

Wysogotowo, 31st July 2007

To:
Report submitted to the Polish Financial Supervision Authority

Current report: 77/2007

Re: Actions connected with gaining an Investor for KRI SA, PBG subsidiary

Contents:

The Board of Directors of PBG S.A. hereby informs that the following agreements connected with gaining a Strategic Investor for KRI, PBG subsidiary, have been concluded today:

- 1) concluding an investment agreement concerning increasing KRI capital by the amount of EUR 20,000,000, i.e. PLN 72,884,615
- 2) the sale of 100 per cent of shares of PGS Sp. z o.o., PBG subsidiary, to KRI SA, PBG subsidiary.
- 3) the sale of 55.76 per cent of shares of KRI SA, PBG subsidiary, to ECOPAP Sp. z o.o.

Ad 1)

The Board of Directors of PBG S.A. hereby informs that on 31st July 2007 it concluded an investment agreement, whose parties are also: Galiver Ltd. with its registered office in Nicosia, Prospect Investment Management LLP with its registered office in London, Trustees of The Thameside 1979 Settlement Trust with its registered office in Henley-on-Thames, RIT CAPITAL PARTNERS PLC with its registered office in London, FA Global (BVI) Ltd with its registered office in Road Town, ECOPAP Sp. z o.o. as the co-owner of KRI SA and KRI SA as the object of the investment agreement.

Under this agreement, Investors shall hold shares in the increased capital of KRI SA, in the amount valued at PLN 72,884,615.

The Investors shall hold KRI S.A. shares issued as a result of the increase in capital, in the following proportions:

LRP Cypco – 50 per cent of the issue, i.e. 36,442,307 shares for the amount of PLN 37,899,999.28;

PIM Investor 1- 0.67 per cent of the issue, i.e. 485,896 shares for the amount of PLN 505,332.06;

PIM Investor 2 - 4.89 per cent of the issue, i.e. 3,563,249 shares for the amount of PLN 3,705,778.55;

PIM Investor 3 – 40.33 per cent of the issue, i.e. 29,396,796 shares for the amount of PLN 30,572,667.35;

PIM Investor 4 – 4.11 per cent of the issue, i.e. 2,996,367 shares for the amount of PLN 3,116,221.32;

Subject to their satisfaction with Company's financial results and its progress in the completion of the Business Plan, in the agreement, the Investors have expressed their intention to make further investments in the Company, in the following manner:

- until 31st December 2007, at Investors' sole discretion, acquisition of shares whose total amount in PLN is valued at EUR 40,000,000, price per share B at PLN 1, and
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Investors shall be entitled to make the above investments until 31st December 2011 at the latest.

KRI SA shall earmark the capital gained from Investors' contributions for the payment of remunerations and costs incurred as a result of transactions and for financing investments as decided by the Board in accordance with the Business Plan.

Under the provisions of the agreement, on accepting the Investors, KRI SA obliged itself it would grant PBG the right to negotiate terms and conditions of the completion of projects or the projects equivalent or alternative to them as a General Contractor in accordance with the Engineering Project Construction rules defined in separate agreements, for the period of 3 years from signing.

Legal basis:

Art. 56 item 1 point 1 of Public Offering Act – confidential information

Ad 2)

The Board of Directors of PBG SA hereby informs that on 31st July 2007 it disposed of 5,300 shares in PGS Sp. z o.o. in favour of KRI SA. The shares constitute 100 per cent of company's

share capital and are equal to 100 per cent of the total number of shares. KRI SA shall pay the amount of PLN 6,250,000 (say: six million two hundred fifty thousand zlotys) for the shares acquired within 1 day of the condition precedent is fulfilled. The condition precedent is the registration of KRI SA share capital increase by the Court, on the basis of the resolution of the Annual Shareholders' Meeting convened for 31st July 2007.

After the sale of shares to ECOPAP, KRI is in 44.24 per cent owned by PBG SA and is an affiliate of PGS S.A.

Legal basis:

§ 5 item.1 point 1 of the Regulation of 19th October 2005 on current and interim information provided by issuers of securities.

Ad 3)

The Board of PBG S.A. hereby informs that on 31st July 2007 it disposed of significant assets that constituted 55.76 per cent of KRI SA shares in favour of ECOPAP Sp. z o.o. Shares of KRI SA in the amount of 30,000,000 of the nominal value PLN 1 each, were sold for the total amount of PLN 30.00 million. After the sale of KRI SA shares, PBG SA holds 23,800,000 shares, which constitute 44.24 per cent in KRI SA capital and 44.24 per cent in the total number of votes.

There are no relations between PBG SA and ECOPAP Sp. z o.o. or persons responsible for management or supervision of the Companies.

Legal basis:

§ 5 item.1 point 1 of the Regulation of 19th October 2005 on current and interim information provided by issuers of securities.

Signature of the authorised person:

Magdalena Eckert-Boruta