

PBG CAPITAL GROUP



CONSOLIDATED FINANCIAL STATEMENTS

**BETWEEN 1 JANUARY 2008
AND 31 DECEMBER 2008**

WYSOGOTOWO, ON 27 APRIL 2009

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

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1. GENERAL INFORMATION

1.1. INFORMATION ABOUT THE HOLDING COMPANY AND ITS CAPITAL GROUP AND THE CONSOLIDATED FINANCIAL STATEMENT

The PBG Capital Group consists of the Holding Company PBG SA and its subsidiaries. The Holding Company, PBG SA Capital Group with its registered seat in Wysogotowo near Poznań, at ul. Skórzewska 35, 62-081 Przeźmierowo, was established on 2 January 2004 by the Notarial Deed drawn up on 1 December 2003. The Company operates in Poland as per provisions of the Code of Commercial Companies. The Holding Company is registered in the National Court Register maintained by the District Court in Poznań - Nowe Miasto i Wilda in Poznań, 7th Commercial Division of the National Court Register under the No. KRS 0000184508. The Holding Company was given a statistical number REGON 631048917.

Core business of the Holding Company includes general construction works of linear facilities: pipelines, power lines, traction lines, telecommunication lines – transmission lines (Polish Classification of Economic Activities PKD 4521C).

These consolidated financial statements were signed by the Board of the Holding Company on 27 April 2009.

Consolidated Financial Statement of the Capital Group diligently demonstrates the Capital Group financial standing as per 31 December 2008 and 31 December 2007, results of its operation within 12 months ended on 31 December 2008 and 31 December 2007 and the cash flow within 12 months ended on 31 December 2008 and 31 December 2007.

Duration of the Holding Company and the Capital Group entities shall be unlimited.

1.1.1. COMPOSITION OF THE CAPITAL GROUP

Subsidiaries in the PBG Capital Group as per 31 December 2008.

Entity name	Registered office	Core business	Competent court or other register body	Consolidation method	Group's share of capital	
					31/12/2008.	31/12/2007.
Aprivia SA (1)	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Constructing of roads and motorways PKD 4211Z	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full	100.00%	-
Betpol SA (2)	ul. Fordońska 168a, 85-766 Bydgoszcz	Constructing of roads and motorways PKD 4211Z	District Court in Bydgoszcz, 13 th Commercial Division of the National Court Register	full Subsidiary of Aprivia SA consolidated in the consolidated statements of Aprivia SA	70.00%	-
Dromost Sp. z o.o. (3)	Żabno 4A, 63-112 Brodnica POLAND	Manufacturing, trading and providing of services referring to specialist road and bridge constructions PKD 45 23A	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of Aprivia SA consolidated in the consolidated statements of Aprivia SA	87.40%	87.40%

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Przedsiębiorstwo Robót Inżynieryjno - Drogowych SA (4)	ul. Poznańska 42, 64-300 Nowy Tomyśl POLAND	Construction of motor vehicle roads and rail roads PKD 45 23 A, construction of motorways, airports and sports facilities EKD 4523	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of Aprivia SA consolidated in the consolidated statements of Aprivia SA	100.00%	100.00%
Avatia Sp. z o.o.	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Reproduction of recorded data carriers PKD 1820Z	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full	99.80%	-
Brokam Sp. z o.o.	ul. Skórzewska 35, Wysogotowo 62 – 081 Przeźmierowo POLAND	Mining of decorative and construction stone PKD 1411Z	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full	100.00%	100.00%
Excan Oil and Gas Engineering Ltd	#201,9637-45 Avenue Edmonton AB T6E 5Z8 CANADA	Contract mediation coordination of design and engineering works, trading agency	CERTIFICATE OF INCORPORATION Edmonton Alberta	full	100.00%	100.00%
GasOil Engineering a.s.	Karpátska, 3256/15 Poprad 05801 SLOVAKIA	Designing and representative services	Obchodne Registr Okresneho Sudu Presov	full	62.45%	62.45%
Hydrobudowa Polska SA	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Construction works referring to pipelines and distribution networks (PKD2007) and construction of other water engineering facilities (PKD 4524B)	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full	61.61%	76.00%
Hydrobudowa Polska Konstrukcje Sp. z o.o. (5)	ul. Żwirki i Wigury 58, 43-190 MIKOŁÓW	Manufacturing of metal constructions PKD 25111Z	District Court for Katowice Wschód, 8 th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa Polska SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61.61%	-
P.R.G. Metro Sp. z o.o.	ul. Wólczyńska 156 01-919 Warszawa	Other specialist construction works not classified elsewhere PKD 4399Z	District Court for the Capital City of Warsaw, 13 th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa Polska SA consolidated in the consolidated statements of Hydrobudowa Polska SA	52.09%	-

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Hydrobudowa 9 SA (7)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Civil engineering works not classified elsewhere PKD 4521F	District Court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa Polska SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61.61%	69.26%
Gdyńska Projekt Sp. z o.o. (8)	ul. Sienkiewicza 22, 60-900 Poznań POLAND	Purchase and sale of real estate on the own account PKD 6810Z	District Court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa 9 SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61.61%	-
Górecka Projekt Sp. z o.o. (9)	ul. Sienkiewicza 22, 60-900 Poznań POLAND	Erecting of buildings PKD 4110Z as well as maintaining and sale of buildings on the own account PKD 7011Z	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa 9 SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61.61%	-
Infra SA	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Performing of water supply and sewage, heating, gas supply and air conditioning installations PKD 4322Z	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full	99.95%	99.95%
PRIS Sp. z o.o. (10)	ul. Leona Popielskiego 14, 52-019 Wrocław POLAND	Manufacturing of plastic products for construction industry PKD 2523Z	District Court in Wrocław, 6 th Commercial Division of the National Court Register	full Subsidiary of Infra SA consolidated in the consolidated statements of Infra SA	50.99%	50.99%
Wiertmar Sp. z o.o. (11)	Kopanka 13/15, 92-701 Łódź POLAND	Performing of civil engineering works concerning erecting of buildings PKD 4521A	District Court for Łódź Śródmieście, 20 th Commercial Division of the National Court Register	full Subsidiary of Infra SA consolidated in the consolidated statements of Infra SA	50.97%	-
KWG SA (former KB GAZ SA)	Aleja Wojska Polskiego 129, 70-490 Szczecin POLAND	Performing of civil engineering works concerning linear facilities: pipelines, power lines, overland engineering not classified elsewhere PKD 4521C	District Court in Szczecin, 11 th Commercial Division of the National Court Register	full	100.00%	100.00%

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Metorex Sp. z o.o.	ul. Żwirki i Wigury 17A, 87-100 Toruń POLAND	Civil engineering EKD 4521	District Court in Toruń, 7 th Commercial Division of the National Court Register	full	99.56%	99.56%
PBG Dom Sp. z o.o.	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Performing of civil engineering works concerning erecting of buildings PKD 4521A	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full	100.00%	84.85%
Apartamenty Poznańskie Sp. z o.o. (12)	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Performing of civil engineering works concerning erecting of buildings PKD 4521A	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of PBG Dom Sp z o.o. consolidated in the consolidated statements of PBG SA	51.00%	51.00%
Budwil Sp. z o.o. (13)	ul. Mazowiecka 42, 60-623 Poznań POLAND	Maintenance and sale of real estate on the own account PKD 7011 Z	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of PBG Dom Sp z o.o. consolidated in the consolidated statements of PBG SA	51.00%	-
PBG Dom Invest I Sp. z o.o. (former Dawil Sp. z o.o.) (14)	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Erecting of buildings PKD 4110Z as well as maintaining and sale of buildings on the own account PKD 7011Z	District court Poznań Nowe Miasto i Wilda, 8 th Commercial Division of the National Court Register	full Subsidiary of PBG Dom Sp z o.o. consolidated in the consolidated statements of PBG SA	100.00%	-

Values in this table indicate share of the Holding Company in capitals of its subsidiaries.

Percentage share in the capital of the PBG Group was presented as a compound percentage (percentage share of the PBG SA Holding Company in a subsidiary* percentage of the subsidiary in its subsidiary).

This refers to companies of the following Capital Groups: Hydrobudowa Polska, Infra, PBG Dom and Aprivia.

1. Aprivia SA has been the Holding Company in the APRIVIA Capital Group since 8 October 2008. The Capital Group consists of the following entities: Betpol SA, Dromost Sp. z o.o. and PRID SA. PBG SA holds 100 shares in the capital of Aprivia SA.
2. Betpol SA has been a subsidiary of Aprivia SA since 8 October 2008 – Aprivia SA holds 70% shares in the capital of Betpol SA.
3. Dromost Sp. z o.o. has been a subsidiary of Aprivia SA since 8 October 2008 – Aprivia SA holds 87.40 % shares in the capital of Dromost Sp. z o.o. As per 31 December 2007, Dromost Sp. z o.o. was a direct subsidiary of PBG SA – PBG SA held 87.40% shares in the capital of Dromost Sp. z o.o.
4. PRID SA has been a subsidiary of Aprivia SA since 8 October 2008 – Aprivia SA holds 100% shares in the capital of PRID SA. As per 31 December 2007, PRID SA was a direct subsidiary of PBG SA – PBG SA held 100 % shares in the capital of PRID SA.
5. Hydrobudowa Polska Konstrukcje Sp. z o.o. has been a subsidiary of Hydrobudowa Polska SA since 16 May 2008 – Hydrobudowa Polska SA holds 100% shares in the capital of Hydrobudowa Polska Konstrukcje Sp. z o.o.

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6. P.R.G. Metro Sp. z o.o. has been a subsidiary of Hydrobudowa Polska SA since 12 September 2008 – Hydrobudowa Polska SA holds 84.55% shares in the capital of P.R.G. Metro Sp. z o.o.

7. Hydrobudowa 9 SA has been a subsidiary of Hydrobudowa Polska SA since 30 September 2008. As per 31 December 2007, Hydrobudowa 9 SA was a direct subsidiary of PBG SA - 68.47% share in the capital, as per 31 December 2008 it is a direct subsidiary of Hydrobudowa Polska SA - 100% share in capital.

8. Gdyńska Projekt Sp. z o.o. has been a subsidiary of Hydrobudowa 9 SA since 2 April 2008 – Hydrobudowa 9 SA holds 100% shares in the capital of Gdyńska Projekt Sp. z o.o.

9. Górecka Projekt Sp. z o.o. has been a subsidiary of Hydrobudowa 9 SA since 11 September 2008 – Hydrobudowa 9 SA holds 100% shares in the capital of Górecka Projekt Sp. z o.o.

10. PRIS SA has been a subsidiary of Infra SA since 31 August 2007 – Infra SA holds 51.02% shares in the capital of PRIS SA.

11. Wiertmar Sp. z o.o. has been a subsidiary of Infra SA since 2 April 2008 – Infra SA holds 51% shares in the capital of Wiertmar Sp. z o.o.

12. Apartamenty Poznańskie Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 27 June 2008. As per 31 December 2007, Apartamenty Poznańskie Sp. z o.o. was a subsidiary of PBG SA - 51% share in the capital, as per 31 December 2008 it is a subsidiary of PBG Dom sp. z o.o. - 51% share in capital.

13. Budwil Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 8 April 2008 – PBG Dom Sp. z o.o. holds 51% shares in the capital of Budwil Sp. z o.o.

14. PBG Dom Invest I Sp. z o.o. (former Dawil sp. z o.o.) has been a subsidiary of PBG Dom Sp. z o.o. since 26 August 2008 – PBG Dom Sp. z o.o. holds 100% shares in the capital of PBG Dom Invest I Sp. z o.o.

Consolidation of the II level subsidiaries

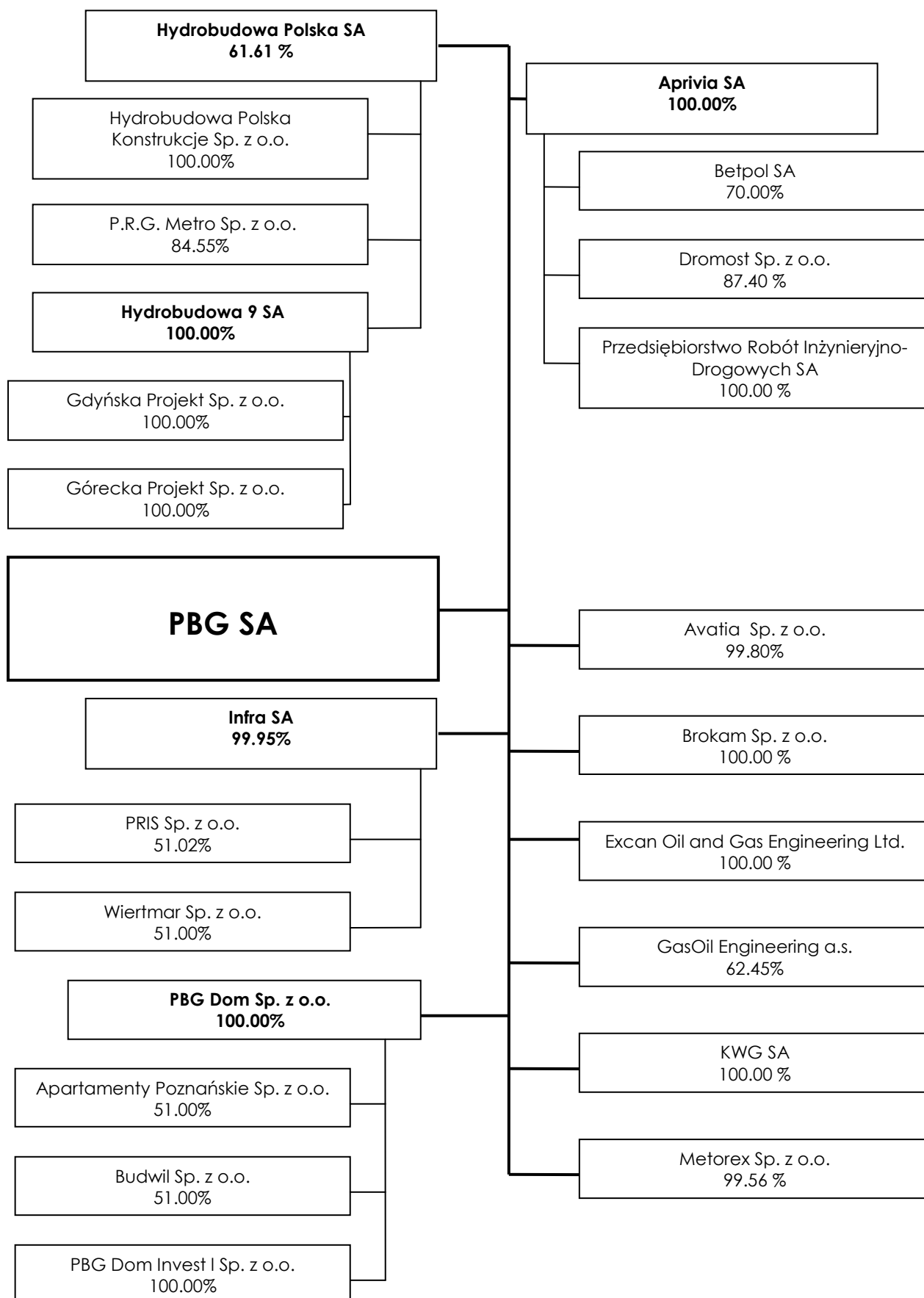
Hydrobudowa Polska SA holds the following subsidiaries: Hydrobudowa Polska Konstrukcje Sp. z o.o., P.R.G. Metro Sp. z o.o. and Hydrobudowa 9 SA. The latter holds the following subsidiaries: Gdyńska Projekt Sp. z o.o. and Górecka Projekt Sp. z o.o. As per 31 December 2008, Hydrobudowa 9 SA does not make a consolidated financial statements. All companies in the Hydrobudowa Polska Capital Group are consolidated by their Holding Company i.e. Hydrobudowa Polska SA.

Moreover, Aprivia SA holds the following subsidiaries: Betpol SA, Dromost SA and Przedsiębiorstwo Robót Inżynieryjno – Drogowych SA and as per 31 December 2008 it does not make consolidated financial statements. Consolidation of these companies is made by the consolidated statements of Aprivia Capital Group.

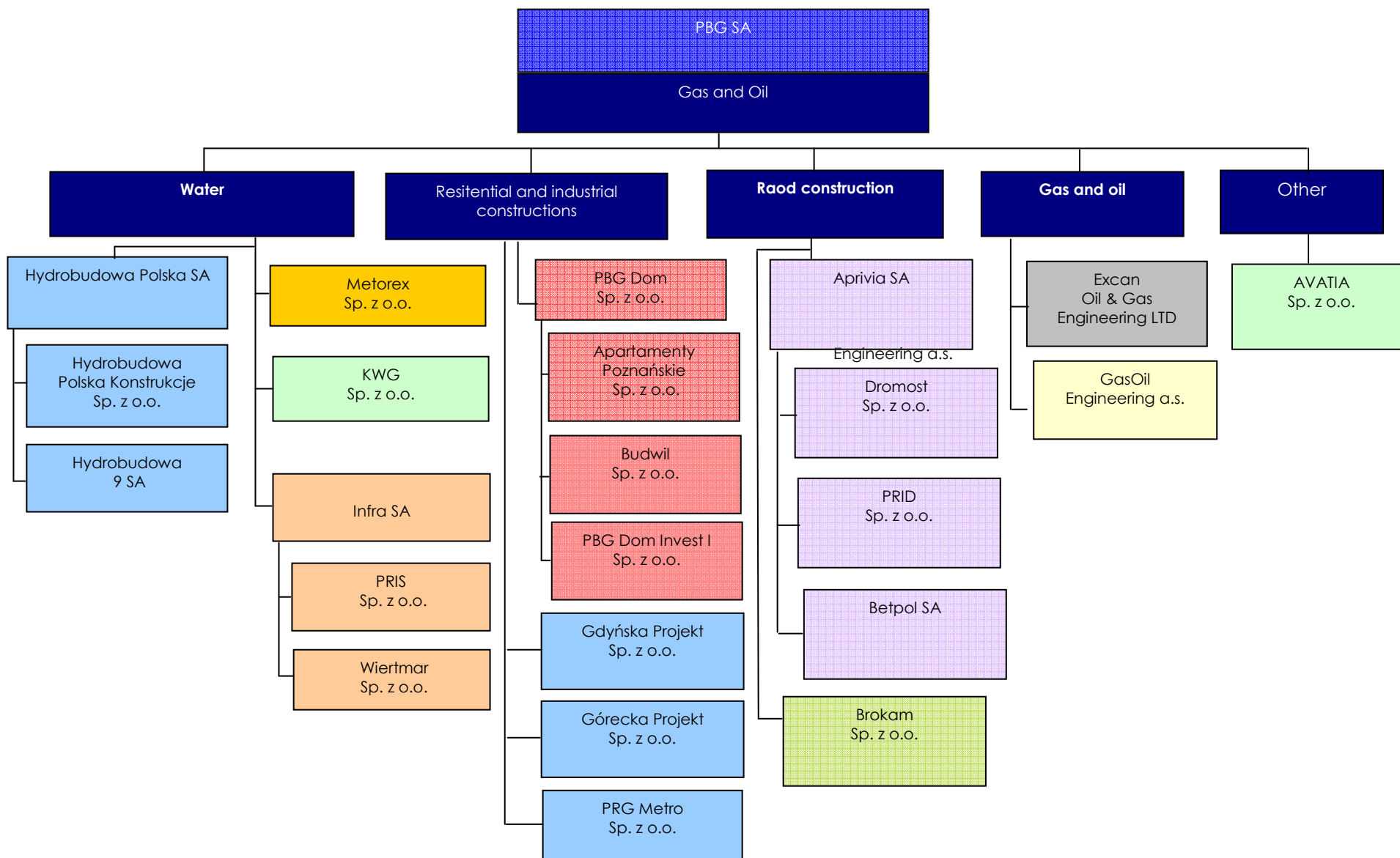
PBG Dom Sp. z o.o. also holds subsidiaries which are as follows: Apartamenty Poznańskie Sp. z o.o., Budwil Sp. z o.o. and PBG Dom Invest I Sp. z o.o. and as per 31 December 2008 it does not make consolidated financial statements. Consolidation of these companies is made by their Holding Company i.e. PBG SA.

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STRUCTURE OF THE CAPITAL GROUP AS PER 31 DECEMBER 2008



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In 2008 in the PBG Capital Group occurred some changes which have been described below.

INCREASE IN THE SHARE OF THE HOLDING COMPANY PBG SA IN CAPITALS OF THE SUBSIDIARIES WITHIN THE REPORTING PERIOD

Incorporation of Avatia Sp. z o.o.

On 15 February 2008 the Board of PBG SA and two individuals made articles of incorporation. Incorporation of the company named Avatia Sp. z o.o. took place on 29 February 2008. The company's share capital amounts to PLN 50,000.00 and is divided into 1,000 shares, each with nominal value of PLN 50.00. The company shareholders are: PBG SA which took 998 shares of total value of PLN 49,900.00 and two individuals, each of them taking 1 share. Shares held by PBG SA make 99.80% of the share capital and total number of votes. The company core business is providing of IT services including: IT guidance, implementing of IT systems, data processing, providing of software and hardware technologies, programming, sale of telecommunication and IT equipment, repair and maintenance of IT equipment including peripherals, IT trainings. Avatia as a member of the PBG Capital Group is to be an IT support for all Group companies. Share capital of the company paid up by PBG SA originates from the company own funds.

Acquisition of Betpol SA shares

On 13 March 2008 the Board of PBG SA made contracts with three individuals pursuant to which PBG SA took 14,244,999 inscribed shares of the A series of Betpol SA each with nominal value of PLN 1.00. All shares were purchased at the price of PLN 2.90 each, nevertheless the amount of PLN 1,064,000.00 is due upon approval of the 2008 financial statements and providing the company achieves in 2008 the forecast results i.e. sale income of at least PLN 60,000,000.00 and net profit of at least PLN 6,000,000.00. Acquired shares constitute 70% of the company share capital and the same share of votes. Financing of the shares acquisition is a part of the issuance objectives and it is co-financed by an investment credit. Between PBG SA, company management/supervisors and the sellers there are no relations. Purchased assets are not encumbered with limited property rights.

Betpol was established in 1990. It mainly operates in the road construction business. It offers cold recycling with oxidised bitumen. It also provides services of asphalt and concrete milling. Betpol also manufactures cold bitumen mixtures and concrete. Moreover it provides demolishing services, manufactures steel structures and performs construction and installation works.

The PBG Board declared to keep interest in supporting further development of the company. Incorporating of Betpol SA into the Capital Group will reinforce the Group operations concerning construction of roads.

Incorporation of Aprivia SA

On 18 March 2008 the Board of PBG SA signed the articles of incorporation of the company named Aprivia SA with its seat in Wysogotowo near Poznań. The company's share capital amounts to PLN 500,000.00 and is divided into 500,000 inscribed shares of the A series with the vote preference, each with nominal value of PLN 1.00. PBG SA took 100% shares in Aprivia SA.

Registering of Aprivia SA took place on 7 April 2008.

Aprivia SA will be responsible for strengthening of the PBG Capital Group position in road construction business including sourcing and performing of contracts and providing of their financing. Funds required for the company establishing and paid by PBG are sourced from the company issuance activity. PBG SA does not exclude increasing of the financial engagement in the newly established company.

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Increase of the share capital of Hydrobudowa Polska SA

On 30 May 2008 the Board of PBG SA announced that due to registration of the share capital increase in its subsidiary of Hydrobudowa Polska SA by K series shares, share of PBG SA in the total number of votes in that company decreased below 75% and currently amounts to 60.69%.

Following the registration of Hydrobudowa Polska SA share capital increase, PBG SA held 105,397,300 shares of the company constituting 60.69% of the company share capital and giving 105,397,300 votes at the General Meeting of Shareholders which was 60.69% of the total amount of the votes in Hydrobudowa Polska SA.

Prior the registration of Hydrobudowa Polska SA share capital increase, PBG SA had held 105,397,300 shares of the company constituting 76.00% of the company share capital and giving 105,397,300 votes at the General Meeting of Shareholders which had been 76.00% of the total amount of the votes in Hydrobudowa Polska SA.

On 30 September 2008 there was registered Hydrobudowa Polska SA share capital increase from PLN 173,673,200.00 to PLN 210,558,445.

The share capital increase was result of issuance of 36,885,245 shares of the L series with the nominal value PLN 1.00 each. The L series shares issued in a private subscription were offered to all shareholders (including PBG SA). All L series shares were taken in return for non-cash payment in form of 14,536,685 fully paid shares of Hydrobudowa 9 SA with the face value PLN 0.10 each and with total nominal value of PLN 1,453,668.50 which is 100% shares of Hydrobudowa 9 SA.

Following the Hydrobudowa Polska share capital increase, the share of PBG SA increased from 60.69% to 61.61% and Hydrobudowa 9 SA was incorporated into Hydrobudowa Polska Capital Group.

Increase of share in PBG Dom Sp. z o.o.

On 10 June 2008, the Board of PBG SA purchased from Hydrobudowa Polska SA 3,572 shares in PBG Dom Sp. z o.o. PBG SA currently holds 100% shares in the share capital of that company and 100% total number of votes.

Total purchase price of the PBG Dom shares represents their total nominal value and amount to PLN 357,200.00.

PBG Dom Sp. z o.o. share capital amounts to PLN 2,357,200.00. Nominal value of one share amounts to PLN 100.00. Prior the deal was effected, PBG possessed 20,000 shares of the company constituting 84.85% of both the share capital and total number of votes.

Increase of share capital in PBG Dom Sp. z o.o.

On 5 August 2008 there was registered increase in the share capital of PBG Dom Sp. z o.o. The company's share capital was increased from PLN 2,357,200.00 to PLN 12,357,000.00 by creating of 100,000 shares with the nominal value PLN 100.00 each.

All new shares were taken over by PBG SA remaining the only shareholder of PBG Dom Sp. z o.o. Following the increase of the share capital from 123,572 shares the company is entitled to 123,572 votes which is 100% of the total number of shares.

DECREASE IN THE SHARE OF THE HOLDING COMPANY OF PBG SA IN CAPITALS OF THE SUBSIDIARIES WITHIN THE REPORTING PERIOD

Sale of Apartamenty Poznańskie Sp. z o.o. shares

On 27 June 2008 the Board of PBG SA concluded a sale contract to dispose shares in Apartamenty Poznańskie Sp z o.o. to PBG Dom Sp. z o.o.

PBG SA sold for PLN 2,500,020.00 all of 255 possessed by PBG SA shares with nominal value of PLN 100.00 each which constitute 51% of the company share capital and the same number of votes at the meeting of shareholders. Sold shares

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were fully paid up by PBG SA, they are not encumbered with any third party rights, are subject to no proceedings and their book value in PBG SA records amounted to PLN 1,579,893.51.

Therefore, PBG Dom Sp. z o.o. and Apartamenty Poznańskie have been a capital group since 1 July 2008.

Decrease of share in the capital of Hydrobudowa 9 SA

On 24 July 2008 there was registered increase in the share capital of Hydrobudowa 9 SA. The increase results from issuance of the D series shares which caused decrease of the total share of PBG SA in the company votes which currently amounts to 67.52%.

Following registration of Hydrobudowa 9 share capital increase PBG SA holds 9,588,311 shares which is 65.96% of the total number of shares.

Before registration of Hydrobudowa 9 SA share capital increase, PBG SA had held 9,588,331 shares of the company constituting 69.26% of the company share capital and giving 18,704,949 votes at the General Meeting of Shareholders which was 69.25% of the total amount of votes.

Disposal of shares in BATHINEX Sp. z o.o.

On 23 December 2008 the Board of PBG SA concluded a sale/purchase agreement with Ecopap Sp. z o.o. The agreement referred to PBG's disposal of 50 shares in Bathinex Sp. z o.o. with the nominal value of PLN 1,000.00 each giving 100% votes at the General Meeting of Shareholders and constituting the same share in the company capital. Shares nominal value in total amounted to PLN 50,000.00. The shares were sold by PBG SA for the amount of PLN 5,950,000.00.

Despite disposal of Bathinex Sp. z o.o., companies of the PBG Capital Group operating in road construction business have guaranteed access to road aggregates.

OTHER CHANGES

Termination of the preliminary agreement concerning acquisition of shares in J.A. Sokół – Melafir Sp. z o.o.

On 22 August 2008, the Board of PBG SA terminated the preliminary sale agreement concluded on 22 June 2007 between PBG SA and an individual person.

Termination of the preliminary agreement concerned acquisition of shares in J.A. Sokół – Melafir Sp. z o.o. of Tłumaczowo. PBG SA and the Seller mutually agreed to conclude the final sale agreement by virtue of which the Seller would sell to PBG all shares (i.e. 500 shares) of J.A. Sokół – Melafir Sp. z o.o. which were to be free from any encumbrances, the sale price was agreed to be PLN 32,000,000.00.

The share purchase agreement was to be concluded under the following conditions precedent:

- the audit in the company to be purchased shall give positive results;
- the concession for melaphyre mining in "Tłumaczów-Gardzień" deposits shall be restores and become legally binding.

On 22 August 2008, PBG SA through their proxy and the individual involved agreed to terminate the agreement due to incompatibility in assessment if the condition referring to positive results of the audit was met.

CHANGES IN SUBSIDIARIES

Infra SA

- acquiring of Wiertmar Sp. z o.o. shares

On 2 April 2008 Infra SA acquired 25,969 shares with nominal value PLN 50.00 each of Wiertmar Sp. z o.o. with its seat in Kopanka. Shares purchased for the total amount of PLN 4,207,774.19 constitute 51% of Wiertmar Sp. z o.o. share capital.

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Wiertmar Sp. z o.o. provides construction services concerning modernisation and monitoring of pipelines and excavation free technologies.

PBG SA treats purchase of Wiertmar Sp. z o.o. by Infra SA as an investment and its incorporation into the PBG Capital Group can be recognized as support for other companies operating in the hydro-technology business. No changes in the profile of Wiertmar Sp. z o.o. are planned by PBG SA. Infra SA own funds were used to finance the acquisition.

Hydrobudowa Polska SA

- incorporation of Hydrobudowa Polska Konstrukcje Sp. z o.o.

On 16 May 2008 Hydrobudowa Polska SA established a subsidiary of Hydrobudowa Polska Konstrukcje Sp. z o.o. with its seat in Mikołów.

Hydrobudowa Polska SA took all 100 shares valued at PLN 500.00 each and with the total value of PLN 50,000.00. The shares were paid up in cash.

The aim of establishing Hydrobudowa Polska Konstrukcje Sp. z o.o. is to separate from Hydrobudowa Polska SA the following:

- a) manufacturing and installation of steel structures,
- b) manufacturing and installation of appliances and installations,
- c) manufacturing and installation of steel containers,
- d) turn key industrial projects in particular for oil processing industry.

The Board of Hydrobudowa Polska SA plans to pass to this subsidiary all the tasks concerning contracts referring to these businesses. Additionally, it will be necessary to increase the company's capital and transfer to it all these assets which are necessary to run the business properly.

Incorporation of the new company of Hydrobudowa Polska Konstrukcje Sp. z o.o. by the District Court for Katowice - Wschód in Katowice, 8th Commercial Division of the National Court Register happened on 30 May 2008.

- acquiring of P.R.G. Metro Sp. z o.o. shares

Between 26 June 2008 and 28 July 2008, the Board of Hydrobudowa Polska Sp. z o.o. concluded contingent purchase agreements of 465 shares of Przedsiębiorstwo Robót Górniczych Metro Sp. z o.o. with its seat in Warsaw, each of them with the nominal value of PLN 1,000.00 which constitute in total 84.55% of the share capital of the company involved.

Of the balance 85 shares, 54 shares remain with the members of P.R.G. Metro Sp. z o.o. Board and 31 shares are held by those company shareholders who did not intend to dispose them.

Hydrobudowa Polska SA spent in total PLN 29,590,879.50 to acquire 465 shares with the nominal value PLN 1,000.00 each which constitute 84.55% in P.R.G. Metro Sp. z o.o. share capital. The deal with Hydrobudowa Polska SA was fully financed by own funds sourced from issuance of the K series shares.

On 12 September 2008 Hydrobudowa Polska SA received decision of the President of the Office of Competition and Consumer Protection (UOKiK) giving their consent to take control over P.R.G. Metro Sp. z o.o., therefore P.R.G. Metro Sp. z o.o. was incorporated into the Hydrobudowa Polska Capital Group.

Incorporation of P.R.G. Metro Sp. z o.o. into Hydrobudowa Polska SA is going to increase the potential and allow to diversify operations into new areas especially concerning construction of the underground railway. Currently, Hydrobudowa Polska SA as a consortium member with P.R.G. Metro bids in the tender for construction of the Warsaw underground railway.

Przedsiębiorstwo Robót Górniczych Metro Sp. z o.o. is one of the general contractors for the Warsaw underground railway tunnels and supporting facilities e.g. route ventilation centres, crossover chamber, underground passages and microtunnels. In 2001 the company extended its scope and currently operates also in water supply and sewage business.

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Hydrobudowa Polska SA undertook to keep the current profile of the company and expects its further development in the business concerning specialist construction works including making of tunnels, underground railway tunnels and their supporting facilities.

- incorporation of Hydrobudowa 9 SA into the Hydrobudowa Polska Capital Group

On 30 September 2008 the District Court for Poznań Nowe Miasto i Wilda in Poznań, 8th Commercial Division of the National Court Register registered increase of the share capital of Hydrobudowa Polska SA from PLN 173,673,200.00 to PLN 210,558,445.

The share capital increase was a result of issuance of 36,885,245 shares of the L series with the nominal value PLN 1.00 each. The L series shares issued in a private subscription were offered to all shareholders (including PBG SA). All the L series shares were taken in return for non-cash payment in form 14,536,685 fully paid shares of Hydrobudowa 9 SA with the face value PLN 0.10 each and with total nominal value of PLN 1,453,668.50 which is 100% shares of Hydrobudowa 9 SA.

Following the Hydrobudowa Polska share capital increase, the share of PBG SA increased from 60.69% to 61.61% and Hydrobudowa 9 SA was incorporated into Hydrobudowa Polska Capital Group.

Therefore, results of Hydrobudowa 9 SA will be indirectly consolidated with the results of the PBG SA Capital Group through 100% consolidation with the results of Hydrobudowa Polska SA.

Hydrobudowa 9 SA

- incorporation of Gdyńska Projekt Sp. z o.o.

On 2 April 2008 Hydrobudowa 9 SA established a subsidiary of Gdyńska Projekt Sp. z o.o. with its seat in Poznań. 60,000 shares in the new established company with the nominal value of PLN 50.00 each were covered by a contribution of the perpetual usufruct of the land valued at PLN 2,900,000.00 and a cash payment of PLN 100,000.00. Hydrobudowa 9 SA holds 100% votes and shares in the newly established company.

The core business of Gdyńska Projekt Sp. z o.o. is sale, purchase, leasing and management of real estate (own or leased) on their own account.

- establishing of Górecka Projekt Sp. z o.o.

On 11 September 2008 Hydrobudowa 9 SA established a subsidiary of Górecka Projekt Sp. z o.o. with its seat in Poznań. The company's share capital amounts to PLN 50,000.00 and is divided into 1,000 shares, each with nominal value of PLN 50.00. Each share is one vote. 100% of shares in the capital of Górecka Projekt Sp. z o.o. will be taken by Hydrobudowa 9 and paid up in cash.

Górecka Projekt Sp. z o.o. is a fixed purpose company established to construct the office building. The company core business is erecting of residential and non-residential buildings, purchase and sale of real estate on their own account, tenancy of real estate and real estate consultancy.

In the future, Hydrobudowa 9 SA does not exclude increasing Górecka Projekt Sp. z o.o. capital and covering shares with a perpetual usufruct of a real estate.

PBG Dom Sp. z o.o.

- acquiring of Apartamenty Poznańskie Sp. z o.o. shares

On 27 June 2008, resulting from the operation of sale of the shares in Apartamenty Poznańskie Sp. z o.o. carried out by the Board of PBG SA, PBG Dom Sp. z o.o. became a holder of 255 shares previously held by PBG SA nominal value of which amounted to PLN 100.00 each and representing 51% of the share capital of the company and the same number of votes at the meeting of shareholders.

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These shares were purchased for the total amount of PLN 2,500,020.00.

- acquiring of Budwil Sp. z o.o. shares

On 8 April 2008 PBG Dom Sp. z o.o. acquired from some individuals 255 shares of Budwil Sp. z o.o. nominal value of which amounted to PLN 100.00 each. Acquired shares constitute 51% of the company share capital and the same number of votes at the general meeting of shareholders.

PBG Dom paid cash for the nominal value of the shares i.e. the amount of PLN 25,500.00

The core business of Budwil Sp. z o.o. is to purchase, sale and maintain real estate on their own account.

- acquiring of Dawil Sp. z o.o. shares

On 26 August PBG Dom Sp. z o.o. acquired from an individual person shares of Dawil Sp. z o.o. Dawil's share capital amounts to PLN 50,000.00 and is divided into 500 shares each with nominal value of PLN 100.00. Through this operation, for the total amount of PLN 50,000.00 PBG Dom Sp. z o.o. acquired 500 shares constituting 100% share capital of the company and the same number of votes.

Dawil Sp. z o.o. has not been in business so far and it is a fixed purpose company established to carry out a development project. PBG Dom Sp. z o.o. does not exclude further investments in the company shares. On 24 October 2008 the company name was changed from Dawil Sp. z o.o. to Invest I Sp. z o.o.

Aprivia SA

- Increase of the Aprivia SA share capital and establishing of Aprivia Capital Group

On 8 October 2008 there was registered increase of the share capital of Aprivia SA.

Increase of the Aprivia SA share capital results from issuance of 71,493,065 inscribed shares of the B series offered in the closed subscription to the only shareholder i.e. PBG SA.

After the increase registration, the share capital of Aprivia SA increased from PLN 500,000.00 to PLN 71,993,065.00 and it is divided into 500,000 shares of the A series with the nominal value of PLN 1.00 and 71,493,065 shares of the B series with the nominal value of PLN 1.00. Issue value of the shares equals to their nominal value and amounts to PLN 1.00 per share. All 71,993,065 inscribed shares make 143,986,130 votes (i.e. 2 votes per each share). In return for Aprivia SA shares, PBG SA contributed shares of other subsidiaries.

After the capital increase, PBG SA remains the only shareholder of the company and holds 100% of the share capital as well as 100% votes at the general meeting of shareholders. The company value in the PBG SA books increased from PLN 505,737.00 to 71,998,802.00.

The B series shares of Aprivia SA were taken by PBG SA in return for the cash payment in the following manner:

- a) 22,379,325 of the B series shares will be taken for 25,000 shares of PRID SA based in Nowy Tomyśl, each share with nominal value of PLN 20.00 (PBG SA held 100% shares in the capital and in the books the company was valued at PLN 22,379,325.00);
- b) 45,971,637 of the B series shares will be taken for 14,245,000 shares of Betpol SA based in Bydgoszcz, each share with nominal value of PLN 1.00 (PBG SA held 70% shares in the capital and in the books the company was valued for PLN 45,971,636.00);
- c) 3,142,103 of the B series shares will be taken for 6,000 shares of Dromost Sp. z o.o. based in Żabno, each share with nominal value of PLN 500.00 (PBG SA held 87.40% shares in the capital and in the books the company was valued at PLN 3,142,102.23).

Following the increase registration PRID SA, Betpol SA and Dromost Sp. z o.o. were taken by Aprivia SA and their value in Aprivia SA books is as follows:

- PRID SA: PLN 22,379,325.00 - Aprivia SA holds 100% shares in the capital and the same number of votes at the general meeting of shareholders;
- Betpol SA: PLN 45,971,637.00 - Aprivia SA holds 70% shares in the capital and the same number of votes at the general meeting of shareholders;

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- Dromost Sp. z o.o.: PLN 3,142,103.00 - Aprivia SA holds 87.40% shares in the capital and the same number of votes at the general meeting of shareholders.

PBG SA was a Holding Company for Aprivia SA, however, as soon as the capital increase was registered, Aprivia SA became a Holding Company for the companies shares of which were contributed to it and which were excluded from the PBG SA direct assets. Aprivia SA does not intend to change profiles of the taken companies and treats them as a long term investment. The shares in the mentioned companies were taken as a result of issuance of 71,493,065 shares of the B series.

1.1.2 COMPOSITION OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD OF THE HOLDING COMPANY

As per 31 December 2008 the following individuals made up the company Board of Directors:

- Jerzy Wiśniewski – President of the Board of Directors,
- Tomasz Woroch – Vice President of the Board of Directors,
- Przemysław Szkudlarczyk – Vice President of the Board of Directors,
- Tomasz Tomczak – Vice President of the Board of Directors,
- Mariusz Łożyński – Vice President of the Board of Directors,
- Tomasz Łatawiec – Member of the Board of Directors.

On 28 November 2008, the Supervisory Board upon request of the Board of Directors made a decision to assign the function of the Vice President of the Board of Director to Mr. Mariusz Łożyński who previously worked as the Member of the Board of Directors.

Until the date of these financial statements, the make up of the Board of Directors was not changed.

As per 31 December 2008 the following individuals made up the company Supervisory Board:

- Maciej Bednarkiewicz – Chairman of the Supervisory Board,
- Jacek Kseń – Deputy Chairman of the Supervisory Board,
- Wiesław Lindner – Secretary of the Supervisory Board,
- Jacek Krzyżaniak – Member of the Supervisory Board,
- Dariusz Sarnowski – Member of the Supervisory Board,
- Adam Strzelecki – Member of the Supervisory Board.

On 12 March 2008 the PBG SA Board of Directors was delivered resignation of Mr. Mirosław Dobrut of his function of the PBG SA Supervisory Board member. Mr. Mirosław Dobrut justified his decision by potential conflict of interest which could arise due to his employment in the management of other stock exchange listed company.

On 1 September 2008 the PBG SA Board of Directors was notified about Ms. Małgorzata Wiśniewska's resignation of her function of the PBG SA Supervisory Board member. Resignation of Ms. Małgorzata Wiśniewska is due to assignment to her the position of the President of the Board of Directors in the PBG SA subsidiary of Infra SA.

1.1.3 OTHER INFORMATION REFERRING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amendments resulting from objections raised in the opinions issued by entities entitled to audit consolidated financial statements or financial statements for the years covered by these consolidated financial statements and reference consolidated financial data were not introduced.

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Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

2. INFORMATION ABOUT BASIS FOR THE FINANCIAL STATEMENTS, THEIR CURRENCY AND LEVELS OF APPROXIMATION

2.1 BASIS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the PBG Capital Group, covering the Holding Company and its subsidiaries, has been drawn up as per the International Financial Reporting Standards (IFRS) approved by the European Union and applicable on 31 December 2008.

These consolidated financial statements meet all IFRS requirements adopted by the European Union and reliably present financial condition of the Group as per 31 December 2008, its financial result and cash flow for the period between 1 January 2008 and 31 December 2008 including the reference data.

The financial statements were made pursuant to the historical cost principle, with the exception of investment estates, derivative financial instruments and financial assets available for sale which were carried at fair value.

For all matters not settled in the IAC/IFRS, the Capital Group applies the following regulations:

- Act on accounting of 29 September 1994 (unified text - Dz. U. of 2002, No. 76, item 694 as amended),
- Ordinance of the Minister of Finance of 12 December 2001 on detailed rules for financial instruments approval, valuation method, range of disclosing and presentation method (Dz. U. of 2001, No. 149, item 1674),
- Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regard financial information in prospectuses and the form, referencing and publication of these prospectuses as well as publication of advertisements;
- Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information disclosed by issuers of securities and acknowledging equivalent information required by regulations of the non member states (Dz.U. of 2009, No. 33, item 259).

2.2 STATEMENT OF THE BOARD

Pursuant to the Ordinance of the Minister of Finance of 19 October 2005 on current and periodical information disclosed by issuers of securities, the Board of PBG SA declares that to their best knowledge these financial statements and the reference data are made in line with the accounting standards binding for the PBG Capital Group, they truly, reliably and clearly reflect financial conditions of the Group and its financial result and that the Board report includes real image of the Capital Group development, achievements and condition including basic risks and hazards.

For these financial statements there were applied accounting rules consistent with the International Financial Reporting Standards which were approved by the European Union and its range corresponds to the requirements of the Ordinance of the Minister of Finance of 19 October 2005 on current and periodical information disclosed by issuers of securities (Dz. U. No. 209, item 1744) and covers the period between 1 January 2008 and 31 December 2008 and the reference period between 1 January and 31 December 2007.

The Board of PBG SA declares that the entity entitled to audit financial statements who audited the consolidated financial statements was selected pursuant to the applicable legal regulations and that mentioned entity as well as chartered auditors conducting the audit met requirements guaranteeing issuance of an objective and independent opinion pursuant to applicable legal regulations.

Pursuant to the corporate governance passed by the PBG SA Board, the chartered auditor was selected by the Supervisory Board in their resolution No. 6 of 13 June 2007 on selection of the chartered auditor. The Supervisory Board made this decision willing to guarantee full independence and objectivity of both the choice and the chartered auditor operations.

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Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

2.3 INFLUENCE OF NEW STANDARDS AND INTERPRETATIONS ON THE CAPITAL GROUP'S FINANCIAL STATEMENTS

2.3.1 APPLICATION OF A STANDARD OR INTERPRETATION BEFORE THEIR EFFECTIVE DATE

The PBG Capital Group did not choose to use new standards and interpretations, which have already been published and approved by the European Union but which become effective after the balance-sheet day.

2.3.2 INFLUENCE OF NEW STANDARDS AND INTERPRETATIONS ON THE CAPITAL GROUP'S FINANCIAL STATEMENTS

As per 31 December 2008, there were published new standards and interpretations to the IFRS referring to:

- - Amendment to IFRS 2 "Share-based payment" - effective date 1 January 2009. The standard amendment is going to affect the Capital Group financial statements;
- - Updated IFRS 3 "Business combinations" and IAC 27 "consolidated and separate financial statements" - effective date 1 July 2009. The standard amendments consist in the new approach to:
 - company value and the minority interest – company value is total price paid and the fair value of the minority interest less net assets of the taken over entity, further share purchases following taking the control (they do not affect the company value).
 - The standard amendment is not going to affect the Capital Group financial statements;
- IFRS 8 "Operating segments" - effective date 1 January 2009. The Capital Group does expects the new standard to significantly affect presentation and disclosure of information about operating segments in financial statements concerning following periods.
- Amendments of the IAC 14 "Segments reporting". It is applicable if amendments to the IAS 1 were applied earlier. The standard amendment is going to affect the Capital Group financial statements.
- Updated IAS 1 "Presentation of financial statements" - effective date 1 January 2009. Updated standard includes some important changes:
 - new names of the statements,
 - full statement on the company result supplementing currently required profit and loss account includes also reporting of the result which was included directly into the capital.

The financial statements include also the company financial standing (balance sheet) as per the beginning of the first reference period (i.e. 3 balance sheets) if the statements include flashback of the accounting policy or assets classification change.

The Capital Group does not expect the standard amendment to affect figures presented in the statements.

- Updated IAS 23 "Borrowing costs" - effective date 1 January 2009. The Capital Group expects the amendment to affect accounting rules, however, this affect is going to be limited, as so far the company has applied the alternative approach i.e. it included borrowing costs in fixed assets. The new reading of the IAS 23 referring to activating of the borrowing costs is going to be applied by the Capital Group only to new contracts and operation made 1 January 2009 on. The Capital Group expects that the amendment of the IAS 23 is mostly going to affect presentation of borrowing costs in the profit and loss account, as some costs currently revealed in the financial dealings will now be transferred to operation.
- Amendments in the IAS 32 "Financial instruments presentation" and IAS 1 "Presentation of financial statements" - Puttable instruments and obligations arising on liquidation - effective date 1 January 2009. The standard amendment is not going to affect the company financial statements.

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- Amendment IFRS 1 "First-time adaptation of the IFRS" and IAS 27 "Consolidated and separate financial statements". The amendment is applicable to periods beginning on 1 January 2009 on. The standard amendment is going to affect the Capital Group financial statements.
- Amendments 5, 7 in the IFRS, 1, 8, 10, 16, 18, 19, 20, 23, 27, 28, 29, 31, 36, 38, 40, 41 in the IAS implemented by the IASB as a part of the "Annual improvements project". The amendments are applicable since 1 January 2009 on.
- Amendments in the IAS 39 "Financial instruments: recognition and measurement". The amendment is applicable since 1 January 2009 on. The amendment is not applicable to the Capital Group.
- Amendments in the IFRS 7 "Financial instruments: disclosures". The amendment is applicable since 1 January 2009 on. The amendment is not applicable to the Capital Group.
- Amendments in the IFRS 1 "First-time adaptation of the IFRS". The amendment is applicable since 1 July 2009 on. Changes in the standard reading layout. The amendment is not applicable to the Capital Group.
- New interpretation of the IFRIC 13 "Customer loyalty programmes". Applicable since 1 January 2009 on. The amendment is not applicable to the Capital Group.
- Interpretation of the IFRIC 15 "Agreements for the construction of the real estate". Applicable since 1 January 2009 on. The Capital Group applies rules consistent with the introduced interpretation, therefore the amendment is not going to affect the financial statements.
- New interpretation of the IFRIC 16 "Hedges of net investment in foreign operation". Applicable since 1 October 2009 on. The amendment is not applicable to the Capital Group.
- New interpretation of the IFRIC 17 "Distributions of non-cash assets to owners". The amendment is applicable since 1 July 2009 on. The amendment is not applicable to the Capital Group.

The Board of the Holding Company is continuously monitoring new standards and interpretations and is continuously analysing their influence on the financial statements.

2.4 CURRENCY AND LEVEL OF ADOPTED APPROXIMATION

The currency used in this consolidated financial statement is Polish zloty which is the operating currency and the presentation currency, and all amounts are presented in PLN thousands (unless otherwise specified).

Financial statements of the foreign entities for the purposes of the financial statements are translated into Polish currency applying rules of the International Accounting Standard No. 21 i.e. as follows:

- assets and liabilities of each presented balance sheet applying the fixing rate of the balance-sheet day,
- items included in the profit and loss account applying the rate which is an arithmetic average of average rates fixed by the National Bank of Poland (NBP) on the last day of each month of the reporting period. Exchange rate differences resulting from such a translation are included directly in the equity capital as exchange rate differences of the consolidation.

2.5 GOING CONCERN ASSUMPTION

These consolidated financial statements was drawn up based on the assumption that the PBG Capital Group entities shall remain a going concern in the foreseeable future. As at the date of approval hereof, there are no circumstances indicating otherwise.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

2.6 AVERAGE EXCHANGE RATES IN RELATION TO EUR

For the period covered by the financial statements and reference data, an average exchange rates of PLN vs. EURO, set by the National Bank of Poland were used, in particular:

a) net profits from sales of products, goods and materials, operating profit, gross profit and net profit, as well as net cash flow from operations, net cash flow from investments, net cash flow from financial activity, and total net cash flow for two quarters 2008 have been calculated based on the average exchange rate of EURO – arithmetic average of exchange rates set by the National Bank of Poland as at the last day of each month, i.e. : PLN 3.5321

b) net profits from sales of products, goods and materials, operating profit, gross profit and net profit, as well as net cash flow from operations, net cash flow from investments, net cash flow from financial activity, and total net cash flow for two quarters 2007 have been calculated based on the average exchange rate of EURO – arithmetic average of exchange rates set by the National Bank of Poland as at the last day of each month, i.e. : PLN 3.7768

c) total assets, liabilities and provisions for liabilities, long-term payables, shareholders' equity and share capital as at 31 December 2008 have been calculated based on the average exchange rate of EURO as at that date i.e. 31 December 2008 i.e. : PLN 4.1724

d) total assets, liabilities and provisions for liabilities, long-term payables, shareholders' equity and share capital as at 31 December 2007 have been calculated based on the average exchange rate of EURO as at that date i.e. 31 December 2007 i.e. : PLN 3.5820

Item	31/12/2008	31/12/2007
Exchange rate as at the last day of the period	4.1724	3.5820
Average exchange rate (arithmetic average of exchange rates as at the last day of each month in the period)	3.5321	3.7768
The highest exchange rate in the period	4.1848 as of 29/12/2008	3.9385 as of 30/01/2007
The lowest exchange rate in the period	3.2026 as of 31/07.2008	3.5699 as of 11/12/2007

Basic items of the balance sheet, profit and loss account and cash flow statement from the consolidated financial statements and reference consolidated data translated into EURO.

SELECTED FINANCIAL DATA AS AT 31 DECEMBER 2008

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
	PLN		EUR	
Revenue from sales	2 091 425	1 406 976	592 119	372 531
Operating profit (loss)	225 611	139 335	63 874	36 892
Profit (loss) before tax	215 915	146 376	61 129	38 757
Net profit (loss) from discontinued operations	189 923	119 679	53 771	31 688
Net profit (loss), including	189 923	119 679	53 771	31 688
- profit of shareholders of the Holding Company	158 241	104 308	44 801	27 618
- profit of minority shareholders	31 682	15 371	8 970	4 070
Net cash from operations	(262 881)	(117 647)	(74 426)	(31 150)
Net cash used in investments	(174 856)	(178 941)	(49 505)	(47 379)

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Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Net cash flows from financial activity	315 220	655 464	89 244	173 550
Net cash flow and cash equivalent balance	(122 517)	358 876	(34 687)	95 021
Weighted average number of ordinary shares	13 430 000	13 197 000	13 430 000	13 197 000
Weighted average diluted number of ordinary shares	13 430 000	13 197 000	13 430 000	13 197 000
Profit (loss) per ordinary share (in PLN/EUR)	11.78	7.90	3.34	2.09
Diluted profit (loss) per ordinary share (in PLN / EUR)	11.78	7.90	3.34	2.09
Average PLN / EUR exchange rate			3.5321	3.7768

Item	as at	as at	as at	as at
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	PLN		EUR	
Assets	2 858 509	2 258 835	685 099	630 607
Long-term liabilities	410 022	331 739	98 270	92 613
Short-term liabilities	1 334 869	1 141 876	319 928	318 782
Equity	1 113 618	785 220	266 901	219 213
Share capital	13 430	13 430	3 219	3 749
Number of shares	13 430 000	13 430 000	13 430 000	13 430 000
Book value per share - BVPS (in PLN / EURO)	69,11	55,90	16,56	15,60
Dividend per share – declared or paid (in PLN / EUR)	-	-	-	-
PLN / EUR exchange rate at period end			4.1724	3.5820

3. ACCOUNTING PRINCIPLES

The consolidated financial statements were made pursuant to the historical cost principle, with the exception of investment estates, derivative financial instruments and financial assets available for sale which are carried at fair value. The balance sheet value of secured assets and liabilities is amended including changes of the fair value which may be assigned to the risk against which these assets and liabilities are secured.

3.1 GENERAL PRINCIPLES

3.1.1 CONTENT OVER FORM PRINCIPLE

Content over form principle means that the financial statements should present the information reflecting economic content of events and transactions and not only their legal form.

3.2 CONSOLIDATION

3.2.1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Holding Company of PBG SA and statements of subsidiaries controlled by the Holding Company, drawn up as at 31 December 2008. The term "controlled" is meant as an influence on the financial and operational policy of a subsidiary so as to obtain benefits from its activities.

As at the acquisition date (date of taking control), assets and liabilities of a subsidiary are carried at their fair value. Any excess of the acquisition cost over the fair value of acquired identifiable net assets of the subsidiary is recognised as goodwill under assets in the balance sheet. Should the purchase price be lower than the fair value of identifiable taken over net assets of the subsidiary, the difference is recognised as a profit in the profit and loss account of period in which the acquisition occurred. Minority interests are carried at their corresponding fair value of net assets.

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Should minority losses exceed minority interests in subsequent periods, equity of the holding company is reduced by the relevant amount.

Any subsidiaries sold during the fiscal year are consolidated from the beginning of FY until the transaction date. Financial results of entities acquired during the year are recognised in the financial statement as of the acquisition date.

If necessary, financial statements of subsidiaries are adjusted to make sure that accounting principles adopted by a subsidiary are in line with the principles adopted by the Holding Company.

The consolidated financial statements do not include any intercompany transactions, balances, revenues or expenses of related consolidated entities.

3.2.2 INVESTMENTS IN ASSOCIATES

Associates are entities which are not controlled, but significantly influenced by the Holding Company (Holding Company takes part in defining its financial and operational policy).

Share in associated companies is accounted for by the equity method of accounting except when classified as held for sale. Under this method, investments in associates are carried at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments.

All profits and losses resulting from transactions made by the Capital Group and an associate are subject to non-consolidation in accordance with the share of the group in the capital of the associate.

Any excess of the acquisition cost over fair value of acquired identifiable net assets of the associate is recognised as goodwill.

Should the purchase price be lower than the fair value of identifiable taken over net assets of the associate, the difference is excluded from the balance sheet value of the investment and is included in the profit and loss account of period in which the acquisition occurred.

3.2.3 GOODWILL

Goodwill on consolidation represents the excess of the acquisition cost over the fair value of the Group's share of the identifiable assets and liabilities of a subsidiary, joint venture, or associate, as at the acquisition date.

Goodwill is recognised as an element of assets and is tested for impairment at least annually. Any effects of goodwill impairment are immediately charged to the P&L account and cannot be reversed in subsequent periods.

3.3 DETAILED PRINCIPLES OF ASSETS AND LIABILITIES VALUATION EMPLOYED IN THE PBG CAPITAL GROUP

3.3.1 INTANGIBLE ASSETS

Intangible assets include assets that satisfy the following criteria:

- they are capable of being separated from the entity and sold, transferred, licensed, rented, or leased to a third party, either individually or as part of a package with underlying contracts, elements of assets or liabilities, or
- arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or other rights or liabilities.

Initial recognition of intangible assets is valued at purchase or production cost. The purchase price includes the price paid for asset (i.e. the amount due to the seller reduced by the deductible taxes (VAT and the excise), public charges (in case of import) and expenditures directly bound with the purchase and adjusting of the asset for use accordingly to its planned purposes. Discounts granted by the seller and other reduction alike decrease purchase price of the asset.

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If an intangible asset is purchased in exchange for capital market instruments of the company making the financial statements, the purchase price of the asset equals to the fair value of issued capital market instruments which equals to the fair value of the specific asset.

Production cost of an intangible asset includes all costs incurred by the entity within the period of production or adjustment thereof incurred up to the date the asset use begins (or up to the balance-sheet day if the asset is not used yet) including non-deductible VAT and excise.

The PBR Capital Group chose to apply an alternative solution approved in the IAS 23. Pursuant to the alternative approach, borrowing costs - interest which can be directly attributed to the purchase, construction or production of the asset are included into the purchase price or production cost of the specific asset.

At least on the balance-sheet day, the intangible assets are priced as per the purchase or production price less amortization and impairment write-downs.

For calculation of intangible assets impairment write-downs there is applicable the same method as for fixed assets.

Intangible assets depreciation write-downs are calculated dividing their original value by the period of their anticipated economical usefulness. Amortization is applicable beginning on the first day of the month in which the intangible assets use begun. The depreciation ceases at the end of the month in which accumulated amortization equals the original value or in which the intangible asset was intended for liquidation, sold or shortage thereof was discovered.

Intangible assets amortization write-downs are made linearly with the following periods applied:

Item	Annual depreciation
computer software	20 - 50%
other property rights	20 - 50%

Correctness of the amortization rates applied to separate intangible assets is verified at least once a year. All changes resulting from modification of the depreciation rates affect (as a change of assessed figures) amendments of depreciation write-downs made in the current FY and following FYs.

Intangible assets with undefined period of use and those which are not yet in use (in progress) undergo annual verification for eventual loss of value either individually or at the cash generating unit level. Other intangible assets should be annually reviewed for any circumstances which could indicate their impairment. Eventual impairment write-down is accounted for in the profit and loss account.

Intangible assets with a value of up to PLN 2,500 are not regarded as fixed assets and are written off costs of consumption of materials in the month of putting the assets to use.

Apart from development works, internally-generated intangible assets are not recognised in assets and their manufacturing costs are recognised in P&L account for the year in which the expenditure is incurred.

An asset may be removed from the balance sheet on disposal or when no future economic benefits are expected from its continued use. Profits or losses from sales / liquidation or ceasing to use the intangible assets are determined as the difference between revenues from sales and net value of these intangible assets and included in the profit and loss account.

Effectuated advance payments associated with purchase of intangible assets are covered by financial statements of the companies of the PBG Capital Group in the balance sheet section of intangible assets.

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3.3.1.1 COSTS OF RESEARCH AND DEVELOPMENT WORKS

Costs of research works are recognised directly in the profit and loss account when they are incurred. Expenses for development works made under an undertaking are transferred to the next period if it can be determined that they can be recovered in future. After initial recognition of expenses on development works a historic cost model is applied which requires assets to be carried at cost of purchase depreciation and aggregated impairment write-downs. All expenditures transferred to next period are depreciated over the expected period of generating revenues from sale of the undertaking.

The costs of development works are annually examined for potential impairment if an asset has not been put to use or more frequently if in the entire reporting period an indication is identified that the balance sheet value may not be recoverable.

3.3.2 TANGIBLE FIXED ASSETS

Tangible fixed assets are initially recorded at the cost of purchase or production. Purchase price is increased by all costs directly related to the purchase and necessary to bring the asset to working condition for its intended use. Costs incurred after the date when the fixed assets was put into use, including costs of maintenance and repairs, are charged to the profit and loss account as they are incurred.

On acquisition, fixed assets are divided into separate items of material value for which separate useful life can be determined. They also include the costs of overhauls and vital spare parts as well as equipment if they are used for the period of more than one year.

After initial recognition, fixed assets are recorded at purchase or production cost less depreciation and total impairment losses.

Depreciation is carried out on a straight-line basis over the estimated useful period of an asset, which for individual groups of assets is the following:

Type	Depreciation rate
Land (perpetual usufruct of land)	not depreciated
Buildings and structures	1.5%– 2.5%
Machinery and equipment	5%-46%
Office equipment	10%–20%
Transport vehicles	10%- 46%
Computers	10%–40%
Investments in fixed assets owned by third parties	10%

Depreciation starts in the month when the fixed asset is accepted for use.

Correctness of the applied depreciation rates is periodically verified (annually) causing amendments of depreciation write-downs in following years.

The Capital Group companies possess pieces of art residual value of which was assumed to equal their purchase price, value of fixed assets is not depreciated.

While drawing up the financial statements, if any circumstances indicate that the carrying amount of tangible fixed assets may not be recoverable, these assets are reviewed for impairment. If their impairment is probable, and their carrying amount exceeds their recoverable amount, the carrying amount of those assets or cash-generating unit to which they belong is reduced to the recoverable amount. The recoverable value is the higher of an asset's following value: fair value less costs of sale or usable value. When determining usable value, the estimated future cash flows are

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discounted to the present value based on the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the asset does not generate cash inflows that are largely independent from other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the P&L account in the item "other operational costs".

A tangible fixed asset may be removed from the balance sheet on disposal or when no future economic benefits are expected from its continued use. Profits or losses from sales / liquidation or ceasing to use the fixed assets are determined as the difference between revenues from sales and net value of these fixed assets and included in the profit and loss account.

Investment initiated relate to fixed assets in progress or construction and are recorded at purchase or production price. Construction in progress is not depreciated until fully completed and brought into use.

In the case of lasting discontinuation of investing on construction in progress, the total amount of the costs incurred related with the works carried out so far are included in the period costs. Investment suspension is acceptable in case of justified intention to continue the investments in later periods. Investment suspension is made upon decision of the company Board. As at each balance sheet day investments on fixed assets in progress are analysed in terms of value loss and the necessity to make possible impairment losses.

Effectuated advance payments associated with purchase of tangible fixed assets are covered by financial statements of the companies of the PBG Capital Group in the balance sheet section of tangible fixed assets.

3.3.2.1 PERPETUAL USUFRUCT OF LAND

Perpetual usufruct of land purchased as a result of administrative decision is recorded in the balance sheet at fair value. Fair value of the right is determined as one of the two values – market value of the right if the company is aware thereof or the value as assessed by an expert.

The excess of the fair value assessed in this way over the costs incurred for the purchase of the perpetual usufruct of land as a result of an administrative decision is recorded under assets as from profit brought forward from previous years.

Perpetual usufruct of land purchased on the secondary market is valued according to the purchase price and is not revaluated.

Perpetual usufruct of land is not depreciated.

3.3.3 LEASES

3.3.3.1 THE CAPITAL GROUP AS A LESSEE

Finance lease agreements that transfer substantially all the risks and rewards of ownership of the leased asset to the Group are recorded in the balance sheet at commencement of the lease term at the lower of the following values: fair value of the leased fixed asset or present value of the minimum lease payments. Minimum lease payments should be apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Conditional lease payments are recorded in the period when the costs were incurred.

Fixed assets used under finance lease agreements are depreciated on the basis of the same rules as applicable for the Capital Group's own assets. However, if it is not certain if the Capital Group is going to obtain the ownership title before the end of the lease, an asset is depreciated throughout a shorter of the following lease terms: estimated life of the asset or lease term.

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Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the P&L account on a straight-line basis over the lease term.

3.3.3.2 THE CAPITAL GROUP AS A LESSOR

Assets transferred under finance leases are recorded by the Capital Group in the balance sheet as receivables, at the amount equal to the net investment in the lease. Net investment is a sum of minimum lessor's due lease payments arising from the finance lease or a possible unguaranteed final value attributed to the lessor discounted by the lease interest rate. Financial revenues arising from including a given asset transferred under lease agreement are recorded so as to reflect a stable interim rate of return for net lease investment. Companies of the Capital Group which are producers or intermediaries, record profits and losses from sale in a given period in relation to finance lease in line with the rules for standard sale adopted by the company. The costs incurred in relation with negotiations and activities aimed at concluding a lease agreement are recorded as costs as at obtaining profit from sale. Receivables related to the lease are recognised in the item of "other receivables".

3.3.4 INVESTMENT PROPERTY

Investment property include lands, buildings and constructions purchased to gain economic benefits based on the increase of their value or other benefits e.g. obtaining benefits from lease rents. These assets are not used by the company.

Including a property as investment is carried out when it is opened for use on the basis of the Board's decision.

Investment property is initially recognised as at the purchase price or production price, including transaction costs. After initial recognition, an investment property is carried at fair value. Gains or losses resulting from changes in fair value of an investment property are recognised in the P&L account for the period in which they are generated. Fair value of an investment property is reflected in market conditions as at balance sheet day.

3.3.5 NON-RENEWABLE NATURAL RESOURCES

Non-renewable natural resources assets are initially recorded at the cost of purchase or production. Purchase price is increased by all costs directly related to the purchase and necessary to bring the asset to working condition for its intended use.

Costs incurred after the date the non-renewable natural resources have been included in the books are recorded in the profit and loss account when they are incurred.

After initial recognition non-renewable natural resources are recorded at purchase or production cost less amortisation and total impairment losses.

Depreciation is calculated naturally.

While drawing up the financial statements, if any circumstances indicate that the carrying value of non-renewable natural resources may not be recoverable, these assets are reviewed for impairment. If their impairment is probable, and their carrying amount exceeds their recoverable amount, the carrying amount of those assets or cash-generating unit to which they belong is reduced to the recoverable amount. The recoverable value is the higher of an asset's following two values: fair value less costs of sale or usable value. When determining value in use, the estimated future cash flows are discounted to the present value based on the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the asset does not generate cash inflows that are largely independent from other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the P&L account in the item "other operational costs".

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An asset may be removed from the balance sheet on disposal or when no future economic benefits are expected from its continued use. Profits or losses from sales / liquidation or ceasing to use the non-renewable natural resources are determined as the difference between revenues from sales and net value of these assets and included in the profit and loss account.

3.3.6 FIXED ASSETS (NON-CURRENT) AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable within one year after the re-classification and the asset (or disposal group) is available for immediate sale in its present condition.

Fixed assets (and groups of net assets held for sale) classified as held for sale are valued at lower of the two values: balance value or fair value less costs of sale.

3.3.7 INVENTORIES

Inventories in the companies of the PBG Capital Group include:

1. Materials purchased for own purposes,
 - raw materials and materials for production,
 - indirect materials,
 - other materials (office equipment, fuel purchased directly by drivers).
2. Goods purchased and held for trading.
3. Generated or processed products.

In the PBG Capital Group **direct and indirect materials** within the FY are recorded in purchase or sale price. Outgoing direct and indirect materials is recorded at weighted average prices and FIFO.

The purchase price may be used as the price of acquisition providing the costs incurred along the material purchase are insignificant compared to the purchase price.

The price of acquisition includes also storage costs necessary in the production process.

Goods within the FY are recorded in acquisition or purchase price. Outgoing of goods is carried out pursuant to FIFO prices. Land and property intended for sale is treated as goods.

Finished products, semi-finished products and products in progress are priced as per real costs incurred to produce these finished products.

In case of land development activities all expenditures related to the task are activated in inventories as work in progress.

The price of acquisition or cost of production include all purchase costs, processing costs and other costs incurred in relation to transferring of inventories to their current place and condition. The entity includes borrowing costs to the purchase price or production cost.

Purchase costs include purchase price, import duties and other taxes (other than those which may be refunded by the IRS to the company) and costs of transport, loading, unloading and other costs directly attributable to sourcing of finished products, materials and services.

When calculating the purchase costs, discounts and other alike items are respectively deducted.

Pricing of inventories as per the balance-sheet day is carried out at acquisition price, purchase price or production cost not exceeding their net sale price (net value possible to obtain).

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Net price possible to achieve is the difference between the estimated selling price achieved in normal business operation and completion costs and estimated costs necessary to carry out the sale.

Costs of borrowing (if they are significant and if the financing period and inventory maintenance in long term) including credit and loan interest, discount, premiums, costs related with concluding of the credit or loan agreement and exchange rate differences referring from costs of financing increase value of the current assets regardless relationship between the financing sources and assets.

Revaluation write-downs of tangible current assets related to their impairment or valuation as at the balance sheet day are charged into other operational expenses. If the reason for the revaluation write-down of tangible elements of current assets no longer exists, their value is included into other operating revenues.

In particular, the following are circumstances indicating the need to make revaluation write-down:

- loss of the inventory functional value (damage, expiry date),
- inventory quantity exceeds needs and the company selling abilities,
- low inventory turnover,
- loss of the market value due to lower sale prices used by competitors.

As at the balance sheet day, the companies of the PBG Capital Group make aging analysis of inventories with division into inventory groups and calculate applicable revaluation write-down value.

3.3.8 BORROWING COSTS

Pursuant to the IAS 23, the PBG Capital Group applies alternative approach to borrowing costs. Pursuant to the alternative approach Financing costs that can directly included in purchase, construction or production of adjusted element of assets are activated as a part of purchase price or production cost of this asset. Borrowing costs include interest and exchange rate gains of losses up to the amount of the adjustment of interest cost.

3.3.9 GRANTS

Grants, including non-cash grants represented in fair value are included only if it is certain that the Capital Group fulfils the requirements related with a given grant and a given grant is retained.

If a grant is related to a cost item, it is recognised as income and matched with the related costs, for which it is intended to compensate. If a grant is related to an asset, then its fair value is recognised in revenues of future periods and it is subsequently included in profit and loss proportionally to the depreciation write-downs made for that defined asset.

3.3.10 RECEIVABLES

Trade receivables and other receivables are recognised and disclosed at amounts initially invoiced. After initial recognition of the receivables they are valued at the depreciated cost applying an effective interest rate including receivable revaluation write-downs. Revaluation write-down of doubtful receivables is determined when the recovery of the entire receivables amount lost its probability. Write-downs revaluating receivables balance sheet value are made, among others, for the following:

- overdue receivables or receivables which are not overdue which, however, are very probable to be unrecoverable, in particular receivables overdue over 180 days unpaid in 100%.
- Impairment write-downs is included in other operational costs.

Trade receivables which become due within a time shorter than 12 months since their origin are not subject to discounting. Due dates of the Capital Group's trade receivables are usually 14 to 90 days.

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Receivables which are due within a time longer than 12 months from the balance-sheet day are recorded in long term assets. The short-term assets include receivables with the due date up to 12 months from the balance-sheet day.

Trade receivables of the Capital Group usually are not burden with interest on defaults. If, however, the Board finds it justified contractual interest may be imposed.

Effected advance payments associated with future services are covered by financial statements of the companies of the PBG Capital Group in the balance sheet section of short-term trade receivables.

3.3.11 PREPAID EXPENSES

In order to maintain commensuration of revenues and costs they are divided into costs and revenues for individual reporting periods. Expenses and costs incurred in advance, that is related with future periods, are represented within active prepaid expenses whereas passive prepaid expenses of costs include the amounts included in the current period although they will be covered in the future reporting period.

Write-offs of active and passive prepaid expenses are made gradually in line with the set period of time or their amount. The timing and method of calculation depend on the type of expenses to be settled and are based on the principle of prudence.

The range of typical expenses settled in time includes in particular to:

- paid in advance subscription for the press,
- property insurance fees,
- leasing costs (leasing fees),
- charge for occupation of road lanes,
- charges for guarantees provided by financial institutions,
- expenses made in relation with construction contracts before their concluding.

Passive prepaid expenses include probable value of liabilities attributable to current reporting period, among others, resulting from the following:

- services provided to the company by its contractors if the liability can be reliably estimated e.g. provisions for financial statements audit,
- obligation to perform future services referred to current operation value of which can be estimated although the date of the obligation remains unknown.

3.3.11.1 PROVISIONS FOR HOLIDAY LEAVES NOT TAKEN

The PBG Capital Group shall create provisions for accumulated costs of pay holiday, that will have to be incurred if staff members do not use their right that has accrued as at the balance sheet day. Provisions for holiday leave not taken are calculated basing on actual number of days of holiday leave which were not taken in the current period plus number of days of holiday leave which was not taken in previous periods. The provision for accumulated pay leaves are included as passive prepaid expenses after deducting amounts already paid. The provision for accumulated cost of pay leave is a short-term provision which is not discounted.

3.3.12 PREPAID INCOMES

Prepaid incomes in the PBG Capital Group include, first of all, cash received to finance purchase of fixed assets in progress and intangible assets settled along with depreciation write-downs of fixed assets financed from those sources.

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3.3.13 FINANCIAL INSTRUMENTS

Each contract establishing an element of assets for one party and a financial liability or capital instrument for another party is classified by the Company as a financial instrument, on condition that the contract concluded between two or more parties results in direct economic effect. As part of their core business operations, the Capital Group companies conclude contracts denominated in foreign currencies (mostly in Euro). The currency risk management policy adopted by the Board is based on the principle of securing future cash flows arising from these contracts to reduce the impact of exchange rate variations on the Capital Group companies. Currency risks are mainly hedged based on a natural mechanism, i.e. signing contracts with subcontractors in the contract currency to transfer these currency risks to subcontractors. If it is not possible, currency exposure is hedged on the financial market by using derivatives, currency forward transactions in particular.

The Capital Group classifies financial instruments as:

Elements of financial assets and liabilities valued at fair value through profit and loss account. - assets and liabilities acquired or incurred mainly for sale or purchase in the foreseeable future or a part of a portfolio of specific financial instruments managed in total and for which there is a confirmation of current and actual pattern of generating short-term profits;

Investments held to maturity - financial assets which are not derivatives, with fixed or possible to be fixed payments and with fixed maturity that the Capital Group has the positive intention and ability to hold to maturity;

Loans and receivables – financial assets which are not derivatives, with fixed or possible to be fixed payments which are not quoted on an active market;

Financial instruments available for sale – financial assets which are not derivatives, assigned for sale or which are not (a) loans and receivables, (b) investments held to maturity, or (c) financial assets valued at fair value through financial result.

3.3.13.1 INCLUSIONS AND EXCLUSIONS OF FINANCIAL ASSETS AND LIABILITIES

Elements of financial assets or liabilities are recognised in the balance sheet if the Capital Group becomes a party to this instrument.

Standardised transactions of purchase and sale of financial assets and liabilities are recorded as at the day of concluding of the transaction.

Elements of financial assets are excluded from the balance sheet if contractual rights to economic benefits and risk have been executed, have terminated or if the Capital Group has waived the right to them.

The Capital Group excludes financial liabilities from the balance sheet if the liability has expired, i.e. when the obligation referred to in the contract has been fulfilled, redeemed and or has expired.

3.3.13.2 VALUATION OF FINANCIAL INSTRUMENTS AS AT THE DATE OF ESTABLISHMENT

The Company values financial assets and liabilities at cost as at the purchase date, i.e. at fair value of the payment made (in the case of an element of assets) or payment received (element of liabilities). The Capital Group includes the transaction costs into the initial value of estimation of all financial assets and liabilities, except for assets and liabilities category valued at fair value through profit and loss account.

3.3.13.3 VALUATION OF FINANCIAL INSTRUMENTS AS AT BALANCE SHEET DAY

The PBG Capital Group values:

- at depreciated cost including effective interest rate: investments held to maturity, loans and receivables as well as other financial liabilities. Valuation may also be based on the amount due, if the discount effect is immaterial,

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- at fair value: financial assets and liabilities from categories valued at fair value through profit and loss account and financial assets category held for trading.

The results of valuation of financial assets held for trading are recognised in equity. The results of valuation of financial assets and liabilities classified in other categories are recognised in profit and loss account.

3.3.13.4 HEDGE ACCOUNTING

Derivatives hedging cash flows with height probable planned transaction are recognised at fair value taking into account the changes in value:

- in part recognised as an effective hedge – directly in equity,
- in part recognised as ineffective one - presented in the profit and loss account.

Derivatives securing fair value of assets and liabilities are recognised at fair value. Changes of their fair value are recognized in the profit and loss account.

3.3.13.5 CEASING TO APPLY RULES OF ACCOUNTING OF HEDGING

The Group ceases to apply rules of accounting of hedging of cash flows if:

- the hedging instrument expires, is sold, terminated or executed. In such a case cumulated profits or losses related to the hedging instrument charged directly to equity are indicated separately in the entity as long as the planned transaction is made,
- the hedging is not meeting any more requirements defined for accounting of hedging. In such a case cumulated profits or losses related to the hedging instrument charged directly to equity as long as the planned transaction is made,
- planned transaction is not expected to be made, therefore all cumulated profits and losses related to the hedging instrument charged directly to equity are indicated in the profit and loss account.

3.3.14 EQUITY

Equity is included in the books as divided by its type and pursuant to legal regulations and the company's articles of association.

The PBG Capital Group equity includes the following:

- **share capital** of the Holding Company - carried at the nominal value, in the amount pursuant to the company articles of association and entry to the national court register
 - **reserve from the valuation of hedging transactions** - carried at fair value of the instruments hedging future cash flows in the effective part of the hedging,
 - **reserve capital from shares sold above share nominal value** - it is created of the excess of the share issue price above their nominal value less costs of issue. Costs of shares issue incurred at the incorporation of the joint-stock company or increase of the share capital reduce company capital raised on the share issue above their nominal value to the value of the excess of the issue value above the nominal value of the shares.
 - **other capitals,**
 - **retained financial result** includes: amounts resulting from the profit division, retained result from the previous years, financial result of the current year, errors of the previous periods.
- Minority capitals are separate item in the entity.

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3.3.15 BANK CREDITS

All interest-bearing bank loans and credits as well as commercial papers are initially recorded at cost equal to fair value of the consideration received less direct borrowing costs.

After the initial recognition, credits, loans and commercial papers are measured at amortised purchase cost using the effective interest rate method.

To determine the amortised cost, all costs related to borrowings as well as discounts or bonuses resulting from this obligation are taken into account.

Profits and losses are recognised in the P&L account when the liability is removed from the balance sheet, and in the case of calculating the write-down.

3.3.16 LIABILITIES

After initial estimation all liabilities, except for the liabilities valued at fair value on the basis of profit and loss account are estimated measured at adjusted purchase price based on effective interest rate. However, liabilities with maturity longer than 12 months after the balance sheet day are not discounted.

The payment terms of the Capital Group's trade receivables is usually 14 to 90 days.

The liabilities are presented as short-term and long-term liabilities in the financial statements. Liabilities due to related parties and other entities are presented separately.

Advance payments received from business partners for services to be provided are included in the financial statements of the PBG Capital Group in the balance sheet item of short-term trade receivables.

3.3.17 CONTINGENT LIABILITIES

Contingent liability is:

- a possible obligation due to past events whose occurrence will be witnessed only in the case of occurrence or non-occurrence of one or more uncertain future events, beyond the Company's control, or

- current liability as a result of past events but not included in the statement as:

1. it is not probable to spend resources including economic benefits in order to fulfil obligations, or

2. the costs of obligations cannot be estimated in a reliable way.

3.3.18 PROVISIONS

Provisions are recognised for the Capital Group's actual (legal or constructive) obligations arising from past events, for which it is probable that an outflow economic benefits will be required, which can be reasonably estimated. Where the Group expects expenses related to the provision to be reimbursed (e.g. under an insurance contract), the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. The expense relating to any provision is presented in the P&L account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as external financial costs.

Reversal of provisions not used is made as at the date when these provisions are found useless.

Liability in respect of which a provision was established require immediate use of this provision.

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3.3.18.1 PROVISIONS FOR WARRANTY REPAIRS

Warranty repairs arise from the providing of future services related with current operations to unknown persons, value of which can be estimated although the date of the obligation remains unknown. Provisions are estimated on the basis of the degree of probability of liability occurrence in the future as assessed by the Board of Directors on the basis of costs analysis of warranty repairs from executed construction service contract. Provisions for warranty repairs are charged to the costs of the long-term contract basing on the progress of direct costs. Costs referred to the provisions for warranty repairs do not increase the base of the contract progress base. In the Capital Group, provisions for warranty repairs are made separately for each contract. They are kept in the same probability level of occurrence until the day the warranty or repair claims expire.

Where the provision or a part thereof is not used (after its term expires) it is resolved to other operating revenues.

Depending on the expiry date, they are presented in the balance sheet as long-term or short-term provisions.

3.3.18.2 PROVISIONS FOR PLANNED LOSSES FROM EXECUTED CONSTRUCTION CONTRACTS

Should it be probable that the total costs under the contract exceed total expected revenues under the contract, the expected loss is immediately recognised as cost. The amount of loss is specified irrespective of the fact of commencing the works under contract, works progress, amounts of expected profits under contracts which are not single construction service contracts. The value of the change in provisions for planned losses increases or decreases the costs of operational activity.

3.3.19 JOINT VENTURES

Revenues are carried in the same value as it is probable that the Capital Group is going to achieve economic profits attributable to a given transaction and where the revenue amount can be reliably estimated.

The company as a partner of a consortium established to provide construction services indicates that part of revenues and costs which is attributable to it as a consortium partner where the contract with other entities taking part in the consortium is indicated as a joint venture.

Join venture are featured as follows:

- two or more partners are bound by contractual provisions,
- means of control are set up in the contractual provisions.

Contractual provisions made in writing should indicate the following issues:

- range of operation,
- term of the contract,
- definition of the supervisory body over the joint venture,
- defining of voting by the partners of the venture,
- distribution among the partners of the venture production, revenues, costs and results,
- contractual provision may not assign sole control over the venture to one of the partners.

3.3.19.1 SALE OF GOODS AND PRODUCTS

Sale of goods and products is recognised when the goods and products have been transferred to the buyer the significant risks and rewards of ownership and the amount of revenue can be measured reliably. Revenues from executing the cash flow hedging instruments change the value of revenues from sale of goods and products.

3.3.19.2 CONSTRUCTION SERVICES CONTRACTS

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Construction service contract is a contract subject of which is erecting of a part of assets or a set of assets which are related to each other or interdependent as far as their design or technology is concerned or due to their function or final aim or way of use.

Result of the construction service contract is estimated basing on the revenues and costs related to the construction contract carried as revenues or costs respectively to the progress of the contract as at the balance-sheet day. Progress of the contract is estimated basing on the proportion of costs incurred for works executed up to the given day compared to estimated total costs of the contract. In the incurred costs there are included only those costs of the contract which reflect progress of works.

Value of the receivables due from construction contracts (expressed in currencies other than Polish zloty) attributable to to-be-invoiced part as at the balance-sheet day is carried at the bid exchange rate of the company's leading bank on the balance-sheet day. In case of received advance payment in foreign currency resulting from a construction service contract, receivables resulting from a construction service contract as at the balance-sheet day are carried including the received advance payment. Value of revenues from construction service contracts attributable to the to-be-invoiced part (indicated in liabilities) as at the balance sheet day is carried with the exchange rate as at the invoice day applying the FIFO method.

Overinvoiced part of revenues which may occur when estimating the revenue included in the financial statements is indicated separately indicated in the balance under "liabilities resulting from construction service contract".

Contractual value of the foreign currency contracts for purposes of estimating the provisions for losses and presentation of revenues from construction service contracts is defined using invoiced part expressed in Polish zloty and to-be-invoiced part expressed in the foreign currency translated with the average exchange rate of the National Bank of Poland as at the balance-sheet day.

Revenues from executing the cash flow hedging instruments change the value of revenues from provided services.

3.3.19.3 INTEREST

Revenue from interest is accrued on a time basis up to the net carrying amount of the financial asset in line with the effective interest rate.

3.3.19.4 DIVIDENDS

Dividends are recognised when the shareholder's right to receive a dividend is established.

3.3.19.5 RENTAL REVENUES

Revenues from rental of investment properties are accrued on a straight-line basis over the rental term vs. concluded contracts.

3.3.20 COSTS

The PBG Capital Group books cost pursuant to the principle of commensuration of revenues and costs and the prudence principle.

Selling cost as at the balance-sheet day is amended with the change of fair value of financial instruments hedging cash flows if the transaction becomes ineffective or if the hedged position is closed.

Calculation of costs is kept separately for cost centres and cost types and the calculation option is the principal method of reporting costs in the profit and loss account.

Total cost of sold products, goods and materials consists of:

- cost of production of sold products

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- cost of production of sold services
- value of sold goods and materials
- general administrative expenses.

Moreover, to costs of the reporting periods affecting the financial result are also included **other operational costs** related indirectly with the operation activity, in particular:

- loss on disposed tangible fixed assets and intangible assets
- donations made,
- provisions made for disputable issues, fines and compensations as well as other cost indirectly related to operation activity,

as well as **financial costs** related to financing of the Capital Group operations, in particular:

- interest on checking account credit line
- interest on short and long-term credits, loans and other financing sources including discounting of liabilities,
- net exchange rate losses.

3.3.21 FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than PLN are converted to PLN at the exchange rate in effect as at the transaction date or the exchange rate specified in the accompanying "forward" contract for each transaction.

As at the balance sheet date liabilities denominated in foreign currencies are converted to PLN at the fixing exchange rate as at the end of the reporting period (spot rate) i.e. in line with the company's leading bank exchange rate from the first rate of the reporting day. Non-monetary items expressed in foreign currencies are carried at historical cost of the transaction day. Profits and losses resulting from conversion of currencies are transferred directly into the profit and loss account, in the cases specified by the accounting rules (policy), capitalised at assets value, except for monetary items hedging exchange rates risk which are carried directly in the capital pursuant to principles of accounting of hedges of cash flows.

The foreign currency used in subsidiaries is Slovak crown (SKK) and Canadian dollar (CAD). As at the balance sheet day assets and liabilities of foreign subsidiaries are calculated into the currency of the Capital Group's presentation at the exchange rate as of the balance sheet day and the profit and loss accounts are calculated at weighted average exchange rate for a given fiscal year. Exchange rate differences resulting from such a translation are included directly in the equity capital as a separate part thereof. In the case of disposal of a foreign subsidiary, accumulated deferred exchange rate differences included in the equity, referring to an individual foreign subsidiary, are recognised in the profit and loss account.

3.3.22 COSTS OF FUTURE RETIREMENT BENEFITS

The Company Remuneration Schemes provide that employees of the Group's companies are entitled to long-service awards and retirement severance payments. Long-service awards are paid to employees after a specified number of years of service. Retirement severance payments are paid only once when an employee retires. The amount of retirement severance payments and long-service awards depends on the employee's years of service and their average salary. The companies of the PBG Capital Group create a provision for future liabilities related to severance payments and long-service awards to allocate costs to the respective periods they relate to. Under IAS 19, long-service awards (jubilee' benefits) are classified as other long-term employee benefits, whereas retirement severance payments are classified as Post-Employment Defined Benefit Plans. Current value of these liabilities as at each balance sheet is determined by an independent actuary or with forecasted rights of the entity. The accrued obligations are equal to

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discounted payments to be made in the future, taking into account staff rotation, and are related to the period until the balance sheet date. Demographic data and staff rotation information is based on historical data. Actuarial profits and losses are recognised in the profit and loss account.

3.3.23 TAXES

Obligatory reductions of financial result include: current tax and deferred tax. Current tax is calculated based on the tax result (tax base) of the given fiscal year. Tax profit (loss) differs from the net book profit (loss) due to exclusion of taxable revenues and tax deductible costs in future years and untaxable costs and revenues. Due tax is calculated based on tax rates binding in the given fiscal year. Deferred tax is calculated employing the balance sheet method as tax to be paid or returned in future based of differences between the balance sheet values of assets and liabilities and corresponding tax values used to determine the tax base. Provision for deferred tax is established with regard to all taxable positive temporary differences, and asset due to deferred tax is recognised up to the amount by which the future tax profits may be reduced by recognised negative temporary differences. Item of assets or tax liability does not arise if the temporary difference is caused due to goodwill or initial recognition of other asset or liability in transaction which affects neither the tax nor the book result. Provision for deferred income is recognised with regard to temporary tax differences arising under investments in subsidiaries and affiliates and joint ventures, unless the entity can control the moment of reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future. The value of asset due to deferred tax is subject to analysis as at each balance sheet day, and should expected future tax results be not sufficient for the asset or its part, the asset is written off. Deferred tax is determined based on tax rates that will be binding when the assets' item is realised or the liability becomes mature. Deferred tax is included in the profit and loss account, except for cases when it applies to items recognised directly in shareholders' equity. In the latter case the deferred income is also settled directly into shareholders' equity.

4. ESTIMATIONS OF BOARDS OF DIRECTORS OF THE PBG CAPITAL GROUP COMPANIES

Preparing financial statements in line with the IFRS requires professional judgements, estimations and assumptions to be made by the Board of Directors. These assumptions affect adopted principles and presented value of assets and liabilities as well as revenues and costs. Estimations and the related assumptions are based on historic experience and other factors that are regarded as rational in certain circumstances and their results give rise to professional judgement as to the balance value of assets and liabilities that does not directly result from other sources.

Estimations and the related assumptions are verified regularly. The change in accounting estimations is recognised in the period in which they were modified if it concerns only the period or future and current periods if they concern both current and future periods.

5. CHANGE OF PRINCIPLES, CHANGE OF ESTIMATIONS, ERRORS OF PREVIOUS YEARS

Change of accounting principles (policies) are implemented in case of:

- change of accounting legal regulations if it makes that the impact of information included in the financial statements referring to transaction, other events or conditions on the financial standing, financial result or cash flows is more reliable.

In case of change in the accounting policy it is assumed that new accounting principles have always been applied. Amendments including associated ones are indicated as amendments to equity in the item of profit/loss from the previous years. To provide comparability of data it is necessary to implement required amendments of financial statements (reference data) referring to previous years in such a way that these statements also include amendments of the accounting principles.

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Elements of the financial statements determined by estimation are subject to verification if circumstances for the estimations change or if new information occurs or more experience is gained.

Amendments resulting from rectifying of significant errors made in previous periods are charged to equity in the item of profit/loss from previous years. Making financial statements it is necessary to assume that the error was rectified in the period in which it was made. It means that the correction amount referring to the previous reporting period should be included in the profit and loss account of that period.

6. SEPARATE VALUATION OF ASSETS AND LIABILITIES PRINCIPLE

The principle of separate valuation means that assets and liabilities may not be compensated unless the IAC require or allow such compensations.

Revenues and costs may be compensated only if:

1. the IAC require or allow to do so
2. profits, losses and costs related thereto resulting from the same or similar transactions or events are insignificant.

In the Capital Group the following transactions are presented as compensated:

- profits and losses made on sale of fixed assets including investments and assets used for operation activity, they are carried as a difference between revenues achieved on sale and the balance sheet value of the asset in question plus costs of sale,
- expenses related to the provision which by virtue of the contract are refunded by a third party (e.g. warranty provided by the supplier) are compensated with the applicable amount to be refunded,
- assets and provisions for deferred income tax are carried as the excess of the asset or the provision,
- advance payments received for works resulting from construction service contracts are compensated with due revenues resulting from these contracts providing the contracts assumes compensations,
- profits and losses of a group of similar transactions are carried as a net amount e.g. profits and losses on exchange rate differences or profits and losses on valuation of financial instruments classified as held for trade and hedging instruments included in the financial result, profits and losses on long-term settlements,
- receivables and liabilities on input and output VAT settlement referring to future periods,

7. CASH FLOW

Cash flow is made with the indirect method.

8. EARNINGS PER SHARE

Earnings per share is calculated dividing the net profit achieved in a given period which is due to shareholders holding ordinary shares by the weighted average number of shares in the given period.

Diluted earning per share for each period is calculated by dividing of the net profit in a given period including eventual amendments of the profit resulting from change of potential ordinary shares into ordinary shares by amended weighted average number of ordinary shares.

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9. CONSOLIDATED FINANCIAL STATEMENTS

Item	Note	as at 31/12/2008	as at 31/12/2007
Assets			
Fixed assets		918 184	717 926
Intangible assets	1	14 820	13 262
Goodwill acquired by merger of business entities	2	332 522	267 426
Tangible fixed assets (PP&E)	3	403 749	306 786
Non-renewable natural resources	4	11 999	27 834
Investment property	5	21 662	30 383
Investments in subsidiaries	6	27 000	4 000
Investments in associates settled based on the equity method		-	-
Other long-term financial assets	12	48 571	41 834
- from related parties		27 071	98
- due from other entities		21 500	41 736
Long-term receivables	7	20 593	21 614
- from related parties		-	-
- due from other entities		20 593	21 614
Deferred income tax assets	30	23 701	-
Long-term prepaid expenses	11	13 567	4 787
Current assets		1 940 325	1 540 909
Inventories	9	69 360	40 145
Receivables from contracting parties due to works set out in contracts for long-term / construction service	10	783 930	439 585
- from related parties		-	-
- due from other entities		783 930	439 585
Short-term trade receivables	8	679 366	534 476
- from related parties		11 147	9 806
- due from other entities		668 219	524 670
Current income tax receivables		978	-
Other short-term receivables	8	48 751	43 263
- from related parties		-	-
- due from other entities		48 751	43 263
Other short-term financial assets	12	51 767	58 410
- from related parties		-	-
- due from other entities		51 767	58 410
Cash and cash equivalents		289 713	410 305
Short-term prepaid expenses	11	16 460	14 725
Current assets held for sale		-	-
Total assets		2 858 509	2 258 835

Item	Note	as at 31/12/2008	as at 31/12/2007
Liabilities			
Equity		1 113 618	785 220
Equity of the shareholder of the Holding Company		928 135	750 670

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Share capital	15	13 430	13 430
Shares		-	-
Reserve capital from shares sold above share nominal value		551 178	551 178
Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation		(101 444)	8 759
Other capital		274 778	65 998
Retained financial result		190 193	111 305
- profit (loss) from previous years		31 952	6 997
- net profit (loss) of the Holding Company shareholders		158 241	104 308
Minority shares		185 483	34 550
Liabilities		1 744 891	1 473 615
Long-term liabilities		410 022	331 739
Long-term credits and loans	14	112 850	50 033
- from related parties		-	-
- due from other entities		112 850	50 033
Other long-term financial payables	14	256 996	208 544
Other long-term payables	18	17 115	20 556
- from related parties		-	-
- due from other entities		17 115	20 556
Deferred income tax provision	30	-	18 595
Provisions for liabilities related to employee benefits	16	5 229	4 184
Other long-term provisions	17	9 606	20 675
Government grants		-	-
Long-term prepaid expenses	20	8 226	9 152
Short-term liabilities		1 334 869	1 141 876
Short-term credits and loans	14	475 147	350 402
- from related parties		-	2 306
- due from other entities		475 147	348 096
Other short-term financial payables	14	196 324	116 260
Short-term trade payables	19	486 595	454 434
- from related parties		-	4 820
- due from other entities		486 595	449 614
Liabilities under construction service contract		14 989	19 594
- from related parties		-	-
- due from other entities		14 989	19 594
Current income tax liabilities		21 219	17 800
Other short-term payables	19	52 016	55 714
- from related parties		-	-
- due from other entities		52 016	55 714
Provisions for liabilities related to employee benefits	16	881	1 120
Other short-term provisions	17	78 926	118 805
Government grants		-	-
Short-term prepaid expenses	20	8 772	7 747
Payables related to fixed assets held for sale		-	-
Total liabilities		2 858 509	2 258 835

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THE PROFIT AND LOSS ACCOUNT COVERING THE PERIOD BETWEEN 1ST JANUARY AND 31ST DECEMBER 2008 (FUNCTION FORMAT)

Item	Note	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
Continued operations			
Revenue from sales	22	2 091 425	1 406 976
Revenues from sales of products		21 741	4 687
Revenues from sale of services		2 012 270	1 357 249
Revenues from sales of goods and materials		57 414	45 040
Selling costs	23	(1 749 532)	(1 192 005)
Costs of products sold		(20 790)	(4 686)
Costs of services sold		(1 675 364)	(1 148 632)
Costs of goods and materials sold		(53 378)	(38 687)
Gross profit (loss) on sales		341 893	214 971
Costs of sales	23	-	(399)
General administrative expenses	23	(107 997)	(81 143)
Other operating revenue	24	18 770	18 685
Other operating expenses	25	(27 055)	(12 779)
Share in profits of related parties settled based on the equity method		-	-
Restructuring costs		-	-
Operating profit (loss)		225 611	139 335
Financial revenues	26	50 176	14 521
Financial expenses	27	(62 140)	(35 661)
Other profits (losses) from investments	28	2 268	28 181
Profit (loss) before tax		215 915	146 376
Income tax	29	(25 992)	(26 697)
Net profit (loss) from discontinued operations		189 923	119 679
Discontinued operations			-
Net loss from discontinued operations		-	-
Net profit (loss)		189 923	119 679
Net profit (loss), including:		189 923	119 679
- profit of shareholders of the Holding Company		158 241	104 308
- profit of minority shareholders		31 682	15 371

NET EARNINGS (LOSS) PER ORDINARY SHARE

1. Selected items of assets and liabilities converted into EUR at the exchange rate published by the President of the National Bank of Poland as at 31 December 2008:

$$1 \text{ EUR} = \text{PLN } 4.1724$$

- a) book value per share (BVPS) (in PLN) = shareholders' equity in PLN '000 (as at 31/12/2008) / number of shares (in thousands) as at 31/12/2008

$$928,135 / 13,430 = \text{PLN}69.11$$

- b) book value per share (BVPS) (in EUR) = shareholders' equity in EUR'000 EUR (as at 31/12/2008) / number of shares (in thousands) as at 31/12//2008:

$$222,446 / 13,430 = \text{EUR}16.56$$

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- c) diluted number of shares as at 31/12/2008 – 13,430 k shares
- d) diluted book value per share in PLN = shareholders' equity in PLN '000 (as at 31.12.2008) / diluted number of shares in thousands

$$928,135 / 13,430 = \text{PLN}69.11$$

- e) diluted book value per share (BVPS) (in EUR) = shareholders' equity in EUR'000 (as at 31/12/2008) / diluted number of shares in thousands:

$$222,446 / 13,430 = \text{EUR}16.56$$

2. Selected items from the profit and loss account for 12 months of 2008 were converted to EURO at the exchange rate calculated as an arithmetic average of exchange rates set by the President of the NBP of past 12 months of 2008:

January	31/01/2008	3.6260
February	29/02/2008	3.5204
March	31/03/2008	3.5258
April	30/04/2008	3.4604
May	30/05/2008	3.3788
June	30/06/2008	3.3542
July	31/07/2008	3.2026
August	29/08/2008	3.3460
September	30/09/2008	3.4083
October	31/10/2008	3.6330
November	28/11/2008	3.7572
December	31/12/2008	4.1724
		42.3851 / 12 = 3.5321 (average exchange rate for 12 months)

Profit for previous 12 months: 158.241

Average weighted number of shares in thousand: 13.430

- a) profit per share (EPS) = net profit as at 31/12/2008 in PLN thousand / average weighted number of shares for the past 12 months in thousand

$$158,241 / 13,430 = \text{PLN}11.78$$

- b) earnings per ordinary share (EPS) in EUR = earnings in PLN / average exchange rate of EURO for the last 12 months:

$$11.78 / 3.5321 = \text{EUR}3,34 / \text{share}$$

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Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

CASH FLOW STATEMENT FOR THE PERIOD BETWEEN 01/01 AND 31/12/2008 (INDIRECT METHOD)

Item	for the period from 01/01 to 31.12.08	for the period from 01/01 to 31/12/2007
<i>Cash flow from operations</i>		
Net profit before tax	215 915	146 376
Adjustments:	122 660	(4 948)
Depreciation of intangible assets	3 384	2 492
Goodwill impairment write-downs	-	-
Impairment write-downs of tangible fixed assets	761	1
Amortisation of the value of property, plant & equipment	41 761	24 229
Profit (loss) from sale of tangible fixed assets	(1 022)	(1 602)
Profit (loss) from sale of financial assets available for sale (held for sale)	6 698	(44 310)
Profit (loss) from valuation of real estate investments carried at fair value	-	-
Profit (loss) on revaluation of fair value of financial assets carried at fair value	30 839	(7 154)
Share in profits (losses) of associates	-	-
Foreign exchange gains (losses)	205	360
Costs of interest	62 744	32 046
Interest received	(22 706)	(10 982)
Dividends received	(4)	(28)
Cash from operations before changes in working capital	338 575	141 428
Change in inventories	(28 793)	(8 509)
Change in receivables	(572 263)	(402 646)
Change in payables	144 000	231 602
Change in provisions, accruals and deferred income	(106 848)	(65 576)
Other adjustments	(4 685)	(919)
Cash generated in the course of business operations	(230 014)	(104 620)
Interest paid	(531)	(503)
Income tax paid	(32 336)	(12 524)
Net cash from operations	(262 881)	(117 647)
<i>Net cash from operations</i>		-
Outflows – acquisition of intangible assets	(6 924)	(10 910)
Inflows – sale of intangible assets	-	-
Outflows – acquisition of tangible fixed assets	(97 982)	(136 559)
Inflows – sale of tangible fixed assets	2 851	15 641
Outflows – acquisition of investment properties	(10 882)	(27 783)
Inflows – sale of investment properties	21 474	19 004
Outflows – acquisition of financial assets held till maturity	(5 000)	-
Inflows – sale of financial assets held till maturity	1 000	-
Outflows – acquisition of financial assets available for sale (held for sale)	(7 824)	(17 362)
Inflows – sale of financial assets held for trading (held for sale)	41 836	40 254

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Outflows – acquisition of subsidiaries (less cash received)	(96 217)	(84 272)
Inflows – sale of subsidiaries	2 500	28 500
Other expenses – capital contribution	-	-
Inflows from government grants received	-	1 769
Loans granted	(23 446)	(11 930)
Repayment of loans granted	3 285	4 094
Interest received	596	585
Dividends received	4	28
Other inflows	-	-
Other outflows on investments	(127)	-
Net cash used in investments	(174 856)	(178 941)
Cash flow from financial activity	-	-
Cash flow from financial activity	292 227	333 090
Acquisition of own shares	-	-
Inflows – issue of debt securities	-	200 000
Repayment of bonds	(110 000)	-
Repayment of interest on bonds	(16 766)	(5 992)
Redemption of debt securities	-	-
Inflows – credits and loans incurred	289 694	290 734
Repayment of credits and loans	(109 134)	(146 410)
Repayment of interest on credits and loans	(36 715)	(17 428)
Inflows from interest on deposits	13 909	7 223
Repayment of finance lease liabilities	(5 986)	(2 166)
Interest paid	(1 613)	(385)
Dividends paid out	-	(1 934)
Commission on credits	(244)	(1 031)
Other expenses	(153)	(237)
Net cash flows from financial activity	315 220	655 464
Net cash flow and cash equivalent balance	(122 517)	358 876
Opening balance of cash and cash equivalents	410 305	51 310
Change due to FX rate discrepancies	1 925	119
Closing balance of cash and cash equivalents	289 713	410 305

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 01/01/2008 AND 31/12/2007

Item	Equity of the shareholder of the Holding Company				Minority shares	Total equity
	Share capital	Other capital	Retained financial result	Total		
Balance as at 01/01/2008	13 430	625 935	111 305	750 670	34 550	785 220
Correction of fundamental error				-		-
Balance after changes	13 430	625 935	111 305	750 670	34 550	785 220
<i>Changes in shareholders' equity between 01/01 and 31/12/2008</i>						
Revaluation gains (losses)	-	(650)	650	-	-	-
Investments available for sale:	-	(234)	-	(234)	-	(234)
- valuation of profits (loss) charged to shareholders' equity	-	-	-	-	-	-
- transferred to profit (loss) on sales	-	(234)	-	(234)	-	(234)
Cash flow hedging instruments:	-	(187 403)	-	(187 403)	-	(187 403)
- profits (loss) charged to shareholders' equity	-	(183 293)	-	(183 293)	-	(183 293)
- profits (losses) charged to the financial result of the period	-	(4 110)	-	(4 110)	-	(4 110)
- profits (losses) included in the valuation of balance sheet value of hedged items	-	-	-	-	-	-
Foreign exchange differences related to valuation of foreign units	-	820	-	820	-	820
Tax related to items presented in capital or transferred from capital	-	34 604	-	34 604	-	34 604
Net profit presented directly under shareholders' equity	-	(152 863)	650	(152 213)	-	(152 213)
Net profit for the period between 01/01 and 31/12/2008	-		158 241	158 241	31 684	189 925
Total profits and losses included between 01/01 and 31/12/2008	-	(152 863)	158 891	6 028	31 684	37 712
Dividends	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-
Bonds convertible to shares issued	-	-	-	-	-	-
Changes in Capital Group structure (acquisitions/sale)	-	163 413	(3 252)	160 161	138 596	298 757
Transfer of negative part of the hedging transactions in the minority interest	-	41 934	-	41 934	(41 934)	-
Transfer to the reserve capital due to negative minority interests in subsidiaries	-	(22 695)	-	(22 695)	22 695	-

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Adjusted presentation between capitals	-	4 280	(4 280)	-	-	-
Other adjustments	-	(1 313)	-	(1 313)	(109)	(1 422)
Distribution of financial result	-	65 820	(72 470)	(6 650)	-	(6 650)
Balance as at 31/12/2008	13 430	724 511	190 194	928 135	185 482	1 113 617

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 01/01 AND 31/12/2007

Item	Equity of the shareholder of the Holding Company				Minority shares	Total equity
	Share capital	Other capital	Retained financial result	Total		
Balance as at 01/01.2007	12 030	291 191	64 867	368 088	12 079	380 167
Changes in adopted accounting principles (policy)	-	-	(915)	(915)	-	(915)
Correction of fundamental error	-	-	2 674	2 674	-	2 674
Balance after changes	12 030	291 191	66 626	369 847	12 079	381 926
<i>Changes in shareholders' equity between 01/01 and 31/12/2007</i>						
Revaluation gains (losses)	-	311	-	311	-	311
Investments available for sale:	-	-	-	-	-	-
-valuation of profits (loss) charged to shareholders' equity	-	-	-	-	-	-
- transferred to profit (loss) on sales	-	-	-	-	-	-
Cash flow hedging instruments:	-	15 893	-	15 893	-	15 893
- profits (loss) charged to shareholders' equity	-	16 458	-	16 458	-	16 458
- profits (losses) charged to the financial result of the period	-	(565)	-	(565)	-	(565)
- profits (losses) included in the valuation of balance sheet value of hedged items	-	-	-	-	-	-
Foreign exchange differences related to valuation of foreign units	-	168	-	168	-	168
Tax related to items presented in capital or transferred from capital	-	(2 837)	-	(2 837)	-	(2 837)
Net profit presented directly under shareholders' equity	-	13 535	-	13 535	-	13 535
Net profit for the period between 01/01 and 31/12/2007	-	-	102 050	102 050	15 371	117 421
Total profits and losses included between 01/01 and 31/12/2007	-	13 535	102 050	115 585	15 371	130 956
Dividends	-	-	-	-	-	-
Share capital issued	1 400	333 090	-	334 490	-	334 490
Adjusted presentation between capitals	-	(742)	742	-	-	-
Distribution of financial result	-	48 929	(53 429)	(4 500)	-	(4 500)

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

Changes in Capital Group structure (acquisitions/sale)	-	(60 068)	-	(60 068)	(3 923)	(63 991)
Changes in minority interests due to negative equity in subsidiaries	-	-	(4 684)	(4 684)	11 023	6 339
Balance as at 31/12/2007	13 430	625 935	111 305	750 670	34 550	785 220

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

9.1 NOTES TO THE BALANCE SHEET

SEGMENT REPORTING – BUSINESS AND GEOGRAPHICAL

BUSINESS SEGMENTS

In the PBG Capital Group the business segment was adopted as the basic reporting formula and geographical segment is based on the location of customers on a supplementary basis.

The PBG Capital Group and its Holding Company distinguishes five main segments, within which it carries out its operational activity:

- **natural gas and crude oil,**
- **water,**
- **fuels,**
- **construction residential and industrial facilities**
- **roads**

Within individual segments there can be identified the following scope of services:

- **Natural gas and crude oil:**
 - natural gas and crude oil on-ground mining facilities,
 - natural gas liquefying, storing and non-gasification of LNG facilities,
 - LPG separation and storage stations, C5+,
 - desulphurisation installations,
 - natural gas underground storage facilities,
 - desulphurisation installations,
 - on-ground installations of natural gas underground storage facilities,
 - crude oil tanks,
 - transmission systems of natural gas and crude oil, including:
 - pressure reduction and measurement stations, measurement and settlement stations, mixing stations, distribution mains,
 - compressor stations etc.
- **Water:**
 - process and sanitary facilities for sewage and water supply systems, such as:
 - water supply systems,
 - sewage systems,
 - water supply mains and collectors,
 - water intakes,
 - sewage treatment plants,
 - hydrotechnical facilities, such as:
 - water dams,
 - storage reservoirs,
 - flood banks,
 - modernization of sewage and water supply systems
- **Fuels:**
 - fuel storehouses
- **Construction of residential and industrial facilities:**
 - civil engineering,
 - industrial infrastructure,
 - construction of sport stadiums,

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

- construction of incinerating plants

- **Roads:**

- construction of roads

Additionally, the PBG Capital Group has also the operating segment named "other" which includes revenues on sale of goods and materials, other services which cannot be qualified to any of five main segments, etc.

The Capital Group presents revenues from sales, costs and result (gross margin) divided into the above-mentioned segments. However, it does not present assets and liabilities of the balance sheets broken down into segments of operation due to the fact that some fixed assets are used for production in more than one segments and it is not possible to allocate stocks of goods to individual segments and to allocate trade payables and costs of other activities and financial operations to segments.

The information about individual business segments is presented in table below.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

INDUSTRY REPORTING – DATA FOR THE PERIOD BETWEEN 01/01 AND 31/12.2008

Item	Business segments					Other	Consolidation exclusions	Consolidated value
	natural gas and crude oil	water	fuels	residential and industrial building engineering	roads			
Financial results of business segments for the period between 01/01 and 31/12/2008								
Total revenues	267 721	1 376 801	180 089	199 227	172 107	201 057	(305 577)	2 091 425
Outside sale	267 721	1 376 801	180 089	199 227	172 107	201 057	(305 577)	2 091 425
Intersegment sales	-	-	-	-	-	-	-	-
Total costs	(214 686)	(1 272 883)	(150 997)	(153 654)	(142 928)	(143 442)	329 058	(1 749 532)
Intersegment sales	53 035	103 918	29 092	45 573	29 179	57 615	23 481	341 893
Not assigned costs	x	x	x	x	x	x	x	(107 997)
Other operational revenue and costs	x	x	x	x	x	x	x	(8 285)
Operating profit	x	x	x	x	x	x	x	225 611
Financial revenues	x	x	x	x	x	x	x	50 176
Financial expenses	x	x	x	x	x	x	x	(62 140)
Share in profits of related parties settled based on the equity method	x	x	x	x	x	x	x	-
Profits/losses from investments	x	x	x	x	x	x	x	2 268
Profit before tax	x	x	x	x	x	x	x	215 915
Income tax	x	x	x	x	x	x	x	(25 992)
Net profit	x	x	x	x	x	x	x	189 923

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

INDUSTRY REPORTING – DATA FOR THE PERIOD BETWEEN 01/01 AND 31/12.2007

Item	Business segments						Other	Consolidation exclusions	Consolidated value
	natural gas and crude oil	water	fuels	residential and industrial building engineering	roads				
<i>Financial results of business segments for the period between 01/01 and 31.12.07</i>									
Total revenues	164 752	956 859	192 225	116 152	41 726	125 873	(190 611)	1 406 976	
Outside sale	164 752	956 859	192 225	116 152	41 726	125 873	(190 611)	1 406 976	
Intersegment sales	-	-	-	-	-	-	-	-	
Total costs	(137 825)	(859 183)	(163 195)	(102 627)	(36 519)	(82 902)	190 246	(1 192 005)	
Intersegment sales	26 927	97 676	29 030	13 525	5 207	42 971	(365)	214 971	
Not assigned costs	x	x	x	x	x	x	x	(81 542)	
Other operational revenue and costs	x	x	x	x	x	x	x	5 906	
Operating profit	x	x	x	x	x	x	x	139 335	
Financial revenues	x	x	x	x	x	x	x	14 521	
Financial expenses	x	x	x	x	x	x	x	(35 661)	
Share in profits of related parties settled based on the equity method	x	x	x	x	x	x	x	-	
Profits/losses from investments	x	x	x	x	x	x	x	28 181	
Profit before tax	x	x	x	x	x	x	x	146 376	
Income tax	x	x	x	x	x	x	x	(26 697)	
Net profit	x	x	x	x	x	x	x	119 679	

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

NOTE NO. 1

INTANGIBLE ASSETS

Item	as at 31/12/2008	as at 31.12.2007
	total net including:	total net including:
Trademarks	-	-
Patents and licenses	6 120	1 596
Patents ad licenses	7 634	5 596
Costs of development works	-	-
Other intangible assets	859	1 423
Net balance sheet value	14 613	8 615
Intangible assets under construction	207	4 595
Advance payments for intangible assets	-	52
Total intangible assets	14 820	13 262
Intangible assets classified as intended for sale	-	-
Intangible assets	14 820	13 262

CHANGES IN INTANGIBLE ASSETS IN THE REPORTING PERIOD

Item	Patents and licenses	Patents ad licenses	Other intangible assets	Total
Net balance sheet value as at 1.01.2007	938	1 746	1 992	4 676
Increase from including new companies in the Capital Group	-	2 560	-	2 560
Increase from merging business entities	13	-	-	13
Reductions from sale of subsidiary (-)	(31)	-	-	(31)
Increase from purchase	1 422	2 588	1	4 011
Reductions from sale (-)	-	-	-	-
Reductions from liquidation (-)	-	-	-	-
Impairment write-downs	-	-	-	-
Reversal of revaluation write-downs	-	-	-	-
Depreciation (-)	(401)	(1 521)	(570)	(2 492)
Exchange rate differences from recalculating financial statements into presentation currency	-	-	-	-
Other changes	(345)	223	-	(122)
Net balance sheet value as at 31/12/2007	1 596	5 596	1 423	8 615
Intangible assets under construction and advance payments therefore	-	-	-	4 647
Total net balance sheet value as at 31/12/2007	1 596	5 596	1 423	13 262
Net balance sheet value as at 01/01/2008	1 596	5 596	1 423	8 615
Increase from including new companies in the Capital Group	18	-	-	18
Increase from merging business entities	-	-	-	-
Reductions from sale of subsidiary (-)	-	-	-	-
Increase from purchase	5 178	3 871	5	9 054
Reductions from sale (-)	(73)	-	-	(73)
Reductions and increases from revaluation	-	7	-	7
Impairment write-downs	-	-	-	-
Reversal of revaluation write-downs	-	-	-	-

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Depreciation (-)	(694)	(2 121)	(569)	(3 384)
Exchange rate differences from recalculating financial statements into presentation currency	-	377	-	377
Other changes	95	(96)	-	(1)
Net balance sheet value as at 31.12.08	6 120	7 634	859	14 613
Intangible assets under construction and advance payments therefore	-	-	-	207
Total net balance sheet value as at 31.12.08	6 120	7 634	859	14 820

INTANGIBLE ASSETS AS AT 31 DECEMBER 2008

Item	Patents and licenses	Patents ad licenses	Costs of development works	Other intangible assets	Total
<i>As at 01/01/2008</i>					
Gross balance sheet value	2 885	11 286	67	2 847	17 085
Total amount of current redemption and depreciation write-offs (-)	(1 289)	(5 690)	(67)	(1 424)	(8 470)
Net balance sheet value	1 596	5 596	-	1 423	8 615
Intangible assets under construction and advance payments therefore	-	-	-	-	4 647
Total net balance sheet value	1 596	5 596	-	1 423	13 262
<i>As at 31/12/08</i>					
Gross balance sheet value	8 232	15 553	67	2 866	26 718
Total amount of current redemption and depreciation write-offs (-)	(2 112)	(7 919)	(67)	(2 007)	(12 105)
Net balance sheet value	6 120	7 634	-	859	14 613
Intangible assets under construction and advance payments therefore	-	-	-	-	207
Total net balance sheet value	6 120	7 634	-	859	14 820

As at 31 December 2008 the PBG Capital Group entities, in line with the accounting policy, verified the adopted useful periods of intangible fixed assets.

The gross value of all fully depreciated intangible assets continuously held by the company was as follows:

- PLN 5,968 thousand as at 31 December 2008,
- PLN 4,806 thousand as at 31 December 2007.

These are mainly intangible assets which in line with the Capital Group accounting policy are depreciated once due to their low value.

Depreciation of intangible assets used for providing services and manufacturing is carried in the profit and loss account as own cost of sold services and amounted to:

- PLN 867 thousand as at 31 December 2008,
- PLN 651 thousand as at 31 December 2007.

Depreciation of other intangible assets is included in administrative expenses and amounted to:

- PLN 2,517 thousand as at 31 December 2008,
- PLN 1,841 thousand as at 31 December 2007.

As at the balance sheet day there occurred no circumstances which could cause loss of value of intangible assets therefore the Capital Group did not make depreciation write-downs.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

As at the day of making the consolidated financial statements, intangible assets of companies of the PBG Capital Group were not recognised hedging of the companies liabilities.

NOTE NO.2

GOODWILL ACQUIRED BY MERGER OF BUSINESS ENTITIES

Item	as at 31/12/2008	as at 31/12/2007
ATG Sp. z o.o.	1 606	1 606
Infra SA	2 354	2 354
Hydrobudowa Polska SA *	60 541	60 541
KWG SA	-	701
Hydrobudowa 9 SA	176 443	176 443
PBG DOM Sp. z o.o.	19	19
Dromost Sp. z o.o.	625	625
Apartamenty Poznańskie Sp. z o.o.	1 692	1 692
Przedsiębiorstwo Robót Inżynieryjno Drogowych SA	10 050	10 050
Gas Oil Engineering A.S.	7 226	7 226
Excan Oil and Gas Engineering Ltd.	160	160
Bathinex Sp. z o.o.	-	4 312
Brokam Sp. z o.o.	566	566
PRIS Sp. z o.o.	1 131	1 131
Betpol SA	31 924	-
Budwil Sp. z o.o.	3	-
PBG DOM Invest I Sp. z o.o.	1	-
Wiertmar Sp. z o.o.	1 433	-
P.R.G. Metro Sp. z o.o.	36 748	-
Goodwill (net)	332 522	267 426

Hydrobudowa Polska SA is an entity which was established following the merger of the following companies: Hydrobudowa Włocławek SA and Hydrobudowa Śląsk SA

GOODWILL OF THE COMPANY BETWEEN 01/01/2007 AND 31/12/2007

Item	Value
Net balance sheet value as at 01/01/2006	74 757
Increase from acquiring business entity	202 224
Reductions from sale of subsidiary (-)	(1 442)
Increase from adjustments from later recognition	36
Reduction from adjustments from later recognition (-)	-
Exchange rate differences from recalculating financial statements into presentation currency	-
Other changes of balance value	15
Net balance sheet value as at 01/01/2007	275 590
Reduction of the goodwill as at 01/01/2007	2 768
Goodwill referenced to the profit and loss account	5 396
Other changes	-
Reduction of the goodwill as at 01/01/2007	8 164

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Net balance sheet value as at 01/01/2008	275 590
Increase from acquiring business entity	70 109
Reductions from sale of subsidiary (-)	(4 312)
Increase from adjustments from later recognition	-
Reduction from adjustments from later recognition (-)	-
Exchange rate differences from recalculating financial statements into presentation currency	-
Other changes of balance value	(35)
Net balance sheet value as at 31.12.08	341 352
Reduction of the goodwill as at 01/01/2008	8 164
Goodwill referenced to the profit and loss account	666
Other changes	-
Reduction of the goodwill as at 31.12.08	8 830

Within the reporting period the PBG Capital Group acquired some entities. Costs of acquiring of all the companies were higher than the net fair value of the acquired assets. The following are the most significant goodwill values: goodwill resulting from acquiring of Betpol SA amounting to PLN 31,294 thousand and goodwill resulting from acquiring of P.R.G. Metro Sp. z o.o. amounting to PLN 36,748 thousand.

Pursuant to the accounting policy, as at 31 December 2008 impairment of all mentioned goodwill values was tested. As no impairment was disclosed, revaluation write-downs were not necessary.

Goodwill referenced to the profit and loss account refers to the goodwill of KWG SA. Acquiring of KWG created value of PLN 8,830 thousand which concerned the construction service contract concluded by the company. Goodwill value was written off own costs of sales proportionally to costs originating from the contract concluded by KWG SA.

As at 31 December 2008 goodwill of KWG SA equals 0 (zero).

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

MERGERS CARRIED OUT IN THE PERIOD FROM 01/01 TO 31/12/2008

Item	Acquisition date	Share of acquired capital instruments with the voting right	Cost of merging	Net fair value of assets of the acquiree per acquirer	Goodwill acquired by merger of business entities	Excess of the acquirer share in fair value of net assets over merging cost*
Betpol SA	13/03/2008	70.00%	45 972	14 048	31 924	-
Wiertmar Sp. z o.o.	02/04/2008	50.97%	4 208	2 775	1 433	-
Budwil Sp. z o.o.	08/04/2008	51.00%	26	23	3	-
PBG DOM Invest I Sp. z o.o.	26/08/2008	100.00%	51	50	1	-
P.R.G. Metro Sp. z o.o.	12/09/2008	52.09%	35 404	(1 344)	36 748	-
Total value					70 109	-

NET REVENUES FROM SALES AND NET FINANCIAL RESULT FOR 2008 – disclosed in line with IFRS 3, item 70

Item	Net revenues	Net financial result	Until the acquisition date not included in the financial result of the Capital Group		As of the acquisition date included in the financial result of the Capital Group		Share in equity
			Net revenues	Net financial result	Net revenues	Net financial result	
Betpol SA (1)	76 403	9 503	7 129	869	69 274	8 634	70.00%
Budwil Sp. z o.o. (2)	-	(106)	-	(2)	-	(104)	51.00%
Wiertmar Sp. z o.o. (3)	30 656	(438)	4 000	(836)	26 657	398	50.97%
PBG DOM Invest I Sp. z o.o. (4)	-	(169)	-	-	-	(169)	100.00%
P.R.G. Metro Sp. z o.o. (5)	69 338	(9 811)	54 588	(16 710)	14 750	6 899	100.00%

(1) Betpol SA since 13 March 2008 was a subsidiary of PBG SA - 70% of the share in equity of Betpol SA, and since 8 October 2008 it has been a subsidiary of Aprivia SA - 70% of the share in the equity of Betpol SA.

(2) Budwil Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 8 April 2008 – PBG Dom Sp. z o.o. holds 51% shares in the capital of Budwil Sp. z o.o.

(3) Wiertmar Sp. z o.o. has been a subsidiary of Infra SA since 2 April 2008 – Infra SA holds 51% shares in the capital of Wiertmar Sp. z o.o.

(4) PBG Dom Invest I Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 26 August 2008 – PBG Dom Sp. z o.o. holds 100% shares in the capital of Gdyńska Projekt Sp. z o.o.

(5) P.R.G. Metro Sp. z o.o. has been a subsidiary of Hydrobudowa Polska SA since 12 September 2008 – Hydrobudowa Polska SA holds 84.55% shares in the capital of P.R.G. Metro Sp. z o.o.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

NOTE NO.2

TANGIBLE FIXED ASSETS

Item	as at 31/12/2008	as at 31/12/2007
Land	31 112	22 751
Buildings and structures	132 612	91 866
Plant and machines	124 420	92 767
Transport vehicles	68 765	42 704
Other fixed assets	16 820	12 465
Net balance sheet value	373 729	262 553
Tangible fixed assets under construction	26 768	38 768
Prepayments for fixed assets	3 252	5 465
Total tangible fixed assets (PP&E)	403 749	306 786
Current assets held for sale	-	-
Tangible fixed assets (PP&E)	403 749	306 786

CHANGES IN TANGIBLE FIXED ASSETS

Item	Land	Buildings and structures	Machinery and equipment	Transport vehicles	Other fixed assets	Total
Net balance sheet value as at 01/01/2007	11 795	139 939	41 765	26 278	7 641	227 418
Increase from including New companies in the Capital Group	15 002	11 646	29 414	4 622	637	61 321
Increase from merging business entities	-	-	555	234	159	948
Reductions from sale of subsidiary (-)	(196)	(75 805)	(1 519)	(1 221)	(175)	(78 916)
Increase from purchase	3 662	25 746	33 489	22 360	6 362	91 619
Increase from leasing agreements	-	-	5 255	210	-	5 465
Reductions from sale (-)	(2 562)	(8 561)	(1 208)	(3 875)	(15)	(16 221)
Reductions from liquidation (-)	-	(67)	(703)	(169)	(303)	(1 242)
Reductions and increases from revaluation	(4 469)	-	-	-	-	(4 469)
Impairment write-downs	-	-	-	-	-	-
Reversal of revaluation write-downs	-	-	-	-	-	-
Depreciation (-)	-	(2 562)	(14 180)	(5 702)	(1 785)	(24 229)
Exchange rate differences from recalculating financial statements into presentation currency	-	-	-	-	-	-
Other changes	(481)	1 530	(101)	(33)	(56)	859
Net balance sheet value as at 31/12/2007	22 751	91 866	92 767	42 704	12 465	262 553
Tangible fixed assets under construction and prepayments therefore	-	-	-	-	-	44 233
Total net balance sheet value as at 31/12/2007	22 751	91 866	92 767	42 704	12 465	306 786
Net balance sheet value as at 01.01.08	22 751	91 866	92 767	42 704	12 465	262 553
Increase from including new companies in the Capital Group	6 857	3 349	17 690	5 288	2 281	35 465
Increase from merging business entities	-	-	-	-	-	-
Reductions from sale of subsidiary (-)	-	-	(50)	-	-	(50)
Increase from purchase	2 850	45 388	37 162	30 585	6 387	122 373
Increase from leasing agreements	-	-	2 639	3 498	-	6 137
Reductions from sale (-)	(701)	(965)	(1 333)	(1 772)	(137)	(4 908)
Reductions from liquidation (-)	-	(862)	(563)	(524)	(1 221)	(3 170)

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Reductions and increases from revaluation	107	-	(28)	(21)	(4)	54
Impairment write-downs	-	-	-	-	-	-
Reversal of revaluation write-downs	-	-	-	-	-	-
Depreciation (-)	-	(4 849)	(23 577)	(10 939)	(2 396)	(41 761)
Exchange rate differences from recalculating financial statements into presentation currency	120	-	118	258	-	496
Other changes	(872)	(1 315)	(405)	(313)	(555)	(3 460)
Net balance sheet value as at 31/12/08	31 112	132 612	124 420	68 765	16 820	373 729
Tangible fixed assets under construction and prepayments therefore	-	-	-	-	-	30 020
Total net balance sheet value as at 31.12.08	31 112	132 612	124 420	68 765	16 820	403 749

TANGIBLE FIXED ASSETS

Item	Land	Buildings and structures	Machinery and equipment	Transport vehicles	Other fixed assets	Total
<i>As at 01/01/2008</i>						
Gross balance sheet value	22 751	97 151	131 263	63 904	20 356	335 425
Total amount of current redemption and depreciation write-offs (-)	-	(5 285)	(38 496)	(21 200)	(7 891)	(72 872)
Net balance sheet value	22 751	91 866	92 767	42 704	12 465	262 553
Tangible fixed assets under construction and prepayments therefore	-	-	-	-	-	44 233
Total net balance sheet value	22 751	91 866	92 767	42 704	12 465	306 786
<i>As at 31/12/08</i>						
Gross balance sheet value	31 112	142 177	182 532	100 062	26 783	482 666
Total amount of current redemption and depreciation write-offs (-)	-	(9 565)	(58 112)	(31 297)	(9 963)	(108 937)
Net balance sheet value	31 112	132 612	124 421	68 765	16 820	373 729
Tangible fixed assets under construction and prepayments therefore	-	-	-	-	-	30 020
Total net balance sheet value	31 112	132 612	124 421	68 765	16 820	403 749

TANGIBLE FIXED ASSETS WITH LIMITED LEGAL TITLE AND WHICH SERVE AS GUARANTEES OF LIABILITIES

Type of liability/limitation in disposal	Type of liability	Subject of liability	Balance sheet value
Credit in BRE Bank SA	Mortgage	Land	722
Credit in BRE Bank SA	Mortgage	Buildings and structures	400
Credit in BRE Bank SA	Registered pledge	Plant and machines	2 478
Credit in BZ WBK SA	Mortgage	Land	10 361
Credit in BZ WBK SA	Mortgage	Buildings and structures	23 770
Credit in BZ WBK SA	Registered pledge	Plant and machines	8 998
Credit in BZ WBK SA	Registered pledge	Transport vehicles	396
Credit in BZ WBK SA	Registered pledge	Other fixed assets	66
Credit in Kredyt Bank SA	Mortgage	Buildings and structures	17 842
Credit in Pekao SA	Registered pledge	Plant and machines	15 206
Credit in Pekao SA	Registered pledge	Transport vehicles	5 378
Credit in Pekao SA	Registered pledge	Other fixed assets	155

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Credit in BGŻ SA	Registered pledge	Plant and machines	5 965
Credit in BGŻ SA	Registered pledge	Transport vehicles	9 543
Credit in Pekao SA	Registered pledge	Transport vehicles	4 399
Credit in Pekao SA	Registered pledge	Plant and machines	12 189
Credit in DZ BANK SA	Mortgage	Buildings and structures	10 148
Credit in ING Bank Śląski SA	Mortgage	Buildings and structures	56 013
Defects liability bond TUİR CIGNA SA	Registered pledge	Plant and machines	11
State Treasury	Mortgage	Land, buildings and structures	615
Balance sheet value of tangible fixed assets with limited disposal or serving as guarantee of liabilities			184 655

As at 31 December 2008 the PBG S.A. Capital Group, in line with the accounting policy, verified the adopted useful periods of tangible fixed assets. The gross value of all fully depreciated tangible fixed assets still in operation of the entities of the PBG Capital Group was:

- PLN 12,528 thousand as at 31 December 2008,
- PLN 9,481 thousand as at 31 December 2007.

These are mainly tangible fixed assets which in line with the Capital Group accounting policy are depreciated once due to their low value.

Depreciation of tangible fixed assets used for providing services is carried in the profit and loss account as own cost of sold services and amounted to:

- PLN 33,959 thousand as at 31 December 2008,
- PLN 18,891 thousand as at 31 December 2007.

Depreciation of other tangible fixed assets is included in administrative expenses and amounted to:

- PLN 7,802 thousand as at 31 December 2008,
- PLN 5,338 thousand as at 31 December 2007.

As at the balance sheet day there occurred no circumstances which could cause loss of value of tangible fixed assets therefore the Capital Group did not make depreciation write-downs.

OFF-BALANCE SHEET FIXED ASSETS

Item	as at 31/12/2008	as at 31/12/2007
used by virtue of a tenancy agreement or other agreement including a leasing agreement including:	3 513	2 301
- land used under perpetual usufruct	-	-
- operating lease agreements	3 513	2 301
Total off-balance sheet fixed assets	3 513	2 301

Additionally the group rents or hires also other tangible fixed assets, mainly real estate used for operation of the entity e.g. construction camps, offices, apartments for staff members operating away from their regular places of residence, land properties used to store equipment, materials, etc.

Costs of use of those assets are included in the profit and loss account.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

NOTE NO. 4

NON-RENEWABLE NATURAL RESOURCES

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/2007
Value as for the beginning of the period	27 834	-
Acquiring from including new companies in the Capital Group	-	11 999
Acquiring from merger of entities	-	-
Increase from purchase	-	15 835
Increase following activated further investments	-	-
Reductions from disposal	(15 835)	-
Net amount of profits and losses following adjustments of fair value	-	-
Exchange rate differences from recalculating financial statements into presentation currency	-	-
Other changes	-	-
Value as for the end of the period	11 999	27 834

Non-renewable natural resources are assets carried in balance sheets of the PBG Capital Group subsidiaries. They include the following:

- Property right of undeveloped land of the total area of 3.7128 ha situated in the district of Ząbkowice Śląskie, precinct Brodziszów for which District Court in Ząbkowice Śląskie, 5th Division of Land and Mortgage keeps the registers of KW No. 54175, KW No. 54742, KW No. 57132;
- Property right of undeveloped land of the total area of 24.4944 ha situated in the district of Ząbkowice Śląskie, precinct Brodziszów for which District Court in Ząbkowice Śląskie, 5th Division of Land and Mortgage keeps the registers of KW No. 51040, KW No. 40975, KW No. 48153;
- Simplified geological documentation (category C - granodiorite deposits of Brodziszów – Kłośnik, field A, approved by the decision of the governor of the Wałbrzych Province No. 252/98 of 12/10/1998) and geological documentation of granodiorite deposit of the C category ("Brodziszów – Kłośnik, field A" approved by the decision of the governor of the Province of Dolny Śląsk No. 1/2000 of 14/01/2000);
- Geological documentation of granodiorite deposit ("Brodziszów – Kłośnik, field B" approved by the decision of the governor of the Province of Dolny Śląsk No. 2/2001 of 09/04/2001) including geological information included in the simplified (category C1 - granodiorite deposit - Brodziszów - Kłośnik, field B" approved by the decision of the governor of the Province of Dolny Śląsk No. 2/2001 of 09/04/2001);
- Rights resulting from ownership of the geological documentation concerning these deposits and rights resulting from concession from mining granodiorite from these deposits.

As at the day of making these financial statements, the Holding Company sold one of the subsidiaries which held in its assets aforementioned resources, therefore value of non-renewable resources in the assets of the PBG Capital Group decreased.

These are as follows:

- Property right of undeveloped land of the total area of 24.4944 ha situated in the district of Ząbkowice Śląskie, precinct Brodziszów for which District Court in Ząbkowice Śląskie, 5th Division of Land and Mortgage keeps the registers of KW No. 51040, KW No. 40975, KW No. 48153;

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- Simplified geological documentation (category C - granodiorite deposits of Brodziszów – Kłośnik, field A, approved by the governor of the Wąbrzych Province No. 252/98 of 12/10/1998) and geological documentation of granodiorite deposit of the C category ("Brodziszów – Kłośnik, field A" approved by the governor of the Province of Dolny Śląsk No. 1/2000 of 14/01/2000);
- Rights resulting from the aforementioned documentation.

NOTE NO. 5

INVESTMENT PROPERTY

Item	for the period	for the period
	from 01/01 to 31/12/08	from 01/01 to 31/12/2007
Value as for the beginning of the period	30 383	710
Purchasing real estate following mergers	-	-
Increase from purchase of real estate	5 071	26 301
Increase following activated further investments	-	-
Increase from reclassification from another category of assets:	11 960	5 001
- from tangible fixed assets (land)	1 690	5 001
- from tangible fixed assets (buildings and structures)	4 875	-
- from tangible fixed assets under construction	525	-
- from current assets (goods)	4 870	-
Reductions from disposal	-	(1 629)
Decrease from reclassification to another category of assets:	(26 071)	-
- to tangible fixed assets (land)	(466)	-
- to tangible fixed assets (buildings and structures)	(3 618)	-
- to tangible fixed assets under construction	-	-
- to current assets (goods)	(21 987)	-
Other changes	319	-
Value as for the end of the period	21 662	30 383

In the balance sheet item of investment property, the PBG Capital Group presents only buildings and structures acquired so as to obtain benefits based on the increase of their value or other benefits e.g. revenues from lease rents. Therefore, as at 31/12/2008 all subsidiaries analysed this item of assets and shifted some properties to right items of the balance sheet pursuant to the aim of each property.

Companies of the Capital Group did not make revaluation write downs as at 31/12/2008 as investment properties are carried in their market value.

The following are investment properties:

- perpetual usufruct of the land in Poznań at ul. Górecka valued at PLN 1,821 thousand,
- undeveloped land in Dąbrowa valued at PLN 4,866 thousand,
- land property situated in Mikołów at ul. Żwirki i Wigury developed with the shop house and office building valued at PLN 5,481 thousand,
- land property in Włocławek valued at PLN 1,609 thousand,
- undeveloped land in Krzeptów valued at PLN 1,996 thousand,
- perpetual usufruct of the land in Poznań at ul. Gdyńska developed with an industrial premises, valued at PLN 2,900 thousand.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
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Land properties are held by the companies to obtain revenues on increase of their value, whereas, the developed land property situated in Mikołów is leased to the subsidiary of Hydrobudowa Polska Konstrukcje Sp. z o.o. and the lease rent is the revenue obtained on the property.

NOTE NO. 6

INVESTMENTS IN SUBSIDIARIES

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/2007
As for the beginning of the period	4 000	-
Increase in the reporting period following:	27 000	4 000
- mergers	-	-
- re-classification	-	-
- other increase	27 000	4 000
Decrease in the reporting period following:	(4 000)	-
- sale of subsidiary	-	-
- re-classification	(4 000)	-
- other decrease	-	-
Exchange rate differences	-	-
As for the end of the period	27 000	4 000

Above value includes advance payment for purchase of the company shares.

NOTE NO. 7

LONG-TERM RECEIVABLES

Item	as at 31/12/2008	as at 31/12/2007
Trade receivables (gross)	18 662	19 580
- receivables from domestic customers	18 662	19 580
- receivables from foreign customers	-	-
Other receivables (gross)	2 092	2 253
- from leasing agreements	1 849	1 951
- other	243	302
Receivables revaluation write-downs (-)	(161)	(219)
Total long-term receivables	20 593	21 614

LONG-TERM RECEIVABLES REVALUATION WRITE-DOWNS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	219	809
Write-downs - including new companies into the Capital Group	-	-
Write-downs - including new companies into the Capital Group	53	-
Write-downs reversed during the reporting period (-)	(111)	(114)
Write-downs used during the reporting period (-)	-	(9)
Other changes	-	(467)
As for the end of the period	161	219

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

LONG-TERM RECEIVABLES (GROSS) - CURRENCY STRUCTURE

Item	as at 31/12/2008		as at 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	12 338	x	12 769
b) euro (EUR)	2 054	8 350	2 692	8 997
c) Canadian dollar (CAD)	27	66	27	67
d) other currencies	-	-	-	-
		20 754		21 833

Long term receivables include mainly guarantee retention resulting from conducted and completed construction works. These amounts are not interest yielding. Due to long due dates, in some cases even up to 5 years these values were discounted. Long-term receivables are discounted at WIBOR 1M + 1 percentage point. As at 31/12/2008 discount rate was 6.61% whereas as at 31/12/2007 it was 6.52%.

Long-term receivables bear relatively high credit risk. Boards of the Capital Group companies currently monitor situation of debtors and if recovery of the full amount is at risk, revaluation write downs are introduced.

In this financial statements, long-term receivables are presented as net discounted amounts including revaluation write downs.

Long term receivables include receivables for financial leasing, as pursuant to provisions of the Capital Group policy (article 3.3.3.2) assets under financial leasing are carried in the balance sheet as receivables equal to the net value of the investment.

Gross balance sheet value of receivables resulting from financial leasing as at 31 December 2008 amounted to PLN 2,505 thousand, including short term ones amounting to PLN 313 thousand.

The financial leasing agreement refers to perpetual usufruct of the land property situated in Szczecin and property right of the office building development thereon.

NOTE NO. 8

SHORT-TERM TRADE RECEIVABLES

Item	as at 31/12/2008	as at 31/12/2007
Trade receivables (gross)	710 344	572 784
- receivables from domestic customers	696 327	566 597
- receivables from foreign customers	14 017	6 187
Revaluation write-downs of trade receivables (-)	(30 978)	(38 308)
Total trade receivables	679 366	534 476

OTHER SHORT-TERM RECEIVABLES

Item	as at 31/12/2008	as at 31/12/2007
Total other receivables (gross)	94 136	78 691
due under VAT	27 004	31 782
due to grants, duties, social and health insurance and other considerations	291	58
settlements with employees	1 420	272
claimed in court	45 224	34 981
other	20 197	11 598
Other receivables revaluation write-downs (-)	(45 385)	(35 428)

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Total other receivables (net)	48 751	43 263
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SHORT-TERM RECEIVABLES REVALUATION WRITE-DOWNS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	73 736	13 600
Write-downs - including new companies into the Capital Group	1 741	60 671
Write-downs - reductions from sale of subsidiaries	-	(349)
Write-downs - including new companies into the Capital Group	15 913	16 457
Write-downs reversed during the reporting period (-)	(14 509)	(13 347)
Write-downs used during the reporting period (-)	(180)	(2 905)
Other changes	(338)	(391)
As for the end of the period	76 363	73 736

Pursuant to the policy of the Capital Group (paragraph 3.3.10), its companies make write offs reassessing 100% value of all receivables which are overdue above 180 days. As at 31 December 2008 overdue receivables amounted to PLN 79,361 thousand. The companies made revaluation write offs amounting PLN 76,363 thousands, the balance value were receivables from subsidiaries for which revaluation write offs were not made.

SHORT-TERM TRADE RECEIVABLES AND OTHER SHORT TERM RECEIVABLES (GROSS) - CURRENCY STRUCTURE

Item	as at 31.12.08		as at 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	641 597	x	492 534
b) euro (EUR)	39 206	153 929	42 525	155 065
c) American dollar (USD)	893	2 057	-	-
d) Swiss frank (CHF)	20	42	-	-
e) Pound sterling (GBP)	3	12	-	-
f) Slovak crown (SKK)	28 282	3 916	34 172	3 643
g) Canadian dollar (CAD)	1 217	2 927	94	233
h) other currencies	-	-	-	-
Total	x	804 480	x	651 475

SHORT-TERM RECEIVABLES – OVERDUE STRUCTURE

Item	as at 31/12/2008	as at 31/12/2007
Overdue trade receivables	246 069	102 646
- up to 1 month	63 927	51 241
- over 1 month up to 6 months	141 180	44 796
- over 6 months up to 1 year	38 038	5 418
- over 1 year	33 635	34 233
- overdue receivables revaluation write-downs (-)	(30 711)	(33 042)
Other overdue short-term receivables	614	(283)
- up to 1 month	58	77
- over 1 month up to 6 months	48	3
- over 6 months up to 1 year	-	-
- over 1 year	45 726	34 536
- overdue receivables revaluation write-downs (-)	(45 218)	(34 899)

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Gross overdue receivables	322 612	170 304
Overdue receivables revaluation write-downs (-)	(75 929)	(67 941)
Net overdue receivables	246 683	102 363

SHORT-TERM RECEIVABLES CLAIMED IN COURT

Item	as at 31/12/2008	as at 31/12/2007
Trade receivables, including:	-	-
- gross value of receivables claimed in court	16 080	25 210
- revaluation write-downs of doubtful receivables (-)	(16 080)	(25 210)
Other short-term receivables, including:	-	-
- gross value of receivables claimed in court	45 224	34 981
- revaluation write-downs of doubtful receivables (-)	(45 224)	(34 981)
Gross receivables claimed in court	61 304	60 191
Revaluation write-downs of doubtful receivables	(61 304)	(60 191)
Net value of receivables claimed in court	-	-

The adopted period for receivables settlement normal for natural sale process is 14-30 days.

According to Boards of Directors of the Capital Group companies the risk of receivables is reflected by revaluation write-downs into doubtful receivables.

NOTE NO. 9

INVENTORY

STRUCTURE OF INVENTORY

Item	as at 31/12/2008	as at 31/12/2007
Materials	25 173	13 497
Production in progress	31 921	15 251
Finished goods	22	28
Commodities	4 189	9 050
Advance payments for deliveries	8 055	2 319
Total inventory, including:	69 360	40 145
- balance sheet inventory value presented in fair value less costs of sale	-	-
- balance sheet inventory value serving as guarantees of liabilities	-	3 000

INVENTORY WRITE-DOWNS

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/07
Value of inventories included as cost in the period	335 473	266 224
Inventory write-downs included as cost in the period	-	124
Inventory write-downs reversed in the period	100	454

Inventories do not serve as a guarantee of liabilities of the PBG Capital Group companies, no agreements limiting their disposal have been concluded, either.

The PBG Capital Group make inventory revaluation write downs if there occurs a justified assumption that the purchase price or production cost of the inventory may not be recovered or if their sale prices significantly decreased. In particular write downs are made for inventory which was damaged or lost partially/fully its usefulness.

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

Companies of the Capital Group for each balance sheet day make an individual valuation of the inventory. Estimating the net inventory value which is possible to recover it is taken into account, first of all, its intended use and usefulness for manufacturing processes or providing of services.

As at the balance sheet day there occurred no circumstances which could cause loss of value of the inventory therefore the Capital Group companies did not make depreciation writes-down.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

NOTE NO. 10

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2008

Item	Revenues as originally defined in the agreement	Amendments	Total revenues from the agreement	Agreement costs incurred up to the balance sheet day	Costs due until the agreement implementation	Estimated total costs of the agreement	Estimated profit	Progress of the agreement as at the balance sheet day	Advance payments received	Amounts retained
Construction service contracts	7 150 364	158 941	7 309 305	3 041 367	3 298 208	6 339 575	969 730	48%	77 979	39 397
Total	7 150 364	158 941	7 309 305	3 041 367	3 298 208	6 339 575	969 730	x	77 979	39 397

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2007

Item	Revenues as originally defined in the agreement	Amendments	Total revenues from the agreement	Agreement costs incurred up to the balance sheet day	Costs due until the agreement implementation	Estimated total costs of the agreement	Estimated profit	Progress of the agreement as at the balance sheet day	Advance payments received	Amounts retained
Construction service contracts	4 234 085	46 932	4 281 017	1 880 709	2 120 080	4 000 789	280 228	47%	69 742	60 137
Total	4 234 085	46 932	4 281 017	1 880 709	2 120 080	4 000 789	280 228	47%	69 742	60 137

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2008

Item	Costs of implementing of the agreement incurred up to 31/12/2008	Profits up to 31/12/2008 (-)	Losses up to 31/12/2008	Costs incurred and corrected by profits and losses	Invoiced amounts up to 31/12/2008	Receivables under agreement as at 31/12/2008	Liabilities under agreement as at 31/12/2008

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

Construction service contracts	3 041 367	(1 816)	1 776	3 041 327	2 496 889	783 930	14 989
Total	3 041 367	(1 816)	1 776	3 041 327	2 496 889	783 930	14 989

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2007

Item	Costs of implementing of the agreement incurred up to 31/12/2007	Profits up to 31/12/2007 (-)	Losses up to 31/12/2007	Costs incurred and corrected by profits and losses	Invoiced amounts up to 31.12.07	Receivables under agreement as at 31.12.07	Liabilities under agreement as at 31.12.07
Construction service contracts	1 880 709	-	46 128	1 926 837	1 467 740	439 585	19 594
Total	1 880 709	-	46 128	1 926 837	1 467 740	439 585	19 594

The Board of Directors of the Holding Company PBG SA disclosed the information required by the IAS 11 (construction service contracts) in total amounts, without breaking into individual contracts, bearing in mind the trade secret.

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

Due to the fact that construction service contracts are carried pursuant to the IAS 11, therefore, revenues and costs are subject to estimations, it is the area which is under particular supervision carried out by the boards of directors of the PBG Group companies. Budgets are made to the best knowledge and experience of the companies. In the process of drawing up and implementing of the construction projects, all budgets are periodically updated.

If expected total contractual costs exceed total revenues there are made provisions to cover expected losses. These provisions are included into the profit and loss statement in the amount of excess of costs above revenues at the time they are revealed.

Additionally, there are made provisions for providing of guarantee services. These are provisions for expected costs of repairs to be incurred between completing of the agreement and expiry of the warranty period. These provisions are made in the amount of estimated costs of repairs during the implementing of the agreement, proportionally to the agreement progress.

In 2008, the Board of the Holding Company concluded two consortium agreements in which it operates as the leader and which are joint ventures. If the company as a leader of the consortium treats the agreement between the investor and the consortium as a construction service contract, settlement of long term agreements is based on revenue and cost budgets for the part of the agreement implemented by the company and value of costs accepted from other parties of the consortium and revenue invoices issued to the investor and concerning works completed by other parties of the consortium are not included in the company profit and loss account.

Agreements which pursuant to the IAS 31 were treated as a joint venture of the consortium partners:

Contract for construction of the LMG mine amounting to PLN 1,397,000 thousand will be included in the company turnover in the amount of PLN 1,090,916 thousand.

Contract for construction of the LMG Wierzchowice amounting to PLN 1,089,000 thousand will be included in the company turnover in the amount of PLN 462,000 thousand.

NOTE NO. 11

ACCRUALS AND DEFERRED INCOME

Item	as at 31/12/2008	as at 31/12/2007
a) active prepayments of costs including:	26 064	12 820
- insurance policies	13 790	5 363
- guarantees	8 612	5 348
- costs related with the turn of reporting periods	235	116
- other (subscriptions, training)	1 733	1 993
- repeated use materials settled in time	1 694	-
b) other prepayments and accrued income including:	3 963	6 691
- costs incurred before the conclusion of a construction contract	2 188	4 129
- costs of share issue	-	499
- costs of further acquisition of companies	1 115	2 063
- other	660	-
Total prepayments and accrued income	30 027	19 511

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

- long-term	13 567	4 787
- short-term	16 460	14 725

In 2008 value of accruals and deferred income increased nearly by 54% compared to 2007. The most significant increase is revealed in "insurance policies" and "guarantees". It is due to insurance of: construction and installation risks as well as guarantees of two main contracts being under implementation by the Holding Company:

- Construction of the on-ground part of PMG Wierzchowice (contract term 19/11/2008 and 18/11/2011)
- Project of LMG – Ośrodek Centralny, wellbore areas, pipelines and other facilities (contract term 11/08/2008 and 30/04/2013)

NOTE NO. 12

OTHER FINANCIAL ASSETS

Item	as at 31/12/2008	as at 31/12/2007
Financial assets carried at fair value through profit or loss account	-	1 582
Investments held to maturity	15 732	11 052
Loans and receivables	40 778	14 622
Financial assets available for sale	29 633	29 377
Fair value hedging instruments	-	-
Cash flow hedging instruments	14 195	43 611
Total financial assets	100 338	100 244
- long-term	48 571	41 834
- short-term	51 767	58 410

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS ACCOUNT

Item	as at 31/12/2008	as at 31/12/2007
Trade derivatives	-	-
Shares of listed companies	-	-
Debt securities	-	-
Investment funds shares	-	-
Financial assets carried at fair value through profit or loss account	-	1 582
Total financial assets carried at fair value through profit or loss account	-	1 582

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- long-term	-	-
- short-term	-	1 582

CHANGE OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/07
As for the beginning of the period	1 582	-
Acquisitions	-	-
Valuation transferred to profit and loss account	-	1 582
Impairment write-downs (-)	-	-
Disposal (-)	(1 582)	-
As for the end of the period	-	1 582

INVESTMENTS HELD TO MATURITY

Item	as at 31/12/2008	as at 31/12/2007
Bonds	-	-
Debentures	15 732	10 896
Bank deposits	-	156
Total investments held to maturity	15 732	11 052
- long-term	3 000	11 052
- short-term	12 732	-

Type of transaction	Date of purchase	Term	Nominal amount	Nominal interest	Balance sheet value
Purchase of inscribed debentures of Ćwiertnia Sp. z o.o.	2007-04-05	24 M	10 470	5,67%	11 499
Purchase of inscribed debentures of Poner Sp. z o.o.	2008-02-21	36 M	3 000	8,09%	3 208
Purchase of inscribed debentures of Bathinex Sp. z o.o.	2008-06-11	15 M	1 000	8,64%	1 025

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Total					15 732
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CHANGE OF INVESTMENTS HELD TO MATURITY

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	11 052	351
Acquisitions	5 000	10 756
Interest calculated by effective interest rate	885	426
Impairment write-downs (-)	-	-
Change of asset category	-	(351)
Disposal (-)	(1 205)	(130)
Other changes	-	-
As for the end of the period	15 732	11 052

PBG SA purchases bonds and inscribed debentures issued by other entities. In each case interest is calculated by fixed interest rate. These securities are held for one to three years.

LOANS AND RECEIVABLES

Item	as at 31/12/2008	as at 31/12/2007
Loan granted to: Anta Development Sp. z o.o.:		
of 15/12/2008	502	-
Loans granted to: Bathinex Sp. z o.o.:		
of 10/06/2007	4 495	-
of 07/01/2008	376	-
of 22/07/2008	2 074	-
of 15/12/2008	1 506	-
Loans granted to: Jastarport Sp. z o.o.:		
of 30/05/2008	6 289	-
Loans granted to: Lubickie Wodociągi Sp. z o.o.:		
of 27/12/2004	318	332

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

of 20/06/2005	-	19
of 19/10/2005	16	95
of 28/11/2006	1 363	1 420
Loan granted to: PI Cwiernia Sp. z o.o.:		
of 11/09/2007	-	1 020
Loans granted to: Piecobiogaz SA:		
of 18/07/2007	3 748	3 499
of 14/09/2007	4 589	4 283
Loan granted to: PBG Basket SA:		
of 01/12/2008	302	-
Loan granted to: Remaxbud Sp. z o.o.:		
of 14/03/2007	1 500	1 500
Loan granted to: Strateg Capital Sp. z o.o.:		
of 13/11/2008	3 140	-
Loans granted to: TOSKA Wloclawek:		
of 26/04/2006	3	66
of 20/06/2006	-	217
Loan granted to: M&W Bartosz Jankowski:		
of 23/09/2008	175	-
Loan granted to: WAMAR S.C:		
of 03/10/2008	6 082	
Loans granted to individuals	4 248	2 140
Loans granted to staff members	52	23
Refunds and commission on individual item	-	8
Total loans and receivables	40 778	14 622
- long-term	3 314	1 405
- short-term	37 464	13 217

CHANGE IN LOANS AND RECEIVABLES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	14 622	5 441
- Increase – including new companies into the Capital Group	-	8

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Purchase – granting loans	23 447	11 234
Interest calculated by effective interest rate	2 108	637
Impairment write-downs (-) valuation	93	(66)
impairment write-downs (-) valuation	4 190	-
Disposal (-) loan repayment	(3 733)	(3 179)
Other changes, including: reversal of write-downs	51	547
As for the end of the period	40 778	14 622

Loans granted as at 31 December 2008 amounted PLN 40,778 thousand. In 2008 value of receivables resulting from loans granted increased by almost 180% compared to the previous year.

Value of loans granted in 2008 amounted to PLN 23,447 thousand whereas in 2007 it was PLN 11,234 thousand. It is due to new credit agreements concluded.

As at 31 December 2008, the most significant in value is the loan granted to Jastarport Sp. z o.o. balance value of which is PLN 6,289 thousand which is 15.42% of total value of loans granted.

Change in loans is due to recalculation of the loan granted to Bathinex Sp. z o.o. which was reclassified from loans granted to subsidiaries to loans granted to other entities. Disclosure of the loan was due to disposal as at 23 December 2008 shares of the subsidiary which in 2007 was granted loans amounting to PLN 4,050 thousand. The balance sheet value of these loans as at 31 December 2007 amounted to PLN 4,190 thousand and due to the company disposal the receivables were reclassified from "granted to subsidiaries" to "granted to other entities" which caused increased value of granted loans.

An average interest of loans granted between 2007 and 2008 is WIBOR 3M/WIBOR 1M + margin or it is fixed and amounts to 10% p.a.

LOANS AS AT 31/12/2008

Type of transaction	Date of purchase	Term	Nominal amount	Interest	Balance sheet value
				nominal	
Granting loan to Lubickie Wodociągi Sp. z o.o.	2004-12-27	49 M	318	WIBOR 1M+2%	318
Granting loan to Lubickie Wodociągi Sp. z o.o.:	2005-10-19	51 M	16	WIBOR 1M+2%	16
Granting loan to TOSKA Włocławek	2006-04-26	29 M	60	WIBOR 3M+1%	3
Granting loan to Lubickie Wodociągi Sp. z o.o.	2006-11-28	77 M	1 363	WIBOR 1M+2%	1 363

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Granting loan to Remaxbud Sp. z o.o.	2007-03-14	34 M	1 500	WIBOR 3M+1%	1 500
Granting loan to Bathinex Sp. z o.o.	2007-06-10	31 M	4 050	10.00%	4 495
Granting loan to Piecobiogaz SA	2007-07-18	29 M	3 400	WIBOR 3M+1%	3 748
Granting loan to Piecobiogaz SA	2007-09-14	28 M	4 200	WIBOR 3M+1%	4 589
Granting loan to Bathinex Sp. z o.o.	2008-01-07	24 M	350	10.00%	376
Granting loan to Jastarpport Sp. z o.o.	2008-05-30	19 M	6 000	WIBOR 3M+2%	6 289
Granting loan to Bathinex Sp. z o.o.	2008-07-22	17 M	2 000	10.00%	2 074
Granting loan to M&W Bartosz Jankowski	2008-09-23	24 M	172	WIBOR 1M+1%	175
Granting loan to WAMAR S.C	2008-10-03	14 M	6 000	8.89%	6 082
Granting loan to Strateg Capital Sp. z o.o.	2008-11-13	14 M	3 090	10.00%	3 140
Granting loan to PBG Basket SA	2008-12-01	7 M	300	WIBOR 1M+1%	302
Granting loan to Anta Development Sp. z o.o.	2008-12-15	12 M	500	WIBOR 3M+2%	502
Granting loan to Bathinex Sp. z o.o.	2008-12-15	12 M	1 500	10.00%	1 506
Granting loans to individuals	x	x	5 090	x	4 248
Granting loans to staff members	x	x	87	x	52
Total					40 778

CASH FLOW HEDGING DERIVATIVES AS AT 31/12/ 2008

Type of transaction	Base amount	Fair value	Hedged risk
		Assets	
PEKAO SA			
FORWARD – purchase hedge	74 136	14 195	exchange rate risks
Total purchase hedge	74 136	14 195	

Cash flow hedging derivatives are described below the table referring to cash flow hedging instruments.

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

FINANCIAL ASSETS AVAILABLE FOR SALE

Item	as at 31/12/2008	as at 31/12/2007
Shares	29 633	29 377
Debt securities	-	-
Total financial assets available for sale	29 633	29 377
- long-term	29 341	29 377
- short-term	292	-

CHANGE IN FINANCIAL ASSETS AVAILABLE FOR SALE

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	29 377	3 809
- Increase – including new companies into the Capital Group	-	-
Acquisitions	63	3 374
Valuation transferred to equity	-	-
Impairment write downs transferred to profit and loss account (-)	290	(244)
Change of asset category	-	23 800
Disposal (-)	(358)	(1 362)
Other changes	261	-
As for the end of the period	29 633	29 377

In financial assets available for sale there are indicated the following items:

- shares of KRI SA valued at PLN 25,315 thousand;
- shares of Naftomontaż Sp. z o.o. valued at PLN 3,500 thousand;
- shares of Remaxbud Sp. z o.o. valued at PLN 421 thousand;
- shares of Lubickie Wodociągi Sp. z o.o. valued at PLN 30 thousand;
- shares of Strateg Capital Sp. z o.o. valued at PLN 47 thousand;

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- shares of Centrozap SA valued at PLN 290 thousand (valued at market rate basing on the Warsaw Stock Exchange listing);
- shares of Drogowa Trasa Średnicowa SA valued at PLN 22 thousand;
- shares of Konsorcjum Autostrada "Śląsk" valued at PLN 4 thousand;

As at the balance sheet day, the Board of the Holding Company analysed value impairment of all financial assets available for sale. Basing on discounted cash flow forecasts of each of the companies it was revealed that as at 31 December 2008 revaluation write-downs due to value impairment had been unnecessary.

NOTE NO. 13

CASH AND CASH EQUIVALENTS

Item	as at 31/12/2008	as at 31/12/2007
a) in Polish currency	242 366	383 210
- cash	237 665	383 030
- transit cash	4 478	-
- interest on deposit	223	180
b) in foreign currencies (translated into PLN)	47 347	27 095
Total	289 713	410 305

Cash and cash equivalents mean cash in bank and in hand and short term deposits of initial maturity period not exceeding three months. Book value of these assets represents their fair value.

Due to the cooperation of the Capital Group with prime banks the risk related with allocating cash is significantly limited

NOTE NO. 14

OTHER FINANCIAL LIABILITIES INCLUDING CREDITS AND LOANS

Item	as at 31/12/2008	as at 31/12/2007
Credits	587 322	398 129
Loans	675	2 306
Finance lease liabilities	16 173	11 310
Liabilities under issue of debt securities	201 137	311 043

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Liabilities under derivatives (Forward contracts, IRS)	234 889	-
Other financial liabilities	1 121	2 451
Total financial liabilities	1 041 317	725 239
- long-term	369 846	258 577
- short-term	671 471	466 662

Most credits taken out by companies of the Capital Group have variable interest rate. In most cases it is interest rate based on WIBOR 1M plus credit margin value of which depends on credit rating of the debtor. Interest rate of the credits taken was between 6.46 and 7.11% with interest payable monthly.

Base interest rates used in credit agreements concluded by companies of the PBG Capital Group on the balance sheet day were as follows:

<u>% value</u>	<u>31/12/2008</u>	<u>31/12/2007</u>
WIBOR 1M	5.61	5.52
WIBOR 3M	5.88	5.68
WIBOR 6M	5.95	5.99
EURIBOR 1M	2.6	4.29
discounting notes	5.25	5.25

Pursuant to concluded agreements, total value of credit lines granted in the current account as at 31 December 2008 amounted to PLN 302,601 thousand, whereas as at 31 December 2007 it amounted to PLN 236,883 thousand. Of these credit lines the amount borrowed as at 31 December 2008 was PLN 136,952 thousand whereas as at 31 December 2007 it was PLN 102,513 thousand.

Credit lines in current accounts are renewable annually.

In order to increase the diversification of financing sources, in November 2007 the agency and dealer agreement was concluded for organising and implementing a three-year programme of bonds issue for PBG SA and Hydrobudowa Włocławek S.A. (currently Hydrobudowa Polska SA) by ING Bank Śląski SA with a total nominal value of PLN 500,000,000.00.

Within the above mentioned programme, on 12 December 2007 PBG SA issued the first tranche of bearer bonds totalling PLN 200,000,000.00. Redemption date was set for 15 November 2010, interest is payable according to variable rate based on WIBOR 6M.

The bonds issue was intended to improve financing structure by means of changing a short-term debt into a long-term debt, gaining funds for acquisitions and property investments and payment of a current liability with regard to bonds issued in 2005.

The bonds are secured with civil law guarantees up to the full issue value provided by Hydrobudowa Polska SA, Infra SA and Hydrobudowa 9 SA.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

To hedge the variable interest rate risk, the Holding Company uses IRS hedging instruments.

Pursuant to the credit line agreement for financing of capital investment, the PBG SA Holding Company was obliged to limit interest rate risk. To meet the bank requirements, on 23 July 2008 the company made an IRS operation covering 50% of the outstanding credit value with the maturity on 31 December 2013.

The IRS operations mean change of interest payable by variable WIBOR 1M rate into interest payable by fix interest rate

For this transaction which is to hedge a part of interest rate based cash flow risks, the Holding Company applies cash flow accounting.

CASH FLOW HEDGING DERIVATIVES AS AT 31/12/ 2008

Type of transaction	Base amount	Fair value	Hedged risk
		Liability	
BGŻ SA			
FORWARD – sale hedge	26 962	6 565	exchange rate risks
BZ WBK SA			
FORWARD – sale hedge	80 089	19 411	exchange rate risks
DnB NORD SA			
FORWARD – sale hedge	80 089	18 074	exchange rate risks
DZ BANK POLSKA SA			
FORWARD – sale hedge	60 500	9 768	exchange rate risks
ING BANK ŚLĄSKI SA			
FORWARD – sale hedge	1 67 620	32 417	exchange rate risks
MILLENNIUM SA			
FORWARD – sale hedge	157 760	23 366	exchange rate risks
PEKAO SA			
FORWARD – sale hedge	263 648	40 319	exchange rate risks
IRS operations no. IRS 07382711	26 455	1 540	interest rate risk
RAIFFEISEN BANK SA			
FORWARD – sale hedge	362 662	71 615	exchange rate risks
WestLB Polska SA			
FORWARD – sale hedge	41 296	11 815	exchange rate risks

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

Total sale hedge	1 240 626	233 349	
Total IRS	26 455	1 540	
Total	1 267 081	234 889	

INFLUENCE OF EXCHANGE RATE HADGES ON RESULTS ACHIEVED BY THE PBG CAPITAL GROUP

In the FY 2008 the PBG Capital Group and its subsidiaries made hedging transactions referring only to future, planned exchange rate exposes applying thereto a standard forward instrument. Companies of the PBG Capital Group did not use any currency option instruments. Transactions made were pursuant to the adopted hedging policy, were applied to agreements made with customers and suppliers (mainly denominated in EUR and CAD) and they were not of speculative nature as they were made to guarantee future level of cash flows resulting from revenue on sale (resulting from long-term construction contracts) and selling costs.

Due to open positions in the foreign exchange market, a part of the PBG Capital Group cash flow is hedged (revenues on sale) i.e. the amount of EUR 288.14 million due in 2009 (EUR 132.83 of which is due in the first half of 2009) and the amount of EUR 60.09 million due in 2010 (EUR 31.48 million of which is due in the first half of 2010). These transactions were made with an average weighted forward rate of 3.55 EUR/PLN. Pursuant to data received from banks, balance sheet valuation of the open positions in forward hedging instruments as at 31 December 2008 amounted to PLN minus 233.35 million, due to occurrence of hedging revenues and due to loss of hedging instrument efficiency, in the Group result there was included the amount of PLN 63.32 million, balance of PLN minus 170.03 was included in the equity. The result of completed (settled) future contracts in 2008 amounted to PLN 6.28 million which was referenced and booked in the consolidated profit and loss account.

Some parts of the cash flows (selling cost) of the PBG Capital Group are hedged with open foreign exchange positions amounting to CAD 3.65 million (CAD 1.3 million of which in the first half of 2009), for 2010 and following years open positions amount to CAD 30.72 million (CAD 9.7 million of which in the first year of 2010). These transactions were made with an average weighted forward rate of 2.16 CAD/PLN. Pursuant to data received from banks, balance sheet valuation of the open positions in forward hedging instruments as at 31 December 2008 amounted to PLN 14.19 million, due to loss of hedging instrument efficiency, in the Group result there was included the amount of PLN 13.74 million, balance of PLN 0.45 was included in the equity. The result of completed (settled) future contracts in 2008 amounted to PLN 0.07 million which was referenced and booked in the consolidated profit and loss account.

LOANS AS AT 31/12/2008

Item	Liability amount	Nominal interest rate	Costs
A loan from a legal entity	656	WIBOR 3M+1.5%	26

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Loans from an individual	19	9.00%	18
Total loans	675	x	44

MATURITY STRUCTURE OF LOANS AND CREDITS

Item	as at 31/12/2008	as at 31/12/2007
Short term credits and loans	475 147	350 402
Long term credits and loans	112 850	50 033
- paid over 1 – 2 years	73 265	36 512
- paid over 2 – 5 years	39 585	13 521
- paid over 5 years	-	-
Total credits and loans	587 997	400 435

CREDIT CURRENCY STRUCTURE

Item	as at 31/12/2008 value in currency	as at 31/12/2008 value in PLN	as at 31/12/2007 value in currency	as at 31/12/2007 value in PLN
a) Polish zloty (PLN)	x	578 852	x	395 333
b) euro (EUR)	500	2 132	-	-
c) Slovak crown (SKK)	50 635	7 013	47 864	5 102
Total credits and loans	x	587 997	x	400 435

LONG-TERM CREDITS AS AT 31/12/2008

Company name and seat	Contracted amount of the credit /loan		Amount of the credit /loan due to be paid		Maturity date	Guarantees
	PLN	Currency	PLN	Currency		
BGŻ SA Warszawa	10 000	PLN	3 327	PLN	2010-12-31	1. Registered pledge on the crediting object with the transfer of rights from the insurance policy of the registered pledge. 2. A power of attorney to manage each borrower current accounts kept with the bank. 3. Own blank promissory notes issued by each borrower together with promissory declarations.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

BGŻ SA Warszawa	1 528	PLN	1 669	PLN	2010-12-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts in the lending bank.
BGŻ SA Warszawa	392	PLN	410	PLN	2011-12-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts in the lending bank.
BOŚ Poznań Branch	11 231	PLN	2 567	PLN	2011-12-15	1. Blank promissory note secured by Mr Jerzy Wisniewski and Mrs Małgorzata Wisniewska, Mr Marek Grunt and his spouse and Mr Tomasz Woroch and his spouse. 2. Bank guarantee of BRE BANK SA, Poznań Branch.
BZ WBK SA Poznań	1 336	PLN	186	PLN	2010-05-28	1. Power of attorney for bank accounts kept with the Bank. 2. Blank promissory note together with a promissory declaration
BZ WBK SA Poznań	13 327	PLN	11 131	PLN	2010-07-31	1. Authorisation to debit the Borrower's accounts. 2. Ordinary mortgage totalling the credited amount and complete real estate mortgage totalling PLN 6 million for real estate which is the subject to crediting. 3. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 4. Transfer of receivables resulting from tenancy agreements made with Hydrobudowa Śląsk related to the real estate.
BZ WBK SA Wrocław	4 000	PLN	2 222	PLN	2012-06-30	1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with a promissory declaration.
BZ WBK SA Wrocław	5 000	PLN	3 889	PLN	2013-06-30	1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with a promissory declaration.
ING Bank Śląski SA Katowice	10 000	PLN	6 393	PLN	2013-03-30	1. Real estate mortgage of PLN 13,000,000 on the Real estate located in Wysogotowo, Tarnowo Podgórze District, Land and Mortgage Register PO1P/00218712/9. 2. Transfer of rights from the insurance policy of the said real estate. 3. Power of attorney for the bank account kept with ING Bank Śląski SA.
ING Bank Śląski SA Katowice	36 000	PLN	8 632	PLN	2011-12-31	1. Power of attorney for bank accounts kept with ING Bank Śląski SA. 2. First real estate mortgage of up to PLN 18,000 on a real estate located in Wysogotowo, Tarnowo Podgórze District, Land and Mortgage Register 91.909. 3. First real estate mortgage of up to PLN 18,000 on a real estate located in Wysogotowo, Tarnowo Podgórze District, plot No. 64/23, Land and Mortgage Register 66.276. 4. Transfer of rights from the insurance policy of the said real estate. 5. Letter of intention/declaration of Mr Jerzy Wisniewski to keep the majority of votes at the PBG SA General Meeting of Shareholders. 6. Civil law guarantee of companies: Hydrobudowa Polska SA and Infra SA.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Kredyt Bank Warszawa	10 680	PLN	7 120	PLN	2011-12-31	<ol style="list-style-type: none"> 1. Mortgage of PLN 10,683 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being an ownership separate from the land. 2. Mortgage of PLN 2,670 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being a separate ownership from the land. 3. Transfer of rights from the fire and other incidental risk insurance agreement of the said real estate. 4. Blank promissory note issued by the borrower together with a promissory declaration.
PEKAO SA Poznań	18 700	PLN	14 025	PLN	2013-09-30	<ol style="list-style-type: none"> 1. Power of attorney for bank accounts of the borrower kept with the Bank. 2. Representations about submission to enforcement. 3. Registered pledge on 25,000 shares of PRID SA. 4. Civil law guarantee of Hydrobudowa Polska SA.
PEKAO SA Poznań	34 210	PLN	27 368	PLN	2013-12-31	<ol style="list-style-type: none"> 1. Power of attorney for bank accounts of the borrower kept with the Bank. 2. Representations about submission to enforcement. 3. Registered pledge on 14,244,999 shares of Betpol SA. 4. Civil law guarantee of Hydrobudowa Polska SA.
PEKAO SA Poznań	14 000	PLN	6 378	PLN	2012-04-30	<ol style="list-style-type: none"> 1. Blank promissory note together with a promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts kept with PEKAO SA Bank. 4. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Warszawa	40 000	PLN	16 897	PLN	2012-04-30	<ol style="list-style-type: none"> 1. Registered pledge on the financing object with the transfer of rights from the insurance agreement. 2. A power of attorney to manage current and future accounts of the borrower in the bank. 3. Written representation of the borrower on voluntary submission to enforcements proceeding in line with the provisions of the Civil Proceedings Code. 4. Blank promissory note of the borrower together with promissory declaration issued thereby.
EFFECTIVE ADJUSTMENT			(20)			
Total			112 194			

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

SHORT-TERM CREDITS AS AT 31/12/2008

Company name and seat	Contracted amount of the credit /loan		Amount of the credit /loan due to be paid		Maturity date	Guarantees
	PLN	Currency	PLN	Currency		
BGŻ SA Warszawa	10 000	PLN	3 333	PLN	2010-12-31	1. Registered pledge on the crediting object with the transfer of rights from the insurance policy of the registered pledge subject. 2. A power of attorney to manage each borrower current account kept with the bank. 3. Own blank promissory notes issued by each borrower together with a promissory declarations.
BGŻ SA Warszawa	34 000	PLN	34 000	PLN	2009-06-26	1. Confirmed transfer of receivables from the contracts implemented by the borrower amounting to at least 200% of the used limit. 2. Authorisation to debit the borrower current accounts. 3. Blank promissory note.
BGŻ SA Warszawa	39 000	PLN	39 000	PLN	2009-06-26	1. Confirmed transfer of receivables from the contracts implemented by the Borrower amounting to at least 200% of the used limit. 2. A power of attorney to manage current and future accounts in the lending bank 3. Blank promissory note together with a promissory declaration.
BGŻ SA Warszawa	1 667	PLN	1 667	PLN	2010-12-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on the financial asset. 3. A power of attorney to manage current and future accounts in the lending bank
BGŻ SA Warszawa	188	PLN	188	PLN	2010-11-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on the financial asset. 3. A power of attorney to manage current and future accounts in the lending bank
BOŚ O/PŃ Poznań	11 231	PLN	1 284	PLN	2011-12-15	1. Blank promissory note secured by Mr Jerzy Wisniewski and Mrs Małgorzata Wisniewska, Mr Marek Grunt and his spouse and Mr Tomasz Woroch and his spouse. 2. Bank guarantee of BRE BANK SA, Poznań Branch.
BZ WBK SA Poznań	1 336	PLN	445	PLN	2010-05-28	1. Power of attorney for bank accounts kept with the Bank. 2. Blank promissory note together with a promissory declaration.
BZ WBK SA Wrocław	4 000	PLN	889	PLN	2012-06-30	1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with a promissory declarations.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

BZ WBK SA Wrocław	30 600	PLN	20 758	PLN	2012-10-15	<ol style="list-style-type: none"> 1. Authorisation to debit the borrower's account. 2. Transfer of receivables from the B-0106 Tychy contract. 3. Civil law guarantee of PBG SA and Hydrobudowa Polska SA. 4. Blank promissory note. 5. Real estate mortgage
BZ WBK SA Wrocław	30 000	PLN	337	PLN	2009-10-15	<ol style="list-style-type: none"> 1. Authorisation to debit the borrower current accounts. 2. Transfer of current and future financial liabilities amount of which constitutes at least 150% of the used credit. 3. Blank promissory notes. 4. Guarantee of PBG SA and Hydrobudowa 9 SA.
BZ WBK SA Wrocław	5 000	PLN	1 111	PLN	2013-06-30	<ol style="list-style-type: none"> 1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with promissory declarations.
DnB NORD Polska SA Warszawa	60 000	PLN	37 109	PLN	2009-12-31	<ol style="list-style-type: none"> 1. Authorisation to the receivables transfer agreement. 2. Mutual guarantee of contract receivables amounting to at least 150% of the used limit. 3. Authorisation to debit the borrower's current account.
DZ BANK Poznań	12 000	PLN	567	PLN	2009-02-27	<ol style="list-style-type: none"> 1. Real estate mortgage of PLN 6,000,000 on the developed real estate held by the borrower located in Tarnowo Podgórne District, Land and Mortgage Register 136241. 2. Transfer of receivables under the property insurance contract (see item 1). 3. Blank promissory note issued by the borrower together with a promissory declaration. 4. Authorisation to debit the bank account.
DZ Bank Polska SA Warszawa	24 500	PLN	5 586	PLN	2009-06-30	<ol style="list-style-type: none"> 1. Own blank promissory note issued by PBG SA and confirmed by Hydrobudowa Polska SA. 2. Own blank promissory note issued by Hydrobudowa Polska SA together with a promissory declaration confirmed by PBG SA. 3. Transfer in favour of the bank of receivables of all the borrowers resulting from trade agreements/contracts amounting minimum to 150% of the used limit. 4. Representations about submission to enforcement.
ING Bank Śląski SA	1 000	PLN	1 013	PLN	2009-09-05	<ol style="list-style-type: none"> 1. Authorisation to debit the bank account. 2. Corporate guarantee.
ING Bank Śląski SA Katowice	10 000	PLN	1 967	PLN	2013-03-30	<ol style="list-style-type: none"> 1. Real estate mortgage of PLN 13,000,000 on the real estate located in Wysogotowo, Tarnowo Podgórne District, Land and Mortgage Register PO1P/00218712/9. 2. Transfer of rights from the insurance policy of the said real estate. 3. Power of attorney for bank accounts kept with ING Bank Śląski SA.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

ING Bank Śląski SA Katowice	36 000	PLN	4 316	PLN	2011-12-31	<ol style="list-style-type: none"> 1. Power of attorney for bank accounts kept with ING Bank Śląski SA. 2. First real estate mortgage of up to PLN 18,000 thousand on a real estate located in Wysogotowo, Tarnowo Podgórne District, Land and mortgage Register 91.909. 3. First real estate mortgage of up to PLN 18,000 thousand on a real estate located in Wysogotowo, Tarnowo Podgórne District, plot No. 64/23, Land and Mortgage Register 66.276. 4. Transfer of rights from the insurance policy of the said real estate. 5. Letter of intention/declaration of Mr Jerzy Wisniewski to keep the majority of votes at the PBG SA General Meeting of Shareholders. 6. Civil law guarantee of companies: Hydrobudowa Polska SA and Infra SA.
ING Bank Śląski SA Katowice	1 000	PLN	113	PLN	2009-09-05	<ol style="list-style-type: none"> 1. Authorisation to debit the bank account. 2. Corporate guarantee.
ING Bank Śląski SA Katowice	30 000	PLN	31 456	PLN	2009-09-05	<ol style="list-style-type: none"> 1. Representations about submission to enforcement. 2. Corporate guarantees.
Kredyt Bank SA Warszawa	10 680	PLN	3 560	PLN	2011-12-31	<ol style="list-style-type: none"> 1. Mortgage of PLN 10,680 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being a separate ownership from the land. 2. Mortgage of PLN 2,670 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being a separate ownership from the land. 3. Transfer of rights from the fire and other incidental risk insurance agreement of the said real estate. 4. Blank promissory note issued by the borrower together with a promissory declaration.
Millennium SA Warszawa	9 000	PLN	8 364	PLN	2009-07-30	<ol style="list-style-type: none"> 1. Blank promissory note together with a promissory declaration. 2. Transfer of contractual receivables total amount of which calculated as contractual value due to pay will be at least 200% of the limit in the period of at least one month since completing of the transaction, providing the transfer refers to the concluded contracts. 3. Power of attorney to debit the current bank account of the borrower. 4. Civil law guarantee of PBG SA. 5. Representation of the borrower about submission to enforcement.
Millennium SA Warszawa	25 000	PLN	3 795	PLN	2009-06-10	<ol style="list-style-type: none"> 1. Transfer of receivables amounting to at least 150% of the used credit limit. 2. Blank promissory note. 3. Representations about submission to enforcement. 4. Cross reference guarantee. 5. Authorisation to debit the borrower accounts.
PEKAO SA Poznań	34 210	PLN	6 842	PLN	2013-12-31	<ol style="list-style-type: none"> 1. Power of attorney for bank accounts of the borrower kept with the Bank. 2. Representations about submission to enforcement. 3. Registered pledge on 14,244,999 shares of Betpol SA. 4. Civil law guarantee of Hydrobudowa Polska SA.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

PEKAO SA Poznań	14 000	PLN	3 281	PLN	2012-04-30	<ol style="list-style-type: none"> Blank promissory note together with promissory declaration. Registered pledge on financial asset. A power of attorney to manage current and future accounts kept with PEKAO SA Bank. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Poznań	18 700	PLN	3 740	PLN	2013-09-30	<ol style="list-style-type: none"> Power of attorney for bank accounts of the borrower kept with the Bank. Representations about submission to enforcement. Registered pledge on 25,000 shares of PRID SA. Civil law guarantee of Hydrobudowa Polska SA.
PEKAO SA Poznań	3 000	PLN	134	PLN	2010-05-11	<ol style="list-style-type: none"> Blank promissory note together with a promissory declaration. Registered pledge on financial asset. A power of attorney to manage current and future accounts kept with PEKAO SA Bank. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Poznań	35 000	PLN	10 000	PLN	2009-04-30	<ol style="list-style-type: none"> Transfer of receivables under a condition precedent for contracts amounting to at least 150% of currently used credit. A power of attorney to debit current and future bank accounts of the borrower. Written declaration of the borrower pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Warszawa	40 000	PLN	6 893	PLN	2012-04-30	<ol style="list-style-type: none"> Registered pledge on the financing object with the transfer of rights from the insurance agreement. A power of attorney to manage current and future accounts of the borrower in the bank. Written representation of the borrower on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code. Blank promissory note of the borrower together with promissory declaration issued thereby.
PEKAO SA Warszawa	10 000	PLN	5 993	PLN	2009-04-30	<ol style="list-style-type: none"> Transfer of receivables and implemented contracts of up to 200% bank's share. Civil law guarantee of PBG SA of Poznań. Power of attorney for borrower's current bank accounts kept with Pekao SA. Representations about submission to enforcement.
PEKAO SA Warszawa	10 000	PLN	10 000	PLN	2009-04-30	<ol style="list-style-type: none"> Transfer of receivables and implemented contracts of up to 200% bank's share. Civil law guarantee of PBG SA of Poznań. Power of attorney for borrower's current bank accounts kept with Pekao SA. Representations about submission to enforcement.
Raiffeisen Bank Polska SA Warszawa	60 000	PLN	47 500	PLN	2012-11-30	<ol style="list-style-type: none"> Authorisation to debit the borrower's account. Transfer of receivables from the B-0005 Bydgoszcz contract.
	2 132	500 EUR	2 132	500 EUR		

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Raiffeisen Bank Polska SA Warszawa	3 000	PLN	3 000	PLN	2009-11-30	1. Power of attorney to debit the current bank account and other bank accounts of the borrower. 2. Transfer of receivables from the financed contract confirmed by the borrower.
Raiffeisen Bank Polska SA Warszawa	23 000	PLN	23 000	PLN	2009-11-27	1. Blank promissory note together with a promissory declaration. 2. Authorisation to debit the borrower bank accounts. 3. Representation of the borrower about submission to enforcement. 4. Transfer of contractual receivables.
Unicredit Bank a.s. Bratislava	7 013	50 635 SKK	7 013	50 635 SKK	2009-11-15	1. Guarantee of PEKAO SA issued by PBG SA in favour of Unicredit Banka a.s.
WEST LB Bank Polska SA Poznań	76 000	PLN	76 000	PLN	2009-01-31	1. Registered pledge for 9,095,591 A series shares and 470,607 B series shares of Hydrobudowa 9 SA. 2. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
WestLB Bank Polska SA Warszawa	40 000	PLN	40 000	PLN	2011-01-31	1. Guarantee of PBG SA. 2. Representations about submission to enforcement.
WestLB Bank Polska SA Warszawa	33 000	PLN	27 910	PLN	2009-12-18	1. Transfer of existing and future cash receivables arising from contracts for sale of goods or services or of similar nature concluded or to be concluded by customers in relation with the business activity, whose nominal value, excluding receivables from additional services, within the term of the credit contract will not be lower than 200% of the amount used in the credit line. 2. Mutual borrowers' guarantees in the form and content as accepted by the Bank.
CREDIT CARDS			21			
INTEREST INCURRED			906			
CURRENT ACCOUNT OVERDRAFT			15			
EFFECTIVE ADJUSTMENT			(110)			
Total			475 128			

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

FINANCE LEASE LIABILITIES

Item	as at 31/12/2008		as at 31/12/2007	
	minimum payments	current value of minimum payments	minimum payments	current value of minimum payments
Future minimum payments under finance lease agreements				
Due up to 1 year	6 647	5 786	3 567	2 812
Due from 1 to 5 years	10 924	10 387	9 248	8 498
Due over 5 years	-	-		
Total future minimum payments under finance lease agreements	17 571	16 173	12 815	11 310
Financial expenses	1 398	x	1 505	x
Current value of minimum payments under finance lease agreements	16 173	16 173	11 310	11 310

LEASED ASSETS

Item	as at 31/12/2008	as at 31/12/2007
	Asset groups	
Land, buildings and structures	-	-
Plant and machines	12 297	9 674
Transport vehicles	5 563	2 396
Other fixed assets	-	8
Total:	17 861	12 078

Figures in the table are specifies for assets groups as in the fixed assets register. Therefore, there are indicated net values of fixed assets covered by finance leasing agreements.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

LEASING AGREEMENTS AS AT 31/12/2008

No.	Financing Party	Agreement number	Initial value	Initial value in foreign currency	Currency symbol	Agreement termination date	Liability value as at the end of the reporting period	Short-term part	Long-term part
1	BZ WBK Finanse & Leasing SA	ZPU/01287/2007	218	PLN 218	PLN	2009-07-15	84	84	-
2	BZ WBK Finanse & Leasing SA	WC4/00023/2007	287	PLN 289	PLN	2010-08-16	162	83	79
3	BZ WBK Leasing SA	ZA3/00014/2004	341	PLN 341	PLN	2009-04-15	25	25	-
4	BZ WBK Leasing SA	ZA1/00004/2008	80	PLN 80	PLN	2011-07-20	70	25	45
5	BZ WBK Leasing SA	ZS2/00116/2008	96	PLN 96	PLN	2011-11-29	91	32	59
6	BZ WBK Leasing SA	ZS2/00117/2008	96	PLN 96	PLN	2011-11-29	91	32	59
7	BZ WBK Leasing SA	ZS2/00118/2008	96	PLN 96	PLN	2011-11-29	91	32	59
8	BZ WBK Leasing SA	ZS2/00119/2008	96	PLN 96	PLN	2011-11-29	91	32	59
9	BZ WBK Leasing SA	ZS2/00120/2008	96	PLN 96	PLN	2011-11-29	91	32	59
10	BZ WBK Leasing SA	ZS2/00121/2008	96	PLN 96	PLN	2011-11-29	91	32	59
11	BZ WBK Leasing SA	ZS2/00126/2008	96	PLN 96	PLN	2011-11-29	91	32	59
12	BZ WBK Leasing SA	ZS2/00122/2008	39	PLN 39	PLN	2011-08-29	33	11	22
13	BZ WBK Leasing SA	ZS2/00123/2008	39	PLN 39	PLN	2011-08-29	35	12	23
14	BZ WBK Leasing SA	ZS2/00124/2008	39	PLN 39	PLN	2011-08-29	35	12	23
15	BZ WBK Leasing SA	ZS2/00125/2008	39	PLN 39	PLN	2011-08-29	35	12	23
16	BZ WBK Leasing SA	ZS2/00127/2008	39	PLN 39	PLN	2011-08-29	35	12	23
17	BZ WBK Leasing SA	ZO7/00034/2006	62	PLN 62	PLN	2009-04-30	7	7	-
18	BZ WBK Leasing SA	ZO7/00036/2006	62	PLN 62	PLN	2009-04-30	7	7	-
19	BZ WBK Leasing SA	ZO7/00071/2006	64	PLN 64	PLN	2009-07-31	11	11	-
20	BZ WBK Leasing SA	ZO7/00072/2006	62	PLN 62	PLN	2009-07-31	12	12	-
21	CAC Leasing	61900235	263	SKK 1 902	SKK	2011-02-05	104	45	59
22	Carefleet SA - Wroclaw	06101004	46	PLN 46	PLN	2010-06-30	34	8	26
23	Carefleet SA - Wroclaw	06101003	40	PLN 40	PLN	2010-06-30	29	7	22
24	Carefleet SA - Wroclaw	06101002	40	PLN 40	PLN	2010-06-30	29	7	22
25	Caterpillar Financial Services	OL-023328	253	PLN 253	PLN	2009-11-23	52	52	-
26	Caterpillar Financial Services	OL-023329	537	PLN 537	PLN	2009-11-28	109	109	-
27	ČSOB Leasing	LZF/08/70131	75	SKK 543	SKK	2011-03-04	46	19	27
28	ČSOB Leasing	LZF/08/70130	75	SKK 543	SKK	2011-03-04	46	18	28

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

29	Daimler Chrysler Financial	SK-109050	112	SKK 810	SKK	2010-01-01	38	35	3
30	GTL - Pojazdy Uzytkowe Sp. z o.o	3150	181	EUR 36	EUR	2009-10-01	34	34	-
31	Handlowy - Leasing Sp. z o.o.	ULO/10424/ZMK	2 639	PLN 2 639	PLN	2011-04-30	1 746	775	971
32	Kredyt Lease SA	0415/04/2007/LO	573	PLN 573	PLN	2010-04-20	161	115	46
33	Kredyt Lease SA	0613/05/2007/LO	200	PLN 200	PLN	2010-07-20	66	40	26
34	Kredyt Lease SA	0612/05/2007/LO	259	PLN 259	PLN	2010-07-20	86	51	35
35	Kredyt Lease SA	0847/06/2007/LO	1 533	PLN 1 533	PLN	2010-06-20	732	467	265
36	Kredyt Lease SA	1091/08/2007/LO	169	PLN 169	PLN	2010-08-20	103	40	63
37	Man Finanse Services Poland Sp. z o.o.	L0000000628	281	PLN 281	PLN	2013-10-31	250	45	205
38	Man Finanse Services Poland Sp. z o.o.	L0000000630	281	PLN 281	PLN	2013-10-31	250	45	205
39	Man Finanse Services Poland Sp. z o.o.	L0000000631	281	PLN 281	PLN	2013-10-31	250	45	205
40	Man Finanse Services Poland Sp. z o.o.	L0000000632	281	PLN 281	PLN	2013-10-31	250	45	205
41	Man Finanse Services Poland Sp. z o.o.	L0000000633	281	PLN 281	PLN	2013-10-31	250	45	205
42	Man Finanse Services Poland Sp. z o.o.	L0000000634	281	PLN 281	PLN	2013-10-31	249	44	205
43	Man Finanse Services Poland Sp. z o.o.	L0000000635	282	PLN 282	PLN	2013-10-31	249	44	205
44	Man Finanse Services Poland Sp. z o.o.	L0000000636	282	PLN 282	PLN	2013-10-31	249	43	206
45	Millennium Leasing Sp. z o.o.	078240	114	PLN 114	PLN	2010-05-31	33	21	12
46	Millennium Leasing Sp. z o.o.	069670	632	PLN 632	PLN	2010-02-28	174	143	31
47	Millennium Leasing Sp. z o.o.	K 089779	635	PLN 635	PLN	2010-03-20	456	110	346
48	Millennium Leasing Sp. z o.o.	K 089791	555	PLN 555	PLN	2010-03-20	399	96	303
49	Millennium Leasing Sp. z o.o.	K 089795	269	PLN 269	PLN	2010-03-21	193	47	146
50	Millennium Leasing Sp. z o.o.	K 089794	269	PLN 269	PLN	2010-03-21	193	47	146
51	Millennium Leasing Sp. z o.o.	K 089790	620	PLN 620	PLN	2010-03-22	444	107	337
52	Millennium Leasing Sp. z o.o.	K 089782	539	PLN 539	PLN	2010-03-26	388	94	294
53	Millennium Leasing Sp. z o.o.	K 089783	539	PLN 539	PLN	2010-03-26	388	94	294
54	Millennium Leasing Sp. z o.o.	K 089797	249	PLN 249	PLN	2010-03-27	179	43	136
55	Millennium Leasing Sp. z o.o.	K 089781	539	PLN 539	PLN	2010-03-27	388	94	294
56	Millennium Leasing Sp. z o.o.	K 089780	579	PLN 579	PLN	2010-03-28	416	100	316
57	Millennium Leasing Sp. z o.o.	K 089793	544	PLN 544	PLN	2010-05-27	405	93	312
58	Millennium Leasing Sp. z o.o.	K 089798	269	PLN 269	PLN	2010-07-01	204	46	158

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

59	Millennium Leasing Sp. z o.o.	K 089799	269	PLN 269	PLN	2010-07-01	208	46	162
60	Millennium Leasing Sp. z o.o.	K 089784	606	PLN 606	PLN	2010-07-02	469	103	366
61	Millennium Leasing Sp. z o.o.	K 089786	514	PLN 514	PLN	2010-07-02	398	88	310
62	Millennium Leasing Sp. z o.o.	K 089787	532	PLN 532	PLN	2010-08-30	419	90	329
63	Millennium Leasing Sp. z o.o.	K 089788	532	PLN 532	PLN	2010-08-30	419	90	329
64	Millennium Leasing Sp. z o.o.	K 089792	608	PLN 608	PLN	2010-09-03	488	103	385
65	Millennium Leasing Sp. z o.o.	K 089789	529	PLN 529	PLN	2010-09-02	424	89	335
66	Millennium Leasing Sp. z o.o.	K 089785	562	PLN 562	PLN	2010-09-24	451	95	356
67	Ministry of Treasury	Ref. No.14073/2003	1 025	PLN 1 025	PLN	2009-09-30	77	77	-
68	PEKAO Leasing Sp. z o.o.	36/0119/06	481	PLN 481	PLN	2009-09-21	168	168	-
69	Raiffeisen-Leasing Polska SA	15853J	751	PLN 751	PLN	2009-05-08	132	132	-
70	Raiffeisen-Leasing Polska SA	116413I	412	PLN 412	PLN	2009-05-08	66	66	-
71	Raiffeisen-Leasing Polska SA	J2905V	1 310	PLN 1 310	PLN	2010-05-08	309	242	67
72	UniCredit Leasing	76903374	263	EUR 1 898	EUR	2011-11-05	268	86	182
73	UniCredit Leasing	56903374	49	SKK 354	SKK	2011-10-05	49	16	33
74	UniCredit Leasing	56903373	49	SKK 354	SKK	2011-10-05	49	16	33
75	UniCredit Leasing	56903261	54	SKK 389	SKK	2011-07-05	54	20	34
76	UniCredit Leasing	56902612	53	SKK 380	SKK	2010-04-05	20	15	5
77	UniCredit Leasing	56902611	53	SKK 380	SKK	2010-04-06	20	15	5
78	UniCredit Leasing	56902610	58	SKK 420	SKK	2010-04-07	22	16	6
79	UniCredit Leasing	56902609	58	SKK 420	SKK	2010-04-08	22	16	6
80	UniCredit Leasing	56902730	70	SKK 502	SKK	2010-06-05	29	19	10
81	UniCredit Leasing	56902729	70	SKK 502	SKK	2010-06-05	29	19	10
82	UniCredit Leasing	56902714	145	SKK 1 046	SKK	2010-06-05	58	38	20
83	UniCredit Leasing	56902817	84	SKK 603	SKK	2010-08-05	39	23	16
84	UniCredit Leasing	56902832	68	SKK 489	SKK	2010-08-05	31	18	13
85	UniCredit Leasing	56902833	68	SKK 489	SKK	2010-08-05	32	19	13
86	UniCredit Leasing	56903031	87	SKK 631	SKK	2011-02-05	52	23	29
87	UniCredit Leasing	56903055	89	SKK 640	SKK	2011-02-05	53	23	30
88	Volkswagen Finančné služby	592584	86	SKK 624	SKK	2010-02-26	26	24	2
89	Volkswagen Finančné služby	592579	86	SKK 624	SKK	2010-02-27	26	24	2
90	Volkswagen Leasing Polska Sp. z o.o.	3870342-5006-00724	89	PLN 89	PLN	2009-12-13	56	56	-
			27 351	X	x	x	15 823	5 725	10 098

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

RISK MANAGEMENT IN THE PBG CAPITAL GROUP

The activity of the PBG Capital Group is prone to different financial risks – credit risk, liquidity and market risk including exchange rate risk and interest rate fluctuations.

The PBG Capital Group manages all the financial risks described below which can have a significant influence on its operation in the future focusing on market risk management, particularly exchange rate risk, credit risk and liquidity risk.

a. credit risk

- Objective: maintaining credit limits for turnover capital service.
- Financial strategy: diversification of limits for financing current operation.
- Instruments: cooperating within uniform liabilities („pari passu”, „material change”, „negative pledge”) confirmed in an annual auditor's opinion within the above mentioned scope directly for all Financial Institutions. Taking advantage of wider and wider selection of products offered by banks and insurance companies.
- Objectives: flexibility in using the limits for the Capital Group entities, products and currencies.
- Management methods: transferring the credit weight from the financial assessment of the Company to contract assessment whose flow are credible for Financial Institutions.

b. liquidity risk

- Objective: risk of losing the ability to manage liabilities of the Capital Group.
- Minimizing the flows from each contract by close monitoring and adjusting the stream of revenues and expenses in time, supported by bank limits while accounting long trade cycles for individual contract.
- Instruments: sheets of structure analyses of receivables and liabilities and temporary adjustment of these variables in order to avoid the risk.
- Management methods: permanent monitoring and analyses in the area of fluidity limit and security margin.

c. interest rate risk

- Objective: risk of unfavourable change of interest rates with negative influence of the Capital Group's financial result.
- Minimizing with the use of macroeconomic recommendations of banks, giving rise to specification of strategy within this area.
- All liabilities of the company to financial institutions are based on variable interest rate with the base rate within one to six month period.
- Instruments: IRS transactions (detailed description under the note 13: Other financial liabilities including credits and loans).

d. exchange rate risks

- Objective: risk of unfavourable change of exchange rate resulting in increasing the costs and expenses of implemented contracts or decreasing revenues and inflows.
- The introduced strategy of hedging specifies the instruments, methods and the period of hedging and the rules for hedging valuation. The Company follows hedge accounting. The available transaction limits secure the current and planned portfolio of contracts with respect to planned and foreseen exchange rate adopted in the budget of each contract.
- Instruments: forward transactions, NDF.
- Management methods: securing exchange rates while concluding the contracts with the use of the above-mentioned instruments with termination and accounting on the day of revenue execution

Capital Group name:	PBG Capital Group		
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from the hedged contract (detailed description under the note: cash flow hedging derivatives as at 31/12/ 2008).

Interest rate risk

The group is exposed to the risk of interest rate impacted cash flow changes resulting from loans granted, bank deposits held and credit/loans liabilities and financial leases based on variable interest rate. It holds a derivative open to hedge a part of cash flow imposed to interest rate risk described in the Note No. 14 for which it applies cash flow hedging accounting. The most significantly the Group is exposed to the risk of WIBOR changes.

The Group holds also fixed rate instruments which are valuated in the balance sheet as at the adjusted purchase price with the effective interest rate method.

Analysis of interest rate sensitivity

Influence of significant interest rates changes affecting cash flow on the gross financial result and the equity due to cash flow hedging accounting.

2008				
Influence on the gross financial result (PLN thousand)				
Interest rate	Interest rate increase by assumed value	Total affect	Interest rate decrease by assumed value	Total affect
WIBOR	+ 100 base points	-6 444.30	- 100 base points	6 444.30
EURIBOR	+ 200 base points	948.74	- 200 base points	-948.74
discounting notes	+ 100 base points	-38.69	- 100 base points	38.69
Total		-5 534.25		5 534.25

2008				
Influence of the hedging accounting on the equity (PLN thousand)				
Interest rate	Interest rate increase by assumed value	Total affect	Interest rate decrease by assumed value	Total affect
WIBOR	+ 100 base points	264.55	- 100 base points	-264.55

This interest rate change is calculated basing on interest rate fluctuation within the year.

The Group holds fixed rate instruments which are valuated in the balance sheet as at the adjusted purchase price with the effective interest rate method.

Sensitivity of financial instruments to interest rate risk is calculated as a product of the interest rate sensitive balance sheet positions and applicable interest rate change.

Exchange rate risks

The Capital Group is also exposed to exchange rate risk resulting from short-term receivables and liabilities as well as cash held. The most significantly the Group is exposed to the risk of EUR/PLN and CAD/PLN changes.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Analysis of exchange rate sensitivity

Influence of financial instruments on gross financial result and equity due to application of hedging accounting due to changes of interest rates of significant currencies to PLN.

2008				
Influence of financial instruments on the gross financial result (PLN thousand)				
Pair of currencies	Rate increase	Total affect	Rate decrease	Total affect
EUR/PLN	+ 8.0%	-14 551.46	- 8.0%	14 551.46
CAD/PLN	+12.0%	9 495.44	-12.0%	-9 495.44
USD/PLN	+12.0%	28.69	-12.0%	-28.69
Total		-5 027.33		5 027.33

2008				
Influence of the financial instruments on the equity due to hedging accounting (PLN thousand)				
Pair of currencies	Rate increase	Total affect	Rate decrease	Total affect
EUR/PLN	+ 8.0%	-85 281.10	- 8.0%	85 281.10
CAD/PLN	+12.0%	318.71	-12.0%	-318.71
Total		-84 962.39		84 962.39

Sensitivity of financial instruments to exchange rate risk is calculated as a difference between the primary balance sheet value of the financial instruments (excluding derivatives) and their potential balance sheet value with the increased or decreased market factors i.e. EUR/PLN, CAD/PLN and USD/PLN. In case of derivatives (acting as hedging instruments in hedging accounting of cash flow) there was tested influence of exchange rate changes on fair value with constant interest rates.

NOTE NO. 15

SHARE CAPITAL

Equity (assigned to the shareholders of the Holding Company).

In 2008 there occurred no changes in the share capital of the Holding Company. As at 31 December 2008 the share capital amounted to PLN 13,430,000 and was divided into 13,430,000 shares with nominal value of PLN 1.00.

4,500,000 shares of the A series are vote privileged inscribed shares, each share gives 2 votes at the General Meeting of Shareholders. Other shares are common shares and each of them gives one vote at the General Meeting of Shareholders.

Capital Group name:	PBG Capital Group		
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Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

SHARE CAPITAL STRUCTURE AS AT 31/12/2008

Series/issue	Type of the privilege	Type of limitations	Number of shares	Series. Issue nominal value	Coverage type
A series	vote privilege 2:1	none	4 003 000	4 003	contribution in-kind
A series	vote privilege 2:1	none	497 000	497	cash
A series	none	none	1 200 000	1 200	contribution in-kind
B series	none	none	1 500 000	1 500	cash
C series	none	none	3 000 000	3 000	cash
D series	none	none	330 000	330	cash
E series	none	none	1 500 000	1 500	cash
F series	none	none	1 400 000	1 400	cash
				13 430	

LIST OF SHAREHOLDERS HOLDING AT LEAST 5% OF THE TOTAL VOTE AT THE GENERAL MEETING OF SHAREHOLDERS

Shareholder	Number	Total nominal value (PLN)	Share in the share capital (%)	Share in total number of votes
Jerzy Wiśniewski	4.495.054 shares, of which: 4.495.054 inscribed shares	4.495.054	33,47	50,14
BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA	916,334 ordinary shares	916.334	6,82	5,11
ING Nationale - Nederlanden Polska PTE SA	912,991 ordinary shares	912.991	6,80	5,09

CHANGES IN SHARE CAPITAL AFTER 31 DECEMBER 2008

Until publication of the annual financial statements there occurred the following changes in the shareholders structure of the issuer:

Notification from BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA

On 2 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) sold PBG SA shares. As a result of the transaction shares held by the Funds gave them less than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 4.99% of votes.

Before the sale, the Funds held 900,438 shares of PBG SA which constituted 6.70% of the company share capital and which guaranteed 900,438 votes which constituted 5.02% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. 2 February 2009 the Funds held 895,438 shares of PBG SA constituting 6.67% of the company share capital and giving 895,438 votes which constituted 4.99% of the total number of shares at the General Meeting of Shareholders of PBG SA.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

On 5 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) purchased PBG SA shares. As a result of the transaction shares held by the Funds gave them more than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 5.001% of votes.

Before the purchase, the Funds held 894,458 shares of PBG SA which constituted 6.660% of the company share capital and which guaranteed 894,458 votes which constituted 4.989% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. on 5 February 2009 the Funds held 896,653 shares of PBG SA constituting 6.676% of the company share capital and giving 896,653 votes which constituted 5.001% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 5 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) sold PBG SA shares. As a result of the transaction shares held by the Funds gave them less than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 4.972% of votes.

Before the sale, the Funds held 896,653 shares of PBG SA which constituted 6.676% of the company share capital and which guaranteed 896,653 votes which constituted 5.001% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. 9 February 2009 the Funds held 891,469 shares of PBG SA constituting 6.638% of the company share capital and giving 891,469 votes which constituted 4.972% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 10 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) purchased PBG SA shares. As a result of the transaction shares held by the Funds gave them more than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 5.022% of votes.

Before the purchase, the Funds held 891,469 shares of PBG SA which constituted 6.638% of the company share capital and which guaranteed 891,469 votes which constituted 4.972% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. on 10 February 2009 the Funds held 900,469 shares of PBG SA constituting 6.705% of the company share capital and giving 900,469 votes which constituted 5.022% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 24 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) sold PBG SA shares. As a result of the transaction shares held by the Funds give them less than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 4.948% of votes.

Capital Group name:	PBG Capital Group		
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Before the sale, the Funds held 902,212 shares of PBG SA which constituted 6.718% of the company share capital and which guaranteed 902,212 votes which constituted 5.032% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On 24 February 2009 the Funds held in total 887,210 shares of PBG SA constituting 6.606% of the company share capital and giving 887,210 votes which constituted 4.948% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 27 March 2009 BZWBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) purchased PBG SA shares. As a result of the transaction, the Funds became holders of shares giving more than 5% of the total number of votes at the General Meeting of Shareholders of PBG SA.

Before the purchase, the Funds held 896,334 shares of PBG SA which constituted 6.67% of the company share capital and which guaranteed 896,334 votes which constituted 4.999% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On 27 February 2009 the Funds held in total 916,334 shares of PBG SA constituting 6.82% of the company share capital and giving 916,334 votes which constituted 5.11% of the total number of shares at the General Meeting of Shareholders of PBG SA.

Reserve from shares issuance above their nominal value results from the excess of the issue price above their nominal value when issuing shares of the B, C, D, E and F series and as at 31 December 2008 amounted to PLN 551.178 thousand.

Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation as at 31 December amounted to PLN (101,444) thousand and included:

- balance of valuation of the derivatives meeting requirements of the hedging accounting of cash flow i.e. effective part of the hedging - the amount of PLN (102,264) thousand
- exchange rate differences on recalculating of financial statements of the subsidiaries - the amount of PLN 820 thousand.

INCENTIVE SCHEME

The Supervisory Board of Hydrobudowa 9 SA with its seat in Poznań passed the resolution No. 37/08/2007 of 26 August 2008 – Regulation of the Incentive Scheme which defines rules for the incentive scheme in Hydrobudowa 9 SA implemented with the resolution No. 24 of the General Meeting of Shareholders of Hydrobudowa 9 SA of 24 June 2008 on defining of rules of the incentive scheme and the resolution No. 25 of the General Meeting of Shareholders of Hydrobudowa 9 SA of 24 June 2008 on increase of the company share capital by issuance of the D series shares excluding pre-emptive right for current shareholders in order to implement incentive scheme and change of the articles of association.

Individuals qualifying for the incentive scheme are those indicated at the sole discretion of the Supervisory Board of Hydrobudowa 9 SA of members of the Board and persons indicated at the sole discretion of the Supervisory Board independently or upon request of the Board of Hydrobudowa 9 SA of the key staff members of Hydrobudowa 9 SA, key staff members of the PBG Capital Group companies, officers of the PBG SA bodies and officers of the bodies of the PBG Capital Group companies.

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The scheme will be implemented until 31 December 2013.

To implement the scheme, Hydrobudowa 9 SA issued 692,225 D series shares, which have been taken by the escrow agent – BZ WBK SA and registered by the competent court.

The escrow agent has concluded an agreement with Hydrobudowa Polska SA to take 1,755,738 bearer ordinary shares of the L series of Hydrobudowa Polska SA with the nominal value of PLN 1.00 each issued pursuant to the resolution No. 3 of the Extraordinary Meeting of Shareholders of Hydrobudowa Polska SA of 18 August 2008 divided into five tranches, four of which including 351,147 of the L series shares each and one tranche including 351,150 L series shares which will be offered to Qualified Persons in the years of 2009, 2010, 2011, 2012, 2013. To cover value of the shares, the escrow agent i.e. BZ WBK SA provided contribution in-kind of 692,225 D series shares of Hydrobudowa 9 SA.

All aforementioned shares intended for Qualified Persons will be divided into five tranches, four of which with 351,147 shares each and one tranche with 351,159 shares. Shares which will not be taken in a given tranche will be offered in the next tranche.

Sale price of the L series shares intended for Qualified Persons is fixed at PLN 0.14.

The first list of persons qualified was passed by the Supervisory Board of Hydrobudowa 9 SA on 23 December 2008. The scheme is valued as at 31/12/2008 at PLN 1,019 thousand.

Figures resulting from the incentive scheme will be included in the 2009 books.

Equity of the minority shareholders

Equity of the minority shareholders includes some net assets of subsidiaries which are not directly or indirectly in the possession of the Holding Company.

EQUITY OF THE MINORITY SHAREHOLDERS BY COMPANIES

Item	as at 31/12/2008	as at 31/12/ 2007
HBP Capital Group	170 458	32 684
INFRA Capital Group	4 249	1 250
APRIVA Capital Group	9 701	522
GasOil Engineering a.s.	1 074	-
PBG Dom Sp. z o.o.	-	94
Total	185 482	34 550

NOTE NO. 16

CHANGE OF EMPLOYEE BENEFIT PROVISIONS

Item	provisions for pension benefits	provision for staff long service benefits	Total
Provision as at 01/01/2007	2 133	2 080	4 213
Increase of provision			
Increase of provision– including new companies into the Capital Group	613	2 109	2 722
Created provision	711	1 154	1 865
Reduction of provision (-)			

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
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Reduction of provision – subsidiary sale	(11)	-	(11)
Used provision (-)	-	-	-
Reversed provision (-)	(1 302)	(2 183)	(3 485)
Other changes in provision	-	-	-
Provision as at 31/12/2007	2 144	3 160	5 304
Provision as at 01/01/2008	2 144	3 160	5 304
Increase of provision			
Increase of provision– including new companies into the Capital Group	229	471	700
Created provision	731	265	996
Reduction of provision (-)			
Reduction of provision – subsidiary sale	-	-	-
Used provision (-)	(658)	(468)	(1 126)
Reversed provision (-)	(38)	-	(38)
Other changes in provision	203	71	274
Provision as at 31/12/2008 including:	2 611	3 499	6 110
- long-term provisions	2 042	3 187	5 229
- short-term provisions	569	312	881

Please see general description of the employment benefits in the item 3.3.22.

NOTE 17

CHANGE OF OTHER PROVISIONS FOR LIABILITIES

Item	Provision for losses	Provision for guarantee service	Provision for gravel pit recultivation	Other provisions for costs	Total
Provision as at 01/01/2007	10 062	4 414	-	-	14 476
Increase of provision					-
Increase of provision– including new companies into the Capital Group	171 348	3 596	405	-	175 349
Created provision	10 126	4 532	4	-	14 662
Reduction of provision (-)					
Used provision (-)	(21 550)	(3 515)	-	-	(25 065)
Reversed provision (-)	(39 807)	(299)	-	-	(40 106)
Other changes in provision	(346)	510	-	-	164
Provision as at 31.12.07	129 833	9 238	409	-	139 480
Provision as at 01/01/2008	129 833	9 238	409	-	139 480
Increase of provision					
Increase of provision– including new companies into the Capital Group	3 273	1 255	-	177	4 705
Created provision	6 522	6 019	17	12 683	25 241
Reduction of provision (-)					
Used provision (-)	(15 957)	(1 858)	-	(94)	(17 909)
Reversed provision (-)	(62 048)	(1 051)	(60)	-	(63 159)
Other changes in provision	174	-	-	-	174
Provision as at 31/12/2008 including:	61 797	13 603	366	12 766	88 532
- long-term provisions	-	9 240	366	-	9 606
- short-term provisions	61 797	4 363	-	12 766	78 926

The Group creates provisions as described in the item 3.3.18.

Provision for losses was reduced due to:

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- used provision in the Rybnik contract due to implementing of the settlement provisions – amount of PLN 15,957 thousand;

- reversed provisions amounting to PLN 62,048 thousand which include:

- reverse of provision for contractual losses – PLN 44,321 thousand,
- reverse of provision in job named "Modernisation of ZPW "Na Grobli"" – PLN 9,620 thousand,,
- reverse of provision in job named "Modernisation of the Sewage Treatment Plant in Łynda" – PLN 4,678 thousand,
- partial reverse of provision in job named "Sewage Treatment Plant KUCHARY" – PLN 3,105 thousand.

Provision for losses was increased due to:

- increase of provision resulting from the Euro exchange rate increase in job named "Construction of Sewage System in Rybnik" – PLN 6,522 thousand,

- creation of provision amounting to PLN 926 thousand due to disputes with the companies of Rembud, Varitex, Saint-Inż.

PROVISION FOR SERVICE

Provision for guarantee service is another important element in the PBG Capital Group financial statements. It increased compared to 2007 by 47%. It is mainly due to the fact that all Capital Group member companies were obliged to create provisions for guarantee service if their contracts which oblige them to do so.

NOTE NO. 18

LONG-TERM LIABILITIES

Item	as at 31/12/2008	as at 31/12/2007
Short-term trade liabilities	12 075	12 714
- liabilities in respect to domestic suppliers	11 996	12 706
- liabilities in respect to foreign suppliers	79	8
Other long-term liabilities	5 040	7 842
- liabilities under property purchase	-	7 500
- other	5 040	342
Total long-term liabilities	17 115	20 556

Long term liabilities include mainly guarantee retention resulting from guarantee of works performed by subcontractors. These amounts are not interest yielding. Due to long due dates, in some cases even up to 5 years these values were discounted. Long-term liabilities are discounted at WIBOR 1M + 1 percentage point. As at 31/12/2007 discount rate was 6.52% whereas as at 31/12/2008 it was 5.61%.

In 2008 other long-term liabilities increased which is due to increased liabilities in favour of insurance companies because of new construction service agreements sourced by the PBG Capital Group which are going to be completed in the long term perspective.

OTHER LONG-TERM LIABILITIES - CURRENCY STRUCTURE

Item	as at 31/12/2008		as at 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	17 089	x	18 586
b) euro (EUR)	7	26	593	1 970

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

c) other currencies	-	-	-	-
		17 115		20 556

NOTE NO. 19

SHORT-TERM TRADE LIABILITIES

Item	as at 31/12/2008	as at 31/12/2007
- liabilities in respect to domestic suppliers	471 277	447 788
- liabilities in respect to foreign suppliers	15 318	6 646
Total trade liabilities	486 595	454 434

OTHER SHORT-TERM LIABILITIES

Item	as at 31/12/2008	as at 31/12/2007
due under VAT	22 740	1 946
due to grants, duties, social and health insurance and other considerations	13 440	11 773
payroll	8 427	5 192
due under property purchase	-	17 485
due under other investment purchase	-	18 332
other	7 409	986
Total other liabilities	52 016	55 714

SHORT-TERM TRADE LIABILITIES AND OTHER SHORT TERM LIABILITIES (GROSS) - CURRENCY STRUCTURE

Item	as at 31/12/.2008		as at 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	473 564	x	458 329
b) euro (EUR)	13 886	57 316	11 901	43 922
c) American dollar (USD)	1 516	3 776	1 234	3 188
d) Slovak crown (SKK)	17 286	2 394	40 695	4 322
e) Canadian dollar (CAD)	1 092	1 196	23	56
f) other currencies	-	365	-	331
Total	x	538 611	x	510 148

NOTE NO. 20

PASSIVE PREPAID EXPENSES

Item	as at 31/12/2008	as at 31/12/2007
a) provision for holiday leave	5 955	6 137
b) provision for balance sheet audits	497	284
c) revenues from future periods	9 546	10 274
d) costs of share issue	904	0
e) other	96	204
Closing balance of prepaid expenses, including:	16 998	16 899
- long-term expenses	8 226	9 152
- short-term expenses	8 772	7 747

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

The PBG Capital Group in the item of revenues of future periods reveals grants received between 2004 and 2006 within the UE scheme "Operational Programme – Improvement of Competitiveness of the Enterprise" to cover new fixed assets increasing competitiveness of the Capital Group. This amount is a subject to monthly write down under other operational incomes in the amount of depreciation of the fixed assets covered within the scheme.

NOTE NO. 21

CONTINGENT LIABILITIES FROM GUARANTIES GRANTED AS AT 31/12/2007

Liability type	Title of contingent liability	as at 31/12/2008	as at 31/12/2007
SURETIES GRANTED TO OTHER ENTITIES			
surety	credit/loan repayment	41 144	52 438
surety	trade liabilities repayment	20 396	217
surety	contractual guarantees	7 664	5 536
surety	current and future leasing agreements	-	155
TOTAL SURETIES		69 204	58 346

Significant change of sureties as at 31 December 2008 compared to the previous year results, first of all from, increase of surety of trade liabilities repayment granted by Hydrobudowa 9 SA to KAN-GAZ Sp. z o.o. which is a subcontractor for contracts carried out by Hydrobudowa 9 SA.

Liability type	Title of contingent liability	as at 31/12/2008	as at 31/12/2007
GUARANTEES GRANTED TO OTHER ENTITIES			
guarantee	for proper contract execution	636 453	483 879
guarantee	defects liability bond	26 740	19 756
guarantee	bid bond	10 427	15 470
guarantee	trade liabilities payment	12 316	20 753
guarantee	advance payment guarantee	98 424	94 747
guarantee	retained amounts	2 139	7 429
TOTAL GUARANTEES		786 499	642 034

Starting Q2 2007 in the financial statements of the Capital Group there are made consolidation exclusions in the off balance sheet items referring to sureties and guarantees made to third parties for liabilities of the Holding Company and liabilities of capital related subsidiaries included in the consolidation, which liabilities were indicated in the consolidated statements as trade, credit or guarantee receivables granted on behalf of the Capital Group companies to third parties.

9.2 NOTES TO THE PROFIT AND LOSS ACCOUNT

NOTE NO. 22

REVENUE FROM SALES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
natural gas and crude oil	258 071	160 455

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

water	1 130 316	781 821
fuels	170 038	192 225
residential and industrial building engineering	195 491	116 152
roads	140 793	31 205
other	196 716	125 118
Total revenue from sales	2 091 425	1 406 976

REVENUES BY THE COUNTRY OF THE PAYEE

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
- domestic customers	2 063 322	1 390 763
- foreign customers	28 103	16 213
Total revenue from sales	2 091 425	1 406 976

NOTE NO. 23

COSTS BY TYPE

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
Depreciation	45 145	26 721
Materials and energy consumption	364 178	305 628
External services	1 175 871	742 852
Taxes and charges	11 910	9 005
Payroll	184 578	142 214
Social security and other benefits	39 706	34 429
Other costs by type	31 749	32 088
Costs by type	1 853 137	1 292 937
Change in inventory, products under construction and prepaid expenses	(36 320)	(48 332)
Cost of services for in-house purposes	(12 666)	(9 745)
Costs of sales	-	(399)
General administrative expenses	(107 997)	(81 143)
Costs of products and services sold	1 696 154	1 153 318

COSTS BY THE COUNTRY OF THE SUPPLIER

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
- domestic supplier	1 701 880	1 157 366
- foreign suppliers	47 652	34 639
Total selling costs	1 749 532	1 192 005

NOTE NO. 24

OTHER OPERATIONAL INCOMES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Profit on sold non-financial fixed assets	410	1 522
b) Assets revaluation write-downs of	6 888	4 865

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- receivables	6 885	3 888
- inventory	-	632
- other	3	345
c) Other, including:	11 472	12 298
- re-invoiced costs	428	-
- compensation received under insurance contracts, fines and penalties	3 604	2 836
- grants	1 130	1 378
- fixed assets revealed in inventory	-	5 693
- rental, lease	1 219	1 805
- reversed provision for guarantee repairs	587	355
- court fees repaid	772	-
- remitted, stale liabilities and reimbursements	639	-
- other	3 093	231
Total other operating revenue	18 770	18 685

NOTE NO. 25

OTHER OPERATIONAL COSTS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Loss on sold non-financial fixed assets	-	-
b) revaluation write-downs of the following assets	8 251	6 048
- tangible fixed assets and intangible assets	-	-
- receivables	7 406	5 599
- inventory	53	318
- other	792	131
c) Other, including:	18 804	6 731
- donation	1 309	925
- re-invoiced costs	141	-
- compensation paid under insurance contracts, fines and penalties	11 690	4 358
- no fault shortages of working assets	256	99
- costs other than tax-deductible costs	855	476
- overdue, redeemed and non-collectible written down receivables	279	873
- losses (wash over, floods) and losses in transportation vehicles	2 026	-
- net value of liquidated transport vehicles	607	-
- provision for subcontractor claims	966	-
- other	675	-
Total other operating costs	27 055	12 779

NOTE NO. 26

FINANCIAL INCOMES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Interest	21 810	8 965
- from loans granted	2 110	658
- bank	15 933	6 826
- from bonds	1 718	608
- other	2 049	873
b) Other interest	28 366	5 556
- positive exchange rate differences	26 387	-
- discount (long-term transactions)	104	2 222
- from dividends and shares in profits	4	28

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- from financial instruments	-	1 757
- guarantee commission	1 312	1 520
- other	559	29
Total financial incomes	50 176	14 521

NOTE NO. 27

FINANCIAL COSTS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Bank fees and interest	58 482	29 877
- under loans granted	859	40
- interest and commission from bank loans	38 173	20 539
- under bonds	17 192	7 556
- other	2 258	1 742
b) Other financial costs	3 658	5 784
- negative exchange rate differences	-	3 775
- under financial instruments	1 217	-
- capital increase and bonds issue	124	-
- other	2 317	2 009
Total financial costs	62 140	35 661

NOTE NO. 28

PROFITS/LOSSES FROM INVESTMENTS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) profits/losses from investments in related parties	2 268	12 031
- sale of KRI SA	-	11 818
- sale of PGS Sp. z o.o.	-	213
- sale of Bathinex Sp. z o.o.	2 268	-
b) profits/losses on sold shares	-	16 150
- shares of Mostostal Zabrze SA	-	16 150
Profits/losses from investments	2 268	28 181

NOTE NO. 29

INCOME TAX

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
<i>Profit and loss account</i>		
Current income tax	35 190	26 499
Current income tax liabilities	35 190	26 499
Settlement of previous years current income tax	-	-
Deferred income tax	(9 198)	198
Income tax on creation and reversal of temporary differences	(9 198)	198
Income tax due to tax rate decrease	-	-
Tax liabilities indicated in the profit and loss account	25 992	26 697
<i>Statement of changes in the equity</i>		
Current income tax	-	-
Current income tax on foreign exchange differences born on the loan	-	-

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Deferred income tax	(34 604)	2 837
Net rate on revaluation of cash flow hedging	-	-
Unrealised profit on financial assets available for sale	-	-
Deferred net income tax included in the spare capital on first applying of the IMS 39.	-	-
Deferred net income tax on cash flow hedging settled within the financial year.	(34 604)	2 837
Deferred net income tax on financial assets available for sale sold within the financial year.	-	-
Financial benefit included in the equity	(34 604)	2 837

The difference between the amount of tax revealed in the profit and loss account and the amount calculated with the rate applicable to profit before tax results from the following items.

SETTLEMENT OF TAX LIABILITY WITH THE RESULT

Item	from 01/01 to 31/12/2008	from 01/01 to 31/12/2007
Gross financial result	215 915	146 376
Income tax calculated with the applicable domestic rate (19%)	41 024	27 811
Result of using other rate in the state 1	-	-
Result of using other rate in the state 2	-	-
Influence of tax on permanent differences between the gross result and the tax basis	2 572	1 893
Negative temporary differences and tax losses due to which the asset for the deferred tax was not recognised and additional losses	(17 604)	(3 007)
Tax losses of the Capital Group member companies and other consolidation corrections	-	-
Valuation with the equity method	-	-
Tax liabilities indicated in the profit and loss account	25 992	26 697
Effective tax rate	12%	18%

The PBG Capital Group is not a tax capital group. Due to the fact that member companies are independent entities deferred tax assets and deferred tax provision must be calculated individually for each company.

As a result, the consolidated balance includes deferred tax.

- assets amounting to PLN 197,873 thousand as at 31/12/2008,

-deferred tax provision amounting to PLN 174,172 thousand as at 31/12/2008.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

NOTE NO. 30

DEFERRED INCOME TAX

Item	Balance sheet		Profit and loss account	
	as at	as at	for the period	for the period
	31/12/2008	31/12/2007	from 01/01 to 31/12/2008	from 01/01 to 31/12/2007
Provision from deferred income tax				
- revenues from unrealized interest from receivables	498	669	(184)	292
- revenues from financial assets estimated according to corrected purchase price (with the use of effective interest rate) - securities	279	-	219	(36)
- revenues from unrealized interest from receivables	115	9	107	(85)
- revenues from unrealized interest from deposits and own funds	41	34	7	20
- balance sheet revenues of the current period - next in terms of taxation	155 171	79 129	80 572	18 214
- difference between net balance and tax-based value of own fixed assets	9 837	9 562	(589)	3 174
- difference between net balance and tax-based value of own fixed assets in operational leasing	1 003	253	78	(183)
- value of estimation of financial instruments or investment properties presented at fair value (through capital)	606	2 875	-	-
- value of estimation of financial instruments or investment properties presented at fair value (through profit and loss account)	3 875	5 507	(1 615)	(3 724)
- liabilities due to credits estimated according to corrected purchase price (with the use of effective interest rate) - securities	931	437	508	94
- unrealized positive exchange rate differences	1 066	53	996	(1 005)
- discount of long-term transactions	374	430	(69)	(156)
- other	376	287	475	(967)
Gross provision from deferred income tax	174 172	99 245	80 505	15 638

Item	Balance sheet		Profit and loss account	
	as at	as at	for the period	for the period
	31/12/2008	31/12/2007	from 01/01 to 31/12/2008	from 01/01 to 31/12/2007
Deferred income tax assets				
- employee pension costs	972	975	(30)	(629)
- unused Holiday leave costs	1 182	1 123	(82)	270
- costs of guarantee service	5 370	3 233	2 067	1 774
- costs of remuneration not paid during the reporting period	2 538	1 007	1 488	(147)
- costs of unpaid interest on loans	524	631	(133)	377
- costs of unpaid interest on liabilities	476	531	(179)	202

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- liabilities due to credits estimated according to corrected purchase price (with the use of effective interest rate) - securities	48	33	(22)	(6)
- value of estimation of financial instruments or investment properties presented at fair value (through capital)	30 795	78	-	-
- value of estimation of financial instruments or investment properties presented at fair value (through profit and loss account)	13 827	514	13 447	175
- costs of balance sheet receivables	127 469	67 381	67 269	14 470
- receivables revaluation write-down	4 087	2 083	2 322	493
- unrealized negative exchange rate differences	1 687	941	806	(754)
- audit costs	77	44	25	
- discount of long-term transactions	276	428	(124)	47
- tax loss	169	-	(78)	(86)
- other	8 376	1 648	2 927	(746)
Gross deferred income tax assets	197 873	80 650	89 703	15 440
Deferred income tax liabilities	x	x	(9 198)	198
Net deferred income tax provision	-	18 595	X	x
Net deferred income tax assets	23 701	-	x	x

NOTE NO. 31

INFORMATION ON RELATED PARTIES

Results of operations between entities included in the consolidated financial statements were eliminated.

Transactions between the Holding Company and the subsidiaries were revealed in the individual financial statements of PBG SA (Holding Company).

Transactions with related entities are carried out applying normal market rules nature and conditions of which result from current operating situation.

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Information on related parties

PLN '000

Related party	Receivables as at 31/12/2008	Liabilities as at 31/12/2008	Financial assets	Loans received	Financial liabilities (securities)	Income on sale in 2007	Acquisition in 2008	Financial income in 2008	Financial costs in 2008
PBG SA (Holding Company)	21 694	70 144	69 046	-	-	23 264	136 082	12 449	3 620
EXCLUDED TRANSACTIONS WITH CONSOLIDATED ENTITIES									
APRIVIA Capital Group	7 296	399	-	-	5 461	18 880	647	18	351
AVATIA Sp. z o.o.	459	2	-	-	-	2 815	259	-	2
Brokam Sp. z o.o.	-	-	-	525	-	-	4	-	10
Excan Oil and Gas Engineering Ltd.	-	-	-	-	-	3 030	-	-	-
GasOil Engineering a.s.	-	-	-	-	-	1 040	21	-	-
GK Hydrobudowa Polska	109 658	24 328	-	-	-	127 680	59 344	4 069	9 122
GK Infra	21 808	59 064	-	-	8 702	55 584	43 241	553	1 847
GK PBG Dom	-	110	-	4 081	25 296	1 531	39	-	1 319
KWG SA	25	561	-	-	24 981	75	101	-	2 181
Metorex Sp. z o.o.	2 304	6 645	-	-	-	11 654	8 799	36	8
Total	163 244	161 253	69 046	4 606	64 440	245 553	248 537	17 125	18 460
TRANSACTIONS WITH UNCONSOLIDATED CAPITAL RELATED ENTITIES									
KRI SA	11 147	-	-	-	-	-	-	-	-
Total	11 147	-	-	-	-	-	-	-	-
TRANSACTIONS WITH PERSONALLY RELATED ENTITIES									
Total	176 940	11 618	23 579	711	-	60 113	9 657	1 257	-

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

10. OTHER INFORMATION AS REQUIRED BY LAW

REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN A HOLDING COMPANY BETWEEN 01/01 TO 31/12/2008

Item	Basic remuneration	Other benefits	Total
<i>Remuneration of the Board of Directors members</i>			
Jerzy Wiśniewski	741	-	741
Tomasz Woroch	420	-	420
Przemysław Szkudlarczyk	300	-	300
Tomasz Tomczak	300	-	300
Mariusz Łożyński	245	-	245
Tomasz Łatawiec	240	-	240
Total	2 246	-	2 246
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	120	-	120
Jacek Kseń	96	-	96
Wiesław Lindner	60	-	60
Jacek Krzyżaniak	36	-	36
Małgorzata Wiśniewska	24	-	24
Dariusz Sarnowski	36	-	36
Adam Strzelecki	36	-	36
Mirosław Dobruć	6	-	6
Total	414	-	414

REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN A HOLDING COMPANY BETWEEN 01/01 TO 31/12/2007

Item	Basic remuneration	Other benefits	Total
<i>Remuneration of the Board of Directors members</i>			
Jerzy Wiśniewski	600	-	600
Tomasz Woroch	420	-	420
Przemysław Szkudlarczyk	300	300	600
Tomasz Tomczak	300	-	300

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Mariusz Łożyński	240	-	240
Tomasz Łatawiec	58	-	58
Total	1 918	300	2 218
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	120	-	120
Wiesław Lindner	75	-	75
Jacek Krzyżaniak	46	-	46
Małgorzata Wiśniewska	36	-	36
Dariusz Sarnowski	36	-	36
Adam Strzelecki	36	-	36
Mirosław Dobrut	36	-	36
Jacek Kseń	56	-	56
Total	441	-	441

REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN SUBSIDIARIES, RELATED PARTIES AND AFFILIATES BETWEEN 01/01 TO 31/12/2008

Item	Basic remuneration	Other benefits	Total
<i>Remuneration of the Board of Directors members</i>			
Jerzy Wiśniewski	190	4	194
Tomasz Woroch	273	5	278
Przemysław Szkudlarczyk	59	-	59
Tomasz Tomczak	-	-	-
Mariusz Łożyński	-	-	-
Tomasz Łatawiec	121	-	121
Total	643	9	652
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	-	-	-
Jacek Kseń	-	-	-
Wiesław Lindner	-	-	-
Jacek Krzyżaniak	72	3	75
Małgorzata Wiśniewska	315	1	316
Dariusz Sarnowski	-	-	-
Adam Strzelecki	-	-	-
Mirosław Dobrut	-	-	-

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Total	387	4	391
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REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN SUBSIDIARIES, RELATED PARTIES AND AFFILIATES BETWEEN 01/01 TO 31/12/2007

Item	Basic remuneration	Other benefits	Total
<i>Remuneration of the Board of Directors members</i>			
Jerzy Wiśniewski	143	40	183
Tomasz Woroch	326	-	326
Przemysław Szkudlarczyk	207	1	208
Tomasz Tomczak	21	-	21
Mariusz Łożyński	-	-	-
Tomasz Łatawiec	360	-	360
Total	1 057	41	1 098
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	-	-	-
Wiesław Lindner	-	-	-
Jacek Krzyżaniak	21	12	33
Małgorzata Wiśniewska	221	1	222
Dariusz Samowski	-	-	-
Adam Strzelecki	-	-	-
Mirosław Dobrut	-	-	-
Jacek Kseń	-	-	-
Total	242	13	255

AVERAGE EMPLOYMENT

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
White collars	1 781	1 521
Blue collars	2 196	1 998
Total	3 977	3 519

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

STAFF TURNOVER

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
New hires	944	1 133
Dismissed	(1 072)	(1 018)
Total	(132)	115

INFORMATION ABOUT THE AMOUNT OF GRANTED ADVANCE PAYMENTS, LOANS AND GUARANTEES TO THE MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

Unpaid advance payments, guarantees, sureties or other contractual liabilities to be paid to the company, provided by a subsidiary separately to the managing and supervising staff and separately to their spouses and relatives up to the second degree of affinity and to other persons with whom they are personally related amounted as at 21 December 2008 PLN 312 thousand . The are advance payments used by members of the Board when undertaking their operational activities.

INFORMATION ABOUT SIGNIFICANT EVENTS IN RESPECT OF PREVIOUS YEARS PRESENTED IN THE FINANCIAL STATEMENT FOR THE CURRENT PERIOD

There are no material events concerning previous years presented in the financial statement for the current reporting period in the PBG Capital Group.

11. CHANGES IN RELEVANT ACCOUNTING RULES (POLICY)

CHANGES IN RELEVANT ACCOUNTING RULES (POLICY) AND THE METHODS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT VS. THE PREVIOUS FISCAL YEAR(S), THEIR REASONS, TITLES AND FINANCIAL IMPACT ON THE COMPANY'S FINANCIAL STANDING, LIQUIDITY AND FINANCIAL RESULT.

1. Change of presentation of figures concerning hedging instruments.

In this financial statements there was changes the way in which results of the hedging instruments are presented.

All records concerning financial instruments charged to the profit and loss account are presented in its operational part respectively in the item revenues on sale or selling costs.

Pursuant to this rule appropriate reference data was also adjusted.

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

The change is described in details in the item 3.1.

2. Revenues and costs of joint ventures.

The Capital Group selected construction contracts which meet conditions to qualify them to joint ventures pursuant IAS 31.

Joint ventures are featured as follows:

- two or more partners are bound with contractual provisions,
- contractual provisions introduce performing of the control.

Contractual undertakings made in writing should include the following:

- scope of action,
- duration of the agreement,
- indication of the joint venture managing body,
- distribution of the partners voting rights,
- distribution of the joint venture results: Production, revenues, costs, profits/losses
- contractual provision may not assign individual control to one of the partners.

The companies reveal only their share in costs and revenues from sold products or services which are generated by the joint venture.

Having analysed the consortium agreements led by the companies it was decided that none of the consortium agreements valid in the reporting period does not meet conditions to be qualified as a joint venture. Due to this fact, introduced change of the accounting policy did not affect this financial statements.

3. Change of presentation of cash exchange rate differences in the cash flow.

Cash flow statement includes change of presentation of cash exchange rate differences. So far the subsidiary used the ruled that exchange rate differences on valuation of cash are excluded from cash flow as a non-cash item. Due to this approach cash in the cash flow statement and balance sheet was different by the valuation amount.

4. Change of settlement of balance sheet receivables

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Additionally, in the subsidiary there were introduced some changes recognised as amendments of the 2007 fundamental error i.e. balance sheet revenues were carried at the advance payment exchange rate up to the advance payment value and balance sheet revenues were calculated to include the rate as at the day of receiving of the advance payment.

DESCRIPTION OF DIFFERENCES IN THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2007

Item	as at 31/12/2007 Version of the financial statements to be approved	as at 31/12/2007 Reference data	difference	Note
Assets				
Fixed assets	717 926	717 926	-	
Intangible assets	13 262	13 262	-	
Goodwill acquired by merger of business entities	267 426	267 426	-	
Tangible fixed assets (PP&E)	307 007	306 786	(221)	1
Non-renewable natural resources	27 834	27 834	-	
Investment property	30 162	30 383	221	1
Investments in subsidiaries	4 000	4 000	-	
Other long-term financial assets	41 834	41 834	-	
Long-term receivables	21 614	21 614	-	
Deferred income tax assets	-	-	-	
Long-term prepaid expenses	4 787	4 787	-	
Current assets	1 571 333	1 540 909	(30 424)	
Inventories	40 145	40 145	-	
Receivables from contracting parties due to works set out in contracts for long-term / construction service	445 188	439 585	(5 603)	2
Short-term receivables	602 560	577 739	(24 821)	3
Other short-term financial assets	58 410	58 410	-	
Cash and cash equivalents	410 305	410 305	-	
Short-term prepaid expenses	14 725	14 725	-	
Current assets held for sale	-	-	-	
Total assets	2 289 259	2 258 835	(30 424)	

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Item	as at 31/12/2007 Version of the financial statements to be approved	as at 31/12/2007 Reference data	difference	Note
<i>Liabilities</i>				
Equity	782 546	785 220	2 674	
Equity of the shareholder of the Holding Company	747 996	750 670	2 674	
Share capital	13 430	13 430	-	
Shares	-	-	-	
Reserve capital from shares sold above share nominal value	551 178	551 178	-	
Evaluation of protective instruments	8 759	8 759	-	
Other capital	67 326	65 998	(1 328)	4
Retained financial result	107 303	111 305	4 002	
- profit (loss) from previous years	5 253	6 997	1 744	4; 5a
- This year net profit (loss)	102 050	104 308	2 258	2a; 5b; 6; 9
Minority shares	34 550	34 550	-	
Creditors and provisions for creditors	1 506 713	1 473 615	(33 098)	
Long-term credits and loans	50 033	50 033	-	
Long-term liabilities	239 000	229 100	(9 900)	7
Long-term provisions	40 987	43 454	2 467	8; 9b
Long-term prepaid expenses	5	9 152	9 147	7
Short-term credits and loans	350 402	350 402	-	
Short-term liabilities	677 260	644 208	(33 052)	2b; 3; 5; 7
Liabilities under construction service contract	19 594	19 594	-	
Short-term provisions	122 656	119 925	(2 731)	6; 8; 9a
Short-term prepaid expenses	6 776	7 747	971	7
Total liabilities	2 289 259	2 258 835	(30 424)	

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Item	31/12/2007 Version of the financial statements to be approved	31/12/2007 Reference data	difference	Note
<i>Continued operations</i>				
Revenue from sales	1 376 752	1 406 976	30 224	2a; 5b; 6; 10a
Selling costs	(1 191 733)	(1 192 005)	(272)	5b
Gross profit (loss) on sales	185 019	214 971	29 952	
Costs of sales	(399)	(399)	-	
General administrative expenses	(79 568)	(81 143)	(1 575)	10b
Other operating revenue	19 106	18 685	(421)	10b
Other operating expenses	(14 775)	(12 779)	1 996	10b
Share in profits of related parties settled based on the equity method	-	-	-	
Restructuring costs	-	-	-	
Operating profit (loss)	109 383	139 335	29 952	
Financial revenues	42 215	14 521	(27 694)	10a
Financial expenses	(35 661)	(35 661)	-	
Other profits (losses) from investments	28 181	28 181	-	
Profit (loss) before tax	144 118	146 376	2 258	
Income tax	(26 697)	(26 697)	-	
Net profit (loss) from discontinued operations	117 421	119 679	2 258	
<i>Discontinued operations</i>		-	-	
Net loss from discontinued operations	-	-	-	
Net profit (loss)	117 421	119 679	2 258	
Net profit (loss), including:	117 421	119 679	2 258	
- profit of shareholders of the Holding Company	102 050	104 308	2 258	
- profit of minority shareholders	15 371	15 371	-	

Note 1

Presentation amendment consisting in shifting of expenses related to the land in possession of the subsidiary from tangible fixed assets to investment properties - PLN 22 thousand.

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

Note 2

Amendment reducing receivables from customers due to works set out in the construction service agreement – PLN 5,603 thousand, including:

- a) amendment increasing the current year result related to calculation of balance sheet revenues including the exchange rate as at the day of receiving of the advance payment – PLN 1,505 thousand.
- b) presentation amendment – booking of the per saldo receivables resulting from the construction service agreement and advance payments which so far have been carried in other short-term liabilities – PLN 7,108 thousand.

Note 3

Presentation amendment – booking per saldo in the individual financial statements of receivables and liabilities concerning VAT – PLN 24,821 thousand.

Note 4

Amendment reducing reserve capital resulting from reassessment of fixed assets in the previous years result – PLN 1,328 thousand.

Note 5

Amendment intended to eliminate balance sheet valuation of advance payments received related to supplies and increasing undistributed result and reducing other short-term liabilities.

- a) referring to the previous year result – PLN 523 thousand
- b) referring to the current year result – PLN 382 thousand

Note 6

Amendment increasing the financial result of the current year resulting from decrease of the provision due to planned losses caused by change of the exchange rate applicable to a part of the amount due – PLN 371 thousand.

Note 7

Presentation amendment consisting in shifting of the grant received as a refunding of expenses of fixes assets purchase from the short-term liabilities to prepaid expenses. Within the amendment the grant was divided and PLN 9,147 thousand was qualified as a long-term part whereas PLN 971 thousand was qualified as a short-term part.

Note 8

Presentation amendment consisting in shifting of a part of provision for guarantee service from the short-term provision to long-term provision – PLN 2,492 thousand.

Note 9

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Amendment reducing result of the current year resulting from making of the short-term provision for guarantee service – PLN 132 thousand.
Due to this amount, the deferred income tax provision was decreased - PLN 25 thousand.

Note 10

Presentation amendments in the profit and loss account:

- a) shifting of the valuation of forward financial instruments from financial operations to operational activities resulting from assigning of financial instruments to contracts which they are to hedge – PLN 27,694 thousand.
- b) other presentation amendments within general administrative expenses and other operational revenues/costs resulting from changing of previous consolidation amendments.

Presentation and description of significant differences between data revealed in the financial statements and previously made and published financial statements for Q1 of FY 2008.

CONSOLIDATED BALANCE SHEET AS AT 31/12/2008

PLN '000

Item	Q4 2008	FY 2008	difference between the financial statements	note
Assets				
Fixed assets	909 349	918 184	8 835	
Intangible assets	14 613	14 820	207	1
Goodwill acquired by merger of business entities	333 067	332 522	(545)	2
Tangible fixed assets (PP&E)	411 529	403 749	(7 780)	3, 4
Non-renewable natural resources	11 999	11 999	-	
Investment property	14 572	21 662	7 090	3
Investments in subsidiaries	27 000	27 000	-	
Investments in associates settled based on the equity method	-	-	-	
Other long-term financial assets	35 657	48 571	12 914	5
Long-term receivables	21 503	20 593	(910)	7
Deferred income tax assets	25 843	23 701	(2 142)	
Long-term prepaid expenses	13 566	13 567	1	

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Current assets	1 947 638	1 940 325	(7 313)	49
Inventories	69 266	69 360	94	6
Receivables from contracting parties due to works set out in contracts for long-term / construction service	777 826	783 930	6 104	7
Short-term trade receivables	681 941	679 366	(2 575)	7
Current income tax receivables	660	978	318	
Other short-term receivables	42 489	48 751	6 262	7
Other short-term financial assets	64 682	51 767	(12 915)	5
Cash and cash equivalents	289 687	289 713	26	8
Short-term prepaid expenses	21 087	16 460	(4 627)	9
Current assets held for sale	-	-	-	
Total assets	2 856 987	2 858 509	1 522	49

Item	Q4 2008	FY 2008	difference between the financial statements	note
<i>Liabilities</i>				
Equity	1 114 573	1 113 618	(955)	
Equity of the shareholder of the Holding Company	1 010 879	928 135	(82 744)	
Share capital	13 430	13 430	-	
Shares	-	-	-	
Reserve capital from shares sold above share nominal value	551 178	551 178	-	
Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation	(105 123)	(101 444)	3 679	14
Other capital	353 626	274 778	(78 848)	14
Retained financial result	197 768	190 193	(7 575)	14
- profit (loss) from previous years	39 729	31 952	(7 777)	14
- net profit (loss) of the Holding Company shareholders	158 039	158 241	202	

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

Minority shares	103 694	185 483	81 789	14
Liabilities	1 742 414	1 744 891	2 477	
Long-term liabilities	364 760	410 022	45 262	
Long-term credits and loans	112 850	112 850	-	
Other long-term financial payables	210 232	256 996	46 764	12
Other long-term payables	17 023	17 115	92	7
Deferred income tax provision	-	-	-	
Provisions for liabilities related to employee benefits	4 903	5 229	326	10
Other long-term provisions	11 572	9 606	(1 966)	11
Government grants	-	-	-	
Long-term prepaid expenses	8 180	8 226	46	13
Short-term liabilities	1 377 654	1 334 869	(42 785)	
Short-term credits and loans	474 386	475 147	761	12
Other short-term financial payables	243 450	196 324	(47 126)	12
Short-term trade payables	497 185	486 595	(10 590)	7
Liabilities under construction service contract	15 409	14 989	(420)	7
Current income tax liabilities	22 905	21 219	(1 686)	7
Other short-term payables	40 836	52 016	11 180	7
Provisions for liabilities related to employee benefits	1 054	881	(173)	10
Other short-term provisions	73 826	78 926	5 100	11
Government grants	-	-	-	
Short-term prepaid expenses	8 603	8 772	169	13
Payables related to fixed assets held for sale	-	-	-	
Total liabilities	2 856 987	2 858 509	1 522	

1. Amendment reducing the net value of intangible assets

Total value of the amendment – PLN 207 thousand, including:

Presentation amendment consisting in shifting of an asset under construction from tangible fixed assets to intangible assets – PLN 204 thousand.

b) increase of value of intangible assets resulting from decreased depreciation caused by change of the useful economic life – PLN 3 thousand

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

2. Amendment of the goodwill resulting from changes made in the financial statements made as at the purchase date of the companies acquired in 2008.

Total value of the amendment – PLN 545 thousand, including:

- decrease of the PRG Metro goodwill – PLN -410 thousand
- decrease of the Wiertmar goodwill – PLN -135 thousand

3. Presentation amendment consisting in reclassification from tangible fixed assets to investment properties of the properties which are not used for own purposes.

Total value of the amendment – PLN 7,090 thousand, including:

- decrease: land – PLN 1,690 thousand
- decrease: buildings and structures – PLN 4,875 thousand
- decrease: fixed assets under construction – PLN 525 thousand

4. Other amendments reducing value of tangible fixed assets

Total value of the amendment – PLN 690 thousand, including:

- a) reduction resulting from making of the revaluation write-down of a fixed asset under construction – PLN -759 thousand
- b) Presentation amendment consisting in shifting of an asset under construction from tangible fixed assets to intangible assets – PLN -204 thousand.
- c) other amendments reducing net value of fixed assets including ones resulting from decrease of the depreciation caused by changed of the useful economic life of fixed assets – PLN 273 thousand.

5. Presentation amendment resulting from dividing of forward hedging instruments made by the maturity date and consisting in shifting of a part of these instruments from short-term financial assets to long-term financial assets – **PLN 12,915 thousand.**

6. Amendment increasing total inventory value to **PLN 94 thousand, including:**

- a) presentation amendment consisting in shifting of some advance payments to receivables – PLN 30 thousand.
- b) amendment increasing inventory made pursuant to quantities of materials not yet used – PLN 123 thousand.

7. Amendments reducing trade receivables/liabilities and other receivables/liabilities which are to organise settlements within the Capital Group.

- presentation amendments consisting in shifting between trade receivables/liabilities and construction service agreement receivables/liabilities.

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

- change of construction service agreement receivables/liabilities resulting from changes in settlement of contracts caused by increased costs.
- presentation amendments consisting in booking per saldo VAT receivables and liabilities.
- presentation amendments consisting in shifting of settlements between long and short-term part.
- including of documents which referred to receivables and liabilities of the reporting period which however were delivered to the company after the Q4 2008 financial statements were completed.

8. Amendments increasing cash value resulting from change in valuation of cash in other currencies – PLN 26 thousand.

9. Amendment changing value of active short-term accruals.

Total value of the amendment – PLN 4,627 thousand, including:

- a) decrease resulting from including in the 2008 result of invoices previously qualified as a prepaid cost due to the fact that they referred to turn of the reporting period – PLN 3,692 thousand.
- b) decrease resulting from including in the 2008 previously activated costs related with lost tenders which were born before concluding of the construction contract – PLN - 977 thousand.
- c) other amendments increasing active accruals resulting from documents concerning 2008 and which were delivered to the Capital Group after the Q4 2008 financial statements were completed – PLN 42 thousand.

10. Change of employee benefits provisions – **PLN 153 thousand, including:**

- a) increase of the provisions resulting from date verification following valuation of the actuary – PLN 76 thousand
- b) making of provisions for pension benefits – PLN 77 thousand,

11. Change of other liability provisions – PLN 3,134 thousand,

Due to verifying of warranty and guarantee conditions applicable to construction contracts, the provision for guarantee service was decreased by PLN 750 thousand and the provision for losses was decreased by PLN 4,086 thousand.

Additionally, there was made provision for other costs amounting to PLN 7,970 thousand.

Moreover, the provisions were requalified either to short or long-term part.

12. Change of other financial liabilities

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

- a) presentation amendment resulting from dividing of some forward and IRS hedging instruments made by the maturity date and consisting in shifting of a part of these instruments from short-term financial liabilities to long-term financial liabilities – PLN 46,610 thousand.
- b) presentation amendment of other financial liabilities, including shifting of liabilities under financial leasing between long and short-term part – PLN 154 thousand.
13. Change of passive short-term accruals resulting, among others, from making of the provision for holiday leave and reverse of the provision for balance sheet audits - PLN 215 thousand.
14. Change of the capital from valuation of the hedging transactions resulting from amended valuation of forwards and other presentation changes in the equity structure due to the Holding Company and changes of minority shares caused by changed presentation of capital amendments carried out during consolidation.

THE PROFIT AND LOSS ACCOUNT COVERING THE PERIOD BETWEEN 01/01 AND 31/12/2008 (MULTIPLE STEP VARIANT FORMAT)

Item	Q4 2008	FY 2008	Difference between the financial statements
<i>Continued operations</i>			
Revenue from sales	2 089 325	2 091 425	2 100
Selling costs	(1 751 217)	(1 749 532)	1 685
Gross profit (loss) on sales	338 108	341 893	3 785
Costs of sales	-	-	-
General administrative expenses	(106 845)	(107 997)	(1 152)
Other operating revenue	18 054	18 770	716
Other operating expenses	(25 902)	(27 055)	(1 153)
Share in profits of related parties settled based on the equity method	-	-	-
Restructuring costs	-	-	-
Operating profit (loss)	223 415	225 611	2 196
Financial revenues	49 288	50 176	888
Financial expenses	(61 423)	(62 140)	(717)
Other profits (losses) from investments	2 254	2 268	14
Profit (loss) before tax	213 534	215 915	2 381
Income tax	(25 793)	(25 992)	(199)
Net profit (loss) from discontinued operations	187 741	189 923	2 182

Capital Group name:	PBG Capital Group		
Reporting period:	01/01-31/12/2008	Reporting currency:	Polish zloty (PLN)
Level of approximation:	all figures expressed in thousand Polish zloty (unless otherwise specified)		

<i>Discontinued operations</i>	-	-	
Net loss from discontinued operations	-	-	-
Net profit (loss)	187 741	189 923	2 182
Net profit (loss), including:	187 741	189 923	
- profit of shareholders of the Holding Company	158 039	158 241	202
- profit of minority shareholders	29 702	31 682	1 980

Amendments of the consolidated profit and loss account resulting, among others, from the following events:

1. Increase of incomes due to, among others, changes in settlement of contracts – PLN 2,100 thousand.
2. - Amendments resulting from including of documents which referred to the current reporting period which, however, were delivered to the company after the Q4 2008 financial statements were completed.
3. Requalifying of costs consisting in shifting between selling costs and general administrative costs as well as other operational costs.
4. Other amendments resulting from including of employee benefit provision, provision for losses and provision for guarantee service.
5. Increase of financial costs resulting from amendment in calculation of interest under credit and under discounts not included before – PLN 717 thousand.
6. Increase of financial revenues due to shifting from the capital to the profit and loss account of exchange rate differences appearing after closing of forward hedging transactions – PLN 851 thousand.
7. Amendment of the current and deferred income tax PLN 199 thousand.

12. EVENTS AFTER BALANCE SHEET DATE

MERGERS, ACQUISITIONS, INCORPORATIONS OF NEW SUBSIDIARIES

Incorporation of PBG Export Sp. z o.o.

On 2 April 2009 there was incorporated PBG Export Sp. z o.o. with its seat in Kraków.

The company's share capital amounts to PLN 1,000,000.00 and is divided into 20,000 shares each of nominal value PLN 50.00.

Capital Group name:	<i>PBG Capital Group</i>		
Reporting period:	<i>01/01-31/12/2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of approximation:	<i>all figures expressed in thousand Polish zloty (unless otherwise specified)</i>		

PBG SA took 19,990 shares valued at PLN 50.00 each and the total value of PLN 999,500.00. The shares were paid up in cash. Therefore PBG SA holds 99.95% of the share capital and 99.95% votes in PBG Export Sp. z o.o.

PBG Export Sp. z o.o. was established to source domestic and foreign contracts and to supervise their implementation.

Acquiring of Hydrobudowa Polska Konstrukcje Sp. z o.o. shares

On 2 April 2009 there was concluded an agreement with Hydrobudowa Polska SA to acquire shares in Hydrobudowa Polska Konstrukcje Sp. z o.o. with its seat in Mikołów. Having completed this agreement for the price of PLN 9,000,000.00 PBG acquired all 16,100 shares with nominal value of PLN 500.00 each and total value of PLN 8,050,000.00 giving 100% votes at the General Meeting of Shareholders and the same share in the share capital of Hydrobudowa Polska Konstrukcje Sp. z o.o.

CHANGES IN SUBSIDIARIES

Increase of share in P.R.G. Metro Sp. z o.o.

On 19 January 2009 with the decision of the district court for the Capital City of Warsaw there was registered increase of the share capital of Przedsiębiorstwa Robót Górniczych "METRO" Sp. z o.o. with its seat in Warsaw.

Share capital increase refers to 78 shares with nominal value PLN 1,000.00 each all taken by Hydrobdowa Polska SA.

Therefore, the P.R.G. „METRO” Sp. z o.o. share capital was increased from PLN 550,000.00 to PLN 628,000.00 and is divided into 628 shares with the nominal value of PLN 1,000.00 each.

The shares were covered by Hydrobudowa Polska SA in cash of PLN 4,963,631.40.

Having registered the share capital increase, Hydrobudowa Poska SA holds 543 shares in P.R.G. „METRO” Sp. z o.o. which is 86.46% of votes and share capital of P.R.G. „METRO” Sp. z o.o.

Increase of share capital in KM Investment Sp. z o.o.

On 09 April 2009 PBG Dom Sp. z o.o, took significant assets which originate from increase of the share capital of KM Investment Sp. z o.o. Increase of the share capital to the amount of PLN 125,000 took place on 09 April 2009 by the resolution of the Extraordinary Meeting of Shareholders of KM Investments Sp. z o.o. and PBG Dom Sp. z o.o. took 150 shares with the nominal value of PLN 500.00 each. PBG Dom Sp. z o.o. took All New shares for the Mount of PLN 75,000 (book value in the PBG Dom Sp. z o.o. books is PLN 76,664). The acquired shares constitute 60% of KM Investment share capital and 60% share of the votes. KM Investments Sp. z o.o. is currently carrying before the court the process of registration of the name change into "Złotawska 51" Sp. z o.o.

Core business of KM Investment is developing of apartments for rent and sale. Investment into KM Investment Sp. z o.o. is intended to carry jointly a development project. When the development project is completed, PBG Dom and other shareholders will consider further cooperation in the development business. The assets which have been taken are considered to be significant as they constitute 20% of the acquires company

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INVESTMENT AGREEMENTS

Concluding of an agreement concerning "Project of LMG – Ośrodek Centralny, well bore areas, pipelines and other facilities".

On 12 February 2009 the Board of PBG SA concluded two agreements amounting in total to PLN 278,565,000.00 (excl. tax) , each of which is a significant agreement due to PBG SA equity. The contractual party for the agreements is Control Process SA of Tarnów and PBG SA is the ordering party. Both of them concern the task named "Project of LMG – Ośrodek Centralny, well bore areas, pipelines and other facilities".

The subject of the agreement amounting to PLN 183,955.00 (excl. tax) (i.e. PLN 224,425,100.00) is general construction of well bore areas and group centres, including designing, construction and commissioning of the mentioned facilities. The subject of the agreement amounting to PLN 94,610.00 (excl. tax) (i.e. PLN 115,424.00) is general construction of heat and power generating plant, including designing, construction and commissioning of the mentioned facility. The completion date for works included in both agreements is set for 10 April 2013. To protect PBG SA claims resulting from failing to complete or improper completion of both agreements, the contractor undertook to set in favour of the ordering party the protection of proper completion of the agreements and rectifying of defects and faults which takes the form of:

- a. deposit of 5% of the gross contractual remuneration of the contractor,
- b. blank promissory note payable at first request which can be filled by the ordering party up to 5% of the contractual remuneration, however, not more than difference between this maximum amount and the total value of deposits already made by the ordering party pursuant to the previous item.

Additionally Control Process SA undertook to conclude a third party liability insurance agreement concerning damages resulting from implementing of the agreement with PBG SA.

PBG SA as an ordering party may require from the contractor to pay the following conventional penalties for delay in implementing of both agreements:

- a. for delay in passing to the ordering party a part of completed basic subject of the agreement: 0.01% of the gross remuneration for each day of the delay;
- b. for delay in passing of the approved basic subject to the investor by the ordering party through the fault of the contractor: 0.01% of the gross remuneration for each day of the delay; if the conventional penalty pursuant to the item b. is imposed, then penalties imposed pursuant to the item a. shall reduce value of penalties imposed pursuant to the item b.
- c. for delay of the ordering party in completing of the subject through fault of the contractor: 0.05% of the remuneration for each day of the delay;
- d. for delay in rectifying of defects revealed during commissioning or revealed during the term of guarantee: 0.005% of the gross remuneration for each day of the delay starting from the day agreed for rectifying of defects.
- e. for withdrawing from the agreement by the offering party for the reasons for which the contractor is responsible in the amount of 30% of the gross remuneration.
- f. for default in effecting on time of the guarantee of due completion of the agreement for the period to which guarantee of works applies: 0.005% of the remuneration for each day of the delay;
- g. for failing to achieve guaranteed operating parameters of the subject of the agreement defined in the basic subject after completing of the second, additional guarantee test. 5% of the Gross remuneration;

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h. in case of violation of the responsibilities referring to insurance mentioned in the article 8, the ordering party shall be entitled to impose a conventional penalty of PLN 150,000.00.

i. the ordering party is not entitled to impose conventional penalties mentioned in the item a. to h. if the investor and the ordering party agree at presence of the contractor that the investors withdraws from imposing conventional penalties.

j. for withdrawing from the agreement or withdrawing therefrom by the contractor for the reasons for which the ordering party is responsible in the amount of 30% of the gross remuneration. The contractor is not entitled to use the above mentioned right if the withdrawal or termination of the agreement by the contractor was subject to the Investor's right to withdraw from the contract.

The ordering party is entitled to deduct conventional penalties from the remuneration due to the contractor. All compensation claims of the parties are limited to the real damage, however, maximum 30% of the gross remuneration, with the reservation that aforementioned restriction is not applicable to the ordering party rights resulting from quality guarantee as well as it is not applicable to the ordering party right to obtain amounts under insurance policies.

Signing of the contract for construction of Baltic Arena in Gdańsk

On 10 April 2009 the consortium consisting of: Hydrobudowa Polska SA, Hydrobudowa 9 SA, Alpine Bau Deutschland AG Berlin, Alpine Bau GmbH Austria and Alpine Construction Polska signed an agreement to construct Baltic Arena in Gdańsk.

The stadium cost is to amount nearly PLN 522 million and is to be completed by the end of 2010.

Concluding of the contract for extension and modernisation of the sewage treatment plant in Syców

On 15 April 2009 Hydrobudowa Polska SA as the Consortium Leader concluded an agreement for extension and modernisation of the sewage treatment plant in Syców.

Under the agreement, Hydrobudowa Polska SA along with Hydrobudowa 9 SA are to perform works intended to replace current biological sewage treatment with one stage process with a three stage sewage treatment plant.

The contract value amounts to PLN 12,229,931. 85

Hydrobudowa Polska SA undertook to complete the project by 28 February 2010.

Concluding of significant agreements concerning investment named "Construction of the on-ground part of the Underground Gas Store Wierzchowice, stage 3.5 billion nm³, sub-stage 1.2 billion nm³".

On 16 April 2009 the board of PBG SA as the consortium Leader concluded the following significant executive agreements:

* with Plynostav Pardubice Holding a.s. amounting to PLN 84,178,442.00;

* with Plynostav Regulace Plynu a.s. amounting to PLN 83,731,000.00.

Both agreements concern concluding by the Consortium of PBG SA (Consortium Leader), Italian company Tecnimont S.P.A., French company Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ" as well as Czech companies Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu a.s. (Consortium Partners) and the

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company Polskie Górnictwo Naftowe i Gazownictwo SA a general contracting agreement of the investment named "Construction of the on-ground part of the Underground Gas Store Wierchowice, stage 3.5 billion nm³, sub-stage 1.2 billion nm³". The subject of both agreements is designing, delivery and installation of some installation.

The parties agreed that regardless the joint responsibility of the Consortium Partners and the Consortium Leader towards the Offering Party as defined in the contractual provisions, each of the parties is individually responsible for professional, punctual and full completion of works assigned thereto. Each of the consortium Parties shall be responsible for faults, defects and shortages referring to the scope of works assigned thereto and undertakes to rectify them immediately and immediately undertake works or perform deliveries by its own and at its own expenses regardless their extent to completely fulfill contractual requirements. Costs referring to rectifying of damages resulting from delays shall be born by the party of the Consortium Agreement causing the delay. The Consortium Partners agreed the completion date of works defined in these contract on 18 November 2011. The agreement was found to be significant to value of the equity.

Concluding of contracts by Hydrobudowa Polska SA subsidiaries

On 27 April 2009 Hydrobudowa Polska SA subsidiaries i.e.: Hydrobudowa 9 SA, P.R.G. METRO Sp. z o.o. and their consortium partner i.e. KWG SA, signed an agreement for construction of the sewage transmission system from the left side part of Warsaw to the Czajka sewage treatment plant amounting to EUR 52.8 million.

Under the agreement, the consortium will develop the combined sewer of DN 2.80 meter and 6 km long and modernise the existing infrastructure colliding with transmission system as well as will perform reconstruction works.

The value of the concluded agreement amounts to EUR 52.8 million i.e. PLN 236.2 (excl. VAT). The agreement is to be completed by 31 September 2010.

Hydrobudowa 9 SA as the consortium leader will perform and will be responsible for 50% of the works scope under the agreement. The other company i.e. P.R.G. METRO Sp. z o.o. as the consortium partner will be responsible for 40% of the works scope under the agreement. KWG SA will be responsible for the balance 10% of the works.

CONCLUDED AGREEMENTS WITH FINANCIAL INSTITUTIONS

Change of the significant agreement and providing of the guarantee for repayment of the advance money

On 07 January 2009 the Board of PBG SA concluded an appendix to the frame agreement concluded on 06 September 2007 between ING Bank Śląski SA and companies of the PBG Capital Group: PBG SA, Hydrobudowa Polska SA, Infra SA, Hydrobudowa 9 SA, AVATIA Sp. z o.o. and PRIS Sp. z o.o. Pursuant to this appendix, value of the crediting limit was increased from PLN 150,000,000.00 to PLN 220,000,000.00.

Due to increase of the crediting limit, the Borrowers made a statement of voluntary execution up to the amount of PLN 330,000,000.00 giving the bank ability to apply by 05 September 2015 for an executory clause for the bank writ of execution. Additionally, the amount of the corporate guarantee issued by each company under the agreement is changed from PLN 150,000,000.00 to PLN 220,000,000.00. Provided corporate guarantees were granted under market conditions and are valid until all liabilities to the Bank resulting from the Frame Agreement are paid. Other contractual provision remain unchanged.

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Additionally, the Board of PBG SA notifies that pursuant to this agreement and the application of PBG SA, on 07 January 2009 ING Bank Śląski SA granted a guarantee of repayment of the advance money up to the value of PLN 108,900,000 beneficiary of which is Polskie Górnictwo Naftowe i Gazownictwo SA. The guarantee was granted due to concluding on 19 November 2008 by PBG SA (Consortium Leader), Technimont S.P.A., Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ" as well as Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu a.s. (Consortium Partners) and the company Polskie Górnictwo Naftowe i Gazownictwo SA a general contracting agreement of the investment named "Construction of the on-ground part of the Underground Gas Store Wierzychowice, stage 3.5 billion nm³, sub-stage 1.2 billion nm³". Value of the contract about which the company informed in the current report 82/2008 of 19 November 2008 amounts to PLN 1,089,000,000.00 (excl. VAT). The guarantee is provided until 07 January 2012. The guarantee will be protected by a deposit made of the advance payment with the reservation that the guarantee is valid until making of a guarantee which will take form of the transfer of receivables from the agreement in question concluded with PGNiG. Remuneration for ING Bank Śląski SA for providing of the guarantee was calculated under market conditions.

Concluding of the appendix to the contractual guarantee agreement

On 4 February 2009, the Board of PBG SA concluded an appendix to the contractual guarantee agreement within the renewable limit concluded on 28 September 2007 with TuiR Euler Hermes SA.

Pursuant to the appendix concluded between the insurance company and PBG SA as well as companies of the Capital Group, Hydrobudowa Polska SA, Hydrobudowa 9 SA, Infra SA, there was increased renewable limit from PLN 80,000,000.00 to PLN 100,000,000.00 and the maximum value of a single guarantee issued under this limit is PLN10,000,000.00. Pursuant to the concluded agreement Euler Hermes SA issues contractual guarantees i.e. tender guarantees, due completion guarantees, defect liability bonds and guarantees of repayment of advance money until 29 September 2009. Remuneration for Euler Hermes SA for providing of the guarantee under the agreement was calculated under market conditions.

Eventual claims of Euler Hermes SA resulting payment of all provided guarantees is twenty blank promissory notes together with promissory declarations issued by the Insured – 5 promissory notes issued by each of the insured, each of them confirmed by other insured.

The issuer equity allows to qualify this agreement as a significant one.

Concluding of a significant agreement with Nordea Bank Polska SA

On 10 April 2009 the Board of PBG SA concluded a significant agreement with Nordea Bank Polska SA. The agreement defines principles of cooperation referring to crediting of the business operations of PBG SA and its Capital Group member companies i.e. Hydrobudowa Polska SA and Infra SA. Pursuant to this agreement, the companies may use until 10 April 2012 short-term credits in their current accounts with the repayment period up to one year, bank guarantee for up to 3 years and letters of credit for up to 3 years up to the total bank involvement of PLN 115,000,000.00.

Use of the limit will take place under detailed agreements defining e.g. type of protection which can be:

- * transfer of liabilities from the contracts implemented by companies of the Capital Group amounting to at least, 150% of the used limit;
- * power of attorney for current bank accounts of the borrowers kept with the Bank;

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* cross guarantees of the borrowers under the civil law;

*blank promissory notes issued by the borrowers together with promissory declarations;

* representation about submission to enforcement.

OTHER EVENTS

Beginning of listing of the L series shares of Hydrobudowa SA

On 21 January 2009 under the resolution of the Warsaw Stock Exchange there was started listing of 36,885,245 ordinary bearer shares of the L series of Hydrobudowa Polska SA with nominal value of PLN 1.00 each.

Winning of the tender for construction of the second stage of the National Stadium in Warsaw

On 15 April 2009 the German-Austrian-Polish consortium of Hydrobudowa Polska SA and PBG SA with Alpine Bau Deutschland AG, Alpine Bau GmbH and Alpine Construction Polska Sp. z o.o. was announced by the National Sports Centre the winner of the tender for construction of the second stage of the National Stadium .

Value of the Consortium bid amounted to PLN 1,252,755,008.64 (excl. VAT).

The decision was made at the meeting of the Tender Committee which studied details of the bid and evaluated its legal and formal correctness. Six consortia submitted their bids for construction of the second stage of the National Stadium, all of them were qualified for the tender.

Final decision to choose Alpine Bau Deutschland AG, Alpine Bau GmbH, Alpine Construction Polska Sp. z o.o., Hydrobudowa Polska SA and PBG SA will be confirmed by concluding of the agreement with the National Sports Centre. President of the National Sports Centre, Rafał Kapler announces it may take place even in April.

Pursuant to the applicable procedure other companies competing for the job are allowed to submit their protests within ten days.

SIGNATURES OF ALL BOARD MEMBERS

Jerzy Wiśniewski – President of the Board of Directors

Tomasz Woroch – Vice President of the Board of Directors

Przemysław Szkudlarczyk – Vice President of the Board of Directors

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Tomasz Tomczak – Vice President of the Board of Directors

Mariusz Łożyński – Vice President of the Board of Directors

Tomasz Latawiec – Member of the Board of Directors

Signature of the person responsible for making of the financial statements.

Eugenia Bachorz – Proxy, Director of the Capital Group Accounting Coordination

Wysogotowo, on 27 April 2009