

HYDROBUDOWA POLSKA GROUP



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE HYDROBUDOWA POLSKA GROUP FOR Q1 2011

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS

WYSOGOTOWO, MAY 12TH 2011

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

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CONSOLIDATED FINANCIAL STATEMENTS OF THE HYDROBUDOWA POLSKA GROUP

CONSOLIDATED BALANCE SHEET

Item	As at Mar 31 2011	As at 31.03.2010	As at Dec 31 2010
<i>Assets</i>			
Non-current assets	383,081	289,516	330,017
Goodwill	37,605	37,605	37,605
Intangible assets	24,838	1,743	7,324
Property, plant and equipment	199,118	136,255	158,309
Non-regenerative natural resources			-
Investment property	50,448	41,530	53,348
Investments in subsidiary undertakings			-
Investments in associated undertakings			-
Investments in joint ventures measured at fair value	2		
Receivables	1,293	4,433	1,342
Loans advanced	54,946	51,443	54,103
Derivative financial instruments	-	4,448	-
Other non-current financial assets	26	26	28
Deferred tax assets	12,710	8,946	13,941
Non-current accruals and deferred income	2,095	3,087	4,017
Current assets	976,446	975,688	1,097,834
Inventories	17,610	4,085	19,173
Receivables under construction contracts	357,078	495,556	275,141
Trade and other receivables	526,716	390,276	701,279
Current income tax receivable	8,618	2,292	6,579
Loans advanced	68		-
Derivative financial instruments	1,866	7,255	4,660
Other current financial assets	307	156	144
Cash and cash equivalents	58,722	68,004	85,936
Current prepayments and accrued income	5,461	8,064	4,922
Non-current assets classified as held for sale	-		-
Total assets	1,359,527	1,265,204	1,427,851

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CONSOLIDATED BALANCE SHEET (CONTINUED)

Item	As at Mar 31 2011	As at 31.03.2010	As at Dec 31 2010
<i>Equity and liabilities</i>			
Equity	455,838	419,948	447,501
Equity attributable to owners of the parent	455,538	419,679	447,192
Share capital	210,558	210,558	210,558
Treasury shares			-
Share premium account	257,209	257,209	257,209
Hedging and translation reserve	(22,703)	(20,913)	(21,968)
Other equity	98,981	52,529	98,472
Retained earnings	(88,507)	(79,704)	(97,079)
– profit (loss) brought forward	(97,269)	(88,609)	(133,593)
– net profit (loss) for the year attributable to owners of the parent	8,762	8,905	36,514
Non-controlling interests	300	269	309
Liabilities	903,689	845,256	980,350
Non-current liabilities	32,035	46,161	30,369
Loans, borrowings and other debt instruments	170	8,845	1,664
Finance lease	10,841	10,172	6,058
Derivative financial instruments	-	3,012	-
Other liabilities	12,597	15,395	13,420
Deferred tax liabilities			-
Liabilities and provisions under employee benefits	3,195	3,739	3,209
Other non-current provisions	5,232	4,998	6,018
Government subsidies			-
Non-current accruals and deferred income			-
Current liabilities	871,654	799,095	949,981
Loans, borrowings and other debt instruments	376,916	329,675	348,621
Finance lease	10,512	10,254	7,798
Derivative financial instruments	11,174	26,902	11,224
Trade and other payables	413,234	382,164	506,921
Liabilities under construction contracts	14,548	12,669	25,546
Current income tax payable	-	17	1,231
Liabilities and provisions under employee benefits	15,556	10,588	15,115
Other current provisions	26,403	25,230	30,298
Government subsidies			-
Current prepayments and accrued income	3,311	1,596	3,227
Liabilities under non-current assets held for sale			-
Total equity and liabilities	1,359,527	1,265,204	1,427,851

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CONSOLIDATED INCOME STATEMENT

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
<i>Continuing operations</i>			
Sales revenue	277,245	322,681	1,581,632
- related undertakings	32,331	11,880	128,740
Revenue from sales of products			-
Revenue from sales of services	276,764	322,351	1,576,476
Revenue from sales of goods for resale and materials	481	330	5,156
Cost of sales	(260,812)	(297,747)	(1,480,148)
- related undertakings	(7,734)	(41,859)	(222,227)
Cost of products sold			-
Cost of services sold	(260,431)	(297,412)	(1,475,173)
Cost of goods for resale and materials sold	(381)	(335)	(4,975)
Gross profit (loss)	16,433	24,934	101,484
Selling costs			-
General and administrative expenses	(10,846)	(10,891)	(54,304)
Other operating income	4,053	16,327	31,229
Other operating expenses	(1,362)	(18,765)	(28,189)
Share in profit of equity-accounted undertakings			-
Costs of restructuring			-
Operating profit (loss)	8,278	11,605	50,220
Finance income	5,046	6,949	16,042
Finance expenses	(7,160)	(7,113)	(22,413)
Other gains (losses) on investments	3,957		-
Pre-tax profit (loss)	10,121	11,441	43,849
Income tax	(1,365)	(2,529)	(7,292)
Net profit (loss) from continuing operations	8,756	8,912	36,557
<i>Discontinued operations</i>			
Net loss from discontinued operations			-
Net profit (loss)	8,756	8,912	36,557
Net profit (loss) attributable to:			
- owners of the parent	8,762	8,905	36,514
- minority interests	(6)	7	43

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NET EARNINGS (LOSS) PER ORDINARY SHARE (PLN)

Item	For the period Jan 1–Mar 31 2011 1 share	For the period Jan 1–Mar 31 2010 1 share	For the period Jan 1–Dec 31 2010 1 share
Net profit (loss) from continuing operations	8,762	8,905	36,514
Net profit (loss) from continuing and discontinued operations	8,762	8,905	36,514
Weighted average number of ordinary shares (in thousands)	210,558,445	210,558,445	210,558,445
Diluted weighted average number of ordinary shares ('000)	210,558,445	210,558,445	210,558,445
<i>from continuing operations</i>			
– basic	0.04	0.04	0.17
– diluted	0.04	0.04	0.17
<i>from continuing and discontinued operations</i>			
– basic	0.04	0.04	0.17
– diluted	0.04	0.04	0.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Net profit (loss)	8,756	8,912	36,557
Other comprehensive income			-
Remeasurement of property, plant and equipment			354
Available-for-sale financial assets:			-
– income/(loss) disclosed under other comprehensive income in period			-
– amounts transferred to profit or loss			-
Cash-flow hedges:			
– income (loss) disclosed under other comprehensive income in period	(1,493)	31,016	16,180
– amounts transferred to profit or loss	566	(873)	11,802
– amounts included in the initial value of hedged items			-
Share in other comprehensive income of undertakings valued with equity method			-
Income tax on items of other comprehensive income	189	(6,151)	(5,108)
Other comprehensive income after tax	(738)	23,992	23,228
Comprehensive income	8,018	32,904	59,785
Comprehensive income attributable to:			
– owners of the parent	8,024	32,897	59,738
– minority interests	(6)	7	47

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Item	Equity attributable to owners of the parent							Minority interests	Total equity
	Share capital	Treasury shares (-)	Share premium account	Hedging reserve	Other equity	Retained earnings	Total		
Balance as at Jan 1 2011	210,558	-	257,209	(21,968)	98,472	(97,079)	447,192	309	447,501
Changes in accounting policies							-	-	-
Correction of fundamental errors							-		-
Balance after changes	210,558	-	257,209	(21,968)	98,472	(97,079)	447,192	309	447,501
Changes in equity in period Jan 1–Mar 31 2011									
Issue of shares							-		-
Issue of shares following exercise of options (share-based payment programme)							-		-
Valuation of options (share-based payment programme)					509		509		509
Other adjustments							-		-
Dividends							-		-
Allocation of profit/(loss) to equity							-		-
Total transactions with owners	-	-	-	-	509	-	509	-	509
Net profit for period Jan 1–Mar 31 2011						8,572	8,572	(6)	8,566
Other comprehensive income:							-		-
Remeasurement of property, plant and equipment							-		-
Cash-flow hedges				(924)			(924)	(3)	(927)
Share in other comprehensive income of equity-accounted undertakings							-		-
Income tax on items of other comprehensive income				189			189		189
Total comprehensive income	-	-	-	(735)	-	8,572	7,837	(9)	7,828
Transfer to retained earnings (sale of remeasured property, plant and equipment)							-	-	-
Balance as at Mar 31 2011	210,558	-	257,209	(22,703)	98,981	(88,507)	455,538	300	455,838

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Item	Equity attributable to owners of the parent							Minority interests	Total equity
	Share capital	Treasury shares (-)	Share premium account	Hedging reserve	Other equity	Retained earnings	Total		
Balance as at Jan 1 2010	210,558	-	257,209	(43,044)	52,043	(85,652)	391,114	249	391,363
Changes in accounting policies							-	-	-
Correction of fundamental errors				(1,861)		(1,758)	(3,619)		(3,619)
Balance after changes	210,558	-	257,209	(44,905)	52,043	(87,410)	387,495	249	387,744
Changes in equity in period Jan 1–Dec 31 2010									
Issue of shares							-		-
Issue of shares following exercise of options (share-based payment programme)							-		-
Valuation of options (share-based payment programme)					2,038		2,038		2,038
Other adjustments						(977)	(977)	13	(964)
Dividends							-		-
Allocation of profit/(loss) to equity					44,104	(45,206)	(1,102)		(1,102)
Total transactions with owners	-	-	-	-	46,142	(46,183)	(41)	13	(28)
Net profit for period Jan 1–Dec 31 2010						36,514	36,514	43	36,557
Other comprehensive income:									-
Remeasurement of property, plant and equipment					354		354		354
Cash-flow hedges				27,978			27,978	4	27,982
Share in other comprehensive income of equity-accounted undertakings							-		-
Income tax on items of other comprehensive income				(5,041)	(67)		(5,108)		(5,108)
Total comprehensive income	-	-	-	22,937	287	36,514	59,738	47	59,785
Transfer to retained earnings (sale of remeasured property, plant and equipment)							-	-	-
Balance as at Dec 31 2010	210,558	-	257,209	(21,968)	98,472	(97,079)	447,192	309	447,501

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Item	Equity attributable to owners of the parent							Minority interests	Total equity
	Share capital	Treasury shares (-)	Share premium account	Hedging reserve	Other equity	Retained earnings	Total		
Balance as at Jan 1 2010	210,558	-	257,209	(43,044)	52,043	(85,652)	391,114	249	391,363
Changes in accounting policies						-	-	-	-
Correction of fundamental errors				(1,861)		(1,758)	(3,619)	-	(3,619)
Balance after changes	210,558	-	257,209	(44,905)	52,043	(87,410)	387,495	249	387,744
Changes in equity in period Jan 1–Mar 31 2010									
Issue of shares						-	-		-
Issue of shares following exercise of options (share-based payment programme)						-	-		-
Valuation of options (share-based payment programme)						-	-		-
Other adjustments					486	(1,199)	(713)	13	(700)
Dividends						-	-		-
Allocation of profit/(loss) to equity						-	-		-
Total transactions with owners	-	-	-	-	486	(1,199)	(713)	13	(700)
Net profit for period Jan 1–Mar 31 2010						8,905	8,905	7	8,912
Other comprehensive income:						-	-		-
Remeasurement of property, plant and equipment						-	-		-
Cash-flow hedges				30,143		-	30,143		30,143
Share in other comprehensive income of equity-accounted undertakings						-	-		-
Income tax on items of other comprehensive income				(6,151)		-	(6,151)		(6,151)
Total comprehensive income	-	-	-	23,992	-	8,905	32,897	7	32,904
Transfer to retained earnings (sale of remeasured property, plant and equipment)						-	-	-	-
Balance as at Mar 31 2010	210,558	-	257,209	(20,913)	52,529	(79,704)	419,679	269	419,948

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CONSOLIDATED STATEMENT OF CASH FLOWS

Item	For the period	For the period	For the period
	Jan 1–Mar 31 2011	Jan 1–Mar 31 2010	Jan 1–Dec 31 2010
<i>Cash flows from operating activities</i>			
Net profit before income tax	10,121	11,441	43,849
Adjustments:		-	
Depreciation and impairment losses on property, plant and equipment	4,019	2,660	18,036
Amortisation of and impairment losses on intangible assets	579	126	514
Change in fair value of investment property	-	-	82
Change in fair value of financial assets (liabilities) measured through profit or loss	1,658	2,717	(582)
Cash flow hedges transferred from equity	566	(873)	11,802
Impairment losses on financial assets	-	(12,218)	13
(Gains) losses on disposal of non-financial non-current assets	313	105	(4,975)
(Gains) losses on disposal of financial assets (other than derivative instruments)	(3,965)	-	-
Foreign exchange gains (losses)	(36)	-	(395)
Interest expense	5,556	2,518	24,223
Interest income	(744)	664	(4,574)
Dividend received	-	(12)	(5)
Share in profit (loss) of associated undertakings	-	-	-
Other adjustments	551	-	(4,216)
Total adjustments:	8,497	(4,313)	39,923
Change in inventories	1,564	2,518	(12,571)
Change in receivables	226,063	274,700	(34,742)
Change in liabilities	(91,089)	(229,957)	(89,417)
Change in provisions and accruals and deferrals	(80,981)	(7,299)	825
Effect of construction contracts	(93,587)	(50,414)	171,799
Change in working capital	(38,030)	(12,209)	35,894
Inflow from (outflow on) settlement of derivative instruments	(117)	(2,985)	(27,427)
Interest paid on operating activities	(146)	-	(130)
Income tax paid	(3,292)	(3,477)	(15,033)
Net cash provided by (used in) operating activities	(22,967)	(11,542)	77,076
<i>Cash flows from investing activities</i>		-	
Acquisition of intangible assets	(4,984)	(78)	(2,998)
Disposal of intangible assets	-	-	75
Acquisition of property, plant and equipment	(13,632)	(904)	(46,422)
Disposal of property, plant and equipment	826	117	12,942
Acquisition of investment property	(5,496)	-	(23,123)
Disposal of investment property	-	-	900
Acquisition of subsidiary undertakings, net	-	-	-
Disposal of subsidiary undertakings, net	-	-	-
Repayment of loans advanced	-	16,500	16,550
Loans advanced	-	(51,378)	(51,377)
Acquisition of other financial assets	-	-	-
Disposal of other financial assets	-	-	-
Government subsidies received	-	-	-
Interest received	-	955	107

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Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Other inflows	-	-	1,151
Other investment expenses	-	-	(522)
Dividend received	-	-	5
Net cash provided by (used in) investing activities	(23,286)	(34,788)	(92,712)
<i>Cash flows from financing activities</i>	-	-	-
Net proceeds from issue of shares	-	-	-
Acquisition of own shares	-	-	-
Proceeds from issue of debt securities	-	-	-
Redemption of debt securities	-	-	-
Interest paid on debt securities	-	-	-
Increase in loans and borrowings	110,745	67,071	104,255
Repayment of loans and borrowings	(86,553)	(29,219)	(56,328)
Repayment of finance lease liabilities	(2,476)	(2,187)	(7,994)
Interest paid	(2,917)	(5,610)	(22,244)
Interest received on bank deposits	16	228	236
Other inflows outflows	-	(104)	-
Dividend paid	-	-	-
Net cash provided by (used in) financing activities	18,815	30,179	17,925
Net change in cash and cash equivalents	(27,438)	(16,151)	2,289
Cash and cash equivalents at beginning of period	85,936	84,144	84,144
Effect of foreign exchange gains (losses)	224	11	(497)
Cash and cash equivalents at end of period	58,722	68,004	85,936

The HYDROBUDOWA POLSKA Group is a consortium member in joint ventures, where settlements are based on joint escrow accounts. Accordingly, under cash and cash equivalents at end of period, the Group discloses funds in escrow accounts as own funds, whenever the Group acts as the consortium leader. Under the provisions of escrow account agreements, these funds are restricted cash. As at March 31st 2011, restricted cash was PLN 6,803 thousand.

Where the Group is a partner in a joint venture, the funds in escrow accounts are not recognised by the Group in the balance sheet. The total of funds in escrow accounts that were not recognised in the balance sheet as at March 31st 2011 was PLN 36,792 thousand.

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DISCUSSION OF THE HYDROBUDOWA POLSKA GROUP'S RESULTS

In the period covered by the interim condensed consolidated financial statements:

- **Sales revenue** in Q1 2011 amounted to PLN **277.2m**, down by 14.1% year on year,
- **Gross profit on sales** was PLN **16.4m**, and was **34.1% lower than in Q1 2010**,
- **Operating profit** in Q1 2011 was PLN **8.3m**, compared with PLN **11.6m** the year before.
- **Net profit attributable to owners of the parent** totalled PLN **8.8m**, against PLN **8.9m** in Q1 2010,
- **As at the end of Q1 2011**, the Hydrobudowa Group employed **1,583** persons, 26 more than at the end of 2010, but 115 less than at the end of Q1 2010.

The following contracts were the **key sources of the Group's revenue** from core business in Q1 2011:

Industrial and residential construction segment:

Contract	Sales revenue in Q1 2011 (PLN '000)
Construction of National Stadium in Warsaw and auxiliary infrastructure	60,113.6
Construction of PGE Arena Gdańsk football stadium in Gdańsk Letnica	15,592.0
Design and construction of waste neutralisation facility in Gdańsk-Szadółki (construction and assembly work)	11,536.1

Water segment:

Contract	Sales revenue in Q1 2011 (PLN '000)
Construction of wastewater transmission system from left-bank Warsaw to Czajka sewage treatment plant – Phase 2	13,524.6
Construction of wastewater transmission system from left-bank Warsaw to Czajka sewage treatment plant – Phase 1	6,611.4
Extension of Fordon wastewater treatment plant in Bydgoszcz	5,231.4
Construction of water supply and sewage infrastructure in the Strzemieszyce district	3,702.4

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Road construction segment:

Contract	Sales revenue in Q1 2011 (PLN '000)
Construction of the Krzyż-Dębica Pustynia section of the A-4 Tarnów-Rzeszów motorway, from km 502+797.96 to approx. 537+550	71,726.8
Construction of the A1 Toruń–Stryków Motorway, Brzezie–Kowal Section III, from km 186+348 to km 215+850	7,579.6

Natural gas, crude oil and fuels segment:

Contract	Sales revenue in Q1 2011 (PLN '000)
Construction of biomass management system for the BFB Boiler at Elektrociepłownia No. 4 in Łódź	2,073.7

Profitability ratios

Profitability ratios	Q1 2010	Q1 2011
Gross margin ¹	7.7%	5.9%
Operating margin ²	3.6%	3.0%
Net margin ³	2.8%	3.2%

¹gross profit / sales revenue*100

²operating profit / sales revenue*100

³net profit attributable to owners of the parent /sales revenue*100

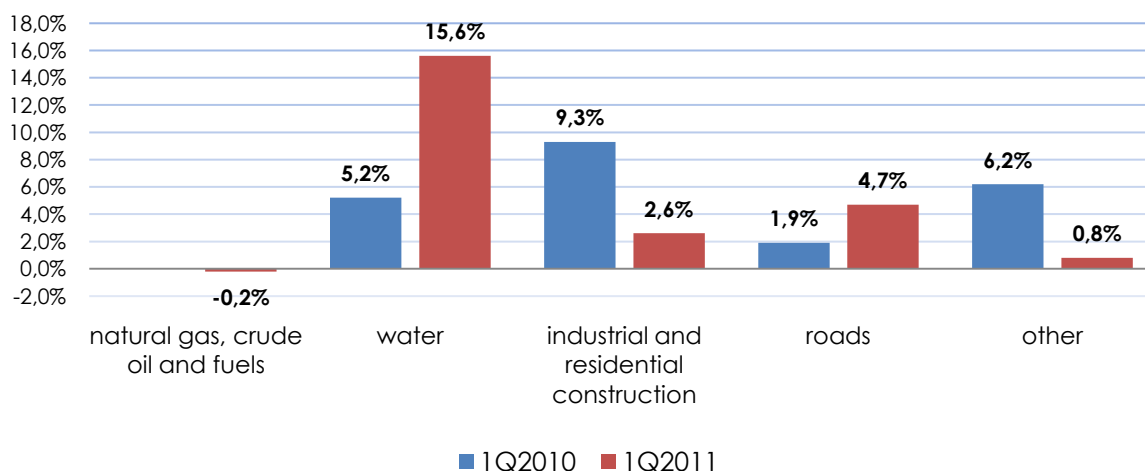
A comparison of the Q1 2011 and Q1 2010 results of the HYDROBUDOWA Group reveals an erosion of gross and operating margins. In Q1 2011, the gross margin was 5.9% (1.8 pp down year on year), while the operating margin reached 3.0% (0.6 pp decline). The decrease is primarily attributable to the revision of key contracts' budgets performed in the previous quarters, including the contracts for construction of the National Stadium in Warsaw, PGE Arena Gdańsk Stadium in Gdańsk, and Waste Neutralisation Facility in Gdańsk–Szadółki. As a result, the Q1 2011 revenue from these contracts was recognised at lower margins than in Q1 2010.

A PLN 7m disposal of all shares in GDYŃSKA PROJEKT Sp. z o.o. held by HYDROBUDOWA 9 (Group's subsidiary) was a positive contribution to the HYDROBUDOWA POLSKA Group's result. The carrying value of these shares recognised in HYDROBUDOWA 9's accounts was PLN 3m.

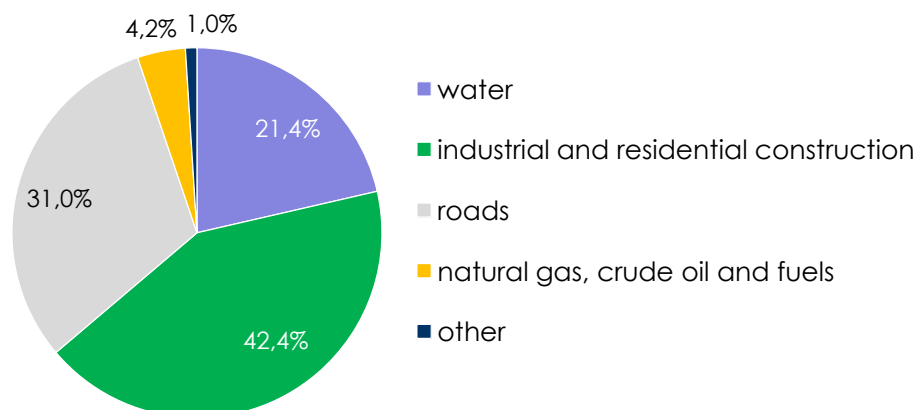
In Q1 2011, the net margin generated by the HYDROBUDOWA POLSKA Group advanced by 0.4 pp year on year, to 3.2%.

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Gross margin by segments in Q1 2011 and Q1 2010



Structure of the HBP Group's sales revenue by segments in Q1 2011



The residential and industrial construction segment was the largest contributor to sales revenue (42.4%). The segment's revenue includes revenue under contracts for the construction of football stadiums for the EURO 2012 Championships in Warsaw and Gdańsk, as well as revenue under the contract for construction of Waste Neutralisation Facility in Gdańsk-Szadółki. The second largest segment was the road construction segment. The contracts performed in this segment include the contract for construction of A4 Motorway Tarnów-Rzeszów, between the Krzyż and Dębica Pustynia interchanges, and A1 Motorway Toruń-Stryków, Section III: Brzezie-Kowal. The water segment was the third largest, with a 21.4% share in sales revenue. The contracts performed in this segment are typically high unit-value contracts, and are connected with environmental protection and hydraulic engineering projects co-funded by the European Union.

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Discussion of other operating income and expenses, and finance income and expenses

Cost of sales

In Q1 2011, **cost of sales was PLN 260.8m**, having declined by 12.4% relative to Q1 2010. The share of variable costs in the sales revenue posted in Q1 2011 increased to 94.1% (92.3% in Q1 2010), up by 1.8 pp.

Costs by type are presented in the table below.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Depreciation/amortisation	4,598	2,786	18,550
Materials and energy used	43,900	59,792	194,674
Contracted services	179,336	204,447	1,171,157
Taxes and charges	2,614	4,285	18,234
Employee benefits	30,300	28,663	115,279
Other costs by type	13,929	7,053	16,755
Total costs by type	274,677	307,026	1,534,649
Goods for resale and materials sold	381	335	4,975
Change in products, work in progress (-)	(3,400)	1,277	(5,172)
Cost of products and services for own needs (-)	-	-	-
Cost of sales, selling costs, general and administrative expenses	271,658	308,638	1,534,452

Other operating income

In Q1 2011, other operating income amounted to **PLN 4.1m**. The largest item of other operating income were reversals of impairment losses on receivables (PLN 3.0m), following from the settlement, by business partners, of receivables, for which impairment losses were recognised in previous periods. Cancelled liabilities of PLN 0.7m are a significant item of other operating income.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Gain on disposal of non-financial non-current assets	-	89	4,975
Fair-value measurement of investment property	-	-	-
Reversals of impairment losses on property, plant and equipment and intangible assets	-	-	-
Reversals of impairment losses on receivables	2,967	14,219	21,346
Reversals of impairment losses on inventories	-	5	7
Release of unused provisions	7	100	463
Fines and damages received	75	1,627	2,816
Subsidies received	1	-	-
Lease income	71	104	1,593
Reimbursement of court expenses	33	183	29
Cancelled liabilities	899	-	-
Total other operating income	4,053	16,327	31,229

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Other operating expenses

In Q1 2011, other operating expenses totalled **PLN 1.4m**, relative to PLN 18.8m in Q1 2010. There were no material one-off events in Q1 2011, whose effects would be recognised under other operating expenses.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Loss on disposal of non-financial non-current assets	224	156	-
Fair-value measurement of investment property	-	-	-
Impairment losses on goodwill	-	-	-
Impairment losses on property, plant and equipment and intangible assets	-	-	-
Impairment losses on receivables	305	4,051	6,987
Impairment losses on inventories	-	8	281
Created provisions for fines and damages	-	-	1,393
Fines and damages paid	98	14,258	17,729
Donations granted	102	7	457
Cost of maintenance of investment property	186	-	885
Court fees and expenses	318	-	-
Deficits and damages	-	28	198
Other expenses	129	257	259
Total other operating expenses	1,362	18,765	28,189

Finance income

In Q1 2011, finance income was **PLN 5m**, relative to PLN 6.9m in the corresponding period of the prior year. The two largest items of finance income were excess of foreign exchange gains over foreign exchange losses of PLN 2.9m, and interest income of PLN 1.2m.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
<i>Interest income from financial instruments not measured at fair value through profit or loss:</i>			
Cash and cash equivalents (deposits)	264	243	868
Loans and receivables	931	3,592	6,472
Debt securities held to maturity	-	-	-
Interest income related to financial instruments not measured at fair value through profit or loss	1,195	3,835	7,340
<i>Gains on valuation and settlement of financial instruments measured at fair value through profit or loss:</i>			
Derivatives held for trading	-	-	-
Derivative hedging instruments	-	-	1,151
Shares of listed companies	-	-	-
Debt securities	-	-	-
Investment fund units	-	-	-
Gains on valuation and settlement of financial instruments measured at fair value through profit or loss	-	-	1,151
<i>Foreign exchange gains (losses) (+/-):</i>			
Cash and cash equivalents	4,798	4,841	22,506
Loans and receivables	(1,546)	(1,778)	(17,306)
Financial liabilities measured at amortised cost	(380)	-	227
Foreign exchange gains (losses) (+/-)	2,872	3,063	5,427

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
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Gains on available-for-sale assets transferred from equity	-	-	-
Dividend on available-for-sale financial assets	-	-	5
Reversals of impairment losses on loans	-	-	-
Reversals of impairment losses on held-to-maturity investments	-	-	-
Interest on financial assets covered by impairment charge	-	-	-
Discount (long-term settlements)	722	45	151
Commission on sureties issued	89	-	1,954
Other finance income	168	6	14
Total finance income	5,046	6,949	16,042

Finance expenses

In Q1 2011, finance expenses totalled **PLN 7.2m**, up by 0.7% on Q1 2010. Interest expense and fees on bank loans account for the largest share of finance expenses (PLN 5.5m). Losses under valuation of hedges, in part which is not a hedged item, (PLN 1.7m) represent another material item of finance expenses.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
<i>Interest expense on financial instruments not measured at fair value through profit or loss:</i>			
Finance lease liabilities	11	-	76
Bank loans (in credit facility account)	1,000	1,007	2,627
Overdraft facilities (in current account)	4,175	3,082	12,616
Loans	-	-	4,314
Debt securities	-	-	111
Trade and other payables	302	547	1,712
<i>Interest expense on financial instruments not measured at fair value through profit or loss</i>	<i>5,488</i>	<i>4,636</i>	<i>21,456</i>
<i>Losses on valuation and settlement of financial instruments measured at fair value through profit or loss:</i>			
Derivatives held for trading	-	-	-
Hedging derivatives	1,658	-	552
Shares of listed companies	-	-	13
Debt securities	-	-	-
Investment fund units	-	-	-
<i>Losses on valuation and settlement of financial instruments measured at fair value through profit or loss</i>	<i>1,658</i>	<i>-</i>	<i>565</i>
<i>Foreign exchange gains/(losses) (-/+):</i>			
Cash and cash equivalents	-	-	-
Loans and receivables	-	1,661	-
Financial liabilities measured at amortised cost	-	-	-
<i>Foreign exchange gains/(losses) (-/+)</i>	<i>-</i>	<i>1,661</i>	<i>-</i>
Losses on available-for-sale assets transferred from equity	-	-	-
Impairment losses on loans	-	-	-
Impairment losses on held-to-maturity investments	-	-	-
Impairment losses on available-for-sale financial assets	-	-	-
Discount	-	3	-
Commission on sureties issued	-	-	-
Other finance expenses	14	813	392
Total finance expenses	7,160	7,113	22,413

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. PARENT UNDERTAKING AND ITS GROUP

The HBP GROUP comprises HYDROBUDOWA POLSKA S.A., the parent undertaking, and the following subsidiaries:

- HYDROBUDOWA 9 S.A.
- Przedsiębiorstwo Robót Górniczych METRO Sp. z o.o.

HYDROBUDOWA POLSKA S.A., with registered office at ul. Skórzewska 35, Wysogotowo, 62-081 Przeźmierowo, Poland, is a construction company specialising in civil engineering construction as well as execution of engineering (including hydraulic engineering) work for general construction projects.

On February 24th 1993, the Company was entered in the commercial register of businesses by the District Court in Włocławek under entry No. RHB-794. Subsequently, on June 6th 2001, the Company was registered in the National Court Register by the District Court in Toruń (ul. Młodzieżowa 31, Toruń, Poland), 7th Commercial Division of the National Court Register, under entry No. KRS 0000017342.

On October 9th 2006, the Extraordinary General Shareholders Meeting, by virtue of Resolution No. 1, changed the Company's registered office to ul. Skórzewska 35, Wysogotowo near Poznań. On November 20th 2006, the District Court in Toruń registered the change and handed over the Company's Registration Deed to the District Court in Poznań, 21st Commercial Division of the National Court Register, having territorial jurisdiction over the Company's new registered office. The Company's merger with Hydrobudowa Śląsk S.A. and the change of the Company name from HYDROBUDOWA Włocławek S.A. to HYDROBUDOWA POLSKA S.A. were registered on August 27th 2007 and January 7th 2008, respectively.

The Company's registration file is currently maintained by the District Court for Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register.

The Company's industry identification number is REGON 910097080.

The core business of the parent undertaking and its subsidiaries comprises:

- construction of residential and non-residential buildings (PKD 41.20 Z)
- construction of water projects (PKD 42.91.Z)
- site preparation (43.12.Z)
- construction of utility projects for fluids (PKD 42.21.Z), and
- buying and selling of own real estate (PKD 68.10.Z).

For a more detailed description of the Group's core business, see Note 6 which relates to operating segments.

These interim condensed consolidated financial statements cover the Parent Undertaking and the subsidiaries listed in the table below:

Subsidiary	Registered office	Group's equity interest		
		Mar 31 2011	31.03.2010	Dec 31 2010
Przedsiębiorstwo Robót Górniczych METRO Sp. z o.o.	Warsaw	98.49 %	98.49 %	98.49 %
HYDROBUDOWA 9 S.A.	Wysogotowo	100 %	100 %	100 %

The Group holds no equity interests in associated undertakings.

These interim condensed consolidated financial statements were approved for publication by the Management Board of the parent undertaking on May 12th 2011.

Name of the Group:	<i>HYDROBUDOWA POLSKA GROUP</i>		
Period covered by the financial statements:	<i>01.01.2011 – 31.03.2011</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
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1.2. COMPOSITION OF THE PARENT UNDERTAKING'S MANAGEMENT BOARD, SUPERVISORY BOARD AND PROXIES

As at the date of approval of the financial statements for publication, the composition of the Parent Undertaking's Management Board was as follows:

- Jerzy Ciechanowski – President of the Management Board,
- Edward Kasprzak – Vice-President of the Management Board,
- Jarosław Dusiło – Vice-President of the Management Board,
- Radosław Czarny-Kropiwnicki – Vice-President of the Management Board,
- Rafał Damasiewicz – Member of the Management Board,
- Andrzej Zwierzchowski – Member of the Management Board.

In the period from January 1st 2011 to May 12th 2011, the following changes occurred in the composition of the parent undertaking's Management Board:

- On April 8th 2011, Mr Szymon Tamborski resigned from his post as Vice-President of the Management Board of HYDROBUDOWA POLSKA S.A., with effect as of April 8th 2011.
- On April 27th 2011, the Company's Supervisory Board appointed Mr Radosław Czarny-Kropiwnicki as Vice-President of the Management Board.

As at May 12th 2011, the composition of the parent undertaking's Supervisory Board was as follows:

- Małgorzata Wiśniewska – Chairperson of the Supervisory Board,
- Andrzej Wilczyński – Deputy Chairperson of the Supervisory Board,
- Przemysław Szkudlarczyk – Member of the Supervisory Board,
- Grzegorz Wojtkowiak – Member of the Supervisory Board,
- Jacek Krzyżaniak – Member of the Supervisory Board,
- Adam Hamrol – Member of the Supervisory Board,
- Marek Obrusiewicz – Member of the Supervisory Board.

There were no changes in the composition of the parent undertaking's Supervisory Board in the period from January 1st 2011 to the date of publication of this report.

As at the date of approving the financial statements for publication, that is May 12th 2011, the parent undertaking's Commercial Proxies were:

- Andrzej Szulka – Independent Proxy
- Joanna Zwolak – Independent Proxy

There were no changes in the posts of the parent undertaking's Commercial Proxies in the period from January 1st to May 12th 2011.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the HBP Group cover the period of three months ended March 31st 2011 and were prepared in accordance with IAS 34 Interim Financial Reporting.

In order to present a more comprehensive picture of the financial position and assets of the Group, these financial statements also include comparative data, including consolidated balance sheet as at March 31st 2011, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for 2010, although this is not required under IAS 34.

These interim condensed consolidated financial statements do not contain all the information disclosed in annual consolidated financial statements prepared in accordance with IFRS. These interim condensed consolidated financial statements should be read in conjunction with the 2010 consolidated financial statements of the HBP Group.

The reporting currency of these interim condensed consolidated financial statements is the Polish złoty, and all amounts are expressed in thousands of Polish złoty (unless indicated otherwise).

Name of the Group:	<i>HYDROBUDOWA POLSKA GROUP</i>		
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Rounding:	<i>All figures in PLN '000 (unless stated otherwise)</i>		

These interim condensed consolidated financial statements have been prepared on the assumption that the companies of the HBP Group will continue as going concerns in the foreseeable future. As at the date these condensed consolidated financial statements were approved for publication, there were no circumstances which would indicate any threat to the Group companies continuing as going concerns.

2.2. ACCOUNTING POLICIES

These interim condensed financial statements were prepared in accordance with the accounting policies presented in the most recent consolidated financial statements of the Group for the year ended December 31st 2010

Standards and interpretations adopted for the first time in 2011

The International Accounting Standards Board or the International Financial Reporting Interpretation Committee have issued the following standards and interpretations which have been endorsed by the EU and are effective for periods beginning on January 1st 2011:

- Amendments to IAS 24 Related Party Disclosures – Simplification of requirements for disclosures related to state-controlled entities and introduction of a new definition of related parties, endorsed by the EU on July 19th 2010,
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues, endorsed by the EU on December 23rd 2009,
- Amendments to IFRS 1 First-Time Adoption of IFRS – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, endorsed by the EU on June 30th 2010,
- Amendments to IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement, endorsed by the EU on July 19th 2010,
- Improvements to IFRSs (2010) – amendments made as part of introducing annual improvements to various standards and interpretations, published on May 6th 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, and IFRIC 13), aimed chiefly at eliminating any inconsistencies and clarification of wording, endorsed by the EU on February 18th 2011,
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, endorsed by the EU on July 23rd 2010.

Application of the above amendments has not affected the Group's financial position or operating results.

Standards and interpretations adopted by the International Accounting Standards Board but not yet endorsed by the EU

The EU endorsed IFRSs are not materially different from those adopted by the International Accounting Standards Board, except to the extent of the standards, amendments to standards and interpretations discussed below which have not yet been adopted for use by the EU:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1st 2013),
- Amendments to IFRS 1 First-Time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after July 1st 2011),
- Amendments to IFRS 7 Financial Instruments: Disclosures – Transfer of Financial Assets (effective for annual periods beginning on or after July 1st 2011),
- Amendments to IAS 12 Income Tax – Deferred tax (effective for year-long reporting periods beginning on or after January 1st 2012).

The Management Board currently assesses the influence of the above standards and interpretations on Group's financial reporting.

2.3. CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES

In the condensed consolidated financial statements, an error related to previous years, resulting from recognition in the balance sheet as at March 31st 2010 of correction of value of claims awarded in connection with a completed construction contract (which reduced "Retained earnings" and "Trade and other receivables" by PLN 1,758 thousand) was corrected.

The Group made the following changes with respect to the presentation of financial information which affected the comparative data as at March 31st 2010:

- items "Trade receivables" and "Other current receivables" were combined into a single item "Trade and other receivables",

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- a new item "Loans advanced" (non-current and current) was created under "Other non-current assets" and "Other current assets",
- the item "Other non-current financial liabilities" was split into "Loans, borrowings and other debt instruments" (non-current), "Finance lease" (non-current), and "Other liabilities" (non-current),
- the item "Other current financial liabilities" was split into "Loans, borrowings and other debt instruments" (current), "Finance lease" (current), and "Trade and other payables" (current),
- items "Trade payables" and "Other current liabilities" were combined into a single item "Trade and other payables",
- liabilities under employee benefits were separated from "Other current liabilities" and moved to "Liabilities and provisions under employee benefits",
- the item "Provisions under employee benefits" was changed to "Liabilities and provisions under employee benefits" (non-current and current).

After the change		Before the change	
Item	As at	Item	As at
	Mar 31 2010		Mar 31 2010
Assets		Assets	
Loans advanced	54,103	Other non-current financial assets	51,469
Other non-current financial assets	28		
Trade and other receivables	390,276	Trade receivables	374,939
		Other current receivables	17,095
Loans advanced	5,041	Other current financial assets	156
Other current financial assets	143		
<i>Equity and liabilities</i>		<i>Equity and liabilities</i>	
Trade and other payables	382,164	Trade payables	360,380
		Other current liabilities	28,776
Liabilities and provisions under employee benefits	10,588	Provisions under employee benefits payable	3,596

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
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3. THE GROUP'S MATERIAL ACHIEVEMENTS AND FAILURES

3.1. MATERIAL EVENTS AND TRANSACTIONS

The major events in Q1 2011 include:

- Topping out of **the National Stadium in Warsaw** – the third milestone was reached on time
- Execution of a contract for delivery of **Task 2 (PLN 129.3m, VAT-excluded) under the project involving construction of a road link between the Gdańsk Airport and the Port of Gdańsk – Trasa Słowackiego**, HBP Group's share is 50%.
- **Disposal by a subsidiary undertaking – HYDROBUDOWA 9 S.A.** of all of its shares in GDYŃSKA PROJEKT Sp. z o.o., for PLN **7m** on March 31st 2011. The carrying value of these shares recognised in HYDROBUDOWA 9's books was PLN **3.0m**.

Concluded investment agreements

Contract for the delivery of Task 2 under the project involving construction of a road connection between the Gdańsk Airport and the Port of Gdańsk – Trasa Słowackiego

On March 11th 2011, HYDROBUDOWA POLSKA S.A., acting as Consortium Leader, executed with the Municipality of Gdańsk (the "Principal") a contract for construction project "Road link between the Gdańsk Airport and the Port of Gdańsk – Trasa Słowackiego Route – Task 2, Potokowa-Aleja Rzeczypospolitej Section", with a total length of 3.32 kilometres.

The agreed fixed remuneration is **PLN 129,300,000.00 VAT-exclusive** (PLN 159,039,000.00 VAT-inclusive).

The Consortium agreed to complete the contracted work within **20 months** of the contract award.

The parties agreed on the following percentage-based division of work:

- 1) HYDROBUDOWA POLSKA S.A., PBG S.A. and APRIVIA S.A. will deliver and take responsibility for 50% of the contracted works,
- 2) OBRASCÓN HUARTE LAIN S.A., as a Consortium Partner, will deliver and take responsibility for the other 50% of the contracted works.

Order book

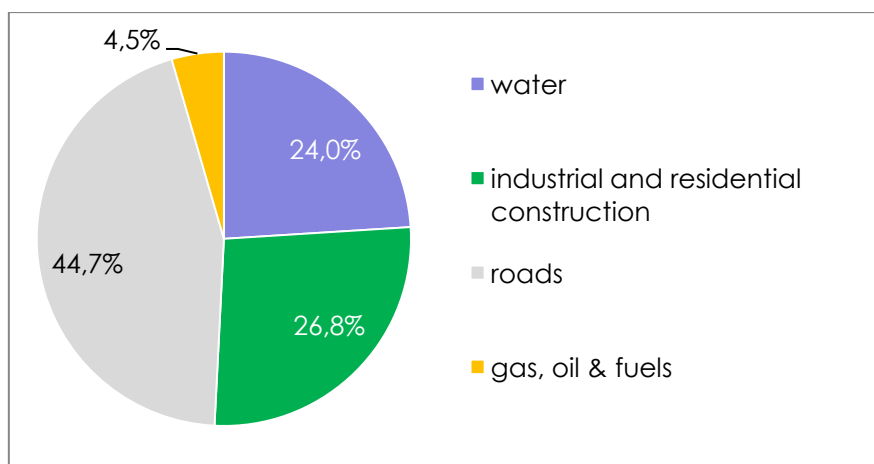
As at March 31st 2011, the value HBP Group's order book was in excess of PLN 2.2bn, including PLN 1.3bn scheduled for execution in 2011

The value of the order book has been estimated with the use of a revenue recognition method where revenues under contracts awarded and performed as part of a consortium, which are to be performed by a particular consortium member who is not a member of HBP Group, are excluded (even if Hydrobudowa Polska or its subsidiary is a consortium leader).

Contracts in the road construction segment currently represent the largest portion of the order book (44.7%). The industrial and residential construction segment is the second largest one, with a 26.8% share in the total order book value. The water segment is the third largest segment, with a 24% share.

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Structure of the HBP Group's order book as at Mar 30th 2011



3.2. FACTORS AND EVENTS, ESPECIALLY OF NON-RECURRING NATURE, WITH A BEARING ON THE CONSOLIDATED FINANCIAL PERFORMANCE

In Q1 2011, the Group disposed of all of its shares in Gdyńska Projekt (subsidiary undertaking). The transaction added PLN 4.1m to the Group's profit.

EFFECT OF FX HEDGING ON THE PERFORMANCE OF THE HBP GROUP

The HBP Group uses its open positions on the currency market to hedge some of its cash flows on sales revenue: attributable to 2011 in an amount of EUR 16.2m and those attributable to 2012 in an amount of EUR 9.7m. The relevant transactions were concluded at the weighted average forward exchange rate of PLN 3.7246/EUR 1. According to the data sourced from the banks, as at March 31st 2011, the carrying value of open positions on forward hedges was negative at PLN -9.3m, including an amount of PLN -1.5m disclosed in the Group's financial result for hedged revenues. The result on forward contracts realised in Q1 2011 was negative at PLN -14.6m, of which PLN -3.2m was posted to and disclosed in the consolidated income statement, and PLN -11.4m in equity.

Hedging contracts are executed in compliance with the HBP Group's strategy for hedging business activities against the currency risk.

4. EARNINGS PER SHARE (EPS)

EPS is calculated by dividing net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding in the period.

When calculating diluted EPS, the dilutive effect of stock options over HBP S.A. shares, issued for the purposes of incentive schemes operated by the Group, is taken into account.

The parent undertaking did not issue stock options in the discussed period.

The EPS calculation is presented below:

	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010
Continuing operations		
Net profit (loss) from continuing operations	8,762	8,905
Weighted average number of ordinary shares	210,558,445	210,558,445
Dilutive effect of stock options	-	-
Diluted weighted average number of ordinary shares	210,558,445	210,558,445

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Rounding:	All figures in PLN '000 (unless stated otherwise)		

Basic earnings (loss) per share from continuing operations (PLN)	0.04	0.04
Diluted earnings (loss) per share from continuing operations (PLN)	0.04	0.04
Discontinued operations		
Net profit/(loss) from discontinued operations	-	-
Weighted average number of ordinary shares	210,558,445	210,558,445
Dilutive effect of stock options	-	-
Diluted weighted average number of ordinary shares	210,558,445	210,558,445
Basic earnings/(loss) per share from discontinued operations (PLN)	-	-
Diluted earnings/(loss) per share from discontinued operations (PLN)	-	-
Continuing and discontinued operations		
Net profit (loss)	8,762	8,905
Weighted average number of ordinary shares	210,558,445	210,558,445
Dilutive effect of stock options	-	-
Diluted weighted average number of ordinary shares	210,558,445	210,558,445
Basic earnings (loss) per share from all operations (PLN)	0.04	0.04
Diluted earnings (loss) per share from all operations (PLN)	0.04	0.04

5. SEASONALITY OF OPERATIONS

As a provider of construction and assembly services, the Group is exposed to seasonal cycles. Historical data reveals a trading pattern where revenues and profits reported in the second half of a year are stronger than those posted in the first half.

Weather conditions have a strong bearing on the progress of work under projects executed by the Group. Low temperatures hinder earthworks and assembly, which may affect the Company's sales revenue.

The HBP Group's strategy is aimed at securing high unit-value contracts. This facilitates elimination of seasonal changes in sales revenue, also ensuring more balanced stream of revenue throughout the financial year.

6. OPERATING SEGMENTS

In identifying operating segments, the Management Board is guided by the product lines representing the main services and goods provided by the Group. Each of the segments is managed separately within each product line, given the nature of the services and products, which require different technologies, resources and execution approaches.

The HBP Group has elected operating segment as its basic reporting unit.

Operating segments identified by the Group are consistent with those presented in the consolidated financial statements of the group of companies led by HBP S.A.'s ultimate parent undertaking, i.e. the PBG Group.

The Group distinguishes the following four main segments:

- **natural gas, crude oil and fuels,**
- **water,**
- **residential and industrial construction,**
- **road construction.**

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The following areas are identified within individual segments:

NATURAL GAS, CRUDE OIL AND FUELS	WATER	RESIDENTIAL AND INDUSTRIAL CONSTRUCTION
<ul style="list-style-type: none"> ▪ crude oil and fuel tanks ▪ surface installations for production of crude oil and natural gas ▪ surface installations of underground gas storage facilities 	<ul style="list-style-type: none"> ▪ process and sanitary installations for water and sewage systems, including: <ul style="list-style-type: none"> – water pipes – sewerage systems – water mains – trunk sewers – water intakes – wastewater treatment plants ▪ hydraulic engineering structures, including: <ul style="list-style-type: none"> – water dams – storage reservoirs – dykes ▪ modernisation of water and sewage systems, 	<ul style="list-style-type: none"> ▪ sports and recreation facilities ▪ office buildings, social and technical facilities ▪ industrial structures ▪ residential buildings ▪ retail facilities, hotel and conference buildings ▪ tunnels, including <ul style="list-style-type: none"> – underground tunnels – railway tunnels ▪ piercing and drilling ▪ microtunnelling,
		ROAD CONSTRUCTION
		<ul style="list-style-type: none"> ▪ construction of motorways and expressways ▪ construction of bridges and viaducts ▪ construction of parking lots. ▪ construction of road tunnels

The HBP Group also distinguishes an additional segment called "Other" where it recognises revenue from sales of goods for resale and materials, as well as other services which are not classified in any of the four main segments.

The HBP Group presents sales revenue, costs and the result (gross margin) by the individual segments. However, items of the balance sheet are not presented by business segments given the fact that some of the property, plant and equipment is used in production that is classified in different segments, inventory of materials cannot be allocated to the particular segments, and it is impossible to make a segmental allocation of trade payables, other operating income and expenses or finance income and expenses.

The tables below set forth data for the individual operating segments.

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The table below presents segment revenues and results:

Item	Segments				Other	Consolidated
	Natural gas, crude oil and fuels	Water	Industrial and residential construction	Road construction		
<i>Financial results of the operating segments for the period Jan 1–Mar 31 2011</i>						
Total revenue	2,696	59,395	117,523	86,076	11,555	277,245
External sales	2,696	59,395	117,523	86,076	11,555	277,245
Intersegment sales						-
Total costs	2,702	50,118	114,511	82,014	11,467	260,812
Segment's result	(6)	9,277	3,012	4,062	88	16,433
<i>Financial results of the operating segments for the period Jan 1–Dec 31 2010</i>						
Total revenue	24,176	531,369	884,558	127,984	13,545	1,581,632
External sales	24,176	531,369	884,558	127,984	13,545	1,581,632
Intersegment sales						-
Total costs	24,065	485,210	832,657	125,435	12,781	1,480,148
Segment's result	111	46,159	51,901	2,549	764	101,484
<i>Financial results of the operating segments for the period Jan 1–Mar 30 2010</i>						
Total revenue	-	112,625	201,120	3,054	5,882	322,681
External sales		112,625	201,120	3,054	5,882	322,681
Intersegment sales						-
Total costs	45	106,761	182,424	2,997	5,520	297,747
Segment's result	(45)	5,864	18,696	57	362	24,934

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7. PROPERTY, PLANT AND EQUIPMENT

The table below presents property, plant and equipment by type.

Item	As at Mar 31 2011	As at 31.03.2010	As at Dec 31 2010
Land	12,632	15,981	12,125
Buildings and structures	49,874	28,971	25,627
Plant and equipment	63,080	66,892	52,251
Vehicles	18,674	19,783	19,496
Other	2,254	2,755	2,381
Net carrying value	146,514	134,382	111,880
Property, plant and equipment under construction	36,016	1,562	36,340
Prepayments for property, plant and equipment	16,588	311	10,089
Total property, plant and equipment	199,118	136,255	158,309
Property, plant and equipment classified as held for sale		-	-
Property, plant and equipment	199,118	136,255	158,309

In Q1 2011, the Group recognised substantial expenditure on property, plant and equipment, including purchase of developed land with an office building in Wysogotowo for PLN 25m.

8. INTANGIBLE ASSETS

The table below intangible assets by type.

Item	As at Mar 31 2011	As at 31.03.2010	As at Dec 31 2010
Trademarks	-	-	-
Patents and licences	32	174	1,383
Computer software	1,146	1,569	1,420
Development expense	-	-	-
Other intangible assets	16,024	-	-
Net carrying value	17,203	1,743	2,803
Intangible assets under construction	7,636	-	4,521
Prepayments for intangible assets	-	-	-
Total intangible assets	24,838	1,743	7,324
Intangible assets classified as held for sale	-	-	-
Intangible assets	24,838	1,743	7,324

In Q1 2011, substantial expenditure on intangible assets was recognised. The Group acquired licences for use of technologies for PLN 14.9m. Implementation of the new integrated management support system also required purchase of licences. The expenditure on the new system amounted to PLN 3.1m in Q1 2011.

In Q1 2011, the Group did not recognise any impairment losses on intangible assets.

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9. SHARE CAPITAL

In the first three months of 2011, the Parent Undertaking did not issue shares.

Share capital as at the balance-sheet date

	Mar 30 2011	Mar 30 2010	Dec 31 2010
Number of shares	210,558,445	210,558,445	210,558,445
Par value per share (PLN)	1.00	1.00	1.00
Share capital	210,558	210,558	210,558

9.1. SIGNIFICANT SHAREHOLDERS

Shareholders holding, directly or indirectly (through subsidiary undertakings) 5% or more of the total vote at the General Shareholders Meeting of HBP S.A. as at the date of release of the consolidated quarterly report, number of shares held by such shareholders and their percentage in the total share capital, number of votes attached to such shares and their percentage in the total vote at the Company's General Shareholders Meeting, as well as changes in significant holdings of HBP S.A. shares since the date of the most recent quarterly report.

The table below presents shares of the Company's shareholders in the total vote at the General Shareholders Meeting as at the date of this report (based on notifications received from the shareholders) **as at March 30th 2011**.

No.	Shareholder	Number of shares	Number of votes	% of share capital	% of total vote
1.	PBG S.A.	132,748,692	132,748,692	63.05%	63.05%
2.	ING OFE of Warsaw	23,238,981	23,238,981	11.04%	11.04%
3.	Other	54,570,772	54,570,772	25.91%	25.91%
	TOTAL	210,558,445	210,558,445	100.00%	100.00%

Changes in significant holdings of the Company shares

Within the period from the submission of the annual report for 2010 to the date of publication of this report, there were no changes in significant holdings of the Company shares.

9.2. SHARES HELD BY THE MANAGING AND SUPERVISORY PERSONNEL

Management Board	Number of shares held Mar 21st 2011	Increase	Decrease	Number of shares held as at the date hereof
Jerzy Ciechanowski	-	-	-	-
Edward Kasprzak	438,100	-	-	438,100
Jarostaw Dusito	150	-	-	150
Radosław Czarny-Kropiwnicki*	-	-	-	60,000
Andrzej Zwierzchowski	4,850	-	-	4,850
Rafał Damasiewicz	-	-	-	-

* Mr Radosław Czarny-Kropiwnicki was appointed to the Company's Management Board on April 27th 2011.

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Supervisory Board	Number of shares held Mar 21st 2011	Increase	Decrease	Number of shares held as at the date hereof
Małgorzata Wiśniewska	-	-	-	-
Andrzej Wilczyński	-	-	-	-
Grzegorz Wojtkowiak	-	-	-	-
Jacek Krzyżaniak	-	82,500	-	82,500
Adam Hamrol	-	-	-	-
Marek Obrusiewicz	-	-	-	-
Przemysław Szkudlarczyk	36,100	20,000*	7,000	49,100

* Acquisition of shares under HYDROBUDOWA 9 S.A.'s (subsidiary undertaking) incentive scheme

Commercial Proxies	Number of shares held Mar 21st 2011	Increase	Decrease	Number of shares held as at the date hereof
Andrzej Szultka	18,000	9,000*	-	27,000
Joanna Zwolak	50	-	-	50

* Acquisition of shares under HYDROBUDOWA 9 S.A.'s (subsidiary undertaking) incentive scheme

10. SHARE-BASED PAYMENT PROGRAMMES

Since 2008, the Group has recognised costs related to an incentive scheme based on the outstanding shares of HYDROBUDOWA POLSKA S.A.

For details on the incentive scheme see Note 15.4 to the 2010 consolidated financial statements.

An amount of PLN 510 thousand, representing 25% of the annual value of the incentive scheme, was recognised by the Group under costs and expenses for Q1 2011.

The Group does not operate incentive schemes based on stock options or equity instruments other than described above.

11. DIVIDENDS

In Q1 2011, the Company did not pay or declare any dividend.

12. ISSUE AND REDEMPTION OF DEBT SECURITIES

In Q1 2011, the Group did not issue any debt securities.

The Group has not issued any redeemable debt securities, either.

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13. CONTINGENT LIABILITIES

The table below presents contingent liabilities as at the end of respective periods (including contingent liabilities to related undertakings).

Contingent liabilities	As at Mar 31 2011	As at Dec 31 2010	As at 31.03.2010
Guarantees:	500,340	466,582	469,262
To related undertakings:	-	-	-
To other undertakings:	500,340	466,582	469,262
- performance bonds	349,827	330,267	345,392
- defects liability bonds	64,524	61,838	51,635
- bid-bond guarantees	15,645	14,660	13,533
- advance payment bonds	51,826	51,641	55,557
- retention bonds	7,116	7,031	2,745
- payment guarantees	11,402	1,145	400
Sureties:	2,757,003	2,681,142	1,938,235
To related undertakings:	2,735,905	2,649,915	1,930,761
- securing discharge of contractual guarantees	625,605	586,348	433,020
- securing repayment of loans and borrowings	460,182	412,813	352,994
- securing bond redemption	1,650,000	1,650,000	1,000,000
- securing repayment of amounts due under financial instruments trading facilities (treasury limits)		636	131,772
- other		-	12,809
- securing existing and future lease agreements	118	118	166
To other undertakings:	21,098	31,227	7,474
- securing discharge of contractual guarantees	16,800	25,264	876
- securing repayment of loans and borrowings	4,000	4,250	5,000
- securing bond redemption		-	-
- securing repayment of amounts due under financial instruments trading facilities (treasury limits)		-	-
- other		180	1,220
- securing payment of trade payables		1,220	-
- securing existing and future lease agreements	298	313	378
Promissory notes:	44,111	43,791	39,380
To related undertakings:	16,995	16,995	14,191
- securing discharge of contractual obligations	16,995	16,995	14,191
To other undertakings:	27,116	26,796	25,189
- securing discharge of contractual obligations	27,116	26,796	25,189
Total contingent liabilities:	3,301,454	3,191,515	2,446,877

In Q1 2011, the Group did not issue any material sureties or guarantees whose value would exceed 10% of its equity.

14. MATERIAL COURT, ARBITRATION AND ADMINISTRATIVE PROCEEDINGS

Court, arbitration and administrative proceedings pending against the parent undertaking and its subsidiaries do not exceed 10% of the Group's total equity and are regarded as immaterial.

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The only proceeding whose value equals at least 10% of the Company's equity, is the litigation at the District Court of Katowice instituted by Martifer Polska Sp. z o.o. of Gliwice (Plaintiff) for payment, with a petition for temporary injunction. The litigation value as specified by the Plaintiff is PLN 90,753,413.

The defendants include: Energomontaż-Południe S.A., HYDROBUDOWA POLSKA S.A, HYDROBUDOWA 9 S.A. (the Company's subsidiary), Alpine Construction Polska Sp. z o.o. and PBG Technologia Sp. z o.o.

The dispute relates to the work contracted by Energomontaż-Południe S.A. under a contract of October 29th 2009 and performed by Martifer Polska Sp. z o.o. at the PGE Arena Gdańsk stadium.

The Plaintiff is seeking court's decision requiring the defendants to pay, jointly and severally, the consideration for the construction work performed under the construction contract of October 29th 2009, a contractual penalty for withdrawal from the contract and compensation in respect of other defaults under the contract.

In the Company's opinion, the Plaintiff's claim is unjustified and there are no formal or substantive grounds for the claim to be allowed.

HYDROBUDOWA POLSKA S.A. wishes to emphasise that it is not a joint and several debtor of Martifer Polska Sp. z o.o. There are no legal relations whatsoever between the Company and Martifer Polska Sp. z o.o.

Any claims, if justified, should be addressed to Energomontaż – Południe S.A. HYDROBUDOWA POLSKA S.A. requested dismissal of the action.

15. BUSINESS COMBINATIONS

In Q1 2011, the Group did not acquire any subsidiaries,

On March 31st 2011, HYDROBUDOWA 9 S.A. (subsidiary undertaking) executed a share sales agreement whereby it sold all of its shares in GDYŃSKA PROJEKT Sp. z o.o.

In the performance of the agreement, HYDROBUDOWA 9 S.A. sold 60,000 shares with a par value of PLN 50 per share, representing 100% of votes at the General Shareholders Meeting of GDYŃSKA PROJEKT Sp. z o.o., for PLN 7m.

Total

The carrying value of these shares recognised in HYDROBUDOWA 9 S.A.'s accounting books was PLN 3m.

Except for the above transaction, no other transactions occurred that would influence the Group's structure.

16. DISCONTINUED OPERATIONS

The Group does not carry discontinued operations.

17. RELATED-PARTY TRANSACTIONS

Related-party transactions within the HBP Group which have been eliminated in the consolidation process are presented in the separate financial statements of the respective companies.

The table below presents related-party transactions disclosed in these condensed consolidated financial statements.

The transactions were concluded with related parties from outside the HBP GROUP.

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INFORMATION ON RELATED PARTIES – SALES AND RECEIVABLES

	Operating income			Receivables		
	Jan 1–Mar 31 2011	Jan 1–Mar 31 2010	Jan 1–Dec 31 2010	Jan 1–Mar 31 2011	Jan 1–Mar 31 2010	Jan 1–Dec 31 2010
Sales to:						
Parent undertaking	3,671	57	39,093	2,513	2,023	21,711
Subsidiary undertaking						
PBG Group undertaking not consolidated by HBP Group	29,005	11,719	66,457	38,622	29,005	28,167
Associated undertaking						
Joint venture						
Key management staff						
Other related parties	7	104	38,901	7,771	124	48,593
Total	32,683	11,880	144,451	48,906	31,152	98,471

INFORMATION ON RELATED PARTIES – PURCHASES AND LIABILITIES

	Purchase			Liabilities		
	Jan 1–Mar 31 2011	Jan 1–Mar 31 2010	Jan 1–Dec 31 2010	Jan 1–Mar 31 2011	Jan 1–Mar 31 2010	Jan 1–Dec 31 2010
Purchases from:						
Parent undertaking	52,073	376	46,858	68,666	51,021	52,299
Subsidiary undertaking						
PBG Group undertaking not consolidated by HBP Group	8,973	38,176	179,517	20,471	33,686	38,133
Associated undertaking						
Joint venture						
Key management staff						
Other related parties	717	3,307	27,704	608	2,893	28,423
Total	61,763	41,859	254,079	89,745	87,600	118,855

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INFORMATION ON RELATED PARTIES - LOANS ADVANCED

	Mar 31 2011		31.03.2010		Dec 31 2010	
	Amount as per agreement	Amount outstanding as at balance-sheet date	Amount as per agreement	Amount outstanding as at balance-sheet date	Amount as per agreement	Amount outstanding as at balance-sheet date
Loans advanced to:						
Parent undertaking						
Subsidiary undertaking						
Consolidated undertaking of PBG Group						
Associated undertaking						
Joint venture						
Key management staff						
Other related parties	20,859	22,307	50,470	51,377	20,859	21,938
Total	20,859	22,307	50,470	51,377	20,859	21,938

The Group does not carry any loans advanced by related parties.

Related-party transactions are entered into on an arm's length basis as part of day-to-day operations.

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18. EVENTS SUBSEQUENT TO THE BALANCE-SHEET DATE

Execution of a contract for construction of a sports and entertainment arena in Toruń

On April 7th 2011, HYDROBUDOWA POLSKA S.A., acting as a Consortium Leader, executed a contract with Municipality of Toruń (Principal) for construction of a sports and entertainment arena with accompanying infrastructure in Toruń.

The agreed lump-sum remuneration stands at **PLN 99.0m VAT-exclusive** (PLN 121.8m VAT-inclusive).

The consortium agreed to complete the works within 550 calendar days of the contract execution date.

The parties agreed on the following percentage-based division of work:

- 1) HYDROBUDOWA POLSKA S.A. as the Consortium Leader will deliver 50% of the work under the project and will be responsible for work coordination,
- 2) PBG S.A. as a consortium partner will deliver 50% of the scope of work under the project.

Resignation of a Vice-President of the Management Board

On April 8th 2011, Mr Szymon Tamborski resigned from his position as Vice-President of the Management Board of HYDROBUDOWA POLSKA S.A., with effect on April 8th 2011.

Decision of the Court of Arbitration

On April 22nd 2011, HYDROBUDOWA POLSKA S.A. received a decision of the Court of Arbitration, whereby the Municipality of Wrocław is obliged to pay **PLN 38.8m** remuneration to the Company, for works performed under "Extension of the sewage system for the Ołtaszyn housing estate" contract.

Appointment of a Vice-President of the Management Board

On April 27th 2011, the Company's Supervisory Board appointed Mr Radosław Czarny-Kropiwnicki to the Management Board, to hold the position of Vice-President of the Management Board.

Interlocking directorate of HBP and HB9

On April 27th 2011, the Supervisory Board of HYDROBUDOWA POLSKA S.A. appointed all Members of HBP Management Board to the Management Board of its subsidiary undertaking HYDROBUDOWA 9 S.A. in place of the previous Management Board.

The interlocking directorate of Hydrobudowa Polska S.A. and Hydrobudowa 9 S.A. is related to the planned combination of both companies, which was announced last year in autumn.

Disposal of property by subsidiary undertaking – HYDROBUDOWA 9 S.A.

On April 27th 2011, a subsidiary undertaking HYDROBUDOWA 9 S.A. sold real property at ul. Sienkiewicza in Poznań for PLN 12.0m VAT-exclusive. The carrying value of this property recognised in HYDROBUDOWA 9's accounting books was PLN 10.1m.

HYDROBUDOWA POLSKA S.A. takes over as a new consortium leader

On May 4th 2011, an annex was executed to the Consortium agreement for construction of A4 Motorway Tarnów – Rzeszów, Krzyż – Dębica Pustynia section. Under the annex, HYDROBUDOWA POLSKA S.A. was designated the new consortium leader responsible for coordination of all contracted works, in place of the previous leader – SIAC Construction Ltd of Ireland.

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19. MANAGEMENT BOARD'S OPINION ON THE FEASIBILITY OF MEETING PREVIOUSLY PUBLISHED FORECASTS

HYDROBUDOWA POLSKA S.A. published its 2011 Group forecast in Current Report No. 24/2011 of May 12th 2011.

The forecast made by the Management Board of HYDROBUDOWA POLSKA S.A. sets out the following financial targets for the Group in 2011:

- consolidated sales revenue at approximately **PLN 1.6bn**;
- consolidated net profit attributable to owners of the parent at approximately **PLN 50m**.

Based on the results published in the consolidated and condensed quarterly reports, the Board has decided to uphold its opinion that the forecast for 2011 will be achieved as planned.

20. FACTORS WITH A POTENTIAL BEARING ON FUTURE FINANCIAL PERFORMANCE

The key factors which may affect the financial performance of the Issuer in at least the next quarter include:

- conditions prevailing in the construction industry,
- situation on financial markets,
- degree and areas in which the EU funds are utilised,
- advancement of execution of investment projects related to the organisation of EURO 2012 in Poland,
- strengthening of operational and financial supervision over project execution,
- prices of construction materials and services affecting the amount of direct costs of projects under execution,
- employment costs and availability of qualified personnel.

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21. FINANCIAL HIGHLIGHTS TRANSLATED INTO THE EURO

In the periods covered by these condensed consolidated financial statements, the key items were translated into the euro using the following PLN/EUR average exchange rates quoted by the National Bank of Poland:

- exchange rate effective for the last day of the reporting period: March 31st 2011: 4.0119 PLN/EUR, March 31st 2010: 3.8622 PLN/EUR, December 31st 2010: 3.9603 PLN/EUR;
- average exchange rate for the period, calculated as the arithmetic mean of exchange rates effective for the last day of each individual month in the given period: January 1st–March 31st 2011: 3.9742 PLN/EUR, January 1st–March 31st 2010: 4.044 PLN/EUR, January 1st–December 31st 2009: 3.9669 PLN/EUR;
- the highest and the lowest exchange rate in the period: January 1st–March 31st 2011: 3.8730–4.0800 PLN/EUR, January 1st–March 31st 2010: 3.8622–4.0969 PLN/EUR, January 1st–December 31st 2010: 3.8356–4.1735 PLN/EUR.

Key items of the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows, translated into the euro, are presented in the table below.

Item	For the period	For the period	For the period	For the period	For the period	For the period
	Jan 1–Mar 31 2011 PLN	Jan 1–Mar 31 2010 PLN	Jan 1–Dec 31 2010 PLN	Jan 1–Mar 31 2011 EUR	Jan 1–Mar 31 2010 EUR	Jan 1–Dec 31 2010 EUR
Income statement						
Sales revenue	277,245	322,681	1,581,632	69,761	81,343	394,974
Operating profit (loss)	8,278	11,605	50,220	2,083	2,925	12,541
Pre-tax profit (loss)	10,121	11,441	43,849	2,547	2,884	10,950
Net profit (loss) from continuing operations	8,756	8,912	36,557	2,203	2,247	9,129
Net profit/(loss) attributable to:	8,756	8,912	36,557	2,203	2,247	9,129
– owners of the parent	8,762	8,905	36,514	2,205	2,245	9,118
– minority interests	(6)	7	43	(2)	2	11
Earnings/(loss) per ordinary share (PLN/EUR)	-	0.04	0.17	-	0.01	0.04
Diluted earnings/(loss) per ordinary share (PLN/EUR)	-	0.04	0.17	-	0.01	0.04
PLN / EUR average exchange rate*				3,9742	3,9669	4,0044
Cash flow statement						
Net cash provided by (used in) operating activities	(22,967)	(11,542)	77,076	(5,779)	(2,910)	19,248
Net cash provided by (used in) investing activities	(23,286)	(34,788)	(92,712)	(5,859)	(8,770)	(23,153)
Net cash provided by (used in) financing activities	18,815	30,179	17,925	4,734	7,608	4,476
Net change in cash and cash equivalents	(27,438)	(16,151)	2,289	(6,904)	(4,071)	572
PLN / EUR average exchange rate*				3,9742	3,9669	4,0044

Name of the Group:	<i>HYDROBUDOWA POLSKA GROUP</i>		
Period covered by the financial statements:	<i>01.01.2011 – 31.03.2011</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Rounding:	<i>All figures in PLN '000 (unless stated otherwise)</i>		

Item	As at	As at	As at	As at	As at	As at
	Mar 31 2011 PLN	Mar 31 2010 PLN	Dec 31 2010 PLN	Mar 31 2011 EUR	31.03.2010 EUR	Dec 31 2010 EUR
Balance sheet						
Assets	1,359,527	1,266,962	1,427,851	338,874	328,042	360,541
Non-current liabilities	32,035	46,161	30,369	7,985	11,952	7,668
Current liabilities	871,654	799,095	949,981	217,267	206,902	239,876
Equity	455,838	421,706	447,501	113,622	109,188	112,997
Share capital	210,558	210,558	210,558	52,483	54,518	53,167
Number of shares	210,558,445	210,558,445	210,558,445	210,558,445	210,558,445	210,558,445
Diluted weighted average number of ordinary shares	210,558,445	210,558,445	210,558,445	210,558,445	210,558,445	210,558,445
Dividend per share declared or paid (PLN/EUR)	-	-	-	-	-	-
PLN / EUR exchange rate as at end of period**				4.0119	3.8622	3.9603

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

CONDENSED SEPARATE FINANCIAL STATEMENTS OF HYDROBUDOWA POLSKA S.A.

Balance sheet

Item	As at Mar 31 2011	As at 31.03.2010	As at Dec 31 2010
Assets			
Non-current assets	621,777	516,987	580,181
Goodwill			-
Intangible assets	23,660	331	6,086
Property, plant and equipment	127,897	76,964	102,968
Non-regenerative natural resources			-
Investment property	42,567	13,762	42,567
Investments in subsidiary undertakings	371,084	371,084	371,084
Investments in associated undertakings			-
Investments in joint ventures measured at fair value	2		
Receivables	650	1,285	591
Loans advanced	54,946	51,443	54,103
Derivative financial instruments			-
Other non-current financial assets	26	26	28
Deferred tax assets		2,092	-
Non-current accruals and deferred income	945		2,754
Current assets	780,137	735,639	813,427
Inventories	231	2,877	1,014
Receivables under construction contracts	299,854	367,207	221,967
Trade and other receivables	445,523	293,247	554,126
Current income tax receivable	8,475	2,290	6,579
Loans advanced	68	14,594	5,041
Derivative financial instruments			-
Other current financial assets	307	17,369	143
Cash and cash equivalents	22,053	34,578	21,816
Current prepayments and accrued income	3,626	3,477	2,741
Non-current assets classified as held for sale			
Total assets	1,401,914	1,252,626	1,393,608

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

BALANCE SHEET (CONTINUED)

Item	As at Mar 31 2011	As at 31.03.2010	As at Dec 31 2010
<i>Equity and liabilities</i>			
Equity	836,724	832,255	834,758
Share capital	210,558	210,558	210,558
Treasury shares	-	-	-
Share premium account	543,001	543,001	543,001
Valuation of hedging transactions		(4,082)	(427)
Other equity	83,091	45,295	83,091
Retained earnings	74	37,483	(1,465)
– profit (loss) brought forward	(1,465)	37,137	(1,758)
– net profit/(loss) for current year	1,539	346	293
Liabilities	565,190	420,371	558,850
Non-current liabilities	17,662	27,632	17,143
Loans, borrowings and other debt instruments	170	8,845	1,664
Finance lease	3,842	1,569	1,952
Derivative financial instruments			-
Other liabilities	7,226	5,497	7,798
Deferred tax liabilities	1,297	6,721	704
Liabilities and provisions under employee benefits	1,022	1,394	1,037
Other non-current provisions	4,105	3,606	3,988
Government subsidies	-	-	-
Non-current accruals and deferred income	-	-	-
Current liabilities	547,528	392,739	541,707
Loans, borrowings and other debt instruments	214,310	170,682	182,847
Finance lease	1,470	518	975
Derivative financial instruments		6,446	1,337
Trade and other payables	315,531	204,491	336,706
Liabilities under construction contracts	1,900	2,776	5,936
Current income tax payable			-
Liabilities and provisions under employee benefits	9,374	5,281	9,047
Other current provisions	1,746	1,037	1,746
Government subsidies			-
Current prepayments and accrued income	3,197	1,508	3,113
Liabilities under non-current assets held for sale			
Total equity and liabilities	1,401,914	1,252,626	1,393,608

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

Income statement

	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
<i>Continuing operations</i>			
Sales revenue	215,712	196,476	1,090,075
- to related parties	15,405	5,997	115,483
Revenue from sales of products	-	-	-
Revenue from sales of services	215,230	196,159	1,084,985
Revenue from sales of goods for resale and materials	482	317	5,090
Cost of sales	(208,824)	(186,231)	(1,042,982)
- to related parties	(5,606)	(37,663)	(189,163)
Cost of products sold	-	-	-
Cost of services sold	(208,442)	(185,914)	(1,038,073)
Cost of goods for resale and materials sold	(382)	(317)	(4,909)
Gross profit (loss)	6,888	10,245	47,093
Selling costs	-	-	-
General and administrative expenses	(5,501)	(4,550)	(32,448)
Other operating income	1,932	15,695	20,662
Other operating expenses	(866)	(18,527)	(24,342)
Operating profit (loss)	2,453	2,863	10,965
Finance income	2,637	3,876	10,001
Finance expenses	(3,058)	(5,282)	(18,805)
Other gains (losses) on investments	-	-	-
Pre-tax profit (loss)	2,032	1,457	2,161
Income tax	(493)	(1,111)	(1,868)
Net profit (loss) from continuing operations	1,539	346	293
<i>Discontinued operations</i>			
Net loss from discontinued operations			-
Net profit (loss)	1,539	346	293

NET EARNINGS (LOSS) PER ORDINARY SHARE (PLN)

Item	For the period Jan 1–Mar 31 2011 (PLN per share)	For the period Jan 1–Mar 31 2010 (PLN per share)	For the period Jan 1–Dec 31 2010 (PLN per share)
Net profit (loss) from continuing operations	1,539	346	293
Net profit (loss) from continuing and discontinued operations	1,539	346	293
Weighted average number of ordinary shares (in thousands)	210,558	210,558	210,558
Diluted weighted average number of ordinary shares ('000)	210,558	210,558	210,558
<i>from continuing operations</i>			
- basic	0.0073	0.0016	0.0014
- diluted	0.0073	0.0016	0.0014
<i>from continuing and discontinued operations</i>			
- basic	0.0073	0.0016	0.0014
- diluted	0.0073	0.0016	0.0014

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

Statement of comprehensive income

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Net profit (loss)	1,539	346	293
Other comprehensive income			
Remeasurement of property, plant and equipment			
Available-for-sale financial assets:			
– income (loss) disclosed under other comprehensive income in period			
– amounts transferred to profit or loss			
Cash-flow hedges:			
– income (loss) disclosed under other comprehensive income in period	36	5,246	4,699
– amounts transferred to profit or loss	491	(835)	3,751
– amounts included in the initial value of hedged items			
Share in other comprehensive income of undertakings valued with equity method			
Income tax on items of other comprehensive income	(100)	(1,221)	(1,606)
Other comprehensive income after tax	427	3,190	6,844
Comprehensive income	1,966	3,536	7,137

Name of the Group:	<i>HYDROBUDOWA POLSKA GROUP</i>		
Period covered by the financial statements:	<i>01.01.2011 – 31.03.2011</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Rounding:	<i>All figures in PLN '000 (unless stated otherwise)</i>		

STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares (-)	Share premium account	Hedging reserve	Other equity	Retained earnings	Total
Balance as at Jan 1 2011	210,558	-	543,001	(427)	83,091	(1,465)	834,758
Changes in accounting policies							-
Correction of fundamental errors							-
Balance after changes	210,558	-	543,001	(427)	83,091	(1,465)	834,758
Changes in equity in period Jan 1–Mar 31 2011							
Issue of shares							-
Issue of shares following exercise of options (share-based payment programme)							-
Valuation of options (share-based payment programme)							-
Change in Group's structure (transactions with minority interests)							-
Dividends							-
Allocation of profit/(loss) to equity							-
Total transactions with owners	-	-	-	-	-	-	-
Net profit for period Jan 1–Mar 31 2011						1,539	1,539
Other comprehensive income:							
Remeasurement of property, plant and equipment							-
Financial assets available for sale							-
Cash-flow hedges				527			527
Currency translation differences on foreign operations							-
Currency translation differences transferred to profit or loss – sale of foreign operations							-
Share in other comprehensive income of undertakings valued with equity method							-
Income tax on items of other comprehensive income				(100)			(100)
Total comprehensive income	-	-	-	427	-	1,539	1,966
Transfer to retained earnings (sale of remeasured property, plant and equipment)							-
Balance as at Mar 31 2011	210,558	-	543,001	-	83,091	74	836,724

Name of the Group:	<i>HYDROBUDOWA POLSKA GROUP</i>		
Period covered by the financial statements:	<i>01.01.2011 – 31.03.2011</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Rounding:	<i>All figures in PLN '000 (unless stated otherwise)</i>		

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Treasury shares (-)	Share premium account	Share premium account	Other equity	Retained earnings	Total
Balance as at Jan 1 2010	210,558	-	543,001	(7,272)	45,295	38,895	830,477
Changes in accounting policies							-
Correction of fundamental errors						(1,757)	(1,757)
Balance after changes	210,558	-	543,001	(7,272)	45,295	37,138	828,720
Changes in equity in period Jan 1–Mar 31 2010							
Issue of shares							-
Issue of shares following exercise of options (share-based payment programme)							-
Valuation of options (share-based payment programme)							-
Change in Group's structure (transactions with minority interests)							-
Dividends							-
Allocation of profit/(loss) to equity							-
Total transactions with owners	-	-	-	-	-	-	-
Net profit for period Jan 1–Mar 31 2010						346	346
Other comprehensive income:							
Remeasurement of property, plant and equipment							-
Financial assets available for sale							-
Cash-flow hedges				4,411			4,411
Currency translation differences on foreign operations							-
Currency translation differences transferred to profit or loss – sale of foreign operations							-
Share in other comprehensive income of undertakings valued with equity method							-
Income tax on items of other comprehensive income				(1,221)			(1,221)
Total comprehensive income	-	-	-	3,190	-	346	3,536
Transfer to retained earnings (sale of remeasured property, plant and equipment)							-
Balance as at Mar 31 2010	210,558	-	543,001	(4,082)	45,295	37,484	832,256

Name of the Group:	<i>HYDROBUDOWA POLSKA GROUP</i>		
Period covered by the financial statements:	<i>01.01.2011 – 31.03.2011</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Rounding:	<i>All figures in PLN '000 (unless stated otherwise)</i>		

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Treasury shares (-)	Share premium account	Share premium account	Other equity	Retained earnings	Total
Balance as at Jan 1 2010	210,558	-	543,001	(7,272)	45,295	38,895	830,477
Changes in accounting policies							-
Correction of fundamental errors						(1,757)	(1,757)
Balance after changes	210,558	-	543,001	(7,272)	45,295	37,138	828,720
Changes in equity in period Jan 1–Dec 31 2010							
Issue of shares							-
Issue of shares following exercise of options (share-based payment programme)							-
Valuation of options (share-based payment programme)							-
Change in Group's structure (transactions with minority interests)							-
Dividends							-
Allocation of profit/(loss) to equity					37,796	(38,896)	(1,100)
Total transactions with owners	-	-	-	-	37,796	(38,896)	(1,100)
Net profit for period Jan 1–Dec 31 2010						293	293
Other comprehensive income:							
Remeasurement of property, plant and equipment							-
Financial assets available for sale							-
Cash-flow hedges				8,451			8,451
Currency translation differences on foreign operations							-
Currency translation differences transferred to profit or loss – sale of foreign operations							-
Share in other comprehensive income of undertakings valued with equity method							-
Income tax on items of other comprehensive income				(1,606)			(1,606)
Total comprehensive income	-	-	-	6,845	-	293	7,138
Transfer to retained earnings (sale of remeasured property, plant and equipment)							-
Balance as at Dec 31 2010	210,558	-	543,001	(427)	83,091	(1,465)	834,758

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

STATEMENT OF CASH FLOWS

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
<i>Cash flows from operating activities</i>			
Net profit before income tax	2,032	1,457	2,161
Adjustments:			
Depreciation and impairment losses on property, plant and equipment	2,121	2,121	8,211
Amortisation of and impairment losses on intangible assets	515	73	210
Change in fair value of investment property			
Change in fair value of financial assets (liabilities) measured through profit or loss		506	462
Cash flow hedges transferred from equity	491	(835)	3,751
Impairment losses on financial assets			13
(Gains) losses on disposal of non-financial non-current assets	237	156	71
(Gains) losses on disposal of financial assets (other than derivative instruments)			
Foreign exchange gains (losses)			
Interest expense	3,046	3,649	11,743
Interest income	(704)	(2,423)	(4,555)
Dividend received			(5)
Share in profit (loss) of associated undertakings			
Other adjustments			(3,444)
Total adjustments:	5,706	3,247	16,457
Change in inventories	783	1,532	3,395
Change in receivables	108,284	146,603	(112,059)
Change in liabilities	(51,779)	(133,860)	(6,717)
Change in provisions and accruals and deferrals	479	480	2,477
Effect of construction contracts	(81,924)	(50,254)	98,147
Change in working capital	(24,157)	(35,499)	(14,757)
Inflow from (outflow on) settlement of derivative instruments	(1,300)	(2,985)	(8,597)
Interest paid on operating activities	(146)		(130)
Income tax paid	(1,895)	(2,920)	(14,367)
Net cash provided by (used in) operating activities	(19,760)	(36,700)	(19,233)
<i>Cash flows from investing activities</i>			
Acquisition of intangible assets	(4,929)	(21)	(2,913)
Disposal of intangible assets			
Acquisition of property, plant and equipment	(1,198)	(621)	(31,892)
Disposal of property, plant and equipment	260	29	3,626
Acquisition of investment property	(5,496)		(23,123)
Disposal of investment property			
Acquisition of subsidiary undertakings, net			
Disposal of subsidiary undertakings, net			
Repayment of loans advanced	5,000	31,500	40,200
Loans advanced		(51,377)	(51,377)
Acquisition of other financial assets			

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Disposal of other financial assets		11,468	25,000
Government subsidies received			
Interest received	83	954	6,413
Other inflows			1,151
Other investment expenses			(522)
Dividend received			5
Net cash provided by (used in) investing activities	(6,280)	(8,068)	(33,432)
<i>Cash flows from financing activities</i>			
Net proceeds from issue of shares			
Acquisition of own shares			
Proceeds from issue of debt securities			
Redemption of debt securities			
Interest paid on debt securities			
Increase in loans and borrowings	43,023	66,921	104,255
Repayment of loans and borrowings	(13,053)	(23,973)	(56,328)
Repayment of finance lease liabilities	(788)	(133)	(562)
Interest paid	(2,905)	(2,156)	(11,612)
Interest received on bank deposits			
Other inflows outflows		(41)	
Dividend paid			
Net cash provided by (used in) financing activities	26,277	40,618	35,753
Net change in cash and cash equivalents	237	(4,150)	(16,912)
Cash and cash equivalents at beginning of period	21,816	38,728	38,728
Effect of foreign exchange gains (losses)			
Cash and cash equivalents at end of period	22,053	34,578	21,816

HYDROBUDOWA POLSKA S.A. is a consortium partner in joint venture agreements, where settlements are based on joint escrow accounts. Where the Company is the leader of a consortium, funds in escrow accounts are recognised as Company's own cash. Under the provisions of escrow account agreements, these funds are restricted cash. As at March 31st 2011, restricted cash stood at PLN 6,803 thousand.

Where the Company is a partner in a joint venture, the funds in escrow accounts are not recognised by the Company in the balance sheet. The total of funds in escrow accounts that were not recognised in the balance sheet as at March 31st 2011 was PLN 36,792 thousand.

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

DISCUSSION OF HYDROBUDOWA POLSKA S.A.'s RESULTS

The following contracts were the key sources of Company's revenue from core business in Q1 2011:

Industrial and residential construction segment:

Contract	Sales revenue in Q1 2011 (PLN '000)
Construction of National Stadium in Warsaw and auxiliary infrastructure	60,113.6
Construction of PGE Arena Gdańsk football stadium in Gdańsk Letnica	15,592.0
Design and construction of waste neutralisation facility in Gdańsk-Szadółki (construction and assembly work)	11,536.1

Water segment:

Contract	Sales revenue in Q1 2011 (PLN '000)
Construction of water supply and sewage infrastructure in the Strzemieszycze district	3,702.4
Alteration of water intake from the Vistula river at ANWIL S.A.	3,043.1

Road construction segment:

Contract	Sales revenue in Q1 2011 (PLN '000)
Construction of the Krzyż-Dębica Pustynia section of the A-4 Tarnów-Rzeszów motorway, from km 502+797.96 to approx. 537+550	71,726.8

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

DISCUSSION OF REVENUE, INCOME, COSTS AND EXPENSES

Sales revenue

In Q1 2011, HYDROBUDOWA POLSKA S.A.'s sales revenue amounted to PLN 215.7m, which represented a 9.8% year-on-year growth.

Cost of sales

In Q1 2011, cost of sales was PLN 208.8m, having increased by 12.1% relative to Q1 2010. The share of variable costs in the sales revenue posted in Q1 2011 increased to 96.8% (94.8% in Q1 2010), up by 2.0 pp.

Costs by type are presented in the table below.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Depreciation/amortisation	2,636	2,196	8,420
Materials and energy used	30,125	23,586	99,362
Contracted services	148,221	140,499	958,314
Taxes and charges	419	1,588	4,002
Employee benefits	19,482	17,073	71,676
Other costs by type	12,867	1,500	11,451
Total costs by type	213,750	186,442	1,153,225
Goods for resale and materials sold	382,00	317,00	(4,909)
Change in products, work in progress (-)	193	4,022	(72,886)
Cost of products and services for own needs			
Cost of sales, selling costs, general and administrative expenses	214,325	190,781	1,075,430

General and administrative expenses

Administrative expenses in Q1 2011 amounted to **PLN 5.5m**, and were by 21% higher year-on-year. The share of administrative expenses in sales revenue went up by 0.3pp in the period, from 2.3% to 2.6%.

Other operating income

In Q1 2011, other operating income amounted to **PLN 1.9m**. The largest item of other operating income were reversals of impairment losses on receivables (PLN 1.7m), following from the settlement of receivables, for which impairment losses were created in previous periods. Lease revenue of PLN 0.1m is a significant item of other operating income.

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
Period covered by the financial statements:	01.01.2011 – 31.03.2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

Other operating income is presented in detail in the table below.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
Gain on disposal of non-financial non-current assets			
Fair-value measurement of investment property			
Reversals of impairment losses on property, plant and equipment and intangible assets			
Reversals of impairment losses on receivables	1,704	13,824	17,314
Reversals of impairment losses on inventories			
Release of unused provisions	7		
Fines and damages received	70	1278	1,914
Subsidies received	1		
Lease income	119		1,151
Reimbursement of court expenses		182	220
Other income	31	411	63
Total other operating income	1,932	15,695	20,662

Other operating expenses

In Q1 2011, other operating expenses totalled PLN 0.9m, relative to PLN 18.5m in Q1 2010. There were no current material events in Q1 2011, the effects of which were recognised under other operating expenses.

Other operating expenses are presented in detail in the table below.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2008	For the period Jan 1–Dec 31 2010
Loss on disposal of non-financial non-current assets	238	156	71
Fair-value measurement of investment property			
Impairment losses on property, plant and equipment and intangible assets			
Impairment losses on receivables		3,904	6,267
Impairment losses on inventories		8	
Created provisions for fines and damages			
Fines and damages paid	54	14,258	16,759
Donations granted	102	7	428
Cost of court proceedings			217
Cost of maintenance of investment property	186		522
Other expenses	286	194	78
Total other operating expenses	866	18,527	24,342

Name of the Group:	HYDROBUDOWA POLSKA GROUP		
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Finance income

In Q1 2011, finance income was **PLN 2.7m**, relative to PLN 3.9m in the corresponding period of the prior year. The two largest items of finance income were the excess of foreign exchange gains over foreign exchange losses of PLN 1.4m and interest income of PLN 1.0m.

Finance income is presented in detail in the table below.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
<i>Interest income from financial instruments not measured at fair value through profit or loss:</i>			
Cash and cash equivalents (deposits)	72	3,441	564
Loans and receivables	954	402	6,310
Debt securities held to maturity			996
Interest income related to financial instruments not measured at fair value through profit or loss	1,026	3,843	7,870
<i>Gains on valuation and settlement of financial instruments measured at fair value through profit or loss:</i>			
Derivatives held for trading			
Hedging derivatives			16
Shares of listed companies			
Debt securities			
Investment fund units			
Gains on valuation and settlement of financial instruments measured at fair value through profit or loss	-	-	16
<i>Foreign exchange gains (losses) (+/-):</i>			
Cash and cash equivalents	750		
Loans and receivables	509		
Financial liabilities measured at amortised cost	125		
Foreign exchange gains (losses) (+/-)	1,384	-	-
<i>Gains on available-for-sale assets transferred from equity</i>			
Dividends from available-for-sale financial assets			5
Reversals of impairment losses on loans			
Reversals of impairment losses on held-to-maturity investments			
Interest on financial assets in respect of which an impairment loss has been recognised			
Discount (long-term settlements)	59	27	142
Commission on sureties issued			1,954
Other finance income	168	6	14
Total finance income	2,637	3,876	10,001

Finance expenses

In Q1 2011, finance expenses totalled **PLN 3.1m**, down by 42.1% relative to Q1 2010. Interest expense and fees associated with bank loans account for the largest share of finance expenses (PLN 3.0m). Losses under valuation of hedges, in part which is not a hedged item, (PLN 1.7m) constitute another material item of finance expenses.

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Finance expenses are presented in detail in the table below.

Item	For the period Jan 1–Mar 31 2011	For the period Jan 1–Mar 31 2010	For the period Jan 1–Dec 31 2010
<i>Interest expense on financial instruments not measured at fair value through profit or loss:</i>			
Finance lease liabilities		27	109
Bank loans (in credit facility account)			7,080
Overdraft facilities (in current account)	2,863	2,550	4,324
Loans			100
Debt securities			
Trade and other payables	181		1,534
Interest expense on financial instruments not measured at fair value through profit or loss	3,044	2,577	13,147
<i>Losses on valuation and settlement of financial instruments measured at fair value through profit or loss:</i>			
Hedging derivatives			462
Shares of listed companies			13
Debt securities			
Investment fund units			
Losses on valuation and settlement of financial instruments measured at fair value through profit or loss	-	-	475
<i>Foreign exchange gains/(losses) (-/+):</i>			
Cash and cash equivalents		2,384	(2,236)
Loans and receivables		(101)	7,036
Financial liabilities measured at amortised cost		(392)	(10)
Foreign exchange gains/(losses) (-/+)	-	1,891	4,790
Losses on available-for-sale assets transferred from equity			
Impairment losses on loans			
Impairment losses on held-to-maturity investments			
Impairment losses on available-for-sale financial assets			
Discount			
Commission on sureties issued			
Other finance expenses	14	814	393
Total finance expenses	3,058	5,282	18,805

Discussion of items of the income statement

In Q1 2011, the Company generated **net profit** of PLN **1.5m**, relative to PLN 0.3m net profit recorded in Q1 2010. The growth of sales revenue in Q1 2011 was accompanied by a decrease in gross profit and a decrease in operating profit, respectively by 32.8% and 14.4%.

EBITDA

In Q1 2011, capital expenditure on acquisition of property, plant and equipment and non-tangible assets totalled PLN 6.1m, relative to PLN 0.6m in the corresponding period of the previous year. In the same period, depreciation/amortisation charges amounted to PLN 2.6m, against PLN 2.2m in Q1 2010. In Q1 2011, EBITDA (operating profit before amortisation/depreciation) was **PLN 5.1m**, and was slightly higher than in the corresponding period of the prior year.

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Profitability ratios

In Q1 2011, sales revenue growth, at 9.8%, was slower than growth in cost of sales, which had a negative effect on the Company's gross margin.

Gross margin was 3.2% in Q1 2011, having decreased by 2.0pp on the Q1 2010 figure (5.2%).

In Q1 2011, operating margin fell to 1.1%, from 1.5% a year earlier.

Net margin in Q1 2011 was 0.7%, and was up by 0.5pp from the value recorded in Q1 2010 (0.2%).

Profitability ratios	Q1 2010	Q1 2011
Gross margin ¹	5.2%	3.2%
Operating margin ²	1.5%	1.1%
Net margin ³	0.2%	0.7%

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FINANCIAL HIGHLIGHTS OF HYDROBUDOWA POLSKA S.A. TRANSLATED INTO THE EURO

Item	For the period Jan 1–Mar 31 2011 PLN	For the period Jan 1–Mar 31 2010 PLN	For the period Jan 1–Dec 31 2010 PLN	For the period Jan 1–Mar 31 2011 EUR	For the period Jan 1–Mar 31 2010 EUR	For the period Jan 1–Dec 31 2010 EUR
Income statement						
Sales revenue	215,712	196,476	1,090,075	54,278	49,529	272,219
Operating profit (loss)	2,453	2,863	10,965	617	722	2,738
Pre-tax profit (loss)	2,032	1,457	2,161	511	367	540
Net profit (loss) from continuing operations	1,539	346	293	387	87	73
Net profit (loss)	1,539	346	293	387	87	73
Earnings (loss) per ordinary share (PLN/EUR)	0.0073	0.0016	0.0014	0.0018	0.0004	0.0003
Diluted earnings/(loss) per ordinary share (PLN/EUR)	0.0073	0.0016	0.0014	0.0018	0.0004	0.0003
PLN / EUR average exchange rate*				3.9742	3.9669	4.0044
Cash flow statement						
Net cash provided by (used in) operating activities	(19,760)	(36,699)	(19,233)	(4,972)	(9,251)	(4,803)
Net cash provided by (used in) investing activities	(6,280)	(8,068)	(33,432)	(1,580)	(2,034)	(8,349)
Net cash provided by (used in) financing activities	26,277	40,617	35,753	6,612	10,239	8,928
Net change in cash and cash equivalents	237	(4,150)	(16,912)	60	(1,046)	(4,223)
PLN / EUR average exchange rate*				3.9742	3.9669	4.0044

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Item	As at	As at	As at	As at	As at	As at
	Mar 31 2011 PLN	31.03.2010 PLN	Dec 31 2010 PLN	Mar 31 2011 EUR	31.03.2010 EUR	Dec 31 2010 EUR
Balance sheet						
Assets	1,401,914	1,254,383	1,393,608	349,439	324,785	351,895
Non-current liabilities	17,662	27,632	17,143	4,402	7,154	4,329
Current liabilities	547,528	392,738	541,707	136,476	101,688	136,784
Equity	836,724	834,013	834,758	208,561	215,942	210,782
Share capital	210,558	210,558	210,558	52,483	54,518	53,167
Number of shares	210,558,445	210,558,445	210,558,445	210,558,445	210,558,445	210,558,445
Book value per share (PLN/EUR)	4	4	4	210,558,445	4	4
Dividend per share declared or paid (PLN/EUR)	-	-	-	-	-	-
PLN / EUR exchange rate as at end of period**				4.0119	3.8622	3.9603

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Signatures of all members of the Parent Undertaking's Management Board			
Date	Name	Title	Signature
May 12th 2011	Jerzy Ciechanowski	President of the Management Board	
May 12th 2011	Edward Kasprzak	Vice-President of the Management Board	
May 12th 2011	Jarostaw Dusito	Vice-President of the Management Board	
May 12th 2011	Radoslaw Czarny-Kropiwnicki	Vice-President of the Management Board	
May 12th 2011	Rafał Damasiewicz	Member of the Management Board	
May 12th 2011	Andrzej Zwierzchowski	Member of the Management Board	
Signature of the person responsible for the preparation of these consolidated financial statements			
Date	Name	Title	Signature
May 12th 2011	Joanna Zwolak	Chief Accountant	