



THE BUDIMEX GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for 1 half of 2015

**prepared in accordance with
International Financial Reporting Standards**

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Consolidated statement of financial position

ASSETS	30 June 2015 (PLN thousands)	31 December 2014 (PLN thousands)
Non-currents assets (long-term)		
Property, plant and equipment	74 715	79 513
Investment properties	63 687	24 994
Intangible assets	4 213	4 494
Goodwill	73 237	73 237
Equity accounted investments	4 471	7 539
Available-for-sale financial assets	8 526	8 376
Retentions for construction contracts	22 318	27 923
Trade and other receivables	30 722	29 945
Receivables from concession agreement	45 464	45 214
Other financial assets	14 329	-
Deferred tax asset	372 926	376 261
Total non-current assets (long-term)	714 608	677 496
Current assets		
Inventories	788 411	648 655
Trade and other receivables	662 483	495 364
Retentions for construction contracts	7 746	10 248
Amounts due and receivable from customers (investors) under construction contracts	420 731	172 548
Current tax receivable	3 921	265
Other financial assets	24 656	19 800
Cash and cash equivalents	1 583 217	1 831 652
	3 491 165	3 178 532
Assets held for sale (disposal groups)	-	2 181
Total current assets (short-term)	3 491 165	3 180 713
TOTAL ASSETS	4 205 773	3 858 209

Warsaw, 25 August 2015

Consolidated statement of financial position (cont.)

EQUITY AND LIABILITIES	30 June 2015 (PLN thousands)	31 December 2014 (PLN thousands)
Equity		
Shareholders' equity attributable to the shareholders of the Parent Company		
Share capital	145 848	145 848
Share premium	87 163	87 163
Other reserves	5 245	4 816
Foreign exchange differences on translation of foreign operations	5 294	5 326
Retained earnings	226 718	276 112
Total shareholders' equity attributable to the shareholders of the Parent Company	470 268	519 265
Non-controlling interests	3 714	3 244
Total equity	473 982	522 509
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	42 347	46 298
Retentions for construction contracts	176 749	176 116
Provision for long-term liabilities and other charges	171 479	179 169
Long-term retirement benefits and similar obligations	6 121	6 121
Other financial liabilities	1 720	4 925
Total long-term liabilities	398 416	412 629
Short-term liabilities		
Loans, borrowings and other external sources of finance	20 836	21 402
Trade and other payables	1 351 651	1 117 743
Retentions for construction contracts	177 206	201 207
Amounts due and payable to customers (investors) under construction contracts	911 172	920 668
Deferred income	737 300	520 766
Provision for short-term liabilities and other charges	129 375	111 598
Current tax payable	3 340	26 291
Short-term retirement benefits and similar obligations	1 080	1 080
Other financial liabilities	1 415	2 316
Total short-term liabilities	3 333 375	2 923 071
Total liabilities	3 731 791	3 335 700
TOTAL EQUITY AND LIABILITIES	4 205 773	3 858 209

Warsaw, 25 August 2015

Consolidated income statement

	6-month period ended 30 June	
	2015 (PLN thousands)	2014 (PLN thousands)
Continuing operations		
Net sales of finished goods, goods for resale, raw materials and services	2 268 240	2 153 122
Cost of finished goods, goods for resale, raw materials and services sold	(2 054 178)	(1 943 793)
Gross profit on sales	214 062	209 329
Selling expenses	(13 897)	(12 138)
Administrative expenses	(91 538)	(86 277)
Other operating income	28 619	20 512
Other operating expenses	(8 470)	(21 435)
Operating profit	128 776	109 991
Finance income	21 824	20 160
Finance costs	(12 933)	(18 286)
Share in results of equity accounted companies	(3 068)	(1 675)
Profit before tax	134 599	110 190
Income tax	(27 534)	(22 750)
Net profit from continuing operations	107 065	87 440
Net profit for the period	107 065	87 440
<i>Of which:</i>		
Attributable to the shareholders of the Parent Company	106 595	86 912
<i>Attributable to non-controlling interests</i>	<i>470</i>	<i>528</i>
<i>Basic and diluted earnings per share attributable to the shareholders of the Parent Company (in PLN)</i>	<i>4.18</i>	<i>3.40</i>

Warsaw, 25 August 2015

Consolidated statement of comprehensive income

	6-month period ended 30 June	
	2015 (PLN thousands)	2014 (PLN thousands)
Net profit for the period	107 065	87 440
Other comprehensive income for the period, which:		
<i>Will be subsequently reclassified to profit or loss:</i>		
Foreign exchange differences on translation of foreign operations	(32)	16
Deferred tax related to components of other comprehensive income	-	-
<i>Will not be subsequently reclassified to profit or loss:</i>		
Actuarial gains/(losses)	-	-
Deferred tax related to components of other comprehensive income	-	-
Other comprehensive income, net of tax	(32)	16
Total comprehensive income for the period	107 033	87 456
<i>Of which:</i>		
Attributable to the shareholders of the Parent Company	106 563	86 928
<i>Attributable to non-controlling interests</i>	<i>470</i>	<i>528</i>

Warsaw, 25 August 2015

Consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Other reserves		Foreign exchange differences on translation of foreign operations	Retained earnings			
			Share-based payments	Actuarial gains/(losses)					
									Total
in PLN thousands									
Balance as at 1 January 2015	145 848	87 163	6 712	(1 896)	5 326	276 112	519 265	3 244	522 509
Profit for the period	-	-	-	-	-	106 595	106 595	470	107 065
Other comprehensive income	-	-	-	-	(32)	-	(32)	-	(32)
Total comprehensive income for the period	-	-	-	-	(32)	106 595	106 563	470	107 033
Dividends	-	-	-	-	-	(155 989)	(155 989)	-	(155 989)
Share-based payment	-	-	429	-	-	-	429	-	429
Balance as at 30 June 2015	145 848	87 163	7 141	(1 896)	5 294	226 718	470 268	3 714	473 982

Warsaw, 25 August 2015

Consolidated statement of changes in equity (cont.)

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Other reserves		Foreign exchange differences on translation of foreign operations	Retained earnings			
			Share-based payments	Actuarial gains/(losses)					
									Total
in PLN thousands									
Balance as at 1 January 2014	145 848	87 163	5 370	(786)	5 101	383 627	626 323	18 852	645 175
Profit for the period	-	-	-	-	-	86 912	86 912	528	87 440
Other comprehensive income	-	-	-	-	16	-	16	-	16
Total comprehensive income for the period	-	-	-	-	16	86 912	86 928	528	87 456
Dividends	-	-	-	-	-	(302 532)	(302 532)	-	(302 532)
Balance as at 30 June 2014	145 848	87 163	5 370	(786)	5 117	168 007	410 719	19 380	430 099
Profit for the period	-	-	-	-	-	105 061	105 061	1 437	106 498
Other comprehensive income	-	-	-	(1 110)	209	-	(901)	-	(901)
Total comprehensive income for the period	-	-	-	(1 110)	209	105 061	104 160	1 437	105 597
Share-based payment	-	-	1 342	-	-	-	1 342	-	1 342
Increased share in subsidiaries	-	-	-	-	-	3 044	3 044	(17 573)	(14 529)
Balance as at 31 December 2014	145 848	87 163	6 712	(1 896)	5 326	276 112	519 265	3 244	522 509

Warsaw, 25 August 2015

Consolidated cash flow statement

	6-month period ended 30 June	
	2015 (PLN thousands)	2014 (PLN thousands)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	134 599	110 190
Adjustments for:		
Depreciation/ amortization	11 275	11 709
Share in results of equity accounted companies	3 068	1 675
Foreign exchange (gains)/ losses	(280)	(150)
Interest and shares in profits (dividends)	251	284
(Profit)/ loss on disposal of investments	(13 245)	(3 122)
Change in valuation of derivative financial instruments	(3 890)	1 679
Change in provisions and liabilities arising from retirement benefits and similar obligations	10 087	10 790
Other adjustments	461	(219)
Operating profit before changes in working capital	142 326	132 836
Change in receivables and retentions for construction contracts	(158 059)	(220 678)
Change in inventories	(139 756)	69 945
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	210 490	(57 888)
Change in deferred income	216 534	(26 026)
Change in amounts due and receivable under construction contracts	(257 679)	(212 982)
Change in cash and cash equivalents of restricted use	(83 925)	13 179
Cash used in operations	(70 069)	(301 614)
Income tax paid	(50 806)	(24 986)
NET CASH USED IN OPERATING ACTIVITIES	(120 875)	(326 600)

Warsaw, 25 August 2015

Consolidated cash flow statement (cont.)

	6-month period ended 30 June	
	2015 (PLN thousands)	2014 (PLN thousands)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of intangible assets and tangible fixed assets	343	538
Sale of investment property	-	1 530
Sale of assets held for sale	14 000	-
Purchase of intangible assets and tangible fixed assets	(5 946)	(4 623)
Purchase of investment property	(38 788)	-
Purchase of available-for-sale assets	(150)	-
Sale of shares in subsidiaries	-	2 028
Loans granted	(17 829)	(17 885)
Loans repaid	-	8 820
Interest received	319	378
NET CASH USED IN INVESTING ACTIVITIES	(48 051)	(9 214)
CASH FLOW FROM FINANCING ACTIVITIES		
Loans and borrowings taken out	-	16 320
Loans and borrowings repaid	(185)	(3 736)
Dividends paid	(155 989)	(302 530)
Payment of finance lease liabilities	(6 090)	(5 016)
Interest paid	(1 011)	(577)
Other finance expenses	(302)	-
NET CASH USED IN FINANCING ACTIVITIES	(163 577)	(295 519)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(332 503)	(631 333)
Foreign exchange differences, net	143	176
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 3.4)	1 726 690	1 589 598
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 3.4)	1 394 330	958 441

Warsaw, 25 August 2015

1. Organization of the Budimex Group and changes in the Group structure**1.1. The Parent Company**

The parent company of the Budimex Group is Budimex SA (the „Parent Company”), which main area of business is building, rendering of management and advisory services for the Budimex Group companies.

The main areas of the business activities of the Group are widely understood construction-assembly services realised in the system of general execution at home and abroad, developer activities, property management, and limited scope trading, production, transport and other business. Budimex SA serves in the Group as an advisory, management and financial centre. Realisation of these three functions is to facilitate:

- efficient flow of information within Group structures,
- strengthening the efficiency of cash and financial management of individual Group companies,
- strengthening market position of the entire Group.

1.2. Entities subject to consolidation

As at 30 June 2015, 31 December 2014 and 30 June 2014 the following subsidiaries were subject to consolidation:

Company name	Registered office	% in the share capital as at		
		30 June 2015	31 December 2014	30 June 2014
Mostostal Kraków SA	Cracow / Poland	100.00%	100.00%	100.00%
Budimex Bau GmbH	Cologne/ Germany	100.00%	100.00%	100.00%
Budimex Nieruchomości Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex B Sp. z o.o. (in liquidation)**	Warsaw / Poland	100.00%	100.00%	100.00%
SPV-BN 1 Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Poznańskie Przedsiębiorstwo Inwestycyjne Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Kolejnictwo SA	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Elektromontaż Poznań SA Group	Poznań / Poland	92.31%	92.31%	50.66%
Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o.*	Warsaw / Poland	-	100.00%	100.00%

*Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o. merged with Budimex Nieruchomości Sp. z o.o. on 27 May 2015. The transaction did not have any impact on the consolidated financial statements of the Budimex Group.

**On 31 July 2015 a resolution was adopted to finally liquidate the company.

Stand-alone data of Budimex SA, which is a partner in consortiums (treated as joint operations according to IFRS 11), includes its share in assets, liabilities, revenue and expenses of the following joint operations:

Consortium name	share
Budimex SA Ferrovia Agroman SA s.c.	99,98%
Budimex SA Budimex Budownictwo Sp. z o.o. s.c.	99,98%
Budimex SA Sygnity SA Sp. j.	67,00%
Budimex SA Ferrovia Agroman SA Sp. j.	50,00%
Budimex SA Cadagua SA s.c.	50,00%
Budimex SA Cadagua SA 2 s.c.	50,00%
Budimex SA Tecnicas Reunidas SA Turów s.c.	50,00%
Budimex SA Energetyka 1 Sp.j.	50,00%
Budimex SA Energetyka 2 Sp.j.	50,00%

1.3. Description of the changes in the composition of the Group together with the indication of their consequences

In the 6-month period ended 30 June 2015 there were no changes in the composition of the Group apart from the incorporation of two new companies: Budimex SA Energetyka 1 Sp.j. and Budimex SA Energetyka 2 Sp.j.

In the period covered by this report, no significant activities were discontinued and there were no plans to discontinue any significant activities in the future.

2. Shareholders of the Parent Company

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at report date 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%

3. Principles applied for the purpose of preparation of this report

3.1. Accounting policies and basis of preparing the consolidated financial statements of the Budimex Group

These condensed financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim consolidated financial statements adopted by the European Union issued and effective when preparing the interim consolidated financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Group were described in the consolidated financial statements of the Group for the year ended 31 December 2014, published on 16 March 2015.

The consolidated financial statements were prepared on the assumption that the Parent Company and all material entities included in the Budimex Group will be going concerns in the foreseeable future. In the reporting period and as at the date of preparation of these financial statements no circumstances have been noted that would indicate a threat to ability to continue as a going concern.

Amendments to standards and interpretations effective in the current period

The following amendments to the existing standards and interpretations issued by the International Accounting Standards Board ("IASB") and adopted by the EU are effective for the current period:

- **Amendments to various standards "Improvements to IFRSs (2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015),
- **IFRIC 21 "Levies"** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Group's accounting policies.

Amendments to standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following amendments to standards issued by IASB and adopted by the EU were in issue but not yet effective:

- **Amendments to IAS 19 “Employee Benefits”** - Defined Benefit Plans: Employee contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards “Improvements to IFRSs (2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

Standards and amendments to standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following standards and amendments to the existing standards, which were not endorsed for use as at report date:

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016),
- **IFRS 15 “Revenue from contracts with customers”** (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in associates and joint ventures”** – Sale or contribution of assets between an investor and its associate or joint venture (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 28 “Investments in associates and joint ventures”** - Investment Entities: applying the consolidation exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 11 “Joint Arrangements”** - Accounting of acquisition of shares in joint operations (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 “Presentation of financial statements”** - Disclosure initiative (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible assets”** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: bearer plants** (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards “Improvements to IFRSs (2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2016).

The Group anticipates that the adoption of these standards and amendments to the standards would have no material impact on the financial statements of the Group if applied.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated. According to the Group's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement”, would not significantly impact the financial statements, if applied as at the balance sheet date.

3.2. Changes in accounting principles and the method of preparation of financial statements

In the reporting period there were no changes in the accounting principles and the method of preparation of financial statements compared to those disclosed in the consolidated financial statements of the Budimex Group for the financial year 2014, published on 16 March 2015. Comparative data was transformed in the consolidated income

statement and consolidated cash flow statement. The way how the data was transformed and the causes of the transformation were explained in the consolidated financial statements for the financial year of 2014.

3.3. Translation of selected financial data into euro

Selected financial data was translated into euro in accordance with the following rules:

- individual asset, liability and equity items – using the average exchange rate prevailing as at 30 June 2015 – 4.1944 PLN/EUR,
- individual profit and loss account and statement of cash flow items for the first half of 2015 – using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2015 to 30 June 2015 – 4.1341 PLN/EUR,
- individual asset, liability and equity items of comparative financial data for the year 2014 – using the average exchange rate prevailing as at 31 December 2014 – 4.2623 PLN/EUR,
- individual profit and loss account and statement of cash flow items of comparative financial data for the first half of 2014 - using the exchange rate being an arithmetic average of average exchange rates established by the National Bank of Poland for the last day of each ended month for the period from 1 January 2014 to 30 June 2014 – 4.1784 PLN/EUR.

3.4. Cash recognised in the cash flow statement

The Group recognises cash of restricted use (including mainly cash of the consortia in the portion attributable to other consortium members, cash representing security for bank guarantees and funds kept in escrow by developer companies, provided their maturity does not exceed 3 months) in the statement of financial position under cash and cash equivalents. For the purpose of the statement of cash flow – the balance of cash at the beginning and at the end of the reporting period is reduced by cash of restricted use, and its change in the statement of financial position is recognised under cash flow from operating activities.

	30 June 2015	31 December 2014	30 June 2014
	in PLN thousand		
Cash recognised in the statement of financial position	1 583 217	1 831 652	1 014 447
Cash and cash equivalents of restricted use	(188 887)	(104 962)	(56 006)*
Cash recognised in the statement of cash flow	1 394 330	1 726 690	958 441*

*in accordance with the changes in the classification made in the consolidated financial statements of the Budimex Group for 2014, cash of the consortia in the portion attributable to other consortium members were classified as cash of restricted use. PLN 31 890 thousand were therefore reclassified to cash of restricted use and adequate changes in the cash flow statement were made.

4. Descriptions of factors and events which had a material effect on the financial result of the Budimex Group for the first half of 2015

Sale of construction-assembly services in Poland is characterized by seasonality mainly connected with atmosphere conditions and the highest revenues are usually achieved in the second and third quarter, while the lowest – in the first quarter.

In the 6-month period ended 30 June 2015, the Budimex Group earned sales revenue of PLN 2 268 240 thousand which means a 5.35% increase on the corresponding period of 2014.

In the first half of 2015 construction-assembly production in Poland expressed in current prices increased by 0.8% (an increase of 1.0% in fixed prices) compared to the corresponding period of the prior year, while sales of the construction segment of the Budimex Group on the home market were up 10.57% on the corresponding period.

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 9.44% in the first half of 2015, while in the first half of 2014 was 9.72%.

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 recognise 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.

The Budimex Group companies are required to issue a warranty for the construction services rendered. As at 30 June 2015 the provision for warranty amounted to PLN 211 223 thousand. In the 6-month period ended 30 June 2015 the balance of the provision for warranty increased by PLN 7 885 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 4.57% in the first half of 2014 to 4.65% 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 realisation 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 5.68% of sales revenue value, while for the corresponding period of the prior year – 5.11% 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.

All valued derivative instrument contracts (presented both in the operating and financing activity) were classified as level 2 in the fair value hierarchy. During the 6 months ended 30 June 2015, there was no transfer between Level 1 and Level 2 of fair value measurements, and no transfer into and out of Level 3 of fair value measurement.

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 recognised 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 realised 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.

In the first half of 2015, the Group purchased or started to lease property, plant and equipment, intangible assets and investment property with a total value of PLN 46 587 thousand, of which plant and machinery accounted for PLN 4 408 thousand.

5. Operating segments

For the management purposes the Group has been divided into segments based on the products and services offered. The Group operates in the following two operating segments:

- construction business
- developer and property management business.

Construction business covers rendering of widely understood construction-assembly services at home and abroad and is realised by the following Group companies:

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

Developer and property management segment covers preparation of land for investment projects, realisation of investment projects in the field of housing construction industry, flat disposal and rental and servicing property on own account. The following Group entities were included in this segment:

- Budimex Nieruchomości Sp. z o.o.
- SPV-BN 1 Sp. z o.o.
- Poznańskie Przedsiębiorstwo Inwestycyjne Sp. z o.o.
- Przedsiębiorstwo Budownictwa Mieszkaniowego Nadolnik Sp. z o.o. (the company merged with Budimex Nieruchomości Sp. z o.o. on 27 May 2015),
- Budimex SA in a part relating to developer business, as a result of merger with Budimex Inwestycje Sp. z o.o. on 13 August 2009

Segment performance is evaluated based on sales revenue, gross profit (loss) on sales, operating profit (loss) and net profit (loss) for the period.

Other business conducted does not meet the requirements of a reportable segment. Entities that mainly conduct production, service, trading activities or public-private partnerships are included in other business.

The results of segments for the first half of 2015 are presented in the table below:

Segment name	amounts in PLN thousands				
	Construction business	Property management and developer business	Other business	Consolidation adjustments	Consolidated value
External sales	2 059 464	138 553	70 223	-	2 268 240
Inter-segment sales	107 864	605	5 090	(113 559)	-
Total sales of finished goods, goods for resale and raw materials	2 167 328	139 158	75 313	(113 559)	2 268 240
Gross profit	181 720	32 557	9 397	(9 612)	214 062
Selling expenses	(5 031)	(6 796)	(2 094)	24	(13 897)
Administrative expenses	(85 677)	(6 918)	(2 421)	3 478	(91 538)
Other operating income, net	7 904	11 898	347	-	20 149
Operating profit	98 916	30 741	5 229	(6 110)	128 776
Finance income, net	4 372	2 320	2 199	-	8 891
Shares in (losses) of equity accounted entities	(4)	-	(3 064)	-	(3 068)
Income tax expense	(22 019)	(6 332)	(344)	1 161	(27 534)
Net profit for the period	81 265	26 729	4 020	(4 949)	107 065

The results of segments for the first half of 2014 are presented in the table below:

Segment name	amounts in PLN thousands				
	Construction business	Property management and developer business	Other business	Consolidation adjustments	Consolidated value
External sales	1 888 644	196 750	67 728	-	2 153 122
Inter-segment sales	71 180	369	11 057	(82 606)	-
Total sales of finished goods, goods for resale and raw materials	1 959 824	197 119	78 785	(82 606)	2 153 122
Gross profit	158 862	40 770	6 087	3 610	209 329
Selling expenses	(5 228)	(4 836)	(2 097)	23	(12 138)
Administrative expenses	(80 307)	(7 939)	(2 582)	4 551	(86 277)
Other operating (expenses), net	(696)	(57)	(170)	-	(923)
Operating profit	72 631	27 938	1 238	8 184	109 991
Finance income/(expenses), net	(2 935)	3 929	880	-	1 874
Shares in (losses) of equity accounted entities	(3)	-	(1 672)	-	(1 675)
Income tax expense	(14 918)	(6 130)	(145)	(1 557)	(22 750)
Net profit for the period	54 775	25 737	301	6 627	87 440

6. Related party transactions

Transactions with related parties made in the first half of 2015 and in the first half of 2014 and unsettled balances of receivables and liabilities as at 30 June 2015 and 31 December 2014 are presented in the tables below:

	amounts in PLN thousands			
	Receivables		Liabilities	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Parent Company and related parties (the Ferrovial Group)	21 808	23 989	92 959	99 770
Jointly-controlled entities	785	959	794	727
Associates	555	738	813	1 525
Other related parties*	641	64	9 173	8 128
Total settlements with related parties	23 789	25 750	103 739	110 150

	amounts in PLN thousands			
	Loans granted / acquired debt securities		Loans taken out / issued debt securities	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Parent Company and related parties (the Ferrovial Group)	-	-	8 577	8 670
Jointly-controlled entities	-	-	-	-
Associates	37 303	18 988	-	-
Other related parties*	-	-	-	-
Total settlements with related parties	37 303	18 988	8 577	8 670

	amounts in PLN thousands			
	Sales of finished goods and services		Purchase of finished goods and services	
	6-month period ended 30 June		6-month period ended 30 June	
	2015	2014	2015	2014
Parent Company and related parties (the Ferrovial Group)	24 163	2 071	(39 697)	(18 570)
Jointly-controlled entities	155	795	(34)	-
Associates	379	288	(3 058)	(2 786)
Other related parties*	136	174	(3 955)	(24 929)
Total transactions with related parties	24 833	3 328	(46 744)	(46 285)

	amounts in PLN thousands			
	Finance income		Finance costs	
	6-month period ended 30 June		6-month period ended 30 June	
	2015	2014	2015	2014
Parent Company and related parties (the Ferrovial Group)	-	-	(206)	(154)
Jointly-controlled entities	-	-	-	-
Associates	785	298	-	-
Other related parties*	-	-	-	-
Total transactions with related parties	785	298	(206)	(154)

*) Other related parties represent controlled or jointly controlled entities or entities, on which the key management person of the Parent Company or of the subsidiary of the Budimex Group or his close relative exercises significant influence, or has significant number of votes at the shareholders' meeting of this company.

Inter-Group transactions are made on an arm's length basis.

7. Factors which will affect results achieved by the Group in a period covering at least the next half-year

The main factors that may affect the financial situation of the Group at least in the next half-year include:

- instability on the financial markets,
- higher demand for subcontractors' services, which might have influence on quality and timeliness of the works performed,
- fluctuations of exchange rates, which have the impact on the sales revenue, operating costs and result of the valuation and realisation of derivative financial instrument contracts,
- price level of material and construction services affecting the amount of direct costs of realised contracts,
- intensification of actions aimed at recovery of overdue debts, which were provided for and strengthening the operational and financial control in respect of contracts realised,
- results of the pending legal proceedings, described in more detail in note 12 to these consolidated financial statements,
- availability of qualified employees,
- level of competition in public tenders.

As at 30 June 2015 the backlog was PLN 6 987 295 thousand. The value of contracts signed between January and June 2015 was PLN 2 880 065 thousand. The number of pre-sold apartments in the period from January - June 2015 (without booking) is 1 079 units.

8. The main events in the first half of 2015 and significant events after 30 June 2015

In the first half of 2015 the Budimex Group companies were notified about the selection of their offer or entered into the following contracts, whose value exceeds 10% of the equity of Budimex SA:

Significant contracts:

Date	Customer	Contract value in PLN thousands	Description
9.01.2015	PGNiG Termika SA	62 950 (32 275)*	The delivery and assembly of the denitrification plant and the modernization of the desulfurization plant for the K2 boiler at EC Siekierki. The construction will be carried out in the consortium with Andritz Energy & Environment GmbH (the consortium's leader, with 48.73% of shares).
24.02.2015	Mazowiecki Szpital Wojewódzki Drewnica Sp. z o.o.	96 477	Construction of the Mazovian Provincial Hospital Drewnica.
27.02.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział we Wrocławiu	638 664	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).
17.03.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Olsztynie	1 071 708	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"). The agreement was signed on 15 June 2015.
1.04.2015	EMH Verwaltungs GmbH A2 S.K.A.	46 400	Budimex Nieruchomości Sp. z o.o. signed a notarial deed concerning an acquisition of a plot of land with an area of 51 216 square meters located in Gdańsk at ul. Jana Pawła II (district Zaspa – Młyniec).
10.04.2015	LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.	44 797	Construction of the stage II (building B) of office complex „Roździeńskiego” in Katowice at Al. Roździeńskiego together with internal infrastructure.

Date	Customer	Contract value in PLN thousands	Description
29.05.2015	SPX Flow Technology Poland Sp. z o.o.	67 738 (53 222)*	Construction of production shop in Bydgoszcz, which will be carried out in a consortium with Przedsiębiorstwo Wielobranżowe Lech Sp. z o.o. (consortium partner with a 21.43% share).
1.06.2015	Dune B Sp. z o.o.	53 423	Construction of Dune B residential building with services and a car park together with necessary technical infrastructure in Mielno.
30.06.2015	Poznańskie Inwestycje Miejskie Sp. z o.o.	68 690	Construction and expansion of roads for the purposes of the investment in Mixed Municipal Waste Residues Fraction Incineration System (ITPOK): 1) Gdyńska Street, on the section between Bałtycka Street and the limits of the city of Poznań, 2) Bałtycka Street, on the section of the Lech bridge to the intersection with Syrenia Street.
6.07.2015	mLocum SA	61 000	Construction of a residential estate at 23/25 Łąkowa street in Łódź.
10.07.2015	Alstom Power Sp. z o.o.	28 200	Manufacturing of steel constructions in buildings – the flue gas desulphurisation plants in the Opole power plant. The total value of the contracts concluded with the business partner during past 12 months amounted to PLN 84 364 thousand.
13.07.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Zielonej Górze	157 962	Construction of the second carriageway of express road S3 at Sulechów – Nowa Sól section: second section from km 286+043 to km 299+350.
21.07.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Szczecinie	279 602	Design and construction of S6 road at Goleniów – Nowogard section (S3, “Goleniów Północ” junction/with junction/ – start of the ring road for the city of Nowogard).
23.07.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Szczecinie	206 500	Design construction of S6 road at the section from the end of the Płoty bypass to the “Kiełpino” junction (with the junction).
27.07.2015	Multidruk SA	33 109	Construction of the first stage of Wiktoryn residential estate in Lublin. The contract was signed on 22 October 2014. The total value of the contracts concluded with the business partner in the past 12 months amounted to PLN 53 578 thousand.
3.08.2015	Polskie Koleje Państwowe SA	209 739	Construction of the Kraków Zabłocie – Kraków Krzemionki railway connection.
7.08.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Łodzi	1 281 621	Construction of the road S7 Gdańsk (A1) – Elbląg (S22) section Koszwały (National Road No 7, in Koszwały) – Elbląg (with junction Kazimierzowo). Task 2: Nowy Dwór Gdański-Kazimierzowo.
12.08.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Białymstoku	243 459	Design and construction of the Suwałki ring road – part of the expressway S61- Section A and Section B.
21.08.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Lublinie	254 980	Design and construction of S17 express road Garwolin – Kurów, section Garwolin (ring road end) – Mazowieckie and Lubelskie provinces boarder, part 2 Gończyce (ring road end) - Mazowieckie and Lubelskie provinces boarder from km 62+200to. km 75+212, length of ca. 13,012 km.

Date	Customer	Contract value in PLN thousands	Description
21.08.2015	Generalna Dyrekcja Dróg Krajowych i Autostrad Oddział w Lublinie	234 616	Design and construction of S17 express road Garwolin – Kurów, section Garwolin (ring road end) – Mazowieckie and Lubelskie provinces boarder, part 1: Garwolin (ring road end) - Gończyce (ring road end) from km 49+973 to km 62+200, length of ca. 12,227 km.

* share of the Budimex Group

Other events:

On 28 April 2015 the Ordinary General Meeting of Budimex SA adopted resolution on dividend payout. Pursuant to the resolution, net profit for the period from 1 January 2014 to 31 December 2014 in the amount of PLN 155 989 thousand was allocated to the dividend payout in the amount of PLN 6.11 gross per share. The dividend payout covered all Budimex SA shares, i.e. 25 530 098 shares. The dividend day was on 8 May 2015. The dividend was paid on 25 May 2015.

On 27 May 2015 the District Court for the Capital City of Warsaw in Warsaw, 10th Commercial Division for bankruptcy and restructuring cases, issued ex officio a decision, in which the Court changed the method of conducting the bankruptcy proceedings from the bankruptcy proceedings with an arrangement option to the bankruptcy proceedings involving liquidation of assets of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. in arrangement bankruptcy, a 100% indirect subsidiary of Budimex SA. The decision did not have impact on the consolidated financial statements of the Budimex Group.

On 31 July 2015 the General Shareholders' Meeting of Budimex B Sp. z o.o. decided to finally liquidate the company.

9. Issue, redemption and repayment of debt and equity securities

In the first half of 2015 Budimex SA and Group companies did not issue, redeem or repay debt or equity securities.

10. The Management Board's position on the feasibility of results stated in the financial forecasts published earlier for the year in view of the financial results presented in the semi-annual report in relation to the projected results

Budimex SA did not publish any forecasts.

11. Statement of ownership of shares of Budimex SA or rights to such shares (options) held by the managing or supervisory persons of Budimex SA as at the date of publication of this report together with indication of changes in the ownership in the I half of 2015

As at the date of publication of the report members of the Management Board and Supervisory Board of Budimex SA held the following number of shares:

Marcin Węglowski	(Management Board member)	2 830 shares
Marek Michałowski	(chairman of the Supervisory Board)	3 900 shares

Above mentioned members of the Management Board and Supervisory Board do not own share options of the company. As at the date of publication of this report other managing and supervisory persons of Budimex SA do not hold its shares or share options. There was no change in the status of ownership from the date of publication of the report for the first quarter of 2015, i.e. 29 April 2015.

12. Proceedings pending as at 30 June 2015 before court, competent arbitration body or any public administration authority

The total value of legal proceedings in progress in respect of liabilities and receivables as at 30 June 2015 was PLN 517 830 thousand and exceeded 10% of the equity of Budimex SA, which amounts to PLN 384 423 thousand. Excess of the value of proceedings against Group companies over proceedings relating to claims of Group companies amounted to PLN 66 070 thousand.

In accordance with information in the possession of Budimex SA, the total value of legal proceedings in progress in respect of liabilities of Budimex SA and its subsidiaries as at 30 June 2015 was PLN 291 950 thousand. These proceedings involve the Group companies' operating activity.

The proceedings in the highest value case are pending before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw, which involve the Ferrovial Agroman SA consortium members: Budimex SA and Estudio Lamela S.L. (FBL Consortium) and Przedsiębiorstwo Państwowe "Porty Lotnicze" (PPL). The litigation is the result of PPL serving a notice rescinding the contract for the development and modernization of Terminal 2 of the Warsaw Frederic Chopin International Airport.

Initially, the proceedings related solely to the claim filed on 24 January 2008 by the FBL Consortium, in relation to bank guarantees realised by PPL groundlessly, which were given as a performance warranty for a total amount of PLN 54 382 thousand. The claim was finally settled in the verdict of the Arbitration Court in Warsaw of 23 August 2012. The total value of the claim awarded under the verdict and the amount of statutory interest for late payment was PLN 87 920 thousand (the amount attributable to Budimex SA was PLN 35 168 thousand, of which PLN 21 612 thousand as reimbursement of the performance bond). The court enforcement officer transferred that amount to the Budimex SA's bank account indicated on 28 September 2012. After the Supreme Court dismissed the appeal filed by PPL, the execution carried out became final and PPL can no longer require from the FBL Consortium the repayment of the amounts awarded in a partial verdict.

In the course of the case at the Arbitration Court PPL filed a counter-claim of a total amount of PLN 135 719 thousand, covering claims for the redress of damage, including lost benefits, return of unjust enrichment and liquidated damages. On 31 July and 26 October 2009, PPL filed to the Court of Arbitration subsequent statements of claim including extension of the counter-claim, amending the original amount of the counter-claim from PLN 135 719 thousand to PLN 280 894 thousand. As a result of subsequent procedural steps, in August 2012, PPL's claim was raised to PLN 298 892 thousand. According to the value of the shares set forth in the consortium agreement, the risk allocated to Budimex SA does not exceed the total of PLN 119 556 thousand.

According to Budimex SA, all the claims under the counter-suit are groundless. Consequently, on 21 October 2008, the FBL Consortium filed a response to the counter-claim, which contained a motion to dismiss the action in its entirety, together with the statement on the groundlessness of PPL's claims. The court has already heard all witnesses for the claimant and the counter-claimant with respect to the circumstances included in PPL's counter-claim. The evidence in the form of an expert opinion is the last to be considered with respect to this part of the dispute. This, however, may be done only after the court has completed the evidence proceedings concerning the claims of the claimant. The determinations made in the expert opinion concerning the claims of the FBL Consortium will affect the scope of claims of PPL and, consequently, on the scope of evidence taken in order to prove them.

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

On 27 May 2010, the Court of Arbitration issued a decision under which the evidence from the expert's opinion regarding the evaluation of reasonableness of the PPL claims was accepted (except for any amounts sought at that stage). The expert appointed by the Court of Arbitration, Grupa BS Consulting, started to work at the end of 2010. There were several meetings with proxies of parties and the expert and there was an inspection of the airport objects with the participation of the aforementioned expert in March 2011. Technical opinion prepared by the expert, that was delivered to proxies of both parties on 29 July 2011, represented the result of his work. The parties made comments, remarks and detailed questions to the opinion prepared by the expert. Upon taking these into consideration, the expert prepared his final supplementary opinion at the end of March 2012. The assessment indicated in the opinion

was favourable for the FBL Consortium as it, among other things, confirmed that the FBL Consortium was entitled to postpone the work completion deadline.

Due to completion by the expert of work on the assessment of the validity of PPL's claims, the court ordered both parties to present final calculations of their claims, taking into account the expert's views expressed in the opinion. As a result, PPL extended the claim as stated above to PLN 298 892 thousand, and the value of the FBL Consortium's claim remained unchanged.

Pursuant to a decision of the Arbitration Court dated 28 January 2013 and based on a site inspection performed in July 2013, the expert, i.e. Grupa BS Consulting was to draft an opinion on assessment on value of claims submitted by the FBL Consortium in the extended claim by the end of October 2013. Since the expert did not draft the opinion on time, at the hearing held on 20 December 2013 the Arbitration Court made a decision on appointment of a new expert. In the first half of 2015 a team of experts and the principles of cooperation were agreed. It is expected that the other rules of experts' opinion will eventually be completed in the third quarter of 2015 and the works on the opinion will start in the fourth quarter of 2015 and shall finish in the first quarter of 2016.

The Management Board is of the opinion that the final verdict of the Court of Arbitration will be favourable to the FBL Consortium.

On 16 December 2010, Tomasz Ryskalok and Rafał Ryskalok, conducting business activity as a civil law partnership under the name Cerrys S.C., with its registered office in Wykroty, filed a lawsuit against Budimex SA for payment of a contractual penalty for delay in the removal of defects identified during the warranty period. The lawsuit concerns the construction of a concrete plant in line with agreement concluded on 19 May 2003 with the value of the agreement amounting to PLN 4 189 thousand. The value of the subject matter of the lawsuit is PLN 90 000 thousand including contractual interest calculated from 19 October 2006 until the day of payment. In the opinion of Budimex SA, the claim constituting the subject matter of the argument is absolutely groundless and there is no basis, either formal or factual, for considering it (the deadline for submitting the claims in question expired, the limit concerning contractual penalties - i.e. up to 15 per cent of the value of the agreement - has not been taken into account, and the defect is not material). To date, there have been several hearings during which witnesses for the claimant and defendant were examined. Having heard the parties, on 19 December 2013, the Court issued a decision under which the evidence from the expert's opinion regarding the evaluation of reasonableness of the PPL claims was accepted. The inspection of the facility was carried out in June 2014. In October 2014, the court delivered the opinion of the construction expert. Upon a request of Budimex, the court commissioned the drafting of a supplementary opinion, which is now awaited by the parties.

Another material in value legal proceedings relate to the claim filed on 5 March 2008 by Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement of contractor costs incurred by the investor when the consortium rescinded the contract. The share of the companies in the consortium was 90%, therefore the value of the claim for which Budimex SA is presently liable is PLN 22 727 thousand. The court ended examination of witnesses of both parties, and then heard the parties. On 6 February 2014, the court accepted evidence from the construction expert opinion with regard, inter alia, to: assessment of quality and value of works completed by the defendant, the scope and completeness of works to be performed as well as value of corrections. The expert drafted an opinion which the defendant considers to be in its favour. This assessment is confirmed by the actions of the claimant who submitted a request for appointment of a new expert. The court dismissed the plaintiff's application in this regard and only allowed to add to the protocol supplementary oral expert's opinion, which was submitted at the hearing on 21 April 2015. The court set another hearing for October 2015, when witnesses of the defendant are to be heard.

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

The total value of legal proceedings pending in respect of claims of Budimex SA and its subsidiaries amounted to PLN 225 880 thousand as at 30 June 2015. The proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of the construction work performed. Aside from the case brought to court by the FBL Consortium against PPL, the value of no other proceedings concerning claims exceeds 10% of the shareholders' equity of Budimex SA. As at the date of this report, the final outcome of the proceedings is not known.

13. Contingent receivables and contingent liabilities

	30 June 2015	31 December 2014
	(in PLN thousands)	(in PLN thousands)
<u>Contingent receivables</u>		
From related parties, of which:		
– guarantees and suretyships received	-	-
– bills of exchange received as security	-	-
From related parties, total	-	-
From other entities		
– guarantees and suretyships received	323 220	316 777
– bills of exchange received as security	7 300	8 519
From other entities, total	330 520	325 296
Other contingent receivables	-	86
Total contingent receivables	330 520	325 382
<u>Contingent liabilities</u>		
To related parties, of which:		
– guarantees and suretyships issued	5 317	5 456
– bills of exchange issued as performance bond	-	-
To related parties, total	5 317	5 456
To other entities, of which:		
– guarantees and suretyships issued	2 336 689	2 035 036
– bills of exchange issued as performance bond	4 027	6 746
To other entities, total	2 340 716	2 041 782
Other contingent liabilities	135 480	135 480
Total contingent liabilities	2 481 513	2 182 718
Total off-balance sheet items	(2 150 993)	(1 857 336)

Contingent receivables represent guarantees issued by banks and other financial institutions to the companies of the Budimex Group as security for the potential claims the Group may file against its business partners in respect of the construction contracts in progress.

Contingent liabilities represent guarantees and suretyships issued by banks to business partners of the Group as security for the potential claims they may be filed against the Group in respect of the construction contracts in progress. Banks are entitled to recourse the underlying claims to Group companies. Guarantees issued to the Group's customers represent an alternative, to the retentions held, method of securing potential claims of customers.

The bills of exchange issued represent a security for the settlement of liabilities towards the strategic suppliers of the Group, while the bills of exchange received and recognised under contingent assets (receivables) represent security for the repayment by the Group customers of the amounts due to the Group.

Other contingent liabilities include among others voluntary acceptance of enforcement constituting a security of payment up to the amount of PLN 135 010 thousand due and payable in the case of improper performance of obligations by Budimex SA under the acquisition agreement concerning shares of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o.

Guarantees for bank loans and borrowings issued by Budimex SA and its subsidiaries as at 30 June 2015:

Name of the company which issued a guarantee or suretyship for a bank loan or borrowings	Name of the (company) entity which received suretyships or guarantees	Total value of bank loans and borrowings, for which guarantee or suretyship was issued for the full amount or defined part	Period of guarantees or suretyships issuance	Financial conditions in respect of guarantees and suretyships issued	Type of relations between Budimex SA and the entity which took out a bank loan or borrowings
(in PLN thousand)					
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			