

BUDIMEX GROUP
WARSAW, UL. STAWKI 40

CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE 2010 FINANCIAL YEAR
WITH
AUDITOR'S OPINION
AND
AUDIT REPORT

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**CONSOLIDATED FINANCIAL STATEMENTS OF BUDIMEX GROUP
FOR THE 2010 FINANCIAL YEAR**

1. Consolidated Statement of Financial Position
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**REPORT ON THE ACTIVITIES OF THE BUDIMEX GROUP
FOR THE 2010 FINANCIAL YEAR**

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Budimex SA

We have audited the attached consolidated financial statements of Budimex Group, with Budimex SA with its registered office in Warsaw, ul. Stawki 40 as the Parent Company, including the consolidated statement of financial position prepared as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year from 1 January 2010 to 31 December 2010 and notes, comprising a summary of significant accounting policies and other explanatory information.

Preparation of consolidated financial statements and report on the activities of the Budimex Group in line with the law is the responsibility of the Management Board of the Parent Company.

The Management Board of the Parent Company and members of its Supervisory Body are obliged to ensure that the consolidated financial statements and the report on the activities of the Budimex Group meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the consolidated financial statements with the accounting principles (policy) adopted by Budimex Group, express an opinion whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Budimex Group.

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 consolidated 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) applied by the Parent Company and the subsidiaries, verification – largely on a test basis – of the basis for the amounts and disclosures in the consolidated financial statements, as well as overall evaluation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

- present fairly and clearly the information material to evaluate the economic and financial position of the Budimex Group as of 31 December 2010 as well as its profit or loss in the financial year from 1 January 2010 to 31 December 2010;
- 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 secondary legislation to the Act;
- comply with the provisions of law applicable to the Budimex Group which affect the contents of the consolidated financial statements.

The Report on the activities of the Budimex Group for the 2010 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 and consistent with underlying information disclosed in the audited consolidated financial statements.

Maciej Krasoń
Key certified auditor
conducting the audit
No. 10149

represented by

Entity entitled to audit
financial statements entered under
number 73 on the list kept by
National Council of Statutory Auditors

Warsaw, 16 March 2011

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 SUPPLEMENTING THE OPINION ON THE AUDIT OF
THE CONSOLIDATED FINANCIAL STATEMENTS OF BUDIMEX GROUP
FOR THE 2010 FINANCIAL YEAR**

I. GENERAL INFORMATION**1. Details of the audited Company**

The Parent Company of the Capital Group operates under the business name Budimex SA. The Company's registered office is located in Warsaw, ul. Stawki 40.

The Company operates as a joint stock company established by the notarized deed of 28 July 1994 before Jacek Nalewajek, Notary Public, in Warsaw (Repertory A No. 2894/94), as a result of transforming Budimex Engineering and Construction Sp. z o.o. into a joint stock company. Currently, the Company is entered in the Register of Entrepreneurs kept by the District Court, XIX Business Registry Division in Warsaw, under number KRS 0000001764.

The Company has the tax identification number NIP: 526-10-03-187, assigned by the Second Tax Office in Warsaw on 9 September 1994.

The REGON number assigned by the Statistical Office on 22 August 1994 is: 010732630.

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

In accordance with the Company's by-laws, the scope of its activities includes:

1. Logging (PKD 02.20);
2. Quarrying of stone, sand and clay (PKD 08.1);
3. Other mining and extraction supporting services (PKD 09.9);
4. Manufacturing of products of wood, cork, straw and plaiting materials (PKD 16.2);
5. Manufacturing of plastic products for the construction industry (PKD 22.23);
6. Manufacturing of bricks, roof tiles and construction material of fired clay (PKD 23.32);
7. Manufacturing of concrete, cement and plaster (PKD 23.5);
8. Manufacturing of products of concrete, cement and plaster (PKD 23.6);
9. Manufacturing of metal construction elements (PKD 25.1);
10. Treatment and coating of metals; general mechanical engineering (PKD 25.6);
11. Manufacturing of other prefabricated products (PKD 25.9);
12. Manufacturing of other general use machinery, n.e.c. (PKD 28.29);
13. Manufacturing of machinery for metal treatment (PKD 28.41);
14. Manufacturing of other special-purpose machinery (PKD 28.9);
15. Repair and maintenance of metal finished goods, machines and devices (PKD 33.1);
16. Installation of industrial machines, equipment and devices (PKD 33.2);
17. Sewage drainage and treatment (PKD 37.0);
18. Waste collection (PKD 38.1);
19. Waste processing and treatment (PKD 38.2);
20. Recycling (PKD 38.3);
21. Recultivation and other waste management services (PKD 39.0);
22. General construction work related to the construction of buildings (PKD 41.1);
23. Building construction work (PKD 41.2);
24. Construction of roads and railways (PKD 42.1);
25. Construction of pipelines, telecommunication and power transmission lines (PKD 42.2);
26. Construction of other civil and water engineering structures (PKD 42.9);
27. Demolishing and preparation of construction sites (PKD 43.1);
28. Electrical, water and sewage and other installations in buildings and structures (PKD 43.2);
29. Construction finish work (PKD 43.3);
30. Other specialized construction work (PKD 43.9);

31. Other specialized wholesale (PKD 46.7);
32. Road cargo transport and moving services (PKD 49.4);
33. Supporting transport services (PKD 52.2);
34. Hotels and similar accommodation facilities (PKD 55.1);
35. Telecommunications (PKD 61);
36. Other information activity (PKD 61.9);
37. Software and IT advisory services and related activities (PKD 62.0);
38. Financial holding operations (PKD 64.2);
39. Other financial services excluding insurance and pension funds (PKD 64.9);
40. Purchase and sale of real property on own account (PKD 68.1);
41. Lease and management of own or leased property (PKD 68.2);
42. Real property market services on a fee or contract basis (PKD 68.3);
43. Accounting activity, tax advisory services (PKD 69.2);
44. Head office and holding operations, except from financial holdings (PKD 70.1);
45. Management consulting (PKD 70.2);
46. Architecture, engineering and related technical advisory services (PKD 71.1);
47. Technical tests and analyses (PKD 71.2);
48. Research and development works in the field of natural and technical science (PKD 72.1);
49. Market research and public opinion polling (PKD 73.2);
50. Specialized design (PKD 74.1);
51. Other professional, scientific and technical activity, n.e.c. (PKD 74.9);
52. Lease of other machinery, devices and other assets (PKD 77.3);
53. Lease of intellectual property and similar products except from copyright-protected works (PKD 77.4);
54. Employment agency and head hunting (PKD 78.1);
55. Physical guard involving security systems (PKD 80.20);
56. Services related to cleaning and landscape gardening (PKD 81);
57. Office support (PKD 82.1);
58. Non-school forms of education (PKD 85.5);
59. Auxiliary education activities (PKD 85.6);
60. Repair and maintenance of computers and communications devices (PKD 95.1).

In the audited period, the Company's activities involved construction of buildings and structures, installations and general construction projects, as well as advisory, finance and management services for the Budimex Group companies.

As of 31 December 2010, the Company's share capital amounted to PLN 127,650,490 and was divided into 25,530,098 ordinary shares with a face value of PLN 5 each. As of 31 December 2010, including the hyperinflationary adjustment, the Company's share capital amounted to PLN 145,848 thousand as reported in the consolidated financial statements.

As of 19 May 2010 (the date of the last Shareholders' Meeting) the Company's shareholders included:

- | | |
|------------------------------------|---|
| – Valivala Holdings B.V. (Holland) | – 59.06% interest in the share capital; |
| – OFE PZU "Złota Jesień" | – 5.66% interest in the share capital; |
| – other shareholders | – 35.28% of shares. |

During the financial year and after the balance sheet date there were no changes in the share capital of the Company.

There were no material changes in the ownership structure of the Company in the audited period.

As of 31 December 2010, the Budimex Group's equity amounted to PLN 680,405 thousand.

The Budimex Group's financial year is the calendar year.

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

- | | |
|-----------------------------|--|
| – Dariusz Blocher | – Chairman of the Management Board; |
| – Ignacio Botella Rodriguez | – Vice–Chairman of the Management Board; |
| – Jacek Daniewski | – Member of the Management Board; |
| – Henryk Urbański | – Member of the Management Board; |
| – Marcin Węglowski | – Member of the Management Board; |
| – Joanna Makowiecka | – Member of the Management Board. |

During the audited period there were no changes in the composition of the Management Board of the Company.

As at 31 December 2010, the Budimex Group comprised:

- Parent Company – Budimex SA, and
- subsidiaries:
 - Budimex Nieruchomości Sp. z o.o.;
 - Mostostal Kraków SA;
 - Centrum Konferencyjne Budimex Sp. z o.o.;
 - Budimex Danwood Sp. z o.o.;
 - Budimex Bau GmbH;
 - Budimex Nieruchomości Sp. z o.o.;
 - MK Logistic Sp. z o.o. (in liquidation);
 - Dromex Oil Sp. z o.o. (in liquidation);
- co-subsidiaries:
 - Budimex SA Sygnity SA Sp.j.;
 - Budimex SA Ferrovia Agroman SA Sp.j.;
 - Budimex SA Ferrovia Agroman SA s.c.
- associates:
 - PPHU Promos Sp. z o.o.;
 - Elektromontaż Poznań SA

The consolidated financial statements as of 31 December 2010 included the following entities:

- a) Parent Company - Budimex SA

We have audited the financial statements of the Parent Company – Budimex SA for the period from 1 January to 31 December 2010. As a result of our audit, on 16 March 2011 we issued an unqualified opinion.

b) Companies subject to full consolidation:

Company's name	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	Opinion date
Budimex Nieruchomości Sp. z o.o.	100	Deloitte Audyt Sp. z o.o. unqualified opinion	25.02.2011
Mostostal Kraków SA	100	Deloitte Audyt Sp. z o.o. unqualified opinion	22.02.2011
Centrum Konferencyjne "Budimex" Sp. z o.o.	100	„AKCEPT” Biuro Biegłych Rewidentów Sp. z o.o., an opinion with a emphasis of matter	26.01.2011
Budimex Danwood Sp. z o.o.	100	Deloitte Audyt Sp. z o.o. unqualified opinion	04.03.2011
Budimex Budownictwo Sp. z o.o.	100	Financial data included in the financial statements of Budimex SA audited by Deloitte Audyt Sp. z o.o.	no audit obligation
Budimex Bau GmbH	100	the financial statements were not audited by a certified auditor	not applicable

c) Entities consolidated in line with the proportional method:

Company's name	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	Opinion date
Budimex SA Sygnity SA Sp.j.	67	Financial data included in the financial statements of Budimex SA audited by Deloitte Audyt Sp. z o.o.	no audit obligation
Budimex SA Ferrovia Agroman SA Sp.j.;	50	Deloitte Audyt Sp. z o.o. Financial data included in the financial statements of Budimex SA audited by Deloitte Audyt Sp. z o.o.	As at 16 March 2011 the audit opinion was still not issued
Budimex SA Ferrovia Agroman SA s.c.	99.98	Financial data included in the financial statements of Budimex SA audited by Deloitte Audyt Sp. z o.o.	no audit obligation

d) Companies subject to equity method of consolidation:

Company's name	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	Opinion date
Promos Sp. z o.o.	25.53	the financial statements were not audited by a certified auditor	not applicable
Elektromontaż Poznań SA	30.78	Deloitte Audyt Sp. z o.o. unqualified opinion	28.02.2011

In the consolidated financial statements prepared by the Parent Company no significant simplifications or discrepancies from the adopted consolidation principles regarding controlled entities occur.

In 2010, Budimex SA (the acquirer) combined with Budimex Auto-Park Sp. z o. o. (the acquiree) – entry to the National Court Register of 23 June 2010. The combination was executed in line with Article 492 § 1 point 1 of the Code of Commercial Companies through transfer of all assets from the acquiree to the acquirer.

In 2010 the Parent's subsidiary Sprzęt Transport Sp. z o. o. (in liquidation) was liquidated – the company was deleted from the National Court Register on 12 August 2010.

2. Information about the consolidated financial statements for the prior financial year

The activities of the Budimex Group in 2009 resulted in a net profit of PLN 173,658 thousand. The consolidated financial statements of the Budimex Group for the 2009 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 17 March 2010, the certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting, which approved the financial statements for the 2009 financial year, was held on 19 May 2010.

The consolidated financial statements for the 2009 financial year were submitted in accordance with the law to the National Court Register on 1 June 2010 and filed for publication in Monitor Polski B on 24 May 2010. They were published in Monitor Polski B No. 1686 on 15 September 2010.

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

The audit of the consolidated financial statements was conducted based on the agreement of 22 October 2010 concluded between Budimex SA and Deloitte Audyt Sp. z o.o. 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 consolidated financial statements was conducted under the supervision of Maciej Krason, key certified auditor (No. 10149), in the registered office of the Parent Company and outside the registered office from 25 October to 5 November 2010 and from 20 January to 16 March 2011.

The entity authorized to audit the consolidated financial statements was appointed by the resolution of the Supervisory Board of 24 March 2010 based on authorization included in Article 16 point 9 of the Parent Company's By-laws.

Deloitte Audyt Sp. z o.o. and Maciej Krason, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act of statutory auditors and their self-regulation, entities authorized to audit financial statements and public supervision (Journal of Laws of 2009, No. 77, item 649), to express an unbiased and independent opinion on the consolidated financial statements of the Budimex Group.

4. Availability of data and management representations

The scope of our audit was not limited.

During the audit, all 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 the Parent Company of 16 March 2011.

II. ECONOMIC AND FINANCIAL POSITION OF THE CAPITAL GROUP

Presented below are the main items from the consolidated income statement as well as financial ratios describing the financial result of the Budimex Group and its economic and financial position compared to the prior years.

<u>Main items from the income statement (PLN '000)</u>	<u>2010</u>	<u>2009</u>	<u>2008(*)</u>
Sales revenue	4,430,269	3,289,866	3,274,251
Operating expenses	4,092,741	3,029,410	3,051,510
Other operating revenue	85,053	71,032	45,036
Other operating expenses	97,958	127,312	70,953
Profit (loss) on derivatives	6,743	(3,665)	(88,876)
Financial revenue	39,993	43,473	46,633
Financial expenses	36,471	21,481	31,702
Interest in net profit (loss) of controlled entities measured using the equity method	(3,136)	1,681	2,939
Income tax	64,343	50,526	32,119
Net profit (loss)	267,409	173,658	93,699

<u>Profitability ratios</u>	<u>2010</u>	<u>2009</u>	<u>2008(*)</u>
– gross profit margin	7.48%	6.09%	3.30%
– net profit margin	6.04%	5.28%	2.86%
– net return on equity	64.75%	42.10%	20.02%

Effectiveness ratios

– assets turnover ratio	1.09	0.99	1.00
– receivables turnover in days	29	54	59
– liabilities turnover in days	39	47	46
– inventory turnover in days	92	136	124

Liquidity/Net working capital

– debt ratio	83%	82%	83%
– equity to fixed assets ratio	17%	18%	17%
– net working capital (PLN '000)	302,514	486,320	532,393
– current ratio	1.10	1.21	1.23
– quick ratio	0.78	0.72	0.70

(*) Comparable data for 2008 are restated and include the effect of acquiring 50% interest in Budimex Nieruchomości Sp. z o.o. as well as changes in the accounting policy applied retrospectively by Budimex Danwood Sp. z o.o. to revenue and expense recognition.

An analysis of the above figures and ratios indicated the following trends in 2010:

- an increase in profitability ratios;
- a decrease in receivables, liabilities and inventory turnover in days;
- a decrease in the net working capital;
- a decrease in the current ratio;
- an increase in the quick ratio.

III. DETAILED INFORMATION

1. Information about the audited consolidated financial statements

The audited consolidated financial statements were prepared as of 31 December 2010 and include:

- consolidated statement of financial position as of 31 December 2010 with total assets and liabilities plus equity of PLN 4,067,239 thousand;
- consolidated income statement for the period from 1 January 2010 to 31 December 2010, disclosing a net profit of PLN 267,409 thousand;
- consolidated statement of comprehensive income for the period from 1 January 2010 to 31 December 2010, disclosing a total comprehensive income of PLN 267,574 thousand;
- consolidated statement of changes in equity for the period from 1 January 2010 to 31 December 2010, disclosing an increase in equity of PLN 94,225 thousand;
- consolidated statement of cash flows for the period from 1 January 2010 to 31 December 2010, disclosing a cash inflow of PLN 731,164 thousand;
- notes, comprising a summary of significant accounting policies and other explanatory information.

The structure of assets and liabilities plus equity as well as items affecting the profit/loss has been presented in the consolidated financial statements.

The audit covered the period from 1 January 2010 to 31 December 2010 and focused mainly on:

- verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Parent Company,
- verification of the consolidation documentation,
- evaluation of the correctness of the consolidation methods and procedures applied during consolidation,
- review of opinions and reports on audits of financial statements of subsidiaries and associated companies included in consolidation, prepared by other certified auditors.

2. Consolidation documentation

The Parent Company presented the consolidation documentation including:

- 1) financial statements of entities included in the consolidated financial statements;
- 2) financial statements of controlled entities, adjusted to the accounting principles (policy) applied during consolidation;
- 3) financial statements of controlled entities translated into the Polish currency;
- 4) all consolidation adjustments and eliminations necessary for preparation of the consolidated financial statements;
- 5) calculation of the fair value of the net assets of controlled entities;
- 6) calculation of goodwill;
- 7) calculation of exchange differences arising from translation of the financial statements of controlled entities denominated in foreign currencies.

Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Budimex Group for the 2010 financial year have been prepared in accordance with the International Financial Reporting Standards.

Entities in the Budimex Group

The scope and method of consolidation as well as the relationship between entities in the capital group have been determined based on the criteria specified in the International Financial Reporting Standards.

Financial period

The consolidated financial statements have been prepared as of the same balance sheet date and for the same financial year as the financial statements of the Parent Company – Budimex SA. Subsidiaries and associates included in consolidation prepared their financial statements as of the same balance sheet date as the Parent. The financial year of all subsidiaries and associates included in consolidation ended on 31 December 2010.

Consolidation method

The financial statements of the subsidiaries within the Budimex Group were consolidated using the full method, i.e. full amounts of all relevant items of the financial statements of the Parent and the subsidiaries included in consolidation were summed up.

Once the values had been summed up, consolidation adjustments and eliminations were applied to:

- the cost of shares held by the Parent Company in subsidiaries and the part of net assets of subsidiaries corresponding to the interest of the Parent Company in these companies,
- mutual receivables and liabilities of entities included in consolidation;
- material revenue and expenses related to transactions between entities included in consolidation.

The equity method was applied with respect to associated entities. The value of the Parent Company's interest in the associated company was adjusted by increases or decreases in the equity of the associated company attributable to the Parent Company, which occurred in the period covered by consolidation, and decreased by dividends due from such companies.

3. Completeness and correctness of drawing up notes and explanations and the report on the activities of the Budimex Group

The Parent Company confirmed the validity of the going concern basis in preparation of the consolidated financial statements. The notes to the consolidated financial statements give a correct and complete description of measurement principles regarding assets, liabilities, profit or loss and principles of preparation of the consolidated financial statements.

The Parent Company prepared notes in the form of tables to individual items of the consolidated statement of financial position and statement of comprehensive income as well as narrative descriptions, in line with the requirements of IFRS.

Notes describing property, plant and equipment, intangible assets, investments, liabilities and provisions correctly present increases and decreases as well as their basis during the financial year.

Limitations imposed on individual assets disclosed in the consolidated statement of financial position arising from security granted to creditors have been described.

Individual assets and liabilities as well as revenue and expenses have been correctly presented by the Parent in the consolidated financial statements. The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows as well as notes which constitute an integral part of the financial statements include all items required for disclosure in the consolidated financial statements under IFRS.

The consolidated financial statements have been supplemented with the Management Board's report on the activities of the Budimex Group in the 2010 financial year. The report contains all 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. We have audited the report with respect to the disclosed information derived directly from the audited consolidated financial statements.

IV. FINAL NOTES

Management Board's Representation

Deloitte Audyt Sp. z o.o. and the key certified auditor received a representation letter from the Parent Company's Management Board, in which the Board stated that the Budimex Group complied with the laws in force.

Maciej Krasoń
Key certified auditor
conducting the audit
No. 10149

represented by

Entity entitled to audit
financial statements entered under
number 73 on the list kept by
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Warsaw, 16 March 2011