construction as well as advisory, financial and management services for the Budimex Group companies.

Composition of the Management Board as of the date of the opinion:

- | | |
|------------------------------------|-------------------------------|
| – Dariusz Blocher | – Chairman of the Board; |
| – Fernando Luis Pascual Larragoiti | – Vice-Chairman of the Board; |
| – Jacek Daniewski | – Member of the Board; |
| – Henryk Urbański | – Member of the Board; |
| – Marcin Węglowski | – Member of the Board; |
| – Cezary Mączka | – Member of the Board. |

Changes in the composition of the Management Board during the audited period and until the date of the opinion:

- on 2 September 2015 Mr. Andrzej Czynczyk resigned the office of Member of the Board – his mandate was revoked on 17 September 2015,
- on 16 December 2015 the Supervisory Board appointed Mr. Cezary Mączka to hold the position of Member of the Board.

2. Information on the financial statements for the previous financial year

The activities of the Company in 2014 resulted in a net profit of PLN 156,069 thousand. The financial statements of the Company for the 2014 financial year were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. The certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2014 financial year was held on 28 April 2015. The General Shareholders' Meeting decided to distribute the net profit for 2014 in the following manner:

- dividends for shareholders – PLN 155,989 thousand;

- supplementary capital
- PLN 80 thousand.

The financial statements for the 2014 financial year were submitted to the National Court Register (KRS) on 23 June 2015. The consolidated financial statements for the 2014 financial year were submitted to the National Court Register (KRS) on 23 June 2015.

3. Details of the authorized entity and the key certified auditor acting on its behalf

The entity authorized to audit the financial statements was appointed by the Supervisory Board. The audit of the financial statements was performed based on the agreement of 6 July 2015 concluded between the Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Wojciech Kłys, key certified auditor, (No.11775), in the registered office of the Company from 19 to 30 October 2015, 18 January to 1 February 2016 and outside the Company's premises until the opinion date.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor conducting the audit confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009 No. 77, item 649 as amended) to express an unbiased and independent opinion on the financial statements of the Company.

4. Availability of data and management's representations

The scope of our audit was not limited.

During the audit necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 10 March 2016.

II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

Presented below are the main items from the income statement and statement of financial position as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior year.

<u>Main items from the income statement (PLN '000)</u>	<u>2015</u>	<u>2014</u>
Sales revenue	4,768,675	4,552,765
Operating expenses	(4,539,088)	(4,372,832)
Operating profit (loss)	247,810	201,570
Net profit (loss)	208,008	156,069

Main items from the statement of financial position (PLN '000)

Inventory	79,329	55,545
Trade receivables	315,841	369,191
Current assets	2,625,013	2,115,395
Total assets	3,941,663	3,314,528
Equity	494,339	442,000
Short-term liabilities (including short-term provisions and accruals)	3,080,730	2,534,962
Trade liabilities	250,034	259,054
Total liabilities and provisions	3,447,324	2,872,528

<u>Profitability and efficiency ratios</u>	<u>2015</u>	<u>2014</u>
– return on sales	5%	4%
– net return on equity	73%	55%
– assets turnover ratio	1.21	1.37
– receivables turnover in days	26	32
– liabilities turnover in days	20	30
– inventory turnover in days	5	6

Liquidity/Net working capital

– debt ratio	87%	87%
– equity to fixed assets ratio	13%	13%
– net working capital (PLN '000)	(455,717)	(419,567)
– current ratio	0.85	0.83
– quick ratio	0.83	0.81

An analysis of the above figures and ratios indicated the following trends in 2015:

- an increase of net return on equity;
- a decrease of receivables and liabilities in days ratios;
- an increase of current and quick ratios.

III. DETAILED INFORMATION

1. Evaluation of the accounting system

The Company has valid documentation describing the adopted accounting principles, complying in all material respects with Article 10 of the Accounting Act. The principles have been applied consistently and did not change compared to the principles applied in the prior year. The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

The Company performed a physical count of assets, equity and liabilities within the scope necessary to confirm the existence of the presented assets, equity and liabilities.

2. Information identifying the audited financial statements

The audited financial statements were prepared as of 31 December 2015 and include:

- statement of financial position prepared as of 31 December 2015, with total assets and liabilities plus equity of PLN 3,941,663 thousand,
- income statement for the period from 1 January 2015 to 31 December 2015, with a net profit of PLN 208,008 thousand,
- statement of comprehensive income for the period from 1 January 2015 to 31 December 2015 with a total comprehensive income of PLN 207,690 thousand,
- statement of changes in equity for the period from 1 January 2015 to 31 December 2015, disclosing an increase in equity of PLN 52,339 thousand,
- statement of cash flows for the period from 1 January 2015 to 31 December 2015, showing a cash inflow of PLN 573,645 thousand,
- notes, comprising a summary of significant accounting policies and other explanatory information.

3. Information about selected material items of the financial statements

The structure of assets, equity and liabilities as well as items affecting the financial result have been presented in the financial statements.

Property, plant and equipment

Tangible fixed assets in the Company include:

- fixed assets of PLN 60,766 thousand;
- fixed assets under construction of PLN 1,055 thousand.

The notes to the financial statements correctly describe changes in fixed assets and fixed assets under construction and disclose any revaluation write-downs on such assets.

Long-term investments

The Company's long-term investments include:

- shares in subsidiaries in the amount of PLN 724,323 thousand;
- shares in affiliates in the amount of PLN 61,246 thousand;
- shares in other entities in the amount of PLN 6,597 thousand;
- loans granted in the amount of PLN 6,270 thousand;
- investment property in the amount of PLN 3,888 thousand.

The notes to the financial statements correctly describe changes in investments during the financial year.

Inventory

The inventory includes:

- materials in the amount of PLN 79,035 thousand;
- semi-finished products and work in progress of PLN 294 thousand.

Receivables

Ageing of trade receivables has been correctly presented in the respective explanatory note to the statement of financial position, together with related impairment losses.

Liabilities

Key items of the Company's liabilities include:

- amounts due to customers under construction contracts in the amount of PLN 1,229,015 thousand;
- trade liabilities and other payables in the amount of PLN 1,019,137 thousand;
- deferred income in the amount of PLN 464,616 thousand.

Provisions for liabilities

The structure of provisions for liabilities is presented in notes.

4. Completeness and correctness of notes and explanations and the report on the activities of the Company

The Company confirmed the validity of the going concern principle in the preparation of the financial statements. The notes and explanations give a correct and complete description of measurement principles regarding assets, equity, liabilities, financial result and principles of preparation of the financial statements.

The notes to the financial statements give a correct and complete description of the reporting items and clearly present other information required under IFRS.

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the 2015 financial year. The report contains information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2014 item 133). We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

IV. FINAL NOTES

Management Board's Representations

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

Wojciech Kłys
Key certified auditor
conducting the audit
No. 11775

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Zbigniew Adamkiewicz – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 10 March 2016