

## Capital Group HYDROBUDOWA POLSKA

Mid-year consolidated financial statements comprise the 3<sup>rd</sup>  
quarter of 2008.

Prepared pursuant to the International Financial Reporting  
Standards

Wysogotowo, this 6<sup>th</sup> November 2008

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MID-YEAR CONSOLIDATED FINANCIAL STATEMENTS OF CAPITAL GROUP HYDROBUDOWA  
POLSKA FOR 3<sup>RD</sup> QUARTER OF 2008

SELECTED FINANCIAL DATA

	For the period	For the period	For the period	For the period
	from 01.01 to	from 01.01 to	from 01.01 to	from 01.01 to
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	PLN	PLN	EUR	EUR
Cash revenue on sales	833 863	461 869	243 485	120 548
Profit (loss) from operational activity	61 910	19 350	18 077	5 050
Profit (loss) before tax	57 365	31 918	16 750	8 331
Profit (loss) net from continued activity	55 074	27 575	16 081	7 197
Profit (loss) net	55 074	27 575	16 081	7 197
Monetary resources net from operational activity	(252 510)	(161 983)	(73 732)	(42 278)
Monetary resources net used in investment activity	(31 770)	35 020	(9 277)	9 140
Monetary resources net from financial activity				
Net change of the balance of monetary resources and their equivalents	239 859	115 484	70 038	30 141
Weighted average number of ordinary shares***	(44 421)	(11 479)	(12 971)	(2 996)
Weighted average watered number of ordinary shares	192 547	163 398	192 547	163 398
Profit (loss) for one ordinary share (in PLN/EUR)	192 547	163 398	192 547	163 398
Watered profit (loss) for one ordinary share (in PLN / EUR)	0,29	0,17	0,08	0,04
Average exchange rate PLN / EUR*	0,29	0,17	0,08	0,04
			3,4247	3,8314

Specification	for the day	for the day	for the day	for the day
	30 09 2008	30 09 2007	30 09 2008	30 09 2007
	PLN	PLN	EUR	EUR

Assets	1 052 904	701 310	308 924	185 655
Long-term receivables	53 937	65 325	15 825	17 293
-{}- Short-term receivables	670 797	684 112	196 813	181 102
Equity	328 170	(48 127)	96 286	(12 740)
Initial capital	210 558	175 558	61 778	46 475
Number of shares ***	210 558	175 558	210 558	175 558
Book value for one share in (PLN/EUR)	1,56	(0,27)	0,46	(0,07)
Declared or paid-out dividend for one share in (PLN/EUR)	-	-	-	-
Exchange rate PLN/EUR at the end of the period**			3,4083	3,7775

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

\*\*\* Numebtrs of shares were presented upon taking into consideration the operation of the acquisition of Hydrobudowa 9 pursuant to the principles resulting from the pooling of interest method

#### 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	from	from	from
	01.10.2007	01.10.2006	01.10.2007	01.10.2006
	to	to	to	to
	PLN	PLN	EUR	EUR
Annualized profit (loss) net	75 257	33 959	21 677	8 855
Weighted average number of ordinary shares	188 277	157 166	188 277	157 166
Annualized profit (loss) for one ordinary share (in PLN/EUR)	0,3997	0,2161	0,1151	0,0563
Average exchange rate PLN / EUR*			3,4718	3,8348

MID-YEAR CONSOLIDATED BALANCE SHEET

Specification	for the day	for the day	for the day
	30.09.2008	31.12.2007	30.09.2007
<b>Assets</b>			
Fixed assets	186 149	136 224	133 405
Intangible assets	2 272	2 916	2 932
Company value taken over within the framework of the merger of economic units	-	-	-
Property, plant and equipment	131 767	112 312	105 560
Non-renewable natural resources	-	-	-
Investment properties	5 207	5 000	4 780
Investments in subsidiaries	32 335	-	-
Investments in affiliated entities calculated with equity method	-	-	-
Other long-term financial assets	3 139	600	9 314
- from related entities	3 050	357	-
- from other entities	89	243	9 314
Long-term receivables	7 175	11 731	7 213
- from related entities	-	-	-
- from other entities	7 175	11 731	7 213
Assets on account of deferred income tax	214	-	-
Long-term accruals	4 040	3 665	3 606
<b>Current assets</b>			
Stocks	9 604	10 317	34 648
Receivables from the ordering parties on account of the works resulting from construction service / long-term contracts	350 182	234 361	246 738
- from related entities	28 038	3 272	17 690
- from other entities	322 144	231 089	229 048
Receivables for supplies and services provided	404 939	289 515	189 622

- from related entities	75 179	40 084	28 180
- from other entities	329 760	249 431	161 442
Receivables on account of current income tax	21	141	42
Other short-term receivables	26 786	53 383	42 577
- from related entities	95	150	357
- from other entities	26 691	53 233	42 220
Other short-term financial assets	47 442	41 550	17 778
- from related entities	-	-	-
- from other entities	47 442	41 550	17 778
Monetary resources and their equivalents	19 228	63 435	29 988
Short-term accruals	8 553	6 154	6 512
Assets in total	1 052 904	835 080	701 310

Specification	for the day	for the day	for the day
	30.09.2008.	31.12.2007	30.09.2007.
<b>Liabilities</b>			
Equity	328 170	(10 435)	(48 127)
Capital falling for the shareholders of dominating entity	328 170	(10 435)	(48 127)
Initial capital	210 558	175 558	175 558
Treasury shares	-	-	-
Supplementary capital from the sale of shares above their nominal value	257 227	-	-
Capital from the valuation of hedge operations and differences in rates from consolidation	2 513	9 216	2 174
Other capitals	43 867	41 342	41 343
Undivided financial result	(185 995)	(236 551)	(267 202)
Profit (loss) from previous years	(241 069)	(216 278)	(215 635)
- profit (loss) net of current year falling for the shareholders of the dominating entity	55 074	(20 273)	(51 567)
Shares of the minority	-	-	-

Liabilities	724 734	845 515	749 437
Long-term liabilities	53 937	114 571	65 325
Long-term credits and loans	27 840	11 477	7 034
- from related entities	-	-	-
- from other entities	27 840	11 477	7 034
Other long-term financial liabilities	6 733	58 566	28 408
Other long-term liabilities	7 418	12 393	11 281
- from related entities	381	570	138
- from other entities	7 037	11 823	11 143
Provision on account of deferred income tax	6 993	12 884	13 106
Provisions for liabilities on account of employee benefits	2 115	2 354	1 933
Other long-term provisions	2 838	16 897	3 563
Long-term accruals	-	-	-
Short-term liabilities	670 797	730 944	684 112
Short-term credits and loans	233 042	231 190	276 703
- from related entities	-	41 390	90 751
- from other entities	233 042	189 800	185 952
Other short-term financial liabilities	1 971	1 717	1 755
Liabilities for supplies and services provided	252 279	264 836	172 232
- from related entities	18 873	23 737	18 071
- from other entities	233 406	241 099	154 161
Liabilities on account of the construction service contract	15 426	15 826	-
- from related entities	208	4 241	-
- from other entities	15 218	11 585	-
Liabilities on account of current income tax	9 044	11 113	3 446
Other short-term liabilities	70 298	82 902	79 922
- from related entities	19	1 099	1
- from other entities	70 279	81 803	79 921
Provisions for liabilities on account of employee benefits	357	897	1 044
Other short-term provisions	84 470	116 922	143 921
Short-term accruals	3 910	5 541	5 089
Liabilities in total	1 052 904	835 080	701 310

MID-YEAR CONSOLIDATED PROFIT AND LOSS ACCOUNT

Specification	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to 30.09.2008.	For 3 quarters from 1 <sup>st</sup> January to 30.09.2008.	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to 30.09.2007.	For 3 quarters from 1 <sup>st</sup> January to 30.09.2007.
<b>Continued activity</b>				
Cash revenue on sales	312 883	833 863	194 649	461 869
- from related entities	23 618	63 123	26 048	43 081
Revenue on sale of products	-	-	-	-
Fees earned	305 483	816 195	191 512	451 198
Revenue on sale of goods and materials	7 400	17 668	3 137	10 671
Cost of sales	(274 645)	(743 368)	(187 574)	(429 335)
- from related entities	(10 021)	(39 486)	(9 077)	(24 482)
Cost of sold products	-	-	-	-
Cost of sold services	(267 950)	(726 542)	(184 497)	(418 695)
Cost of sold goods and materials	(6 695)	(16 826)	(3 077)	(10 640)
Profit (loss) gross on sales	38 238	90 495	7 075	32 534
Costs of sales	-	-	-	-
General administrative costs	(11 987)	(32 511)	(9 295)	(23 257)
Other operational revenue	1 939	11 321	4 587	14 680
Other operational costs	(215)	(7 395)	(391)	(4 607)
Profit (loss) from operational activity	27 975	61 910	1 976	19 350
Financial revenue	5 636	13 138	-	8 090
Financial costs	(4 462)	(17 683)	(4 730)	(11 672)
Other profit (loss) from investment	-	-	-	16 150
Profit (loss) before tax	29 149	57 365	(2 754)	31 918
Income tax	(4 049)	(2 291)	(2 732)	(4 343)
Profit (loss) net from continued activity	25 100	55 074	(5 486)	27 575
<b>Discontinued activity</b>				
Loss net from discontinued activity	-	-	-	-
Profit (loss) net	25 100	55 074	(5 486)	27 575
Profit (loss) net falling for:				
- the shareholders of the dominating entity	25 100	55 074	(5 486)	27 575
- minority shareholders	-	-	-	-

PROFIT (LOSS) NET FOR ONE ORDINARY SHARE

Specification	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to	For 3 quarters from 1 <sup>st</sup> January to	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to	For 3 quarters from 1 <sup>st</sup> January to
	PLN/share	PLN/share	PLN/share	PLN/share
Profit (loss) net from continued activity	25 100	55 074	(5 486)	27 575
Profit (loss) net from continued and discontinued activity	25 100	55 074	(5 486)	27 575
Weighted average number of ordinary shares	210 558	192 547	175 558	163 398

Weighted average watered number of ordinary shares	210 558	192 547	175 558	163 398
from continued activity				
- basic	0.1192	0.286	-0.0312	0.1688
- watered	0.1192	0.286	-0.0312	0.1688
from continued and discontinued activity				
- basic	0.1192	0.286	-0.0312	0.1688
- watered	0.1192	0.286	-0.0312	0.1688

MID-YEAR CONSOLIDATED CASH FLOW ACCOUNT

Specification	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September 2008	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September 2007
Cash flow from operational activity		
Profit net before tax	57 365	31 918
Adjustments:	(12 937)	(16 756)
Depreciation of intangible assets	752	642
Write downs 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	11 755	6 872
(Profit) loss on the sale of property, plant and equipment	158	(2 152)
(Profit) loss on the sale of financial assets available for sales (allocated for trading)	(29 333)	(24 053)
Profit (loss) on the valuation of investment properties according to fair value	-	-
(Profit) loss on account of the change of the fair value of financial assets demonstrated according to the fair value	742	(342)
Share in profit (loss) of related units	-	-
Profit (loss) on account of differences in rates	(11 818)	(8 267)
Interest expenses	15 001	11 063
Interest received	(192)	(491)
Dividend received	(2)	(28)
Monetary resources from operational activity before considering the changes in working capital	44 428	15 162
Change of stock level	713	(16 964)
Change of receivables level	(215 428)	(122 508)
Change of liabilities level	(18 788)	4 092
Change of provisions level and accrued liabilities	(51 695)	(41 751)
Other adjustments	-	222
Monetary resources generated in the course of operational activity	(240 770)	(161 747)
Paid interest	(180)	(199)
Paid income tax	(11 560)	(37)
Monetary resources net from operational activity	(252 510)	(161 983)
Cash flow from investment activity		
Expenses on purchasing intangible assets	(52)	(367)
Revenue from the sale of intangible assets	-	-
Expenses on purchasing property, plant and equipment	(30 322)	(22 259)
Revenue from the sale of property, plant and equipment	4 987	11 711
Expenses on purchasing investment properties	(1 017)	-
Revenue from the sale of investment properties	-	12 107
Expenses for purchasing financial assets available for sale	-	(29)
Revenue form the sale of financial assets available for sale	29 796	33 762

Expenses for purchasing financial assets available for sale	-	-
Revenue form the sale of financial assets allocated for trading	-	-
Expenses for purchasing related entities (reduced by monetary resources taken over)	(35 385)	-

Specification	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September
Revenue from sale of related entities	-	-
Other expenses – additional payment to capital	-	-
Revenue from received governmental subsidies	-	-
Granted loans	(100)	-
Received payments of loans granted	320	-
Interest received	1	111
Dividend received	2	28
Other revenue	-	167
Other investment expenses	-	(211)
Monetary resources net used in investment activity	(31 770)	35 020
Cash flow from financial activity		
Revenue net on account of issuance of shares	292 296	-
Acquisition of treasury shares	-	-
Revenue on account of issuance of debt securities	-	20 000
Acquisition of bonds	-	-
Payment of interest on bond	(2 721)	-
Redemption of debt securities	(50 000)	-
Revenue on account of credits and loans	115 447	105 810
Payment of credits and loans	(98 461)	(1 307)
Payment of interest on credits and loans	(14 889)	(7 233)
Revenue on account on investment	192	72
Payment of liabilities on account of financial leasing	(1 317)	(829)
Paid interest	(480)	(15)
Paid-out dividend	-	-
Credit commissions	(208)	(994)
Other expenses	-	(20)
Monetary resources net from financial activity	239 859	115 484
Net change of the balance of monetary resources and their equivalents	(44 421)	(11 479)
Monetary resources and their equivalents at the beginning of the period	63 478	41 209
Change of the state on account of differences in exchange rates	220	266
Monetary resources and their equivalents at the end of the period	19 277	29 996

MID-YEAR CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 1 <sup>st</sup> 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)	-	-	-	-	-
Adjustment of the fundamental error	-	-	-	(653)	(653)	-	(653)
Balance after the changes	138 673	36 209	-	(80 358)	94 524	-	94 524
Changes in equity capital in the period from 01.01. to 31.12.2007							

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 to 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	-	-	-	-	-	-	-
Differences in rates from valuation of entities operating abroad	-	-	-	-	-	-	-
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 31.12.07	-	-	-	58 869	58 869	-	58 869
Amount of profit and loss booked in the period from 01.01. to 31.12.07.	-	6 388	-	59 267	65 655	-	65 655
Dividend	-	-	-	-	-	-	-
Issued initial capital	-	(190)	-	-	(190)	-	(190)
Issued options changeable for shares	-	-	-	-	-	-	-
Change of the structure in the capital group (acquisition/sale)	36 885	3 683	-	(208 991)	(168 423)	-	(168 423)
Allocation of financial revenue	-	4 469	-	(6 469)	(2 000)	-	(2 000)

Balance as for this 31 <sup>st</sup> December 2007	175 558	50 559	-	(236 551)	(10 434)	-	(10 434)
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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 1 <sup>st</sup> January 2008	138 673	46 877	-	(46 197)	139 353	-	139 353
Adjustment on account of the acquisition of HB9	36 885	3 682	-	(190 354)	(149 787)	-	(149 787)
Balance after the changes	175 558	50 559	-	(236 551)	(10 434)	-	(10 434)
Changes in equity capital in the period from 01.01. to 30.09.08							
Profit (loss) on account of revaluation	-	(650)	-	650	-	-	-
Investments available for sale:	-	(234)	-	-	(234)	-	(234)
- profit on account of valuation referred to equity	-	-	-	-	-	-	-
- transferred to profit (loss) on sale	-	(234)	-	-	(234)	-	(234)
Instruments securing cash flow:	-	(8 276)	-	-	(8 276)	-	(8 276)
- profit (loss) referred to equities	-	(8 276)	-	-	(8 276)	-	(8 276)
- profit (loss) transferred to the financial result of the period	-	-	-	-	-	-	-
- profit (loss) taken into consideration at the valuation of balance value of secured items	-	-	-	-	-	-	-
Differences in rates from valuation of entities operating abroad	-	-	-	-	-	-	-
Tax connected with the items presented in the capital or transferred from the capital	-	1 572	-	-	1 572	-	1 572
Profit net presented directly in equity	-	(7 588)	-	650	(6 938)	-	(6 938)
Profit net for the period from 01.01. to 30.09.08	-	-	-	55 074	55 074	-	55 074
Amount of profit and loss booked in the period from 01.01. to 30.09.08. roku	-	(7 588)	-	55 724	48 136	-	48 136
Dividend	-	-	-	-	-	-	-
Issued initial capital	35 000	257 417	-	-	292 417	-	292 417
Issued option changeable for shares	-	-	-	-	-	-	-
Change of the structure in the capital group (acquisition/sale)	-	-	-	51	51	-	51
Allocation of financial revenue	-	3 219	-	(5 219)	(2 000)	-	(2 000)

Balance as for this 30 <sup>th</sup> September 2008	210 558	303 607	-	(185 995)	328 170	-	328 170
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN THE PERIOD FROM 1st JANUARY TO 30th SEPTEMBER 2007 (COMPARABLE PERIOD)

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 1 <sup>st</sup> 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)	-	-	-	-	-
Adjustment of the fundamental error	-	-	-	(653)	(653)	-	(653)
Balance after the changes	138 673	36 209	-	(80 358)	94 524	-	94 524
Changes in equity capital in the period from 01.01. to 30.09.07							

Profit (loss) on account of revaluation	-	(631)	-	-	(631)	-	(631)
Investments available for sale:	-	-	-	-	-	-	-
-profit (loss) on account of valuation referred to equity	-	-	-	-	-	-	-
- transferred to profit (loss) on sale	-	-	-	-	-	-	-
Instruments securing cash flow:	-	1 546	-	-	1 546	-	1 546
- profit (loss) referred to equity	-	1 546	-	-	1 546	-	1 546
- profit (loss) transferred to the financial result of the period	-	-	-	-	-	-	-
- profit (loss) taken into consideration at the valuation	-	-	-	-	-	-	-
of balance value of secured items	-	-	-	-	-	-	-
Differences in rates from valuation of entities operating abroad	-	-	-	-	-	-	-
Tax connected with the items presented in the capital or transferred from the capital	-	-	-	-	-	-	-
Profit net presented directly in equity	-	915	-	-	915	-	915
Profit net for the period from 01.01. to 30.09.07	-	-	-	27 576	27 576	-	27 576
Amount of profit and loss booked in the period from 01.01. to 30.09.07. roku	-	915	-	27 576	28 491	-	28 491
Dividend	-	-	-	-	-	-	-
Issued initial capital	-	(190)	-	-	(190)	-	(190)
Issued options changeable for shares	-	-	-	-	-	-	-
Change of structure in capital group (acquisition/sale)	36 885	2 114	-	(207 950)	(168 951)	-	(168 951)
Allocation of financial result	-	4 469	-	(6 469)	(2 000)	-	(2 000)
Balance as for this 30 <sup>th</sup> September 2007	175 558	43 517	-	(267 201)	(48 126)	-	(48 126)

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

## 2.1. Information on the dominating entity and Capital Group HBP

### 2.1.1. Dominating entity

Dominating company of the Capital Group, 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, 7<sup>th</sup> Commercial Division of the National Court Register under National Court Register Number KRS 0000017342 – on this 6<sup>th</sup> June 2001. The Extraordinary General Shareholders Meeting held on this 09.10.2006 changed the Company seat for Wysogotowo near Poznań, ul. Skórzewska 35, with Resolution 1. On this 20<sup>th</sup> 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 the Registration Act pursuant to jurisdiction for District Court in Poznań, 21<sup>st</sup> Commercial Division of the National Court Register. On this 27<sup>th</sup> August 2007 District Court in Poznań registered the merger of the Company with the Company “Hydrobudowa Śląsk” S.A. and on this 7<sup>th</sup> 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, 8<sup>th</sup> 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.

Supervisory Board of the Company

By the day of preparing these statements, the composition of the Supervisory Board of the

Company did not change. As for this 30<sup>th</sup> September 2008 the following persons formed the

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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 the Supervisory Board

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#### The Executive Board of the Company

As for this 30<sup>th</sup> September 2008 the following persons formed the Executive Board of the Company:

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Name and surname:	Function
Tomasz Woroch	The President of the Executive Board
Tomasz Starzak	The Vice President of the Executive Board
Edward Kasprzak	The Vice President of the Executive Board
Andrzej Zwierzchowski	The Member of the Executive Board
Rafał Damasiewicz	The Member of the Executive Board
Joanna Zwolak	The Member of the Executive Board
Jarosław Dusiło	The Member of the Executive Board

On this 30<sup>th</sup> October 2008 the President of the executive Board, Mr. Tomasz Woroch and the Vice President of the Executive Board, Mr. Tomasz Starzak submitted their resignations from their functions in the Executive Board of the Company HYDROBUDOWA POLSKA S.A.

At the session held on this 30<sup>th</sup> October 2008 the Supervisory Board of the Company determined that the Executive Board of the Company shall consist of 6 members. At the same session, the Supervisory Board nominated Mr. Jerzy Ciechanowski for the position on the President of the Executive Board, and Mr. Jarosław Dusiło, the previous Member of the Executive Board was nominated for the position of the Vice President of the Executive Board.

Therefore, the composition of the Executive Board of the Company is the following, for the day of transmitting the financial statements:

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Name and surname:	Function
Jerzy Ciechanowski	The President of the Executive Board
Jarosław Dusiło	The Vice President of the Executive Board
Edward Kasprzak	The Vice President of the Executive Board

Andrzej Zwierzchowski	The Member of the Executive Board
Rafał Damasiewicz	The Member of the Executive Board
Joanna Zwolak	The Member of the Executive Board

### Commercial Proxies 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.

The composition of the Commercial Proxies, as for this 30<sup>th</sup> September 2008, is the following:

Name and surname:	Function
Paweł Kujawa	Independent Proxy
Andrzej Szultka	Independent Proxy

### 2.1.2. *Subsidiaries*

#### **HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o.**

Share structure:

HYDROBUDOWA POLSKA S.A. has 16,100 shares of HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o., which constitutes 100% of the shares in the share capital of HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. and which constitutes 100% of the share of votes at the General Shareholders Meeting of this Company.

Address: ul. Żwirki i Wigury 58, 43-190 Mikołów

Telephone: 032 779 10 00 032 779 10

Website: no

e-mail: [sekretariat@hbpk.pl](mailto:sekretariat@hbpk.pl)

Classification according to the Central Statistical Office: 25 11Z – manufacture of metal structures and their parts;

Statistical no. (REGON): 240917617

Tax Payer's ID no. NIP: 635-178-82-451

HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. specializes in the manufacture and assembly of steel structures, full-range realization of the projects of installation for industry, and in particular for petrochemical industry. The Company activity includes:

production and assembly of steel structures,

production and assembly of equipment and installations,

production and assembly of steel tanks,

the realization of full-range installation projects for industry, and in particular for

petrochemical industry.

**P.R.G. „METRO” Sp. z o.o.**

Share structure:

HYDROBUDOWA POLSKA S.A. has 465 shares of the nominal value of 1,000 PLN each, constituting 84.55 % of the shares in the share capital of P.R.G. „METRO” Sp. z o.o. and 84.55% of the share of votes at the General Shareholders Meeting of this Company.

The remaining 15.45% belong to the shareholders being individual persons.

Address: ul. Wólczyńska 163, 01 – 919 Warszawa

Telephone: 022 864 57 50, 864 57 51 Fax. 022 864 57 52

Website: [www.prgmetro.pl](http://www.prgmetro.pl)

e-mail: [info@prgmetro.pl](mailto:info@prgmetro.pl)

Classification according to the Central Statistical Office: 45 25 E Performance of technical construction works, not classified elsewhere

Statistical no. (REGON): 01087256 Tax Payer's ID no. NIP: 526-10-19-550

Przedsiębiorstwo Robót Górniczych „METRO” Sp. z o.o. specializes in the realization of tasks in the area of technical construction works, including performing tunnels, underground tunnels and ancillary facilities. From 2001 the Company extended its activity on water and sewage market.

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.

**HYDROBUDOWA 9 PRZEDSIĘBIORSTWO INŻYNIERYJNO – BUDOWLANE S.A.**

Share structure:

100% in capital and votes: HYDROBUDOWA POLSKA S.A.

Address: ul. Sienkiewicza 22, 60 - 900 Poznań

Telephone: (0-61) 846 97 01 Fax. (0-61) 846 97 01

Website: [www.hb9.pl](http://www.hb9.pl)

e-mail: [sekretariat@hb9.pl](mailto:sekretariat@hb9.pl)

Classification according to the Central Statistical Office: 45 21F – performance of general construction works in the scope of engineering facilities, not classified elsewhere.

Statistical no. (REGON): 630006130 Tax Payer's ID no. NIP: 781 - 00 - 09 - 083

HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A. is the company operating in construction sector, specializing in the construction of water engineering facilities in the area of hydrotechnology and environment protection, the performance of engineering works and general engineering.

**GDYŃSKA PROJEKT Sp. z o.o.** – subsidiary of HYDROBUDOWA 9 PRZEDSIĘBIORSTWO INŻYNIERYJNO – BUDOWLANE S.A.

Share structure:

100% HYDROBUDOWA 9 P.I-B. S.A.

Address: ul. Sienkiewicza 22, 60 - 900 Poznań

Classification according to the Central Statistical Office: 6810 Z – purchase and sale of real estate for the own account

Statistical no. (REGON): 300820811

Tax Payer's ID no. NIP: 781-18-19-878

**GÓRECKA PROJEKT Sp. z o.o.** – subsidiary of HYDROBUDOWA 9 PRZEDSIĘBIORSTWO INŻYNIERYJNO – BUDOWLANE S.A.

Share structure:

100% HYDROBUDOWA 9 P.I-B. S.A.

Address: ul. Sienkiewicza 22, 60 - 900 Poznań

Classification according to the Central Statistical Office: 6810 Z – purchase and sale of real estate for the own account

Statistical no. (REGON): 300820811

Tax Payer's ID no. NIP: 781-18-19-878

The Company activity includes:

the realization of construction projects connected with the elevation of apartment buildings and non-residential buildings,

purchase and sale of real estate for the own account,

Real estate lease, management, counselling.

### *2.1.3. The subject of the activity of Capital Group*

Capital Group 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 steel structures, realization of full range installation projects for industry, realization of construction projects connected with the elevation of residential and non-residential buildings and rendering services in the scope of the construction of tunnels, including underground tunnels, road, rail, ventilation tunnels and tunnels for pedestrian traffic.

#### 1.4. *The role of HYDROBUDOWA POLSKA S.A. in Capital Group and the changes in the structure of the Group*

HYDROBUDOWA POLSKA S.A is the dominating entity in Capital Group HBP.

The following changes took place in Capital Group HBP in the 3rd quarter of 2008:

*The increase of share in the capital of the company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o.*

On this 12<sup>th</sup> August by the decision issued by District Court in Katowice - Wschód in Katowice, 8th Commercial Division of the National Court Register the increase of the share capital of the subsidiary - HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. with its seat in Mikołów, was registered.

The increase in capital concerns 16,000 shares of the nominal value of 500.00 PLN each, acquired in whole by HYDROBUDOWA POLSKA S.A.

At the same time the share capital increased from the amount of 50,000.00 PLN (resulting from 100 shares) to the amount of 8,050,000.00 PLN.

After registration of the increase in share capital, the share of HYDROBUDOWA POLSKA S.A. in the votes and share capital of HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. amounts to 100%.

*The acquisition of the shares in the company P.R.G. „METRO” Sp. z o.o.*

On this 12<sup>th</sup> September 2008 HYDROBUDOWA POLSKA S.A. effected the payment of the purchase price of the shares of the Company Przedsiębiorstwo Robót Górniczych “METRO” Sp. z o.o. with its seat in Warsaw and at the same time, all the rights resulting from the acquired shares of the Company P.R.G. “METRO” Sp. z o.o. were transferred to HYDROBUDOWA POLSKA S.A. The shares of the company P.R.G. „METRO” Sp. z o.o. were acquired by HYDROBUDOWA POLSKA S.A. from previous shareholders of the Company being natural persons.

The shares were acquired in the period from this 26<sup>th</sup> June 2008 to this 28<sup>th</sup> July 2008.

HYDROBUDOWA POLSKA S.A. acquired 465 shares of the nominal value of 1.000,00 PLN each, constituting 84.55% shares in the share capital of the Company P.R.G. „Metro” Sp. z o.o. and giving the right to execute 84.55% of the votes at the shareholders meeting of this Company.

The total value of the contracts concluded by this 28<sup>th</sup> July 2008 amounted to 29,590,879.50 PLN and was financed by HYDROBUDOWA POLSKA S.A. from the resources coming from the issuance of K series shares. The incorporation of the Company P.R.G. METRO Sp. z o.o. to HYDROBUDOWA POLSKA S.A. shall allow to increase the manufacturing capacity and shall enable the diversification of the areas of activity with new areas, in particular the ones connected with the construction of the underground.

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. 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.

#### *The acquisition of shares in the Company HYDROBUDOWA 9 P.I.-B. S.A.*

In connection with the registration on this 30<sup>th</sup> September 2008 of the increase of the share capital of the Company HYDROBUDOWA POLSKA S.A., from the amount of 173,673,200.00 PLN to the amount of 210,558,445.00 PLN with the issuance of 36,885,245 L series shares of the nominal value of 1.00 PLN each, HYDROBUDOWA 9 P.I.-B. S.A. was incorporated to Capital Group HYDROBUDOWA POLSKA.

L series shares were booked as contribution in kind in the form of 14,536,685 fully paid-up shares of the company under the name HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A., of the nominal value of 0.10 PLN each share and of the total nominal value of 1,453,668.50 PLN constituting 100% of the shares of the company HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A.

HYDROBUDOWA POLSKA S.A. became the only shareholder of the company HYDROBUDOWA 9 P.I.-B. S.A. and it has 100% of votes at the general shareholders meeting of the company HYDROBUDOWA 9 P.I.-B. S.A.

Spółka Hydrobudowa 9 P.I.-B. S.A. renders a wide range of construction services in the scope of environment protection, industrial construction, roads and bridges construction.

The incorporation of HYDROBUDOWA 9 P.I.-B. S.A. to Capital Group HYDROBUDOWA POLSKA S.A. shall be significant strengthening of the group's capacity and shall allow for winning many significant contracts. Incorporating the Company to Capital Group, HYDROBUDOWA POLSKA S.A. does not plan to change the profile of the Company business and the investment is long-term.

#### *The changes in the subsidiaries*

##### *The changes in HYDROBUDOWA 9 P.I.-B. S.A.*

The establishment of the Company GÓRECKA PROJEKT Sp. z o.o.

On this 11<sup>th</sup> September 2008 the company GÓRECKA PROJEKT Sp. z o.o. with its seat in Poznań was established by the subsidiary HYDROBUDOWA 9 P.I.-B. S.A. The registration of the Company took place on this 19<sup>th</sup> September 2008.

Share capital of the established Company amounts to 50,000 PLN and is divided into 1,000

shares of the value of 50 PLN each. One vote falls for one share. The shares in the share capital of the company Górecka Projekt Sp. z o.o. were acquired in 100% by HYDROBUDOWA 9 P.I-B. S.A. and covered with cash.

The Company GÓRECKA PROJEKT Sp. z o.o. is the target company, established for the purpose of the realization of commercial project, consisting in building the office building. The subject of the activity of the established company is the realization of the construction projects connected with the elevation of residential and non-residential buildings, the purchase and sale of real estates at its own account, lease and management of real estates and counselling.

The company HYDROBUDOWA 9 P.I-B. S.A. does not exclude the increase of capital in the company GÓRECKA PROJEKT Sp. z o.o. in the future and covering shares in the form of the right of perpetual use of the real estate.

The entities subject to consolidation.

As for this 30<sup>th</sup> September 2008 the following Companies were subject to consolidation:

Entity name	Registered office	Share in capital as for this 30th September 2008	Share in capital as for this 30.09.2008	Consolidation method
HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o.	Mikołów	100%	-	Complete

<u>HYDROBUDOWA 9 P.I-B. S.A.</u>	Poznań	100%	-	Complete
<u>GÓRECKA PROJEKT Sp. z o.o.*</u>	Poznań	100%	-	Complete
<u>GDYŃSKA PROJEKT Sp. z o.o.**</u>	Poznań	100%	-	Complete

\* Subsidiary of the Company HYDROBUDOWA 9 PIB S.A.

\*\* Subsidiary of the Company HYDROBUDOWA 9 PIB S.A.

In connection with the works on preparing the financial statements of PRG Metro Sp. z o.o. taking place currently, as for the day of accepting, pursuant to the principles of accounting accepted for the preparation of the consolidated financial statements of Capital Group HYDROBUDOWA POLSKA, the Executive Board of HYDROBUDOWA POLSKA S.A. took the decision not to book the financial statements of the above mentioned company in the consolidated financial statements for the 3<sup>rd</sup> quarter of 2008.

The company HYDROBUDOWA 9 P.I-B. S.A. has the subsidiaries: GÓRECKA PROJEKT Sp. z o.o. and GDYŃSKA PROJEKT Sp. z o.o. For this 30th September 2008 HYDROBUDOWA 9 P.I-B. S.A. did not prepare the consolidated financial statements. Consolidation of companies: GÓRECKA PROJEKT Sp. z o.o. and GDYŃSKA PROJEKT Sp. z o.o. was made on the level of the dominating entity HYDROBUDOWA POLSKA S.A.002E

100% HYDROBUDOWA 9 P.I-B. S.A.

On this 30<sup>th</sup> September 2008 HYDROBUDOWA POLSKA S.A. acquired 100% of shares of HYDROBUDOWA 9 P.I-B. S.A. in exchange for issuing L series shares. In the period from this 1<sup>st</sup> April 2007, HYDROBUDOWA 9 P.I-B. S.A. was the subsidiary of PBG S.A. PBG S.A. is also the dominating entity of HYDROBUDOWA POLSKA S.A.

Due to the fact that both HYDROBUDOWA POLSKA S.A. and Hydrobudowa 9 P.I.-B. S.A. are under joint control of PBG S.A., the settlement of the acquisition of Hydrobudowa 9 P.I.-B. S.A. was made by pooling interest method.

The choice of pooling interest method results from the interpretation of the provisions of International Financial Reporting Standards no. 3 "Business combinations". Provision of clause 3 of International Financial Reporting Standards no. 3 excludes the possibility of using the method of acquisition for business combinations being under joint control. Therefore it was decided to choose another model of accounting – pooling interest method.

As a result of the application of the pooling of interest method, the elimination of share capital of Hydrobudowa 9 of the value of 1,453,668.50 PLN was made in consolidated balance sheet. Then share capital of Hydrobudowa Polska was increased by the nominal value of the issued L series shares – 36,885,245.00 PLN. The difference between the net value of the acquired

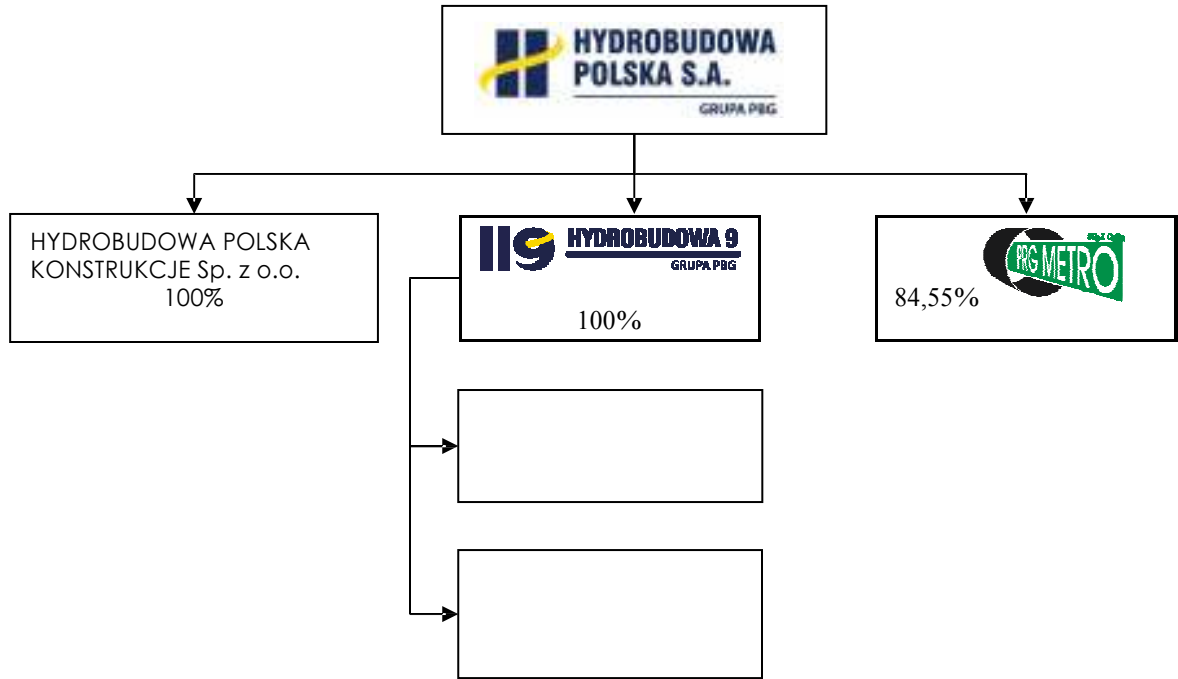
assets ( - 134,485,086.80 PLN), and the value of the acquired shares (325,696,713.35 PLN) was booked in supplementary capital from the sale of shares above their nominal value (288,793,468.35 PLN) and in the result of previous years (35,449,576.50 PLN).

As a result of the applied pooling interest method, the comparable data was adequately converted. Share capital in the consolidated balance sheet in the comparable periods was presented in such a way as if Hydrobudowa 9 P.I.-B. S.A. was a member of Capital Group HYDROBUDOWA POLSKA from this 1st April 2007.

Revenue and costs and results presented in the consolidated profit and loss account were presented in such a way as if Hydrobudowa 9 P.I.-B. S.A. was a member of Capital Group HYDROBUDOWA POLSKA from this 1st April 2007.

The same assumption was taken at the preparation of other consolidated statements.

The structure of Capital Group HBP



GÓRECKA PROJEKT Sp. z o.o.  
100%

GDYŃSKAP ROJEKT Sp. z o.o.  
100%

## *2.2. The principles accepted when preparing consolidated and individual report for the 3<sup>rd</sup> quarter of 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 individual financial statements were described in detail in the report for 2007, available at the Issuer’s website, at: [http://hbp-a.pl/pub/uploaddocs/sprawozdanie\\_finansowe\\_za\\_2007\\_r..pdf](http://hbp-a.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 in the periodical report for the 2<sup>nd</sup> quarter of 2008. Accepted principles of accounting with the consideration of the introduced changes were described in detail in the consolidated financial statements of Capital Group HYDROBUDOWA POLSKA for the 1st semester of 2008, available at the Issuer’s website: [http://hbp-sa.pl/pub/uploaddocs/skonsolidowane\\_sprawozdanie\\_I\\_polrocze\\_2008.pdf](http://hbp-sa.pl/pub/uploaddocs/skonsolidowane_sprawozdanie_I_polrocze_2008.pdf).

### *2.2.1. The influence of new standards and interpretations on the financial statements of Capital Group*

As for this 30th September 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 1<sup>st</sup> January 2009. The change of the standard will not influence the financial statements of the Company;
- International Financial Reporting Standard 8 “Operational segments” - effective date 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 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 1<sup>st</sup> January 2009. The change of the standard will not influence the financial statements of the Company.

### 2.3. *The segments of business.*

In Capital Group HYDROBUDOWA POLSKA the branch segment was determined to be the basic reporting model and geographical segment based on customer location criterion as the supplementary one.

Capital Group HYDROBUDOWA POLSKA and its dominating entity distinguish three main segments, within the frameworks of which it runs its operational activity:

- Water,
- Fuels,
- Residential and industrial buildings
- Others.

Within the framework of particular segments the following scopes of services are distinguished:

Water is:

- technological and sanitary installations for water and sewage systems, such as:
  - water pipes,
  - sewage systems,
  - water mains and collectors,
  - water intakes,
  - sewage treatment plants,
- hydrotechnical facilities, such as:
  - dams
  - storage reservoirs
  - river embankments,
  - renovation of water pipe and sewage system installations.

Fuels:

- fuel warehouses
- underground gas warehouses,
- LNG storage and vaporization stations.

Residential and industrial buildings:

- general construction,
- industrial infrastructure.

The group presents revenue on sales, costs and result (gross profit margin) in division into the above mentioned segments, and does not present the assets and liabilities of the balance sheet in division into segments of activity due to the fact that the part of fixed assets is used for production included in various segments and there is no possibility of assigning materials to particular segments and it is impossible to assign the liabilities on account of supplies and services and revenue and costs of other operational and financial activity to the segments.

The information about particular branch segments was presented in the table below.

BRANCH SEGMENTS – DATA FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY TO 30<sup>TH</sup> SEPTEMBER 2008

Specification	Segments			Others	Consolidation exclusions	Consolidated value
	water	Fuel	Residential and industrial buildings			
Financial results of branch segments for the period from 1 <sup>st</sup> January to 30 <sup>th</sup> September 2008						
Revenue in total	621 054	65 222	17 548	154 558	(24 518)	833 864
Outside sales	621 054	65 222	17 548	154 558	(24 518)	833 864
Sales between segments	-	-	-	-	-	-
Costs in total	(617 749)	(54 252)	(12 743)	(83 241)	24 617	(743 368)
Segment result	3 305	10 970	4 805	71 317	99	90 496
Unallocated costs	x	x	x	x	x	(32 511)
Other operational revenue/ costs						
Profit from operational activity	x	x	x	x	x	3 925
Financial revenue	x	x	x	x	x	61 910
Financial costs	x	x	x	x	x	13 138
Profit before tax	x	x	x	x	x	(17 683)
Income tax	x	x	x	x	x	57 365
- profit net,	x	x	x	x	x	(2 291)
	x	x	x	x	x	55 074

Financial results of branch segments for the period from 1<sup>st</sup> January to 30<sup>th</sup> September 2007

Revenue in total	363 353	42 210	2 545	59 044	(5 282)	461 870
Outside sales	363 353	42 210	2 545	59 044	(5 282)	461 870
Sales between segments	-	-	-	-	-	-
Costs in total	(352 787)	(32 129)	(2 134)	(47 568)	5 282	(429 336)
Segment result	10 566	10 081	411	11 476	-	32 534
Unallocated costs	x	x	x	x	x	(23 257)
Other operational revenue and costs	x	x	x	x	x	10 073
Profit from operational activity	x	x	x	x	x	19 350
Financial revenue	x	x	x	x	x	24 240
Financial costs	x	x	x	x	x	(11 672)
Profit before tax	x	x	x	x	x	31 918
Income tax	x	x	x	x	x	(4 343)
Profit net	x	x	x	x	x	27 575

*2.4. Significant achievements or failures of Capital Group in the 3<sup>rd</sup> quarter of 2008, together with the list of the most important events concerning them.*

On this 30<sup>th</sup> September 2008 HYDROBUDOWA POLSKA S.A. acquired 100% of the shares of HYDROBUDOWA 9 P.-B. SA in exchange for the issued L series shares. Due to the fact that both HYDROBUDOWA POLSKA S.A. and HYDROBUDOWA 9 P.I-B. S.A. are under joint control of PBG S.A., the settlement of the acquisition of HYDROBUDOWA 9 P.I-B. S.A. was made by pooling interest method. As a result of the applied pooling interest method, the comparable data was adequately converted. Revenue and costs and results presented in the consolidated profit and loss account were presented in such a way as if Hydrobudowa 9 P.I.-B. S.A. was a member of Capital Group HYDROBUDOWA POLSKA from this 1st April 2007.

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 313 million PLN i.e. by 61% more than in the third quarter of the previous year;
- Gross revenue on sale increased five-fold and reached the value of nearly 38.2 million PLN in comparison to 7 million earned in the analogical period of the previous year;
- Profit from operational activity amounted to nearly 30 million PLN in comparison to nearly 2 million PLN generated last year, which constitutes almost fourteen-fold increase;
- Net profit amounted to 25.1 million PLN, in comparison with the loss on the level of nearly 5.5 million PLN stated in the analogical period of the previous year;
- Employment in Capital Group HYDROBUDOWA POLSKA S.A. at the end of the third quarter amounted to 2,125 people in comparison with 1,402 people employed at the end of the 2nd quarter of 2008 i.e. 723 people more, which was influenced mostly by the incorporation of the companies Hydrobudowa 9 P.I-B. S.A and PRG Metro Sp. z o.o. to Capital Group HBP.

- At the end of the third quarter order portfolio exceeded the value of 1.8 billion PLN and only in the third quarter Capital Group HYDROBUDOWA POLSKA managed to conclude contracts of the total value of 426 million PLN;

Comment to financial results for the 3<sup>rd</sup> quarter of 2008.

The most significant sources of revenue for the basic activity of the Capital Group HBP, in the 3<sup>rd</sup> quarter, included the following construction contracts:

- a) contract named "The development of sewage system of the district Ołtaszyn" concluded with the community of Wrocław and Hydrobudowa Polska S.A. - realized revenue: 30.6 million PLN;
- b) contract called "The construction of water pipe sewage system for the left-bank part of Szczecin (Part I – collector K2, Part II – collector W)" concluded between Zakład Wodociągów i Kanalizacji Sp. z o.o. in Szczecin and Hydrobudowa 9 P.I.B S.A. – realized revenue: 20 million PLN;
- c) the contract called "Improvement of water-sewage management on the territory of the community of Zabrze – district Grzybowice and Rokitnica – concluded between the Community of Zabrze and Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. and Hydrobudowa Polska S.A. - realized revenue: 17.9 million PLN;
- d) contract called "Development and reconstruction of sewage treatment plant in Piaseczno" concluded between the Community of Piaseczno and Hydrobudowa Polska S.A.– realized revenue: 17.1 million PLN;
- e) contract called "Modernization of left-bank sewage treatment plant in Poznań" concluded between the city of Poznań and Hydrobudowa 9 PIB S.A.– realized revenue: 12.3 million PLN;
- f) contract called "A1 Taska/ district networks Strachocin – Wojnów" concluded between Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. Wrocław and Hydrobudowa 9 PIB S.A.– realized revenue: 11.3 million PLN;
- g) the contract called "Improvement of water-sewage management on the territory of the community of Zabrze – the reconstruction of sewage treatment plant "Śródmieście" concluded between the Community of Zabrze and Zabrze Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. and Hydrobudowa Polska S.A> realized revenue: 11 million PLN;
- h) contract called "The collector of lower Vistula terrace stage I and II - Kraków" concluded between the Community of the city of Kraków Miejskie Przedsiębiorstwo Wodociągów S.A. and Hydrobudowa 9 PIB S.A.– realized revenue: 10 million PLN;

Comparing financial results of the Group HYDROBUDOWA POLSKA S.A. achieved for three quarters increasingly of 2008 and three quarter increasingly of 2007, improvement can be noticed both in the case of dynamics of key 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 462 million PLN to the amount of nearly 834 million PLN, which constitutes 81% increase. Costs of goods sold increase at the same time by 73%. Higher dynamics of revenue on sales than the dynamics of the costs of products sold positively

influenced the forming of profit margins. The Group reached the gross margin from sale on the level of 10.9% in comparison to 7.0% at the end of the 3rd quarter of 2007 (so 3.9% higher) and the operational margin on the level of 7.4% in comparison to 4.2% at the end of the third quarter of 2007, which constitutes the increase by 3.2%. For three quarters of 2008 the Group generated the net profit margin in the amount of 6.6% in comparison to the value of 6.0% achieved at the end of the third quarter of 2007, which constitutes the increase by 0.6%.

For three quarters increasingly in 2008 the major items of financial revenue of the Group HBP were: bank interest – 3.2 million PLN, other interest – 3 million PLN and positive rate differences 6.9 million PLN. And the financial costs included above all: interest and commissions from bank credits – nearly 10.9 million PLN, on account of bonds – nearly 1.6 million PLN and other interest - nearly 1.8 million PLN and interest on the received loans on the amount of 1.4 million PLN.

Analysing only the third quarter of 2008 and comparing it to the results achieved by the Group HBP in the same third quarter of 2007 significant improvement in the income return can be noticed on all levels of profit and loss account: increase in gross income return on sale from 3.6% to 12.2% i.e. by 8.6%, the increase in operational return from 1.0% to 8.9% i.e. by 7.9% and the increase of net income return from 2.8% to 8%.

Another positive phenomenon noticed at the end of the third quarter of 2008 is also decreasing the share of variable costs and general administration costs in revenue on sales in comparison to the analogical period of the previous year. The value of changeable costs at the end of the third quarter of 2008 constituted 89.1% of revenue in comparison to 93% at the end of the third quarter of 2007. The value of general administration costs and the end of the third quarter of 2008 constituted 3.9% of revenue in comparison to 5% at the end of the third quarter of 2007, which gives the result lower by 1.1%.

#### Profitability ratios

Profitability ratios	Three quarters increasingly 2008	Three quarters increasingly 2008	3rd quarter 2008	3rd quarter 2008
Gross profit margin <sup>1</sup>	10,9%	7,0%	12,2%	3,6%
Operational return <sup>2</sup>	7,4%	4,2%	8,9%	1,0%
Net profit margin <sup>3</sup>	6,6%	6,0%	8,0%	-2,8%

<sup>1</sup> gross profit from sale/revenue on sale \*100

<sup>2</sup> profit from operational activity/revenue on sale \*100

<sup>3</sup> net profit / revenue on sale \*100

2.4.1. *The list of the most important events concerning significant achievements or failures of Capital Group in the 3<sup>rd</sup> 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 third quarter of 2008 Capital Group 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 third quarter of 2008 and by now include:

□ The acquisition of the Company PRG Metro Sp. z o.o. with its seat in Warsaw which took place on this 12<sup>th</sup> September 2008. As a result of the acquisition of 465 shares of HYDROBUDOWA POLSKA S.A. acquired 84.55% of the share capital of the company PRG Metro giving 84.55% share in votes.

The incorporation of the company PRG Metro aims at strengthening the executive capacity of Capital Group HBP and, connected with this, extending its activity with the market of professional construction services connected with tunneling, including in particular the construction of underground tunnels;

□ The establishment and registration of the company Górecka Projekt Sp. z o.o. by the subsidiary – Hydrobudowa 9, in which Hydrobudowa 9 acquired 100% of shares. The basic subject of the Company activity will be the realization of the undertaking concerning the construction of office-service building at ul. Górecka in Poznań;

□ The registration of the increase of the share capital of the Company HYDROBUDOWA POLSKA by District Court in Poznań, made on this 30<sup>th</sup> September 2008 from the amount of 173,673,300 PLN to the amount of 210,558,445 PLN in connection with the issuance of 36,885,245 L series shares of the nominal value of 1 PLN each; L series shares were booked as contribution in kind in the form of 14,536,685 fully paid-up shares of the company under the name HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A., of the nominal value of 0.10 PLN each share and of the total nominal value of 1,453,668.50 PLN constituting 100% of the shares of the company HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A. As a result of this event HYDROBUDOWA POLSKA S.A. became the only shareholder of the company HYDROBUDOWA 9 P.I.-B. S.A. and it has 100% of votes at the general shareholders meeting and 100% of the share in the share capital of the Company. The acquisition of the company Hydrobudowa 9 was both the strategic move and one of the most important events in 2008. It will allow to increase the manufacturing capacity of the Capital Group HYDROBUDOWA POLSKA and at the same time it will allow for more effective human resources management as well as equipment and material management. In the future the merger of the companies HYDROBUDOWA POLSKA S.A. and Hydrobudowa 9 is planned and, this way, forming the biggest entity operation on the environment protection market in Poland.

□ The adjustment of the financial forecast taking into consideration the results of the companies incorporated to Capital group HYDROBUDOWA POLSKA in 2008. The forecast of the financial results for

2008 published by the company HBP in April 2008 assumed the achievement of the revenue on sales in the amount of 748.9 million PLN, profit from operational activity in the amount of 63.9 million PLN and net profit in the amount of 53.6 million PLN. The updated forecast for 2008 takes into consideration the results of the companies from Capital Group HBP such as: HYDROBUDOWA POLSKA, Hydrobudowa 9 and HYDROBUDOWA POLSKA KONSTRUKCJE and assumes the achievement of consolidated revenue on sales in the amount of 1 billion 262.5 million PLN (which means the increase by 68.5% with respect to individual forecast), consolidated operational profit in the amount of 97.3 million PLN (which means the increase by 52.3% with respect to individual forecast) and the consolidated net profit for 2008 in the amount of 83.7 million PLN (which means the increase by 56% with respect to the individual forecast). The above mentioned consolidated data does not take into account the financial results of the company P.R.G. "METRO" Sp. z o.o., incorporated to Capital Group HYDROBUDOWA POLSKA on this 12<sup>th</sup> September 2008. The forecast of the financial results of Capital Group HYDROBUDOWA POLSKA S.A. for 2008, was estimated on the basis of the contracts realized by the companies from the Group and gained to the existing order portfolio.

□ The resignation of the President of the Executive Board of the Company and the Vice President of the Executive Board of the Company HYDROBUDOWA POLSKA S.A. The President of the Executive Board of the Company – Mr. Tomasz Woroch and the Vice President of the Company – Mr. Tomasz Starzak submitted their resignations from their functions in the Executive Board of the Company on this 30<sup>th</sup> October 2008. The reason for submitting the resignation by the President of the Executive Board - Mr. Tomasz Woroch was the completion of the mission connected with the merger of Hydrobudowa Polska S.A. with Hydrobudowa 9 P.I-B. S.A. The reason for the resignation of the Vice President – of the Executive Board – Mr. Tomasz Starzak were personal matters.

□ The nomination of the new President of the Executive Board and entrusting the function of the Vice President of the Executive Board to the previous Member of the Executive Board of the company HYDROBUDOWA POLSKA S.A. On this 30<sup>th</sup> October 2008 the Supervisory Board of HBP, performing its statutory rights, determined that the Executive Board of the company HYDROBUDOWA POLSKA S.A. consists of 6 members. At the same session, the Supervisory Board nominated Mr. Jerzy Ciechanowski for the position on the President of the Executive Board, and Mr. Jarosław Dusiło, the previous Member of the Executive Board was nominated for the position of the Vice President of the Executive Board.

#### 2.4.1.2. *Concluded investment contracts*

In the 3<sup>rd</sup> quarter of 2008 Capital Group HYDROBUDOWA POLSKA S.A. signed investment contracts for the total amount of 426 million PLN whereas the most significant contracts are the ones described below:

Contract with Zakład Utylizacyjny Sp. z o.o. in Gdańsk

On this 6<sup>th</sup> August 2008 HYDROBUDOWA POLSKA S.A., as the Syndicate Leader, concluded the

agreement with Zakład Utylizacyjny Spółka z o.o. with its seat in Gdańsk ("Ordering Party") for the performance of the task "Designing and construction of waste utilization plant in Gdańsk Szadółki, construction-assembly works" The subject of the order is designing and construction of waste utilization plant, meeting the requirements of Best Available Technique, based on the existing Utilization Plant in Gdańsk – Szadółki together with the delivery of technological lines for sorting plant and composting plant.

The value of the concluded agreement amounts to: 299,001,006.00 PLN net.

The contract will be completed within 24 months from the day of signing the agreement.

HYDROBUDOWA POLSKA S.A. - Syndicate Leader as the General Contractor shall perform and shall be responsible for 21% of the scope of works connected with the realization of the task,

Conclusion of the reference agreement with the Company INFRA S.A.

On this 20<sup>th</sup> August 2008 the Issuer concluded, as the Contractor, the contract with the company from the Capital Group PBG – INFRA S.A. ("Principal").

The subject of the concluded agreement is the performance of construction-assembly works within the framework of the contract called "Modernization of distributive water pipe-sewage system in the city of Łódź" co-financed from the public resources, including the resources from the Cohesion Fund.

The value of the concluded contract amounts to: 48,677,887.28 PLN net.

The Parties agreed upon the date of completion of the realization of the subject of the agreement for this 30<sup>th</sup> November 2009.

The agreement with Miejski Zakład Oczyszczania Sp. z o.o.

On this 5<sup>th</sup> September 2008 HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane Spółka Akcyjna, on behalf of the Syndicate, signed the contract with Miejski Zakład Oczyszczania Sp. z o.o. for the amount of 24.9 million Euro net. The Syndicate consists of: HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane Spółka Akcyjna, PBG S.A., HYDROBUDOWA POLSKA S.A., Pracownie Badawczo-Projektowe „EKOSYSTEM” Sp. z o.o. and „EKOTAB PROJEKT” Sp. z o.o.

The subject of the contract is "The construction of Waste Management Plant in Trzebania, community of Osieczna".

HYDROBUDOWA POLSKA 9 PIB S.A. – Syndicate Leader as the General Contractor shall perform and shall be responsible for 75% of the scope of works connected with the realization of the task.

HYDROBUDOWA POLSKA S.A. – will be responsible for 15% of the works

The date of completion of works was defined for this 30<sup>th</sup> June 2010.

#### 2.4.1.3. *The acquisition of the company PRG Metro Sp. z o.o.*

On this 12<sup>th</sup> September 2008 HYDROBUDOWA POLSKA S.A. effected the payment of the purchase price of the shares of the Company Przedsiębiorstwo Robót Górniczych "METRO" Sp. z o.o. with its seat in Warsaw and at the same time, all the rights resulting from the acquired shares of the Company P.R.G. "METRO" Sp. z o.o. were transferred to HYDROBUDOWA POLSKA S.A.

The shares of the company P.R.G. „METRO” Sp. z o.o. were acquired by HYDROBUDOWA POLSKA S.A. from previous shareholders of the Company being natural persons.

The shares were acquired in the period from this 26<sup>th</sup> June 2008 to this 28<sup>th</sup> July 2008. HYDROBUDOWA POLSKA S.A. acquired 465 shares of the nominal value of 1.000,00 PLN each, constituting 84.55% shares in the share capital of the Company P.R.G. „Metro” Sp. z o.o. and giving the right to execute 84.55% of the votes at the shareholders meeting of this Company.

The total value of the contracts concluded by this 28<sup>th</sup> July 2008 amounted to 29,590,879.50 PLN and was financed by HYDROBUDOWA POLSKA S.A. from the resources coming from the issuance of K series shares. The incorporation of the Company P.R.G. METRO Sp. z o.o. to HYDROBUDOWA POLSKA S.A. shall allow to increase the manufacturing capacity and shall enable the diversification of the areas of activity with new areas, in particular the ones connected with the construction of the underground.

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 the Capital Group 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 on water and sewage market.

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 on water and sewage market.

#### *2.3.1.4. Registration of the increase of the share capital of the Company, incorporation of the Company HYDROBUDOWA 9 P.I.-B. S.A. to Capital Group HYDROBUDOWA POLSKA*

On this 30<sup>th</sup> September 2008 District Court Poznań Nowe Miasto i Wilda in Poznań, 8<sup>th</sup> Commercial Division of the National Court Register made the entry of the increase of the share capital of the Company HYDROBUDOWA POLSKA S.A. from the amount of 173,673,200.00 PLN to the amount of 210,558,445.00 PLN in connection with the issuance of 36,885,245 L series shares of the nominal value of 1.00 PLN each.

All L series shares were offered to all the shareholders of the company HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A. with its seat in Poznań, as a private subscription. L series shares were booked as contribution in kind in the form of 14,536,685 fully paid-up shares of the company under the name HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A., of the nominal value of 0.10 PLN each share and of the total nominal value of 1,453,668.50 PLN constituting 100% of the shares of the company HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A. In connection with the registration of the increase of the share capital of the Company HYDROBUDOWA POLSKA S.A., HYDROBUDOWA 9 P.I.-B. S.A. was included to the Capital Group

HYDROBUDOWA POLSKA.

HYDROBUDOWA POLSKA S.A. became the only shareholder of the company HYDROBUDOWA 9 P.I.-B. S.A. and it has 100% of votes at the general shareholders meeting of the company HYDROBUDOWA 9 P.I.-B. S.A.

The incorporation of HYDROBUDOWA 9 P.I.-B. S.A. to Capital Group HYDROBUDOWA POLSKA S.A. shall be significant strengthening of the group's capacity and shall allow for winning many significant contracts. Incorporating the Company to Capital Group, HYRDOBUDOWA POLSKA S.A. does not plan to change the profile of the Company business and the investment is long-term.

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

In the 3<sup>rd</sup> quarter 2008 there occurred no events of untypical nature, having significant influence on the consolidated financial results of the Group.

*2.6. Explanations 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 the Capital Group assumes, whenever possible, gaining contracts of high individual 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.

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

*2.7.1. L series shares issuance*

The Extraordinary General Meeting of the Company Shareholders, holding its session on this 18<sup>th</sup> August 2008 , decided on the issuance of 36,885,245 L series shares.

All L series shares were offered to all the shareholders of the company HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A. with its seat in Poznań, as a private subscription.

As a result of the issuance of L series shares, the share capital of the company HYDROBUDOPWA POLSKA S.A. was increased by the amount of 36,885,245.00PLN to the amount of 210,558,445.00 PLN.

From all the offered shares, 24,329,508.00 shares were acquired by the Company PBG S.A. which is a significant shareholder of the Company HYDROBUDOWA POLSKA and HYDROBUDOWA 9 P.I.B S.A. Nearly 10.8 million new securities (5.13%) were acquired by the managers of the acquired company and about 1.76 million shares (0.83%) by Bank Zachodni WBK.

L series shares were booked as contribution in kind in the form of 14,536,685 fully paid-up shares of

the company under the name HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A., of the nominal value of 0.10 PLN each share and of the total nominal value of 1,453,668.50 PLN constituting 100% of the shares of the company HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A.

The total value of contribution in kind i.e. 100% of the shares of the company under the name of Hydrobudowa 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A., pursuant to the valuation of the value of the company under the name of Hydrobudowa 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A. was valued for the amount of 326,381,000.00 PLN, including 22.45 PLN per one share of the company Hydrobudowa 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A.

The Extraordinary General Meeting of the Shareholders of the Company HYDROBUDOWA POLSKA S.A. resolved that the Company shall apply for the admittance of L series shares to trading on the regulated market (official market of exchange listings run by the Stock Exchange in Warsaw (joint stock company)).

#### *2.7.1.2. The way of using the resources from the issuance of K serie 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

- Financing contracts realization: 109,882,365.77 PLN

Acquisitions:

- Acquisition of shares in the company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. (the company HYDROBUDOWA POLSKA S.A. acquired 16,100 shares of the nominal value of 500 PLN each for the amount equal to 8,050,000.00 PLN);
- Acquisition of shares in the company P.R.G. „METRO” Sp. z o.o - HYDROBUDOWA POLSKA S.A. acquired 465 shares of the nominal value of 1,000 PLN each for the amount equal to 29,590,879.50 PLN);

Investments in fixed assets:

The expenditure in the amount of 30,455,995.06 PLN for technical construction equipment for the realization of contracts.

*2.8. Information concerning paid-up (or declared) dividend, in total and in conversion for one share, with the division into ordinary and privileged shares.*

The Company did not pay or declare the payment of dividend.

*2.9. 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.*

On this 15<sup>th</sup> October 2008 the annex no. 6 to the general credit limit contract of 30<sup>th</sup> June 2005, was signed. Under the annex concluded between PBG S.A., HYDROBUDOWA POLSKA S.A. ("Credit Recipients") and Bank Zachodni WBK S.A. the date of contract termination was extended by this 15<sup>th</sup> October 2012.

Moreover, the amount of securities in the form of assignments from the contracts realized by the Credit Recipients was reduced from 200% to 150% of the amount of the used credit line.

The remaining terms and conditions of the contract were not amended.

*2.10. 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 HYDROBUDOWA POLSKA S.A. declares that in the light of the results presented in individual quarterly report, it maintains its position that the results forecast for 2008 published in the current report no. 24/2008 dated 2<sup>nd</sup> 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 pursuant to the assumptions.

Moreover, the Executive Board of the Company declares that in the light of the results presented in consolidated quarterly report, it declares that the results forecast for 2008 published in the current report no. 119/2008 dated 23<sup>rd</sup> October 2008 assuming achieving by the Capital Group HYDROBUDOWA POLSKA in 2008:

- consolidated revenue on sales in the amount of 1,262.5 million PLN for 2008
- consolidated operational profit in the amount of 97.3 million PLN for 2008
- consolidated profit net in the amount of 83.7 million PLN for 2008,

shall also be realized pursuant to the assumptions.

2.11. *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.	129 726 808	129 726 808	61,61%	61,61%
2.	ING TFI S.A. in Warsaw	17 282 900	17 282 900	8,21%	8,21%
3.	BZ WBK Asset Management S.A.	11 233 756	11 233 756	5,34%	5,34%
4.	ING OFE in Warsaw	10 550 000	10 550 000	5,01%	5,01%
5.	Other shareholders	41 764 981	41 764 981	19,84%	19,84%
	TOTAL	210 558 445	210 558 445	100,00%	100,00%

In the 3<sup>rd</sup> quarter of 2008 the changes in the state of significant shareholders result from the registration, by the Court, of the increase in share capital of the Company from the amount of 173,673,200 to the amount of 210,558,445 with the issuance of 36,885,245 L series shares.

2.12. *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 4 <sup>th</sup> August 2008	Increasing	Decreasing	Current balance
Jerzy Ciechanowski	0	-	-	0
Edward Kasprzak	438 100	-	-	438 100
Jarosław Dusiło	150	-	-	150
Andrzej Zwierzchowski	4 850	-	-	4 850

Rafał Damasiewicz	0	-	-	0
Joanna Zwolak	50	-	-	50

The Supervisory Board of the Company: /in items/

	Balance for this 4 <sup>th</sup> August 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 4 <sup>th</sup> August 2008	Increasing	Decreasing	Current balance
Paweł Kujawa	0	-	-	0
Andrzej Szultka	0	-	-	0

*2.13. 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

2.14. 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.

In the period of the third quarter of 2008, the transactions with affiliated entities, the value of which in the period from the beginning of accounting year exceeded the equivalent of 500,000 EUR, expressed in PLN, however these were the transactions of typical and routine nature, concluded on the market conditions, the nature and conditions of which result from operational activity run by the Issuer and its subsidiaries.

Transactions with affiliated entities for the period 1st January 2008 to 30th September 2008.

Affiliated entity	PBG	Metorex	GK Infra	KWG S.A.	DROMOS T	GK PBG DOM	AVATIA	TOTAL
Receivables in total	38 417	9 437	22 676	86	3	0	0	70 619
Long-term receivables on account of supplies and services								0
Short-term receivables on account of supplies and services	38 417	9 428	22 676		3			70 524
Other short-term receivables		9		86				95
Liabilities in total	12 558	382	3 941	0	896	0	65	17 842
Long-term liabilities on account of supplies and services		103	251		27			381
Short-term liabilities on account of supplies and services	12 539	279	3 690		869		65	17 442
Other short term liabilities	19							19
Acquisition of bonds								0

Revenue on the sale of products, services, materials, goods	49 077	6 703	7 279	10				63 069
Cost value of products, services, materials, goods	8 741	11 057	13 813	6	4 983		73	38 673
Administration costs	316					1 145	297	1 758
Financial revenue	62	25	29		1			117
Financial costs	3 133	21			1			3 155

2.15. 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.

In the period of the 3<sup>rd</sup> quarter of 2008 the Group granted the following sureties and guarantees:

	By		Surety amount /PLN x thousand/	For
1	HYDROBUDOWA POLSKA S.A.	Bank PKO S.A., ul. Grzybowska 53/57, 00-950 Warszawa	85 217	PBG S. ul. Skórzew Wysogó 62-081 Przeź
		Total	85 217	
	By		Guarantee amount /in PLN x thousand/	For
1	HYDROBUDOWA POLSKA S.A.	Towarzystwo Ubezpieczeń Euler Hermes S.A., ul. Domaniewska 50 B, 02-672 Warszawa	36 478	Zakład Utylizac z o.o. ul. Jabłonia 80-180 Gó
		Total	36 478	

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

Contingency liabilities	Balance on this 30 <sup>th</sup> September 2008	Balance on this 30 <sup>th</sup> June 2008	Balance on this 31 <sup>st</sup> December 2007
<b>Guarantees:</b>	<b>414,205</b>	<b>388,477</b>	<b>382,112</b>
For related entities	0	0	0
For other entities	414,205	388,477	382,112
- performance security	178,593	167,862	173,560
- remedy of defects and failures	10,490	11,125	11,975
- tender guarantee	3,202	12,806	8,331
-advance payment return	67,552	68,741	66,048
- payment	4,425	6,810	200
-performance security	133,894	100,880	95,760
- retention amounts	2,681	3,112	6,542
- surety	0	0	0
- payment	1,550	979	2,129
- performance security and surety	11,818	16,162	17,327
<b>Sureties</b>	<b>961,240</b>	<b>873,699</b>	<b>906,813</b>
For related entities	950,361	862,675	895,026
- security of contract bonds	309,800	181,340	112,672
- security of credits	164,145	106,704	41,786
- security of bonds redemption	400,000	510,000	660,000
- security of limits for financial instruments operations (treasury limits)	50,199	37,285	46,659
- others	26,217	27,346	33,909
- security of leasing contracts	0	0	0
For other entities	10,879	11,024	11,787
- security of contract bonds	2,829	2,799	2,985
- security of credits	0	0	0
- security of bonds redemption	0	0	0
- security of limits for financial instruments operations (treasury limits)	0	0	0
- security of loan payment	8,050	8,225	8,802
- others	0	0	0
<b>Bills of exchange</b>	<b>53,734</b>	<b>53,209</b>	<b>2,632</b>
For related entities	7,335	7,334	2,416
- security of contract bonds	7,335	7,334	2,416
For other entities	46,399	45,875	216
- security of contract bonds	46,399	45,875	216
<b>Contingency liabilities in total:</b>	<b>1,429,179</b>	<b>1,315,385</b>	<b>1,291,557</b>

*2.17. 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 30<sup>th</sup> October 2008 the President of the executive Board, Mr. Tomasz Woroch and the Vice President of the Executive Board, Mr. Tomasz Starzak submitted their resignations from their functions in the Executive Board of the Company HYDROBUDOWA POLSKA S.A.

The decision of Mr. President Tomasz Woroch was connected with effective realization of the entrusted mission of merging HYDROBUDOWA WŁOCŁAWEK S.A. and Hydrobudowa Śląsk S.A. and the incorporation of HYDROBUDOWA 9 P.I-B S.A. into the structure of the Capital Group HYDROBUDOWA POLSKA.

The Vice President of the Executive Board of the Company Mr. Tomasz Starzak submitted his resignation due to family reasons.

*2.18. 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 factors which may have an influence on the Issuer's financial situation 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 operational and financial control within the framework of the realized contracts,
- 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 S.A. FOR 3<sup>RD</sup> QUARTER OF 2008

SELECTED FINANCIAL DATA

	For the period	For the period	For the period	For the period
	from 01.01 to 30.09.2008	from 01.01 to 30.09.2007	from 01.01 to 30.09.2008	from 01.01 to 30.09.2007
	PLN	PLN	EUR	EUR
Cash revenue on sales	532 616	332 302	155 522	86 731
Profit (loss) from operational activity	48 546	16 056	14 175	4 191
Profit (loss) before tax	47 888	24 114	13 983	6 294
Profit (loss) net from continued activity	37 708	20 049	11 011	5 233
Profit (loss) net	37 708	20 049	11 011	5 233
Monetary resources net from operational activity	(142 057)	(118 571)	(41 480)	(30 947)
Monetary resources net used in investment activity	(86 372)	24 808	(25 220)	6 475
Monetary resources net from financial activity				
Net change of the balance of monetary resources and their equivalents	189 216	77 463	55 250	20 218
Weighted average number of ordinary shares	(39 213)	(16 300)	(11 450)	(4 254)
Weighted average watered number of ordinary shares	155 797	138 673	155 797	138 673
Profit (loss) for one ordinary share (in PLN/EUR)	155 797	138 673	155 797	138 673
Watered profit (loss) for one ordinary share (in PLN / EUR)	0,24	0,14	0,07	0,04
Average exchange rate PLN / EUR*	0,24	0,14	0,07	0,04
			3,4247	3,8314

Specification	for the day	for the day	for the day	for the day
	30 09 2008	30 09 2007	30 09 2008	30 09 2007
	PLN	PLN	+EUR	+EUR
Assets	1 085 082	508 203	318 365	134 534
Long-term receivables	40 371	40 742	11 845	10 785
Short-term receivables	257 610	353 121	75 583	93 480
Equity	787 101	114 340	230 937	30 269
Initial capital	210 558	138 673	61 778	36 710
Number of shares	173 673	138 673	173 673	138 673
Book value for one share in (PLN/EUR)	4,53	0,82	1,33	0,22
Declared or paid-out dividend for one share in (PLN/EUR)	-	-	-	-
Exchange rate PLN/EUR at the end of the period**			3,4083	3,7775

\* 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
	30.09.2008.	31.12.2007	30.09.2007.
<b>Assets</b>			
Fixed assets	500 863	80 007	71 698
Intangible assets	553	802	785
goodwill	-	-	-
Property, plant and equipment	91 968	70 054	61 137
Non-renewable natural resources	-	-	-
Investment properties	-	-	-
Investments in subsidiaries	369 132	-	-
Investments in affiliated entities calculated with equity method	-	-	-
Other long-term financial assets	30 608	600	429
- from related entities	30 519	357	-
- from other entities	89	243	429
Long-term receivables	6 038	6 504	7 499
- from related entities	789	767	286
- from other entities	5 249	5 737	7 213
Assets on account of deferred income tax	-	-	-
Long-term accruals	2 564	2 047	1 848
Current assets	584 219	502 696	436 505
Stocks	3 098	5 196	3 888
Receivables from the ordering parties on account of the works resulting from construction service / long-term contracts	255 078	182 854	229 483
- from related entities	24 669	3 272	17 690
- from other entities	230 409	179 582	211 793
Receivables for supplies and services provided	290 793	219 076	140 420
- from related entities	87 714	44 462	33 633
- from other entities	203 079	174 614	106 787
Receivables on account of current income tax	-	-	42
Other short-term receivables	9 593	24 566	34 057
- from related entities	1 770	193	357
- from other entities	7 823	24 373	33 700
Other short-term financial assets	11 636	19 209	7 013
- from related entities	-	-	-
- from other entities	11 636	19 209	7 013
Monetary resources and their equivalents	9 120	48 346	18 603
Short-term accruals	4 901	3 449	2 999
Assets in total	1 085 082	582 703	508 203

Specification	for the day	for the day	for the day
	30.09.2008.	31.12.2007	30.09.2007.
<b>Liabilities</b>			
Equity	787 101	139 353	114 340
Initial capital	210 558	138 673	138 673
Treasury shares	-	-	-
Supplementary capital from the sale of shares above their nominal value	546 020	-	-
Capital from the valuation of hedge operations	(209)	5 845	371
Other capitals	43 790	41 032	41 032
Undivided financial result	(13 058)	(46 197)	(65 736)
Profit (loss) from previous years	(50 766)	(86 429)	(85 785)
- profit (loss) net from current year	37 708	40 232	20 049
Liabilities	297 981	443 350	393 863
Long-term liabilities	40 371	76 598	40 742
Long-term credits and loans	27 840	11 477	7 034
- from related entities	-	-	-
- from other entities	27 840	11 477	7 034
Other long-term financial liabilities	-	51 181	20 609
Other long-term liabilities	3 714	4 621	4 309
- from related entities	355	138	101
- from other entities	3 359	4 483	4 208
Provision on account of deferred income tax	6 824	7 300	7 824
Provisions for liabilities on account of employee benefits	475	608	826
Other long-term provisions	1 518	1 411	140
Long-term accruals	-	-	-
Short-term liabilities	257 610	366 752	353 121
Short-term credits and loans	95 463	150 599	208 909
- from related entities	-	41 390	90 751
- from other entities	95 463	109 209	118 158
Other short-term financial liabilities	56	115	176
Liabilities for supplies and services provided	126 112	164 951	106 205
- from related entities	11 897	18 619	12 849
- from other entities	114 215	146 332	93 356
Liabilities on account of the construction service contract	6 752	5 851	-
- from related entities	174	4 241	-
- from other entities	6 578	1 610	-
Liabilities on account of current income tax	9 044	11 113	3 446
Other short-term liabilities	17 677	30 783	31 166
- from related entities	231	219	1
- from other entities	17 446	30 564	31 165
Provisions for liabilities on account of employee benefits	269	466	610
Other short-term provisions	532	566	582
Short-term accruals	1 705	2 308	2 027
Liabilities in total	1 085 082	582 703	508 203

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

Specification	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to	For 3 quarters from 1 <sup>st</sup> January to	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to	For 3 quarters from 1 <sup>st</sup> January to
Continued activity				
Cash revenue on sales	215 475	532 616	135 103	332 302
- from related entities	32 187	78 138	25 395	47 380
Revenue on sale of products	-	-	-	-
Fees earned	210 700	522 423	132 066	322 000
Revenue on sale of goods and materials	4 775	10 193	3 037	10 302
Cost of sales	(188 435)	(462 008)	(129 992)	(306 623)
- from related entities	(15 322)	(36 777)	(4 099)	(19 504)
Cost of sold products	-	-	-	-
Cost of sold services	(184 204)	(452 496)	(127 013)	(296 351)
Cost of sold goods and materials	(4 231)	(9 512)	(2 979)	(10 272)
Profit (loss) gross on sales	27 040	70 608	5 111	25 679
Costs of sales	-	-	-	-
General administrative costs	(7 435)	(20 725)	(6 104)	(16 440)
Other operational revenue	680	2 074	2 703	10 615
Other operational costs	(871)	(3 411)	(41)	(3 798)
Restructuring costs	-	-	-	-
Profit (loss) from operational activity	19 414	48 546	1 669	16 056
Financial revenue	2 655	10 213	2 236	3 580
Financial costs	(1 773)	(10 871)	(5 427)	(11 672)
Other profit (loss) from investment	-	-	-	16 150
Profit (loss) before tax	20 296	47 888	(1 522)	24 114
Income tax	(3 620)	(10 180)	(2 750)	(4 065)
Profit (loss) net from continued activity	16 676	37 708	(4 272)	20 049
Discontinued activity				
Loss net from discontinued activity	-	-	-	-
Profit (loss) net	16 676	37 708	(4 272)	20 049

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

Specification	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to	For 3 quarters from 1 <sup>st</sup> January to	For the 3 <sup>rd</sup> quarter from 1 <sup>st</sup> July to	For 3 quarters from 1 <sup>st</sup> January to
	PLN/share	PLN/share	PLN/share	PLN/share
Profit (loss) net from continued activity	16 676	37 708	(4 272)	20 049
Profit (loss) net from continued and discontinued activity	16 676	37 708	(4 272)	20 049
Weighted average number of ordinary shares	174 074	155 797	138 673	138 673
Weighted average watered number of ordinary shares	174 074	155 797	138 673	138 673
from continued activity				
- basic	0,0958	0,242	-0,0308	0,1446
- watered	0,0958	0,242	-0,0308	0,1446

from continued and discontinued activity				
- basic	0.0958	0.242	-0.0308	0.1446
- watered	0.0958	0.242	-0.0308	0.1446

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

Specification	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September
<b>Cash flow from operational activity</b>		
Profit net before tax	47 888	24 114
Adjustments:	2 124	(11 793)
Depreciation of intangible assets	306	363
Write downs 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	6 723	3 144
(Profit) loss on the sale of property, plant and equipment	403	(1 044)
(Profit) loss on the sale of financial assets available for sales (allocated for trading)	(15 138)	(21 896)
Profit (loss) on the valuation of investment properties according to fair value	-	-
(Profit) loss on account of the change of the fair value of financial assets demonstrated according to the fair value	743	(343)
Share in profit (loss) of related units	-	-
Profit (loss) on account of differences in rates	(7)	7
Interest expenses	9 096	8 423
Interest received	-	(419)
Dividend received	(2)	(28)
Monetary resources from operational activity before considering the changes in working capital	50 012	12 321
Change of stock level	2 098	2 228
Change of receivables level	(127 077)	(133 009)
Change of liabilities level	(52 782)	13 425
Change of provisions level and accrued liabilities	(2 829)	(13 519)
Other adjustments	-	219
Monetary resources generated in the course of operational activity	(130 578)	(118 335)
Paid interest	(180)	(199)
Paid income tax	(11 299)	(37)
Monetary resources net from operational activity	(142 057)	(118 571)
<b>Cash flow from investment activity</b>		
Expenses on purchasing intangible assets	-	(300)
Revenue from the sale of intangible assets	-	-
Expenses on purchasing property, plant and equipment	(29 196)	(20 831)
Revenue from the sale of property, plant and equipment	407	8 374
Expenses on purchasing investment properties	-	-
Revenue from the sale of investment properties	-	12 107
Expenses for purchasing financial assets available for sale	(30 000)	(28)
Revenue from the sale of financial assets available for sale	15 629	25 391
Expenses for purchasing financial assets available for sale	-	-

Revenue form the sale of financial assets allocated for trading	-	-
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Specification	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September	For the period from 1 <sup>st</sup> January till 30 <sup>th</sup> September
Expenses for purchasing related entities (reduced by monetary resources taken over)	(43 435)	-
Revenue from sale of related entities	-	-
Other expenses – additional payment to capital	-	-
Revenue from received governmental subsidies	-	-
Granted loans	(1 000)	-
Received payments of loans granted	320	-
Interest received	1	111
Dividend received	2	28
Other revenue	-	167
Other investment expenses	-	(211)
Monetary resources net used in investment activity	(86 372)	24 808
Cash flow from financial activity		
Revenue net on account of issuance of shares	292 227	-
Acquisition of treasury shares	-	-
Revenue on account of issuance of debt securities	-	20 000
Acquisition of bonds	-	-
Payment of interest on bond	(2 721)	-
Redemption of debt securities	(50 000)	-
Revenue on account of credits and loan	58 458	64 713
Payment of credits and loans	(98 461)	(1 307)
Payment of interest on credits and loans	(9 980)	(5 587)
Revenue on account on investment	-	-
+Payment of liabilities on account of financial leasing	(97)	(321)
Paid interest	(6)	(15)
Paid-out dividend	-	-
Credit commissions	(204)	-
Other expenses	-	(20)
Monetary resources net from financial activity	189 216	77 463
Net change of the balance of monetary resources and their equivalents	(39 213)	(16 300)
Monetary resources and their equivalents at the beginning of the period	48 389	34 567
Change of the state on account of differences in exchange rates	(7)	343
Monetary resources and their equivalents at the end of the period	9 169	18 610

STATEMENT OF CHANGES IN THE EQUITY CAPITAL OF THE COMPANY HYDROBUDOWA POLSKA S.A. IN THE PERIOD FROM 1<sup>ST</sup> JANUARY TO 30<sup>TH</sup> SEPTEMBER 2008

Specification	Initial capital	Other capitals	Undivided financial result	Total
Balance as for this 1 <sup>st</sup> 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 fundamental errors			(653)	(653)
Balance after the changes	138 673	36 209	(80 358)	94 524
Changes in equity capital in the period from 01.01. to 31.12.2007				
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 to 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 31.12.2007			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 1 <sup>st</sup> January 2007	138 673	46 876	(46 197)	139 352
Changes in equity capital in the period from 01.01. to 30.09.08				
Balance as for this 1 <sup>st</sup> January 2008	138 673	46 876	(46 197)	139 352
The changes of accounting principles (policy)				-
Adjustments on account of fundamental errors				-
Balance after the changes	138 673	46 876	(46 197)	139 352

Profit (loss) on account of revaluation		(650)	650	-
Investments available for sale:	-	-	-	-
- profit on account of valuation referred to equity				-
- transferred to profit (loss) on sale				-
Instruments securing cash flow:	-	(7 474)	-	(7 474)
- profit (loss) referred on 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		(7 474)		(7 474)
Differences in rates from valuation of entities operating abroad				-
Tax connected with the items presented in the capital or transferred from the capital		1 420		1 420
Profit net presented directly in equity	-	(6 704)	650	(6 054)
Profit net for the period from 01.01. to 30.09.08			37 708	37 708
Amount of profit and loss booked in the period from 01.01. to 30.09.08.	-	(6 704)	38 358	31 654
Dividend				-
Division of result		3 219	(5 219)	(2 000)
Issued initial capital	71 885	546 210		618 095
Issued options changeable for shares				-
Balance as for this 1 <sup>st</sup> September 2008	210 558	589 601	(13 058)	787 101

STATEMENT OF CHANGES IN THE EQUITY CAPITAL OF THE COMPANY  
HYDROBUDOWA POLSKA S.A. IN THE PERIOD FROM 1<sup>ST</sup> JANUARY TO 30<sup>TH</sup>  
SEPTEMBER 2007

Specification	Initial capital	Other capitals	Undivided financial result	Total
Balance as for this 1 <sup>st</sup> 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 fundamental errors				
Balance after the changes	138 673	36 209	(79 705)	95 177
Changes in equity capital in the period from 01.01. to 30.09.07				
Profit (loss) on account of revaluation		(631)	389	(242)
Investments available for sale:	-	-	-	-
-profit (loss) on account of valuation referred to equity				
- transferred to profit (loss) on sale				
Instruments securing cash flow:	-	1 546	-	1 546
- profit (loss) referred to equity		1 546		1 546
- 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				
Profit net presented directly in equity	-	915,00	389,00	1 304
Profit net for the period from 01.01. to 30.09.07			20 049	20 049
Amount of profit and loss booked in the period from 01.01. to 30.09.07.	-	915	20 438	21 353
Dividend				
Division of result				
Issued initial capital		4 469	(6 469)	(2 000)
Issued options changeable for shares		(190)		(190)
Balance as for this 30 <sup>th</sup> September 2007	138 673	41 403	(65 736)	114 340

COMMENT OF THE EXECUTIVE BOARD ON THE FINANCIAL RESULTS OF THE  
COMPANY HYDROBUDOWA POLSKA FOR 3<sup>rd</sup> QUARTER OF 2008

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 215.4 million PLN i.e. by nearly 60% more than in the third quarter of the previous year;
- Profit from operational activity amounted to nearly 19.4 million PLN in comparison to nearly 1.7 million PLN generated last year;
- Net profit amounted to 16.7 million PLN, in comparison with the loss of 4.3 million PLN in the analogical period of the previous year;
- Employment in company HYDROBUDOWA POLSKA S.A. at the end of the third quarter amounted to **1,255 people** in comparison with 1,402 people employed at the end of the second quarter of 2008. Decrease in employment results from the transfer of the employees previously employed in

HYDROBUDOWA POLSKA S.A. to the newly-established subsidiary  
HYDROBUDOWA KONSTRUKCJE Sp. z o.o.

- At the end of the third quarter order portfolio exceeded the value of 1.0 billion PLN and only in the third quarter the Company managed to conclude contracts of the total value of 322 million PLN.

The most significant sources of revenue for the basic activity of HYDROBUDOWA POLSKA S.A. in the 3<sup>rd</sup> quarter, included the following construction contracts:

- a) contract named "The development of sewage system of the district Ołtaszyn" concluded with the community of Wrocław – realized revenue: 30.6 million PLN;
- b) contract called "The construction of water pipe sewage system for the left-bank part of Szczecin" concluded between Zakład Wodociągów i Kanalizacji Sp. z o.o. with its seat in Szczecin – realized revenue: 22.3 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: 17.9 million PLN;
- d) The contract named "The development and reconstruction of sewage treatment plant in Piaseczno", signed with community Piaseczno - realized revenue: 17.1 million PLN
- e) The contract named "Modernization of the left-bank Sewage Treatment Plant at ul. Serbska in Poznań" signed with the city of Poznań- realized revenue: 14.5 million PLN;

Signatures of all the Members of the Executive Board:

Date	Name and surname:	Position/function	Signature
6 <sup>th</sup> November 2008	Jerzy Ciechanowski	The President of the Executive Board	
6 <sup>th</sup> November 2008	Edward Kasprzak	The Vice President of the Executive Board	
6 <sup>th</sup> November 2008	Jarosław Dusiło	The Vice President of the Executive Board	
6 <sup>th</sup> November 2008	Rafał Damasiewicz	Member of the Executive Board	
6 <sup>th</sup> November 2008	Andrzej Zwierzchowski	Member of the Executive Board	
6 <sup>th</sup> November 2008	Joanna Zwolak	Member of the Executive Board	

Wysogotowo, this 6<sup>th</sup> November 2008