

Wysogotowo, 9th June 2006

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

Current report: 52/2006

Re: Material agreement concluded by Hydrobudowa, a subsidiary

The Board of Directors of PBG S.A. hereby informs that on 9th June 2006 PBG S.A. and a subsidiary Hydrobudowa Włocławek S.A. forming a consortium of Hydrobudowa Włocławek S.A. – PBG S.A. – Przedsiębiorstwo Budownictwa i Instalacji „ABT” Badora i Spółka Sp. Jawna - Przedsiębiorstwo Konserwacji Urządzeń Wodnych i Melioracyjnych „PEKUM” Sp. z o.o. concluded a material agreement with Elbląg-based Przedsiębiorstwo Wodociągów i Kanalizacji w Elblągu Sp. z o.o. The leader of the consortium is Hydrobudowa Włocławek S.A.

The object of the agreement is to perform task “Water Treatment Plant (WTP) Królewicka and the extension of water-supply system in Elbląg” by the Consortium. The task covers: Modernization and extension of “Królewicka” Water Treatment Plant, protection against corrosion of Szopy –Elbląg pipeline, cleaning water-supply network and changing network fittings in Elbląg, extension of municipal water-supply network for newly-designed Modrzewina and Próchnik estates, construction of telemetric system of production and water-supply management in Elbląg.

The Consortium contract provides for the following division of works during the project implementation:

- Hydrobudowa Włocławek S.A. - the leader of the Consortium: 52.72% of works,
- PBG S.A. - partner of the Consortium: 1.72% of Works,
- Przedsiębiorstwo Budownictwa i Instalacji „ABT” Badora i Spółka Sp. Jawna - partner of the Consortium: 32.95% of works,
- Przedsiębiorstwo Konserwacji Urządzeń Wodnych i Melioracyjnych „PEKUM” Sp. z o.o. - partner of the Consortium: 12.60% of works.

The order is financed with public resources, including resources of the Cohesion Fund. The works specified in this contract will be executed according to the contractual terms and conditions of installations, and designing and construction for electrical and mechanic appliances as well as construction and engineering works designed by the Contractor.

For the execution of works, the Consortium will be paid net remuneration of EUR 15,779,731.58 (i.e. PLN 62,361,499.20). 62.361.499

The works will be executed within 24 months from the date of beginning the works. Contractual penalty is 0.05% of the approved contractual amount for each day of delay, however not more than 10% in total.

The said agreement is considered material based on the total shareholders' equity criterion.

Legal basis:

§ 5.1.3 of the Regulation of 19th October 2005 on current and interim information provided by issuers of securities.

Signature of the authorised person:

Marcin Zboralski