

Ladies and Gentlemen, Dear Shareholders

It is with great pleasure that I would like to present, on behalf of the Board of Directors of HYDROBUDOWA POLSKA, a report on business activity of HYDROBUDOWA POLSKA SA and its achievements in 2009.

The previous year was very successful for the company.

The company was awarded contracts for the construction of stadiums for European Football Championship, which will be held in Poland in 2012. Thanks to these contracts the value of our order portfolio exceeded PLN 2.2 billion at the end of 2009.

Together with PBG, a mother company and Alpine group, Hydrobudowa takes part in the construction of three out of four stadiums, designed to host EURO 2012 matches. Within Polish-German-Austrian consortium we are building the National Stadium in Warsaw and a football stadium in Gdańsk, while in Poznań we are developing the existing stadium. Without a doubt, these are the most prestigious and spectacular contracts.

They enable the company to diversify the income structure and to become less dependent on projects related to environmental protection and hydraulic engineering.

In 2009, we continued a restructuring process, which was aimed at increasing the efficiency of resources and employees.

Acquisitions made by HYDROBUDOWA 9 and P.R.G. "METRO" created new possibilities of expanding our business activities in attractive niche market segments of the construction industry as well as they enabled the participation in the biggest and most profitable infrastructure projects.

Thanks to these activities HYDROBUDOWA POLSKA is the biggest player on the markets of environment protection and hydro-engineering in Poland. The latter is the fastest growing segment of the construction industry in Poland.

Moreover, we achieved financial success as we observed an improvement of profitability and a significant increase in profits. HYDROBUDOWA POLSKA Capital Group exceeded the financial results for 2009 compared to the forecast from April 2009.

Compared to the previous year the Group observed an increase in sales revenues by nearly 37%, from PLN 1,225 million in 2008 to PLN 1,676 million in 2009. The consolidated net profit increased from PLN 63,505 thousand to PLN 97,934 thousand, i.e. by over 54%.

Thus, we look forward to 2010 with a hope to continue the development of the Company, because multi-billion projects from power industry which have been postponed for many

years, may become reality and there is a chance of launching new projects from the fields of environment protection and hydraulic engineering. Moreover, a record number of road contracts concluded in 2009 will start in 2010.

On the other hand, there is a stronger competition in numerous tenders, which results in price wars among the companies. HYDROBUDOWA POLSKA does not take part in this fight as our position on the market is different to other companies.

First of all, our business activity is focused on a few specialist areas where competition is limited. Secondly, our structure and technical profile enable us not only to have a flexible approach to changing market conditions but also to take advantage of them.

Ladies and Gentlemen, plans we make and aims we set give optimistic outlook for the future of our company. We are aware of big expectations towards listed companies, which we belong to and we commit ourselves to continuous efforts in order to meet them.

I would like to thank our Shareholders for their support of the Company's activities. Moreover, I would like to express appreciation to our customers and business partners for the fruitful cooperation, loyalty and trust. Finally, I would like to express respect to all employees, whose commitment and dedication allowed achieving tangible business results.

I would like to invite you to read this report.

Jerzy Ciechanowski

President of the Board of Directors  
HYDROBUDOWA POLSA S.A