

Wysogotowo, 5th June 2006

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

Current report: 51/2006

Re: PBG S.A. to acquire material assets and grant a guarantee

The Board of Directors of PBG S.A. hereby informs to have been notified on 05th June 2006 about the acquisition of shares of KB Gaz S.A. with its registered office in Szczecin representing 100% of the Company's share capital on 30<sup>th</sup> May 2006. PBG S.A. acquired 28,700 shares of the face value of PLN 100, representing 100% of the share capital of KB Gaz S.A., for the total amount of PLN 1,644,000.

The persons selling the shares are natural persons: Mr. Wojciech Błaszczuk (sold 14,064 shares for the total amount of PLN 971,300), Ms. Elżbieta Ożarowska-Błaszczuk (sold 287 shares for PLN 28,700), Mr. Jarosław Konarzewski (sold 14,062 shares for PLN 61,530) and Ms. Anna Konarzewska (sold 287 shares for the total amount of PLN 28,700). The said persons are not related to PBG S.A. or to the members of the Company's Board of Directors.

All shares acquired by PBG S.A. are registered series A shares and are encumbered with a registered pledge for ING Bank Śląski S.A.. Apart from the said encumbrance the shares are free of any other encumbrances.

KB Gaz S.A. is a medium-sized construction company. It has been conducting business activity since 1990, initially as a private partnership, and after transformation in 2000 as a joint stock company.

Since incorporation, the Company has been focusing on infrastructure investments connected with environmental protection, such as waterworks and wastewater systems, pumping stations and water treatment plants; low-, medium and high-pressure gas supply systems, as well as meter and regulator stations and gas boiler houses. It is a pioneer on the Polish market in terms of using directional drilling technologies for laying underground systems.

PBG S.A. does not plan to change the scope of business of KB Gaz S.A..

The acquired assets were considered material as they constitute 100% of the capital of the Company acquired by PBG.

The Board of Directors of PBG S.A. hereby informs to have been notified on 5th June 2006 about the conclusion of a guarantee agreement on 31<sup>st</sup> May 2006, with PBG as the Guarantor.

The parties of the agreement are Energopol-Szczecin S.A. and Wiemer & Trachte AG with its registered office in Dortmund, the consortium partners of KB Gaz S.A. for the contract realized by the Consortium: „Construction of sewerage system and water supply system for right riverbank of Szczecin”.

Under the guarantee agreement, PBG S.A. as the sole shareholder of KB Gaz S.A., the leader of the said Consortium from 31<sup>st</sup> May 2006, shall perform the obligations of KB Gaz towards Energopol Szczecin S.A. and W&T, arising from the agreements concerning the said contract, should KB Gaz fail to perform the obligations.

Upon assuming the leadership of the Consortium, KB Gaz S.A. shall realise 80% of material and financial scope, while the remaining Consortium partners 10% each. Under the detailed executive agreement, KB Gaz S.A. shall realize 100% of the remaining works. The rights and obligations arising from the concluded agreements were also transferred to the Company.

The value of the contract co-financed by the EU funds totals EUR 22,571,288.97 net.

The Board of Directors of PBG S.A. estimates that the proceeds for KB Gaz S.A., and for PBG Capital Group from the said contract shall total PLN 78.7 million.

The contract is to be completed in March 2008.

PBG S.A. shall receive no remuneration for the guarantee.

Legal basis: Article 5 section 1.1 and 1.7 of the Regulation of 19th October 2005 on current and interim information provided by issuers of securities.

Signature of the authorised person:  
Marcin Zboralski