

Grupa Kapitałowa HYDROBUDOWA POLSKA

**Mid-year consolidated financial statements
for the 2nd quarter of 2008**

prepared pursuant to the International Financial Reporting Standards

Wysogotowo, this 4th August 2008

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MID-YEAR CONSOLIDATED FINANCIAL STATEMENTS OF GRUPA KAPITAŁOWA HYDROBUDOWA POLSKA FOR 2ND QUARTER OF 2008

SELECTED FINANCIAL DATA

	For the period from 1 st January to 30 th June 2008	For the period from 1 st January to 30 th June 2008	For the period from 1 st January to 30 th June 2008	For the period from 1 st January to 30 th June 2008
	PLN	PLN	EUR	EUR
Revenue on sales	316 997	197 068	91 154	51 205
Profit (loss) from operational activity	28 911	14 256	8 313	3 704
Profit (loss) before tax	27 592	25 636	7 934	6 661
Profit (loss) net from continued activity	21 032	24 321	6 048	6 319
Profit (loss) net	21 032	24 321	6 048	6 319
Monetary resources net from operational activity	(95 880)	(58 143)	(27 571)	(15 108)
Monetary resources net used in investment activity	(28 365)	15 418	(8 156)	4 006
Monetary resources net from financial activity	149 230	55 524	42 912	14 427
Net change of the balance of monetary resources and their equivalents	24 985	12 799	7 185	3 326
Weighted average number of ordinary shares	146 558	138 673	146 558	138 673
Weighted average watered number of ordinary shares	146 558	138 673	146 558	138 673
Profit (loss) for one ordinary share (in PLN/EUR)	0,14	0,18	0,04	0,05
Watered profit (loss) for one ordinary share (in PLN/EUR)	0,14	0,18	0,04	0,05
Average exchange rate PLN / EUR*			3,4776	3,8486
Specification	for the day 30.06.2008 PLN	for the day 30.06.2007 PLN	for the day 30.06.2008 EUR	for the day 30.06.2007 EUR
Assets	744 187	478 635	221 867	127 100
Long-term receivables	40 805	45 457	12 165	12 071
Short-term receivables	248 361	313 476	74 045	83 243
Equity	455 021	119 702	135 657	31 787
Initial capital	173 673	138 673	51 778	36 824
Number of shares	173 673	138 673	173 673	138 673
Book value for one share in (in PLN/EUR)	2,62	0,86	0,78	0,23
Declared or paid-out dividend for one share in (in PLN/EUR)	-	-	-	-
Exchange rate PLN/EUR at the end of the period**			3,3542	3,7658

* Average PLN/EUR exchange rate was calculated according to the rate being the simple average of the rates of the National Bank of Poland as for the day closing each month of the reporting period

** Selected items of the balance sheet converted into EUR according to the average exchange rate of the National Bank of Poland determined for the day closing the reporting period.

Annualized profit

Specification	For the period of 12 months	For the period of 12 months	For the period of 12 months	For the period of 12 months
	from 1 st July 2007 to 30 th June 2008	from 1 st July 2006 to 30 th June 2007	from 1 st July 2007 to 30 th June 2008	from 1 st July 2006 to 30 th June 2007
	PLN	PLN	EUR	EUR
Annualized profit (loss) net	36 943	31 271	10 287	8 073
Weighted average number of ordinary shares	142 594	138 673	142 594	138 673
Annualized profit (loss) for one ordinary share (in PLN/EUR)	0,2591	0,2255	0,0721	0,0582
Average exchange rate PLN / EUR*			3,5913	3,8733

* Average PLN/EUR exchange rate was calculated according to the rate being the simple average of the rates of the National Bank of Poland as for the day closing each month of the reporting period

MID-YEAR CONSOLIDATED BALANCE SHEET

Specification	for the day	for the day	for the day
	30.06.2008.	31.12.2007	30.06.2007.
Assets			
Fixed assets	111 892	80 007	73 982
Intangible assets	631	802	749
Company value taken over within the framework of the merger of economic units	10	-	-
Property, plant and equipment	89 590	70 054	61 826
Investment properties	-	-	-
Investments in subsidiaries			
Other long-term financial assets	13 140	600	520
- from related entities	13 052	357	-
- from other entities	88	243	520
Long-term receivables	6 854	6 504	9 237
- from related entities	827	767	278
- from other entities	6 027	5 737	8 959
Assets on account of deferred income tax	-	-	-
Long-term accrued assets	1 667	2 047	1 650
Current assets	632 295	502 695	404 653
Stocks	5 540	5 196	5 312
Receivables from the ordering parties on account of the works resulting from construction service / long-term contracts	243 483	182 853	210 293
- from related entities	25 398	3 271	11 642
- from other entities	218 085	179 582	198 651
Receivables for supplies and services provided	245 291	219 075	96 062
- from related entities	75 011	44 461	8 466
- from other entities	170 280	174 614	87 596
Receivables on account of current income tax	-	-	589
Other short-term receivables	31 792	24 566	42 218
- from related entities	95	193	11 608
- from other entities	31 697	24 373	30 610
Other short-term financial assets	29 135	19 209	9 640
- from related entities	-	-	-
- from other entities	29 135	19 209	9 640
Monetary resources and their equivalents	72 789	48 347	35 763
Short-term accrued assets	4 265	3 449	4 776
Fixed assets classified as held for sale	-	-	-
Assets in total	744 187	582 702	478 635

Specification	for the day	for the day	for the day
	30.06.2008.	31.12.2007	30.06.2007.
<i>Liabilities</i>			
Equity	455 021	139 352	119 702
Equity capital falling for shareholders of the dominating entity	455 021	139 352	119 702
Initial capital	173 673	138 673	138 673
Treasury shares	-	-	-
Supplementary capital from the sale of shares above their nominal value	258 827	-	-
Capital from the valuation of hedge operations and differences in rates from consolidation	8 654	5 845	1 029
Other capitals	43 600	41 031	41 897
Undivided financial result	(29 733)	(46 197)	(61 897)
- profit (loss) from previous years	(50 765)	(86 429)	(86 218)
- profit (loss) net of current year falling for the shareholders of the dominating entity	21 032	40 232	24 321
Shares of the minority	-	-	-
Liabilities	289 166	443 350	358 933
Long-term liabilities	40 805	76 598	45 457
Long-term credits and loans	25 000	11 477	12 954
- from related entities	-	-	8 157
- from other entities	25 000	11 477	4 797
Other long-term financial liabilities	4	51 181	20 358
Other long-term liabilities	5 160	4 621	1 371
- from related entities	202	138	173
- from other entities	4 958	4 483	1 198
Provision on account of deferred income tax	8 517	7 301	7 367
Provisions for liabilities on account of employee benefits	507	607	3 235
Other long-term provisions	1 617	1 411	172
Governmental subsidies	-	-	-
Long-term accrued liabilities	-	-	-
Short-term receivables	248 361	366 752	313 476
Short-term credits and loans	54 589	150 598	178 108
- from related entities	-	41 390	81 880
- from other entities	54 589	109 208	96 228
Other short-term financial liabilities	76	115	240
Liabilities for supplies and services provided	141 962	164 952	96 784
- from related entities	14 340	18 620	15 834
- from other entities	127 622	146 332	80 950

Specification	for the day	for the day	for the day
	30.06.2008.	31.12.2007	30.06.2007.
Liabilities on account of the construction service contract	-	5 852	1 646
- from related entities	-	4 241	-
- from other entities	-	1 611	1 646
Liabilities on account of current income tax	5 865	11 112	1 154
Other short-term liabilities	43 019	30 783	30 553
- from related entities	304	219	8
- from other entities	42 715	30 564	30 545
Provisions for liabilities on account of employee benefits	314	466	673
Other short-term provisions	563	566	1 520
Governmental subsidies	-	-	-
Short-term accrued liabilities	1 973	2 308	2 798
Liabilities connected with fixed assets held for sale	-	-	-
Liabilities in total	744 187	582 702	478 635

MID-YEAR CONSOLIDATED PROFIT AND LOSS ACCOUNT

Specification	For the 2 nd quarter from 1 st April till 30 th June 2008	For 2 quarters from 1 st January till 30 th June 2008	For the 2 nd quarter from 1 st April till 30 th June 2007	For 2 quarters from 1 st January till 30 th June 2007
<i>Continued activity</i>				
Revenue on sales	208 425	316 997	133 028	197 068
- from related entities	28 966	39 231	20 550	21 985
Revenue on sale of products	-	-	-	-
Fees earned	204 481	311 580	129 018	189 803
Revenue on sale of goods and materials	3 944	5 417	4 010	7 265
Cost of sales	(179 903)	(273 651)	(113 809)	(176 631)
- from related entities	(18 880)	(25 357)	(9 293)	(15 405)
Cost of sold products	-	-	-	-
Cost of sold services	(176 012)	(268 370)	(108 478)	(169 338)
Cost of sold goods and materials	(3 891)	(5 281)	(5 331)	(7 293)
Profit (loss) gross on sales	28 522	43 346	19 219	20 437
Costs of sales	-	-	-	-
General administrative costs	(6 929)	(13 290)	(5 187)	(10 307)
Other operational revenue	459	1 397	7 564	8 622
Other operational costs	(2 092)	(2 542)	(3 685)	(4 496)
Share in profit of the entities settled with equity method	-	-	-	-
Restructuring costs	-	-	-	-
Profit (loss) from operational activity	19 960	28 911	17 911	14 256
Financial revenue	5 179	7 561	644	1 475
Financial costs	(4 784)	(8 880)	(3 382)	(6 245)
Other profit (loss) from investment	-	-	2 611	16 150

Profit (loss) before tax	20 355	27 592	17 784	25 636
Income tax	(4 539)	(6 560)	2 196	(1 315)
Profit (loss) net from continued activity	15 816	21 032	19 980	24 321
<i>Discontinued activity</i>	-	-	-	-
Loss net from discontinued activity	-	-	-	-
Profit (loss) net	15 816	21 032	19 980	24 321
Profit (loss) net falling for:	15 816	21 032	19 980	24 321
- the shareholders of the dominating entity	15 816	21 032	19 980	24 321
- minority shareholders	-	-	-	-

PROFIT (LOSS) FOR ONE ORDINARY SHARE

Specification	For the 2 nd quarter from 1 st April till 30 th June 2008	For 2 quarters from 1 st January till 30 th June 2008	For the 2 nd quarter from 1 st April till 30 th June 2007	For 2 quarters from 1 st January till 30 th June 2007
	PLN/share	PLN/share	PLN/share	PLN/share
Profit (loss) net from continued activity	15 816	21 032	19 980	24 321
Profit (loss) net from continued and discontinued activity	15 816	21 032	19 980	24 321
Weighted average number of ordinary shares	154 442	146 558	138 673	138 673
Weighted average watered number of ordinary shares	154 442	146 558	138 673	138 673
<i>from continued activity</i>				
- basic	0,1024	0,1435	0,1441	0,1754
- watered	0,1024	0,1435	0,1441	0,1754
<i>from continued and discontinued activity</i>				
- basic	0,1024	0,1435	0,1441	0,1754
- watered	0,1024	0,1435	0,1441	0,1754

MID-YEAR CONSOLIDATED CASH FLOW ACCOUNT

Specification	For the period from 1 st January till 30 th June 2008	For the period from 1 st January till 30 th June 2007
Cash flow from operational activity		
Profit net before tax	27 592	25 636
Adjustments:	1 700	(13 849)
Depreciation of intangible assets	215	225
Write offs on account of the loss of goodwill	-	-
Write offs on account of the loss of property, plant and equipment	-	-
Depreciation of the value of property, plant and equipment	4 194	1 967
(Profit) loss on the sale of property, plant and equipment	116	(1 365)
(Profit) loss on the sale of financial assets available for sales (allocated for trading)	(4 032)	(19 632)
Profit (loss) from valuation of investment properties according to fair value	-	-
(Profit) loss on account of fair value of financial assets declared according to fair value	(6 316)	-
Share in profit (loss) of related undertakings	-	-
Profit (loss) on account of differences in rates	48	46
Interest expenses	7 477	5 127

Specification	For the period from 1 st January till 30 th June 2008	For the period from 1 st January till 30 th June 2007
Interest received	-	(217)
Dividend received	(2)	-
Monetary resources from operational activity before considering changes in working capital	29 292	11 787
Change of stock level	(344)	(852)
Change of receivables level	(94 422)	(42 102)
Change of liabilities level	(18 401)	5 820
Change of provisions level and accrued liabilities	(820)	(33 119)
Other adjustments	-	541
Monetary resources generated in the course of operational activity	(84 695)	(57 925)
Paid interest	(72)	(195)
Paid income tax	(11 113)	(23)
Monetary resources net from operational activity	(95 880)	(58 143)
Cash flow from investment activity		
Expenses on purchasing intangible assets	-	(114)
Revenue from the sale of intangible assets	-	-
Expenses on purchasing property, plant and equipment	(20 195)	(14 711)
Revenue from the sale of property, plant and equipment	148	542
Expenses on purchasing investment properties	-	-
Revenue from the sale of investment properties	-	8 323
Expenses for purchasing financial assets available for sale	(13 000)	(104)
Revenue from the sale of financial assets available for sale	4 389	3 070
Expenses for purchasing financial assets available for sale	-	-
Revenue from the sale of financial assets allocated for trading	-	18 300
Expenses for purchasing related entities (reduced by monetary resources taken over)	(10)	-
Revenue from sale of related entities	-	-
Other expenses – additional payment to capital	-	-
Revenue from received governmental subsidies	-	-
Granted loans	-	-
Received payments of loans granted	300	-
Interest received	1	179
Dividend received	2	-
Other revenue	-	149
Other investment expenses	-	(216)
Monetary resources net used in investment activity	(28 365)	15 418
Cash flow from financial activity		
Revenue net on account of issuance of shares	294 326	-
Acquisition of treasury shares	-	-
Revenue on account of issuance of debt securities	-	20 000
Payment of interest on bond	(2 721)	-
Redemption of debt securities	(50 000)	-
Revenue on account of borrowing	22 093	60 590
Payment of credits and loans	(105 804)	(21 119)
Payment of interest on credits and loans	(8 433)	(3 702)
Revenue on account on investment	-	-
Payment of liabilities on account of financial leasing	(35)	(225)
Paid interest	(4)	-
Paid-out dividend	-	-

<i>Specification</i>	For the period from 1 st January till 30 th June 2008	For the period from 1 st January till 30 th June 2007
Credit commissions	(192)	-
Other expenses	-	(20)
Monetary resources net from financial activity	149 230	55 524
Net change of the balance of monetary resources and their equivalents	24 985	12 799
Monetary resources and their equivalents at the beginning of the period	48 389	23 505
Change of the state on account of differences in rates	(272)	(47)
Monetary resources and their equivalents at the end of the period	73 102	36 257

MID-YEAR CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CAPITAL

Specification	Capital falling for the shareholders of dominating entity					Shares of the minority	Equity in total
	Initial capital	Other capitals	Rate differences from conversion	Undivided financial result	Total		
Balance as for this 1st January 2007	107 155	67 727	-	(79 705)	95 177	-	95 177
Adjustment on account of the merger of the Companies	31 518	(31 518)			-		-
Adjustments on account of basic mistakes				(653)	(653)		(653)
Balance after the changes	138 673	36 209	-	(80 358)	94 524	-	94 524
<i>Changes in equity capital in the period from 01.01. to 31.12.2007</i>							
Profit (loss) on account of revaluation		(632)		398	(234)		(234)
Investments available for sale:	-	-		-	-		-
- profit (loss) on account of valuation referred to equity					-		-
- transferred to profit (loss) on sale					-		-
Instruments securing cash flow:	-	8 489		-	8 489		8 489
- profit (loss) referred on equity		8 489			8 489		8 489
- profit (loss) transferred to the financial result of the period					-		-
- profit (loss) taken into consideration at the valuation of balance value of secured items					-		-
Tax connected with the items presented in the capital or transferred from the capital		(1 469)			(1 469)		(1 469)
Profit net presented directly in equity	-	6 388		398	6 786		6 786
Profit net for the period from 01.01. to 31.12.2007				40 232	40 232		40 232
Amount of profit and loss booked in the period from 01.01. to 31.12.2007.	-	6 388		40 630	47 018		47 018
Dividend					-		-
Division of result		4 469		(6 469)	(2 000)		(2 000)
Issued initial capital		(190)			(190)		(190)
Issued options changeable for shares					-		-
Balance as for this 31st December 2007	138 673	46 876	-	(46 197)	139 352	-	139 352

Specification	Capital falling for the shareholders of dominating entity					Shares of the minority	Equity in total
	Initial capital	Other capitals	Rate differences from conversion	Undivided financial result	Total		
Balance as for this 1st January 2008	138 673	46 876	-	(46 197)	139 352	-	139 352
Changes of rules (policy) of accounting					-		-
Adjustments on account of basic mistakes					-		-
Balance after the changes	138 673	46 876	-	(46 197)	139 352	-	139 352
<i>Changes in equity capital in the period from 01.01. to 30.06.2008</i>							
Profit (loss) on account of revaluation		(651)		651	-		-
Investments available for sale:	-	-		-	-		-
-profit on account of valuation referred to equity					-		-
- transferred to profit (loss) on sale					-		-
Instruments securing cash flow:	-	3 468		-	3 468		3 468
- profit (loss) referred to equity					-		-
- profit (loss) transferred to the financial result of the period					-		-
- profit (loss) taken into consideration at the valuation of balance value of secured items		3 468			3 468		3 468
Differences in rates from valuation of entities operating abroad					-		-
Tax connected with the items presented in the capital or transferred from the capital		(658)			(658)		(658)
Profit net presented directly in equity	-	2 159		651	2 810		2 810
Profit net for the period from 01.01. to 30.06.2008				21 032	21 032		21 032
Amount of profit and loss booked in the period from 01.01. to 30.06.2008.	-	2 159		21 683	23 842		23 842
Dividend					-		-
Division of result		3 219		(5 219)	(2 000)		(2 000)
Issued initial capital	35 000	258 827			293 827		293 827
Issued options changeable for shares					-		-
							-
Balance as for this 30th June 2008	173 673	311 081	-	(29 733)	455 021	-	455 021

Specification	Capital falling for the shareholders of dominating entity					Shares of the minority	Equity in total
	Initial capital	Other capitals	Rate differences from conversion	Undivided financial result	Total		
Balance as for this 1st January 2007	107 155	67 727	-	(79 705)	95 177	-	95 177
Adjustment on account of the merger of the Companies	31 518	(31 518)			-		-
Adjustments on account of basic mistakes					-		-
Balance after the changes	138 673	36 209	-	(79 705)	95 177	-	95 177
<i>Changes in equity capital in the period from 01.01. to 30.06.2007</i>							
Profit (loss) on account of revaluation		(327)		(44)	(371)		(371)
Investments available for sale:	-	-		-	-		-
- profit (loss) on account of valuation referred to equity					-		-
- transferred to profit (loss) on sale					-		-
Instruments securing cash flow:	-	2 575		-	3 091		3 091
- profit (loss) referred on equity		3 091			3 091		3 091
- profit (loss) transferred to the financial result of the period					-		-
- profit (loss) taken into consideration at the valuation of balance value of secured items					-		-
Tax connected with the items presented in the capital or transferred from the capital		(516)			(516)		(516)
Profit net presented directly in equity	-	2 248,00		(44,00)	2 204		2 204
Profit net for the period from 01.01. to 30.06.2007				24 321	24 321		24 321
Amount of profit and loss booked in the period from 01.01. to 30.06.2007	-	2 248		24 277	26 525		26 525
Dividend					-		-
Division of result		4 469		(6 469)	(2 000)		(2 000)
Issued initial capital					-		-
Issued options changeable for shares					-		-
Balance as for this 30th June 2007	138 673,00	42 926,00	-	(61 897,00)	119 702,00	-	119 702,00

1. ADDITIONAL INFORMATION TO MID-YEAR CONSOLIDATED REPORT AND CONSTRUCTED FINANCIAL STATEMENTS FOR THE 2nd QUARTER 2008

2.1. Information on the dominating entity and the company from Grupa Kapitałowa /Grupa Kapitałowa/

2.1.1. Dominating entity

Dominating company of the Grupa Kapitałowa, HYDROBUDOWA POLSKA S.A. with its seat in Wysogotowo, ul. Skórzewska 36, 62-081 Przeźmierowo, was registered on this 24.02.1993 by District Court in Włocławek under the number RHB-794 in commercial register, and then it was entered by District Court in Toruń at ul. Młodzieżowa 31, 7th Commercial Division of the National Court Register under National Court Register Number KRS 0000017342 – on this 6th June 2001.

The Extraordinary General Shareholders Meeting changed on this 09.10.2006 the Company register for Wysogotowo near Poznań, ul. Skórzewska 35, with Resolution 1. On this 20th November 2006 District Court in Toruń made the entry of the change of the seat and the address of the entity and made the transfer of Company Registration Act pursuant to jurisdiction for District Court in Poznań, 21st Economic Division of the National Court Register. On this 27th August 2007 District Court in Poznań registered the merger of the Company with the Company "Hydrobudowa Śląsk" S.A. and on this 7th January 2008 the change of the Company name from HYDROBUDOWA Włocławek S.A. for HYDROBUDOWA POLSKA S.A. was registered.

Currently registration files are run by District Court in Poznań – Nowe Miasto and Wilda, 8th Commercial Division of the National Court Register.

HYDROBUDOWA POLSKA S.A. is a company operating in construction sector specializing in the construction of civil engineering facilities, execution of engineering and hydrotechnical general construction works.

The composition of the bodies of the dominating Company HYDROBUDOWA POLSKA S.A.

The Supervisory Board of the Company:

In the period from this 1st January 2008 to the day of preparing these statements, the composition of the Supervisory Board of the Company did not change.

As for this 30th June 2008 the following persons formed the Supervisory Board:

Name and surname:**Function**

Małgorzata Wiśniewska The President of the Supervisory Board

Andrzej Wilczyński The Vice-President of the Supervisory Board

Grzegorz Wojtkowiak The Member of the Supervisory Board

Marcin Idziorek The Member of the Supervisory Board

Przemysław Szkudlarczyk The Member of the Supervisory Board

Piotr Stobiecki The Secretary of the Supervisory Board

The Executive Board of the Company

As for this 30th June 2008 the following persons formed the Executive Board of the Company:

Name and surname:**Function**

Tomasz Woroch The President of the Executive Board

Tomasz Starzak The Vice President of the Board

Edward Kasprzak The Vice President of the Board

Andrzej Zwierzchowski Member of the Board

Rafał Damasiewicz Member of the Board

Joanna Zwolak Member of the Board

Jarosław Duśiło Member of the Board

Krzysztof Diduch* Member of the Board

* on this 30th June 2008 Mr. Krzysztof Diduch resigned from acting as the Member of the Executive Board

Commercial Proxies of the Company

The composition of the Commercial Proxies, as for this 30th June 2008, is the following:

Name and surname:	Function
Paweł Kujawa	Independent Proxy
Andrzej Szultka	Independent Proxy
Małgorzata Jankowska	Joint Proxy

On this 18th July 2008, the Executive Board of the company cancelled, effective on this 31st July 2008, the joint commercial representation limited to the scope of the matters of the Włocławek Branch of the Company, granted to Mrs Małgorzata Jankowska.

2.1.2. The affiliated company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o.

With the notary deed of 16th May 2008 there was established a HYDROBUDOWA Polska S.A. fully dependent company i.e. HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. with its seat in Mikołów.

The company share capital amounts to 50,000.00 PLN and it is divided into 100 shares, each of the nominal value of 500.00 PLN. HYDROBUDOWA POLSKA S.A. acquired all 100 shares worth 500.00 PLN each, of the total value of 50,000.00 PLN.

The aim of founding the company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. is excluding from the activity of HYDROBUDOWA POLSKA S.A. production-assembly activity in the scope of:

- a) production and assembly of steel structures,
- b) production and assembly of devices and installations,
- a) production and assembly of steel tanks,
- d) the realization of complex installation projects for industry, and in particular for petrochemical industry.

The intention of the Executive Board of HYDROBUDOWA POLSKA S.A. is transferring all the tasks and activities connected with the performance of contracts in the above mentioned scope to the affiliated company. Parallel it is essential to recapitalize the affiliated company and transfer the assets components, necessary to properly run production-assembly activity, to the affiliated company.

2.1.3. The subject of the activity of Grupa Kapitałowa

Grupa Kapitałowa HYDROBUDOWA POLSKA deals with the construction of civil engineering facilities, performance of engineering and hydrotechnical works of general construction as well as

the manufacture and assembly of sheet structures, realization of full range installation projects for industry, and in particular for petrochemical industry.

2.1.4. The role of HYDROBUDOWA POLSKA S.A. in Grupa Kapitałowa

HYDROBUDOWA POLSKA S.A. from this 16th May 2008, in connection with the formation and the acquisition of the whole capital of the company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. acta as the dominating entity in Grupa Kapitałowa HBP.

The entity is subject to consolidation:

As for this 30th June 2008 the following Company was subject to consolidation:

Entity name	Seat	Share in capital as for this 30th June 2008	Consolidation method
HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o.	Mikołów	100%	complete

2.2. The principles accepted when preparing consolidated and unitary report for the 2nd quarter 2008.

These financial statements were prepared pursuant to International Accounting Standards 34 "Mid-year financial reporting" with the application of the same principles for the current and comparable period. Detailed principles of accounting accepted when preparing unitary financial statements were described in detail in the report for 2007, available at the Issuer's website, at: http://hbp-sa.pl/pub/uploaddocs/sprawozdanie_finansowe_za_2007_r..pdf. To the principles accepted for preparing the report for 2007, the Company introduced the presentation change described below.

The changes of accounting principles

The company introduced the presentation change in comparison to the principles presented in the report for 2007.

Derivatives securing cash flow are demonstrated in the fair value with the consideration of the changes of this value:

- in the part considered effective security – directly in equity,
- in the part considered ineffective – in profit and loss account.

Derivatives securing fair value of assets and liabilities are demonstrated in fair value. The effects of the change of the fair value of these derivatives are demonstrated in profit and loss account.

In the previously published financial statements, revenue and costs connected with ineffective security were demonstrated in profit and loss account in financial revenue or costs.

Taking care of reliable and clear way of presenting economic events in unitary and consolidated statements, after the analysis with the auditor, the principles of presentation should be changed.

Specific operation for purchase/sale of the financial instrument should be "associated" with a business event (project, construction), for the need of which it was concluded.

All the records concerning financial instruments referred to profit and loss account are presented in its operational part - respectively in the item: Revenue on sales or cost of sales

Pursuant to the accepted above mentioned principle, the adjustment of comparable data was made.

Consolidation principles

Consolidated financial statements also include financial statements of the dominating entity Hydrobudowa Polska S.A. and the statements of the subsidiary company, controlled by the dominating company, prepared as for this 30th June 2008. Control is understood as the possibility of influencing financial and operational policy of the dependent entity for the purpose of deriving a benefit from its activity.

As for the day of acquiring the dependent entity (taking control), assets and liabilities of the acquired entity are valuated according to their fair value. The surplus of the acquisition price over of the fair value of the acquired, possible to be identified, net assets of the entity, is demonstrated in the balance sheet assets as goodwill. In the event if the acquisition price is lower than the fair value of possible to be identified acquired net assets of the entity, the difference is booked as profit in the profit and loss account of the period in which the acquisition took place. The share of minority shareholders is demonstrated according to fair value of net assets falling for them. In the next periods, the loss falling for the minority shareholders above the value of their shares, decreases the capitals of the dominating entity.

Dependent companies sold in the accounting year are subject to consolidation from the beginning of the accounting year to the day of sale. Financial results of the entities acquired during the year are booked in the financial statements from the moment of their acquisition.

If necessary, the adjustments aiming at standardizing the principles of accounting applied by the entity with the principles applied by the dominating entity, in the financial statements of dependent or affiliated entities, are made.

All the operations, balances, revenues and costs between the related entities included in consolidated were excluded.

2.2.1. The influence of new standards and interpretations on the statements of Grupa Kapitałowa

As for this 30th June 2008 new standards and interpretations to International Financial Reporting Standards, concerning the following, were published:

- Changes to International Financial Reporting Standard 2 "Payments in the form of shares" – effective date 1st January 2009. The change of the standard will not influence the financial statements of the Company;
- Updated International Financial Reporting Standard 3 "Mergers of economic units" – effective date 1st July 2009. The change of the standard will not influence the financial statements of the Company;
- International Financial Reporting Standard 8 "Operational segments" - effective date 1st January 2009 the Company expects that the new standard will have a significant effect on the presentation and revealing of information on operational segments in financial statements;
- Updated International Accounting Standard 1 "Presentation of financial statements" – effective date 1st January 2009. The updated standard requires the aggregation of information in financial statements based on the criterion of common features and introduces statements of comprehensive income). The items of revenues and costs and items constituting other comprehensive income may be presented either in single statement of comprehensive income showing partial sums or in two separate statements (separately profit and loss account and statement of comprehensive income). The Company expects that the change of the standard will not influence the amounts presented in the statements, only the method of the presentation of the revenues and costs and profits will change;
- The changes to International Accounting Standard 14 "Reporting concerning activity segments" - valid with the prior application of the changes to International Accounting Standards 1;
- The updated International Accounting Standard 23 "Costs of external financing" - effective date 1st January 2009. The Company expects that the change will not influence the principle of accounting as the main change consisting in eliminating one of the options of booking costs of external financing connected with generating assets directly in the result, was not applied by the Company. The Company has so far applied the solution consisting in activating these costs, which after the revision of the standard will become the only valid solution;
- Changes to International Accounting Standard 27 "Consolidated and unitary financial statements" – effective date 1st July 2009. The change of the standard will not influence the financial statements of the Company;

- Changes to International Accounting Standard 32 "Financial Instruments – Presentation" and International Accounting Standard 1 "Presentation of Financial Statements" – financial instruments with the option of sales and the obligations arising at the liquidation – effective date 1st January 2009. The change of the standard will not influence the financial statements of the Company.

2.3. Significant achievements or failures of Grupa Kapitałowa in 2nd quarter of 2008, together with the list of the most important events concerning them.

The Executive Board's comment to the financial results of the Company HYDROBUDOWA POLSKA S.A.

In comparison with the analogical period of the previous year, all the key items of profit and loss account were subject to a significant increase:

- **Revenue on sale** reached the value of **208 million PLN** i.e. by **57%** more than in the second quarter of the previous year;
- **Gross revenue on sale** increased by 48% and reached the value of nearly **28.5 million PLN** in comparison to 19.2 million earned in the analogical period of the previous year;
- **Profit from operational activity** amounted to nearly **20 million PLN** in comparison to nearly **18 million PLN** generated last year;
- **Net profit** amounted to 11.7 million PLN, which constitutes 71% of its value earned in the analogical period of the previous year;
- **Employment** in the company HYDROBUDOWA POLSKA S.A. at the end of the second quarter amounted to **1402 people** in comparison with 1362 people employed at the end of 2008 i.e. 40 people more;
- At the end of the second quarter **order portfolio** exceeded the value of **900 billion PLN** and only in the second quarter the company managed to conclude contracts of the total value of **150 million PLN**;

Comment to financial results for the 2nd quarter of 2008.

The most significant **sources of revenue** for the company basic activity, in the 2nd quarter, included the following construction contracts:

- a) The contract named "The development and reconstruction of sewage treatment plant in Piaseczno", signed with community Piaseczno - realized revenue: **21.5 million PLN**;
- b) contract named "The development of sewage system of the district Ołtaszyn" concluded with the community of Wrocław – realized revenue: **19.9 million PLN**;

- c) The contract named "Improvement of water-sewage management on the territory of the community of Zabrze – district Grzybowice and Rokitnica – task 1" signed with the community of Zabrze - realized revenue: **10.6 million PLN**;
- d) The contract named "The development of sewage treatment plant "Śródmieście" in Zabrze", signed with community Zabrze - realized revenue: **9.5 million PLN**;

Comparing financial results of the company HYDROBUDOWA POLSKA S.A. achieved for two quarters increasingly of 2007 and two quarter increasingly of 2008, a significant increase both in the case of dynamics of particular items on profit and loss account as well as income returns worked out by the company. The revenue on sales increased from the amount of 197 million PLN to the amount of nearly 377 million PLN, which constitutes 61%. The costs of products, materials and goods sold increased at the same time by 55%. Higher dynamics of increase on sales than the dynamics of the costs of products sold positively influenced the forming of profit margins. This allowed the company for obtaining gross profit margin from sale on the level of 13.67% in comparison with 10.37% at the end of the 2nd quarter 2007 i.e. by 3.3% more and operational margin on the level of 9.12% in comparison with 7.23% at the end of the 2nd quarter of 2007.

For two quarters increasingly of 2008, the Group generated net profit margin on the level of over 6% in comparison with the value of 12.34% achieved at the end of the 2nd quarter of 2008. Higher profitability on the net level for two quarters increasingly in 2007 was reached as a result of a single event which was booking in financial revenue the profit from the sale of the shares of Mostostal Zabrze S.A. in the amount of over 16 million PLN. HYDROBUDOWA POLSKA S.A. took over the above mentioned shares within the framework of the agreement to change debt for shares.

For two quarters increasingly in 2008 the major items of financial revenue were: bank interest – 2.5 million PLN, other interest – 2 million PLN and positive rate differences 2.5 million PLN. And the financial costs included above all: interest and commissions from bank credits – nearly 4.5 million PLN, on account of bonds – nearly 1.6 million PLN and other interest - nearly 1.5 million PLN.

The positive phenomenon noticed at the end of the second quarter of 2008 is also decreasing the share of variable costs in revenue on sales in comparison to the analogical period of the previous year. Their value constituted 86% of revenue in comparison to nearly 90% at the end of the second quarter of 2008.

Profitability ratios

Name	2 quarters increasingly 2008	2 quarters increasingly 2007
Return on sales ¹	13,67%	10,37%
Operational return ²	9,12%	7,23%
Net return ³	6,63%	12,34%

¹ gross profit from sale/revenue on sale *100

² profit from operational activity/revenue on sale *100

³ net profit / revenue on sale *100

2.3.1. The list of the most important events concerning significant achievements or failures of Grupa Kapitałowa in the 2nd quarter of 2008, which the dominating company of the Group informed about in the form of current reports in the period concerned by the report.

In the first quarter of 2008 Grupa Kapitałowa HBP continued the strategy of stable growth by creating strong executive capacity, strengthening the leader's position in the scope of realization of investments in the scope of environment protection, hydrotechnical construction, engineering construction and development of new sectors of industrial and specialist construction.

The most important events in the second quarter of 2008 include:

- Successfully completed public offer of K series shares. Within the framework of the public offer 35,000,000 K series shares were offered including 1,750,000 of Individual Investors Tranche and 33,250,000 of Institutional Investors Tranche. Reduction rate in Individual Tranche, for the records which were not included in allotment guarantees, amounted to 56.32%. The resources from the issuance of K series shares (HBP gained over 300 million PLN) shall be allocated for financing the company development, including: acquisitions, investments in fixed assets and financing the realization of key contracts;
- Establishment and registration of the company Hydrobudowa Polska Konstrukcje Sp. z o.o. in which Hydrobudowa Polska S.A. acquired 100% of shares. The basic subject of the Company activity will be the manufacture of steel structures;
- The registration of the increase of the share capital of the Company by District Court in Poznań, made on this 21st May 2008 from the amount of 138, 673,200 PLN to the amount of 173,673,200 PLN in connection with the conducted issuance of 35,000,000 K series shares of the nominal value of 1 PLN each;
- The introduction, on this 17th June 2008, 35,000,000 K series shares to trading on the official market;
- Winning 2nd degree award in the contest "Construction site of 2007". The investment realized by Hydrobudowa – sewage treatment plant Płaszów II in Kraków – was distinguished in the contest The contest is organized every year by Polish Association of Building Engineers and Technicians with the participation of the Ministry of Construction and the General Office of Building Control. Its objective is to show construction facilities where distinguishing realization results were achieved.
- Redemption of A and B series bonds - on this 30th June 2008 the Company made the redemption of 200 A series bonds issued on this 27th March 2007 and 300 B series bonds

issued on this 31st October 2007 of the total redemption value of 52.7 million PLN. The issuance value of purchased bonds of both series amounted to 50 million PLN. Coupon, dematerialized, unsecured bearer bonds were offered as private issue and purchased in whole by the company PBG S.A.;

- The acquisition of the company PRG Metro Sp. z o.o. – in the period from this 26th June 2008 to this 28th July 2008 Hydrobudowa Polska concluded conditional agreements concerning of acquisition of 465 shares of the company Przedsiębiorstwo Robót Górniczych „Metro” Sp. z o.o. with its seat in Warsaw, each of the nominal value of 1,000.00 PLN, constituting in total 84.55% share in the share capital. The company PRG Metro will strengthen the executive capacity of Grupa Kapitałowa HBP and will extend its activity with the market of professional construction services connected with tunneling, including in particular the construction of underground tunnels;
- Signing of the contract with the company Miejskie Wodociągi i Kanalizacja Sp. z o.o. with its seat in Bydgoszcz for the performance of the task connected with the disposal of rainwaters from the protected water intake areas of LAS GDAŃSKI and CZYŻKÓWKO as well as development of rain drainage system in the city of Bydgoszcz for the amount of 30.8 million EUR net. Hydrobudowa Polska as syndicate partner shall perform and shall be responsible for 20% of the scope of works connected with the realization of the task;
- Signing the contract with the Community of Rewal for the performance of the task connected with the development and modernization of the sewage treatment plant in Pobierowo for the amount of 22.9 million PLN net. Hydrobudowa Polska as the General Contractor shall perform and shall be responsible for 43.35% of the scope of works connected with the realization of the task;
- Signing the contract with the company Polimex – Mostostal S.A. with its seat in Warsaw for the performance of construction-assembly works connected with the realization of the project concerning the construction of Terephthalic Acid Plant in Włocławek for the amount of 22.9 million PLN net;
- Signing the contract with Łódzka Spółka Infrastrukturalna Sp. z o.o. with its seat in Łódź for the performance of the task connected with the modernization of water supply system in the city of Łódź for the amount of 4.1 million EUR net. Hydrobudowa Polska as the General Contractor shall perform and shall be responsible for 50% of the scope of works connected with the realization of the task;
- Signing the contract with Przedsiębiorstwo Wodociągów i Kanalizacji Spółka z o.o. with its seat in Starachowice for the performance of the task connected with the modernization and development of the sewage treatment plant in Starachowice for the amount of 13.3 million Euro net. Hydrobudowa Polska as the General Contractor shall perform and shall be responsible for 50% of the scope of works connected with the realization of the task.

2.3.2. Concluded investment contracts

In the 2nd quarter of 2008 HYDROBUDOWA POLSKA S.A. signed investment contracts for the total amount of **nearly 150 million PLN** whereas the most significant contracts are the ones described below:

Contract with MWiK /Municipal Waterworks and Sewer Enterprise/ in Bydgoszcz

On this 3rd April 2008 HYDROBUDOWA POLSKA S.A. as Syndicate Partner signed the contract with the company Miejskie Wodociągi i Kanalizacja Sp. z o.o. (the „Ordering Party”) with its seat in Bydgoszcz for the performance of the task called “ Disposal of rainwaters from the protected water intake areas of LAS GDAŃSKI and CZYŻKÓWKO as well as development of rain drainage system in the city of Bydgoszcz”

The value of the concluded contract amounts to: 30,809,573.57 EURO net.

The Parties agreed that the contract would be completed within 31 months from the day of commencement.

HYDROBUDOWA POLSKA S.A. – Syndicate Partner shall perform and shall be responsible for 20% of the scope of works connected with the realization of the task

The contract with the Community of Rewal

On this 29th April 2008 HYDROBUDOWA POLSKA S.A. as Syndicate Leader signed the contract with the community of Rewal (“Ordering Party”) for the performance of the task called "Development and modernization of sewage treatment plant in Pobierowo, community of Rewal".

The subject of the order comprises the performance of the development and modernization of sewage treatment plant of the average day flow capacity in season = 13,451 m³ / day together with obtaining water-legal permission for draining purified sewage to the collector and the legally binding decision being the permission for use.

The value of the concluded contract amounts to: 22,947,142.00 PLN net.

The contract shall be completed by this 15th December 2009.

HYDROBUDOWA POLSKA S.A. as the General Contractor shall perform and shall be responsible for 43.35% of the scope of works connected with the realization of the task.

The contract with Polimex – Mostostal S.A.

On this 11th June 2008 HYDROBUDOWA POLSKA S.A. signed the contract with the company Polimex - Mostostal S.A. with its seat in Warsaw for the performance of construction-assembly works connected with the realization of the project "Construction of Terephthalic Acid Plant" in Włocławek.

The value of the concluded contract amounts to: 22,942,145.87 PLN net.

The Parties agreed that the contract shall be completed by this 31st October 2009.

Contract with Łódzka Spółka Infrastrukturalna

On this 17th June 2008, HYDROBUDOWA POLSKA S.A. as Syndicate Leader, signed the agreement with Łódzka Spółka Infrastrukturalna Sp. z o.o. with its seat in Łódź for the performance of the task

"Modernization of water supply system in the city of Łódź" realized within the framework of the Project "Water pipelines and sewage treatment plant in the city of Łódź II" Cohesion Fund Project no. 2004/PL/16/C/PE/010, Part 2 - contract no. 02B "Modernization of water supply system in the city of Łódź – System Tomaszów - Łódź"

Within the framework of the task falling under Part 2 - the Contract no. 02B, it shall perform:
System Tomaszów – Łódź

- Section I – Modernization of surface water purification station "TOMASZÓW"
- Section II – Modernization of deep groundwater purification station in Rokiciny

The value of the concluded contract amounts to: 4,112,290 EURO net.

The Parties agreed that the contract would be completed within 380 months from the day of signing the contract.

HYDROBUDOWA POLSKA S.A. as the General Contractor shall perform and shall be responsible for 50% of the scope of works connected with the realization of the task.

Contract with PwiK Sp. z o.o. in Starachowice

On this 30th June 2008 HYDROBUDOWA POLSKA S.A. as Syndicate Leader concluded the contract with Przedsiębiorstwo Wodociągów i Kanalizacji Spółka z o.o. with its seat in Starachowice for the performance of the task „Modernization and development of sewage treatment plant in Starachowice – part I”.

The subject of the order is full range modernization of the sewage treatment plant, with the maximum possible use of the existing facilities and with optimization of future operating costs at the same time.

The order includes designing and realizing the modernization, obtaining the required effects (efficiency, water quality parameters) in accordance with Functional-Utility Programme and commissioning the modernized facility.

The value of the concluded contract amounts to: 13,330,509.40 EURO net.

The contract will be completed within 26 months from the day of signing the contract.

HYDROBUDOWA POLSKA S.A. as the General Contractor shall perform and shall be responsible for 50% of the scope of works connected with the realization of the task.

2.3.3. The registration of increasing the share capital of the company

By the decision of District Court in Poznań, on this 21st May 2008, the entry of the increase of the share capital of the Company from the amount of 138,673,200 PLN to the amount of 173,673,200 PLN in connection with public offer of 35,000,000 K series shares of the nominal value of 1.00 PLN each.

2.3.4 The acquisition of the company PRG Metro Sp. z o.o

In the period from this 26th June 2008 to this 28th July 2008 the Company concluded conditional agreements concerning of acquisition of 465 shares of the company Przedsiębiorstwo Robót Górniczych „Metro” Sp. z o.o. with its seat in Warsaw, each of the nominal value of 1,000.00 PLN, constituting in total 84.55% share in the share capital of the acquired company.

At the same time one of the conditions of acquiring the shares of the company PRG Metro Sp. z o.o. resulting from the contents of the conditional agreement for the acquisition of shares was fulfilled.

Therefore, the transfer of all the rights resulting from the acquired shares shall take place upon making the decision by the President of the Office of Competition and Consumer Protection on the consent for the concentration of entrepreneurs. At the same time, if by this 15th September 2008 the above mentioned condition is not fulfilled, then all the conditional agreements for the acquisition of shares become invalid.

The total value of the agreements concluded by this 28th July 2008 amounts to 29,590,879.50 PLN and shall be financed by HYDROBUDOWA POLSKA upon fulfilling the conditions precedent from the resources coming from the issuance of K series shares.

The incorporation of the Company PRG Metro Sp. z o.o. into HYDROBUDOWA POLSKA S.A. shall allow to increase the manufacturing capacity and shall enable the diversification of the activity areas with new areas, in particular connected with the construction of the underground. At present the Issuer together with PRG Metro, as the member of the syndicate, takes part in the tender for the construction of the underground in Warsaw.

HYDROBUDOWA POLSKA S.A. is obliged to maintain previous business of the Company and anticipates its further development in the scope of the realization of tasks in the area of technical construction works, including performing tunnels, underground tunnels and ancillary facilities.

The development of the Company within the framework of Grupy Kapitałowej HBP will be possible by means of more effective use of its capacity, the increase of the possibilities of gaining cheaper financing and the increase of the possibility of winning contracts of significant unit value.

Przedsiębiorstwo Robót Górniczych Metro Sp. z o.o. is one of general contractors of Warsaw underground lines and ancillary facilities, such as wayside ventilation, turnout chamber, underground passages, microtunnels. From 2001 the Company extended its activity with water and sewage market.

2.4. Description of factors and events, in particular the ones of untypical nature, having significant influence on the consolidated financial results.

2.4.1. Redemption of A and B series bonds

On this 30th June 2008 the Company made the redemption of 200 A series bonds issued on this 27th March 2007 and 300 B series bonds issued on this 31st October 2007 of the total redemption value of 52,720,785 million PLN. The issuance value of purchased bonds of both series amounted to 50,000.000/00 PLN. Coupon, dematerialized, unsecured bearer bonds were offered as private issue and purchased in whole by the company PBG S.A.

2.4.2. The payment towards the increase of the capital of Hydrobudowa Polska Konstrukcje Sp. z o.o.

On this 19th June 2008 Hydrobudowa Polska S.A. made the payment of the amount of 8 million PLN towards the acquisition of shares in the increased capital of its subsidiary Hydrobudowa Polska Konstrukcje.

As for the day of preparing the report, the increase in the capital was not registered.

2.5. Clarifications concerning seasonal or cyclical nature of the Issuer's activity in the presented period.

Due to the nature of the run activity i.e. rendering construction – assembly services, the factor determining the course of works are weather conditions. Low temperatures hamper the performance of earth works and assembly works and, as a consequence, they may have an influence on the level of generated revenue on sale.

The strategy of Grupa Kapitałowa assumes, whenever possible, gaining contracts of high unit value. Gaining such contracts contributes to levelling the seasonal nature of the revenue ensuring at the same time more even division of revenue during accounting year.

2.6. Information concerning the issuance, redemption and payment of debt and capital securities.

2.6.1. K series shares issuance

In the second quarter of 2008 HYDROBUDOWA POLSKA S.A. successfully conducted the issuance of 35,000,000 K series ordinary bearer shares issued with no subscription right pursuant to the resolution 4 of the Extraordinary General Meeting of Shareholders, dated 19th November 2007.

On this 28th April 2008 the Executive Board of the company made the allocation of all the shares. 33,250,000 shares were allocated in the Institutional Tranche and 1,750,000 shares in the Individual Tranche. The allocation in Institutional Tranche was made without reduction of subscriptions pursuant to subscriptions made. Reduction rate in the Individual Tranche, for the subscriptions which were not included in allocation guarantees, amounted to 56.32%.

The company intends to devote the resources from the issuance of shares to:

- **Financing new contracts:**

The company currently realizes the order portfolio of the value exceeding 900 million PLN. In 2008 the Company intends to prepare the offers for the tenders of the total value of 10 billion PLN - out of which it expects to gain orders of the value between 1 and 1.5 billion PLN.

- **Acquisitions:**

The acquisition of controlling share packages or organized parts of the enterprise in the companies having experience in the realization of engineering facilities and running activity in the scope of construction of engineering facilities, steel and concrete structures and underground facilities;

- **Investments in fixed assets:**

The purchase of technical machines and devices as well as conducting modernization works and the development of the possessed real estates;

- **IT:**

The implementation of the integrated management system ORACLE

By the resolution no. 353/2008 dated 9th May 2008, the Executive Board of the Stock Exchange S.A. resolved to:

- admit, on this 12th May 2008, in standard mode, to trading on the official market 35,000,000 allotment certificates to K series ordinary bearer shares of the company HYDROBUDOWA POLSKA S.A., of the nominal value of 1 PLN each, marked by the National Depository of Securities S.A. with the code PLHDRWL00028.

- list allotment certificates of the company HYDROBUDOWA POLSKA S.A. in continuous trading under the shortened name „HBPOLSKA- PDA" and the marking „HBPA".

On this 17th June 2008 the Executive Board of the Stock Exchange in Warsaw S.A. admitted, in standard mode, to trading on the official marking, 35,000,000 K series bearer shares. At the same time, on this 17th June 2008, the registration of 35,000,000 K series shares took place in the National Depository of Securities.

2.6.1.2. The way of using the resources from the issuance of K series shares

The aims of shares issuance

1. Financing new contracts,
2. Acquisitions,
3. Investments in fixed assets,
4. IT,

The use of the resources from the issuance of K series shares

As a result of the issuance of 35,000,000 K series shares with no right of subscription, at the issue price amounting to 8.80 PLN, the company HYDROBUDOWA POLSKA S.A. gained 308 million PLN which was allocated, among others, to:

Acquisitions:

- **Acquisition of shares** in the company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. (the company HYDROBUDOWA POLSKA S.A. acquired 50,000 shares of the nominal value of 500 PLN each for the amount equal to 100 PLN);
- The **payment** of the amount of 8 million PLN towards the acquisition of shares in the increased capital of the subsidiary Hydrobudowa Polska Konstrukcje.

Investments in fixed assets:

- The **expenditure** in the amount of 206,378.76 PLN as own contribution at the purchase of fixed assets

2.7. Information concerning paid-out (or declared) dividend, in total and in conversion for one share, with the division into ordinary and preference shares.

The company did not pay out nor did it declare dividend payment.

2.8. Presentation of events which occurred after the day as for which the consolidated quarterly financial statements were prepared, not included in these statements, and which might have a significant influence on the future financial results of the issuer.

2.8.1. The termination of buying-in of the shares of PRG Metro Sp. z o.o.

On this 28th July 2008 HYDROBUDOWA POLSKA S.A. terminated buying-in of the shares of Przedsiębiorstwo Robót Górniczych Metro Sp. z o.o.

In total the Issuer concluded conditional agreements for the acquisition of 465 shares constituting 84.55% in the share capital of the acquired company.

The whole operation of the value of 29,590,879.50 PLN shall be financed by HYDROBUDOWA POLSKA S.A., upon meeting the conditions precedent, from the resources coming from the issuance of K series shares.

The incorporation of the Company PRG Metro Sp. z o.o. into HYDROBUDOWA POLSKA S.A. shall allow to increase the manufacturing capacity and shall enable the diversification of the activity areas with new areas, in particular connected with the construction of the underground. At present the Issuer together with PRG Metro, as the member of the syndicate, takes part in the tender for the construction of the underground in Warsaw.

2.8.2. The acquisition of the bonds issued by HYDROBUDOWA 9 P.I.B. S.A.

On this 1st August 2008, HYDROBUDOWA POLSKA S.A. acquired 100 pB series bonds issued by the Company from Grupa Kapitałowa PBG: HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno - Budowlane S.A. of the nominal value and issue price of 100,000.00 PLN each i.e. the total amount of 10,000,000.00 PLN.

The acquired bonds are coupon, dematerialized and unsecured bearer bonds.

The bonds were acquired under the following conditions:

The day of bonds acquisition: 1st August 2008

The day of bonds redemption: 31st March 2010

Payment of interest: 31st March 2010

Interest rate of bonds shall be based on market conditions.

The purpose of the acquisition of the bonds in question is placing the monetary resources on the conditions more profitable than the ones previously obtained by the Company.

Equity funds of the company are the source of financing the acquired bonds.

2.9. The Executive Board's position concerning the possibilities of realizing previously published forecasts of results for a given year, in the light of the results presented in consolidated and constructed quarterly report in relation to forecast results.

The Executive Board of the company declares that in the light of the results presented in unitary quarterly report, it maintains its position that the results forecast for 2007 shall be published in the current report no. 24/2008 dated 2nd April 2008 assuming achieving by the company in 2008:

- net revenue on sales in the amount of **748.9 million PLN**
- profit on operational activity in the amount of **63.9 million PLN,**
- profit net in the amount of **53.6 million PLN,**

shall be realized according to assumptions.

2.10. Presenting shareholders having directly or indirectly, by subsidiaries, at least 5% of the total number of shares at the general meeting of the issuer as for the day of transferring the consolidated quarterly report together with the indication of the number of shares these entities have, their proportional share in share capital, number of votes resulting from this and their

proportional share in the general number of votes in the general shareholders meeting as well as indicating the changes in the ownership structure of the issuer's major holdings in the period from transferring the previous quarterly report.

No.	Shareholder	Number of shares	Number of votes	Share in the Issuer's share capital	Share in the general number of votes at the Issuer's General Shareholders Meeting of the Issuer
1.	PBG S.A.	105 397 300	105 397 300	60,69%	60,69%
2.	ING TFI S.A. in Warszawa	17 282 900	17 282 900	9,95%	9,95%
3.	BZ WBK Asset Management S.A.	11 233 756	11 233 756	6,47%	6,47%
4.	ING OFE in Warszawa	10 550 000	10 550 000	6,07%	6,07%
5.	Other shareholders	29 209 244	29 209 244	16,82%	16,82%
	TOTAL	173 673 200	173 673 200	100,00%	100,00%

In the 2nd quarter of 2008 in connection with the allocation of K series shares and the registration by Court of the increase in share capital of the company from the amount of 138,673,200 PLN to the amount of 173,673,200 with the issuance of 35,000,000 K series shares, the following changes occurred in the structure of ownership of significant packages of issuer's shares:

Notification from BZ WBK AIB TFI S.A.

With the notification dated 29th April 2008, BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. with its seat in Poznań, acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Stabilnego Wzrostu Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty informed about the change of shares portfolio of HYDROBUDOWA POLSKA S.A.

The change of the portfolio results from the allocation of K series shares made on this 28th April 2008. As a result of the allocation of K series shares, the above mentioned funds became the owners of the shares ensuring more than 5% of the total number of votes at the General Meeting of Shareholders of the Company HYDROBUDOWA POLSKA S.A.

As a result of the allocation made on this 28th April 2008, the Funds became the owners of 11,177,472 shares in total, which constitutes 6.44% in the share capital. Out of these shares there

are 11,177,472 votes, which constitutes 6.44% of the share in the total number of votes at the General Meeting of Shareholders of the company HYDROBUDOWA POLSKA S.A.

At the same time BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. informed that it ordered the management of the Funds' investment portfolio to the company BZ WBK AIB Asset Management S.A. with its seat in Poznań which is charged with the information duty connected with the allocation of shares mentioned in this report.

Notification from BZ WBK AIB Asset Management S.A.

With the notification dated 29th April 2008 BZ WBK AIB Asset Management S.A. with its seat in Poznań informed about the change in shares portfolio of HYDROBUDOWA POLSKA S.A. being the result of the operation of the purchase of shares settled on this 28th April 2008 and the allocation of K series shares made on this 28th April 2008.

As a result of the operation of purchase of shares and the allocation of K series shares the clients of BZ WBK AIB Asset Management S.A. became the holders of shares ensuring more than 5% of the total number of votes at the General Meeting of Shareholders of HYDROBUDOWA POLSKA S.A.

Before the increase in share the clients of BZ WBK AIB Asset Management S.A. had 505,601 shares of the company HYDROBUDOWA POLSKA S.A. on the accounts included in management contracts, which constituted 0.36% of the share capital of the company HYDROBUDOWA POLSKA S.A. Out of these shares, there were 505,601 votes at the General Meeting of Shareholders, which constituted 0.36% of the share in the total number of votes at the General Meeting of Shareholders of the Company HYDROBUDOWA POLSKA S.A.

On this 28th April 2008 as a result of settling the operation of the allocation of K series shares, the clients of BZ WBK AIB Asset Management S.A. became the holders of 11,233,756 shares in total, which constitutes 6.47% in the share capital. Out of these shares there are 11,233,756 votes, which constitutes 6.47% of the share in the total number of votes at the General Meeting of Shareholders of the company HYDROBUDOWA POLSKA S.A.

At the same time BZ WBK AIB Asset Management S.A. informed that BZ WBK AIB TFI S.A. ordered the management of the investment funds' investment portfolios, the body of which is the Company in the company BZ WBK AIB Asset Management S.A. In connection with the above, in the event of having the shares of the company HYDROBUDOWA POLSKA S.A. by the Funds, BZ WBK AIB Asset Management S.A. is obliged to include them in the notification.

Notification from ING OFE

On this 9th May 2008 the Executive Board of HYDROBUDOWA POLSKA S.A. received the notice, dated 8th May 2008, informing that as a result of acquiring allotment certificates to K series shares of the company HYDROBUDOWA POLSKA S.A. calculated on this 6th May 2008, ING Otwarty

Fundusz Emerytalny became the holder of 350,000 shares of the company and 10,200,000 allotment certificates constituting more than 5% of the votes at the General Shareholders Meeting of HYDROBUDOWA POLSKA S.A.

Before the acquisition of the shares the Fund had 350,000 shares of the company constituting 0.25% of the share capital of the company and was entitled to 350,000 votes at the General Shareholders Meeting, which constituted 0.25% of the share in the total number of votes at the General Meeting of Shareholders of HYDROBUDOWA POLSKA S.A. Therefore, at the moment of the change of allotment certificates into the shares of the company, on the Fund's securities trading account there will be 10,550,000 shares of the company and the Fund's share in the share capital shall amount to 6.07% of the share capital of the company. These shares will entitle to 10,550,000 votes at the General Shareholders Meeting of the company HYDROBUDOWA POLSKA S.A., which will constitute 6.07 % of the total number of votes.

Notification from ING TFI S.A.

On this 11th July 2008 Hydrobudowa Polska S.A. obtained the notification from ING Towarzystwo Funduszy Inwestycyjnych S.A. that, as a result of the disposal of the shares of the company HYDROBUDOWA POLSKA S.A. on this 8th July 2008 the total number of shares at the General Shareholders Meeting of this company that all the funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. has fell below the threshold of 10% of the total number of votes.

ING Towarzystwo Funduszy Inwestycyjnych SA acts on behalf of:

1. ING Fundusz Inwestycyjny Otwarty Średnich i Małych Spółek,
2. ING Fundusz Inwestycyjny Otwarty Stabilnego Wzrostu,
3. ING Fundusz Inwestycyjny Otwarty Akcji,
4. ING Fundusz Inwestycyjny Otwarty Zrównoważony,
5. ING Specialist Equity 2 Investment Fund,
6. ING Parasol Specjalistyczny Funduszu inwestycyjnego Otwartego.

Before the change of share, investment funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. had in total 17,382,900 shares of the company HYDROBUDOWA POLSKA S.A., which constituted 10.01% of the Issuer's share capital and gave the right to execute 17,382,900 votes constituting 10.01% of the total number of votes at the General Meeting of Shareholders of HYDROBUDOWA POLSKA S.A.

According to the balance on this 8th July 2008 and on the day of drawing this notification the funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. have in total 17,282,900 shares of HYDROBUDOWA POLSKA S.A., which constitutes 9.95% of the Issuer's share capital and gives the right to perform 17,282,900 votes on the General Meeting of Shareholders of the Issuer, which constitutes 9.95% of the total number of votes on the General Meeting of Shareholders of the Issuer.

2.11. Specification of the issuer's shares portfolio or rights to the shares taken by persons who manage or supervise HYDROBUDOWA POLSKA S.A. as at the date of the quarterly report submission, including information on changes in the number of shares or rights held in the period from the last quarterly report – separately for each holder.

The Executive Board of the Company

/in items/

	Balance for this 5 th May 2008	Increasing	Decreasing	Current balance
Tomasz Woroch	0	-	-	0
Tomasz Starzak	0	-	-	0
Andrzej Zwierzchowski	4 850	-	-	4 850
Rafał Damasiewicz	0	-	-	0
Edward Kasprzak	438 100	-	-	438 100
Jarosław Duśiło	150	-	-	150
Joanna Zwolak	50	-	-	50

The Supervisory Board of the Company:

/in items/

	Balance for this 5 th May 2008	Increasing	Decreasing	Current balance
Małgorzata Wiśniewska	0	-	-	0
Andrzej Wilczyński	0	-	-	0
Przemysław Szkudlarczyk	0	-	-	0
Piotr Stobiecki	1 000	-	-	1 000
Grzegorz Wojtkowiak	0	-	-	0
Marcin Idziorek	0	-	-	0

Commercial Proxies of the Company

/in items/

	Balance for this 5 th May 2008	Increasing	Decreasing	Current balance
Paweł Kujawa	0	-	-	0
Andrzej Szultka	0	-	-	0

Indicating the proceedings being conducted in court, authority proper for arbitration proceedings or public administration body, with the consideration of the information in the scope of:

- a) proceedings concerning issuer's obligations or receivables or the unit dependent on it, whose value constitutes at least 10% of equity capitals of the issuer, with the definition of: the subject of proceedings, value of the subject of dispute, the date of commencing the proceedings, the parties of the commenced proceedings and the issuer's position,
- b) two or more proceedings concerning the obligations and receivables the total value of which constitutes respectively at least 10% of issuer's equity capitals, defining the

total value of proceedings separately in the group of obligations and receivables and with the issuer's position on this as well as with reference to major proceedings in the group of obligations and in the group of receivables - with the indication of their subject, value of the subject of the dispute, the date of commencing the proceedings and the parties of the commenced proceedings.

The conducted proceedings brought by or against the company do not exceed the value constituting at least 10% of equity capitals.

2.13. Information about concluding by the issuer or its subsidiary one or more transactions with affiliated entities if the transaction value (total value of all the transactions concluded in the period from the beginning of accounting year) exceeds the equivalent of 500 thousand expressed in PLN. EUR – if these are not typical or routine transactions.

Affiliated entity	PBG S.A.	Metorex Sp.zo.o.	Infra Sp.zo.o.	KWG S.A.	Dromost Sp.zo.o.	Hydrobudowa 9 S.A.	PBG DOM Sp.zo.o.	PRIS-Infra Sp.zo.o.	AVATIA	RAZEM
Receivables in total	28 529	7 113	2 503	85	3	11 223	0	1 830		51 286
Long-term receivables for supplies and services provided						827				827
Short-term receivables for supplies and services provided	28 519	7 113	2 503		3	10 396		1 830		50 364
Other short-term receivables	10			85						95
Liabilities in total	974	6 727	2 548	1 877	0	538	153	1 800	155	14 772
Long-term liabilities on account of supplies and services provided		85	117							202
Short-term liabilities on account of supplies and services provided	674	6 642	2 427	1 877		538	153	1 800	155	14 266
Other short-term liabilities	300		4							304
Acquisition of bonds						13 052				13 052
Revenue on the sale of products, services, materials, goods	26 464	3 554	2 513		7	6 681				39 219
Cost value of products, services, materials, goods sold	1 210	10 336	3 494		4 132	796		1 476		21 444
Financial revenue		52	28			710				790
Financial costs	1 677	44				792				2 513

Apart from the above mentioned events, in the 2nd quarter of 2008, the operations connected with the contribution of share capital in the amount of 50,000,000 PLN to the company Hydrobudowa Polska Konstrukcje Sp. z o.o. took place.

In June 2008 Hydrobudowa Polska S.A. made the payment towards the increase of share capital of the company Hydrobudowa Polska Konstrukcje Sp. z o.o. in the amount of 8,000,000.00 PLN. As for the day of preparing the report, the increase in the capital was not registered.

2.14. Information about granting by the issuer or its subsidiary the surety for the credit or loan or granting guarantee - in total to one entity or unit being the subsidiary of this entity, if the value of the surety or the guarantee constitutes the equivalent of at least 10% of the Issuer's equity.

The issuer and the dependent entity did not grant any significant sureties and guarantees in the 2nd quarter of 2008.

2.15. Information concerning the changes of contingent liabilities or contingent assets which occurred from the completion of previous accounting year.

Contingent liabilities	balance on this 30.06.2008	balance on this 31.03.2008	balance on this 31.12.2007
Guarantees:	175 123	173 229	172 195
For related entities:	-	-	-
For other entities:	175 123	173 229	172 195
- performance security	42 864	7 218	53 637
- remedy of defects and failures	3 184	4 529	3 526
- tender guarantee	9 677	8 318	6 361
- advance payment return	9 810	7 226	9 451
- payments	6 810	5 256	200
- performance security	100 880	137 712	95 760
- retention amounts	831	871	891
- surety	-	-	240
- payments	979	2 099	2 129
Sureties:	697 945	574 384	535 832
For related entities:	691 138	567 278	528 262
- security of contract bonds	155 868	130 006	90 756
- borrowing security	90 422	60 232	26 786
- security of bonds redemption	310 000	310 000	310 000
- securing of limits on transactions with financial instruments (treasury limits)	107 502	46 493	66 811
- others	27 346	20 547	33 909
For other entities:	6 807	7 106	7 570
- security of contract bonds	2 582	2 706	2 768
- borrowing security	-	-	-
- security of bonds redemption	-	-	-
- securing of limits on transactions with financial instruments (treasury limits)	-	-	-
- security of loan payment	4 225	4 400	4 802
- others	-	-	-
Bills of exchange:	12 474	10 675	5 892
For related entities:	10 609	10 615	5 693
- securing contract bonds	10 609	10 615	5 693
For other entities:	1 865	60	199
- securing contract bonds	1 865	60	199
Contingency liabilities in total:	885 542	758 288	713 919

2.16. Other information which, according to the Issuer, is significant for the appraisal of its HR, asset, financial situation, financial result and their changes as well as the information which is significant for the assessment of the realization of the obligations by the issuer.

On this 30th June 2008, in connection with taking, from this 1st July 2008, the function of the President of the Executive Board of the company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o., the company dependent on HYDROBUDOWA POLSKA S.A., Mr. Krzysztof Diduch submitted his resignation from acting as the Member of the Executive Board of the Company.

On this 18th July 2008, the Executive Board of the company cancelled, effective on this 31st July 2008, the joint commercial representation limited to the scope of the matters of the Włocławek Branch of the Company, granted to Mrs Małgorzata Jankowska.

2.17. Indication of factors which, according to the issuer, shall have an influence on the result achieved by the issuer, in the prospect of at least the next quarter.

The most important factor which can have an influence on the Issuer's financial standing in the prospect of at least the next quarter include:

- business outlook in construction branch of industry,
- pace and directions of the use of aid measures from the European Union
- the pace of preparation of investments connected with the organization of Football Europe Championships EURO 2012
- strengthening of operational and financial supervision within the framework of the contracts realized,
- Level of materials and construction services prices, having the influence on the amount of direct costs of the contracts realized,
- costs of employment and availability of qualified employees

MID-YEAR CONSTRUCTED FINANCIAL STATEMENTS OF THE COMPANY HYDROBUDOWA POLSKA FOR 2ND QUARTER OF 2008

SELECTED FINANCIAL DATA

	For the period from 1 st January to 30 th June 2008	For the period from 1 st January to 30 th June 2008	For the period from 1 st January to 30 th June 2008	For the period from 1 st January to 30 th June 2008
	PLN	PLN	EUR	EUR
Cash revenue on sales	316 997	197 068	91 154	51 205
Profit (loss) from operational activity	28 913	14 256	8 314	3 704
Profit (loss) before tax	27 593	25 636	7 934	6 661
Profit (loss) net from continued activity	21 033	24 321	6 048	6 319
Profit (loss) net	21 033	24 321	6 048	6 319
Monetary resources net from operational activity	(95 881)	(58 143)	(27 571)	(15 108)
Monetary resources net used in investment activity	(36 415)	15 418	(10 471)	4 006
Monetary resources net from financial activity	149 230	55 524	42 912	14 427
Net change of the balance of monetary resources and their equivalents	16 934	12 799	4 869	3 326
Weighted average number of ordinary shares	146 558	138 673	146 558	138 673
Weighted average watered number of ordinary shares	146 558	138 673	146 558	138 673
Profit (loss) for one ordinary share (in PLN/EUR)	0,14	0,18	0,04	0,05
Watered profit (loss) for one ordinary share (in PLN/EUR)	0,14	0,18	0,04	0,05
Average exchange rate PLN / EUR*			3,4776	3,8486
Specification	for the day 30.06.2008 PLN	for the day 30.06.2007 PLN	for the day 30.06.2008 EUR	for the day 30.06.2007 EUR
Assets	744 185	478 635	221 867	127 100
Long-term liabilities	40 805	45 457	12 165	12 071
Short-term receivables	248 358	313 476	74 044	83 243
Equity	455 022	119 702	135 657	31 787
Initial capital	173 673	138 673	51 778	36 824
Number of shares	173 673	138 673	173 673	138 673
Book value for one share in (PLN/EUR)	2,62	0,86	0,78	0,23
Declared or paid-out dividend for one share (in PLN/EUR)	-	-	-	-
Exchange rate PLN/EUR at the end of the period**			3,3542	3,7658

* Average PLN/EUR exchange rate was calculated according to the rate being the simple average of the rates of the National Bank of Poland as for the day closing each month of the reporting period

** Selected items of the balance sheet converted into EUR according to the average exchange rate of the National Bank of Poland determined for the day closing the reporting period.

MID-YEAR CONSTRUCTED BALANCE SHEET OF THE COMPANY HYDROBUDOWA POLSKA S.A.

Specification	for the day	for the day	for the day
	30.06.2008.	31.12.2007	30.06.2007.
Assets			
Fixed assets	119 942	80 007	73 982
Intangible assets	631	802	749
Property, plant and equipment	89 590	70 054	61 826
Investment properties	-	-	-
Other long-term financial assets	21 200	600	520
- from related entities	21 112	357	-
- from other entities	88	243	520
Long-term receivables	6 854	6 504	9 237
- from related entities	827	767	278
- from other entities	6 027	5 737	8 959
Assets on account of deferred income tax	-	-	-
Long-term accrued liabilities	1 667	2 047	1 650
Current assets	624 243	502 695	404 653
Stocks	5 540	5 196	5 312
Receivables from the ordering parties on account of the works resulting from construction service / long-term contracts	243 483	182 853	210 293
- from related entities	25 398	3 271	11 642
- from other entities	218 085	179 582	198 651
Receivables for supplies and services provided	245 291	219 075	96 062
- from related entities	75 011	44 461	8 466
- from other entities	170 280	174 614	87 596
Receivables on account of current income tax	-	-	589
Other short-term receivables	31 792	24 566	42 218
- from related entities	95	193	11 608
- from other entities	31 697	24 373	30 610
Other short-term financial assets	29 135	19 209	9 640
- from related entities	-	-	-
- from other entities	29 135	19 209	9 640
Monetary resources and their equivalents	64 737	48 347	35 763
Short-term accrued liabilities	4 265	3 449	4 776
Assets in total	744 185	582 702	478 635

Specification	for the day	for the day	for the day
	30.06.2008.	31.12.2007	30.06.2007.
Liabilities			
Equity	455 022	139 352	119 702
Initial capital	173 673	138 673	138 673
Treasury shares	-	-	-
Supplementary capital from the sale of shares above their nominal value	258 827	-	-
Capital from the valuation of hedge operations	8 654	5 845	1 029
Other capitals	43 600	41 031	41 897
Undivided financial result	(29 732)	(46 197)	(61 897)
- profit (loss) from previous years	(50 765)	(86 429)	(86 218)
- profit (loss) net from current year	21 033	40 232	24 321
Liabilities	289 163	443 350	358 933
Long-term liabilities	40 805	76 598	45 457
Long-term credits and loans	25 000	11 477	12 954
- from related entities	-	-	8 157
- from other entities	25 000	11 477	4 797
Other long-term financial liabilities	4	51 181	20 358
Other long-term liabilities	5 160	4 621	1 371
- from related entities	202	138	173
- from other entities	4 958	4 483	1 198
Provision on account of deferred income tax	8 517	7 301	7 367
Provisions for liabilities on account of employee benefits	507	607	3 235
Other long-term provisions	1 617	1 411	172
Long-term accrued liabilities	-	-	-
Short-term liabilities	248 358	366 752	313 476
Short-term credits and loans	54 589	150 598	178 108
- from related entities	-	41 390	81 880
- from other entities	54 589	109 208	96 228
Other short-term financial liabilities	76	115	240
Liabilities for supplies and services provided	141 959	164 952	96 784
- from related entities	14 340	18 620	15 834
- from other entities	127 619	146 332	80 950
Liabilities on account of the construction service	-	5 852	1 646
- from related entities	-	4 241	-
- from other entities	-	1 611	1 646
Liabilities on account of current income tax	5 865	11 112	1 154
Other short-term liabilities	43 019	30 783	30 553
- from related entities	304	219	8
- from other entities	42 715	30 564	30 545
Provisions for liabilities on account of employee benefits	314	466	673
Other short-term provisions	563	566	1 520

Short-term accrued liabilities	1 973	2 308	2 798
Liabilities in total	744 185	582 702	478 635

OFF BALANCE SHEET ITEMS	balance on this 30.06.2008	balance on this 31.12.2007
Contingent liabilities	0	0
From related entities (on the account of):	0	0
- received guarantees and sureties	0	0
From other entities (on the account of):	0	0
- received guarantees and sureties	0	0
Contingent liabilities	885 542	713 919
for related undertakings (on the account of):	701 747	533 955
- granted guarantees	0	0
- sureties	691 138	528 262
- bills of exchange	10 609	5 693
For other entities (on the account of):	183 795	179 964
- granted guarantees	175 123	172 195
- sureties	6 807	7 570
- bills of exchange	1 865	199
OFF BALANCE SHEET ITEMS TOGETHER	885 542	713 919

MID-YEAR CONSTRUCTED PROFIT AND LOSS ACCOUNT OF THE COMPANY HYDROBUDOWA POLSKA S.A.

Specification	For the 2 nd quarter from 1 st April till 30 th June 2008	For 2 quarters from 1 st January till 30 th June 2008	For the 2 nd quarter from 1 st April till 30 th June 2007	For 2 quarters from 1 st January till 30 th June 2007
<i>Continued activity</i>				
Cash revenue on sales	208 425	316 997	133 028	197 068
- from related entities	28 966	39 231	20 550	21 985
Revenue on sale of products	-	-	-	-
Fees earned	204 481	311 580	129 018	189 803
Revenue on sale of goods and materials	3 944	5 417	4 010	7 265
Cost of sales	(179 903)	(273 651)	(113 809)	(176 631)
- from related entities	(18 880)	(25 357)	(9 293)	(15 405)
Cost of sold products	-	-	-	-
Cost of sold services	(176 012)	(268 370)	(108 478)	(169 338)
Cost of sold goods and materials	(3 891)	(5 281)	(5 331)	(7 293)
Profit (loss) gross on sales	28 522	43 346	19 219	20 437
Costs of sales	-	-	-	-
General administrative costs	(6 927)	(13 288)	(5 187)	(10 307)
Other operational revenue	459	1 397	7 564	8 622
Other operational costs	(2 092)	(2 542)	(3 685)	(4 496)
Restructuring costs	-	-	-	-
Profit (loss) from operational activity	19 962	28 913	17 911	14 256
Financial revenue	5 178	7 560	644	1 475
Financial costs	(4 784)	(8 880)	(3 382)	(6 245)
Other profit (loss) from investment	-	-	2 611	16 150
Profit (loss) before tax	20 356	27 593	17 784	25 636

Income tax	(4 539)	(6 560)	2 196	(1 315)
Profit (loss) net from continued activity	15 817	21 033	19 980	24 321
<i>Discontinued activity</i>	-	-	-	-
Loss net from discontinued activity	-	-	-	-
Profit (loss) net	15 817	21 033	19 980	24 321

PROFIT (LOSS) NET PER ONE SHARE OF THE COMPANY HYDROBUDOWA POLSKA S.A.

Specification	For the 2 nd quarter from 1 st April till 30 th June 2008	For 2 quarters from 1 st January till 30 th June 2008	For the 2 nd quarter from 1 st April till 30 th June 2007	For 2 quarters from 1 st January till 30 th June 2007
	PLN/share	PLN/share	PLN/share	PLN/share
Profit (loss) net from continued activity	15 817	21 033	19 980	24 321
Profit (loss) net from continued and discontinued activity	15 817	21 033	19 980	24 321
Weighted average number of ordinary shares	154 442	146 558	138 673	138 673
Weighted average watered number of ordinary shares	154 442	146 558	138 673	138 673
<i>from continued activity</i>				
- basic	0,1024	0,1435	0,1441	0,1754
- watered	0,1024	0,1435	0,1441	0,1754
<i>from continued and discontinued activity</i>				
- basic	0,1024	0,1435	0,1441	0,1754
- watered	0,1024	0,1435	0,1441	0,1754

CASH FLOW ACCOUNT OF THE COMPANY HYDROBUDOWA POLSKA S.A.

Specification	For the period from 1 st January till 30 th June 2008	For the period from 1 st January till 30 th June 2007
Cash flow from operational activity		
Profit net before tax	27 593	25 636
Adjustments:	1 700	(13 849)
Depreciation of intangible assets	215	225
Write offs on account of the loss of goodwill	-	-
Write offs on account of the loss of property, plant and equipment	-	-
Depreciation of the value of property, plant and equipment	4 194	1 967
(Profit) loss on the sale of property, plant and equipment	116	(1 365)
(Profit) loss on the sale of financial assets available for sales (allocated for trading)	(4 032)	(19 632)
Profit (loss) from valuation of investment properties according to fair value	-	-
(Profit) loss on account of fair value of financial assets declared according to fair value	(6 316)	-
Share in profit (loss) of related undertakings	-	-
Profit (loss) on account of differences in rates	48	46
Interest expenses	7 477	5 127
Interest received	-	(217)
Dividend received	(2)	-
Monetary resources from operational activity before considering changes in working capital	29 293	11 787
Change of stock level	(344)	(852)

Specification	For the period from 1 st January till 30 th June 2008	For the period from 1 st January till 30 th June 2007
Change of receivables level	(94 422)	(42 102)
Change of liabilities level	(18 403)	5 820
Change of provisions level and accrued liabilities	(820)	(33 119)
Other adjustments	-	541
Monetary resources generated in the course of operational activity	(84 696)	(57 925)
Paid interest	(72)	(195)
Paid income tax	(11 113)	(23)
Monetary resources net from operational activity	(95 881)	(58 143)
Cash flow from investment activity		
Expenses on purchasing intangible assets	-	(114)
Revenue from the sale of intangible assets	-	-
Expenses on purchasing property, plant and equipment	(20 195)	(14 711)
Revenue from the sale of property, plant and equipment	148	542
Expenses on purchasing investment properties	-	-
Revenue from the sale of investment properties	-	8 323
Expenses for purchasing financial assets available for sale	(13 000)	(104)
Revenue from the sale of financial assets available for sale	4 389	3 070
Expenses for purchasing financial assets allocated for trading	-	-
Revenue from the sale of financial assets allocated for trading	-	18 300
Expenses for purchasing related entities (reduced by monetary resources taken over)	(8 060)	-
Revenue from sale of related entities	-	-
Other expenses – additional payment to capital	-	-
Revenue from received governmental subsidies	-	-
Granted loans	-	-
Received payments of loans granted	300	-
Interest received	1	179
Dividend received	2	-
Other revenue	-	149
Other investment expenses	-	(216)
Monetary resources net used in investment activity	(36 415)	15 418
Cash flow from financial activity		
Revenue net on account of issuance of shares	294 326	-
Acquisition of treasury shares	-	-
Revenue on account of issuance of debt securities	-	20 000
Payment of interest on bond	(2 721)	-
Redemption of debt securities	(50 000)	-
Revenue on account of borrowing	22 093	60 590
Payment of credits and loans	(105 804)	(21 119)
Payment of interest on credits and loans	(8 433)	(3 702)
Revenue on account on investment	-	-
Payment of liabilities on account of financial leasing	(35)	(225)
Paid interest	(4)	-
Paid-out dividend	-	-
Credit commissions	(192)	-
Other expenses	-	(20)
Monetary resources net from financial activity	149 230	55 524

Specification	For the period from 1 st January till 30 th June 2008	For the period from 1 st January till 30 th June 2007
Net change of the balance of monetary resources and their equivalents	16 934	12 799
Monetary resources and their equivalents at the beginning of the period	48 389	23 505
Change of the state on account of differences in rates	(272)	(47)
Monetary resources and their equivalents at the end of the period	65 051	36 257

**STATEMENT OF CHANGES IN THE EQUITY CAPITAL OF THE COMPANY HYDROBUDOWA POLSKA S.A.
IN THE PERIOD FROM 1ST JANUARY TO 30TH JUNE 2008**

Specification	Initial capital	Other capitals	Undivided financial result	Total
Balance as for this 1st January 2007	107 155	67 727	(79 705)	95 177
Adjustment on account of the merger of the Companies	31 518	(31 518)	-	-
Adjustments on account of basic mistakes	-	-	(653)	(653)
Balance after the changes	138 673	36 209	(80 358)	94 524
<i>Changes in equity capital in the period from 01.01. to 31.12.2007</i>				
Profit (loss) on account of revaluation	-	(632)	398	(234)
Investments available for sale:	-	-	-	-
- profit (loss) on account of valuation referred to equity	-	-	-	-
- transferred to profit (loss) on sale	-	-	-	-
Instruments securing cash flow:	-	8 489	-	8 489
- profit (loss) referred on equity	-	8 489	-	8 489
- profit (loss) transferred to the financial result of the period	-	-	-	-
- profit (loss) taken into consideration at the valuation of balance value of secured items	-	-	-	-
Tax connected with the items presented in the capital or transferred from the capital	-	(1 469)	-	(1 469)
Profit net presented directly in equity	-	6 388	398	6 786
Profit net for the period from 01.01. to 31.12.07	-	-	40 232	40 232
Amount of profit and loss booked in the period from 01.01. to 31.12.2007.	-	6 388	40 630	47 018
Dividend	-	-	-	-
Division of result	-	4 469	(6 469)	(2 000)
Issued initial capital	-	(190)	-	(190)
Issued options changeable for shares	-	-	-	-
Balance as for this 31st December 2007	138 673	46 876	(46 197)	139 352
Balance as for this 1st January 2008	138 673	46 876	(46 197)	139 352
Changes of rules (policy) of accounting	-	-	-	-
Adjustments on account of basic mistakes	-	-	-	-
Balance after the changes	138 673	46 876	(46 197)	139 352
<i>Changes in equity capital in the period from 01.01. to 30.06.2008</i>				
Profit (loss) on account of revaluation	-	(651)	651	-
Investments available for sale:	-	-	-	-
- profit on account of valuation referred to equity	-	-	-	-
- transferred to profit (loss) on sale	-	-	-	-
Instruments securing cash flow:	-	3 468	-	3 468
- profit (loss) referred to equity	-	-	-	-
- profit (loss) transferred to the financial result of the period	-	-	-	-
- profit (loss) taken into consideration at the valuation of balance value of secured items	-	3 468	-	3 468
Differences in rates from valuation of entities operating abroad	-	-	-	-
Tax connected with the items presented in the capital or transferred from the capital	-	(658)	-	(658)
Profit net presented directly in equity	-	2 159	651	2 810
Profit net for the period from 01.01. to 30.06.2008	-	-	21 033	21 033

Amount of profit and loss booked in the period from 01.01. to 30.06.2008.	-	2 159	21 684	23 843
Dividend				-
Division of result		3 219	(5 219)	(2 000)
Issued initial capital	35 000	258 827		293 827
Issued options changeable for shares				-
Balance as for this 30th June 2008	173 673	311 081	(29 732)	455 022

**STATEMENT OF CHANGES IN THE EQUITY CAPITAL OF THE COMPANY HYDROBUDOWA POLSKA S.A.
IN THE COMPARABLE PERIOD FROM 1ST JANUARY TO 30TH JUNE 2007**

Specification	Initial capital	Other capitals	Undivided financial result	Total
Balance as for this 1st January 2007	107 155	67 727	(79 705)	95 177
Adjustment on account of the merger of the Companies	31 518	(31 518)		-
Adjustments on account of basic mistakes				-
Balance after the changes	138 673	36 209	(79 705)	95 177
<i>Changes in equity capital in the period from 01.01. to 30.06.2007</i>				
Profit (loss) on account of revaluation		(327)	(44)	(371)
Investments available for sale:	-	-	-	-
- profit (loss) on account of valuation referred to equity				-
- transferred to profit (loss) on sale				-
Instruments securing cash flow:	-	2 575	-	3 091
- profit (loss) referred on equity		3 091		3 091
- profit (loss) transferred to the financial result of the period				-
- profit (loss) taken into consideration at the valuation of balance value of secured items				-
Tax connected with the items presented in the capital or transferred from the capital		(516)		(516)
Profit net presented directly in equity	-	2 248,00	(44,00)	2 204
Profit net for the period from 01.01. to 30.06.2007			24 321	24 321
Amount of profit and loss booked in the period from 01.01. to 30.06.2007	-	2 248	24 277	26 525
Dividend				-
Division of result		4 469	(6 469)	(2 000)
Issued initial capital				-
Issued options changeable for shares				-
Balance as for this 30th June 2007	138 673	42 926	(61 897)	119 702

Signatures of all Members of the Executive Board:

Date	Name and surname:	Position/function	Signature
4 th August 2008	Tomasz Woroch	The President of the Executive Board	
4 th August 2008	Edward Kasprzak	Vice President of the Executive Board	
4 th August 2008	Tomasz Starzak	Vice President of the Executive Board	
4 th August 2008	Rafał Damasiewicz	Member of the Executive Board	
4 th August 2008	Jarostaw Dusito	Member of the Executive Board	

4 th August 2008	Andrzej Zwierzchowski	Member of the Executive Board	
4 th August 2008	Joanna Zwolak	Member of the Executive Board	

Wysogotowo, this 4th August 2008r.