

## **HYDROBUDOWA POLSKA Capital Group**

**Mid-year consolidated financial statements  
for the 1<sup>st</sup> quarter of 2009**

**prepared pursuant to the International Financial Reporting Standards**

**Wysogotowo, this 11<sup>th</sup> May 2009**

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**MID-YEAR CONSOLIDATED FINANCIAL STATEMENTS OF THE HYDROBUDOWA POLSKA CAPITAL GROUP  
FOR 1<sup>ST</sup> QUARTER OF 2009**

**SELECTED FINANCIAL DATA**

Specification	For the period	For the period	For the period	For the period
	from 01.01 to 31.03.2009	from 01.01 to 31.03.2008	from 01.01 to 31.03.2009	from 01.01 to 31.03.2008
	PLN	PLN	EUR	EUR
Cash revenue on sales	209 442	204 121	45 537	57 379
Profit (loss) from operational activity	14 898	15 390	3 239	4 326
Profit (loss) before tax	3 661	9 139	796	2 569
Net profit (loss) from continued activity	7 014	6 260	1 525	1 760
Net profit (loss)	7 014	6 260	1 525	1 760
Net monetary resources from operational activity	(65 539)	(64 950)	(14 249)	(18 258)
Net Monetary resources used in investment activity	(36 067)	(3 095)	(7 842)	(870)
Net monetary resources from financial activity	95 527	30 039	20 769	8 444
Net change of the balance of monetary resources and their equivalents	(6 079)	(38 006)	(1 322)	(10 684)
Weighted average number of ordinary shares in thousand of items	210 558	138 673	210 558	138 673
Weighted average number of watered shares in thousand of items	210 558	138 673	210 558	138 673
Profit (loss) for one ordinary share (in PLN/EUR)	0,03	0,05	0,01	0,01
Watered profit (loss) for one ordinary share (in PLN/EUR)	0,03	0,05	0,01	0,01
Average exchange rate PLN / EUR	x	x	4,5994	3,5574

Specification	for the day	for the day	for the day	for the day
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
	PLN	PLN	EUR	EUR
Assets	1 284 975	1 204 735	273 323	341 691
Long-term liabilities	54 665	96 960	11 628	27 500
Short-term liabilities	1 060 817	875 690	225 643	248 366
Equity	169 493	232 085	36 052	65 825
Initial capital	210 558	210 558	44 787	59 719
Number of shares in thousand x item	210 558	210 558	210 558	210 558
Book value for one share in (PLN/EUR)	0,80	1,10	0,17	0,31
Declared or paid-out dividend for one share (in PLN/EUR)	-	-	-	-
Exchange rate PLN/EUR at the end of the period	x	x	4,7013	3,5258

**The HBP Capital Group**

**Qsr 1/2009** (all data is presented in PLN x thousand, unless indicated otherwise)

**ANNUALIZED PROFIT**

Specification	For the period of 12 months	For the period of 12 months	For the period of 12 months	For the period of 12 months
	from 1 <sup>st</sup> April 2008 to 31 <sup>st</sup> March June 2009	from 1 <sup>st</sup> April 2007 to 31 <sup>st</sup> March 2008	from 1 <sup>st</sup> April 2008 to 31 <sup>st</sup> March June 2009	from 1 <sup>st</sup> April 2007 to 31 <sup>st</sup> March 2008
	PLN	PLN	EUR	EUR
Annualized profit (loss) net	66 519	60 916	17 539	16 510
Weighted average number of ordinary shares in thousand of items	187 372	138 673	187 372	138 673
Annualized profit (loss) for one ordinary share (in PLN/EUR)	0,3550	0,4393	0,0936	0,1191
Average exchange rate PLN / EUR*	X	X	3,7926	3,6896

**MID-YEAR CONSOLIDATED REPORT ON THE FINANCIAL STANDING**

Specification	for the day	for the day
	31.03.2009	31.12.2008
<i>Assets</i>		
<b>Fixed assets</b>	<b>281 724</b>	<b>247 811</b>
Intangible assets	2 072	2 167
Company value taken over within the framework of the merger of economic units	37 586	37 586
Property, plant and equipment	163 258	152 927
Non-renewable natural resources	-	-
Investment properties	12 298	12 297
Investments in subsidiaries	-	-
Investments in affiliated undertakings	-	-
Other long-term financial assets	89	89
- from related entities	-	-
- from other entities	89	89
Long-term receivables	9 220	9 405
- from related entities	79	350
- from other entities	9 141	9 055
Assets on account of deferred income tax	52 433	28 440
Long-term accruals	4 768	4 900
<b>Current assets</b>	<b>1 003 251</b>	<b>956 924</b>
Stocks	15 084	12 419
Receivables from the ordering parties on account of the works resulting from construction / long-term contracts	472 535	436 193
- from related entities	72 991	71 398
- from other entities	399 544	364 795
Receivables on account of supplies and services	425 625	401 999
- from related entities	140 104	109 760
- from other entities	285 521	292 239
Receivables on account of current income tax	1 062	-
Other short-term receivables	12 740	21 696
- from related entities	3 390	4 137
- from other entities	9 350	17 559
Other short-term financial assets	293	924
- from related entities	-	-
- from other entities	293	924
Monetary resources and their equivalents	68 243	74 315
Short-term accruals	7 669	9 378
<b>Assets in total</b>	<b>1 284 975</b>	<b>1 204 735</b>

Specification	for the day	for the day
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**The HBP Capital Group**

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	31 <sup>st</sup> March 2009	31 <sup>st</sup> December 2008
<i>Liabilities</i>		
<b>Equity</b>	<b>169 493</b>	<b>232 085</b>
<b>-Equity capital falling for shareholders of the dominating entity</b>	<b>168 944</b>	<b>231 418</b>
Initial capital	210 558	210 558
-Treasury shares	-	-
Supplementary capital from the sale of shares above their nominal value	257 209	257 209
Capital from the valuation of hedge operations and differences in rates from consolidation	(170 453)	(100 847)
Other capitals	43 867	43 867
Unallocated financial result	(172 237)	(179 369)
- profit (loss) from previous years	(179 369)	(244 068)
- profit (loss) net of current year falling for the shareholders of the dominating entity	7 132	64 699
<b>Shares of the minority</b>	<b>549</b>	<b>667</b>
<b>Liabilities</b>	<b>1 115 482</b>	<b>972 650</b>
<b>Long-term liabilities</b>	<b>54 665</b>	<b>96 960</b>
Long-term credits and loans	23 682	27 344
- from related entities	-	-
- from other entities	23 682	27 344
Other long-term financial liabilities	12 470	54 153
Other long-term liabilities	9 319	9 604
- from related entities	158	253
- from other entities	9 161	9 351
Provision on account of deferred income tax	4 408	-
Provisions for liabilities on account of employee benefits	2 442	2 442
Other long-term provisions	2 344	3 417
Long-term accrued liabilities	-	-
<b>Short-term liabilities</b>	<b>1 060 817</b>	<b>875 690</b>
Short-term credits and loans	351 471	253 219
- from related entities	10 030	-
- from other entities	341 441	253 219
Other short-term financial liabilities	263 595	131 520
Liabilities on account of supplies and services	312 949	359 066
- from related entities	28 112	19 335
- from other entities	284 837	339 731
Liabilities on account of the construction contract	24 941	9 160
- from related entities	189	208
- from other entities	24 752	8 952
Liabilities on account of current income tax	2	13 322
Other short-term liabilities	37 134	25 705
- from related entities	1 717	4 802
- from other entities	35 417	20 903
Provisions for liabilities on account of employee benefits	686	730
Other short-term provisions	66 099	77 490
Short-term accrued liabilities	3 940	5 478
<b>Liabilities in total</b>	<b>1 284 975</b>	<b>1 204 735</b>

**MID-YEAR CONSOLIDATED PROFIT AND LOSS ACCOUNT**

Specification	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2009	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2008
<i>Continued activity</i>		
<b>Cash revenue on sales</b>	<b>209 442</b>	<b>204 121</b>
- from related entities	29 175	8 183
Revenue on sale of products	-	-
Fees earned	208 549	199 755
Revenue on sale of goods and materials	893	4 366
<b>Cost of sales</b>	<b>(184 348)</b>	<b>(180 308)</b>
- from related entities	(7 108)	(10 361)
Cost of sold products	-	-
Cost of sold services	(185 369)	(176 027)
Cost of sold goods and materials	1 021	(4 281)
<b>Profit (loss) gross on sales</b>	<b>25 094</b>	<b>23 813</b>
Costs of sales	-	-
General administrative costs	(12 187)	(9 909)
Other operational revenue	9 668	3 779
Other operational costs	(7 678)	(2 293)
Share in profit of the entities settled with equity method	-	-
Restructuring costs	-	-
<b>Profit (loss) from operational activity</b>	<b>14 897</b>	<b>15 390</b>
Financial revenue	3 497	2 058
Financial costs	(14 734)	(8 309)
Other profit (loss) from investment	-	-
<b>Profit (loss) before tax</b>	<b>3 660</b>	<b>9 139</b>
Income tax	3 353	(2 879)
<b>Net profit (loss) from continued activity</b>	<b>7 013</b>	<b>6 260</b>
<i>Discontinued activity</i>		
Net loss from discontinued activity	-	-
<b>Net profit (loss)</b>	<b>7 013</b>	<b>6 260</b>
<b>Profit (loss) net falling for:</b>		
- the shareholders of the dominating entity	7 131	6 260
- minority shareholders	(118)	-

**The HBP Capital Group**

**Qsr 1/2009** (all data is presented in PLN x thousand, unless indicated otherwise)

**PROFIT (LOSS) FOR ONE ORDINARY SHARE**

Specification	For the 1 <sup>st</sup> quarter	For the 1 <sup>st</sup> quarter
	from 01.01	from 01.01
	to 31.03.2009	to 31.03.2008
	PLN/share	PLN/share
Net profit (loss) from continued activity	7 014	6 260
Profit (loss) net from continued and discontinued activity	7 014	6 260
Weighted average number of ordinary shares in thousand of items	210 558	138 673
Weighted average number of watered shares in thousand of items	210 558	138 673
<i>from continued activity</i>		
- basic	0,0333	0,0451
- watered	0,0333	0,0451
<i>from continued and discontinued activity</i>		
- basic	0,0333	0,0451
- watered	0,0333	0,0451

**MID-YEAR CONSOLIDATED REPORT ON TOTAL INCOME**

Specification	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2009	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2008
<b>Net profit for the period</b>	<b>7 014</b>	<b>6 260</b>
<b>Other total income</b>	<b>(69 606)</b>	<b>2 455</b>
Rate differences from conversion of foreign entities	-	-
Valuation of instruments hedging cash flow	(119 169)	3 098
The result of cash flow hedge	33 236	-
Income tax concerning components of other total revenue	16 327	(643)
<b>Total income for the period</b>	<b>(62 592)</b>	<b>8 715</b>
Total income falling for:		
Shareholders of the dominating entity	(62 474)	8 715
Minority shareholders	(118)	-

**MID-YEAR CONSOLIDATED REPORT ON CASH FLOW**

Specification	For the period from 01.01	For the period from 01.01
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**The HBP Capital Group**

**Q3r 1/2009** (all data is presented in PLN x thousand, unless indicated otherwise)

	to 31.03.2009	to 31.03.2008
<b>Cash flow from operational activity</b>		
<b>Net profit before tax</b>	<b>3 661</b>	<b>9 139</b>
<b>Adjustments:</b>	<b>30 660</b>	<b>(1 384)</b>
Depreciation of intangible assets	227	251
Revaluation write offs on account of the loss of goodwill	-	-
Write offs on account of the loss of property, plant and equipment	109	-
Depreciation of the value of property, plant and equipment	3 762	3 633
(Profit) loss on the sale of property, plant and equipment	67	(297)
(Profit) loss on the sale of financial assets available for sales (allocated for trading)	10 274	(9 245)
Profit (loss) from valuation of investment properties according to fair value	-	-
(Profit) loss on account of fair value of financial assets declared according to fair value	10 127	(833)
Share in profit (loss) of related entities	-	-
Profit (loss) on account of differences in rates	366	258
Interest expenses	5 924	5 067
Interest received	(196)	(218)
Dividend received	-	-
<b>Monetary resources from operational activity before considering changes in working capital</b>	<b>34 321</b>	<b>7 755</b>
Change of stock level	(2 665)	(3 481)
Change of receivables level	(59 302)	(16 876)
Change of liabilities level	(12 185)	(27 477)
Change of provisions level and accrued liabilities	(11 306)	(13 103)
Other adjustments	239	(425)
<b>Monetary resources generated in the course of operational activity</b>	<b>(50 898)</b>	<b>(53 607)</b>
Paid interest	(71)	(18)
Paid income tax	(14 570)	(11 325)
<b>Net monetary resources from operational activity</b>	<b>(65 539)</b>	<b>(64 950)</b>
<b>Cash flow from investment activity</b>		
Expenses on purchasing intangible assets	(133)	(30)
Revenue from the sale of intangible assets	-	-
Expenses on the acquisition of property, plant and equipment	(1 599)	(10 074)
Revenue from the sale of property, plant and equipment	83	1 773
Expenses on the acquisition of investment properties	(16 036)	(34)
Revenue from the sale of investment properties	-	-
Expenses for the acquisition of financial assets available for sale	(18 628)	(10)
Revenue from the sale of financial assets available for sale	-	4 615
Expenses for purchasing financial assets allocated for trading	-	-
Revenue from the sale of financial assets allocated for trading	-	-
Expenses for the acquisition of related entities (reduced by monetary resources taken over)	-	-
Revenue from sale of related entities	-	-
Other expenses – additional payment to capital	-	-
Revenue from received governmental subsidies	-	-
Granted loans	-	-
Received payments of loans granted	-	-

**The HBP Capital Group**

**Qsr 1/2009** (all data is presented in PLN x thousand, unless indicated otherwise)

<i>Specification</i>	For the period from 01.01 to 31.03.2009	For the period from 01.01 to 31.03.2008
Interest received	196	665
Dividend received	-	-
Other revenue	50	-
Other investment expenses	-	-
<b>Net monetary resources used in investment activity</b>	<b>(36 067)</b>	<b>(3 095)</b>
<b><i>Cash flow from financial activity</i></b>		
Net revenue on account of issuance of shares	-	-
Acquisition of treasury shares	-	-
Revenue on account of issuance of debt securities	-	-
Payment of bonds	-	-
Payment of interest on bonds	-	-
Redemption of debt securities	-	-
Revenue on account of borrowing	111 546	35 077
Payment of credits and loans	(10 017)	(1 231)
Payment of interest on credits and loans	(4 774)	(3 523)
Revenue on account on investment	-	218
Payment of liabilities on account of financial leasing	(782)	(429)
Paid interest	(179)	(2)
Paid-out dividend	-	-
Credit commissions	(267)	(71)
Other expenses	-	-
<b>Net monetary resources from financial activity</b>	<b>95 527</b>	<b>30 039</b>
<b>Net change of the balance of monetary resources and their equivalents</b>	<b>(6 079)</b>	<b>(38 006)</b>
<b>Monetary resources and their equivalents at the beginning of the period</b>	<b>74 322</b>	<b>63 478</b>
Change of the balance on account of differences in rates	-	-
<b>Monetary resources and their equivalents at the end of the period</b>	<b>68 243</b>	<b>25 472</b>

**MID-YEAR CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CAPITAL**

Specification	Capital falling for the shareholders of dominating entity					Shares of the minority	Equity in total
	Initial capital	Other capitals	Rate differences from conversion	Unallocated financial result	Total		
<b>Balance as for this 1<sup>st</sup> January 2008</b>	<b>138 673</b>	<b>46 876</b>	-	<b>(46 197)</b>	<b>139 352</b>	-	<b>139 352</b>
Changes of rules (policy) of accounting	-	-	-	-	-	-	-
Adjustment on account of the acquisition of HB9	36 885	3 683	-	(190 226)	(149 658)	-	(149 658)
Adjustment of the fundamental error	-	-	-	-	-	-	-
<b>Balance after the changes</b>	<b>175 558</b>	<b>50 559</b>	-	<b>(236 423)</b>	<b>(10 306)</b>	-	<b>(10 306)</b>
<i>Changes in equity capital in the period from 01.01. to 31.12.2008</i>							
Other revenue presented directly in equity	-	(110 947)	-	650	(110 297)	-	(110 297)
Net profit for the period from 01.01. to 31.12.2008	-	-	-	64 078	64 078	1 066	65 144
<b>Total income booked in the period from 01.01. to 31.12.2008</b>	-	<b>(110 947)</b>	-	<b>64 728</b>	<b>(46 219)</b>	<b>1 066</b>	<b>(45 153)</b>
Dividend	-	-	-	-	-	-	-
Issued initial capital	-	3 219	-	(5 218)	(1 999)	-	(1 999)
Issued options changeable for shares	35 000	257 398	-	-	292 398	-	292 398
The change of the structure in the capital group (acquisitions/sales)	-	-	-	-	-	-	-
Allocation of financial result	-	-	-	(2 678)	(2 678)	(399)	(3 077)
<b>Transactions with the owners</b>	<b>35 000</b>	<b>260 617</b>	-	<b>(7 896)</b>	<b>287 721</b>	<b>(399)</b>	<b>287 322</b>
<b>Balance for this 31<sup>st</sup> December 2008</b>	<b>210 558</b>	<b>200 229</b>	-	<b>(179 591)</b>	<b>231 196</b>	<b>667</b>	<b>231 863</b>
<b>Balance for this 1<sup>st</sup> January 2009</b>	<b>210 558</b>	<b>200 229</b>	-	<b>(179 591)</b>	<b>231 196</b>	<b>667</b>	<b>231 863</b>
Changes of rules (policy) of accounting	-	-	-	-	-	-	-
Adjustment of the fundamental error	-	-	-	222	222	-	222
<b>Balance after the changes</b>	<b>210 558</b>	<b>200 229</b>	-	<b>(179 369)</b>	<b>231 418</b>	<b>667</b>	<b>232 085</b>
<i>Changes in equity capital in the period from 01.01. to 31.03.2009</i>							
Other revenue presented directly in equity	-	(69 606)	-	-	(69 606)	-	(69 606)
Net profit for the period from 01.01. to 31.03.2009	-	-	-	7 132	7 132	(118)	7 014
<b>Total income booked in the period from 01.01. to 31.03.2009</b>	-	<b>(69 606)</b>	-	<b>7 132</b>	<b>(62 474)</b>	<b>(118)</b>	<b>(62 592)</b>
Dividend	-	-	-	-	-	-	-
Issued initial capital	-	-	-	-	-	-	-

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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	Unallocated financial result	Total		
Incentive programme	-	-	-	-	-	-	-
The change of the structure in the capital group (acquisitions/sales)	-	-	-	-	-	-	-
Allocation of financial result	-	-	-	-	-	-	-
<b>Transactions with the owners</b>	-	-	-	-	-	-	-
<b>Balance for this 31<sup>st</sup> March 2009</b>	<b>210 558</b>	<b>130 623</b>	-	<b>(172 237)</b>	<b>168 944</b>	<b>549</b>	<b>169 493</b>

**MID-YEAR CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – COMPARATIVE 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	Unallocated financial result	Total		
<b>Balance as for this 1<sup>st</sup> January 2008</b>	<b>138 673</b>	<b>46 876</b>	-	<b>(46 197)</b>	<b>139 352</b>	-	<b>139 352</b>
Changes of rules (policy) of accounting	-	-	-	-	-	-	-
Adjustment on account of the acquisition of HB9	36 885	3 683	-	(190 226)	(149 658)	-	(149 658)
Adjustment of the fundamental error	-	-	-	-	-	-	-
<b>Balance after the changes</b>	<b>175 558</b>	<b>50 559</b>	-	<b>(236 423)</b>	<b>(10 306)</b>	-	<b>(10 306)</b>
<i>Changes in equity capital in the period from 01.01. to 31.03.2008</i>							
Other revenue presented directly in equity	-	<b>2 455</b>	-	-	<b>2 455</b>	-	<b>2 455</b>
Net profit for the period from 01.01. to 31.03.2008	-	-	-	6 260	6 260	-	6 260
<b>Total income booked in the period from 01.01. to 31.03.2008</b>	-	<b>2 455</b>	-	<b>6 260</b>	<b>8 715</b>	-	<b>8 715</b>
Dividend	-	-	-	-	-	-	-
Issued initial capital	-	-	-	-	-	-	-
Incentive programme	-	-	-	-	-	-	-
The change of the structure in the capital group (acquisitions/sales)	-	-	-	-	-	-	-
Allocation of financial result	-	-	-	-	-	-	-
<b>Transactions with the owners</b>	-	-	-	-	-	-	-
<b>Balance as for this 31<sup>st</sup> March 2008</b>	<b>175 558</b>	<b>53 014</b>	-	<b>(230 163)</b>	<b>(1 591)</b>	-	<b>(1 591)</b>

## 1. ADDITIONAL INFORMATION TO MID-YEAR CONSTRUCTED CONSOLIDATED REPORT AND CONSTRUCTED FINANCIAL STATEMENTS FOR THE 1<sup>st</sup> QUARTER 2009

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

#### 1.1.1. 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. Młodziejowa 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 changed on this 9<sup>th</sup> October 2006 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 Company Registration Act pursuant to jurisdiction for District Court in Poznań, 21<sup>st</sup> Economic 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.

#### The Supervisory Board of the Company:

As for this 31<sup>st</sup> March 2009 the following persons formed the Supervisory Board:

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<b>Name and surname:</b>	<b>Function</b>
Małgorzata Wiśniewska	The President of the Supervisory Board
Andrzej Wilczyński	The Vice President of the Supervisory Board

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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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By the day of preparing these statements, the composition of the Supervisory Board of the Company did not change.

### **The Executive Board of the Company**

As for this 31<sup>st</sup> March 2009 the following persons formed the Executive Board of the Company:

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<b>Name and surname:</b>	<b>Function</b>
Jerzy Ciechanowski	The President of the Executive Board
Edward Kasprzak	The Vice President of the Executive Board
Jarosław Dusito	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

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By the day of preparing these statements, the composition of the Executive Board of the Company did not change.

### **Commercial Proxies of the Company**

On this 27<sup>th</sup> February 2009 the Executive Board of the Company withdrew the independent power of attorney granted to Mr. Paweł Kujawa.

Therefore, the only Commercial Proxy of the company for the day of preparing these financial statements was Mr. Andrzej Szultka.

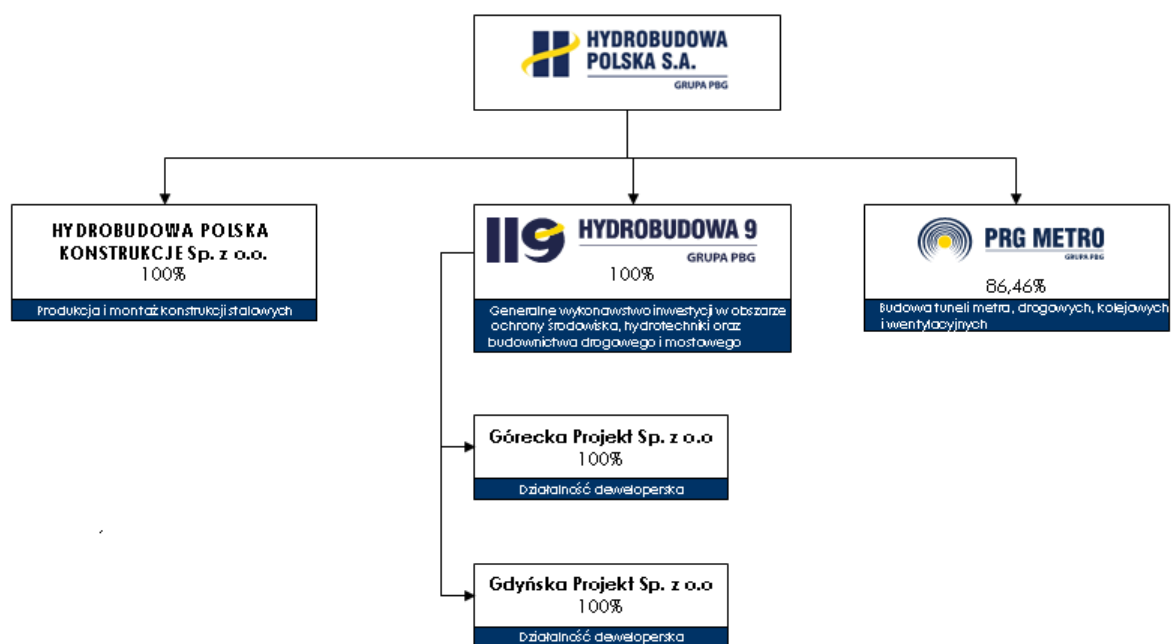
### 1.1.2. Subsidiaries on this 31<sup>st</sup> March 2009

- HYDROBUDOWA 9 S.A. – the company subject to consolidation with full consolidation method from this 1<sup>st</sup> January 2008
  - GÓRECKA PROJEKT Sp. z o.o. -the company subject to consolidation with full consolidation method from this 11<sup>th</sup> April 2008
  - GDYŃSKA PROJEKT Sp. z o.o. -the company subject to consolidation with full consolidation method from this 2<sup>nd</sup> April 2008
- HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. -the company subject to consolidation with full consolidation method from this 16<sup>th</sup> May 2008
- P.R.G. „METRO” Sp. z o.o. -the company subject to consolidation with full consolidation method from this 1<sup>st</sup> September 2008

### The structure of the HBP Capital Group

The HBP Capital Group was created by the following Companies, as for this 31<sup>st</sup> March 2009: HYDROBUDOWA POLSKA S.A. as the dominating entity and the subsidiaries: HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o., Przedsiębiorstwo Robót Górniczych „METRO” Sp. z o. o., HYDROBUDOWA 9 S.A., GÓRECKA PROJEKT Sp. z o.o. and GDYŃSKA PROJEKT Sp.z o.o.

For this 31<sup>st</sup> March 2009 the share of the dominating entity in the capital and in the total number of votes in the subsidiaries subject to consolidation was as follows:



**Description of the HYDROBUDOWA POLSKA Capital Group, with the indication of entities subject to consolidation.**

**HYDROBUDOWA 9 S.A.**

HYDROBUDOWA 9 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. HYDROBUDOWA POLSKA S.A. operates in the same sector.

**Share structure:**

100% HYDROBUDOWA POLSKA S.A.

**Address:** ul. Skórzewska 35, 62-081 Przeźmierowo

**Telephone:** (061) 846 97 01, 846 97 02 **Fax.:** 061 847 56 23

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

**e-mail:** [sekretaria@hb9.pl](mailto:sekretaria@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 Identification No. NIP: 781 - 00 - 09 - 083

**GÓRECKA PROJEKT Sp. z o.o.**

GÓRECKA PROJEKT Sp. z o.o. renders services in the scope of realization of construction projects connected with the elevation of apartment buildings and non-residential buildings, purchase and sale of real estates for its own account, lease and administration of real estates and consulting.

GÓRECKA PROJEKT Sp. z o.o. is a target company, established for the purpose of the realization of commercial project, consisting in the construction of an office building. It was established by the HYDROBUDOWA 9 S.A. company.

**Share structure:**

100% HYDROBUDOWA 9 S.A.

**Address:** ul. Skórzewska 35, 62-081 Przeźmierowo

Classification according to the Central Statistical Office: 4110 Z – the realization of construction projects connected with the elevation of buildings;

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4120 Z – construction works connected with the elevation of apartments and non-residential buildings;

6810 Z – purchase and sale of real properties for the own account.

Statistical no. (REGON): 300930327

Tax Payer's ID no. NIP: 7811826832

**GDYŃSKA PROJEKT Sp. z o.o.**

The subject of the activity of the GDYŃSKA PROJEKT Sp. z o.o. Company is the purchase, sale, lease and administration of real estates (its own or leased ones) for its own account.

**Share structure:**

100% HYDROBUDOWA 9 S.A.

**Address:** ul. Skórzewska 35, 62-081 Przeźmierowo

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 Identification No. NIP: 781-18-19-878

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

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.

**Share structure:**

100% HYDROBUDOWA POLSKA S.A.

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

**Telephone:** 032 779 10 00 Fax.: 032 779 10 23

**Website:** none

**e-mail:** [sekretaria@hbpk.pl](mailto:sekretaria@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

**P.R.G. „METRO” Sp. z o.o.**

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

**Share structure:**

86.46% HYDROBUDOWA POLSKA S.A.

13.54% natural 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

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

HYDROBUDOWA POLSKA Capital Group 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-

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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.

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

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

By the day of the publication of the report the following changes occurred in the HBP Capital Group.

#### **Increasing the share in the share capital of the P.R.G. „METRO” Sp. z o.o. Company**

On this 9<sup>th</sup> January 2009 the increase of the share capital of the subsidiary – Przedsiębiorstwo Robót Górniczych 'METRO' Sp. z o.o. with its seat in Warsaw was registered. The increase of the capital concerns 78 shares of the nominal value of PLN 1,000.00 each, acquired in total by HYDROBUDOWA POLSKA S.A. At the same time the share capital of the P.R.G. "METRO" Sp. z o.o. company was increased from the amount of PLN 550,000.00 to the amount of PLN 628,000.00 and is divided into 628 shares of the nominal value of PLN 1,000 each share. After the registration of the increase in the share capital, HYDROBUDOWA POLSKA S.A. has 543 shares in the P.R.G. „METRO” Sp. z o.o. company, which constitutes 86,46% of the share in votes and share capital of P.R.G. „METRO” Sp. z o.o. The shares were covered by HYDROBUDOWA POLSKA S.A. with cash contribution in the total amount of PLN 4,963,631.40.

#### **The change of the name and seat of the subsidiary**

By the decision of District Court in Poznań - Nowe Miasto and Wilda in Poznań, the 8<sup>th</sup> Commercial Division of the National Court Register of 30<sup>th</sup> March 2009 the details of the Issuer's subsidiary - HYDROBUDOWA 9 S.A. were changed.

The company changed the name for HYDROBUDOWA 9 Spółka Akcyjna and its seat and address for ul. Skórzewska 35, Wysogotowo, 62-081 Przeźmierowo, on this 30<sup>th</sup> March 2009.

#### **The sale of shares in the capital of the company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o.**

On this 2<sup>nd</sup> April 2009 HYDROBUDOWA POLSKA S.A. sold the PBG S.A. company all the shares it had in HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. company with its seat in Mikołów.

Under the agreement HYDROBUDOWA POLSKA S.A. sold 16,100 shares of the nominal value of PLN 500.00 each share, of the total value of PLN 8,050,000.00, constituting 100% votes at the General Shareholders Meeting and the same in the share capital of the HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. company for the price amounting to PLN 9,000,000.00.

## **2.2. The principles accepted when preparing consolidated and unitary report for the 1<sup>st</sup> quarter 2009.**

### **2.2.1. The statement on conformity**

The presented mid-year constructed consolidated financial statements were prepared pursuant to the International Financial Reporting Standards, in particular in compliance with the International Accounting Standard 34 "Mid-year financial statements" and present the financial standing of the Hydrobudowa Polska Capital Group for this 31<sup>st</sup> March 2009 and 31<sup>st</sup> March 2008, the results of its activity for the period of 3 months completed on this 31<sup>st</sup> March 2009 and 31<sup>st</sup> March 2008 and the cash flow for the period of 3 months completed on this 31<sup>st</sup> March 2009 and 31<sup>st</sup> March 2008.

International Financial Reporting Standards include standards and interpretations accepted by the International Accounting Standards Board and the International Financial Reporting Interpretation Commission.

Pursuant to the above mentioned principles the Company unitary financial statements, constituting the part of this report, were prepared.

Mid-year constructed consolidated financial statements were prepared with the assumption of continuing economic activity by the Hydrobudowa Polska Capital Group in foreseeable future.

### **2.2.2. Format and general principles of preparation**

Financial statements were prepared pursuant to the International Accounting Standard 34 "Mid-year financial statements" and the Regulation of the Minister of Finance of 19<sup>th</sup> October 2005 on current and periodical information transferred by the issues of securities, published in Dz. U. No. 209 1744 and it comprises the period of 3 months completed on this 31<sup>st</sup> March 2009 and relevant comparative periods.

Pursuant to the clause 87.1 of the Regulation, the Issuer being the dominating entity is not obliged to transfer a separate quarterly report on the condition of including constructed quarterly unitary financial statements including the balance sheet (report on the financial standing), profit and loss account, statement of changes in equity (the report on changes in equity) and cash flow account, in the consolidated quarterly report.

These financial statements were prepared on the basis of historical cost principle, with the exception of the over-estimation concerning the fair value of investment properties, the valuation of financial instruments derivatives and financial assets available for sale.

The preparation of financial statements pursuant to the International Financial Reporting Standards requires making estimated and assumptions which influence the volumes in the financial statements. However, the accepted assumptions and estimates are based on the best knowledge of the Executive Board on current activities and events, actual results may differ from the predicted ones.

### **2.2.3. The accepted principles of accounting**

In the presented period the Hydrobudowa Polska Capital Group did not introduce significant changes in the accepted accounting principles in relation to the principles presented in the reports published for 2008, apart from the changes resulting from the new and amended standards and interpretations described in item 2.2.4.

Detailed principles of accounting accepted when preparing financial statements were described in detail in the reports for 2008, available at the Issuer's website, at:

- for the consolidated report:

[http://hbp-sa.pl/pub/uploaddocs/sprawozdanie\\_finansowe\\_hbp\\_za\\_2008\\_r.pdf](http://hbp-sa.pl/pub/uploaddocs/sprawozdanie_finansowe_hbp_za_2008_r.pdf)

- for the unitary report:

[http://hbp-sa.pl/pub/uploaddocs/skonsolidowane\\_sprawozdanie\\_finansowe\\_za\\_2008\\_r.pdf](http://hbp-sa.pl/pub/uploaddocs/skonsolidowane_sprawozdanie_finansowe_za_2008_r.pdf)

### **2.2.4. Taking into account standards, changes in the accounting standards and interpretations valid for this 1<sup>st</sup> January 2009**

The following standards, changes in the valid standards and interpretations (accepted or being accepted by the European Union) are valid for this 1<sup>st</sup> January 2009:

- International Financial Reporting Standard 8 "Operational segments",
- Updated International Accounting Standard 23 "External financing costs"
- Updated International Accounting Standard 1 "Presentation of financial statements"
- The change to International Financial Reporting Standards 2 "Payments in the form of shares – the conditions of the powers acquisition and annulment"
- Changes to International Accounting Standard 32 "Financial instruments: presentation" and International Accounting Standard 1 "Presentation of financial statements - financial instruments with sales option and liabilities arisen on account of liquidation",
- Changes in the International Financial Reporting Standard 1 "The application of the International Financial Reporting Standards for the first time" and the International Accounting Standard 27 "Consolidated and unitary financial statements – cost of investment in subsidiary, joint subsidiary or affiliated entity",
- International Financial Reporting Interpretation 15 "Contracts for the construction of real estates". This interpretation was not accepted by the European Union,
- International Financial Reporting Interpretation 16 „Hedges of a net investment in foreign operation“, the changes are applied in the financial year starting on 1<sup>st</sup> October 2008 or later. This interpretation was not accepted by the European Union,

With the exception of the updated International Accounting Standard 1 and the updated International Accounting Standard 23, the acceptance of the above standards and interpretations did not cause significant changes in the policy of accounting of the Group or in the presentation of data in the financial statements.

The application of the updated International Accounting Standard 23

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From 1<sup>st</sup> January 2009 external financing costs which can be directly assigned to purchase, construction or the manufacture of the adjusted assets component are activated as a part of the purchase price or cost of manufacture of this assets component. By the end of 2008 the Group used the alternative approach of previous International Accounting Standard 23 consisting in activating external financing costs concerning the purchase of property, plant and equipment and intangible assets. Since 2009 the Group takes into account external financing costs at the acquisition and manufacture of other assets.

### The application of the updated International Accounting Standard 1

As a result of the acceptance of International Accounting Standard 1 (updated in 2007) "Presentation of Financial Statements", the changes in the presentation of financial statements was made.

The Group presents the statement on the total income as a separate report. And profit and loss account according to previously applied principles. In the statement on the total income the Group presents net profit and other income items booked directly in the equity.

The statement of changes in equities only presents the operations with owners. Other elements were booked separately in the statement on total income.

### The application of International Financial Reporting Standard 8

International Financial Reporting Standard 8 "Operational segments" replaced International Accounting Standard 14 "Reporting concerning operation segments". International Financial Reporting Standard 8 requires revealing data concerning operational segments based on internal reports used by key management and serving taking decisions concerning the allocation of resources and the valuation of operational segments results. International Accounting Standard 14 required revealing the information in the scope of operation segments and geographical segments. So far the Group presented the segments in the division into branch segments as information pursuant to International Accounting Standard 14. The division into segments according to the branch criterion is also used by the Executive Boards of the Capital Group Companies in the internal reports when taking decisions.

In order to meet the requirements of the new International Financial Reporting Standard 8, the Group applies the previous division into segments as the division into operational segments. Detailed description of operational segments is in item 2.3. Operational segments.

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

The Executive Board did not choose the option of earlier application of the following standards and interpretations (already accepted or being accepted by the European Union):

- Updated International Financial Reporting Standard 3 "Economic entities mergers" and International Accounting Standard 27 "Consolidated and unitary financial statements" –

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effective date 1<sup>st</sup> July 2009. The change of the standard will not influence the financial statements of the Group;

- Changes to International Accounting Standard 39 "Financial Instruments: Items qualifying for hedge accounting" are applied for the annual periods starting on 1<sup>st</sup> July 2009 and later.
- Updated International Financial reporting Standard 1 "The application of International Financial reporting Standards for the first time" is applied for the annual periods, starting on 1<sup>st</sup> July 2009 and later. This standard was not accepted by the European Union,
- The new International Financial Reporting Interpretation 16 "Hedging the share in net assets of foreign entities". Valid from 1<sup>st</sup> October 2009.
- The new International Financial Reporting Interpretation 17 "Transferring assets other than monetary resources to the holders". Valid from 1<sup>st</sup> July 2009.
- International Financial Reporting Interpretation 18 "Gratuitous transfer of assets " is applied for the annual periods starting on 1<sup>st</sup> July 2009 and later.

The Executive Board of the dominating Company monitors the new standards and interpretations on regular basis and regularly analyses their influence on the consolidated financial statements.

### **2.3. Operational segments.**

The Capital Group distinguishes four main segments, within the framework of its operational activity:

- **natural gas and oil**
- **water**
- **fuel**
- **residential and industrial buildings**

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

#### **- natural gas and oil mean:**

- overground installations for the extraction of oil and gas
- installations for liquefaction of natural oil, storage and LNG non-gasification
- LNG, C5+ storage and separation stations.
- desulphurization installations
- overground installations of underground gas storages,
- oil reservoirs
- natural gas and oil transfer systems, including:  
reduction-measurement stations and measurement calculation stations, distribution networks, etc.
- natural gas distribution,
- LNG storage and transport,

#### **- Water means:**

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- 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 installations.

**Fuels mean:**

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

**Residential and industrial buildings mean:**

- general construction,
- construction of sports facilities
- industrial infrastructure.

In the column "Others" the revenues and costs not assigned to any of the segments are demonstrated, i.e.:

- construction of facilities connected with waste utilization,
- the sale of goods and materials
- revenue from other activities than construction services.

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.



**OPERATIONAL SEGMENTS IN THE PERIOD FROM 01.01 TO 31.03.2008**

Specification	Segments					Other	Consolidation exclusions	Consolidated value
	natural gas and oil	water	fuel	residential and industrial buildings	roads			
<i>Financial results of branch segments for the period from 01.01. to 31.03.2008</i>								
<b>Revenue in total</b>	-	<b>170 399</b>	<b>14 692</b>	<b>11 465</b>	-	<b>9 934</b>	<b>(2 369)</b>	<b>204 121</b>
Outside sales		170 399	14 692	11 465		9 934	(2 369)	204 121
Sales between segments	-	-	-	-	-	-	-	-
<b>Costs in total</b>		(155 225)	(11 907)	(7 467)		(8 078)	2 369	(180 308)
<b>Segment result</b>	-	<b>15 174</b>	<b>2 785</b>	<b>3 998</b>	-	<b>1 856</b>	-	<b>23 813</b>
Unassigned costs	x	x	x	x	x	x	x	(9 909)
Other operational revenue/ costs	x	x	x	x	x	x	x	1 486
<b>Profit from operational activity</b>	x	x	x	x	x	x	x	<b>15 390</b>
Financial revenue	x	x	x	x	x	x	x	2 058
Financial costs	x	x	x	x	x	x	x	(8 309)
Share in profit of the entities settled with equity method	x	x	x	x	x	x	x	-
<b>Profit before tax</b>	x	x	x	x	x	x	x	<b>9 139</b>
Income tax	x	x	x	x	x	x	x	(2 879)
<b>Net profit</b>	x	x	x	x	x	x	x	<b>6 260</b>

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**2.4. Significant achievements or failures of the Capital Group in the 1<sup>st</sup> quarter of 2009, 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 SA in exchange for the issued L series shares. Due to the fact that both HYDROBUDOWA POLSKA S.A. and HYDROBUDOWA 9 S.A. are under joint control of PBG S.A., the settlement of the acquisition of HYDROBUDOWA 9 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 S.A. was a member of Capital Group HYDROBUDOWA POLSKA from this 1st April 2007.

- **Revenue on sale** reached the value of PLN 209 million, which constitutes three percent increase in relation to the analogical period of the previous year;
- **Gross revenue on sale** reached the value of **PLN 25.1 million** in comparison with PLN 23.8 million earned in the analogical period of the previous year i.e. increase by 5%;
- **Profit from operational activity** amounted to nearly **PLN 14.9 million** in comparison to the profit of PLN 15.4 million generated last year, which gives 3 percent decrease;
- **Net profit falling for the shareholders of the dominating entity** amounted to over **PLN 7.1 million** in comparison with 6.3 million in the analogical period of the previous year, which is 14% more;
- **For 1<sup>st</sup> April 2009 the order portfolio of HBP Group** exceeded the value of **PLN 2.3 billion**, PLN 1.3 billion out of which are to be realized in 2009 and the remaining part in the subsequent years. The value of the order portfolio was estimated according to the new method of recognizing revenue, which means that the revenue from contracts won and realized in the syndicate system, which are to be performed by a given partner in the syndicate (despite the position of the syndicate leader) are excluded. Currently the value of the HBP Group order portfolio was increased in connection with winning two significant contracts concerning the construction of the National Stadium and the construction of the collectors for Czajka sewage treatment plant in Warsaw and it amounts to **PLN 3.2 billion**.
- Employment in the HBP Capital Group at the end of the 1<sup>st</sup> quarter of 2009 amounted to 2100 people.

**Commentary to financial results of the HBP Capital Group for the 1<sup>st</sup> quarter of 2009.**

The most significant **sources of revenue** for the basic activity of the HBP Capital Group, in the 1<sup>st</sup> quarter, included the following construction contracts:

- a) the contract named "Development of the City Stadium in Poznań for the needs of EURO 2012" signed between EURO Poznań Sp. z o.o. in Poznań and Hydrobudowa Polska S.A. – realized revenue amounts to **PLN 27.5 million**;
- b) contract named "The development of sewage system of the district Ołtaszyn" concluded with the community of Wrocław and Hydrobudowa Polska S.A. - realized revenue: PLN 26.5 million;
- c) contract named "Modernization of left-bank sewage treatment plant in Poznań" concluded between the City of Poznań and Hydrobudowa 9 S.A.– realized revenue: **PLN 22.7 million**
- d) the contract named "Designing and construction of waste utilization plant in Gdańsk Szadółki – construction-assembly works" signed between Zakład Utylizacji Sp. z o.o. in Gdańsk and Hydrobudowa Polska S.A. – realized revenue amounts to **PLN 20.2 million**;
- e) 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. Zabrze and HYDROBUDOWA POLSKA S.A. - realized revenue: **15.5 million PLN**;
- f) contract named "Development and modernization of sewage treatment plant in Ciernie and the modernization of sewage treatment plant in Jugowice" concluded between the Wałbrzyski Związek Wodociągów i Kanalizacji and Hydrobudowa 9 PIB S.A.– realized revenue: **PLN 12.5 million**
- g) contract named "Królewiecka Water Purification Plant and development of water-pipe network in Elbląg" concluded between Przedsiębiorstwo Wodociągów i Kanalizacji Elbląg and HYDROBUDOWA POLSKA S.A. – realized revenue: **11.7 million PLN**;
- h) contract named "The collector of lower Vistula terrace stage I and II - Kraków" concluded between Kraków City Commune and Miejskie Przedsiębiorstwo Wodociągów S.A. and Hydrobudowa 9 S.A.– realized revenue: **PLN 9.1 million**

## III. Profitability ratios

Profitability ratios	1 <sup>st</sup> quarter 2009	1 <sup>st</sup> quarter 2008
Gross return on sales <sup>1</sup>	12,0%	11,7%
Operational return <sup>2</sup>	7,1%	7,5%
Net return <sup>3</sup>	3,4%	3,1%

1 gross profit from sale/revenue on sale \*100

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

3 net profit / revenue on sale \*100 falling for the shareholders of the dominating entity

Comparing financial results of the HYDROBUDOWA POLSKA Capital Group achieved in the first quarter of 2009 and the first quarter of 2008, a stabilization both in the case of dynamics of key items on profit and loss account as well as income returns worked out by the company, can be observed.

**In the first quarter of 2009 revenue on sales** of the HBP Group increased slightly by **PLN 204.1 million** to the amount of nearly **PLN 209.4 million**, which constitutes 3% increase. Gross revenue on sale amounted to over PLN 25 million and was 5% higher in comparison to its value in the first quarter of 2008. Operational profit decreased from the amount of PLN 13.9 million to the amount of **PLN 12.9 million** i.e. decrease by 7%, and net profit for shareholders of the dominating entity increased by 14%, from the amount of nearly PLN 6.3 million to the amount of over **PLN 7.1 million**. The settlement of deferred income tax for unrealized tax losses in the HYDROBUDOWA 9 S.A. company had an influence on the net profit earned by the Group.

**Gross profit margin**, in the analyzed period, amounted to **12%** and in comparison with the analogical period of the previous year, it was **0.3% higher**. **Operating profitability** reached the level of **7.1%** and slightly worsened its result in relation to the previous one, by 0.4%. **Net return** amounted to **3.4%**, which constitutes the increase by 0.3% in comparison with the previous year. In the first quarter of 2009 increasingly, the **operational revenue** amounted to nearly **PLN 9.7 million**, the significant value out of which constitute the partial release of provisions created for future penalties and the release of write offs revaluating receivables – this is the amount of over PLN 9 million (only in the company HYDROBUDOWA 9 this amount is about 8.9 million) and the revenue earned on account of damages – this is the amount of nearly PLN 0.5 million. In comparison with the analogical period of the previous year, the value of other operational revenues increased by 156%. And the remaining operational costs included mostly overvaluation of liability on account of the provision for future penalties (in foreign currency) and write offs revaluating the value of receivables for the amount of over PLN 5 million (in the Hydrobudowa 9 company this is the amount of about PLN 4.6 million) and damages on account of insurance contracts - nearly PLN 2 million. The value of the **remaining operational costs** for the first quarter of

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2009 amounted to over **PLN 7.7 million** and was over three times higher than the value stated at the end of the first quarter of 2008.

For the first quarter of 2009 the major items of **financial revenue** of the HBP Group were: financial market operations revenue of the value of PLN 2.6 million and interest in the amount of PLN 0.9 million, including bank interest – over PLN 0.3 million and other interest PLN 0.5 million. The value of financial revenue for the first quarter amounted to PLN 3.5 million and was 70% higher in comparison to the value from the analogical period of the previous year. And the financial costs included above all interest and bank commissions – PLN 7.1 million, including: interest and commissions on bank credits – about PLN 5 million and other interest – PLN 2 million. Moreover, negative rate differences stated a significant value – PLN 6.3 million. For the first quarter of 2009 financial costs amounted to PLN 14.7 million, which constitutes 77% increase in comparison with the analogical period of the previous year.

### **THE INFLUENCE OF THE HEDGE OF FOREIGN EXCHANGE RATES ON THE RESULTS ACHIEVED BY THE HBP CAPITAL GROUP.**

In the accounting year 2009 the company HYDROBUDOWA POLSKA S.A. and its subsidiaries had hedge operations concerning only future planned currency exposures with the use of standard forward financial instrument. The companies from the HBP Group did not have any currency option financial instruments. Hedge operations were made pursuant to the valid hedge policy, concerned the contracts signed with investors (mostly nominated in EUR) and they were not of speculative nature as they were concluded within the framework of conducted hedge policy in order to ensure future level of cash flow on account of the revenue on sales (from the realized long-term construction contracts).

As a result of the open items on the currency market, the HBP Capital Group remains hedged for the part of cash flow (concerning the revenue on sales) falling for 2009, in the amount of EUR 158.14 million (EUR 64.26 million out of which in the 1<sup>st</sup> semester of 2009) and for 2010 in the amount of EUR 66.63 million (EUR 37.13 million out of which in 2010). These operations were concluded at the average weighted forward rate (forward rate) at the level of EUR/PLN 3.5960. On the basis of the data obtained from the banks, the balance sheet valuation of the open items on the forward hedge instruments as for this 31<sup>st</sup> March 2009 amounted to minus PLN 260.32 million, including in connection with the occurrence of the secured revenue, in the Group's result the amount of minus PLN 53.44 million was booked, PLN 34.29 million out of which was booked in consolidated profit and loss account for 2009, the remaining part i.e. minus PLN 206.88 million was booked in the capital. The result of realized (calculated) in 2009 forward contracts amounted to PLN 26.45 million, which was referred and booked in the consolidated profit and loss account.

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Hedge contracts are concluded pursuant to the strategy of hedging business activity from the exchange rate risk, valid in the HBP Group.

The basis for the strategy is matching hedge instruments to the planned operations of the hedged contract with the consideration of net exposure, offered rate, time frame, quantitative distribution of currency revenue in quarters. Assuming the approach of maximum restricting the influence of exchange rate risk on the operation result of the companies in the Group, it was accepted that the companies would apply the forward operations. The HBP Capital Group runs hedge accounting, which requires making the measurements of the effectiveness of hedge in particular quarterly periods.

### **2.4.1. The list of the most important events concerning significant achievements or failures of the Capital Group in the 1<sup>st</sup> quarter of 2009, which the dominating company of the Group informed about in the form of current reports in the period concerned by the report.**

In the first quarter of 2009 the HBP Capital Group 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 first quarter of 2009 and by now include:

- The increase of the amount of the granted credit limit from the amount of PLN 85 million to the amount of PLN 100 million, within the framework of the credit line contract concluded on this 27<sup>th</sup> April 2007 by the companies from the PBG Capital Group and Bank Gospodarki Żywnościowej S.A.
- The increase of the amount of the granted credit limit from the amount of PLN 150 million to the amount PLN of 220 million, within the framework of the framework agreement concluded on this 6<sup>th</sup> September 2007 by the companies from the PBG Capital Group and ING Bank Śląski S.A.
- The introduction and admitting to trading on the official market and the registration of 36,885,245 L series ordinary bearer shares of the HYDROBUDOWA POLSKA S.A. company of the nominal value of PLN1.00 each, marked with the code PLHDRWL00010. The total number of securities after the registration of L series shares in the National Depository of Securities amounts to 210,558,445.
- The acquisition of additional shares by the HYDROBUDOWA POLSKA S.A. company within the framework of the increase in the share capital of P.R.G. „METRO” Sp. z o.o. and at the same time the increase of the share in votes and share capital up to 86.46%.
- Conclusion of the agreement with PBG S.A. for full-range realization of professional installations of fuel storage, construction of social and technical background facilities and external underground infrastructure networks connected with the management of oil and

gas deposits in the region of Lubiatów, Międzychód, Grotów for the amount of **PLN 82.5 million**.

- Increasing the amount of the revolving limit from the amount of PLN 80 million to the amount of PLN100 million and the maximum amount of single bond issued within the framework of this limit from the amount of PLN8 million to the amount of PLN 10 million, under the annex to the contract for granting contract bonds within the framework of the revolving limit concluded between the Companies from the PBG Capital Group and TUIR Euler Hermes S.A..
- The order for the performance by the subsidiary – Hydrobudowa Polska Konstrukcje (currently PBG Technologia) the roof steel structure in the City Stadium in Poznań, at ul. Bułgarska, of the value of PLN 107,6 million net;
- The **sale of 100% shares in the Hydrobudowa Polska Konstrukcje company** for PBG S.A. **for the amount of PLN 9 million**.
- The transfer of the seat of Hydrobudowa 9 S.A. company from the centre of Poznań to Wysogotowo, where the seats of other companies from PBG Group are;
- Signing the contract with Biuro Inwestycji Euro Gdańsk Sp. z o.o. for the **construction of the Baltic Arena** – the football stadium in Gdańsk along with the ancillary infrastructure for the amount of **PLN 427.7 million net**;
- Signing the contract with Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji w m.st Warszawie S.A for **the construction of sewage transfer system from left-bank Warsaw to Czajka sewage treatment for the amount of EUR 52.77 million net** by the Hydrobudowa 9 SA oraz PRG Metro Sp. z o.o. companies;
- Signing the contract with the National Sports Centre for the construction of multifunctional **National Stadium for the amount of PLN 1 billion 252.7 million net**;
- The publication of **financial results forecast of the HYDROBUDOWA POLSKA Capital Group for 2009**, which predicts reaching: **Consolidated revenue on sales at the level of about PLN 1 billion 500 million, consolidated profit on operational activity in the amount of PLN 114 million and consolidated net profit in the amount of about PLN 92 million**.

#### **2.4.1.1. Concluded investment contracts**

In the 1<sup>st</sup> quarter of 2009 the HYDROBUDOWA POLSKA Capital Group signed investment contracts for the amount of nearly PLN 100 million whereas the most significant contracts are the ones described below:

### **Contract with the PBG S.A. company**

On this 21<sup>st</sup> January 2009 HYDROBUDOWA POLSKA S.A. concluded, as the Contractor, the reference agreement with the company PBG S.A. ("Principal").

The subject of the concluded agreement is full-range realization of professional installations of fuel storage, construction of social and technical background facilities and external underground infrastructure networks connected with the management of oil and gas deposits in the region of Lubiatów, Międzychód, Grotów.

The value of the concluded contract amounts to: **PLN 82,500,000.00 net**.

The Parties agreed that the agreement shall be completed by this 10<sup>th</sup> April 2013.

### **The contract concluded by HYDROBUDOWA 9 S.A. with the HOBAS SYSTEM POLSKA Sp. z o.o. company**

On this 5<sup>th</sup> March 2009 the subsidiary – HYDROBUDOWA 9 S.A. concluded the delivery contract with the HOBAS SYSTEM POLSKA Sp. z o.o. company with its seat in Dąbrowa Górnicza.

The subject of the concluded contract is the delivery of pipes, fittings, wells and connectors for the needs of the realization of the contract "Construction of the sewage transfer system from left-bank Warsaw to the sewage treatment plant Czajka – stage I"

The value of the concluded contract amounts to: **EUR 24,002,007.41 net i.e. PLN 105,448,019.15 net**

### **The contract with the HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. company**

On 24<sup>th</sup> March 2009 HYDROBUDOWA POLSKA S.A., as the Ordering Party, concluded reference agreement with the subsidiary - HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. with its seat in Mikołów ("Contractor") for the performance of the roof steel structure at the City Stadium in Poznań at ul. Bułgarska.

The concluded agreement is worth: **PLN 107,664,862.98 net**

The Parties agreed that the contract shall be completed by this 30<sup>th</sup> April 2010.

### **2.4.1.2. Registration of the increase in share capital of the Company subsidiary – P.R.G. "METRO" Sp. z o.o.**

On this 9<sup>th</sup> January 2009 the increase of the share capital of the subsidiary – Przedsiębiorstwo Robót Górniczych 'METRO' Sp. z o.o. with its seat in Warsaw was registered. The increase in capital concerns 78 shares of the nominal value of PLN 1,000.00 each acquired in whole by HYDROBUDOWA POLSKA S.A.

At the same time the share capital of the company P.R.G. "METRO" Sp. z o.o. was increased from the amount of PLN 550,000.00 to the amount of PLN 628,000.00 and is divided into 628 shares of the nominal value of PLN 1,000 each share. After the registration of the increase in the share capital, HYDROBUDOWA POLSKA S.A. has 543 shares in the P.R.G. „METRO” Sp. z o.o. company, which constitutes 86,46% of the share in votes and share capital of P.R.G. „METRO” Sp. z o.o. The shares

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were covered by HYDROBUDOWA POLSKA S.A. with cash contribution in the total amount of PLN 4,963,631.40.

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

none

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

Due to the nature of the run activity i.e. rendering construction – assembly services, the factor determining the course of works are weather conditions.

Low temperatures hamper the performance of earth works and assembly works and, as a consequence, they may have an influence on the level of generated revenue on sale.

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

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

In the first quarter of 2009 no issuance of shares took place.

However, the motions for the registration of shares in the National Depository of Securities and for admitting to trading on the Warsaw Stock Exchange were submitted, as a consequence of the registration in the National Depository of Securities 36,885,245 L series ordinary bearer shares of the nominal value of PLN 1.00 marked with the code PLHDRWL00010.

With the resolution of the Executive Board of Warsaw Stock Exchange, on this 21<sup>st</sup> January 2009, 36,885,245 L series bearer shares were admitted, in standard mode, to trading on the official marking. At the same time, on this 21<sup>st</sup> January 2009, the registration of 36,885,245 L series shares took place in the National Depository of Securities. So 210,558,445 securities of the Company were registered under the code PLHDRWL00010.

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

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

**2.9. 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.**

After the day for which the consolidated quarterly financial statements were prepared, the events which will have a significant influence on the future results of the Issuer include:

- The conclusion, on this 10<sup>th</sup> April 2009, the contract for the performance of the second stage of construction works concerning the construction of the Baltic Arena – the football stadium in Gdańsk Letnica, for about 40,000 seat along with ancillary infrastructure, making it possible to play group and quarter final matches within the framework of UEFA EURO 2012 championships. The value of the concluded contract is **PLN 427,700,000.00 net**.
- Conclusion of the contract, on this 4<sup>th</sup> May 2009, with Narodowe Centrum Sportu Sp. z o.o. (National Sports Center) acting for and on behalf of the State Treasury, for the construction of a multi-functional National Stadium in Warsaw along with ancillary infrastructure. The value of the concluded contract amounts to: **PLN 1,252,755,008.64 net**.
- The conclusion by the subsidiaries - HYDROBUDOWA 9 S.A. and P.R.G. „METRO” Sp. z o.o. of the contract with Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji for the construction of sewage transfer system from left-bank Warsaw to Czajka sewage treatment – stage 1. The value of the concluded contract amounts to: **EUR 52,770,000.30 net i.e. PLN 236,214,352.34 net**

**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.**

With the current report no. 20/2009 of 29<sup>th</sup> April 2009 the Issuer published the forecast of the financial results of the HYDROBUDOWA POLSKA Capital Group for 2009.

HYDROBUDOWA POLSKA S.A. predicts reaching by the HBP Capital Group in 2009:

- consolidated revenue on sales in the amount of about PLN 1 billion 500 million;
- consolidated profit on operational activity in the amount of about PLN 114 million
- and consolidated profit net in the amount of PLN 92 million ,

The Executive Board of the Company declares that in the light of the results presented in the consolidated and constructed quarterly report, the forecast of the financial results for the HBP Capital Group for 2009 shall be realized in accordance with 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 Warszawa	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 Warszawa	10 550 000	10 550 000	5,01%	5,01%
5.	Other shareholders	41 764 981	41 764 981	19,84%	19,84%
	<b>TOTAL</b>	<b>210 558 445</b>	<b>210 558 445</b>	<b>100,00%</b>	<b>100,00%</b>

In the period from the day of publishing the previous quarterly report no changes in the ownership structure of significant share packages of the Issuer occurred.

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.

	/in items/			
	Balance for this 2 <sup>nd</sup> March 2009	Increasing	Decreasing	Current balance
Jerzy Ciechanowski	0	-	-	0
Edward Kasprzak	438 100	-	-	438 100
Jarostaw Dusilo	150	-	-	150
Andrzej Zwierzchowski	4 850	-	-	4 850
Rafał Damasiewicz	0	-	-	0
Joanna Zwolak	50	-	-	50

<b>The Supervisory Board of the Company:</b>		<b>/in items/</b>		
	<b>Balance for this 2<sup>nd</sup> March 2009</b>	<b>Increasing</b>	<b>Decreasing</b>	<b>Current balance</b>
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

<b>Commercial Proxies of the Company</b>		<b>/in items/</b>		
	<b>Balance for this 2<sup>nd</sup> March 2009</b>	<b>Increasing</b>	<b>Decreasing</b>	<b>Current balance</b>
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 first quarter of 2009, the transactions with affiliated entities, the value of which in the period from the beginning of accounting year exceeded the equivalent of EUR 500,000, 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.

Specification / related entity	PBG	Metorex	GK Infra	KWG	GK APRIVIA	GK PBG DOM	AVATIA	TOTAL
<b>Receivables in total</b>	71 218	10 507	59 391	225	462	-	-	<b>141 803</b>
Long-term receivables on account of supplies and services	-	-	79	-	-	-	-	<b>79</b>
Short-term receivables on account of supplies and services	68 635	10 506	58 739		454	-	-	<b>138 334</b>
Other short-term receivables	2 583	1	573	225	8			<b>3 390</b>
<b>Liabilities in total</b>	28 072	466	751	-	473	-	75	<b>29 837</b>
Long-term liabilities on account of supplies and services		2	148		8			<b>158</b>
Short-term liabilities on account of supplies and services	26 466	464	493		465		75	<b>27 963</b>
Other short-term liabilities	1 606		110					<b>1 716</b>
Other long-term financial assets								-
Other short-term financial assets								-
Financial liabilities	10 030							<b>10 030</b>
Revenue on the sale of products, services, materials, goods	28 918	265	-2		-25			<b>29 156</b>
Other operational revenue	5							<b>5</b>
Cost value of products, services, materials, goods	1 782	3 163	1 674		333		41	<b>6 993</b>
Other operational costs	3							<b>3</b>
Administrative costs	73					200	129	<b>402</b>
Financial revenue			19					<b>19</b>
Financial costs	1 219	45						<b>1 264</b>

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The Group also concluded transactions with entities with personal links, for which total amounts were presented in the table below.

Related entity not subject to consolidation	from 01.01 to 31.03.2009
Short-term receivables on account of supplies and services	96 000
Short-term liabilities on account of supplies and services	3 146
Revenue on the sale of products, services, materials, goods	30
Cost value of products, services, materials, goods	3 030

**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.**

	Debtor	Surety amount /thousand x PLN/	For	Valid by this
1	PBG S.A., ul. Skórzewska 35, Wysogotowo, 62-081 Przeźmierowo	21 059	Bank Polska Kasa Opieki SA, ul. Grzybowska 53/57, Warszawa	2016-07-31
	<b>Total</b>	<b>21 059</b>		

In the period of the 1<sup>st</sup> quarter of 2009 the Group did not significant guarantees.

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

Contingent liabilities	balance for this 31.03.2009	balance for this 31.12.2008
<b>Guarantees:</b>	<b>511 075</b>	<b>491 218</b>
For related entities:	-	-
For other entities:	<b>511 075</b>	<b>491 218</b>
- performance security	400 892	386 591
- remedy of defects and failures	18 659	12 974
- tender guarantee	20 920	6 728
- advance payment return	67 452	76 332
- retention amounts	1 547	2 143
- payments	1 605	6 450
<b>Sureties:</b>	<b>1 566 338</b>	<b>1 142 466</b>
For related entities:	<b>1 543 411</b>	<b>1 117 963</b>
- payment of contract obligations	485 422	396 398
- payment of credits and loans	348 387	180 920
- payment of bonds redemption	400 000	400 000
- payment of limits on transactions with financial instruments (treasury limits)	282 622	103 062

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<b>Contingent liabilities</b>	<b>balance for this 31.03.2009</b>	<b>balance for this 31.12.2008</b>
- others	26 980	37 584
- current and future leasing contracts	-	-
For other entities:	<b>22 927</b>	<b>24 503</b>
- payment of contract bonds	3 875	3 451
- payment of credits and loans	5 700	5 875
- payment of bonds redemption	-	-
- payment of limits on transactions with financial instruments (treasury limits)	-	-
- others	13 352	15 177
- current and future leasing contracts	-	-
<b>Bills of exchange:</b>	<b>62 786</b>	<b>52 290</b>
For related entities:	<b>16 458</b>	<b>11 410</b>
- securing contract obligations	16 458	11 410
For other entities:	<b>46 328</b>	<b>40 880</b>
- securing contract obligations	46 328	40 880
<b>Contingency liabilities in total:</b>	<b>2 140 199</b>	<b>1 685 974</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.**

none

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

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

- business outlook in construction branch of industry,
- situation on financial markets,
- 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 European Championships EURO 2012 in Poland,
- strengthening of operational and financial supervision within the framework of the contracts realized,
- level of materials and construction services prices, having the influence on the amount of direct costs of the contracts realized,
- costs of employment and availability of qualified employees

**MID-YEAR CONSTRUCTED FINANCIAL STATEMENTS OF THE HYDROBUDOWA POLSKA S.A. COMPANY FOR 1<sup>st</sup> QUARTER OF 2009**

**SELECTED FINANCIAL DATA**

Specification	For the period	For the period	For the period	For the period
	from 01.01 to 31.03.2009	from 01.01 to 31.03.2008	from 01.01 to 31.03.2009	from 01.01 to 31.03.2008
	PLN	PLN	EUR	EUR
Cash revenue on sales	160 108	108 562	34 811	30 517
Profit (loss) from operational activity	5 412	8 942	1 177	2 514
Profit (loss) before tax	6 106	7 237	1 328	2 034
Net profit (loss) from continued activity	4 372	5 216	951	1 466
Net profit (loss)	4 372	5 216	951	1 466
Net monetary resources from operational activity	(59 993)	(38 734)	(13 044)	(10 888)
Net monetary resources used in investment activity	(26 323)	(4 185)	(5 723)	(1 176)
Net monetary resources from financial activity	77 875	15 420	16 932	4 335
Net change of the balance of monetary resources and their equivalents	(8 441)	(27 499)	(1 835)	(7 730)
Weighted average number of ordinary shares	210 558	138 673	210 558	138 673
Weighted average watered number of ordinary shares	210 558	138 673	210 558	138 673
Profit (loss) for one ordinary share (in PLN/EUR)	0,0208	0,0376	0,0045	0,0106
Watered profit (loss) for one ordinary share (in PLN/EUR)	0,0208	0,0376	0,0045	0,0106
Average exchange rate PLN / EUR	x	x	4,5994	3,5574

Specification	for the day	for the day	for the day	for the day
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
	PLN	PLN	EUR	EUR
Assets	1 256 877	1 170 061	267 347	331 857
Long-term liabilities	37 840	45 541	8 049	12 917
Short-term liabilities	470 738	368 028	100 129	104 381
Equity	748 299	756 492	159 169	214 559
Initial capital	210 558	210 558	44 787	59 719
Number of shares	210 558	138 673	210 558	138 673
Book value for one share in (PLN/EUR)	3,55	5,46	0,76	1,55
Declared or paid-out dividend for one share (in PLN/EUR)	-	-	-	-
Exchange rate PLN/EUR at the end of the period	x	x	4,7013	3,5258

**MID-YEAR STATEMENT ON THE FINANCIAL STANDING OF THE HYDROBUDOWA POLSKA S.A. COMPANY**

Specification	for the day	for the day
	31.03.2009.	31.12.2008.
<i>Assets</i>		
<b>Fixed assets</b>	<b>499 389</b>	<b>509 287</b>
Intangible assets	496	566
Goodwill	-	-
Property, plant and equipment	89 173	90 112
Non-renewable natural resources	-	-
Investment properties	7 090	7 090
Investments in subsidiaries	374 115	374 115
Investments in affiliated entities calculated with equity method	-	-
Other long-term financial assets	15 961	25 998
- from related entities	15 872	25 909
- from other entities	89	89
Long-term receivables	4 672	4 272
- from related entities	1 013	899
- from other entities	3 659	3 373
Assets on account of deferred income tax	4 852	3 639
Long-term accruals	3 030	3 495
<b>Current assets</b>	<b>757 488</b>	<b>660 774</b>
Stocks	5 299	4 383
Receivables from the ordering parties on account of the works resulting from construction / long-term contracts	324 320	300 187
- from related entities	78 736	75 239
- from other entities	245 584	224 948
Receivables on account of supplies and services	335 085	287 026
- from related entities	141 681	112 709
- from other entities	193 405	174 317
Receivables on account of current income tax	947	-
Other short-term receivables	5 786	9 669
- from related entities	4 019	4 025
- from other entities	1 767	5 644
Other short-term financial assets	41 351	6 167
- from related entities	41 058	5 243
- from other entities	293	924
Monetary resources and their equivalents	39 728	48 167
Short-term accruals	4 972	5 175
Fixed assets classified as hold for sale	-	-
<b>Assets in total</b>	<b>1 256 877</b>	<b>1 170 061</b>

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Specification	for the day	for the day
	31.03.2009.	31.12.2008.
<i>Liabilities</i>		
<b>Equity</b>	<b>748 299</b>	<b>756 492</b>
Initial capital	210 558	210 558
Treasury shares	-	-
Supplementary capital from the sale of shares above their nominal value	543 001	543 001
Capital from the valuation of hedge operations	(56 027)	(43 463)
Other capitals	43 790	43 790
Unallocated financial result	6 977	2 606
- profit (loss) from previous years	2 605	(50 765)
- net profit (loss) from current year	4 372	53 371
<b>Liabilities</b>	<b>508 578</b>	<b>413 569</b>
<b>Long-term liabilities</b>	<b>37 840</b>	<b>45 541</b>
Long-term credits and loans	23 682	27 344
- from related entities	-	-
- from other entities	23 682	27 344
Other long-term financial liabilities	8 202	12 029
Other long-term liabilities	3 323	3 388
- from related entities	187	246
- from other entities	3 136	3 142
Provision on account of deferred income tax	-	-
Provisions for liabilities on account of employee benefits	690	690
Other long-term provisions	1 943	2 090
Long-term accruals	-	-
<b>Short-term liabilities</b>	<b>470 738</b>	<b>368 028</b>
Short-term credits and loans	194 777	110 612
- from related entities	10 030	-
- from other entities	184 747	110 612
Other short-term financial liabilities	95 741	66 224
Liabilities on account of supplies and services	145 103	155 532
- from related entities	24 170	13 834
- from other entities	120 933	141 698
Liabilities on account of the construction contract	6 385	3 940
- from related entities	30	22
- from other entities	6 355	3 918
Liabilities on account of current income tax	-	13 409
Other short-term liabilities	25 676	14 608
- from related entities	69	2 563
- from other entities	25 607	12 045
Provisions for liabilities on account of employee benefits	103	130
Other short-term provisions	954	584
Short-term accruals	1 999	2 989
<b>Liabilities in total</b>	<b>1 256 877</b>	<b>1 170 061</b>

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

Specification	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2009	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2008
<i>Continued activity</i>		
<b>Cash revenue on sales</b>	<b>160 108</b>	<b>108 562</b>
- from related entities	30 575	10 265
Revenue on sale of products	-	-
Fees earned	159 325	107 088
Revenue on sale of goods and materials	783	1 474
<b>Cost of sales</b>	<b>(147 946)</b>	<b>(93 748)</b>
- from related entities	(18 982)	(6 477)
Cost of sold products	-	-
Cost of sold services	(147 207)	(92 358)
Cost of sold goods and materials	(739)	(1 390)
<b>Profit (loss) gross on sales</b>	<b>12 162</b>	<b>14 814</b>
Costs of sales	-	-
General administrative costs	(5 521)	(6 361)
Other operational revenue	397	938
Other operational costs	(1 626)	(449)
Restructuring costs	-	-
<b>Profit (loss) from operational activity</b>	<b>5 412</b>	<b>8 942</b>
Financial revenue	6 291	2 392
Financial costs	(5 597)	(4 097)
Other profit (loss) from investment	-	-
<b>Profit (loss) before tax</b>	<b>6 106</b>	<b>7 237</b>
Income tax	(1 734)	(2 021)
<b>Net profit (loss) from continued activity</b>	<b>4 372</b>	<b>5 216</b>
<i>Discontinued activity</i>		
Net loss from discontinued activity	-	-
<b>Net profit (loss)</b>	<b>4 372</b>	<b>5 216</b>

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

Specification	For the 1 <sup>st</sup> quarter	For the 1 <sup>st</sup> quarter
	from 01.01	from 01.01
	to 31.03.2009	to 31.03.2008
	PLN/share	PLN/share
Net profit (loss) from continued activity	4 372	5 216
Net profit (loss) from continued and discontinued activity	4 372	5 216
Weighted average number of ordinary shares in thousand of items	210 558	138 673
Weighted average number of watered shares in thousand of items	210 558	138 673
<i>from continued activity</i>		
- basic	0,0208	0,0376
- watered	0,0208	0,0376
<i>from continued and discontinued activity</i>		
- basic	0,0208	0,0376
- watered	0,0208	0,0376

**MID-YEAR STATEMENT ON TOTAL INCOME OF THE HYDROBUDOWA POLSKA S.A. COMPANY**

Specification	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2009	For the 1 <sup>st</sup> quarter from 01.01 to 31.03.2008
<b>Net profit for the period</b>	<b>4 372</b>	<b>5 216</b>
<b>Other total income</b>	<b>(12 564)</b>	<b>566</b>
Rate differences from conversion of foreign entities	-	-
Valuation of instruments hedging cash flow	(52 034)	699
The result of cash flow hedge	36 523	-
Income tax concerning components of other total revenue	2 947	(133)
<b>Total income for the period</b>	<b>(8 192)</b>	<b>5 782</b>

**MID-YEAR STATEMENT ON CASH FLOW OF THE HYDROBUDOWA POLSKA S.A. COMPANY**

Specification	For the period from 01.01 to 31.03.2009	For the period from 01.01 to 31.03.2008
<b>Cash flow from operational activity</b>		
<b>Net profit before tax</b>	<b>6 106</b>	<b>7 237</b>
<b>Adjustments:</b>	<b>15 062</b>	<b>200</b>
Depreciation of intangible assets	73	104
Revaluation write offs on account of the loss of goodwill	-	-
Write offs on account of the loss of property, plant and equipment	109	-
Depreciation of the value of property, plant and equipment	2 279	1 966
(Profit) loss on the sale of property, plant and equipment	(25)	(34)
(Profit) loss on the sale of financial assets available for sale (allocated for trading)	-	(4 403)
Profit (loss) from valuation of investment properties according to fair value	-	-
(Profit) loss on account of fair value of financial assets declared according to fair value	10 127	(833)
Share in profit (loss) of related entities	-	-
Profit (loss) on account of differences in rates	-	25
Interest expenses	2 499	3 515
Interest received	-	(140)
Dividend received	-	-
<b>Monetary resources from operational activity before considering changes in working capital</b>	<b>21 168</b>	<b>7 437</b>
Change of stock level	(916)	(4 924)
Change of receivables level	(68 709)	17 268
Change of liabilities level	3 018	(45 524)
Change of provisions level and accrued liabilities	(128)	(1 458)
Other adjustments	-	(190)
<b>Monetary resources generated in the course of operational activity</b>	<b>(45 567)</b>	<b>(27 391)</b>
Paid interest	(71)	(18)
Paid income tax	(14 355)	(11 325)
<b>Net monetary resources from operational activity</b>	<b>(59 993)</b>	<b>(38 734)</b>
<b>Cash flow from investment activity</b>		
Expenses on purchasing intangible assets	-	-
Revenue from the sale of intangible assets	-	-
Expenses on the acquisition of property, plant and equipment	(1 347)	(9 582)

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<i>Specification</i>	For the period from 01.01 to 31.03.2009	For the period from 01.01 to 31.03.2008
Revenue from the sale of property, plant and equipment	24	127
Expenses on the acquisition of investment properties	-	-
Revenue from the sale of investment properties	-	-
Expenses for the acquisition of financial assets available for sale	-	(10)
Revenue from the sale of financial assets available for sale	-	4 615
Expenses for purchasing financial assets allocated for trading	-	-
Revenue from the sale of financial assets allocated for trading	-	-
Expenses for the acquisition of related entities (reduced by monetary resources taken over)	-	-
Revenue from sale of related entities	-	-
Other expenses – additional payment to capital	-	-
Revenue from received governmental subsidies	-	-
Granted loans	(25 000)	-
Received payments of loans granted	-	-
Interest received	-	665
Dividend received	-	-
Other revenue	-	-
Other investment expenses	-	-
<b>Net monetary resources used in investment activity</b>	<b>(26 323)</b>	<b>(4 185)</b>
<b>Cash flow from financial activity</b>		
Net revenue on account of issuance of shares	-	-
Acquisition of treasury shares	-	-
Revenue on account of issuance of debt securities	-	-
Payment of bonds	-	-
Payment of interest on bonds	-	-
Redemption of debt securities	-	-
Revenue on account of borrowing	90 479	18 592
Payment of credits and loans	(10 017)	(1 231)
Payment of interest on credits and loans	(2 393)	(1 972)
Revenue on account on investment	-	140
Payment of liabilities on account of financial leasing	(129)	(37)
Paid interest	(41)	(2)
Paid-out dividend	-	-
Credit commissions	(24)	<b>(70)</b>
Other expenses	-	-
<b>Net monetary resources from financial activity</b>	<b>77 875</b>	<b>15 420</b>
<b>Net change of the balance of monetary resources and their equivalents</b>	<b>(8 441)</b>	<b>(27 499)</b>
<b>Monetary resources and their equivalents at the beginning of the period</b>	<b>48 167</b>	<b>48 389</b>
Change of the balance on account of differences in rates	-	-
<b>Monetary resources and their equivalents at the end of the period</b>	<b>39 726</b>	<b>20 890</b>

**STATEMENT OF CHANGES IN THE EQUITY CAPITAL OF THE HYDROBUDOWA POLSKA S.A. COMPANY**

Specification	Initial capital	Other capitals	Unallocated financial result	Total
<b>Balance as for this 1<sup>st</sup> January 2008</b>	<b>138 673</b>	<b>46 876</b>	<b>(46 197)</b>	<b>139 352</b>
Changes of rules (policy) of accounting	-	-	-	-
Adjustments on account of fundamental errors	-	-	-	-
<b>Balance after the changes</b>	<b>138 673</b>	<b>46 876</b>	<b>(46 197)</b>	<b>139 352</b>
<i>Changes in equity capital in the period from 01.01. to 31.12.2008</i>				
Other revenue presented directly in equity	-	(49 957)	650	(49 307)
Profit net for the period from 01.01. to 31.12.2008	-	-	53 371	53 371
<b>Total income booked in the period from 01.01. to 31.12.2008</b>	<b>-</b>	<b>(49 957)</b>	<b>54 021</b>	<b>4 064</b>
Dividend	-	-	-	-
Allocation of result	-	3 218	(5 218)	(2 000)
Issued initial capital	71 885	543 191	-	615 076
Issued options changeable for shares	-	-	-	-
<b>Transactions with the owners</b>	<b>71 885</b>	<b>546 409</b>	<b>(5 218)</b>	<b>613 076</b>
<b>Balance for this 31<sup>st</sup> December 2008</b>	<b>210 558</b>	<b>543 328</b>	<b>2 606</b>	<b>756 492</b>
<i>Changes in equity capital in the period from 01.01. to 31.03.2009</i>				
<b>Balance for this 1<sup>st</sup> January 2009</b>	<b>210 558</b>	<b>543 328</b>	<b>2 606</b>	<b>756 492</b>
Changes of rules (policy) of accounting	-	-	-	-
Adjustments on account of fundamental errors	-	-	-	-
<b>Balance after the changes</b>	<b>210 558</b>	<b>543 328</b>	<b>2 606</b>	<b>756 492</b>
<i>Changes in equity capital in the period from 01.01. to 31.03.2009</i>				
Other revenue presented directly in equity	-	(12 564)	-	(12 564)
Net profit for the period from 01.01. to 30.03.09	-	-	4 372	4 372
<b>Total income booked in the period from 01.01. to 31.03.2009</b>	<b>-</b>	<b>(12 564)</b>	<b>4 372</b>	<b>(8 192)</b>
Dividend	-	-	-	-
Allocation of result	-	-	-	-
Issued initial capital	-	-	-	-
Issued options changeable for shares	-	-	-	-
<b>Transactions with the owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance for this 31<sup>st</sup> December 2008</b>	<b>210 558</b>	<b>530 764</b>	<b>6 978</b>	<b>748 300</b>

## STATEMENT OF CHANGES IN THE COMPANY EQUITY – COMPARATIVE PERIOD

Specification	Initial capital	Other capitals	Unallocated financial result	Total
<b>Balance as for this 1<sup>st</sup> January 2008</b>	<b>138 673</b>	<b>46 876</b>	<b>(46 197)</b>	<b>139 352</b>
Changes of rules (policy) of accounting	-	-	-	-
Adjustments on account of fundamental errors	-	-	-	-
<b>Balance after the changes</b>	<b>138 673</b>	<b>46 876</b>	<b>(46 197)</b>	<b>139 352</b>
<i>Changes in equity capital in the period from 01.01. to 31.03.2008</i>				
Other revenue presented directly in equity	-	566	-	566
Net profit for the period from 01.01. to 31.03.2008	-	-	5 216	5 216
<b>Total income booked in the period from 01.01. to 31.03.2008</b>	-	<b>566</b>	<b>5 216</b>	<b>5 782</b>
Dividend	-	-	-	-
Allocation of result	-	-	-	-
Issued initial capital	-	-	-	-
Issued options changeable for shares	-	-	-	-
<b>Transactions with the owners</b>	-	-	-	-
<b>Balance as for this 31<sup>st</sup> March 2008</b>	<b>138 673</b>	<b>47 443</b>	<b>(40 981)</b>	<b>145 135</b>

### I. Significant events and the factors influencing the financial results of the Company (data concerns the first quarter of 2009)

The most significant **sources of revenue** from the company basic activity, in the 1<sup>st</sup> quarter of 2009, included the following construction contracts:

- a) Contract named "Development of the City Stadium at ul. Bługarska in Poznań for the needs of EURO 2012 in the scope of the performance of the stands 1 and 3 along with the roofing of the stands 1, 2, 3", concluded between the "Euro Poznań 2012" Sp. z o.o. company and HYDROBUDOWA POLSKA S.A. - realized revenue: **PLN 27.5 million**
- b) contract named "The development of sewage system of the district Ołtaszyn" concluded with the community of Wrocław and HYDROBUDOWA POLSKA S.A. – realized revenue: **26.5 million PLN;**
- c) the contract named "Designing and construction of waste utilization plant in Gdańsk Szadółki, construction-assembly works" signed between Zakład Utylizacji Sp. z o.o. in Gdańsk and Hydrobudowa Polska S.A. – realized revenue amounts to **PLN 20.2 million;**
- d) 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 and HYDROBUDOWA POLSKA S.A. - realized revenue: **PLN 15.5 million;**

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- e) contract named "Królewiecka Water Purification Plant and development of water-pipe network in Elbląg" concluded between Przedsiębiorstwo Wodociągów i Kanalizacji Elbląg and HYDROBUDOWA POLSKA S.A. – realized revenue: **11.7 million PLN**;

<b>Profitability ratios</b>	<b>1<sup>st</sup> quarter of 2009:</b>	<b>1<sup>st</sup> quarter of 2008:</b>
Gross return on sales <sup>1</sup>	7,60%	13,65%
Operational return <sup>2</sup>	3,38%	8,24%
Net return <sup>3</sup>	2,73%	4,80%

1 gross profit from sale/revenue on sale \*100

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

3 net profit/revenue on sale \*100

Wysogotowo, this 11<sup>th</sup> May 2009

**Signatures of all Members of the Executive Board:**

<b>Date</b>	<b>Name and surname:</b>	<b>Position/function</b>	<b>Signature</b>
11 <sup>th</sup> May 2009	Jerzy Ciechanowski	The President of the Executive Board	
11 <sup>th</sup> May 2009	Edward Kasprzak	The Vice President of the Executive Board	
11 <sup>th</sup> May 2009	Jarostaw Dusito	The Vice President of the Executive Board	
11 <sup>th</sup> May 2009	Rafał Damasiewicz	The Member of the Executive Board	
11 <sup>th</sup> May 2009	Andrzej Zwierzchowski	The Member of the Executive Board	
11 <sup>th</sup> May 2009	Joanna Zwolak	The Member of the Executive Board	