

Wysogotowo, 22 May 2006

To:

The Public Office of the Polish Securities and Exchange Commission – report submitted using the ESPI system

Current report: 48/2006

Re: Conclusion of material agreements with PZU S.A. on granting guarantees

The Board of Directors of PBG S.A. hereby informs to have been notified on 22nd May 2006 about the conclusion of the following with Powszechny Zakład Ubezpieczeń (PZU S.A.) on 19th May 2006:

- by PBG S.A., an annex to the agreement on granting interim insurance guarantees made available in the current report 59/2005 of 19th August 2005 (available at: <http://www.pbg-sa.pl/pbg-nowa/raporty.php?jezyk=pl>). Under the Annex the maximum limit of commitment of PZU S.A. for all insurance guarantees is decreased to PLN 0.00;
- by PBG S.A., an agreement of mandate for interim granting of insurance and contract guarantees with the maximum limit of commitment of PZU S.A. totalling PLN 33,000,000 ;
- by a subsidiary, Hydrobudowa Włocławek S.A., an agreement of mandate for interim granting of insurance and contract guarantees with the maximum limit of commitment of PZU S.A. totalling PLN 33,000,000.

The said agreements have been concluded pursuant to the same following terms and conditions: Under the agreements, PZU S.A. will be granting the following insurance and contract guarantees to the companies:

- a) bid bonds
- b) performance guarantees
- c) defects liability bonds
- d) advance payment guarantees
- c) defects liability and performance bonds

The guarantees will cover the following period:

- bid bonds for the period of tender procedure validity, but not longer than 6 months
- contract tender bonds as part of Sapard programme (or other fund) – 130 days with the possibility to extend the guarantee for 60 days
- performance guarantees –60 months
- defects liability bonds –60 months

- advance payment guarantees – 24 months
- total performance guarantee for one contract – 72 months
- contract guarantees for Phare, Sapard and ISPA funds as well as Cohesion Fund –7 years

The total guarantee amount for a single contract guarantee amounts to PLN 10,000,000.

The limits granted by PZU S.A. to PBG S.A. and Hydrobudowa Włocławek S.A. will be binding until 18th May 2007.

The guarantees will be secured by blank promissory notes with relevant declarations issued by the Company concluding the agreement and mutually guaranteed by PBG S.A. and Hydrobudowa Włocławek S.A. The Board of Directors of PBG S.A., pursuant to Article 5 item 1. 7 of the regulation hereby inform that the guarantees have been granted by the Companies mutually and free of charge, for the agreement amount of PLN 33,000,000 each.

The said agreements concluded by the two companies have been considered material based on the total shareholders' equity criterion.

Legal basis: Art. 56 item 1 point 2 of Public Offering Act- current and interim information

Signature of the authorised person:

Marcin Zboralski