



**INTERIM CONDENSED
SEPARATE FINANCIAL STATEMENTS**

FOR SIX MONTHS ENDED JUNE 30TH 2011

WYSOGOTOWO, AUGUST 25TH 2011

Company name:	<i>PBG S.A.</i>		
Period covered by the financial statements:	<i>January 1st–June 30th 2011</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All figures in PLN '000 (unless stated otherwise)</i>		

Company name:	PBG S.A.		
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SEPARATE STATEMENT OF FINANCIAL POSITION

Item	IFRS as at 30.06.2011	IFRS as at Jun 30 2010	IFRS as at Dec 31 2010
Assets			
Non-current assets	1,153,632	908,032	999,017
Goodwill	1,606	1,606	1,606
Intangible assets	27,545	34,354	30,665
Property, plant and equipment	188,413	174,077	176,825
Non-regenerative natural resources	-	-	-
Investment property	58,526	48,075	58,504
Investments in subsidiary undertakings	648,103	426,508	455,589
Investments in associated undertakings	-	64,375	64,375
Investments in joint ventures	12	-	12
Receivables	9,637	12,735	10,350
Loans advanced	107,118	97,273	86,058
Financial derivatives	-	5178	171
Other non-current financial assets	109,936	35,546	110,502
Deferred tax assets	-	3,227	485
Non-current accruals and deferrals	2,736	5,078	3,875
Current assets	1,479,718	1,280,756	1,861,191
Inventories	4,540	17,066	4,844
Receivables under construction contracts	134,519	150,164	86,810
Trade and other receivables	317,679	258,672	573,039
Current income tax receivable	6,096	-	-
Loans advanced	555,038	462,470	507,715
Financial derivatives	4,450	3,234	187
Other current financial assets	15,102	21,035	122,516
Cash and cash equivalents	410,534	357,789	533,959
Current accruals and deferrals	31,760	10,326	32,121
Non-current assets classified as held for sale	-	-	-
Total assets	2,633,350	2,188,788	2,860,208

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SEPARATE STATEMENT OF FINANCIAL POSITION (CONTINUED)

Item	IFRS as at	IFRS as at	IFRS as at
	Jun 30 2011	Jun 30 2010	Dec 31 2010
<i>Equity and liabilities</i>			
Equity	1,216,705	1,109,073	1,189,607
Share capital	14,295	14,295	14,295
Treasury shares	-	-	-
Share premium account	733,348	733,348	733,348
Valuation of hedging transactions	1,418	3,659	65
Other capitals	416,887	276,513	276,512
Retained earnings	50,757	81,258	165,387
- retained earnings/(deficit)	-	-	-
- net profit/(loss)	50,757	81,258	165,387
Liabilities	1,416,645	1,079,715	1,670,601
Non-current liabilities	879,963	477,205	911,206
Loans, borrowings and other debt instruments	847,167	439,639	873,688
Finance lease	329	1,153	525
Financial derivatives	-	3,862	412
Other non-current liabilities	15,356	19,095	22,607
Deferred tax liabilities	3,336	-	-
Liabilities and provisions for employee benefits	342	262	322
Other non-current provisions	7,310	6,282	7,185
Government subsidies	-	-	-
Non-current accruals and deferrals	6,123	6,912	6,467
Current liabilities	536,682	602,510	759,395
Loans, borrowings and other debt instruments	61,473	245,185	62,814
Finance lease	1,073	1,307	1,303
Financial derivatives	245	5,156	41
Trade and other liabilities	452,622	272,052	629,280
Liabilities under construction contracts	14,635	62,316	38,897
Current income tax payable	-	9,401	19,401
Liabilities and provisions for employee benefits	4,963	5,045	5,552
Other current provisions	816	1,110	1,117
Government subsidies	-	-	-
Current accruals and deferrals	855	938	990
Liabilities associated with non-current assets held for sale	-	-	-
Total equity and liabilities	2,633,350	2,188,788	2,860,208

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SEPARATE INCOME STATEMENT

Item	IFRS Jan 1–Jun 30 2011	IFRS Jan 1–Jun 30 2010	IFRS Jan 1–Dec 31 2010
<i>Continuing operations</i>			
Sales revenue	486,906	293,925	918,230
– from associated undertakings	40,817	32,418	66,055
Revenue from sales of products	-	-	11,126
Revenue from sales of services	486,793	291,569	902,153
Revenue from sales of goods for resale and materials	113	2,356	4,951
Cost of sales	(406,393)	(238,467)	(743,223)
– from associated undertakings	(38,282)	(39,774)	(111,658)
Cost of products sold	-	-	(10,133)
Cost of services sold	(406,280)	(236,111)	(728,139)
Cost of goods for resale and materials sold	(113)	(2,356)	(4,951)
Gross profit/(loss)	80,513	55,458	175,007
Selling costs	-	-	-
General and administrative expenses	(14,776)	(14,390)	(29,486)
Other operating income	3,845	2,627	7,978
Other operating expenses	(999)	(796)	(2,379)
Share in profit of undertakings consolidated with equity method	-	-	-
Costs of restructuring	-	-	-
Operating profit/(loss)	68,583	42,899	151,120
Finance income	35,118	35,560	56,542
Dividends	-	43,228	43,228
Finance expenses	(43,793)	(31,437)	(56,372)
Valuation of interests in joint ventures	-	-	-
Other gains/(losses) on investments	(50)	17	17
Pre-tax profit/(loss)	59,858	90,267	194,535
Corporate income tax	(9,101)	(9,009)	(29,148)
Net profit/(loss) from continuing operations	50,757	81,258	165,387
<i>Discontinued operations</i>	-	-	-
Net loss on discontinued operations	-	-	-
Net profit/(loss)	50,757	81,258	165,387

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NET EARNINGS (LOSS) PER ORDINARY SHARE (PLN)

Item	IFRS	IFRS	IFRS
	Jan 1–Jun 30 2011 (PLN per share)	Jan 1–Jun 30 2010 (PLN per share)	Jan 1–Dec 31 2010 (PLN per share)
Net profit/(loss) from continuing operations	50,757	81,258	165,387
Net profit/(loss) from continuing and discontinued operations	50,757	81,258	165,387
Weighted average number of ordinary shares ('000)	14,295	14,295	14,295
Diluted weighted average number of ordinary shares ('000)	14,295	14,295	14,295
<i>from continuing operations</i>			
– basic	3.55	5.68	11.57
– diluted	3.55	5.68	11.57
<i>from continuing and discontinued operations</i>			
– basic	3.55	5.68	11.57
– diluted	3.55	5.68	11.57

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Item	IFRS	IFRS	IFRS
	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Jun 30 2010
Net profit/(loss)	50,757	81,258	165,387
Other comprehensive income			
Remeasurement of property, plant and equipment	-	-	-
Available-for-sale financial assets:			
- income/(loss) disclosed under other comprehensive income in period	-	-	-
- amounts transferred to profit or loss	-	-	-
Cash-flow hedges:			
- income/(loss) disclosed under other comprehensive income in period	1,495	4,366	4,805
- amounts transferred to profit or loss	176	(65)	(4,889)
- amounts included in the initial value of hedged items	-	-	-
Foreign currency differences on translation of foreign operations	-	-	-
Foreign currency differences transferred to profit or loss – sale of foreign operations	-	-	-
Share in other comprehensive income of undertakings consolidated with equity method	-	-	-
Income tax on items of other comprehensive income	(318)	(783)	18
Other comprehensive income after tax	1,353	3,518	(76)
Comprehensive income	52,110	84,776	165,311

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SEPARATE STATEMENT OF CHANGES IN EQUITY

For period Jan 1 - Jun 30 2011	Share capital	Treasury shares (-)	Share premium account	Capital on valuation of cash- flow hedges	Other capitals	Retained earnings	Total
Balance as at Jan 1 2011	14,295	-	733,348	65	276,512	165,387	1,189,607
Changes in accounting policies	-	-	-	-	-	-	-
Correction of fundamental errors	-	-	-	-	-	-	-
Balance after changes	14,295	-	733,348	65	276,512	165,387	1,189,607
Changes in equity in period Jan 1- Jun 30 2011							
Issue of shares	-	-	-	-	-	-	-
Valuation of options (share-based payment scheme)	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(20,013)	(20,013)
Allocation of profit/(loss) to equity	-	-	-	-	140,375	(145,375)	(5,000)
Total transactions with owners of the Parent	-	-	-	-	140,375	(165,387)	(25,013)
Net profit for period Jan 1 – Jun 30 2011	-	-	-	-	-	50,757	50,757
Other comprehensive income after tax for Jan 1 - Jun 30 2011	-	-	-	1,353	-	-	1,353
Total comprehensive income	-	-	-	1,353	-	50,757	52,110
Transfer to retained earnings (sale of remeasured property, plant and equipment)	-	-	-	-	-	-	-
Balance as at Jun 30 2011	14,295	-	733,348	1,418	416,887	50,757	1,216,705

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SEPARATE STATEMENT OF CHANGES IN EQUITY

For period Jan 1 - Jun 30 2011	Share capital	Treasury shares (-)	Share premium account	Capital on valuation of cash- flow hedges	Other capitals	Retained earnings	Total
Balance as at Jan 1 2010	14,295	-	733,348	141	203,247	98,279	1,049,309
Changes in accounting policies	-	-	-	-	-	-	-
Correction of fundamental errors	-	-	-	-	-	-	-
Balance after changes	14,295	-	733,348	141	203,247	98,279	1,049,309
Changes in equity in period Jan 1- Jun 30 2010							
Issue of shares	-	-	-	-	-	-	-
Valuation of options (share-based payment scheme)	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(20,013)	(20,013)
Allocation of profit/(loss) to equity	-	-	-	-	73,266	(78,266)	(5,000)
Total transactions with owners of the Parent	-	-	-	-	73,266	(98,279)	(25,013)
Net profit for period Jan 1 – Jun 30 2010	-	-	-	-	-	81,258	81,258
Other comprehensive income after tax for Jan 1–Jun 30 2010	-	-	-	3,518	-	-	3,518
Total comprehensive income	-	-	-	3,518	-	81,258	84,776
Transfer to retained earnings (sale of remeasured property, plant and equipment)	-	-	-	-	-	-	-
Balance as at Jun 30 2010	14,295	-	733,348	3,659	276,513	81,258	1,109,073

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For period Jan 1 - Dec 31 2010	Share capital	Treasury shares (-)	Share premium account	Capital on valuation of cash- flow hedges	Other capitals	Retained earnings	Total
Balance as at Jan 1 2010	14,295	-	733,348	141	203,246	98,279	1,049,309
Changes in accounting policies	-	-	-	-	-	-	-
Correction of fundamental errors	-	-	-	-	-	-	-
Balance after changes	14,295	-	733,348	141	203,246	98,279	1,049,309
Changes in equity in period Jan 1 - Dec 31 2010							
Issue of shares	-	-	-	-	-	-	-
Valuation of options (share-based payment scheme)	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(20,013)	(20,013)
Allocation of profit/(loss) to equity	-	-	-	-	73,266	(78,266)	(5,000)
Total transactions with owners of the Parent	-	-	-	-	73,266	(98,279)	(25,013)
Net profit for period Jan 1–Dec 31 2010	-	-	-	-	-	165,387	165,387
Other comprehensive income after tax for Jan 1–Dec 31 2010	-	-	-	(76)	-	-	(76)
Total comprehensive income	-	-	-	(76)	-	165,387	165,311
Transfer to retained earnings (sale of remeasured property, plant and equipment)	-	-	-	-	-	-	-
Balance as at Dec 31 2010	14,295	-	733,348	65	276,512	165,387	1,189,607

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SEPARATE STATEMENT OF CASH FLOWS

Item	IFRS Jan 1–Jun 30 2011	IFRS Jan 1–Jun 30 2010	IFRS Jan 1–Dec 31 2010
<i>Cash flows from operating activities</i>			
Net profit before income tax	59,858	90,267	194,535
Adjustments:			
Depreciation and impairment losses on property, plant and equipment	5,818	5,241	11,461
Amortisation and impairment losses on intangible assets	2,010	2,160	4,459
Change in fair value of investment property	-	-	58
Change in fair value of financial assets (liabilities) measured through profit or loss	(7,770)	5,861	(4,098)
Cash flow hedges transferred from equity	(295)	(65)	(4,899)
Impairment losses on financial assets	-	-	-
(Gains) losses on disposal of non-financial non-current assets	34	16	(527)
(Gains) losses on disposal of financial assets (other than derivative instruments)	50	(14)	-
Foreign exchange gains/(losses)	5,041	(5,598)	-
Interest costs	37,106	23,014	56,330
Interest income	(26,207)	(24,749)	(48,201)
Dividend received	-	(43,228)	(43,228)
Share in profit/(loss) of associated undertakings	-	-	-
Other adjustments	166	-	(5,271)
Total adjustments:	15,953	(37,362)	(33,916)
Change in inventories	304	231	12,453
Change in receivables	255,695	105,243	(201,377)
Change in liabilities	(206,415)	(127,294)	229,762
Change in provisions and accruals and deferrals	278	1,358	(18,975)
Effect of construction contracts	(71,970)	19,961	59,896
Changes in working capital	(22,108)	(501)	81,759
Gains/(losses) on settlement of derivative instruments	644	17,120	24,084
Interest paid on operating activities	-	-	-
Income tax paid	(31,093)	(22,485)	(29,040)
Net cash provided by/(used in) operating activities	23,254	47,039	237,422
<i>Cash flows from investing activities</i>			
Acquisition of intangible assets	(796)	(1,083)	(957)
Disposal of intangible assets	3,038	-	-
Acquisition of property, plant and equipment	(9,256)	(48,631)	(68,326)
Disposal of property, plant and equipment	631	714	1,139
Acquisition of investment property	-	(39,900)	(39,911)
Disposal of investment property	-	-	-
Acquisition of subsidiary undertakings, net	(121,760)	(109,369)	(137,783)
Disposal of subsidiary undertakings, net	3,975	1,071	1,071
Repayment of loans advanced	105,540	177,911	313,114
Loans advanced	(169,489)	(158,092)	(388,771)
Acquisition of other financial assets	(107,500)	(75,720)	(339,743)
Disposal of other financial assets	213,548	29,400	190,900
Government subsidies received	-	-	-

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SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)

Interest received	7,780	6,594	14,097
Other inflows	-	706	-
Other investment expenses	(11,000)	-	-
Dividend received	-	43,228	43,228
Net cash provided by/(used in) investing activities	(85,289)	(173,171)	(411,942)
<i>Cash flows from financing activities</i>			
Net proceeds from issue of shares	-	-	-
Acquisition of treasury shares	-	-	-
Proceeds from issue of debt securities	-	-	450,000
Redemption of debt securities	-	-	(125,000)
Interest paid on debt securities	(29,224)	(18,069)	(39,677)
Increase in loans and borrowings	46,991	35,778	9,220
Repayment of loans and borrowings	(80,441)	(44,209)	(95,745)
Repayment of finance lease liabilities	(1,092)	(331)	(1,156)
Interest paid	(2,398)	(4,945)	(10,421)
Interest received on bank deposits	4,775	6,386	11,947
Other inflows/outflows	-	-	-
Dividend paid	-	(20,013)	(20,013)
Net cash provided by/(used in) financing activities	(61,389)	(45,403)	179,155
Net change in cash and cash equivalents	(123,425)	(171,535)	4,635
Cash and cash equivalents at beginning of period	533,959	529,324	529,324
Effect of foreign exchange gains/(losses)	-	-	-
Cash and cash equivalents at end of period	410,534	357,789	533,959

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SUPPLEMENTARY INFORMATION AND NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

PBG S.A. („PBG”, „ the Company”) is the Parent Undertaking of the PBG Group. The Company was incorporated on January 2nd 2004, by virtue of Notary's Deed of December 1st 2003. The Company operates in all parts of Poland pursuant to the provisions of the Commercial Companies Code. PGB S.A. is entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for Poznań – Nowe Miasto and Wilda, VII Commercial Division of the National Court Register, under KRS No. 0000184508. The Company's Industry Identification Number (REGON) is 63104897. PBG shares are listed on the Warsaw Stock Exchange.

The Company's registered office is located at ul. Skórzewska 35 in Wysogotowo near Poznań, 62-081 Przeźmierowo. PBG's registered office is also its principal place of business. On October 1st 2009, a PBG representative office was registered in Ukraine. Its purpose is to conduct research in the Ukrainian market and establish contacts with companies operating in the construction industry and related sectors.

The core business of PBG is:

- engineering activities and related technical consultancy (according to the Polish Classification of Activities – PKD 71.12 Z).

For a more detailed description of the Company's core business, see Note 6 on operating segments.

These interim condensed financial statements were approved for publication by the Company's Management Board on August 25th 2011.

The duration of the Company is unlimited.

2. BASIS FOR THE PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS FOR THE PREPARATION AND ACCOUNTING POLICIES

These interim condensed financial statements of the Company cover the period of six months ended June 30th 2011 and have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

In order to present a more comprehensive picture of the financial position and assets of the Company, these financial statements also comprise details on comparative periods, including the separate statement of financial position as at June 30th 2010, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for 2010, although this is not required under IAS 34.

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Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
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These interim condensed separate financial statements do not contain all the information disclosed in annual financial statements prepared in accordance with the IFRS. These interim condensed separate financial statements should be read in conjunction with the Company's financial statements for 2010.

The reporting currency of these interim condensed separate financial statements is the Polish złoty, and all amounts are expressed in thousands of Polish złoty (unless indicated otherwise).

These interim condensed separate financial statements have been prepared on the assumption that PBG would continue as a going concern in the foreseeable future. As at the date of approval of these condensed separate financial statements for publication, no facts or circumstances exist that would indicate any threat to the Company's continuing as going concern.

These interim condensed separate financial statements have been prepared in accordance with the accounting policies presented in the last financial statements of PBG for the year ended December 31st 2010, save for the changes in the Company's accounting policies, effective since January 1st 2011 and concerning the measurement of financial assets at fair value through profit or loss, measurement of investments in jointly controlled entities, and disclosure of construction contracts classified in accordance with IAS 31 as "joint undertakings", as well as amendments to the IFRS under the *Annual Improvements Project 2010*.

The current version of the relevant section of PBG's accounting policies:

Financial assets measured at fair value through profit or loss include assets which are classified as held for trading or which were designated on initial recognition as ones to be measured at fair value with fair value changes in profit or loss because they met the criteria defined in IAS 39. A financial asset belongs to this category if it was acquired primarily to be sold within a short period of time or if it was designated by the Company upon initial recognition to recognise the assets at fair value through profit or loss. A financial asset or liability may be designated on initial recognition as at fair value through profit or loss only if such designation:

- eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or
- applies to a group of financial instruments which, in accordance with a documented risk management policy or investment strategy, is managed and evaluated on a fair value basis.

This category includes all derivatives disclosed in the statement of financial position as separate item "other financial assets", except hedging derivatives, which are measured in accordance with the requirements of hedge accounting, mainly investment certificates in investment funds. Instruments in this category are measured at fair value, and any effects of revaluation are recognised in the income statement. Gains and losses on revaluation of financial assets are defined as the change in fair value as determined on the basis of prices prevailing on an active market as at the balance-sheet date or – if there is no active market – on the basis of valuation techniques.

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Investments in jointly-controlled undertakings

The Company holds shares in undertakings which under IAS 31 are classified as shares in joint ventures. The standard provides detailed rules for recognising shares in joint ventures, as well as reporting assets, liabilities, revenues and costs of joint ventures in financial statements.

Par. 3 of IAS 31 defines a joint venture as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the division of control over a business defined in the agreement, occurring only if the strategic financial and operating decisions related to the business require a unanimous approval of the controlling parties (shareholders). Investments in jointly-controlled undertaking are recognised at cost, in line with IFRS 7.

If the Company performs an agreement for construction services which pursuant to IAS 31 it classifies as a "joint venture" then, in accordance with paragraph 7 of IAS 31, there are three types of joint ventures, depending on their form and structure:

- **Jointly controlled operations**

This is the most frequent type of consortium. Its duration is precisely defined and not too long. An association of companies offers to jointly perform a project with a clear division of duties among the consortium members, which perform such duties on their own account. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own liabilities and raises its own finance, which represent its own obligations. The leader chosen from among the consortium members has the powers to sign the contract on behalf of the consortium, and is also in charge of the economic settlements with the principal, including issue of invoices. A simple joint venture arrangement regulates the manner of distribution of the revenue from sales of joint products and of all the jointly incurred expenses among the consortium members. The consortium partners issue invoices to the consortium leader and this way ultimately participate in the profits generated by the joint venture.

The separate financial statements of the individual consortium members account for the assets, liabilities, revenue and expenses in such proportion as corresponds with the agreed division of duties. The consortium members may prepare management accounts in order to assess the performance of the joint venture.

- **Jointly controlled assets**

This is another form of a joint venture, which involves the joint control by the venturers of the assets contributed to, or acquired for the purpose of, the joint venture, and dedicated to the purposes of the joint venture. The assets are used to obtain benefits for the venturers. Each venturer participates in the project performance by taking a share of the output from the assets and bearing an agreed share of the expenses incurred.

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- Jointly controlled entity

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other economic entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

In the case of a number of consortium agreements, the consortium members decide not to establish a new entity but only to appoint one of them (a leader) to represent them in relations with third parties. In such a case, even though no separate new entity is established, the economic substance of the role performed by the leader is tantamount to is serving as such a separate entity.

A jointly controlled entity controls the assets of the joint venture, incurs liabilities and expenses and earns income. It may enter into contracts in its own name and raise finance for the purpose of the joint venture activity. Each venturer is entitled to a share of the profits of the jointly controlled entity, although some jointly controlled entities also involve a sharing of the output of the joint venture.

A jointly controlled entity maintains its own accounting records and prepares and presents financial statements in the same way as other entities in conformity with International Financial Reporting Standards.

As at June 30th 2011, the Company performs contracts which it classifies in accordance with IAS 31 as:

- Jointly controlled operations;

Consortium Agreement between PBG SA (Consortium Leader), Tecnimont SpA, Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ", Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu A.S. (Consortium Partners), and Polskie Górnictwo Naftowe i Gazownictwo SA, for general construction on investment project "Construction of the Surface Installations of the Wierzchowice Underground Gas Storage Facility, phase: 3.5bn nm3, sub-phase: 1.2bn nm3". The fee under the agreement is PLN 1,089,000 thousand.

Consortium agreement between PBG SA (Consortium Leader), Technip KTI SpA and Thermo Desing Engineering Ltd, for the execution of project "LMG Project – Central Facility, well areas and other infrastructure". The value of the contract is PLN 1,397,000 thousand.

- Jointly controlled entity:

Consortium agreement signed by Alpine Bau GMBH (Consortium Leader), PBG, Aprivia S.A, and Hydrobudowa Polska S.A., for the execution of project "Construction of the Kaczkowo – Korzeńsko section of the S5 Poznań (A-2 – Głuchowo interchange) – Wrocław (A-8 – Widawa interchange) expressway, the Ring Road of Bojanowo and Rawicz". The revenue from the contract is estimated at PLN 777,240 thousand.

- Jointly controlled assets

Consortium agreement between Saipem SpA, Techint Sp, Snamprogetti Canada INC, PBG SA, PBG Export Sp. z o.o. for the execution of project "Delivery of the working design, construction and

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commissioning of the Liquefied Natural Gas Regasification Terminal in Świnoujście". The value of the contract is PLN 2,209,143 thousand.

Annual Improvements 2010 amended IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 28, IAS 31, IAS 34, and IFRIC 13. The amendments which had an effect on these interim condensed separate financial statements were mainly those made to IAS 34 *Interim Financial Reporting*.

The amendments made to IAS 34 concern two aspects. First, the Board streamlined the structure of the standard by dividing the additional information disclosed in interim financial statements into:

- information on significant events and transactions, disclosed based on their significance - the list of such events and transactions is contained in IAS 34.15B and is not exhaustive,
- other information specified in IAS 34.16A.

Second, the list of information on significant events and transactions came to include disclosure concerning financial instruments.

In these interim condensed separate financial statements, the Company complied with the amendments to IAS 34, in particular those concerning disclosures of financial instruments (see Section 11).

2.2. UNCERTAINTY OF ESTIMATES

The preparation of these interim condensed separate financial statements requires the Company's Management Board to exercise judgement in making numerous estimates and assumptions which have an effect on the accounting policies applied and the amounts of assets, liabilities, income and expenditure reported. Actual results may differ from the Management Board's estimates.

Information on estimates and assumptions which have a significant effect on these separate financial statements is disclosed in the separate financial statements for 2010. Moreover, in these condensed interim separate financial statements the Company presented the effect of assumptions made by the Management Board on the estimated amount of revenue under construction contracts (see Section 24) and provisions (see Section 17).

2.3. CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES

Below are presented corrections made in these condensed separate financial statements, connected with the above-discussed accounting policy and having an effect on the financial data for comparative periods. The corrections have an effect on the statement of financial position as at December 31st 2010 as well as on the income statement for January 1st - December 31st 2010. The corrections have no effect on the data for H1 2010.

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STATEMENT OF FINANCIAL POSITION - ASSETS	Dec 31 2010		
	Before	Corrections	After
Non-current assets			
Goodwill	1,606	-	1,606
Intangible assets	30,665	-	30,665
Property, plant and equipment	176,825	-	176,825
Non-regenerative natural resources	-	-	-
Investment property	58,504	-	58,504
Investments in subsidiary undertakings	455,589	-	455,589
Investments in associated undertakings	64,375	-	64,375
Investments in joint ventures measured at fair value	748	(736)	12
Receivables	10,350	-	10,350
Loans advanced	86,058	-	86,058
Financial derivatives	171	-	171
Other non-current financial assets	110,504	-	110,502
Non-current accruals and deferrals	485	-	485
Deferred tax assets	3,875	-	3,875
Non-current assets	999,753	(736)	999,017
Current assets			
Inventories	4,844	-	4,844
Receivables under construction contracts	86,810	-	86,810
Trade and other receivables	572,949	90	573,039
Current income tax receivable	-	-	-
Loans	507,715	-	507,715
Financial derivatives	187	-	187
Other current financial assets	122,516	-	122,516
Current accruals and deferrals	31,851	270	32,121
Cash and cash equivalents	441,600	92,359	533,959
Non-current assets classified as held for sale	-	-	-
Current assets	1,768,472	92,719	1,861,191
Total assets	2,768,225	91,983	2,860,208

STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES	Dec 31 2010		
	Before	Corrections	After
Equity			
Share capital	14,295	-	14,295
Treasury shares (-)	-	-	-
Share premium account	733,348	-	733,348
Valuation of hedging transactions	65	-	65
Other equity	276,512	-	276,512
Retained earnings:	165,387	-	165,387
- retained earnings/(deficit)	-	-	-
- net profit/(loss)	165,387	-	165,387
	-	-	-
Equity	1,189,607	-	1,189,607
Liabilities			
Non-current liabilities			
Loans, borrowings and other debt instruments	873,688	-	873,688
Finance lease	525	-	525
Financial derivatives	412	-	412

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
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Other liabilities	22,607	-	22,607
Deferred tax liabilities	-	-	-
Provisions for liabilities under employee benefits	322	-	322
Government subsidies	7,185	-	7,185
Other non-current provisions	-	-	-
Non-current accruals and deferrals	6,467	-	6,467
Non-current liabilities	911,206	-	911,206
Current liabilities			
Loans, borrowings and other debt instruments	62,814	-	62,814
Finance lease	1,303	-	1,303
Financial derivatives	41	-	41
Trade and other liabilities	544,961	84,319	629,280
Liabilities under construction contracts	31,233	7,664	38,897
Current income tax payable	19,401	-	19,401
Liabilities and provisions under employee benefits	5,552	-	5,552
Other current provisions	1,117	-	1,117
Government subsidies	-	-	-
Current accruals and deferrals	990	-	990
Liabilities associated with non-current assets held for sale	-	-	-
Current liabilities	667,412	91,983	759,395
Total liabilities	1,578,618	91,983	1,670,601
Total equity and liabilities	2,768,225	91,983	2,860,208

INCOME STATEMENT	Jan 1–Dec 31 2010		
	Before	Corrections	After
Continuing operations			
Sales revenue	909,954	8,276	918,230
Revenue from sales of products	11,126	-	11,126
Revenue from sales of services	893,877	8,276	902,153
Revenue from sales of goods for resale and materials	4,951	-	4,951
Cost of sales	(735,076)	(8,147)	(743,223)
Cost of products sold	(10,133)	-	(10,133)
Cost of services sold	(719,992)	(8,147)	(728,139)
Cost of goods for resale and materials sold	(4,951)	-	(4,951)
Gross profit/(loss)	174,878	129	175,007
Selling costs	-	-	-
General and administrative expenses	(29,486)	-	(29,486)
Other operating income	7,978	-	7,978
Other operating expenses	(2,379)	-	(2,379)
Profit/(loss) on disposal of subsidiary undertakings (+/-)	-	-	-
Operating profit/(loss)	150,991	129	151,120
Finance income	99,252	518	99,770
Finance expenses	(56,372)	-	(56,372)
Valuation of interests in joint ventures	647	(647)	-
Other gains/(losses) on investments	17	-	17
Pre-tax profit/(loss)	194,535	-	194,535
Corporate income tax	(29,148)	-	(29,148)
Net profit/(loss) from continuing operations	165,387	-	165,387

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
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3. MATERIAL EVENTS AND TRANSACTIONS

Information on material events and transactions in the period covered by these interim condensed separate financial statements is presented in the interim consolidated financial statements for H1 2011.

4. SEASONALITY OF OPERATIONS

The Company's operations are not subject to material seasonal fluctuations. However, due to the nature of the Company's operations (construction and assembly services), the performance of works may be affected by weather conditions. Low temperatures hinder earthworks and assembly operations, which may significantly affect sales revenue.

PBG's strategy is aimed at securing high-value contracts. Such contracts help eliminate seasonal changes in sales revenue, also ensuring more balanced stream of revenue throughout the financial year.

5. EARNINGS PER SHARE

Earnings per share are computed as the quotient of net profit attributable to the Company's shareholders to the weighted average number of shares outstanding in the given period. The table below presents the calculation of earnings per share:

Item	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
Number of shares used as the denominator in the formula			
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
Dilutive effect of convertible options	-	-	-
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
Continuing operations			
Net profit/(loss) from continuing operations	50,757	81,258	165,387
Basic earnings/(loss) per share (PLN)	3.55	5.68	11.57
Diluted earnings/(loss) per share (PLN)	3.55	5.68	11.57
Discontinued operations			
Net profit/(loss) from discontinued operations	-	-	-
Basic earnings/(loss) per share (PLN)	-	-	-
Diluted earnings/(loss) per share (PLN)	-	-	-
Continuing and discontinued operations			
Net profit/(loss)	50,757	81,258	165,387
Basic earnings/(loss) per share (PLN)	3.55	5.68	11.57
Diluted earnings/(loss) per share (PLN)	3.55	5.68	11.57

6. OPERATING SEGMENTS

In distinguishing operating segments, the Management Board is guided by the product lines, representing the main services and products offered by the Company. Each of the segments is managed separately within each product or service line, given the nature of the Group's services and products, requiring different technologies, resources and execution approaches.

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The Company divides its operations into the following operating segments:

- **natural gas, crude oil and fuels**
- **water,**
- **fuel,**
- **residential and industrial construction**
- **other.**

The following areas are identified within individual segments:

In the natural gas, crude oil and fuels segment:

- surface installations for crude oil and natural gas production
- installations for liquefying natural gas and for LNG storage and regasification
- LPG, C5+ separation and storage facilities
- LNG storage and evaporation facilities
- underground gas storage facilities
- desulphurisation units
- surface infrastructure of underground gas storage facilities
- crude oil tanks
- transmission systems for natural gas and crude oil, including pressure reduction and metering stations and metering and billing stations, mixing plants, distribution nodes, compressor stations, etc.
- fuel terminals

In the water segment:

- technological and sanitary installations for water supply and sewage systems, including: water pipelines, sewage systems, water mains and trunk sewers, water intakes, waste water treatment
- hydraulic engineering structures, such as: water dams, storage reservoirs, flood levees, modernisation of water supply and sewage systems

In the residential and industrial construction segment:

- general construction
- industrial infrastructure
- construction of stadiums
- construction of waste incineration plants

In the roads segment:

- road construction

PBG also distinguishes an additional segment called "Other", under which it recognises revenue from sales of goods for resale and materials, as well as other services which are not allocated to any of the four main segments.

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Results of the operating segments are based on the internal reports regularly reviewed the PBG Management Board. The Management Board analyses the operating segments' results at the operating profit (loss) level.

The Company presents sales revenue, costs and result (gross margin) by segments. Balance-sheet assets and equity and liabilities are not presented by business segments given the fact that some of the non-current assets are used in production operations that are classified in various segments, inventory of materials cannot be allocated to the particular segments, and it is impossible to make a segmental allocation of trade payables and revenue/income and costs of other operating activity and financial activity.

In the first six months of 2011, the Company's accounting policies did not change with regard to the division of operations into operating segments or the rules governing the valuation of segments' revenue, results and assets, as presented in the last annual consolidated financial statements of the Company.

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Operating segments' revenue, results and assets:

Item	Natural gas, crude oil and fuels	Water	Residential and industrial construction	Roads	Other	Total
for period Jan 1–Jun 30 2011						
External sales	382,675	47,267	48,892	6,089	1,983	486,906
Inter-segment sales	-	-	-	-	-	-
Total costs and expenses	316,010	37,421	45,620	5,805	1,537	406,393
Operating result	66,665	9,846	3,272	284	446	80,513
Segment assets	-	-	-	-	-	-
January 1st – June 30th 2010						
External sales	206,835	21,578	43,572	21,940	-	293,925
Inter-segment sales	-	-	-	-	-	-
Total costs and expenses	169,448	12,543	40,232	16,244	-	238,467
Operating result	37,387	9,035	3,340	5,696	-	55,458
Segment assets	-	-	-	-	-	-
January 1st – December 31st 2010						
External sales	710,192	73,082	98,458	24,045	12,453	918,230
Inter-segment sales	-	-	-	-	-	-
Total costs and expenses	562,031	62,399	88,951	19,551	10,291	743,223
Operating result	148,161	10,683	9,507	4,494	2,162	175,007
Segment assets	-	-	-	-	-	-

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The table below presents reconciliation of the segments' performance with the Company's operating result presented in the income statement:

Item	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
Segments' operating results	80,513	55,458	175,007
Adjustments:			
Other revenue not allocated to segments	3,845	2,627	7,978
Other expenses not allocated to segments (-)	(15,775)	(15,186)	(31,865)
Exclusion of the result on inter-segment transactions	-	-	-
Total adjustments	(11,930)	(12,559)	(23,887)
Operating profit/(loss)	68,583	42,899	151,120
Finance income	35,118	78,805	99,787
Finance expense (-)	(43,843)	(31,437)	(56,372)
Share in profit of undertakings consolidated with equity method (+/-)	-	-	-
Pre-tax profit/(loss)	59,858	90,267	194,535

7. GOODWILL

The table below presents changes in goodwill:

Item	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
Gross amount			
Balance at beginning of period	1,606	1,606	1,606
Business combinations	-	-	-
Disposal of subsidiary undertakings (-)	-	-	-
Net currency-translation differences on foreign operations	-	-	-
Other adjustments	-	-	-
Gross amount at end of period	1,606	1,606	1,606
Impairment losses			
Balance at beginning of period	-	-	-
Impairment losses recognised as cost in period	-	-	-
Net currency-translation differences on foreign operations	-	-	-
Other changes	-	-	-
Impairment losses at end of period	-	-	-
Goodwill – carrying amount at end of period	1,606	1,606	1,606

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8. INTANGIBLE ASSETS

The table below presents acquisitions and disposals as well as impairment losses on intangible assets:

Item	Trade marks	Patents and licences	Computer software	Development expense	Other intangible assets	Intangible assets under construction	Total
for period Jan 1–Jun 30 2011							
Net carrying amount as at Jan 1 2011		19,999	3,292	-	6,918	456	30,665
Increases (acquisition, production, lease)		429	111	-	-	1,617	2,157
Decreases (disposal, liquidation) (-)		(3,268)	(2)	-	-	-	(3,270)
Remeasurement to fair value (+/-)		-	-	-	-	-	-
Amortisation (-)		(1,558)	(408)	-	(44)	-	(2,010)
Impairment losses (-)		-	-	-	-	-	-
Reversal of impairment losses		-	-	-	-	-	-
Other changes		670	-	-	(667)	-	3
Net carrying amount as at Jun 30 2011		16,272	2,993	-	6,207	2,073	27,545
January 1st – June 30th 2010							
Net carrying amount as at Jan 1 2010		21,918	3,518	-	285	2,348	28,069
Increases (acquisition, production, lease)		397	107	-	7,369	579	8,452
Decreases (disposal, liquidation) (-)		-	-	-	-	-	-
Remeasurement to fair value (+/-)		-	-	-	-	-	-
Amortisation (-)		(1,386)	(489)	-	(285)	-	(2,160)
Impairment losses (-)		-	-	-	-	-	-
Reversal of impairment losses		-	-	-	-	-	-
Other changes		-	-	-	-	(7)	(7)
Net carrying amount as at Jun 30 2010		20,929	3,136	-	7,369	2,920	34,354

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

for period Jan 1–Dec 31 2010							
Net carrying amount as at Jan 1 2010		21,918	3,518	-	285	2,348	28,069
Increases (acquisition, production, lease)		187	1,671	-	7,369	1,024	10,251
Decreases (disposal, liquidation) (-)		(281)	-	-	-	(2,644)	(2,925)
Remeasurement to fair value (+/-)		-	-	-	-	-	-
Amortisation (-)		(1825)	(1,897)	-	(736)	-	(4,458)
Impairment losses (-)		-	-	-	-	-	-
Reversal of impairment losses		-	-	-	-	-	-
Other changes		-	-	-	-	(272)	(272.)
Net carrying amount as at Dec 31 2010		19,999	3,292	-	6,918	456	30,665

The most important intangible asset owned by PBG is a licence covering design, technical and engineering concepts for fitments/fittings systems, and particularly for underground liquid fuel storage tanks, along with relevant patents, know-how and documents confirming practical applications. The carrying value of the asset as at June 30th 2011 was PLN 9,031 thousand. The remaining amortisation period is seven years and six months.

In addition, PBG owns tangible and intangible assets forming an organised part of business, with a value of PLN 7,500 thousand. The organised part of business includes tangible assets (plant and equipment) forming a permanently installed process line, intangible assets (production technology), and human resources related solely to the trenchless sewerage rehabilitation method. Upon the acquisition of the organised part of business, know-how was recognised under other intangible assets, with a carrying amount of PLN 6,658 thousand as at June 30th 2011.

Intangible assets with indefinite useful lives are not used by the Company.

As at the balance-sheet date, no indication of impairment was identified with respect to intangible assets, hence no impairment losses were recognised.

As at the date of these interim condensed financial statements, the intangible assets owned by PBG were not pledged as collateral to secure any liabilities.

Company name:	PBG S.A.		
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Rounding:	All figures in PLN '000 (unless stated otherwise)		

9. PROPERTY, PLANT AND EQUIPMENT

The table below presents acquisitions and disposals as well as impairment losses on property, plant and equipment:

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other	Property, plant and equipment under construction	Total
for period Jan 1–Jun 30 2011							
Net carrying amount as at Jan 1 2011	6,455	68,832	22,618	29,358	13,185	36,377	176,825
Increases (acquisition, production, lease)	-	12,576	1,363	607	861	15,668	31,075
Decreases (disposal, liquidation) (-)	-	-	(662)	(176)	(53)	-	(891)
Remeasurement to fair value (+/-)	-	-	-	-	-	-	-
Depreciation (-)	-	(1,084)	(2,515)	(1,865)	(354)	-	(5,818)
Impairment losses (-)	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-
Decrease attributable to reclassification to another asset category (-)	-	-	(3)	-	-	(12,775)	(12,778)
Net carrying amount as at Jun 30 2011	6,455	80,324	20,801	27,924	13,639	39,270	188,413
for period Jan 1–Jun 30 2010							
Net carrying amount as at Jan 1 2010	6,391	74,930	25,835	10,455	12,333	1,252	131,196
Increases (acquisition, production, lease)	-	6	1,858	21,215	1,118	24,595	48,526
Decreases (disposal, liquidation) (-)	-	-	(135)	(556)	(32)	-	(723)
Remeasurement to fair value (+/-)	-	-	-	-	-	-	-
Depreciation (-)	-	(1,106)	(2,721)	(1,023)	(391)	-	(5,241)
Impairment losses (-)	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-
Net carrying amount as at Jun 30 2010	6,391	73,830	24,837	30,091	13,028	25,847	174,024

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for period Jan 1–Dec 31 2010							
Net carrying amount as at Jan 1 2010	6,391	74,930	25,835	10,455	12,333	1,252	131,196
Increases (acquisition, production, lease)	33	34	2,396	22,557	1,687	55,460	82,167
Increase attributable to reclassification to another asset category (+)	31	-	-	-	-	-	31
Decreases (disposal, liquidation) (-)	-	(412)	(154)	(605)	(58)	-	(1,229)
Remeasurement to fair value (+/-)	-	-	-	-	-	-	-
Depreciation (-)	-	(2,176)	(5,459)	(3,049)	(777)	-	(11,461)
Impairment losses (-)	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-
Decrease attributable to reclassification to another asset category (-)	-	(3,544)	-	-	-	(20,335)	(23,879)
Net carrying amount as at Dec 31 2010	6,455	68,832	22,618	29,358	13,185	36,377	176,825

In H1 2011, the Company recorded a 10% increase in the value of property, plant and equipment on December 2010, connected with the construction of a new office building and modernisation of an existing office building.

As at the balance-sheet date, no indication of impairment was identified with respect to property, plant and equipment, hence no impairment losses were recognised.

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

PROPERTY, PLANT AND EQUIPMENT WITH RESTRICTED OWNERSHIP TITLE OR USED AS COLLATERAL FOR LIABILITIES

Liability / restricted title	Type of security	Collateral	Carrying amount		
			as at Jun 30 2011	as at June 30 2010	As at Dec 31 2010
Credit facility from Pekao S.A.	Registered pledge	vehicles	2,484	3,644	2,831
Credit facility from Pekao S.A.	registered pledge	plant and equipment	3,839	4,152	4,205
Credit facility from ING Bank Slaski S.A.	mortgage	buildings and structures	54,324	51,767	51,089
Carrying amount of property, plant and equipment with restricted ownership title or used as collateral for liabilities			60,647	59,563	58,125

As at the balance-sheet date, no indication of impairment was identified with respect to property, plant and equipment, hence no impairment losses were recognised.

Compensation received in H1 2011 from third parties on account of impairment losses or loss of property, plant and equipment was PLN 186 thousand (H1 2010: PLN 151 thousand) and was recognised in the income statement under "Other operating income".

OFF-BALANCE SHEET TANGIBLE ASSETS

Item	As at 30.06.2011	As at Jun 30 2010	As at Dec 31 2010
Tangible assets used under rental or similar agreement, including lease agreement, including:	1,279	1,797	1,434
- value of land under perpetual usufruct	-	-	-
- finance lease agreements	1,279	1,797	1,434
Off-balance sheet tangible assets, total	1,279	1,797	1,434

PBG uses 45 vehicles under operating leases executed with Carefleet S.A., recognised under off-balance-sheet items.

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Name of subsidiary undertaking	Percentage share in share capital	Percentage share in total vote	Consolidation method	Value of shares at acquisition cost
Aprivia S.A.	100.00%	100.00%	full	71,999
PBG Avatia Sp. z o.o. (formerly Avatia SP. z o.o.)	99.90%	99.90%	full	54
Brokam Sp. z o.o.	100.00%	100.00%	full	12,565
Excan Oil and Gas Engineering Ltd.	100.00%	100.00%	full	782
Gas Oil Engineering a.s.	62.45%	62.45%	full	7,490
Hydrobudowa Polska S.A.	63.05%	63.05%	full	196,584
KWG S.A.	100.00%	100.00%	full	1,734
Metorex Sp. z o.o.	99.56%	99.56%	full	2,717
PBG Dom Sp. z o.o.	100.00%	100.00%	full	55,023
PBG Energia Sp z o.o. (formerly PBG Export Sp. z o.o.)	99.95%	99.95%	full	999
Wschodni Invest Sp. z o.o.	100.00%	100.00%	full	41,616
PBG Technologia Sp. z o.o.	100.00%	100.00%	full	24,190
PBG Ukraina Publiczna Spółka Akcyjna	100.00%	100.00%	full	759
Strateg Capital Sp. z o.o.	80.00%	80.00%	full	202
AQUA S.A.	81.69%	81.69%	full	22,779
Bathinex Sp. z o.o.	100.00%	100.00%	full	6,012
PBG Bułgaria Sp. z o.o.	100.00%	100.00%	full	76
HBP Drogi Sp. z o.o.	100.00%	100.00%	full	5
Energomontaż Południe S.A.	64.84%	64.84%	full	181,278
PBG Invest I Sarl	100.00%	100.00%	full	231
PBG Operator Sp. z o.o.	100.00%	100.00%	full	5
prepayment for acquisition of financial assets				21,000
Total				648,103

The cost of shares in the separate financial statement is understood as the purchase cost paid to the seller with additional acquisition costs. At the consolidated level, the Parent Undertaking removes the incurred costs from acquisition cost to establish positive or negative goodwill.

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

Changes in financial assets

Establishment of PBG Invest 1 Sarl

On January 31st 2011, PBG Invest 1 Sarl was established in Luxembourg. PBG holds 100% of shares in the company.

Increased shareholding in ENERGOMONTAŻ-POŁUDNIE SA

On June 21st 2011, PBG acquired 29,098,518 ordinary bearer shares in Energomontaż-Południe SA, for PLN 119,303,923.80. As at the tender offer date, i.e. April 8th 2011, PBG held 17,743,002 shares in Energomontaż-Południe S.A., conferring the right to 17,743,002 votes, or 25.00% of the total vote, at the company's General Shareholders Meeting. Upon the closing of the tender offer, PBG was notified that following a pro rata reduction of orders in the tender offer, Energomontaż-Południe S.A. will hold own shares, and as a consequence, together with PBG will hold over 66% of the share capital. Consequently, PBG decided to sell, on June 20th 2011, in a private transaction executed outside of the regulated market, 820,000 shares in Energomontaż-Południe S.A., representing 1.155% of its share capital.

As a consequence, following the transactions PBG holds 46,021,520 shares, representing 64.84% of the share capital and total vote at Energomontaż-Południe SA.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Comparison of the carrying amount of financial assets and liabilities with their fair value (all financial assets and liabilities, regardless of whether they are disclosed at amortised cost or fair value in the separate financial statements):

Class of financial instrument	Jun 30 2011		Jun 30 2010		Dec 31 2010	
	Fair value	Carrying value	Fair value	Carrying amount	Fair value	Carrying amount
Assets:						
Loans advanced	662,156	662,156	559,743	559,743	593,773	593,773
Trade and other receivables	327,316	327,316	271,407	271,407	583,389	583,389
Derivative financial instruments	4,450	4,450	38,780	38,780	358	358
Debt securities	79,993	79,993	5,141	5,141	77,059	77,059
Shares of listed companies	-	-	-	-	-	-
Shares of non-listed companies *	29,942	29,942	34,583	34,583	33,445	33,445
Investment fund units	452	452	-	-	106,902	106,902
Other classes of other financial assets	14,651	14,651	16,857	16,857	15,614	15,614
Cash and cash equivalents	410,534	410,534	357,789	357,789	533,959	533,959
Liabilities:						
Bank loans	48,562	48,562	106,786	106,786	90,380	90,380
Overdraft facilities	18,207	18,207	70,891	70,891	9,217	9,217
Borrowings	-	-	-	-	-	-
Debt securities	841,871	841,871	507,147	507,147	836,904	836,904
Finance lease	1,402	1,402	2,460	2,460	1,828	1,828
Financial derivatives	245	245	9,018	9,018	453	453
Trade and other liabilities	467,978	467,978	291,147	291,147	651,887	651,887

*Excluding shares recognised at acquisition cost.

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

The method used to determine the fair value of financial instruments is presented in the most recent annual consolidated financial statements of the Company.

PBG did not make any reclassifications of financial assets which would lead to a change of the measurement method for such assets, requiring such assets to be measured at fair value, at cost, or at amortised cost.

12. IMPAIRMENT LOSSES ON ASSETS

In the period covered by these interim condensed separate financial statements, the Company recognised impairment losses on inventories and other financial assets.

In the period covered by these financial statements, the Company reversed an impairment loss on receivables in the amount of PLN 19 thousand.

Item	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
Impairment losses at beginning of period	279	305	305
Impairment losses recognised as cost in period	-	-	-
Reversed impairment losses recognised as revenue in reporting period (-)	(19)	(25)	(8)
Used impairment losses (-)	-	-	(18)
Other changes (net currency translation differences)	-	-	-
Impairment losses at end of period	260	280	279

13. SHARE CAPITAL

In H1 2011, the share capital of PBG did not change. As at June 30th 2011, it amounted to PLN 14,295,000.00 and was divided into 14,295,000 shares with a par value of PLN 1.00 per share.

Details of the issues of the Parent Undertaking's shares are presented in the tables below:

Share capital as at the balance-sheet date:

Item	Jun 30 2011	Jun 30 2010	Dec 31 2010
Number of shares	14,295	14,295	14,295
Par value per share (PLN)	1	1	1
Share capital	14,295	14,295	14,295

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

CHANGES IN THE COMPANY'S SHAREHOLDER STRUCTURE IN THE REPORTING PERIOD

Changes in the Company's shareholder structure in the reporting period are in the interim consolidated financial statements for H1 2011.

14. DIVIDENDS

On June 28th 2011, by virtue of Resolution No. 6, the General Shareholders Meeting approved payment of dividend for 2010 in the amount of PLN 20,013,000.00, i.e. PLN 1.40 per share. The list of shareholders entitled to receive dividend for financial year 2010 will be determined by September 20th 2011, and the dividend payment date was set to October 6th 2011.

The Company has not paid any interim dividend from 2011 profits.

In the comparative periods, the dividend for 2009 was recognised at PLN 20,013,000.00, i.e. PLN 1.40 per share.

15. ISSUE AND REDEMPTION OF DEBT SECURITIES

In the first six months of 2011, PBG did not issue or redeem any debt securities.

16. EVENTS OF DEFAULT ON CREDIT FACILITIES OR LOANS

In the first half of 2011, and in the comparative periods, the Company did not default on any of its credit facility or loan agreements.

17. PROVISIONS

Provisions recognised in the interim separate financial statements and their changes in the comparative periods are presented below:

Item	Provision for retirement severance payments	Provision for unused holidays	Provision for warranties/guarantees	Provision for losses on construction contracts	Total
<i>for the period Jan 1–Jun 30 2011</i>					
Provisions as at Jan 1 2011	322	242	8,302	-	8,866
Increase in provisions recognised as cost in the period (newly-recognised provisions)	-	-	1,459	-	1,459
Increase in provisions due to revaluation of estimates	22	868	-	-	890
Release of provisions recognised as income in the period (-)	-	-	(585)	-	(585)
Use of provisions (-)	(2)	-	(1,050)	-	(1,052)
Decrease in provisions due to revaluation of estimates	-	-	-	-	-
Other changes in provisions	-	-	-	-	-
Provisions as at Jun 30 2011, including:	342	1,110	8,126	-	9,578
- non-current provisions	342	-	7,310	-	7,652

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

- current provisions	-	1,110	816	-	1,926
<i>for the period Jan 1–Jun 30 2010</i>					
Provisions as at Jan 1 2010	271	186	6,716	3,000	10,173,
Increase in provisions recognised as cost in the period (newly-recognised provisions)	-	-	1,015	-	1,015
Increase in provisions due to revaluation of estimates	-	738	-	-	738
Release of provisions recognised as income in the period (-)	(9)	-	(206)	-	(215)
Use of provisions (-)	-	-	(133)	(3,000)	(3,133)
Decrease in provisions due to revaluation of estimates	-	-	-	-	-
Other changes in provisions	-	-	-	-	-
Provisions as at Jun 30 2010, including:	262	924	7,392	-	8,578
- non-current provisions	262	-	6,282	-	6,544
- current provisions	-	924	1,110	-	2,034
<i>for the period Jan 1–Dec 31 2010</i>					
Provisions as at Jan 1 2010	271	186	6,716	3,000,	10,173,
Increase in provisions recognised as cost in the period (newly-recognised provisions)	-	-	3,105	-	3,105
Increase in provisions due to revaluation of estimates	63	738	-	-	801
Release of provisions recognised as income in the period (-)	-	-	(1,171)	-	(1,171)
Use of provisions (-)	(4)	-	(348)	(3,000)	(3,352)
Decrease in provisions due to revaluation of estimates	(8)	(682)	-	-	(690)
Other changes in provisions	-	-	-	-	-
Provisions as at Dec 31 2010, including:	322	242	8,302	-	8,866
- non-current provisions	322	-	7,185	-	7,507
- current provisions	-	242	1,117	-	1,359

18. CONTINGENT LIABILITIES

Contingent liabilities as at the end of individual periods (including liabilities to related parties) were as follows:

Item	Jun 30 2011	Jun 30 2010	Dec 31 2010
To non-consolidated related undertakings:			
Collateral for liabilities	305	16,201	305
Loan and borrowing repayment surety	-	1,300	-

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

Warranties issued	-	-	-
Warranties issued for construction contracts	-	-	16,282
Total non-consolidated related undertakings	305	17,501	16,587
To other undertakings:			
Loan and borrowing repayment surety	614,639	295,581	271,554
Collateral for liabilities	58,085	59,066	34,353
Warranties for existing and future lease agreements	6,899	13,955	10,053
Warranties issued for construction contracts	667,420	509,275	476,115
Credit and guarantee limit surety	225,236	183,960	167,059
Surety for limit for derivative transactions	8,651	22,941	5,467
Performance bonds	326,966	253,649	331,148
Guarantees of removal of defects and faults	20,677	20,307	22,629
Bid-bond guarantees	6,520	42,460	17,230
Trade liability repayment guarantee	18,922	11,336	18,922
Advance payment bonds	157,170	83,914	205,585
Other contingent liabilities	-	-	-
Total other related undertakings:	2,111,185	1,496,445	1,560,115
Total contingent liabilities	2,111,490	1,513,946	1,576,702

19. DISCONTINUED OPERATIONS

Not applicable.

20. RELATED-PARTY TRANSACTIONS

Transactions with related parties are executed on an arm's-length basis, with the nature and terms of those transactions determined by day-to-day operations.

Related-party transactions disclosed in the interim condensed financial statements are presented below.

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

RELATED-PARTY TRANSACTIONS IN THE PERIOD JANUARY 1ST – JUNE 30TH 2011

Related undertaking	Receivables	Liabilities	Financial assets	Borrowings	Inventories	Financial liabilities (securities)	Sales revenue	Purchases	Finance income	Finance expenses
CONSOLIDATED UNDERTAKINGS										
PBG Technologia Sp. z o.o.	1834	6130	1032	-	-	-	1587	-	32	
PBG Energia Sp z o.o. (formerly PBG Export Sp. z o.o.)	150	3114		-	-	-	189	1513	-	
Invest Wschodni Sp. z o.o.	-	-	38405	-	-	-	-	-	1036	
Aprivia S.A.	14,345	1,654	4,326	-	-	-	562	1	245	
PBG Avatia Sp. z o.o. (formerly Avatia SP. z o.o.)	2,337	718	-	-	-	-	1,204	1,785	-	
Brokam Sp. z o.o.	2	-	654	-	-	-	2	6,892	26	
Excan Oil and Gas Engineering Ltd.	-	505	-	-	-	-	-	1,577	-	
Gas & Oil Engineering a.s.	1,667	1,719	-	-	-	-	-	7,450	-	
Hydrobudowa Polska S.A.	8,379	27,637	-	-	-	-	33,496	27,893	186	
PBG Dom Sp. z o.o.	161	56	296,058	-	-	-	228	182	7,662	
KWG S.A.	61	-	18,190	-	-	-	103	-1	962	
PBG Ukraina Publiczna Spółka Akcyjna	1,014	-	-	-	-	-	-	-	-	
PBG Operator Sp. z o.o.	3	-	-	-	-	-	1	-	-	
HBP DROGI Sp. z o.o.	2	-	-	-	-	-	1	-	-	
Strateg Capital Sp. z o.o.	5,979	-	128,713	-	-	-	7,306	-	4,862	
Bathinex Sp. z o.o.	781	-	36,680	-	-	-	138	-	1,550	
PBG Invest SARL	-	-	114	-	-	-	-	-	1	
AQUA S.A.	1	732	-	-	-	-	10	-	-	
Metorex Sp. z o.o.	577	-	5,400	-	-	-	373	-	100	
Total	37,293	42,265	529,572	-	-	-	45,200	,47,292	16,662	
NON-CONSOLIDATED PERSONALLY-RELATED UNDERTAKINGS										
Total	25,202	1,148	-	-	-	-	1,195	1,863	-	-

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

RELATED-PARTY TRANSACTIONS IN THE PERIOD JANUARY 1ST – JUNE 30TH 2010

Related undertaking	Receivables	Liabilities	Financial assets	Borrowings	Inventories	Financial liabilities (securities)	Sales revenue	Purchases	Finance income	Finance expenses
CONSOLIDATED UNDERTAKINGS										
PBG Technologia Sp. z o.o.	335	10,910	-				1,183	13,611	-	-
PBG Export Sp. z o.o.	3	5,522	1,008				43	4,519	8	-
Invest Wschodni Sp. z o.o.	-	-	40,990				-	-	3,766	31
Aprivia S.A.	20,232	5,326	4,950				16,660	9,973	153	-
Avatia Sp. z o.o.	58	916	-				84	1,748,00	-	-
Brokam Sp. z o.o.	1	-	602				2	-	25	-
Excan Oil and Gas Engineering Ltd.	-	239	-				1	525	-	-
Gas & Oil Engineering a.s.	1,667	387	-				-	2,280	-	-
Hydrobudowa Polska S.A.	41,581	11,492	-				16,704	9,248	-	82
Infra S.A.	-	-	-				450	3	1,096	-
PBG Dom Sp. z o.o.	35	18	84,135				62	19	3,448	-
KWG S.A.	13	-	47,931				18	-	1,449	-
Metorex Sp. z o.o.	4	-	-				5	-	-	-
Total	63,929	34,810	179,616				35,212	41,926	9,945	113
NON-CONSOLIDATED PERSONALLY-RELATED UNDERTAKINGS										
Total	23,217	16,344	83,397	-	-	-	15,955	3,295	2,021	-

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

RELATED-PARTY TRANSACTIONS IN THE PERIOD JANUARY 1ST – DECEMBER 31ST 2010

Related undertaking	Receivables	Liabilities	Financial assets	Borrowings	Inventories	Financial liabilities (securities)	Sales revenue	Purchases	Finance income	Finance expenses
CONSOLIDATED UNDERTAKINGS										
PBG Technologia Sp. z o.o.	1,396	14,647	-	1,000			4,177	39,660	-	117
PBG Export Sp. z o.o.	-	2,768	-	-			81	6,046	18	-
Invest Wschodni Sp. z o.o.	-	-	-	90,367			-	-	3,958	-
Aprivia S.A.	14,597	3,386	-	4,650			17,586	23,027	295	-
Avatia Sp. z o.o.	2,091	756	-	-			1,870	3,261	-	-
Brokam Sp. z o.o.	1	-	-	628			4	-	52	-
Excan Oil and Gas Engineering Ltd.	-	1,337	-	-			4	2,880	-	99
Gas & Oil Engineering a.s.	1,668	4,647	-	-			1	4,730	-	-
Hydrobudowa Polska S.A.	52,033	21,711	-	-			47,034	38,523	100	1,044
Infra S.A.	-	-	-	-			450	3	1,096	-
PBG Dom Sp. z o.o.	229	55	14,651	216,968			783	74	6,870	-
KWG S.A.	181	-	-	45,916			266	3	2,893	-
PBG Ukraina Publiczna Spółka Akcyjna	261	-	-	-			-	-	-	-
PBG Operator Sp. z o.o.	1	-	-	-			1	-	-	-
HBP Drogi Sp. z o.o.	1	-	-	-			1	-	-	-
Strateg Capital Sp. z o.o.	4,100	-	77,059	34,524			3,089	-	2,291	-
Bathinex Sp. z o.o.	614	-	-	31,480			103	-	483	-
Metorex Sp. z o.o.	119	-	-	-			109	-	-	-
Total	77,292	49,307	91,710	425,533			75,559	118,207	18,056	1,260
NON-CONSOLIDATED PERSONALLY-RELATED UNDERTAKINGS										
Total	48,081	17,233	-	51,373	-	-	49,151	73,228	-	-

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

21. REMUNERATION PAID TO MANAGEMENT BOARD MEMBERS

REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS FOR HOLDING OFFICES IN THE PARENT UNDERTAKING IN THE PERIOD JANUARY 1ST – JUNE 30TH 2011

Item	Base remuneration	Other benefits	Total
Remuneration paid to Management Board members			
Jerzy Wiśniewski	900	-	900
Tomasz Woroch	210	-	210
Przemysław Szkudlarczyk	210	-	210
Tomasz Tomczak	210	-	210
Mariusz Łożyński	180	-	180
Total	1,710	-	1,710
Remuneration paid to Supervisory Board members			
Maciej Bednarkiewicz	60	-	60
Małgorzata Wiśniewska	48	15	63
Dariusz Sarnowski	30	-	30
Adam Strzelecki	18	-	18
Marcin Wierzbicki	18	-	18
Total	174	15	189

REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS FOR HOLDING OFFICES IN THE PARENT UNDERTAKING IN THE PERIOD JANUARY 1ST – JUNE 30TH 2010

Item	Base remuneration	Other benefits	Total
Remuneration paid to Management Board members			
Jerzy Wiśniewski	600	-	600
Tomasz Woroch	210	-	210
Przemysław Szkudlarczyk	150	-	150
Tomasz Tomczak	150	-	150
Mariusz Łożyński	150	-	150
Total	1,260	-	1,260
Remuneration paid to Supervisory Board members			
Maciej Bednarkiewicz	60	-	60
Jacek Kseń	32	-	32
Wiesław Lindner	20	-	20
Dariusz Sarnowski	22	-	22
Adam Strzelecki	18	-	18
Małgorzata Wiśniewska	16	-	16
Marcin Wierzbicki	6	-	6
Total	174	-	174

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS FOR HOLDING OFFICES IN THE PARENT UNDERTAKING IN THE PERIOD JANUARY 1ST – DECEMBER 31ST 2010

Item	Base remuneration	Other benefits	Total
Remuneration paid to Management Board members			
Wiśniewski Jerzy	2,550	-	2,550
Woroch Tomasz	420	-	420
Szkudlarczyk Przemysław	320	-	320
Tomczak Tomasz	320	-	320
Łożyński Mariusz	310	-	310
Total	3,920	-	3,920
Remuneration paid to Supervisory Board members			
Bednarkiewicz Maciej	120	-	120
Kseń Jacek	32	-	32
Lindner Wiesław	20	-	20
Sarnowski Dariusz	52	-	52
Strzelecki Adam	36	-	36
Wierzbicki Marcin	24	-	-
Wiśniewska Małgorzata	64	14	-
Total	348	14	362

AVERAGE HEADCOUNT

Item	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010	for the period Jan 1–Dec 31 2010
White-collar employees	390	365	384
Blue-collar employees	67	70	70
Total	457	435	454

STAFF TURNOVER

Item	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010	for the period Jan 1–Dec 31 2010
Number of persons employed	46	21	81
Number of persons dismissed	75	(15)	(39)
Total	121	6	42

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

22. EVENTS SUBSEQUENT TO THE BALANCE-SHEET DATE

After June 30th 2011 the following events occurred which did not require disclosure in the condensed separate financial statements for H1 2011:

Pledge over of HYDROBUDOWA POLSKA S.A. shares

The pledge was established over 25,446,429 ordinary bearer shares in HYDROBUDOWA POLSKA S.A. in book-entry form, with a par value of PLN 1 per share, held by PBG.

The shares were pledged for the benefit of Polski Bank Przedsiębiorczości S.A. to secure a PLN 38,000,000 loan advanced by the Bank to PBG under a loan agreement of January 24th 2011. As a security for the loan, PBG established a registered pledge over the shares up the maximum security amount of PLN 57,000,000.00. The financial pledge over the shares is effective over the security period but in any case expires on January 24th 2015 at the latest. The book value of the pledged shares is PLN 37,685,142.67. The share pledge agreement is subject to disclosure as the value of the pledged shares is higher than the PLN equivalent of EUR 1,000,000.

Pledge over of AQUA S.A. shares

On July 7th 2011, a share pledge agreement was executed with Polski Bank Przedsiębiorczości S.A. whereby a financial pledge and a registered pledge were established over 710,770 ordinary bearer shares in AQUA S.A. in book-entry form, with a par value of PLN 1.00 per share, held by PBG.

The shares were pledged for the benefit of Polski Bank Przedsiębiorczości S.A. to secure a PLN 22,744,640 loan advanced by the Bank to PBG under a loan agreement of January 24th 2015. As a security for the loan, PBG established a registered pledge over the shares up the maximum security amount of PLN 34,116,960.00. The financial pledge over the shares is effective over the security period but in any case expires on January 24th 2015 at the latest. The book value of the pledged shares is PLN 22,778,787.82. The share pledge agreement is subject to disclosure as the value of the pledged shares is higher than the PLN equivalent of EUR 1,000,000.

Company name:	PBG S.A.		
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Rounding:	All figures in PLN '000 (unless stated otherwise)		

23. NOTES TO SELECTED ITEMS OF THE INCOME STATEMENT

OTHER OPERATING INCOME

Item	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010	for the period Jan 1–Dec 31 2010
Gain on disposal of non-financial non-current assets	-	-	526
Reversals of impairment losses on receivables	1	2	3
Reversals of impairment losses on inventories	-	-	-
Release of unused provisions	585	-	1,171
Fines and damages received	903	151	1,907
Subsidies	408	440	884
Lease revenue	1,585	1,385	2,706
Other	363	649	781
Total other operating income	3,845	2,627	7,978

OTHER OPERATING EXPENSES

Item	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010	for the period Jan 1–Dec 31 2010
Loss on disposal of non-financial non-current assets	34	9	-
Fair value measurement of investment property	-	-	58
Impairment losses on property, plant and equipment and intangible assets	-	-	-
Fines and damages paid	146	153	782
Donations granted	434	345	602
Other expenses	385	289	937
Total other operating expenses	999	796	2,379

FINANCE INCOME

Item	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010	for the period Jan 1–Dec 31 2010
Interest income related to financial instruments not measured at fair value through profit or loss:			
Cash and cash equivalents (deposits)	4,560	5,591	11,048
Loans and receivables	18,713	18,159	35,730
Debt securities held to maturity	2,934	204	1,422
Interest income related to financial instruments not measured at fair value through profit or loss	26,207	23,954	48,200
Gains on valuation and settlement of financial instruments measured at fair value through profit or loss:			
Derivatives held for trading	3,063	-	353
Derivative hedging instruments	788	-	38,
Shares of listed companies	-	-	-
Debt securities	-	-	-

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
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Investment fund units	4,974	-	4,353
Gains on valuation and settlement of financial instruments measured at fair value through profit or loss	8,825	-	4,744
<i>Foreign exchange gains/(losses) (+/-):</i>			
Cash and cash equivalents	-	8,303	4,636
Loans and receivables	-	3,213	(2,601)
Financial liabilities measured at amortised cost	-	-	518
<i>Foreign exchange gains/(losses) (+/-)</i>	-	11,516	2,553
Gains on available-for-sale assets transferred from equity	-	-	-
Dividends from available-for-sale financial assets	-	43,228	43,228
Reversals of impairment losses on loans	-	-	-
Reversals of impairment losses on held to maturity investments	-	-	-
Interest on financial assets covered by impairment loss	-	-	-
Discount (long-term settlements)	-	84	555
Commission on sureties issued	-	-	485
Other finance income	86	6	5
Total finance income	35,118	78,788	99,770

FINANCE EXPENSES

Item	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010	for the period Jan 1–Dec 31 2010
Interest expense related to financial instruments not measured at fair value through profit or loss:			
Financed lease liabilities	38	276	193
Bank loans	2,839	5,499	10,719
Overdraft facilities	-	-	-
Borrowings	-	82	82
Debt securities	34,190	18,775	45,139
Trade and other liabilities	39	-	197
Interest expense related to financial instruments not measured at fair value through profit or loss	37,106	24,632	56,330
<i>Losses on valuation and settlement of financial instruments measured at fair value through profit or loss:</i>			
Derivatives held for trading	-	5,388	-
Derivative hedging instruments	-	2,532	-
Shares of listed companies	-	-	-
Debt securities	-	-	-
Investment fund units	-	(1,132)	-
Losses on valuation and settlement of financial instruments measured at fair value through profit or loss	-	6,788	-

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

Foreign exchange gains/(losses) (-/+):			
Cash and cash equivalents	(663)	-	-
Loans and receivables	6,471	-	-
Financial liabilities measured at amortised cost	-	-	-
Foreign exchange gains/(losses) (-/+)	5,808	-	-
Losses on available-for-sale assets transferred from equity	-	-	-
Impairment losses on loans	-	-	-
Impairment losses on held-to-maturity investments	-	-	-
Impairment losses on available-for-sale financial assets	-	-	-
Discount (long-term settlements)	879	-	-
Commission on sureties issued	-	-	20
Other finance expenses	-	17	21
Total finance expenses	43,793	31,437	56,371

24. OTHER MATERIAL CHANGES TO ASSETS, LIABILITIES, REVENUES AND COSTS.

The Company performs long-term construction contracts, the measurement of which as at the balance-sheet date is based on the following estimates by the Management Board of the expected financial performance under the contracts:

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Revenue as initially agreed in the contracts	2,929,842	3,533,482	3,220,075
Change	473,655	296,665	223,855
Total contract revenue	3,403,497	3,830,147	3,443,930
Expenses incurred by the balance-sheet date	1,502,616	1,124,611	1,165,859
Costs to complete contract	1,366,217	2,208,278	1,739,278
Estimated total contract costs	2,868,833	3,332,889	2,905,137
Estimated profit	534,664	497,258	538,793
Stage of completion as at the balance-sheet date	52,38%	33,74%	40,13%
Prepayments received as at the balance-sheet date	66,725	65,091	115,862
Prepayments that can be set off with receivables under construction contracts	33,561	2,497	29,969
Retentions total	27,051	6,591	30,779
Costs incurred by the balance-sheet date related to the contract performance	1,502,616	1,124,611	1,165,859
Profit or loss recognised by the balance-sheet date	346,967	188,891	267,439
Revenue estimated as at the balance-sheet date	1,849,583	1,313,502	1,433,298
Amounts invoiced by the balance-sheet date	1,696,138	1,225,635	1,355,416
Receivables under the contract as at the balance-sheet date	168,080	150,183	116,779

Company name:	PBG S.A.		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
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Receivables under the contract payable to the consortium as at the balance-sheet date	-	2,478	-
Receivables under the contract payable to the consortium as a whole as at the balance sheet date, reduced by prepayments that can be set off	134,519	150,164	86,810
Payables under the contract as at the balance-sheet date	14,635	62,316	38,897

Due to binding confidentiality agreements, the PBG Management Board disclosed the information required by IAS 11 (construction contracts) at aggregate amounts, without itemising the individual contracts.

LOANS CONTRACTED BY PBG S.A.

The loans contracted by PBG S.A. companies bear interest at variable interest rates. The interest rate used most often is based on 1M WIBOR plus margin. In the period from June 30th 2010 to June 30th 2011 the loans bore interest at rates ranging from **4.89% to 6.62%**, with interest payable on a monthly basis. As at the balance-sheet date, the base interest rates applicable to the loan agreements concluded by the Company were as follows:

Reference rate	Jun 30 2011	Jun 30 2010	Dec 31 2010
1M WIBOR	4.62	3.64	3.66
3M WIBOR	4.69	3.87	3.95
6M WIBOR	4.75	4.00	4.16
Promissory note rediscount	3.75	3.75	3.75

As at June 30th 2011, the total value of overdraft facilities available under the outstanding agreements increased to PLN 165,000 thousand. Of that amount PLN 28,208 thousand was drawn as at June 30th 2011, and PLN 70,891 thousand was as at [June 30th 2010](#).

Within the available limits, overdraft facilities are renewed for annual periods.

In order to enhance the diversification of financing sources, in November 2007 an agency and dealer agreement was executed with ING Bank Śląski S.A. for arrangement and execution of a bond issue programme for PBG and Hydrobudowa Polska S.A. Under the annex of September 27th 2010, the amount of the programme was increased to PLN 1,000,000 thousand and the agreement's term was extended until December 31st 2015. Under this programme, on October 22nd 2010, PBG issued the second tranche of bonds (Series D) with a value of PLN 450m, maturing on October 22nd 2013, and redeemed series B bonds with a value of PLN 69m. The debt under bond issue currently amounts to PLN 825m.

The bonds bear interest at a variable rate based on the 6M WIBOR rate.

Liabilities under the outstanding bonds are secured with sureties under civil law, up to the issue total value, granted by Hydrobudowa Polska S.A., Hydrobudowa 9 S.A. and PBG Technologia Sp. z o.o.

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Rounding:	All figures in PLN '000 (unless stated otherwise)		

EFFECT OF FOREIGN EXCHANGE AND INTEREST RATE HEDGES ON THE RESULTS OF PBG

In the 2011 financial year, PBG hedged financial assets and future currency exposures with hedging transactions involving forward contracts. The hedging transactions were concluded as part of the implemented hedging policy, in order to hedge future cash flows under cost of sales and future fair value of financial assets. The transactions covered contracts with suppliers (mainly denominated in EUR and USD).

In H1 2011, the result on derivatives (**both hedging and trading**), as recognised in the separate income statement as at June 30th 2011, was PLN 3,090 thousand, including:

- PLN 295 thousand reduced cost of sales,
- PLN 2,795 thousand was recognised under finance income.

The Company hedges a portion of its EUR-denominated cash flows (attributable to cost of sales) by holding open currency positions for 2011 in the amount of EUR 14,160 thousand. The relevant transactions were concluded at the weighted average forward exchange rate of PLN 3.94/EUR 1. As at June 30th 2011, the carrying amount of open hedge positions for EUR-denominated cash flows was PLN 920 thousand.

PBG hedges its USD-denominated cash flows (cost of sales) with open positions on the currency market, in an amount of USD 187 thousand for 2011. The relevant transactions were concluded at the weighted average forward exchange rate of PLN 3.03/USD 1. As at June 30th 2011, the carrying amount of open hedge positions for USD-denominated cash flows was negative at PLN -45 thousand.

As at June 30th 2011, the fair value **of hedging instruments** was positive at PLN 2,440 thousand, of which PLN 875 thousand related to the fair value of cash flow hedges, and PLN 1,565 thousand related to hedges on financial assets.

As at June 30th 2011, the fair value **of trading instruments** was positive at PLN 1,763 thousand.

The fair value of open hedge position varies in response to changing market conditions. Accordingly, the final result on those transactions may differ significantly from the valuation presented above.

24. OTHER INFORMATION – KEY ITEMS TRANSLATED INTO THE EURO

In the periods covered by the financial statements and the comparative financial information, average and mid-exchange rates quoted by the National Bank of Poland were used to translate the złoty into the euro, and in particular:

- net revenue from sales of products, goods and materials, operating profit, pre-tax profit, net profit, as well as net cash provided by/(used in) operating activities, net cash provided by/(used in) investing activities, net cash provided by/(used in) financing activities and total net cash flows for H1 2011 were calculated using the average EUR exchange rate based on the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland for the last day of the individual months, i.e. PLN 3.9673;

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Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All figures in PLN '000 (unless stated otherwise)		

- net revenue from sales of products, goods and materials, operating profit, pre-tax profit, net profit, as well as net cash provided by/(used in) operating activities, net cash provided by/(used in) investing activities, net cash provided by/(used in) financing activities and total net cash flows for H1 2010 were calculated using the average EUR exchange rate based on the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland for the last day of the individual months, i.e. PLN 4.0042;

- net revenue from sales of products, goods for resale and materials, operating profit, pre-tax profit, net profit, as well as net cash provided by/(used in) operating activities, net cash provided by/(used in) investing activities, net cash provided by/(used in) financing activities and net change in cash and cash equivalents for 2010 were calculated using the average EUR exchange rate based on the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland for the last day of the individual months, i.e. PLN 4.0044;

- total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at June 30th 2011 were calculated using the EUR mid-exchange rate effective for that date (June 30th 2011), i.e. PLN 3.9866;

- total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at June 30th 2010 were calculated using the EUR mid-exchange rate effective for that date (June 30th 2010), i.e. PLN 4.1458;

- total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at December 31st 2010 were calculated using the EUR mid-exchange rate effective for that date (December 31st 2010), i.e. PLN 3.9603.

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Rounding:	All figures in PLN '000 (unless stated otherwise)		

Item	Jun 30 2011	Jun 30 2010	Dec 31 2010
Exchange rate effective for the last day of the period	3.9866	4.1458	3.9603
Average exchange rate for the period, calculated based on the arithmetic mean of exchange rates effective for the last day of each individual month in a given period	3.9673	4.0042	4.0044
The highest exchange rate in the period	4.0800 – Mar 17 2011	4.1770 – May 7 2010	4.1770 – May 7 2010
The lowest exchange rate in the period	3.8403 – Jan 12 2011	3.8356 – Apr 6 2010	3.8356 – Apr 6 2010

Key items of the separate statement of financial position, the income statement, and the cash flow statement, translated into the euro:

Item	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
	PLN '000			EUR '000		
Income statement						
Sales revenue	486,906	293,925	918,230	122,730	73,404	229,305
Operating profit/(loss)	68,583	42,899	151,120	17,287	10,714	37,738
Pre-tax profit/(loss)	59,858	90,267	194,535	15,088	22,543	48,580
Net profit/(loss)	50,757	81,258	165,387	12,794	20,293	41,301
Net profit/(loss)	50,757	81,258	165,387	12,794	20,293	41,301
Earnings per share (PLN; EUR)	3.55	5.68	11.57	1	1	3
Diluted earnings per share (PLN; EUR)	3.55	5.68	11.57	1	1	3
PLN/EUR average exchange rate in period	X	X	X	3.9673	4.0042	4.0044
Cash flow statement						
Net cash provided by/(used in) operating activities	23,254	47,039	237,422	5,861	11,747	59,290
Net cash provided by/(used in) investing activities	(85,289)	(173,171)	(411,942)	(21,498)	(43,247)	(102,872)
Net cash provided by/(used in) financing activities	(61,389)	(45,403)	179,155	(15,474)	(11,339)	44,740
Net change in cash and cash equivalents	(123,425)	(171,535)	4,635	(31,110)	(42,839)	1,157
PLN/EUR average exchange rate in period	X	X	X	3.9673	4.0042	4.0044
Statement of financial position						
Assets	2,633,350	2,188,788	2,860,208	660,550	527,953	722,220
Non-current liabilities	879,963	477,205	911,206	220,730	115,106	230,085
Current liabilities	536,682	602,510	759,395	134,621	145,330	191,752
Equity	1,216,705	1,109,073	1,189,607	305,199	267,517	300,383
PLN / EUR exchange rate as at end of period	X	X	X	3.9866	4.1458	3.9603

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Rounding:	All figures in PLN '000 (unless stated otherwise)		

25. APPROVAL FOR PUBLICATION

These condensed separate financial statements for the six months ended June 30th 2011 (and comparative data) were approved for publication by the Company's Management Board on August 25th 2011.

Signatures of all Management Board members

Date	Name	Position	Signature
Aug 25 2011	Jerzy Wiśniewski	President of the Management Board	
Aug 25 2011	Tomasz Woroch	Vice-President of the Management Board	
Aug 25 2011	Przemysław Szkudlarczyk	Vice-President of the Management Board	
Aug 25 2011	Tomasz Tomczak	Vice-President of the Management Board	
Aug 25 2011	Mariusz Łożyński	Vice-President of the Management Board	

Signature of the person responsible for the preparation of the interim condensed separate financial statements

Date	Name	Position	Signature
Aug 25 2011	Małgorzata Jankowska	Chief Accountant	