

**PBG S.A.**

**FINANCIAL STATEMENT  
FOR THE PERIOD FROM 1 JANUARY 2008 TO 31 DECEMBER 2008**

WYSOGOTOWO, 27 APRIL 2009

<i>Company:</i>	<i>PBG Spółka Akcyjna</i>		
<i>Reporting period:</i>	<i>01.01-31.12.2008</i>	<i>Reporting currency:</i>	<i>Polish zloty (PLN)</i>
<i>Approximation:</i>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

## TABLE OF CONTENTS

1. GENERAL INFORMATION
  - 1.1. INFORMATION ABOUT THE COMPANY AND ITS FINANCIAL STATEMENT
    - 1.1.1. SUBSIDIARIES AS AT THE DATE OF PREPARATION OF THIS FINANCIAL STATEMENT
    - 1.1.2. MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF PBG SA
    - 1.1.3. OTHER INFORMATION CONCERNING THE FINANCIAL STATEMENT
2. INFORMATION ABOUT THE BASIS OF THE FINANCIAL STATEMENT, REPORTING CURRENCY, AND APPROXIMATION OF AMOUNTS
  - 2.1. BASIS OF THE FINANCIAL STATEMENT
  - 2.2. DECLARATION OF THE MANAGEMENT BOARD
  - 2.3. EFFECTS OF NEW STANDARDS AND INTERPRETATIONS ON THE COMPANY'S STATEMENT
    - 2.3.1. APPLYING STANDARDS AND INTERPRETATIONS, BEFORE THEIR EFFECTIVE DATE
    - 2.3.2. EFFECTS OF NEW STANDARDS AND INTERPRETATIONS ON THE COMPANY'S STATEMENT
  - 2.4. REPORTING CURRENCY AND APPROXIMATION OF AMOUNTS
  - 2.5. GOING CONCERN ASSUMPTION
  - 2.6. AVERAGE EXCHANGE RATES OF PLN AGAINST EUR
3. ACCOUNTING PRINCIPLES
  - 3.1. GENERAL PRINCIPLES
    - 3.1.1. REALITY OVER APPEARANCE PRINCIPLE
  - 3.2. SPECIFIC PRINCIPLES OF MEASUREMENT OF ASSETS AND LIABILITIES ADOPTED BY THE COMPANY
    - 3.2.1. INTANGIBLE ASSETS
    - 3.2.2. TANGIBLE FIXED ASSETS
    - 3.2.3. LEASES
    - 3.2.4. INVESTMENT PROPERTY
    - 3.2.5. FIXED (NON-CURRENT) ASSETS AND NET ASSET GROUPS HELD FOR SALE
    - 3.2.6. INVENTORIES
    - 3.2.7. EXTERNAL FINANCING COSTS
    - 3.2.8. GRANTS
    - 3.2.9. TRADE RECEIVABLES
    - 3.2.10. PREPAID EXPENSES
    - 3.2.11. PREPAID INCOMES
    - 3.2.12. FINANCIAL INSTRUMENTS
    - 3.2.13. EQUITY
    - 3.2.14. BANK CREDITS/LOANS
    - 3.2.15. LIABILITIES
    - 3.2.16. CONTINGENT LIABILITIES
    - 3.2.17. PROVISIONS
    - 3.2.18. JOINT VENTURES
    - 3.2.19. COSTS
    - 3.2.20. FOREIGN CURRENCY TRANSACTIONS
    - 3.2.21. COSTS OF EMPLOYEE BENEFITS IN THE FUTURE
    - 3.2.22. TAXES
4. ESTIMATES OF THE PBG BOARD OF DIRECTORS
5. CHANGES IN PRINCIPLES AND ESTIMATES, MISTAKES IN PAST YEARS
6. PRINCIPLE OF NON-COMPENSATION
7. CASH FLOW ACCOUNT

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

8. PROFIT PER SHARE
9. SEASONALITY OF BUSINESS
10. SEGMENTS OF ACTIVITY
11. ANNUAL FINANCIAL STATEMENT
  - 11.1. NOTES TO THE BALANCE SHEET
  - 11.2. NOTES TO THE PROFIT AND LOSS ACCOUNT
  - 11.3. OTHER NOTES AND EXPLANATIONS
12. LAUNCH OF THE INCENTIVE SCHEME
13. RELATED PARTY TRANSACTIONS
14. EVENTS AFTER THE BALANCE SHEET DATE

Company:	PBG Spółka Akcyjna		
Reporting period:	01.01-31.12.2008	Reporting currency:	Polish zloty (PLN)
Approximation:	all amounts are in PLN thousand (unless indicated otherwise)		

## 1. GENERAL INFORMATION

### 1.1 INFORMATION ABOUT THE COMPANY AND ITS FINANCIAL STATEMENT

PBG S.A. with its registered office in Wysogotowo k/Poznania, ul. Skórzewska 35, 62-081 Przeźmierowo, was established following the transformation of the limited liability company Technologie Gazowe Piecobiogaz Sp. z o.o. (resolution no. 1 of the Extraordinary General Meeting of Partners of Technologie Gazowe Piecobiogaz Sp. z o.o. of 1 December 2003). The Issuer's legal predecessor was established in 1997 by Mr. Jerzy Wiśniewski and Mrs. Małgorzata Wiśniewska.

The Company is registered in the Register of Entrepreneurs of the National Court Register kept by the Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register, entry no. KRS 0000184508.

PBG S.A. was assigned the statistical number REGON 631048917. The Company operates in Poland in accordance with provisions of the Code of Commercial Companies.

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

This financial statement was signed by the Management Board of PBG S.A. on 28 April 2008.

The financial statement of PBG S.A. covers the period from 1 January to 31 December 2008 and the comparative period from 1 January to 31 December 2007.

The Company's duration shall be unlimited.

#### 1.1.1. SUBSIDIARIES AS AT THE DATE OF PREPARATION OF THIS FINANCIAL STATEMENT

Name of the company	Registered office	Core business	Court of appropriate jurisdiction or registry court	Type of relation	Share	
					31.12.2008	31.12.2007
Aprivia SA (1)	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Road and highway construction works PKD 4211Z	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary	100,00%	-
Betpol SA (2)	ul. Fordońska 168a, 85-766 Bydgoszcz	Road and highway construction works PKD 4211Z	Local Court in Bydgoszcz, XIII Commercial Division of the National Court Register	subsidiary of Aprivia SA, consolidated at the level of consolidated financial statement of Aprivia SA	70,00%	-
Dromost Sp. z o.o. (3)	Żabno 4A, 63-112 Brodnica POLAND	Production, trade and service activity in the scope of specialized road works and bridge works PKD 45 23A	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of Aprivia SA, consolidated at the level of consolidated financial statement of Aprivia SA	87,40%	87,40%
Przedsiębiorstwo Robot Inżynieryjno Drogowych(4)	ul. Poznańska 42, 64-300 Nowy Tomyśl POLAND	Construction of roads and railways PKD 4523A and construction of highways, roads, airfields and sporting facilities PKD4523	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of Aprivia SA, consolidated at the level of consolidated financial statement of Aprivia SA	100,00%	100,00%
Avatia Sp. z o.o.	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Reproduction of data carriers with written data PKD 1820Z	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary	99,80%	-

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Brokam Sp. z o.o.	ul. Skórzewska 35, Wysogotowo 62 – 081 Przeźmierowo POLAND	Extraction of decorative stonek and stones for the purposes of building industry PKD 1411Z	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary	100,00%	100,00%
Excan Oil and Gas Engineering Ltd	#201,9637-45 Avenue Edmonton AB T6E 5Z8 CANADA	Mediation in conclusion of agreements, coordination of designing and engineering works, trade	CERTIFICATE OF INCORPORATION Edmonton Alberta	subsidiary	100,00%	100,00%
GasOil Engineering a.s.	Karpatska, 3256/15 Poprad 05801 SLOVAKIA	Design services, investor supervision	Obchodne Registr Okresneho Sudu Presov	subsidiary	62,45%	62,45%
Hydrobudowa Polska SA	ul. Skórzewska 35, Wysogotowo k. Poznania 62-081 Przeźmierowo POLAND	Performance of works related with construction of transmission pipelines and distribution networks (PKD 2007) and construction of other water engineering facilities PKD 45 24B	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary	61,61%	76,00%
Hydrobudowa Polska Konstrukcje Sp. z o.o. (5)	ul. Żwirki i Wigury 58 43- 190 MIKOŁÓW	Production of metal constructions and elements PKD 25111Z	Local Court in Katowice - Wschód, VIII Commercial Division of the National Court Register	subsidiary of Hydrobudowa Polska SA, consolidated at the level of consolidated financial statement of Hydrobudowa Polska SA	61,61%	-
P.R.G. Metro Sp. z o.o. (6)	ul. Wólczyńska 156 01-919 Warszawa	Other specialized construction works, not classified elsewhere PKD 4399Z	Local Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register	subsidiary of Hydrobudowa Polska SA, consolidated at the level of consolidated financial statement of Hydrobudowa Polska SA	52,09%	-
Hydrobudowa 9 S.A. (7)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Performance of general construction works in the scope of engineering facilities, not classified elsewhere PKD 4521F	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of Hydrobudowa Polska SA, consolidated at the level of consolidated financial statement 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 immovable property on own account PKD 6810Z	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of Hydrobudowa 9 SA, consolidated at the level of consolidated financial statement of Hydrobudowa Polska SA	61,61%	-
Górecka Projekt Sp. z o.o. (9)	ul. Sienkiewicza 22, 60-900 Poznań POLAND	Realization of construction projects related to construction of buildings PKD 4110 Z and usage and sale of buildings on own account PKD 7011 Z	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of Hydrobudowa 9 SA, consolidated at the level of consolidated financial statement of Hydrobudowa Polska SA	61,61%	-

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Infra SA	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Construction of water, sewage, gas, heating and air-conditioning installations PKD 43227	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary	99,95%	99,95%
PRIS Sp. z o.o. (10)	ul. Leona Popielskiego 14, 52-019 Wrocław POLAND	Manufacturing of plastic products for building industry PKD 2523Z	Local Court in Wrocław, VI Commercial Division of the National Court Register	subsidiary of Infra SA, consolidated at the level of consolidated financial statement of Infra SA	50,99%	50,99%
Wiertmar Sp. z o.o. (11)	Kopanka 13/15, 92-701 Łódź POLAND	Performance of general construction works related to construction of buildings PKD 4521A	Local Court for Łódź-Śródmieście in Łódź, XX Commercial Division of the National Court Register	subsidiary of Infra SA, consolidated at the level of consolidated financial statement of Infra SA	50,97%	-
KWG SA (former KB GAZ SA)	Aleja Wojska Polskiego 129, 70-490 Szczecin POLAND	Performance of general construction works related to line facilities: pipelines, electro- energetic lines, land engineering not classified elsewhere PKD 4521C	Local Court in Szczecin, XI Commercial Division of the National Court Register	subsidiary	100,00%	100,00%
Metorex Sp. z o.o.	ul. Żwirki i Wigury 17A, 87-100 Toruń POLAND	General building construction PKD 4521	Local Court in Toruń, VII Commercial Division of the National Court Register	subsidiary	99,56%	99,56%
PBG Dom Sp. z o.o.	ul. Skórzewska 35, Wysogotowo k/Poznania 62-081 Przeźmierowo POLAND	Performance of general construction works related to building construction PKD 4521A	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary	100,00%	84,85%
Apartamenty Poznańskie Sp. z o.o. (12)	ul. Skórzewska 35, Wysogotowo k/Poznania 62-081 Przeźmierowo POLAND	Performance of general construction works related to building construction PKD 4521A	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of PBG Dom Sp. z o.o., consolidated at the level of consolidated financial statement of PBG SA	51,00%	51,00%
Budwil Sp. z o.o. (13)	ul. Mazowiecka 42, 60-623Poznań POLAND	Usage and sale of an immovable property on own account PKD 7011 Z	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of PBG Dom Sp. z o.o., consolidated at the level of consolidated financial statement of PBG SA	51,00%	-
PBG Dom Invest Sp. z o.o. (former Dawil Sp. z o.o.) (14)	ul. Skórzewska 35, Wysogotowo k/Poznania 62-081 Przeźmierowo POLAND	Realization of construction projects related to construction of buildings PKD 4110 Z and usage and sale of buildings on own account PKD 7011 Z	Local Court in Poznań – Nowe Miasto/Wilda, VIII Commercial Division of the National Court Register	subsidiary of PBG Dom Sp. z o.o., consolidated at the level of consolidated financial statement of PBG SA	100,00%	-

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

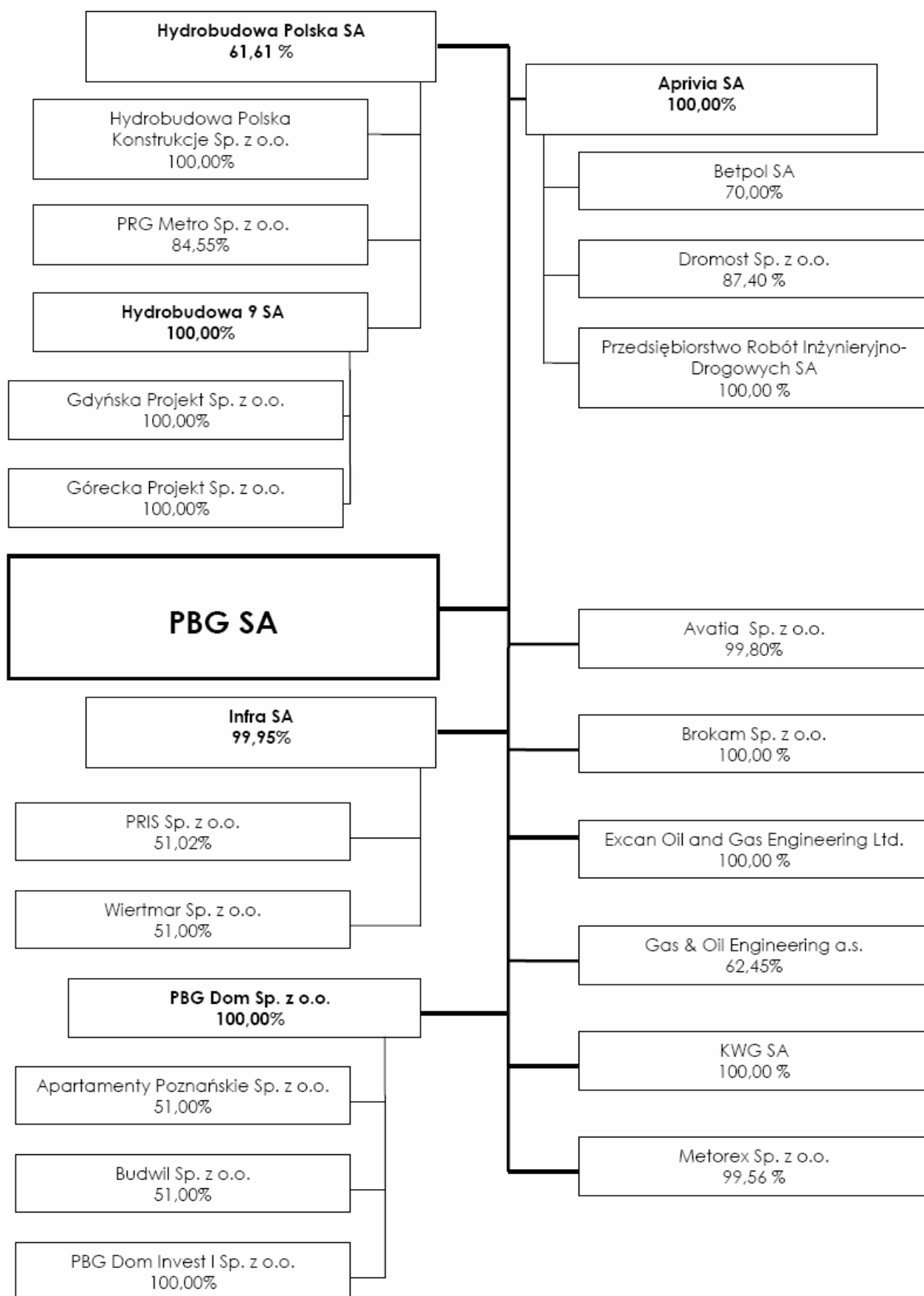
The amounts in the above table present the share of the Parent Company in the equity of the individual Companies. The percentage of share in the capital of the PBG Group Companies has been presented as a complex percentage (share percentage of the Parent Company - PBG SA in a particular Subsidiary's capital \* share percentage of this Subsidiary in its own Subsidiary's capital). It applies to the companies that belong to the following Groups: Hydrobudowa Polska, Infra, PBG Dom, Aprivia.

1. Aprivia SA is a dominant entity in the APRIVIA Group since 9 October 2008. This Group consists of the following Companies: Betpol SA, Dromost Sp. z o.o. and PRID SA. PBG SA has 100% share in the capital of Aprivia SA Company.
2. Betpol SA is a subsidiary of APRIVIA SA Company from 8<sup>th</sup> October 2008 – APRIVIA SA Company owns 70% of shares in the capital of Betpol SA Company.
3. Dromost Sp. z o.o. is a subsidiary of APRIVIA SA Company from 8<sup>th</sup> October 2008 – APRIVIA SA Company owns 87.40% of shares in the capital of Dromost Sp z o.o. Company. As of 31<sup>st</sup> December 2007, Dromost Sp. z o.o. Company was a direct subsidiary of PBG SA Company – PBG SA Company owned 87.40 % shares in the capital of Dromost Sp. z o.o. Company.
4. PRID SA is a subsidiary of APRIVIA SA Company from 8<sup>th</sup> October 2008 – APRIVIA SA Company owns 100% of shares in the capital of PRID SA Company. As of 31<sup>st</sup> December 2007 PRID Sp. z o.o. was a direct subsidiary of PBG SA Company – PBG SA Company owned 100% of shares in the capital of PRID SA Company.
5. Hydrobudowa Polska Konstrukcje Sp. z o.o. is a subsidiary of Hydrobudowa Polska SA Company from 16<sup>th</sup> May 2008 – Hydrobudowa Polska SA Company owns 100% of shares in the capital of Hydrobudowa Polska Konstrukcje Sp. z o.o. Company.
6. P.R.G. Metro Sp. z o.o. is a subsidiary of Hydrobudowa Polska SA Company from 12<sup>th</sup> September 2008 - Hydrobudowa Polska SA Company owns 84.55% shares in the capital of P.R.G. Metro Sp. z o.o. Company.
7. Hydrobudowa 9 SA is a subsidiary of Hydrobudowa Polska SA Company from 30<sup>th</sup> September 2008. On 31<sup>st</sup> December 2007 Hydrobudowa 9 S.A. Company was a direct subsidiary of PBG SA Company – 68.47% of shares in the capital. On 31<sup>st</sup> December 2008 it is a direct subsidiary of Hydrobudowa Polska SA Company – 100% shares in capital.
8. Gdyńska Projekt Sp. z o.o. is a subsidiary of Hydrobudowa 9 S.A. Company from 2<sup>nd</sup> April 2008 – Hydrobudowa 9 SA Company owns 100% of shares in capital of Gdyńska Projekt Sp. z o.o. Company.
9. Górecka Projekt Sp. z o.o. is a subsidiary of Hydrobudowa 9 SA Company from 11<sup>th</sup> September 2008 – Hydrobudowa 9 S.A. Company owns 100% of shares in the capital of Gorecka Projekt Sp. z o.o. Company.
10. PRIS SA is a subsidiary of Infra S.A. Company from 31<sup>st</sup> August 2007 – Infra SA Company owns 51.02% of shares in the capital of PRIS SA Company;
11. Wiertmar Sp. z o.o. is a subsidiary of Infra SA Company from 2<sup>nd</sup> April 2008 – Infra SA Company owns 51.00% shares in capital of Wiertmar Sp. z o.o. Company.
12. Apartamenty Poznańskie Sp. z o.o. is a subsidiary of PBG Dom Sp. z o.o. Company from 27<sup>th</sup> June 2008. On 31<sup>st</sup> December 2007 Apartamenty Poznańskie Sp. z o.o. Company was a subsidiary of PBG SA Company – 51.00% of shares in capital, on 31<sup>st</sup> December 2008 it is a subsidiary of PBG Dom Sp. z o.o. Company – 51.00% of shares in capital.
13. Budwil Sp. z o.o. is a subsidiary of PBG Dom Sp. z o.o. Company from 8<sup>th</sup> April 2008 - PBG Dom Sp. z o.o. Company owns 51% of shares in the capital of Budwil Sp. z o.o. Company.
14. PBG Dom Invest I Sp. z o.o. (farmer Dawil Sp. z o.o.) is a subsidiary of PBG Dom Sp. z o.o. Company from 26<sup>th</sup> August 2008 – PBG Dom Sp. z o.o. Company owns 100% of shares in the capital of PBG Dom Invest I Sp. z o.o. Company.



Company:	PBG Spółka Akcyjna		
Reporting period:	01.01-31.12.2008	Reporting currency:	Polish zloty (PLN)
Approximation:	all amounts are in PLN thousand (unless indicated otherwise)		

## STRUCTURE OF THE CAPITAL GROUP AS OF 31st DECEMBER 2008



<i>Company:</i>	<i>PBG Spółka Akcyjna</i>		
<i>Reporting period:</i>	<i>01.01-31.12.2008</i>	<i>Reporting currency:</i>	<i>Polish zloty (PLN)</i>
<i>Approximation:</i>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

### **1.1.2. MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF PBG SA**

The Management Board of the Company as on 31 December 2008 consisted of:

- Jerzy Wiśniewski – President of the Management Board
- Tomasz Woroch – Vice President of the Management Board
- Przemysław Szkudlarczyk – Vice President of the Management Board
- Tomasz Tomczak – Vice President of the Management Board
- Mariusz Łożyński – Vice President of the Management Board
- Tomasz Latawiec – Member of the Management Board

On 28<sup>th</sup> November 2008 the Supervisory Board, acting on the proposal of the Company's Management Board, decided to appoint Mr Mariusz Łożyński, who until that time was a Member of the Company's Management Board, the Vice-President of the Company's Management Board.

The composition of the Management Board has not changed until the day of drafting this financial statement.

The Supervisory Board of the Company as on 31 December 2008 consisted of:

- Maciej Bednarkiewicz – President of the Supervisory Board
- Jacek Kseń – Secretary of the Supervisory Board
- Wiesław Lindner – Sekretarz Member 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<sup>th</sup> March 2008, The Management Board of PBG SA received a resignation from membership in the Supervisory Board of PBG SA handed in by Mr Mirosław Dobrut. Mr Mirosław Dobrut based his decision on a potential conflict of interest related to his newly acquired job in the management board of another Listed Company. Mr Mirosław Dobrut's resignation did not influence in any negative manner the ability of Supervisory Board to perform its functions, including that of passing resolutions.

On 1<sup>st</sup> September 2008, The Management Board of PBG SA received a notice of Ms Małgorzata Wiśniewska's resignation from membership in the Management Board of PBG SA. The resignation of Ms Małgorzata Wiśniewska is caused by taking up by her the function of Management Board President in a subsidiary of PBG SA - INFRA SA.

The composition of the Supervisory Board has not changed until the day of drafting this financial statement.

### **1.1.3. OTHER INFORMATION CONCERNING THE FINANCIAL STATEMENT**

In the presented financial statement there have been no corrections resulting from reservations in the opinions of entities entitled to examine financial statements or financial statements for the years, for which the financial statement and comparative financial data are presented.

## **2. INFORMATION ABOUT THE BASIS OF THE FINANCIAL STATEMENT, REPORTING CURRENCY, AND APPROXIMATION OF AMOUNTS**

### **2.1. BASIS OF THE FINANCIAL STATEMENT**

The financial statement of PBG S.A. was drawn up in compliance with International Financial Reporting Standards (IFRS) approved by the European Union, effective as on the day of 31<sup>st</sup> December 2008.

The presented financial statement conforms to all the IFRS requirements as adopted by the European Union and it reliably shows the financial and capital situation of the Company as on 31<sup>st</sup> December 2008, the

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

result from the activity and cash flows for the period from 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2008 together with the comparative data.

The financial statement was drafted according to the principle of historical cost, excluding the immovable investment properties, financial derivatives and financial assets held for trading appraised at fair value.

As for the scope that is not regulated by IAS/IFRS, the Company uses the following regulations:

- Accounting act dated 29th September 1994 (unified text - Polish Law Journal from the year 2002, no. 76, item 694, as amended),
- Minister of Finance Regulation of 12<sup>th</sup> December 2001 regarding the detailed rules of approving, methods of appraisal, scope of disclosure and method of presenting financial instruments (Polish Law Journal from the year 2001, no. 149, item 1674),
- Regulation of the Commission (EC) no. 809/2004 of 29th April 2004, executing the directive 2003/71/EC of the European Parliament and Council regarding the information included in the prospectuses and the form, inclusion by reference and publishing of such prospectuses and the publishing of advertisements,
- Minister of Finance Regulation of 19<sup>th</sup> February 2009 regarding the current and periodical information communicated by the issuer of securities and considering as equivalent the information required by the legal regulations of the country that is not a member state (Polish Law Journal from the year 2009, no. 33, item 259).

## **2.2. DECLARATION OF THE MANAGEMENT BOARD**

On the basis of Minister of Finance Regulation of 19th October 2005 regarding the current and periodical information communicated by the issuer of securities, the Management Board of PBG SA declares, that to the best of its knowledge, this financial statement and comparative data has been drafted in a way that complies with the accounting principles that PBG SA needs to respect and that they reflect in a real, reliable and clear way the capital and financial situation of the Company and its financial result and that the statement of the Management Board presents the true picture of development, achievements and situation of PBG SA, including the description of basic risks and dangers.

This financial statement has been prepared according to the accounting principles compliant with the International Financial Reporting Standards, which have been approved by the European Union, and in the scope required by the Minister of Finance Regulation of 19th October 2005 the current and periodical information communicated by the issuer of securities (Polish Law Journal, no. 209, item 1744) and it encompasses the period from 1st January to 31st December 2008 and the comparative period from 1st January to 31st December 2007.

The Management Board of PBG SA declares, that the entity entitled to examine financial statements that examined the consolidated financial statement has been chosen in a way compliant with the legal regulations and that this entity and the chartered auditors who conducted this examination have fulfilled all the requirements for issuing an impartial and independent opinion based on the examination, according to the proper legal regulations.

According to the corporate governance rules adopted by the Management Board of PBG SA, the chartered auditor has been selected by the Supervisory Board through the Act no. 6 of 13th June 2007 regarding the selection of a chartered auditor. The Supervisory Board made the aforementioned selection taking into account the need to guarantee total independence and objectivism both of the selection itself and the performance of tasks by the chartered auditor.

## **2.3. EFFECTS OF NEW STANDARDS AND INTERPRETATIONS ON THE COMPANY'S STATEMENT**

### **2.3.1. APPLYING STANDARDS AND INTERPRETATIONS, BEFORE THEIR EFFECTIVE DATE**

PBG SA Company has not taken advantage of the opportunity to implement in advance new standards and interpretations that have been already published and approved by the European Union, but they will become effective after the balance sheet date.

### **2.3.2. EFFECTS OF NEW STANDARDS AND INTERPRETATIONS ON THE COMPANY'S STATEMENT**

As on the day of 31<sup>st</sup> December 2008, new standards and interpretations of IFRS have been published concerning:

- Changes to IFRS 2 "Payments in the form of shares" – effective date: 1st January 2009. Changing of that standard will not have any influence on the Company's financial statement;
- Update to IFRS 3 "Joining of economic units" and IAS 27 "Consolidated and unitary financial statements" – effective date: 1st July 2009. Changes in the standards result in a new approach towards:
  - The value of a company and appraisal of minority capital – the value of a company is the difference between the sum of the paid price plus the fair value of the minority capital and the net assets of the unit that is taken over,
  - Further purchases of shares after gaining control (they do not result in an increase of a company's value).

The change of standard will have no effect on the financial statement of the Company;

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

- IFRS 8 “Operational segments” – effective date: 01.01.2009. The Company expects that the new standard will not have any significant effect on the presentation and disclosure of information about operational segments in the financial statements for the coming periods;
- Changes in IAS 14 “Statements regarding segments of activity”. Become effective after previous application of changes to IAS 1. The change of standards will not have effect on the financial statements of the Company.
- Update to IAS 1 “Presentation of financial statements” – effective date 1.01.2009. The updated standard includes several important changes:
  - New names of the particular statements
  - A full statement of the turnout includes also, next to the already included profits & loss account, the statement of the turnout that has been directly included in the capital,
  - A financial statement includes a statement of the financial situation (balance sheet) also for the beginning of the first comparative period (thus there are 3 balance sheets), if a retrospective mentioning of a change of accounting policy or a change in qualification of assets and liabilities has been included in the statement.  
The Company expects that the change of standards will have no effect on the values presented in the statement.
- Updated IAS 23 “External financing costs” – effective date: 01.01.2009. The Company expects that this change will have effect on the accounting principles, but limited, because the Company has been using a different approach, based on including the external financing costs in the fixed assets. The Company will use for new contracts and transactions concluded after 1.01.2009 the new wording of IAS 23 with regard to the capitalization the external financing costs. The Company predicts, that the change of MSR 23 will have major effect on the presentation of financing costs in the profit & loss account, because some of the cost that were until now included in the financial activity will be moved to the operational activity.
- Changes to IAS 32 “Financial instruments – Presentation” and IAS 1 “Presentation of financial statements” – Financial instruments held for trading and duties appearing at the moment of liquidation - effective date: 1st January 2009. The change of standards will have no effect on the financial statements of the Company.
- Changes to IFRS 1 “First application of IFRS” and IAS 27 “Consolidated and unitary financial statements”. The change is in effect for the periods starting on 1<sup>st</sup> January 2009 or later. The change of standards will have no effect on the financial statements of the Company.
- Changes to IFRS 5 and 7, IAS 1, 8, 10, 16, 18, 19, 20, 23, 27, 28, 29, 31, 36, 38, 40 and 41 applied by IASB as a part of “Annual improvements project”. The changes are effective from 1st January 2009.
- Changes to IAS 39 “Financial instruments: formulation and appraisal”. The changes are effective from 1st January 2009. The changes do not concern the Company.
- Changes to IFRS 7 “Financial instruments: disclosure of information”. The changes are effective from 1st January 2009. The changes do not concern the Company.
- Changes to IFRS 1 “First application of IFRS”. The changes are effective from 1st July 2009. There are changes in the organization of the standard text. The changes do not concern the Company.
- New IFRIC interpretation 13 “Appreciation programs”. Becomes effective on 1<sup>st</sup> January 2009. The changes do not concern the Company.
- New IFRIC interpretation 15 “Building construction contracts”. Becomes effective on 1<sup>st</sup> January 2009. The Company uses the principles coherent with the introduced interpretation, so the changes will have no effect on the financial statement.
- New IFRIC interpretation 16 “Security of shares in net assets of foreign entities”. Becomes effective on 1<sup>st</sup> October 2009. The changes do not concern the Company.
- New IFRIC interpretation 17 “Transferring assets other than cash to the owners”. Becomes effective on 1<sup>st</sup> July 2009. The changes do not concern the Company.

The Management Board of the Company monitors new standards and interpretations onboard and analyses their effect on the financial statements onboard as well.

#### **2.4. REPORTING CURRENCY AND APPROXIMATION OF AMOUNTS**

The reporting currency of this financial statement is Polish zloty (PLN), and all the amounts are stated in Polish zlotys (unless indicated otherwise). The financial statement has been recalculated for the use of reporting currency basing on the principles resulting from International Accounting Standard no. 21.

#### **2.5. GOING CONCERN ASSUMPTION**

The annual financial statement of PBG S.A. was drawn up based on the assumption that the Company shall remain a going concern in the foreseeable future. As at the date of approval hereof, there are no circumstances indicating otherwise.

#### **2.6. AVERAGE EXCHANGE RATES OF PLN AGAINST EUR**

Average exchange rates of PLN against EUR, set by the National Bank of Poland, have been used for the periods encompassed by the financial statement and comparative financial data, in particular:

a) net income from sales of products, goods and materials, operating profit, gross profit and net profit, net operating cash flow, net cash flow from investments, net cash flow from financial activity and sum of net cash flow for the year 2008 have been calculated using the average exchange rate of EUR according to the rate which

Company:	PBG Spółka Akcyjna		
Reporting period:	01.01-31.12.2008	Reporting currency:	Polish zloty (PLN)
Approximation:	all amounts are in PLN thousand (unless indicated otherwise)		

is the arithmetical average of average NBP exchange rates for the last days of the individual months, that is: 3,5321 PLN.

b) net income from sales of products, goods and materials, operating profit, gross profit and net profit, net operating cash flow, net cash flow from investments, net cash flow from financial activity and sum of net cash flow for the year 2007 have been calculated using the average exchange rate of EUR according to the rate which is the arithmetical average of three NBP exchange rates for the last days of the individual months, that is: 3,7768 PLN.

c) total assets, liabilities and provisions for liabilities, long-term liabilities, short-term liabilities, equity and share capital as on 31st December 2008 have been calculated using the average exchange rate for EUR as of that day, that is, 4,1724 PLN.

d) total assets, liabilities and provisions for liabilities, long-term liabilities, short-term liabilities, equity and share capital as on 31st December 2007 have been calculated using the average exchange rate for EUR as of that day, that is, 3,5820 PLN.

#### Basic items from balance sheet, profit and loss account and cash flow account, from financial statement and comparative financial data, converted to EUR

Item	as of	as of	as of	as of
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	PLN		EUR	
Assets	1 340 364	1 308 609	321 245	365 329
Long-term liabilities	288 825	234 853	69 223	65 565
Short-term liabilities	290 337	353 531	69 585	98 697
Equity	761 202	720 225	182 437	201 068
Share capital	13 430	13 430	3 219	3 749
Shares (pcs)	13 430 000	13 197 000	13 430 000	13 197 000
Book value per share (in PLN/EUR)	56,68	53,63	13,58	14,97
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-
PLN/EUR exchange rate at the end of period			4,1724	3,582

Item	for the period of	for the period of	for the period of	for the period of
	1.01 - 31.12.2008	1.01 - 31.12.2007	1.01 - 31.12.2008	1.01 - 31.12.2007
	PLN		EUR	
Revenues from sales	571 576	459 285	161 823	121 607
Operating profit (loss)	72 028	49 238	20 392	13 037
Profit (loss) before tax	73 589	61 679	20 834	16 331
Profit (loss) from continued operations	58 469	50 097	16 554	13 264
Net profit (loss)	58 469	50 097	16 554	13 264
Net cash from operations	(45 875)	2 492	(12 988)	660
Net cash used in investments	(49 723)	(201 495)	(14 077)	(53 351)
Net cash from financial activity	(67 166)	507 655	(19 016)	134 414
Change of net cash and cash equivalents	(162 764)	308 652	(46 081)	81 723
Weighted average amount of common shares	13 430 000	13 197 000	13 430 000	13 197 000
Weighted average diluted amount of common shares	13 430 000	13 197 000	13 430 000	13 197 000
Profit (loss) per common share (in PLN/EUR)	4,35	3,80	1,23	1,01
Diluted profit (loss) per common share (in PLN/EUR)	4,35	3,80	1,23	1,01
Average PLN/EUR exchange rate			3,5321	3,7768

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

### 3. ACCOUNTING PRINCIPLES

The financial statement of the Company has been drafted according to the principle of historical cost, excluding the immovable investment properties, financial derivatives and financial assets held for trading appraised at fair value. The balance sheet value of the listed secured assets and liabilities is adjusted by the amount of fair value changes, which can be attributed to risk, from which those assets and liabilities are secured.

#### 3.1. GENERAL PRINCIPLES

##### 3.1.1. REALITY OVER APPEARANCE PRINCIPLE

Reality over appearance principle means that the financial statement should present information reflecting the economic nature of all events and transactions, not only their legal form.

#### 3.2. SPECIFIC PRINCIPLES OF MEASUREMENT OF ASSETS AND LIABILITIES ADOPTED BY THE COMPANY

##### 3.2.1. INTANGIBLE ASSETS

Intangible assets include assets that satisfy the following criteria:

- they are separable from the entity and capable of being sold, transferred, licensed or rented 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 from any other title or obligation.

Initial presentation of an element of intangible assets is done according to the purchase price or production cost. The purchase price includes the price paid for a given element of assets (that is, the amount due to the seller, less deductible taxes – VAT for goods and services and excise duty), charges resulting from public and legal matters (in case of importing) and expenses on buying and adjusting a particular element of assets according to its intended use. Discounts and abatements given by the seller and other similar deductions and recoveries reduce the purchase price of the element of assets.

If an element of intangible assets is purchased in exchange for financial instruments of the Company that prepares the financial statement, the purchase price of an element of assets amounts to the fair value of the emitted capital instruments, which is equal to the fair value of a given element of assets.

The production price of an element of intangible assets includes the sum of costs incurred by the individual in the process of the element's production or adjustment to a given use, which were incurred until the date of accepting such an element of capital for use (or until the balance sheet date, if a given element is not accepted for use until then), including undeductible VAT for goods and services and excise duty.

PBG SA Company chose an alternative solution accepted by IAS 23. According to this alternative approach, the external financing costs – interest, that can be directly assigned to purchasing, building or producing a given element of assets is included in the purchase cost or production cost of a given element of assets.

The elements of intangible assets are appraised, not less often than on every balance sheet date, according to the purchase prices or production costs, less amortization write-offs and permanent impairment write-offs.

A charge that updates the permanent impairment of intangible assets is determined analogically to the way it is done in case of tangible assets.

**Amortization write-offs** of intangible assets are done through setting their basic value against the period of their economical usefulness. Amortization is done starting from the first day of the month in which the intangible assets were accepted for use. Amortization is terminated in the end of this month in which the value of accumulated amortization equals the basic value or in which the element of intangible and legal assets was held for liquidation, sold or no longer available.

Amortization write-offs from elements of intangible assets are determined in linear way, using the following rates:

<b>Title</b>	<b>Annual amortization rate</b>
computer software	20-50%
other property rights	20-50%

The correctness of amortization rates applied to the individual elements of intangible assets is verified not less often than once a year. Any changes resulting from the verification of the amortization rates have effect (since they are changes of estimated amounts) on a particular correction of amortization write-offs done in the current financial year and in subsequent financial years.

Intangible assets with an indefinite useful life and intangible assets that have not been brought to use yet (they are in the process of creation) must be tested for possible impairment annually, with regard to individual assets or at the level of the medium that produces cash. For other intangible assets, an annual evaluation is being made determining whether there are any indications for their impairment. A possible updating charge is included in the profit & loss account.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Intangible assets with value not exceeding PLN 2,500 are not classified as fixed assets and are charged directly to consumption of materials in the period in which the costs were incurred.

With the exclusion of development works, intangible assets produced by an individual himself are not included in the assets, and expenses for their production are included in the costs in the period in which they were incurred.

A particular item of intangible assets may be removed from the balance sheet after it has been sold or in the case when no economic benefits are expected as a result of a continued use of such an element of assets. Gains and losses resulting from selling/liquidation or stopping the use of intangible assets are determined as a difference between the sales income and net value of such tangible assets and they are included in the profit & loss account.

Any down payments used to purchase intangible assets are presented in the financial statement of the Company as "intangible assets".

### 3.2.1.1. RESEARCH AND DEVELOPMENT COSTS

Costs of R&D works are recognized in profit or loss when incurred. Expenses made in connection with R&D works under a given project are charged to another period if they are considered recoverable in the future. After initial recognition, a historical cost model is used where assets are subsequently carried at cost less accumulated amortization and impairment losses. Any expenses charged to the following period are amortized over the expected time when income is generated from sale of a given project.

Development costs are tested for impairment annually (if an asset has not been brought into use yet) or more often (if there are any indications during the reporting period that its value may not be recoverable).

### 3.2.2. TANGIBLE FIXED ASSETS

Tangible fixed assets are initially carried at cost of purchase or construction. Cost is increased by all costs directly related to the purchase and costs necessary to bring the asset to working condition for its intended use. Costs incurred after the date when an asset is put into use, including costs of maintenance and repairs, are charged to the profit & loss account when incurred.

On acquisition, tangible assets are divided into elements, being items of significant value, for which a separate period of economical usefulness can be assigned. Costs of general overhauls and important spare parts and equipment are also an element, if they are used for a period longer than one year.

After initial recognition, tangible fixed assets are indicated at cost of purchase or construction less amortization and any updating impairment write-offs.

Amortization is calculated on a linear basis over the estimated useful period of a given asset, which for the particular groups of tangible fixed assets is as follows:

<b>Type</b>	<b>Amortization rate</b>
Land (perpetual usufruct of land)	Not amortized
Buildings and structures	1.5% – 2.5%
Machinery and technical equipment	5% – 46%
Office equipment	10% – 20%
Transport vehicles	10% – 46%
Computers	10% – 40%
Investments in third-party fixed assets	10%

Amortization begins in a month when an asset is put into use.

The correctness of used amortization rates is periodically verified (once a year), causing an adjustment of amortization write-offs in the following years.

PBG SA owns works of art whose residual value was determined at cost of purchase and is not amortized.

If any circumstances during the preparation of a financial statement indicate that the balance sheet amount of tangible fixed assets may not be recoverable, these assets are tested for impairment. If their impairment is probable, and their balance sheet amount exceeds their recoverable amount, the balance sheet amount of those assets or cash-generating units to which they belong is reduced to the recoverable amount. The recoverable amount is the higher of the following two: an asset's fair value less costs to sell or value in use. When determining value in use, the estimated future cash flows are discounted to the present value based on the gross 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 flows 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 recognized as "other operating expenses" in the profit and loss account.

An asset should be removed from the balance sheet on disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising on the sale/disposal or retirement of an asset is determined as the difference between the disposal proceeds and the net carrying amount of the asset and is immediately recognized in the profit and loss account.

Construction in progress includes fixed tangible assets in the process of construction or assembly and is carried at cost of purchase or construction. Construction in progress is not depreciated until fully completed and brought into use.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

If expenses on construction in progress are discontinued, total costs connected with works completed to date are charged to expenses of the period. The investment may be suspended if its continuation in the future periods is intended and justified. Decisions to suspend any investments are taken by the Company's Management Board. At each balance sheet date, expenses on construction in progress are tested for impairment and impairment write-offs are recognized if necessary.

Any down payments used to purchase intangible assets are presented in the financial statement of the Company as tangible fixed assets.

### **3.2.2.1. PERPETUAL USUFRUCT OF LAND**

Perpetual usufruct of land acquired under an administrative decision is recorded in the balance sheet at fair value. Fair value of perpetual usufruct of land is either its market price (if this information is available) or value determined by a property appraiser.

Any surplus of this fair value over costs connected with the acquisition of perpetual usufruct of land under an administrative decision is disclosed in the balance sheet under "profit brought forward from previous years".

Perpetual usufruct of land purchased in the secondary market is carried at purchase cost and is not subsequently measured.

Perpetual usufruct of land is not amortized.

### **3.2.3. LEASES**

#### **3.2.3.1 COMPANY AS THE LESSEE**

Finance lease contracts that transfer substantially all the risks and rewards of ownership of the leased asset to the Company are recorded in the balance sheet at commencement of the lease term at the lower of the following two values: fair value of the leased fixed asset or the present value of the minimum lease payments. Minimum finance lease payments are 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. Contingent lease payments are recorded in expenses of the period when incurred.

Amortization of the leased assets is consistent proceeds in compliance with that same rules that apply to the amortization of the Company's own assets. However, if there is any doubt that the Company shall acquire the ownership title to leased assets before the end of the lease term, leased assets are amortized over the shorter of the two following terms: the estimated life of the asset or the lease term.

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 profit and loss account on a linear basis over the lease term.

Receivables from leasing are listed under "other receivables".

#### **3.2.3.2. COMPANY AS THE LESSOR**

Assets transferred under finance leases are recorded in the Company's balance sheet as receivables, at an amount equal to the net investment in the lease. Net investment is a sum of the minimum lease payments payable to the Lessor under the finance lease contract and any unguaranteed residual value assigned to the Lessor discounted based on the lease interest rate. Financial revenues generated from any leased asset under finance lease are recognised so as to reflect a constant periodic rate of interest on the net lease investment.

#### **3.2.4. INVESTMENT PROPERTY**

Investment property includes land as well as buildings and structures purchased to gain economic benefits from capital appreciation or any other benefits, e.g. to earn rentals. These assets are not used by the Company.

Any property is classified as an investment when put into use under the Company's decision.

Investment property is initially carried at cost of purchase or construction including transaction costs. After initial recognition, investment property is carried at fair value. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise. Fair value reflects the actual market state and circumstances as of the balance sheet date.

#### **3.2.5. FIXED (NON-CURRENT) ASSETS AND DISPOSAL GROUPS HELD FOR SALE**

Fixed 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 satisfied only when the asset (or disposal group) is available for immediate sale in its present condition and when the sale is highly probable within one year after the moment of re-classification.

Fixed assets and disposal groups classified as held for sale are appraised at the lower of the following two values: their carrying amount or fair value less costs of selling.

#### **3.2.6. INVENTORIES**

The Company's inventories include:

1. Materials bought for the Company's own needs,
  - raw materials and materials used directly in production,
  - intermediate materials,
  - other materials (office consumables, fuel bought directly by drivers).



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

2. Bought-in goods for resale.
3. Internally manufactured or processed products.

In the PBG SA Company, both **materials directly used in production and intermediate materials** are listed at their acquisition or purchase prices during the financial year. The expenditures of both mentioned types of materials are calculated according to the FIFO and weighted average cost formula.

The accepted acquisition price can be a purchase price on condition that the incurred costs connected with the purchase of materials constitute an amount that is irrelevant in relation to the purchase price.

The storage costs, necessary during the production process, are also included in the amount of the price of in-process materials.

During the financial year, the **goods** are listed at the prices of acquisition or purchase. The expenditure of goods is done using FIFO prices. Land and immovable property held for sale are treated as goods.

**Finished products, semi-finished products** and in-progress products are appraised according to the real costs incurred in order to manufacture finished products.

In case of developer activity, all the expenses connected with the realization of the task are capitalized in the inventory as production in progress.

Purchase price or construction cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. An individual includes the external financing costs in the purchase price or construction cost of the inventories.

The purchase costs of the inventories consists of the purchase price, impost and other taxes (other than those that can be later recovered by the Company from the revenue offices), transport costs, loading and unloading costs and other costs that can be directly assigned for the acquisition of finished products, materials and services.

When the purchase cost is being determined, it is reduced through discounts, abatements and other such items.

The appraisal of inventories as of balance sheet date is done according to the acquisition or purchase prices and production cost, not higher, however, than their net selling prices (net value that is possible to obtain).

The net value that is possible to obtain is the difference between the estimated price of selling conducted during normal business activity, and the estimated costs of finishing plus the costs that are necessary in order to bring the sale into effect.

The costs of external financing (if they are significant and if the period of financing and keeping inventories is long-term), including loan and credit interest, discounts and bonuses, costs of credit or loan agreement conclusion and exchange rate differences resulting from the costs of such financing increase the amounts of current assets irrespective of the level of connection existing between the source of financing and the given asset.

Write-offs updating the value of tangible current assets, which are related to their amortization or balance sheet date appraisal, encumber other operating costs. In the event that the reason for updating write-offs ceases to exist, the value of tangible current assets is included into other operating revenues.

The circumstances that indicate a necessity of write-offs updating the value of inventories are especially:

- loss of inventories' usefulness (destruction of inventories or inventories being overdue),
- the level of inventories exceeds the needs of Company and its capabilities of disposal,
- low inventory turnover,
- loss of market value due to low selling prices offered by the competition.

At the balance sheet date, the Companies of PBG Capital Group prepare the ageing analysis of inventories, divided into individual assortments, and they establish the amount of the updating write-offs that must be created.

### **3.2.7. EXTERNAL FINANCING COSTS**

PBG SA Company, in accordance with IAS 23, employs alternative approach towards including the external financing costs. According to this alternative approach, the costs of financing, that can be directly assigned to purchase, construction or creation of adjusted asset, are capitalized as a part of purchase price or production cost of this asset. External financing costs consist of interest and gains and losses resulting from the exchange rate differences up to the amount that adjusts the costs of interest.

### **3.2.8. GRANTS**

Grants, including non-monetary grants carried at fair value, are recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

If a grant is related to a cost item, it is recognized as income and matched with the related costs, for which it is intended to compensate. When a grant is related to an asset, its fair value is recognized as deferred income, and subsequently written off to profit and loss account as revenue over the reporting periods in proportion to amortization write-offs made for this asset.

### **3.2.9. TRADE RECEIVABLES**

Trade receivables are recognized and disclosed in amounts initially invoiced, including write-downs. In the initial recognition, trade receivables are appraised at the amount of amortized cost, using effective interest rate including write-offs updating the value of receivables. Provision for doubtful receivables is estimated when collection of the entire amount receivable is no longer probable. The write-offs updating the balance sheet value of receivables are created mainly for:

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

- overdue receivables or not-overdue receivables that have a significant level of probability of not being collectable, and especially for the receivables overdue for more than 180 days in the amount equal to 100% of their value.

Amortization write-off is recognized as a part of other operating costs.

Receivables from deliveries and services having the date of maturity less than 12 months after the receivable was created are not subject to discounting. The Capital Group applies maturity time in the range from 14 to 90 days in relation to the receivables from deliveries and services.

Receivables having the maturity date later than 12 months from the balance sheet date are qualified as long-term assets. Receivables having the maturity date later earlier than 12 months from the balance sheet date are qualified as short-term assets.

The Company decides not to charge any interest on trade receivables, unless it is found justified by the Company's Management Board, in which case statutory or contractual interest is charged.

Down-payments transferred towards the credit of the future services are presented in the financial statement under the balance sheet item - short-term trade receivables.

### 3.2.10. PREPAID EXPENSES

In order to match revenues and the related costs, expenses and revenues connected with individual reporting periods are distinguished. Expenses and costs incurred in advance, i.e. relating to future reporting periods, are presented as prepaid expenses, while accrued liabilities include amounts accounted for in the current period but covered in future reporting periods.

Prepaid expenses and accrued liabilities are written off *pro rata temporis* or in proportion to the amount of benefits. The timing and method of settlement should be based on the type of costs and the principle of prudence.

The scope of typical outlays settled over time includes in particular:

- prepaid press subscriptions,
- property insurance dues,
- renting costs (rents),
- payments for road lane occupation,
- payment costs for guarantees given by financial institutions,
- outlays for realization of construction agreement before the conclusion of agreement.

Items in the amount of probable liabilities in a given reporting period are recognized as accrued liabilities. They result mainly:

- from services performed for the Company by its contractors, when the amount of the liability may be estimated in a reliable way, such as a provision for the examination of financial statement,
- from the obligation to perform future services, related to current activity, for the persons, when the amount of those services can be estimated, even though the date when the liability arises is not yet known.

#### 3.2.10.1. PROVISIONS FOR LEAVES NOT TAKEN

PBG SA Company creates a provision for costs of cumulative paid leaves which must be covered if employees do not use a (holiday) leave accumulated as at the balance sheet date. Provision for costs of cumulative paid leaves are calculated on the basis of the factual number of unused days of leave in the current period, increased by the number of unused day of leave from the previous periods. Provision for costs of cumulative paid leaves is recognised as an accrued liability less any amounts already paid. Provision for costs of cumulative paid leaves is a short-term provision and shall not be discounted.

### 3.2.11. PREPAID INCOMES

Prepaid incomes include mainly cash received for the purpose of financing the purchase of fixed assets in construction and intangible assets, settled in parallel with fixed assets amortization write-offs financed from these sources.

### 3.2.12. FINANCIAL INSTRUMENTS

Each contract establishing an element of assets for one party and a financial liability or capital instrument for the other party is classified by the Company as a financial instrument, on condition that the contract concluded between two or more parties has direct economic effects. As part of its core business operations, the Company concludes contracts denominated in foreign currencies (mostly in Euro). The currency risk management policy adopted by the Management Board is based on the principle of securing future cash flows arising from these contracts to reduce the impact of currency rate variations on the Company's results. 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 this is not possible, currency exposure is hedged on the financial market by using derivatives, currency forward transactions in particular.

The Company classifies financial instruments, dividing them into:

- Elements of financial assets or financial liabilities at fair value through profit and loss – assets and liabilities acquired or incurred mainly for resale or repurchase in the nearest future or as part of a portfolio of specific financial instruments managed jointly and for which the current actual pattern of generation of short-term gains is confirmed;
- Held-to-maturity investments – financial assets other than derivatives with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity;

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

- Loans and receivables – financial assets other than derivatives with fixed or determinable payments that are not quoted in an active market;
- Available-for-sale financial assets – financial assets other than derivatives which are designated as available for sale or are not classified as:
  - (a) loans and receivables,
  - (b) held-to-maturity investments, or
  - (c) financial assets at fair value through profit or loss.

### **3.2.12.1. RECOGNITION AND DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES**

Financial assets and liabilities are recognised in the Company's balance sheet as at the date when the Company becomes a party to a contract for this instrument.

Standard transactions of purchase and sale of financial liabilities are recognised as at the date of transaction.

Elements of assets are de-recognised from the balance sheet when rights to economic benefits and the related risks arising from the contract are exercised or realised, have expired, or waived by the Company.

PBG SA de-recognises financial liabilities from its balance sheet when the liability no longer exists – that is when the contractual obligation was satisfied, waived, or has expired.

### **3.2.12.2. MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT THE DATE OF THEIR ESTABLISHMENT**

The Company values financial assets and liabilities at cost at fair value of the payment made in the case of an element of assets or payment received in the case of element of liabilities. Transaction costs are included by the Company in the initial value of all financial assets and liabilities, except for assets and liabilities at fair value through profit and loss.

### **3.2.12.3. MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT THE BALANCE SHEET DATE**

Financial instruments are measured by the Company:

- at amortised cost using the effective interest rate: held-to-maturity investments, loans and receivables, as well as other financial liabilities. Valuation may also be based on the amount payable, if the discount effect is immaterial,
- at fair value: financial assets and liabilities at fair value through profit and loss and available-for-sale financial assets.

Effects of the measurement of available-for-sale financial assets are recognised in equity. Effects of the measurement of financial assets and liabilities classified in other categories are in profit or loss account.

### **3.2.12.4. HEDGE ACCOUNTING**

Financial derivative instruments used to hedge cash flows in case of highly probable planned transaction are carried at fair value considering any changes of this value:

- the part considered an effective hedge is recognised directly in equity,
- the ineffective portion is recognised in profit or loss account.

Derivative financial instruments used to hedge the fair value of assets and liabilities are carried at fair value. Changes of their fair value are recognized in profit or loss account.

### **3.2.12.5. DISCONTINUATION OF APPLYING HEDGE ACCOUNTING RULES**

The Company ceases to apply rules of accounting that secures cash flows if:

- hedging instrument expires, is sold, terminated or executed. In such case the accumulated profits or losses related to this hedging instrument, carried over to equity, are further recognized in a separate item of equity until the moment when the planned transaction takes place,
- hedging ceases to fulfill the criteria of hedge accounting. In such case the accumulated profits or losses related to this hedging instrument are carried over to equity until the moment when the planned transaction takes place,
- realization of a planned transaction is no longer expected, thus all the accumulated profits or losses related to this hedging instrument, carried over to equity, are recognized in profit or loss account.

### **3.2.13. EQUITY**

The Company recognizes equity in its account books by type, in line with legal regulations and provisions of the Company's Articles of Association.

The equity of PBG SA Company consists of:

- **share capital** of the dominant entity - presented at nominal value, in the amount specified in the Articles of Association and entered in the National Court Register.
- **capital from measurement of hedging transactions** – is indicated in the amount of the fair value of the instrument hedging the future cash flows in the efficient part of hedging,
- **share premium reserve** - created from the surplus of share issue price above share nominal value less costs of issue. Share issue costs incurred while forming a joint-stock company or increasing share capital reduce the Company's share premium over the shares' nominal value, down to the amount of this surplus,
- **other equity**,

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

- **retained profit/accumulated loss** includes: amounts resulting from the distribution of profits, retained profit/accumulated loss from the previous years, current year's financial result, consequences of errors from the previous periods.  
Minority interest is a separate item of the equity.

### **3.2.14. BANK CREDITS/LOANS**

All 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 initial recognition, they are subsequently measured at amortized cost using the effective interest rate method.

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

Gains and losses are recognized in profit or loss account when the obligation is de-recognized from the balance sheet or when a write-down is made.

### **3.2.15. LIABILITIES**

After initial recognition, all liabilities, with the exception of liabilities at fair value through profit or loss, are carried at amortized cost using the effective interest rate method. However, for payables with maturity within 12 months after the balance sheet date are not discounted.

The standard payment term for trade payables is usually 14 to 90 days in the PBG SA Company.

Payables are presented in the financial statement as long-term and short-term payables. In addition, payables in respect of related parties and payables in respect of other entities are presented separately.

Down-payments received from contractors for the purpose of realization of services are presented in the financial statement in the balance sheet item – short term trade payables.

### **3.2.16. CONTINGENT LIABILITIES**

Contingent liability is defined as:

- a possible obligation arising from past events, the existence of which will be confirmed depending on whether some uncertain future event or events occur(s) which is not fully controlled by the Company, or
- a present obligation arising from past events but not recognized in the financial statement because:
  1. it is not probable that the outflow of resources embodying economic benefits will be necessary to fulfill this obligation, or
  2. the amount of this liability cannot be measured reliably.

### **3.2.17. PROVISIONS**

Provisions are created for the Company's actual (legal or constructive) obligations arising from past events, for which it is probable that an outflow of resources embodying economic benefits will be required, which can be reasonably estimated. Where the Company 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 profit and loss account less 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 recognized as a borrowing cost.

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

If the liability in respect of which a provision was established actually occurs, such a provision is used immediately.

#### **3.2.17.1. PROVISIONS FOR WARRANTY SERVICING**

These provisions are established under the obligation to provide future services in respect of unknown persons related to the Company's operations, whose amount may be estimated despite the fact that their date is not known. These provisions are estimated based on the probability of occurrence of this liability in the future, as defined by the Management Board, based on an analysis of the cost of warranty repairs under the completed construction contracts. Provisions for warranty servicing are included in the cost of a long-term contract depending on the level of progression of direct costs. Costs related to calculation of provisions for warranty servicing do not increase the base of progression level of contract realization. In the Capital Group the provisions for warranty servicing are created with division into particular contracts. They are maintained in case of any claims until the right to warranty realization or repair claims expires.

In case the created provision value is not used (after the validity period) it is included into other operating revenues.

Depending on the term until which they are maintained, they are listed on the balance sheet as long-term provision or short-term provisions.

#### **3.2.17.2. PROVISIONS FOR THE PLANNED LOSSES ON THE IMPLEMENTED CONSTRUCTION CONTRACTS**

If the total contract costs are likely to exceed contract revenues, any expected loss is immediately recognised as an expense. The amount of this loss is determined irrespective of the commencement of works under the contract, the stage of completion of works under the contract, and the amount of the expected profits

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

under contracts other than individual contracts for construction services. The amount of changes in these provisions increases or reduces the Company's operating expenses.

### **3.2.18. JOINT VENTURES**

Revenues are recognised in the amount of the probable economic benefits related to the transaction obtained by the Company, on condition that this amount can be reliably estimated.

The Company, as a partner of consortium for the construction service agreements presents the part of revenues and expenses that is assigned to it as a partner of consortium in case when it identifies the agreement with consortium members as joint venture.

Joint ventures are characterized by the following features:

- two or more partners are bound by the terms and condition of the agreement,
- the terms and conditions of the agreement set up exercising of control.

Terms and conditions of the agreement should include the following topics:

- scope of activity,
- term of the agreement,
- indication of an entity governing the joint venture,
- indication of the voting rights of the partners,
- distribution of production, revenues, costs and results among partners
- terms and conditions of the agreement cannot result in singled-handed control maintained by one of the partners

#### **3.2.18.1. SALE OF GOODS AND PRODUCTS**

Sale of goods and products is recognised when goods and products are delivered and the seller has transferred to the buyer the significant risks and rewards of ownership, and if the amount of revenue can be measured reliably. Revenues from cash flow hedges adjust the amount of revenues from sale of goods and products.

#### **3.2.18.2. CONSTRUCTION SERVICE AGREEMENTS**

Construction service agreement is an agreement for constructing an asset or group of assets that are related or mutually dependent in terms of project, technology, their function, destination or way of using.

The result of construction service agreement is estimated on the basis of revenues and costs related to construction service agreement, listed as revenues and costs according to the percentage of service completion as of balance sheet date. The percentage of service completion is determined as the proportion of costs incurred as at a given date to total estimated transaction costs. Incurred costs include only those costs of the agreement which reflect the percentage of service completion.

The value of revenues due from construction service agreement that concerns the part that is not invoiced as of the balance sheet day is appraised according to the exchange rate of purchase used in the leading bank for a given Company as of the balance sheet date. In case of receiving a down-payment in foreign currency related to the construction works agreement, the revenues due as a result of construction service agreement as of the balance sheet day is appraised taking into account the value of received down-payment. The value of revenues from construction service agreements regarding the over-invoiced part (listed in liabilities) as of the balance sheet date is appraised according to the exchange rate as on the invoicing day using the FIFO method. Over-invoiced part of revenues, which will result from appraisal of the income recognized in the financial statement will be recognized as a separate item in the balance sheet, under "liabilities resulting from realized construction service agreements".

The contractual value of monetary contract for the purposes of estimating the provisions for losses and presentation of revenues from construction service agreements is indicated on the basis of the invoiced part sated in PLN and the not-invoiced part stated in the currency calculated using the average NBP exchange rate as of the balance sheet date.

Revenues from cash flow hedges adjust the amount of revenues from the provision of services.

#### **3.2.18.3. INTEREST**

Revenue from interest is accrued on a time basis in relation to the net carrying amount of the financial asset, using the effective interest rate method.

#### **3.2.18.4. DIVIDENDS**

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

#### **3.2.18.5. REVENUES FROM RENTAL**

Revenues from the rental of investment property are recognised on a linear basis over the lease term in relation to the concluded contracts.

### **3.2.19. COSTS**

PBG SA Company recognizes costs according to the principle of commensurability of revenues and costs and the principle of prudence.

The cost of sales as of the balance sheet date is corrected by the change of fair value of the financial instruments that hedge cash flows in the event that the transaction ceases to be effective and in the even that the hedged item is realized.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

The cost account is kept in the system of places of costs' origin and in the system of nature of expenses. The calculation variant is considered a basic system of reporting costs in the profit and loss account. The total cost of sold products, goods and materials consists of:

- production cost of sold products
- production cost of sold services
- value of sold goods and materials
- general management costs

Additionally, the reporting period costs that influence the financial result are **other operating costs**, related indirectly with the operating activity, particularly:

- loss resulting from disposal of tangible fixed assets and intangible assets
- donated gifts
- provisions created for disputes, penalties and damages and other costs indirectly related to operating activity,

as well as financial costs related with financing of the Capital Group's activity, particularly:

- interest from bank credit in the current account,
- interest from short-term and long-term credits, loans and other sources of financing, including the discount of liabilities,
- losses resulting from the differences in net exchange rates.

### **3.2.20. 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 defined in a forward contract connected with a given transaction.

As at the balance sheet date, monetary items denominated in currencies other than PLN are converted to PLN at the closing price as at period-end (spot exchange rate), i.e. at the rate of the Company's bank from the last listing on the balance sheet date. Non-monetary assets and liabilities carried at historical cost denominated in foreign currencies should be reported using the exchange rate at the date of the transaction. Foreign exchange gains or losses are recognized in financial revenues or expenses, respectively, or, in cases referred to in the accounting principles (policy), capitalized in the amount of assets, but excluding the financial items which constitute the hedging of currency risks, recognized directly on the capital, according to hedge accounting rules.

### **3.2.21. COSTS OF EMPLOYEE BENEFITS IN THE FUTURE**

Under the adopted Remuneration Schemes, the Company's employees are entitled to retirement severance payments. Retirement severance payments are paid only once when an employee retires. The amount of retirement severance payments depends on the employee's years of service and average salary. The Company creates a provision for future liabilities related to severance payments to allocate costs to the respective periods they relate to. Under IAS 19, retirement severance payments are classified as Post-Employment Defined Benefit Plans. The present value of these liabilities as at each balance sheet date is calculated by an independent actuary. The accrued obligations are equal to 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 gains and losses are recognized in profit and loss account.

### **3.2.22. TAXES**

Obligatory reductions of financial result include current tax and deferred tax. Current tax liabilities are measured based on the tax result (tax base) for the fiscal year. Tax gains (losses) are different from book net gains (losses), as taxable revenues and tax deductible expenses in subsequent years as well as items of revenues and expenses which will never become taxable are eliminated. Tax liabilities are measured based on tax rates adopted for the current fiscal year. Deferred tax is the tax expected to be payable or recoverable in the future on differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred income tax provision is established for all taxable temporary differences. Deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Tax assets or liabilities are not recognized if the temporary difference arises from goodwill or initial recognition of another asset or liability in a transaction which does not affect tax result or book result. A deferred income tax liability provision is recognized for all temporary differences arising from investments in subsidiaries, associates, and joint ventures, unless the entity is able to control the timing of the reversal of the temporary difference and it is probable that the reversal will not occur in the foreseeable future. The carrying amount of deferred tax assets should be reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future to allow the benefit of part or all of that deferred tax asset to be utilized. Deferred income tax is calculated at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred income tax is recognized in profit or loss account, except to the extent that the tax arises from items recognized directly in equity. If this is the case, deferred tax is also recognized directly in equity.

## **4. ESTIMATES OF THE PBG MANAGEMENT BOARD**

To prepare a financial statement in accordance with the IFRS, the Management Board must use professional judgment, estimates and assumptions which have effect on the adopted principles and the presented amounts of assets, liabilities, revenues and expenses. Estimates and the underlying assumptions are based on historical data and various factors considered rational in certain circumstances, and their results can be used as a

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

basis for professional judgment regarding the carrying amount of assets and liabilities which cannot be defined based on any other sources.

Estimates and the underlying assumptions are verified on an on-going basis. Any changes in accounting estimates are recognized in the period in which they occur if they are related to this period only, or in the current and future periods if they are related to both the current and future periods.

## **5. CHANGES IN PRINCIPLES AND ESTIMATES, MISTAKES IN PAST YEARS**

A change of accounting rules (policy) is done in case of:

- change of the legal regulations regarding accounting, if they cause the information about the influence of transactions, other event and conditions on the financial situation, financial result or cash flows, included in the financial statement, will be more reliable.

In case of making any changes to the accounting policy it is assumed, that the new accounting rules were always used in the past. The necessary corrections are recognized as corrections to equity - in the item 'profit/loss from past years'. In order to ensure comparability of date it is necessary to make the proper changes to the financial statements (comparative data) for the past years in a way that will allow those statements to include the changes made within accounting rules.

The items of financial statement established on the basis of estimation are subject to verification in the event of change of circumstances that are basis for the estimations that were done, or as a result of acquiring new information or gaining more experience.

The corrections resulting from removal of material mistakes of the past years are recognized in equity - in the item 'profit/loss from past years'. When preparing a financial statement it is necessary to adopt an assumption, that the mistake was already corrected in the period, when it was made. It means that the correction amount regarding the past reporting periods should be included in the profit and loss account for that period.

## **6. PRINCIPLE OF NON-COMPENSATION**

Principle of non-compensation means that assets and liabilities may not be offset against each other, except where allowed or required by the IAS.

Revenue and cost items may be offset against each other only if:

1. MSR allows or requires, or
2. gains, losses and costs related with them resulting from the same or similar transaction or events are not material.

The following transactions are offset against each other by the Company:

- gains or losses on sale of fixed assets, including investments and assets used in operations, are carried in the amount equal to the difference between revenues from sale and the carrying amount of an asset plus selling costs,
- provision-related expenses, which according to the agreement are refunded by the third party (i.e. warranty given by the supplier) is offset against a related refund amount,
- assets and provisions from deferred income tax are recognized as surplus of an asset or provision,
- down-payments received for performance of works resulting from construction service agreement are offset against the value of revenue due resulting from those agreements, provided that there is a possibility of compensation on the basis of terms and conditions of the agreement,
- gains and losses resulting from a group of similar transactions are netted, e.g. foreign exchange gains and losses, or gains and losses from the measurement of financial instruments held for trading and hedging instruments carried through profit or loss, as well as gains or losses from discounting long-term receivables and payables.
- receivables and liabilities resulting from settlement of input VAT and due VAT regarding future fiscal periods.

## **7. CASH FLOW ACCOUNT**

Cash flow account is prepared using the indirect method.

## **8. PROFIT PER SHARE**

Profit per share is calculated by dividing the net profit from a given period, entitled to which are owners of the common shares, by the weighted average number of shares present in given period.

Diluted earnings per share for each period are calculated by dividing the net profit for a given period, corrected by presumptive changes of profit resulting from changing the potential common shares into common shares, by the corrected weighted average amount of common shares.

## **9. SEASONALITY OF BUSINESS**

The Company's business is not seasonal. Therefore, no significant changes are recorded for the Company's results published throughout the year.

## **10. SEGMENTS OF ACTIVITY**

The Company publishes a consolidated financial statement, where results of its activities broken down into business and geographical segments are presented.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## 11. ANNUAL FINANCIAL STATEMENT

### BALANCE SHEET AS AT 31.12.2008

Item	Note	as at 31.12.2008	as at 31.12.2007
<b>Assets</b>			
<b>Non-current assets</b>		560 298	533 871
Intangible assets	1	10 596	8 675
Goodwill	1	1 606	1 606
Tangible fixed assets	2	148 116	132 946
Investment property	3	710	710
Investment in subsidiaries	4	330 226	255 249
Other long-term financial assets	9	51 309	125 187
- from related parties		29 916	108 995
- from other entities		21 393	16 192
Long-term receivables	5	9 508	9 094
- from related parties		-	-
- from other entities		9 508	9 094
Deferred income tax assets		-	-
Long-term prepaid expenses	8	8 227	404
<b>Current assets</b>		780 066	774 738
Inventories	6	32 623	21 737
Receivables from contracting parties for works completed under contracts fro construction services	7	179 287	112 488
- from related parties		6 994	8 649
- from other entities		172 293	103 839
Short-term trade receivables	5	250 802	216 742
- from related parties		26 662	16 199
- from other entities		224 140	200 543
Current income tax receivables		-	-
Other short-term receivables	5	23 462	8 622
- from related parties		5 838	1 763
- from other entities		17 624	6 859
Other short-term financial assets	9	122 237	79 093
- from related parties		79 096	66 276
- from other entities		43 141	12 817
Cash and cash equivalents	10	165 905	328 669
Short-term prepaid expenses	8	5 750	7 387
Non-current assets classified as held for sale		-	-
<b>Total assets</b>		<b>1 340 364</b>	<b>1 308 609</b>



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Item	Note	as at 31.12.2008	as at 31.12.2007
<i>Liabilities</i>			
<b>Equity</b>		761 202	720 225
Share capital	12	13 430	13 430
Treasury shares		-	-
Share premium reserve	13	551 178	551 178
Capital from measurement of hedging transactions	13	(11 652)	1 840
Other equity	13	149 777	104 948
Retained profit/accumulated loss	13	58 469	48 829
- profit (loss) brought forward from previous years		-	(1 268)
- net profit (loss) for the current year		58 469	50 097
<b>Payables</b>		579 162	588 384
<b>Long-term payables</b>		288 825	234 853
Long-term credits and loans	11	65 549	18 803
- related parties		-	-
- other entities		65 549	18 803
Other long-term financial liabilities	11	201 540	200 047
Other long-term payables	15	5 072	300
- related parties		-	-
- other entities		5 072	300
Deferred income tax provision	17	4 099	3 606
Provisions for employee benefits	14	303	327
Other long-term provisions	14	4 206	2 618
Government grants		-	-
Long-term accruals and deferred income	16	8 056	9 152
<b>Short-term payables</b>		290 337	353 531
Short-term credits and loans	11	108 516	97 154
- related parties		-	-
- other entities		108 516	97 154
Other short-term financial liabilities	11	17 543	113 372
Short-term trade payables	15	147 630	109 439
- related parties		68 901	33 704
- other entities		78 729	75 735
Payables under construction services	7	4 452	3 768
- related parties		1 273	25
- other entities		3 179	3 743
Current income tax liabilities		3 548	4 731
Other short-term payables	15	6 962	22 863
- related parties		3 592	139
- other entities		3 370	22 724
Provisions for employee benefits	14	-	-
Other short-term provisions	14	303	973
Government grants		-	-
Short-term accruals and deferred income	16	1 383	1 231
Liabilities related to non-current assets held for sale		-	-
<b>Total liabilities</b>		<b>1 340 364</b>	<b>1 308 609</b>

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.01 TO 31.12.2008

Item	Note	for the period 01.01— 31.12.2008	for the period 01.01—31.12.2007
<i>Continued operations</i>			
<b>Revenues from sales</b>	18	571 576	459 285
- from related parties		31 683	23 368
Revenues from sale of products		18 053	1 633
Revenues from sale of services		542 976	433 541
Revenues from sale of goods and materials		10 547	24 111
<b>Selling costs</b>		(465 846)	(394 461)
- from related parties		(129 606)	(122 353)
Costs of products sold		(17 443)	(1 193)
Costs of services sold	19	(438 462)	(375 329)
Costs of goods and materials sold		(9 941)	(17 939)
<b>Gross profit (loss) on sales</b>		105 730	64 824
Costs of sales		-	-
General administrative expenses		(36 984)	(29 586)
Other operating revenues	20	4 938	16 306
Other operating expenses	20	(1 656)	(2 306)
Share in profits of related parties accounted for under the equity method		-	-
Restructuring costs		-	-
<b>Operating profit (loss)</b>		72 028	49 238
Financial revenues	21	28 189	17 141
Financial expenses	21	(29 155)	(17 150)
Other profits (losses) from investments	21	2 527	12 450
<b>Profit (loss) before tax</b>		73 589	61 679
Income tax	23	(15 120)	(11 582)
<b>Net profit (loss) from continued operations</b>		58 469	50 097
<i>Discontinued operations</i>			
Net loss from discontinued operations		-	-
<b>Net profit (loss)</b>		58 469	50 097

### EARNINGS (LOSS) PER ORDINARY SHARE

Item	For the period 01.01—31.12.2008 PLN/share	For the period 01.01—31.12.2007 PLN/share
Net profit (loss) from continued operations	58 469	50 097
Net profit (loss) from continued and discontinued operations	58 469	50 097
Weighed average number of ordinary shares in thousands	13 430	13 197
Weighed average diluted number of ordinary shares in thousands	13 430	13 197
<i>from continued operations</i>		
- basic	4,35	3,80
- diluted	4,35	3,80
<i>from continued and discontinued operations</i>		
- basic	4,35	3,80
- diluted	4,35	3,80

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**SELECTED ITEMS OF ASSETS AND LIABILITIES CONVERTED INTO EURO AT THE EXCHANGE RATE PUBLISHED BY THE PRESIDENT OF THE NATIONAL BANK OF POLAND AS AT 31 DECEMBER 2007:**

EUR 1 = 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:

761 202 / 13 430 = PLN 56.68

b) book value per share (BVPS) (in EUR) = equity of shareholders in EUR '000 (as at 31.12.2008) / number of shares (in thousands) as at 31.12.2008:

182 437 / 13 430 = EUR 13.58

c) diluted number of shares as at 31.12.2008: 13 430 thousand of 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)

761 202 / 13 430 = PLN 56.68

e) diluted book value per share in EUR = shareholders' equity in EUR '000 (as at 31.12.2008) / diluted number of shares (in thousands):

182 4378 / 13 430 = EUR 13.58

SELECTED ITEMS FROM THE PROFIT AND LOSS ACCOUNT FOR 12 MONTHS OF 2008 WERE CONVERTED INTO EURO AT THE EXCHANGE RATE CALCULATED AS AN ARITHMETIC AVERAGE OF EXCHANGE RATES SET BY THE PRESIDENT OF NBP IN THE PAST 12 MONTHS OF 2008:

JANUARY	31.01.2008	3.6260
FEBRUARY	29.02.2008	3.5204
MARCH	30.03.2008	3.5258
APRIL	30.04.2008	3.4604
MAY	31.05.2008	3.3788
JUNE	29.06.2008	3.3542
JULY	31.07.2008	3.2026
AUGUST	31.08.2008	3.3460
SEPTEMBER	28.09.2008	3.4083
OCTOBER	31.10.2008	3.6330
NOVEMBER	30.11.2008	3.7572
DECEMBER	31.12.2008	4.1724

42 3851 / 12 = 3.5321 (average exchange rate for 12 months)

Profit for FY 2008 in PLN thousands: 58 469

Weighted average number of shares (in thousands): 13 430

a) earnings per share (EPS) in PLN = annualized net profit in PLN '000 / weighted average number of shares for the past 12 months (in thousands)

58 469 / 13 430 = 4.35

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

4.35 / 3.5321 = 1.23 EUR / share

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### CASH FLOW ACCOUNT FOR THE PERIOD FROM 01.01 TO 31.12.2008

Item	For the period 01.01— 31.12.2008	For the period 01.01— 31.12.2007
<i>Cash flow from operations</i>		
<b>Net profit before tax</b>	73 589	61 679
<b>Adjustments:</b>	(2 649)	9 941
Amortization of intangible assets	1 839	1 312
Goodwill impairment write-downs	-	-
Impairment write-downs of tangible fixed assets	-	-
Depreciation of tangible fixed assets	13 256	10 549
Profit (loss) from sale of tangible fixed assets	(30)	(121)
Profit (loss) from sale of available-for-sale financial assets	(7 761)	(3 742)
Profit (loss) on valuation of investment property carried at fair value	-	-
(Profit) loss on revaluation of fair value of financial assets carried at fair value	(16 635)	(192)
Share in profits (losses) of associates	-	-
Costs of interest	28 348	12 326
Interest received	(21 666)	(10 191)
Dividends received	-	-
<b>Cash flow from operations before changes in working capital</b>	70 940	71 620
Change in inventories	(10 885)	(12 439)
Change in receivables	109 977	(77 061)
Change in payables	26 682	36 658
Change in provisions, prepaid expenses, accruals and deferred income	(6 624)	(2 326)
Other adjustments	(3 498)	(5 480)
<b>Cash generated in business operations</b>	(33 362)	10 972
Interest paid	-	-
Income tax paid	(12 513)	(8 480)
<b>Net cash from operations</b>	(45 875)	2 492
<i>Cash flow from investments</i>		
Outflows – acquisition of intangible assets	(6 229)	(8 165)
Inflows – sale of intangible assets	-	-
Outflows – acquisition of tangible fixed assets	(30 096)	(39 830)
Inflows – sale of tangible fixed assets	667	2 545
Outflows – acquisition of investment property	-	-
Inflows – sale of investment property	-	-
Acquisition of held-to-maturity financial assets	(36 900)	(98 099)
Inflows – sale of available-for-sale financial assets	57 400	-
Outflows – acquisition of available-for-sale financial assets	(1 302)	(4 712)
Inflows – sale of held-for-trading financial assets	6 535	8 453

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### CASH FLOW ACCOUNT FOR THE PERIOD FROM 01.01 TO 31.12.2008 (continued)

Outflows – acquisition of subsidiaries (less cash received)	(73 975)	(112 952)
Inflows – sale of subsidiaries	2 500	28 500
Other outflows – additional paid-in capital	(6 650)	(8 000)
Inflows from government grants received	-	1 769
Loans granted	(18 843)	(46 901)
Repayment of loans granted	49 059	71 490
Interest received	8 111	4 407
Dividends received	-	-
<b>Net cash used in investments</b>	<b>(49 723)</b>	<b>(201 495)</b>
<i>Cash flow from financial activity</i>		
Net inflows – issue of shares	-	333 090
Buy-back of treasury 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	72 503	94 500
Repayment of credits and loans	(14 117)	(113 382)
Repayment of interest on credits and loans	(11 892)	(6 335)
Inflows from interest on deposits	13 542	5 785
Repayment of finance lease liabilities	(11)	(11)
Interest paid	(425)	-
Dividends paid out	-	-
<b>Net cash from financial activity</b>	<b>(67 166)</b>	<b>507 655</b>
<b>Net balance of cash and cash equivalents</b>	<b>(162 764)</b>	<b>308 652</b>
<b>Opening balance of cash and cash equivalents</b>	<b>328 669</b>	<b>20 017</b>
Change in cash resulting from foreign exchange differences	-	-
<b>Closing balance of cash and cash equivalents</b>	<b>165 905</b>	<b>328 669</b>

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

#### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01 TO 31.12.2007

Item	Share capital	Other equity	Retained profit / accumulated loss	Total
<b>As at 01.01.2007</b>	12 030	289 054	35 239	336 323
Changes in the adopted accounting principles (policy)	-	-	(1 268)	(1 268)
Corrections of fundamental errors	-	-	-	-
<b>Balance after adjustments</b>	12 030	289 054	33 971	335 055
Revaluation gains (losses)	-	-	-	-
Available-for-sale investments:	-	-	-	-
- valuation gains (losses) recognized in equity	-	-	-	-
- transferred to profit (loss) on sales	-	-	-	-
Cash flow hedges:	-	2 475	-	2 475
- gains (losses) recognized in equity	-	3 040	-	3 040
- gains (losses) transferred to financial result of the period	-	(565)	-	(565)
- gains (losses) included in the carrying amount of the hedged items	-	-	-	-
Tax related to items recognized in equity or transferred from equity	-	(577)	-	(577)
<b>Net profit recognized directly in equity</b>	-	1 898	-	1 898
Net profit (loss) for the period from 01.01 to 31.12.2007	-	-	50 097	50 097
<b>Total gains and losses recorded in the period 01.01 – 31.12.2007</b>	-	1 898	50 097	51 995
Dividends	-	-	-	-
Distribution of the financial result	-	33 239	(35 239)	(2 000)
Acquisition of a subsidiary	-	685	-	685
Share capital issued	1 400	333 090	-	334 490
Options convertible to shares issued	-	-	-	-
<b>As at 31.12.2007</b>	13 430	657 966	48 829	720 225

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

#### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01 TO 31.12.2008

Item	Share capital	Other equity	Retained profit / accumulated loss	Total
<b>As at 01.01.2008</b>	13 430	657 966	48 829	720 225
Changes in the adopted accounting principles (policy)	-	-	-	-
Corrections of fundamental errors	-	-	-	-
<b>Balance after adjustments</b>	13 430	657 966	48 829	720 225
<i>Changes in Equity for the period from 01.01 to 31.12.2008</i>				
Revaluation gains (losses)	-	-	-	-
Available-for-sale investments:	-	-	-	-
- valuation gains (losses) recognized in equity	-	-	-	-
- transferred to profit (loss) on sales	-	-	-	-
Cash flow hedges:	-	(16 882)	-	(16 882)
- gains (losses) recognized in equity	-	(16 994)	-	(16 994)
- gains (losses) transferred to financial result of the period	-	112	-	112
- gains (losses) included in the carrying amount of the hedged items	-	-	-	-
Exchange rate differences from valuation of foreign entities	-	-	-	-
Tax related to items recognized in equity or transferred from equity	-	3 390	-	3 390
<b>Net profit recognized directly in equity</b>	-	(13 492)	-	(13 492)
Net profit (loss) for the period from 01.01 to 31.12.2008			58 469	58 469
<b>Total gains and losses recorded in the period 01.01 – 31.12.2008</b>	-	(13 492)	58 469	44 977
Dividends	-	-	-	-
Distribution of the financial result	-	44 829	(48 829)	(4 000)
Share capital issued	-	-	-	-
Options convertible to shares issued	-	-	-	-
<b>As at 31.12.2008</b>	13 430	689 303	58 469	761 202

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## 11.1. NOTES TO THE BALANCE SHEET

### NOTE 1. INTANGIBLE ASSETS

Item	as at 31.12.2008 total net value, of which:	as at 31.12.2007 total net value, of which:
Trademarks	-	-
Patents and licenses	6 030	1 607
Software	3 712	1 050
Development costs	-	-
Other intangible assets	853	1 423
Goodwill	1 606	1 606
<b>Net carrying amount</b>	<b>12 202</b>	<b>5 686</b>
Intangible assets in progress	-	4 595
Payments on account of intangible assets	-	-
<b>Total intangible assets</b>	<b>12 202</b>	<b>10 281</b>
Intangible assets classified as held for sale	-	-
<b>Intangible assets</b>	<b>12 202</b>	<b>10 281</b>

### INTANGIBLE ASSETS IN THE PERIOD 01.01-31.12.2007

Item	Goodwill	Patents and licenses	Software	Other intangible assets	Total
<b>Net carrying amount as at 01.01.2007</b>	-	669	872	1 992	3 533
Increase – business combinations	1 606	-	-	-	1 606
Increase – acquisition	-	1 428	534	1	1 963
Reduction – disposal (-)	-	-	-	-	-
Reductions and increases from revaluation	-	-	-	-	-
Impairment write-downs (-)	-	-	-	-	-
Reversal of write-downs	-	-	-	-	-
Amortization (-)	-	(386)	(356)	(570)	(1 312)
Other changes	-	(104)	-	-	(104)
<b>Net carrying amount as at 31.12.2007</b>	<b>1 606</b>	<b>1 607</b>	<b>1 050</b>	<b>1 423</b>	<b>5 686</b>
Intangible assets in progress and down-payments	-	4 595	-	-	4 595
<b>Total carrying amount as at 31.12.2007</b>	<b>1 606</b>	<b>6 202</b>	<b>1 050</b>	<b>1 423</b>	<b>10 281</b>



<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

#### INTANGIBLE ASSETS IN THE PERIOD 01.01-31.12.2008

Item	Goodwill	Patents and licenses	Software	Other intangible assets	Total
<b>Net carrying amount as at 01.01.2008</b>	1 606	1 607	1 050	1 423	5 686
Increase – acquisition	-	5 128	3 301	-	8 429
Reduction – disposal (-)	-	(73)	-	-	(73)
Reductions and increases from revaluation	-	-	-	-	-
Impairment write-downs (-)	-	-	-	-	-
Reversal of write-downs	-	-	-	-	-
Amortization (-)	-	(632)	(639)	(570)	(1 840)
Other changes	-	-	-	-	-
<b>Net carrying amount as at 31.12.2008</b>	1 606	6 030	3 712	853	12 202
<i>As at 01.01.2008</i>					
Gross carrying amount	2 103	2 807	3 923	2 846	11 679
Total accumulated amortization and write-downs	(497)	(1 200)	(2 873)	1 423	(5 993)
<b>Net carrying amount</b>	1 606	1 607	1 050	1 423	5 686
<i>As at 31.12.2008</i>					
Gross carrying amount	2 103	7 853	7 224	2 846	20 026
Total accumulated amortization and write-downs	(497)	(1 823)	(3 512)	1 993	(7 824)
<b>Net carrying amount</b>	1 606	6 030	3 712	853	12 202
Intangible assets in progress and down-payments	-	-	-	-	-
<b>Total carrying amount as at 31.12.2008</b>	1 606	6 030	3 712	853	12 202

As at the date of this annual financial statement, the Company's intangible assets were not used as a security for the Company's liabilities. As at 31 December 2008, gross value of all fully amortized intangible assets still used was PLN 4,060 k and as at 31 December 2007 - PLN 3,332k.

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

## NOTE 2. TANGIBLE FIXED ASSETS

Item	as at 31.12.2008	as at 31.12.2007
Land	6 729	4 474
Buildings and structures	76 713	49 801
Plant and equipment	28 982	26 568
Transport vehicles	15 938	11 160
Other tangible fixed assets	12 294	10 421
<b>Net carrying amount</b>	<b>140 656</b>	<b>102 424</b>
Tangible fixed assets in construction	7 407	28 196
Payments on account of tangible fixed assets	53	2 326
<b>Total tangible fixed assets</b>	<b>148 116</b>	<b>132 946</b>
Tangible fixed assets classified as held for sale	-	-
<b>Tangible fixed assets</b>	<b>148 116</b>	<b>132 946</b>

As on 31st December 2008, the main elements of the amount of PLN 7 407k listed as tangible fixed assets in construction included:

- Construction of "Galeria Smaków" restaurant – PLN 6 375k
- Building lot no. 64/33 in Wysogotowo – PLN 3k
- Manufacturing hall with social compartment – PLN 1 000k
- Other – PLN 29k

The listed item of tangible fixed assets in construction as on 31st December 2007 in the amount of PLN 2 896k includes:

- Access roads in Wysogotowo – PLN 482k
- Parking lot in Wysogotowo – PLN 3 682k
- Security system – PLN 997k
- Office building – PLN 18 639k
- Office building infrastructure - PLN 4 190k
- Investment in third party fixed asset – PLN 107k
- Land, lot no. 87/19 – PLN 12k
- Building lot no. 64/8 in Wysogotowo – PLN 30k
- Other – PLN 29k

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Item	Land	Buildings and structures	Plant and equipment	Transport vehicles	Other tangible fixed assets	Total
<b>Net carrying amount as at 01.01.2007</b>	4 500	43 244	25 654	10 490	6 402	90 290
Increase – business combinations	-	-	555	234	159	948
Increase – acquisition	-	7 760	6 113	5 347	5 240	24 460
Reduction – disposal (-)	(26)	-	(408)	(3 457)	(5)	(3 896)
Reduction – liquidation (-)	-	-	(272)	-	(14)	(286)
Impairment write-downs (-)	-	-	-	-	-	-
Reversal of write-downs	-	-	-	-	-	-
Amortization (-)	-	(1 203)	(5 074)	(1 454)	(1 361)	(9 092)
<b>Net carrying amount as at 31.12.2007</b>	4 474	49 801	26 568	11 160	10 421	102 424
<b>Net carrying amount as at 01.01.2008</b>	4 474	49 801	26 568	11 160	10 421	102 424
Increase – business combinations	-	-	-	-	-	-
Increase – acquisition	2 255	29 599	7 704	8 498	4 078	52 134
Increase – re-categorization	-	-	1 016	-	-	1 016
Reduction – disposal (-)	-	-	(166)	(365)	(44)	(575)
Reduction – liquidation (-)	-	-	(28)	(21)	(4)	(53)
Impairment write-downs (-)	-	-	-	-	-	-
Reversal of write-downs	-	-	-	-	-	-
Amortization	-	(2 687)	(6 112)	(3 334)	(1 123)	(13 256)
Other changes	-	-	-	-	(1 034)	(1 034)
<b>Net carrying amount as at 31.12.2008</b>	6 729	76 713	28 982	15 938	12 294	140 656
<i>As at 01.01.2008</i>						
Gross carrying amount	4 474	52 594	41 609	22 762	15 954	137 393
Total accumulated amortization and write-downs	-	(2 793)	(15 041)	(11 602)	(5 533)	(34 969)
<b>Net carrying amount</b>	4 474	49 801	26 568	11 160	10 421	102 424
<i>As at 31.12.2008</i>						
Gross carrying amount	6 729	82 193	49 522	29 412	18 812	186 668
Total accumulated amortization and write-downs	-	(5 480)	(20 540)	(13 474)	(6 518)	(46 012)
<b>Net carrying amount</b>	6 729	76 713	28 982	15 938	12 294	140 656

Elements of tangible fixed assets of the carrying amount of PLN 18 081 thousand were used to secure the Company's liabilities under bank credits incurred as at 31 December 2008.

As at 31 December 2008, the Company verified the adopted useful lives of tangible fixed assets, in accordance with its accounting policy. Gross amount of fully amortized tangible fixed assets totalled PLN 4 272 thousand.

<b>OFF-BALANCE SHEET TANGIBLE FIXED ASSETS</b>	<b>2008 (current year)</b>	<b>2007 (previous year)</b>
used based on the contract of lease, rental or similar agreement, including:	2 946	2 301
- land used under perpetual usufruct	0	0
- operating lease contracts	2 946	2 301
<b>Total off-balance sheet tangible fixed assets</b>	<b>2 946</b>	<b>2 301</b>

PBG SA company uses 72 vehicles, that are subjects of operating leasing agreements with Carefleet SA Company, recognized off-balance sheet.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### NOTE 3.

PBG SA Company lists the amount of PLN 710 thousand as at 31<sup>st</sup> December 2008 in the 'investment property' balance sheet item. It is the value of a land property with a residential building in Modzerowo, acquired as a result of PBG SA Company taking over ATG Sp. z o.o. Company (as a Company taken over through transfer of the whole capital of ATG Sp. z o.o. Company to PBG SA Company) on 11<sup>th</sup> October 2007.

The property is located at the lake and there is a multifunctional residential building on it, which is adjusted for agritourism, for which it is still supposed to be used (revenues from rental). Until the day of preparing the financial statement, the Company has not received any revenues from using the object for recreational and tourist purposes, due to failure at acquiring potential lessees. The annual cost of maintenance of the said investment property is the property tax amount of PLN 12 thousand, listed in the financial statement as 'general management costs' item.

### NOTE 4.

#### INVESTMENTS IN SUBSIDIARIES

Item	as at 31.12.2008	as at 31.12.2007
<b>Opening balance</b>	255 249	185 070
<b>Increase in the reporting period:</b>	214 041	118 387
- business combinations	-	-
- reclassification	-	-
- other increase	214 041	118 387
<b>Reductions in the reporting period:</b>	139 064	48 208
- disposal of a subsidiary	5 923	20 361
- reclassification	-	23 800
- other reductions	133 141	4 047
<b>Closing balance</b>	330 226	255 249

#### INVESTMENTS IN SUBSIDIARIES AS AT 31.12.2008

Name of a subsidiary	% share in capital	% of votes held	Consolidation method	Value of shares at cost	Revaluation adjustments	Carrying amount of shares
Aprivia SA	100,00%	100,00%	full	71 999	-	71 999
Avatia Sp. z o.o.	99,80%	99,80%	full	50	-	50
Brokam Sp. z o.o	100,00%	100,00%	full	12 565	-	12 565
Excan Oil and Gas Engineering Ltd.	100,00%	100,00%	full	782	-	782
Gas & Oil Engineering sr.o	62,45%	62,45%	full	7490	-	7 490
Hydrobudowa Polska SA	61,61%	61,61%	full	185 076	-	185 076
Infra SA	99,95%	99,95%	full	8 433	-	8 433
KWG SA	100,00%	100,00%	full	1 734	-	1 734
Metorex Sp. z o.o.	99,56%	99,56%	full	2 717	-	2 717
PBG Dom Sp. z o.o.	100,00%	100,00%	full	12 380	-	12 380
advance payment for shares				27 000	-	27 000
<b>Total</b>				330 226	-	330 226

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## **Description of changes in financial assets such as shares in the period from 1st January to 31st December 2008**

### **- increases of shares during reporting period**

#### **Foundation of Avatia Sp. z o.o. Company**

On 15th February 2008 the Management Board of PBG S.A. Company signed the deed of association of a joint stock company under the name of APRIVIA S.A. with registered office in Wysogotowo near Poznań. The share capital of the Company amounts to PLN 500 000.00 and is divided into 500 000 registered shares of series A with voting privileges, having the nominal value of PLN 1.00 each. PBG S.A. took up 100% shares in APRIVIA S.A. Company. Registering of APRIVIA S.A. Company took place on 7th April 2008. APRIVIA S.A. Company is responsible for strengthening the position of Capital Group and for organization of financing. The funds used to establish the Company, put down by PBG S.A., come from the funds acquired through issuing of shares. PBG S.A. does not exclude increasing its financial engagement into the newly founded Company in the future.

#### **Increase of shares in PBG Dom Sp. z o.o. Company**

On 10th June 2008 the PBG S.A. Company purchased 3 572 shares in PBG Dom Sp. z o.o. company from Hydrobudowa Polska SA. PBG SA owns shares that amount to 100% of the share capital, giving the capability of casting 100% of total number of votes. The total purchase price for the shares in PBG Dom was established at the amount equal to their joint nominal value, that is, in the amount of PLN 357 200.00. The share capital of PBG Dom Sp. z o.o. company amounts to PLN 2 357 200. The nominal value of a single share is PLN 100.00. Before the transaction PBG SA owned 20 000 shares in the Company, which constituted 84.85% of the share capital and total number of votes.

#### **Increase of share capital of subsidiary company PBG Dom Sp. z o.o.**

An increase of share capital of subsidiary company PBG Dom Sp. z o.o. was registered on 5<sup>th</sup> August 2008. The share capital of the Company was increased from PLN 2 357 200.00 to PLN 12 357 000.00, by creating 100 000 shares having nominal value PLN 100.00 each. All the newly created shares were taken up by PBG SA, which remained the single partner of PBG Dom Sp. z o.o. After increasing the share capital from 123 572 shares, PBG SA can cast 123 572 votes, which constitute 100% of the total number of votes.

#### **Increase of share capital of Hydrobudowa Polska SA**

An increase of share capital of subsidiary company Hydrobudowa Polska was registered on 30<sup>th</sup> September 2008, from PLN 173 673 200.00 to PLN 210 558 445.00. The increase of capital took place as a result of issuing 36 885 245 shares of series L having nominal value PLN 1.00 each. Shares of series L, issued in private subscription mode, were offered to all the shareholders (including PBG SA), - Hydrobudowa 9 SA. All the series L shares were taken up for non-monetary contribution of 14 536 685 fully paid-up shares in the Company under the name Hydrobudowa 9 SA, having the nominal value of PLN 0.10 each and total nominal value of PLN 1 453 668.50, constituting 100% of shares in Hydrobudowa 9 SA Company. After increasing the capital of Hydrobudowa Polska SA, the share of PBG SA in the stake increased from previous 60.69% to 61.61% and Hydrobudowa 9 SA was incorporated into Hydrobudowa Polska Capital Group.

#### **Increase of share capital of subsidiary company Aprivia SA**

An increase of share capital of subsidiary company Aprivia SA was registered on 8<sup>th</sup> October 2008. The increase of capital of Aprivia SA Company is a result of issuing 71 493 065 registered shares of series B, targeted through closed subscription to the single shareholder – PBG SA. After registering the increase, the share capital of the Aprivia SA Company was increased from PLN 500 000 to PLN 71 993 065.00 and became divided into 500 000 series A shares having the nominal value of PLN 1.00 each and 71 493 065 series B shares having the minimal value of PLN 1.00 each. From the total number of 71 993 065 registered shares, there are 143 986 130 votes (that is, 2 votes per share) as a result. In exchange for the shares in Aprivia SA, PBG SA contributed in kind the shares in subsidiary Companies.

After the increase of capital, PBG SA remains the single shareholder of the Company and owns 100% of share capital and 100% of the total number of votes at annual general meeting, while the book value of Aprivia SA Company in the accounts of PBG SA increased from PLN 505 737.00 to PLN 71 998 802.00.

### **- reductions of shares during reporting period**

#### **a) resulting from sale of shares**

##### **Sale of shares in Apartamenty Poznańskie Sp. z o.o. Company**

On 27<sup>th</sup> June 2008 the Management Board of PBG SA concluded an agreement for selling shares in Apartamenty Poznańskie Sp. z o.o. to PBG Dom Sp. z o.o. subsidiary company. PBG SA sold all of its 255 shares, having the nominal value of PLN 100 each and constituting 51% of company's share capital and total number of votes at annual general meeting, for the amount of PLN 2 500 020. The sold shares were fully paid by PBG SA, they are not encumbered by any third party rights and there is no court proceeding in progress with regard to them and their book value in the accounts of PBG SA amounted to PLN 1 579 893.51.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### **Sale of shares in BATHINEX Sp. z o.o. subsidiary Company**

On 23<sup>rd</sup> December 2008 the Management Board of PBG SA concluded a purchase-sale agreement, party to which is Ecopap Sp. z o.o. company, hereafter referred to as Buyer. The subject of the transaction was the sale of 50 shares (owned by PBG SA) in Bathinex Sp. z o.o. subsidiary Company, having the nominal value of PLN 1 000.00 each and constituting 100% of total number of votes at the Annual General Meeting and 100% of share capital of the Company in the amount of PLN 50 000.00. The shares were sold by PBG SA for the amount of PLN 5 950 000.00. Even though the Bathinex Sp. z o.o. Company was sold, the Companies from the field of road construction in the PBG Capital Group still have a secured access to aggregate.

### **b) resulting from other changes**

#### **Termination of the preliminary sale agreement regarding the purchase of shares in J.A.Sokoł – Melafir Sp. z o.o. Company**

On 22<sup>nd</sup> August 2008 the Management Board of PBG SA terminated the preliminary sale agreement, concluded on 22<sup>nd</sup> June 2007 between PBG SA and a natural person. The subject of agreement was a purchase of shares in J.A.Sokoł – Melafir Sp. z o.o. Company with its registered office in Tłumaczów. PBG SA and the Seller took a mutual obligation to conclude a final sale agreement, as a result of which the Seller will sell to PBG SA all the shares (that is, 500 shares) in the share capital of the Company under the name J.A. Sokoł – Melafir limited liability Company, all the shares being free of any encumbrance, for the amount of PLN 32 000 000.00. The share purchase agreement was supposed to be concluded under the following suspension conditions:

- after receiving a positive result of an audit conducted in the purchased Company;
- after unsuspending and validation of license for extraction of melaphyre from the "Tłumaczów-Gardzień" deposit.

On 22<sup>nd</sup> August 2008 PBG SA, through a proxy, and the natural person being a Party to the preliminary agreement have amicably terminated the agreement due to lack of agreement in terms of evaluation of the audit and fulfillment of condition for its positive result.

#### **Creation of Aprivia Capital Group**

On 8<sup>th</sup> October 2008, as a result of PBG selling some significant assets constituting a contribution in kind for increasing the capital of APRIVIA SA, the APRIVIA Capital Group was created. Series B shares of Aprivia SA Company were obtained by PBG SA for a non-monetary contribution in the following way:

- a) 22 379 325 series B shares were obtained in exchange for 25 000 shares in PRID SA Company with its registered office in Nowy Tomyśl, each share having the nominal value of PLN 20.00 (PBG SA owned 100% of share capital, and in the accounts the book value of the Company was indicated at PLN 22 379 325.00);
- b) 45 971 637 series B shares were obtained in exchange for 14 245 000 shares in Betpol SA Company with its registered office in Bydgoszcz, each share having the nominal value of PLN 1.00 (PBG SA owned 70% of the Company's share capital, and in the accounts its book value was indicated at PLN 45 971 636.00);
- c) 3 142 103 series B shares were obtained in exchange for 6 000 shares in Dromost Sp. z o.o. Company with its registered office in Żabno, each share having the nominal value of PLN 500.00 (PBG SA owned 87.40% of Company's share capital, and in the accounts its book value was indicated at PLN 3 142 102.23);

After registering the increase, PRID SA, Betpol SA and Dromost Sp. z o.o. Companies were obtained by Aprivia SA and as a result of registering the increase they have the following book value in the accounts of Aprivia SA:

- PRID SA: PLN 22 379 325.00 – Aprivia SA owns 100% of share capital and total number of votes at Annual General Meeting
- Betpol SA: PLN 45 971 637.00 – Aprivia SA owns 70% of share capital and total number of votes at Annual General Meeting
- Dromost Sp. z o.o.: PLN 3 142 103.00 – Aprivia SA owns 87.40% of share capital and total number of votes at Annual General Meeting

PBG SA is a dominant entity for Aprivia SA Company, while after the registration of the increase of the Company's capital, Aprivia SA became a dominant entity for the Companies which were contributed in kind and, additionally, excluded from the assets belonging directly to PBG SA.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

#### NOTE 5. LONG TERM RECEIVABLES

Item	as at 31.12.2008	as at 31.12.2007
<b>Trade payables</b>	7 659	7 143
- from domestic recipients	7 659	7 143
- from foreign recipients	-	-
<b>Other receivables</b>	1 849	1 951
- from leasing agreements	1 849	1 951
Revaluation write-downs of receivables (-)	-	-
<b>Total long-term receivables</b>	9 508	9 094

Trade payables, recognized by the Company as long-term receivables, result from the receivables with deferred term of payment. The final term for settling due payments is November 2016.

Receivables from financial leasing are also listed in long-term receivables, because according to the policy of the Company (par. 3.2.9.), the leased assets are recognized in the balance sheet as receivables in the amount equal to net investment.

The gross carrying value of receivables from financial leasing as at 31<sup>st</sup> December 2008 amounted to PLN 2 505 000. The short-term element included in it amounted to PLN 313 000.

The subject of financial leasing agreement is the right of perpetual usufruct of land property, located in Szczecin, and the property right of the administrative building present on it.

#### REVALUATION WRITE-DOWNS OF LONG-TERM RECEIVABLES

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Opening balance</b>	-	16
Revaluation write-downs made in the reporting period	-	-
Revaluation write-downs reversed in the reporting period (-)	-	-
Revaluation write-downs used in the reporting period (-)	-	(16)
Other changes	-	-
<b>Closing balance</b>	-	-

#### SHORT-TERM TRADE RECEIVABLES

Item	as at 31.12.2008	as at 31.12.2007
<b>Trade receivables</b>	250 802	216 742
- from domestic customers	243 082	213 864
- from foreign customers	8 042	3 247
Revaluation write-downs of trade receivables (-)	(322)	(369)
<b>Total trade receivables</b>	250 802	216 742

Trade receivables result mainly from sale of construction services. The increase of receivables by 15.27% in year 2008 in comparison to year 2007 is related with the increase of revenues by 24.45% that the Company achieved in comparison to year 2007.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## OTHER SHORT-TERM RECEIVABLES

Item	as at 31.12.2008	as at 31.12.2007
down-payments for services	-	-
under VAT	-	-
under subsidies, customs duties, social security, health insurance and other benefits	-	2
reckonings with employees	260	319
claimed in court	-	-
other receivables	23 229	8 337
revaluation write-downs of other receivables (-)	(27)	(36)
<b>Total other receivables</b>	<b>23 462</b>	<b>8 622</b>

Other short-term receivables increased in 2008 by 172.12% in comparison to year 2007. The main elements of the increase were:

- receivables from guarantees – 5 817
- receivables from selling shares in Bathinex company - 5 950
- investment sales - 1920

In the comparative year 2007 the main element was the earnest in the amount of 5600.

## REVALUATION WRITE-DOWNS OF SHORT-TERM RECEIVABLES

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Opening balance</b>	405	367
Revaluation write-downs made in the reporting period	32	96
Revaluation write-downs reversed in the reporting period (-)	-	-
Revaluation write-downs used in the reporting period (-)	(88)	(58)
Other changes	-	-
<b>Closing balance</b>	<b>349</b>	<b>405</b>

## TRADE AND OTHER RECEIVABLES – CURRENCY STRUCTURE

Item	as at 31.12.2008		as at 31.12.2007	
	in foreign currency	after conversion into PLN	in foreign currency	after conversion into PLN
a) Polish zloty (PLN)	x	258 076	x	198 114
b) Euro (EUR)	7 147	23 697	10 453	36 749
c) United States dollar (USD)	893	2 057	-	-
d) Swiss franc (CHF)	20	42	-	-
e) British pound (GBP)	3	12	-	-
f) Slovak koruna (SK)	-	-	-	-
g) Canadian dollar (CAD)	111	237	-	-
h) other currencies	-	-	-	-
<b>Total</b>	<b>x</b>	<b>284 121</b>	<b>x</b>	<b>234 863</b>

As at the date of this annual financial statement, the Company had no receivables claimed in court.



<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

**NOTE 6.  
STRUCTURE OF INVENTORIES**

Item	as at 31.12.2008	as at 31.12.2007
Raw materials	6 068	5 680
Work-in-progress	22 863	12 001
Finished goods	-	-
Commodities	3 131	3 126
Payments on account of deliveries	561	930
<b>Total, of which</b>	<b>32 623</b>	<b>21 737</b>

In 2008, the Company made no revaluation write-downs for inventories. As at 31 December 2008 and 2007, the Company's inventories were not pledged.

In 2008 we observe an increase of inventories by 50.08% in comparison to year 2007. An especially significant rise was noted by the Company in the "work-in-progress" item. In comparison to year 2007 it increased by 178.68%. PBG SA recognizes in this item the expenses related to construction of dwellings for trading.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**NOTE 7.**

**CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 01.01.2008 TO 31.12.2008**

Item	Amount of contract revenues initially defined in the contract	Changes	Total amount of contract revenues	Costs incurred until the balance sheet date	Remaining costs required to complete the contract	Estimated total costs of the contract	Estimated gains	Stage of completion as at the balance sheet date	Amount of advance payments received	Amount of retained money
Total contracts for construction services	2 682 354	120 409	2 802 763	674 275	1 686 553	2 360 828	441 935	29%	24 660	7 481

**CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 01.01.2007 TO 31.12.2007**

Item	Amount of contract revenues initially defined in the contract	Changes	Total amount of contract revenues	Costs incurred until the balance sheet date	Remaining costs required to complete the contract	Estimated total costs of the contract	Estimated gains	Stage of completion as at the balance sheet date	Amount of advance payments received	Amount of retained money
Total contracts for construction services	1 243 901	20 873	1 264 774	488 632	606 307	1 094 939	169 835	45%	36 480	23 127

**CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 01.01.2008 TO 31.12.2008**

Item	Costs incurred until 31.12.2008 related to completion of the contract	Gains recognized until 31.12.2008 (-)	Losses recognized until 31.12.2008	Incurring costs adjusted by the recognized gains and losses	Amounts invoiced until 31.12.2008	Contract receivables as at 31.12.2008	Contract payables as at 31.12.2008
Total contracts for construction services	674 275	-	-	674 275	567 070	194 909	4 452

**CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 01.01.2007 TO 31.12.2007**

Item	Costs incurred until 31.12.2007 related to completion of the contract	Gains recognized until 31.12.2007 (-)	Losses recognized until 31.12.2007	Incurring costs adjusted by the recognized gains and losses	Amounts invoiced until 31.12.2007	Contract receivables as at 31.12.2007	Contract payables as at 31.12.2007
Total contracts for construction services	488 632	-	-	488 632	430 923	112 487	3 768

The Management Board of PBG S.A. disclosed information required by IAS 11 (construction contracts) in total amounts and not broken down into individual contracts, as this information is a trade secret.

Under the provisions of contracts concluded as part of ordinary operations, the Company implements these contracts in accordance with the schedules and based on the assumed profit margins. No provisions were established for any potential losses on these contracts, which proves that they are profitable.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## NOTE 8. PREPAID EXPENSES

Item	as at 31.12.2008	as at 31.12.2007
- insurance policies	8 888	1 460
- guarantees	2 083	75
- subscriptions, training	839	799
- costs on the turn of two reporting periods	94	23
- costs incurred before the conclusion of a construction contract	656	3 371
- costs in respect of future acquisitions	1 115	2 063
- other	302	-
<b>Total prepaid expenses</b>	<b>13 977</b>	<b>7 791</b>
- long-term	8 227	404
- short-term	5 750	7 387

In 2008 there has been an 79.40% increase of repaid expenses in comparison with year 2007. The increase is present mainly in the items "insurance policies" and "guarantees". It is caused by the insurance in the scope of construction and assembly risks and guarantees for two main contracts realized by PBG SA:

- Construction of the external part of PMG Wierzchowice (term of the contract: 19.11.2008 - 18.11.2001)
- LMG - Central Facility, near-well zones, pipelines and other elements Project (term of the contract: 11.08.2008 - 30.04.2013)

## NOTE 9. FINANCIAL INSTRUMENTS

### OTHER FINANCIAL ASSETS

Item	as at 31.12.2008	as at 31.12.2007
Assets carried at fair value through profit or loss account	-	-
Investments held to maturity	80 172	98 099
Loans and receivables	49 864	74 936
Available-for-sale financial assets	29 315	29 252
Fair value hedges	-	-
Cash flow hedges	14 195	1 993
<b>Total financial assets</b>	<b>173 546</b>	<b>204 280</b>
- long-term	51 309	125 187
- short-term	122 237	79 093

### HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments	as at 31.12.2008	as at 31.12.2007
Bonds	59 709	83 695
Commercial papers	20 463	14 404
<b>Total held-to-maturity investments</b>	<b>80 172</b>	<b>98 099</b>
- long-term	7 548	94 591
-short-term	72 624	3 508

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## CHANGE IN HELD-TO-MATURITY INVESTMENTS

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Opening balance</b>	98 099	-
Acquisitions	36 900	96 100
Interest calculated at effective interest rate	5 736	2 129
Impairment write-downs (-)	-	-
Change of asset category	-	-
Disposal (-)	(60 563)	(130)
Other changes	-	-
<b>Closing balance</b>	80 172	98 099

### Description of changes in financial assets – debt securities in the period from 1st January 2008 to 31st December 2008.

During the period encompassed by the financial statement, PBG SA Company acquired securities in the amount of PLN 36 900 000 from:

- PBG Dom Sp. z o.o. with its registered office in Wysogotowo – unsecured registered series B bonds worth PLN 1 000 000
- PBG Dom Sp. z o.o. with its registered office in Wysogotowo – unsecured registered series C bonds worth PLN 3 500 000
- Poner Sp. z o.o. with its registered office in Kępno – unsecured registered series A bonds worth PLN 3 000 000
- Apartamenty Poznańskie Sp. z o.o. with its registered office in Poznań – unsecured registered series A bonds worth PLN 2 900 000
- Bathinex Sp. z o.o. with its registered office in Wysogotowo – unsecured registered series A bonds worth PLN 1 000 000
- KWG SA with its registered office in Szczecin – issue V bonds worth PLN 4 500 000
- PBG Dom Sp. z o.o. with its registered office in Wysogotowo – issue I bonds worth PLN 17 000 000
- PBG Dom Sp. z o.o. with its registered office in Wysogotowo – issue II bonds worth PLN 3 000 000
- Bathinex Sp. z o.o. with its registered office in Wysogotowo – registered bonds worth PLN 1 000 000

In 2008 the Company realized the following buyouts of held-to-maturity securities:

- uncertificated interest bearing series A bearer bonds for the amount of PLN 20 000 000 and series B bearer bonds for the amount of PLN 30 000 000 issued by Hydrobudowa Polska SA Company
- registered bonds worth PLN 2 900 000 issued by the Apartamenty Poznańskie Sp. z o.o. company
- issue I registered bonds worth PLN 3 500 000 issued by the PBG Dom Sp. z o.o. company
- registered bonds worth PLN 1 000 000 issued by the Bathinex Sp. z o.o. company.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Transaction type	Conclusion date	Transaction date	Nominal amount	Interest rate		Carrying amount
				nominal	effective	
registered bonds Ćwiertnia Sp. z o.o.	2007-04-05	2009-04-06	10 470	5,67%	5,52%	11 499
registered bonds PBG Dom Sp. zo.o. issue II	2008-02-19	2009-02-19	1 000	8,09%	8,09%	1 070
registered bonds PBG Dom Sp. z o.o. issue III	2008-06-20	2009-06-20	3 500	8,85%	8,80%	3 661
registered bonds Poner Sp. z o.o.	2008-02-21	2011-02-21	3 000	8,09%	8,11%	3 208
registered bonds Bathinex Sp. z o.o.	2008-06-11	2009-09-12	1 000	8,64%	8,59%	1 025
bonds Aprivia S. A.	2007-05-22	2009-05-22	5 000	5,76%	5,60%	5 461
bond Infra SA issue I	2007-06-28	2009-06-29	5 000	6,01%	5,83%	5 448
bonds Infra SA issue II	2007-08-23	2009-08-24	3 000	6,35%	6,15%	3 253
bonds KWG SA issue I	2007-08-31	2009-08-31	3 000	6,44%	6,24%	3 254
bonds KWG SA issue II	2007-10-04	2009-10-04	2 000	6,45%	6,25%	2 157
bonds KWG SA issue III	2007-10-26	2009-10-26	5 000	6,52%	6,32%	5 377
bonds KWG SA issue IV	2007-12-20	2009-12-20	9 000	7,15%	6,91%	9 645
bonds KWG SA issue V	2008-11-14	2010-11-14	4 500	8,89%	8,53%	4 549
bonds PBG Dom Sp. z o.o. issue I	2008-08-22	2009-08-22	17 000	8,74%	8,69%	17 520
bonds PBG Dom Sp. z o.o. issue II	2008-10-30	2009-10-30	3 000	8,92%	8,95%	3 045
<b>Total</b>						<b>80 172</b>

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## LOANS GRANTED AS AT 31.12.2008

Entity	Debt amount	Interest amount	Debt + interest amount	Interest rate
Apartamenty Poznańskie Sp. z o.o.	50	3	53	Wibor 3M+2%
Brokam Sp. z o.o.	515	10	525	10%
PBG Dom Sp. z o.o.	4 000	29	4 029	Wibor 3M+1,5%
<b>TOTAL RELATED PARTIES</b>	<b>4 565</b>	<b>42</b>	<b>4 607</b>	
A. Hamrol, M. Marcinkowski	200	13	213	Wibor 3M+0,5%
Anta Development Sp. z o.o.	500	2	502	Wibor 3M+2%
Bathinex Sp. z o.o.	7 900	551	8 451	10%
Jastarport Sp. z o.o.	6 000	289	6 289	Wibor 3M+2%
Lubickie Wodociągi Sp. z o.o.	1 697	-	1 697	Wibor 1M+2%
M&W Bartosz Jankowski	172	3	175	Wibor 1M+1%
PBG Basket	300	2	302	Wibor 1M+1%
Piecobiogaz SA	7 600	737	8 337	Wibor 3M+1%
Remaxbud Sp. z o.o.	1 500	-	1 500	Wibor 3M+1%
Strateg Capital Sp. z o.o.	3 090	50	3 140	10%
<b>TOTAL OTHER ENTITIES</b>	<b>28 959</b>	<b>1 647</b>	<b>30 606</b>	
<b>TOTAL</b>	<b>33 524</b>	<b>1 689</b>	<b>35 213</b>	

## CHANGE IN LOANS AND RECEIVABLES

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Opening balance</b>	74 936	89 301
Acquisitions – loans granted	18 844	46 901
Additional paid-in capital in PBG Dom	6 651	8 000
Interest calculated at effective interest rate	3 391	5 914
Impairment write-downs (-) valuation	-	(13)
Change of asset category	-	(988)
Disposal (-) loan repayment	(54 009)	(74 727)
Other changes – including: release of write-downs	51	548
<b>Closing balance</b>	<b>49 864</b>	<b>74 936</b>

Loans granted as at 31st December 2008 amounted to PLN 35 213 000. Among the loans as at 31st December 2008 most of the loans are those granted to other entities (PLN 30 606 000) which constitute 87% of all granted loans. A significant decrease of receivables from granted loans (by 47% in comparison to the previous year) has been noted in 2008.

Interest charged on loans granted as at 31st December 2008 amounted to PLN 1 689 000 and constitute 4.80% of the total amount of receivables from granted loans. As at 31<sup>st</sup> December 2007 the charged interest amounted to PLN 3 247 000 and constituted 4.85% of total amount of receivables from granted loans.

In 2008 the loans granted are mostly those for other entities, in the total amount of PLN 14 278 000, which constitute nearly 76% of all granted amounts. The most significant element is the loan granted to Jastarport Sp. z o.o. Company, in the amount of PLN 6 000 000.

Repayments of loans granted to related parties amounted to PLN 47 673 000, which constitutes 97% of all repayments. The main element of repayments was constituted by the debt of Hydrobudowa Polska SA Company, in the amount of PLN 38 500 000.

The receivables item recognized in loans and receivables comprises:

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

- additional paid-in capital in PBG Dom Sp. z o.o. according to the resolution no. 4 NZW of "PBG Dom" Company of 11th June 2007. PBG SA Company, being a single partner, was obliged to provide paid-in capital in the amount of PLN 500 per each owned share, that is, in the total amount of PLN 8 000 000
- additional paid-in capital in PBG Dom Sp. z o.o. according to the resolution no. 1 NZW of "PBG Dom" Company of 17th December 2008. PBG SA Company, being a single partner, was obliged to provide paid-in capital in the amount of PLN 30.35 per each owned share, that is, in the total amount of PLN 3 750 410.20
- additional paid-in capital in PBG Dom Sp. z o.o. according to the resolution no. 1 NZW of "PBG Dom" Company of 22nd December 2008. PBG SA Company, being a single partner, was obliged to provide paid-in capital in the amount of PLN 23.47 per each owned share, that is, in the total amount of PLN 2 900 234.84

The additional paid-in capital is recognized in the balance sheet of the Company as "other short-term financial assets".

Company:	PBG Spółka Akcyjna		
Reporting period:	01.01-31.12.2008	Reporting currency:	Polish zloty (PLN)
Approximation:	all amounts are in PLN thousand (unless indicated otherwise)		

#### LOANS GRANTED TO RELATED PARTIES AND OTHER ENTITIES AS AT 31.12.2008

Transaction type	Conclusion date	Transaction date	Nominal amount	Interest rate		Carrying amount
				nominal	effective	
Loan granted to Anta Development Sp. z o.o.:	2008-12-15	2009-12-31	500	WIBOR 3M+2%	7,92%	502
Loan granted to Apartamenty Poznańskie Sp. z o.o.:	2008-05-30	2011-05-31	50	WIBOR 3M+2%	7,92%	53
Loan granted to Bathinex Sp. z o.o.:	2007-06-10	2009-12-31	4 050	10,00%	10,00%	4 495
Loan granted to Bathinex Sp. z o.o.:	2008-01-07	2009-12-31	350	10,00%	10,00%	376
Loan granted to Bathinex Sp. z o.o.:	2008-07-22	2009-12-31	2 000	10,00%	10,00%	2 074
Loan granted to Bathinex Sp. z o.o.:	2008-12-15	2009-12-31	1 500	10,00%	10,00%	1 506
Loan granted to Brokam Sp. z o.o.:	2008-01-07	2009-12-31	50	10,00%	10,00%	54
Loan granted to Brokam Sp. z o.o.:	2008-05-05	2009-12-31	50	10,00%	10,00%	53
Loan granted to Brokam Sp. z o.o.:	2008-08-05	2009-12-31	55	10,00%	10,00%	57
Loan granted to Brokam Sp. z o.o.:	2008-12-15	2009-12-31	360	10,00%	10,00%	361
Loan granted to Jastarport Sp. z o.o.:	2008-05-30	2009-12-31	6 000	WIBOR 3M+2%	7,92%	6 289
Loan granted to Lubickie Wodociągi Sp. z o.o.:	2004-12-27	2009-01-31	318	WIBOR 1M+2%	7,61%	318
Loan granted to Lubickie Wodociągi Sp. z o.o.:	2005-10-19	2010-01-31	16	WIBOR 1M+2%	7,61%	16
Loan granted to Lubickie Wodociągi Sp. z o.o.:	2006-11-28	2013-04-30	1 363	WIBOR 1M+2%	7,61%	1 363
Loan granted to Piecobiogaz SA:	2007-07-18	2009-12-31	3 400	WIBOR 3M+1%	6,92%	3 748
Loan granted to Piecobiogaz SA:	2007-09-14	2009-12-31	4 200	WIBOR 3M+1%	6,92%	4 589
Loan granted to PBG Basket SA:	2008-12-01	2009-06-30	300	WIBOR 1M+1%	6,61%	302
Loan granted to PBG Dom Sp. z o.o.:	2008-11-24	2009-12-31	4 000	WIBOR 3M+1,5%	7,42%	4 029
Loan granted to Remaxbud Sp. z o.o.:	2007-03-14	2009-12-31	1 500	WIBOR 3M+1%	6,92%	1 500
Loan granted to Strateg Capital Sp. z o.o.:	2008-11-13	2009-12-31	3 090	10,00%	10,00%	3 140
Loans granted to natural persons	2008-01-22	2008-12-31	200	WIBOR 3M+0,5%	6,42%	213
Loan granted to M&W Bartosz Jankowski	2008-09-23	2010-09-22	172	WIBOR 1M+1%	6,55%	175
Additional paid-in capital in a subsidiary - PBG DOM			14 651			14 651
<b>Total</b>						<b>49 864</b>



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## CASH FLOW HEDGES AS AT 31.12.2008

### CHANGE IN CASH FLOW HEDGES

Item	Financial assets		Financial liabilities	
	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Opening balance fair value</b>	1 994	3 698	-	-
Acquisition, assumption, incurrence	-	-	-	-
Valuation recorded on capital	451	2 395	15 050	-
Valuation recorded on financial result	13744	(401)	1 781	-
Disposal, release, repayment (-)	(1 994)	(3 698)	-	-
<b>Closing balance fair value</b>	14 195	1 994	16 831	-
- long-term	12 916	-	1 540	-
-short-term	1 279	1 994	15 291	-

During the fiscal year 2008 PBG SA Company concluded hedging transactions regarding only the future planned currency exposures through the use of standard forward instrument. PBG SA Company did not use any foreign exchange options. Hedging transaction were made according the effective hedging policy, regarded agreements concluded with investors and suppliers (mainly nominated in EUR, CAD) and did not have speculative function, since they were concluded within the executed hedging policy in order to ensure the future level of cash flows from sales revenues (from realized long-term construction agreements) and sales costs. These transactions were concluded at weighted average forward rate at the level of 3.4927 EUR/PLN. On the basis of data received from banks, the balance sheet valuation of open receivers on forward hedging instruments as at 31st December 2008 amounted to PLN minus 15 290 000, which included, due to occurrence of hedged revenues and loss of hedging instruments efficiency, an amount of (PLN 1 780 000) in the PBG's result, while the remaining part, that is, (PLN 13 510 000) was recognized in the capital. The result on forward contracts realized (settled) in 2008 amounted to PLN 4 600 000, which was recorded and booked in the profit and loss account.

For a part of cash flows (regarding cost of sales) PBG remains hedged with open receivers of foreign exchange market for the year 2009 in the amount of CAD 3 650 000 (of which CAD 1 300 000 in the first half of 2009) and for the year 2010 and following years in the amount of CAD 30 720 000 (of which CAD 9 700 000 in the first half of 2010). These transaction were concluded at weighted average forward rate at the level of 2.16 CAD/PLN. On the basis of data received from banks, the balance sheet valuation of open receivers on forward hedging instruments as at 31st December 2008 amounted to PLN 14 190 000, which included, due to loss of hedging instruments efficiency, an amount of PLN 13 740 000 in the Company's result, while the remaining part, that is, PLN 450 000 was recognized in the capital. The result on forward contracts realized (settled) in 2008 amounted to PLN 70 000, which was recorded and booked in the consolidated profit and loss account.

The forward foreign exchange contracts are concluded or settled by PBG in order to limit the negative influence of changes of currency exchange rates on the operating activity of the companies, that is, hedging the operating margin calculated in the contractual budget. Hedging contracts are concluded according to the PBG's strategy of securing the business activity from translation currency exchange risk. The basis for this strategy is adjusting the hedging instruments to planned transaction of the hedged contract, taking into account the net exposure, the rate of the offer, time horizon and quantitative distribution of foreign exchange revenues over the quarters of the year. By adopting the approach of maximum reduction of currency exchange influence on the operating result of the Company it has been assumed that forward transactions would be used. PBG uses hedge accounting, which requires making measurements of hedging efficiency in each quarter-year period.

The efficiency of a particular hedging is verified on the basis of and indicator which is a ratio of hedging instrument's (forward) fair value change and the hedged item fair value (revenue or cost) change. The change of instrument's (forward) value within the period from conclusion date to balance sheet date is booked.

At the moment of closing the hedged item (that is, realizing revenue or suffering the cost) one of the following situations takes place:

- if the instrument was considered efficient, the previously booked changes of forward value become re-entered from capital to the result., and the realized income in the foreign currency is booked at the current exchange rate corrected by the difference between the current exchange rate as at the day of forward closing and exchange rate of forward. As a result, the incomes in foreign currency are recognized in the profit and loss account according to the exchange rate of forward (or an approximate one - if the forward closing date is not perfectly concurrent with the date of income realization),
- if the instrument was inefficient, then the losses or gains from the change of its value encumber the company's result earlier - before realization of income. The income, when it occurs, is booked at current exchange rate.

Due to dynamic changes of currency exchange rates in the fourth quarter of 2008, some of the transactions lost their efficiency (abovementioned case "b"). It led to the situation when the valuations of transactions that lost their efficiency (and the realization term of which comes in 2009) had to be included in the

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

result without the income from the contract, which they regard. Thus, in 2009 the incomes will be calculated at current exchange rate, while the negative valuation of forward recorded in 2008 will have no effect on the income that it was supposed to hedge. There will only be a cash flow resulting from closing the instrument.

The employed hedging policy ensures the realization of contracts at previously assumed margins, irrespective of changes of currency exchange rates, and it does not influence the fundamental valuation of the Company. At the same time, the employed hedges allow estimating precisely the future seasonal gains from contracts and none of the concluded transaction has a speculative function.

Transaction type	Conclusion date	Transaction period	Notional Amount	Fair value		Hedged risk
				Assets	Liability	
<b>DnB NORD</b>						
<b>hedging of sales</b>						
- forward financial instrument 00111413	05.09.2008	7 months	3 461	-	730	currency risk
- forward financial instrument 00111414	05.09.2008	10 months	3 468	-	740	currency risk
- forward financial instrument 00111415	05.09.2008	13 months	3 470	-	756	currency risk
- forward financial instrument 00111417	05.09.2008	16 months	3 474	-	765	currency risk
- forward financial instrument 00111418	05.09.2008	16 months	3 474	-	765	currency risk
- forward financial instrument 00115386	10.10.2008	8,5 month	3 529	-	681	currency risk
- forward financial instrument 00115385	10.10.2008	8,5 month	3 529	-	681	currency risk
- forward financial instrument 00115384	10.10.2008	8,5 month	3 529	-	681	currency risk
- forward financial instrument 00115383	10.10.2008	8,5 month	3 529	-	681	currency risk
- forward financial instrument 00115382	10.10.2008	8,5 month	3 529	-	681	currency risk
<b>PEKAO</b>						
<b>hedging of sales</b>						
- forward financial instrument nr 07680415	10.10.2008	11,5 month	3 496	-	731	currency risk
- forward financial instrument nr 07680391	10.10.2008	5,5 month	3 498	-	694	currency risk
- forward financial instrument nr 07680403	10.10.2008	8,5 month	3 497	-	716	currency risk
- forward financial instrument nr 07680409	10.10.2008	8,5 month	3 497	-	715	currency risk
- forward financial instrument nr 07680397	10.10.2008	5-5 month	3 498	-	692	currency risk
<b>hedging of purchases</b>						
- forward financial instrument 07314803	09.07.2008	8,5 month	2 733	452	-	currency risk
- forward financial instrument 07324550	10.07.2008	20,5 month	1 084	175	-	currency risk
- forward financial instrument 07324568	10.07.2008	23,5 month	6 976	1 158	-	currency risk
- forward financial instrument	10.07.2008	17,5 month	4 952	809	-	currency risk

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

07324079						
- forward financial instrument 07357582	18.07.2008	23,5 month	6 414	1 201	-	currency risk
- forward financial instrument 07357720	18.07.2008	23,5 month	6 414	1 201	-	currency risk
- forward financial instrument 07388063	25.07.2008	26 months	2 135	420	-	currency risk
- forward financial instrument 07389585	25.07.2008	29 months	6 438	1 280	-	currency risk
- forward financial instrument 07389597	25.07.2008	32 months	2 155	435	-	currency risk
- forward financial instrument 07389607	25.07.2008	35 months	4 329	885	-	currency risk
- forward financial instrument 07389620	25.07.2008	38 months	2 176	449	-	currency risk
- forward financial instrument 07389632	25.07.2008	41 months	4 371	913	-	currency risk
- forward financial instrument 07395555	28.07.2008	26 months	1 589	326	-	currency risk
- forward financial instrument 07397347	28.07.2008	29 months	6 384	1 329	-	currency risk
- forward financial instrument 07397368	28.07.2008	32 months	2 352	495	-	currency risk
- forward financial instrument 07397376	28.07.2008	35 months	1 931	413	-	currency risk
- forward financial instrument 07397386	28.07.2008	38 months	539	117	-	currency risk
- forward financial instrument 07454853	08.08.2008	40,5 month	1 152	224	-	currency risk
- forward financial instrument 07452343	08.08.2008	37,5 month	353	68	-	currency risk
- forward financial instrument 07452337	08.08.2008	28,5 month	5 874	1 082	-	currency risk
- forward financial instrument 07452361	08.08.2008	49,5 month	3 681	745	-	currency risk
- forward financial instrument 07452324	08.08.2008	16,5 month	106	19	-	currency risk
<b>IRS</b>						
- forward financial instrument IRS 07382711	23.07.2008	64 months	26 455	-	1 540	interest rate risk
<b>ING</b>						
<b>hedging of sales</b>						
- forward financial instrument 00797613	08.08.2008	16,5 month	3 300	-	922	currency risk
- forward financial instrument 00797407	08.08.2008	13,5 month	3 291	-	920	currency risk
- forward financial instrument 00797402	08.08.2008	13,5 month	3 291	-	920	currency risk
- forward financial instrument	08.08.2008	10,5 month	3 288	-	912	currency risk

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

00797325						
- forward financial instrument	08.08.2008	10,5 month	3 288	-	912	currency risk
00797309						
<b>Total hedging of sales</b>			68 935	-	15 291	
<b>Total hedging of purchases</b>			74 136	14 195	-	
<b>Total IRS</b>			26 455	-	1 540	
<b>Total</b>			169 526	14 195	16 831	

According to the requirements of a credit line agreement for financing capital investments, PBG SA company was obliged to reduce the interest rate risk. Fulfilling bank's requirements, on 23rd July 2008 the company concluded an IRS transaction for 50% of the value of credit remaining to be repaid, with the due date of 31st December 2013.

IRS transaction relies on changing the interest payables calculated according to the variable rate of WIBOR 1M into interest payables calculated according to the constant interest rate.

For the abovementioned derivative transaction that hedges a part of risk connected with cash flows from the interest rate, the company employs cash flow accounting.

#### AVAILABLE-FOR-SALE FINANCIAL ASSETS

Item	as at 31.12.2008	as at 31.12.2007
Shares	29 315	29 252
Debt securities	-	-
<b>Total available-for-sale financial assets</b>	29 315	29 252
- long-term	29 315	29 252
- short-term	-	-

PBG SA Company qualifies shares in other entities in which it owns less than 20% of share capital as financial assets.

#### CHANGE IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Opening balance</b>	29 252	3 531
Acquisitions	63	1 921
Measurement recognized in equity	-	-
Impairment write-downs recognized in profit or loss (-)	-	-
Change of asset category	-	23 800
Disposal (-)	-	-
Other changes	-	-
<b>Closing balance</b>	29 315	29 252

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**NOTE 10.  
CASH AND CASH EQUIVALENTS**

Item	as at 31.12.2008	as at 31.12.2007
a) in the Polish currency	153 697	322 155
- cash	153 485	321 975
- cash in transit	21	-
- interest on deposits	191	180
b) in foreign currencies (converted into PLN)	12 208	6 514
<b>Total</b>	<b>165 905</b>	<b>328 669</b>

Cash and cash equivalents include cash in hand, cash in banks, and short-term financial assets with maturity not exceeding 3 months. Book value of these assets is equal to their fair value.

**NOTE 11.**

In the course of its operations, the Company is exposed to various types of financial risks, for instance currency risk, liquidity risk, and market risk, including foreign exchange and interest rate changes.

The Company manages all of the following types of risks which may have a significant impact on its business in the future, focusing primarily on the management of market risks, and in particular foreign exchange risk, credit risk, and liquidity risk.

**a. credit risk**

- Description: to maintain credit limits for the optimum management of working capital.
- Financial strategy: diversification of limits earmarked to finance the Company's current operations between 9 banks, in the total amount of PLN 1 286 720 000, of which PLN 1 052 500 000 for credits and guarantees.
- Instruments: co-operation based on uniform undertakings (pari passu, material change, negative pledge) confirmed in a positive annual opinion of the certified auditor sent directly to all financial institutions. Extending the use of various products offered by banks and insurance companies.
- Objectives: flexibility in the utilization of limits for individual Capital Group companies, products and currencies.
- Management methods: moving the focus (weight) from the Company's financial assessment to the assessment of the contract whose cash flows are considered reliable by Financial Institutions.

**b. liquidity risk**

- Description: the Company's potential inability to fulfill its obligations.
- How to minimize: close monitoring of cash flows at the level of each contract and adjusting inflows and outflows over time, based on bank limits for the settlement of long business cycles for individual contracts.
- Instruments: analysis sheets for the structure of payables and receivables and adjustment of these variables over time to avoid the risk.
- Management methods: on-going monitoring and analyses of the liquidity threshold and safety margin.

**c. interest rate risks**

- Description: adverse change in interest rates affecting the Company's financial result.
- How to minimize: define a strategy based on macroeconomic recommendations of banks.
- All liabilities incurred by the Company are based on the variable interest rate with the basic rate of one to six months.
- Instruments: IRS transactions (detailed description under the note: derivative instruments hedging the cash flows as at 31st December 2008)

<i>Company:</i>	<i>PBG Spółka Akcyjna</i>		
<i>Reporting period:</i>	<i>01.01-31.12.2008</i>	<i>Reporting currency:</i>	<i>Polish zloty (PLN)</i>
<i>Approximation:</i>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

#### **d. currency risk**

- Description: risk of unfavorable changes in currency rates resulting in an increase of costs and expenses under the implemented contracts or reduction of revenues and inflows.
- The strategy defines hedging instruments, methods and timing, as well as principles of measurement of hedging instruments. The Company uses hedge accounting. The available transaction limits fully secure the current and planned portfolio of contracts at the planned exchange rate adopted in the budget for each contract.
- Instruments: forward transactions, NDF
- Management methods: hedging currency risks with the above instruments when contracts are signed, with termination and settlement as at the date of revenue from hedged contract (detailed description under the note: derivative instruments hedging the cash flows as at 31st December 2008)

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## Currency risk

The company is vulnerable to currency risk resulting from short-term receivables and liabilities and cash. The Company is most vulnerable to the change of exchange rates of EUR/PLN and CAD/PLN.

### Vulnerability to currency risk analysis

The influence of financial instruments on the gross financial result and the capital resulting from employing hedge accounting, resulting from changes of exchange rates of material currencies against PLN.

The influence of financial instruments on the gross financial result (in PLN thousand)				
Pair of currencies	Exchange rate increase	Total influence	Exchange rate decrease	Total influence
EUR/PLN	+ 8,0%	2 158,46	- 8,0%	-2 158,46
CAD/PLN	+12,0%	9 495,44	-12,0%	-9 495,44
USD/PLN	+12,0%	28,69	-12,0%	-28,69
total		11 682,58		-11 682,58

2008				
The influence of financial instruments on the capital resulting from employing hedge accounting (in PLN thousand)				
Pair of currencies	Exchange rate increase	Total influence	Exchange rate decrease	Total influence
EUR/PLN	+ 8,0%	-5 898,15	- 8,0%	5 898,15
CAD/PLN	+12,0%	318,71	-12,0%	-318,71
total		-5 579,44		5 579,44

The vulnerability of financial instruments to currency risk is calculated as a difference between the original carrying value of the financial instruments (excluding derivative instruments) and their potential carrying value at increased or decreased market factors, that is, EUR/PLN, CAD/PLN and USD/PLN. In case of derivative instruments (indicated as hedging instruments within cash flow hedge accounting) the influence of deviations of currency exchanges rates on fair value at unchanged interest rate levels was examined.

## Interest rate risk

The Company is vulnerable to the risk of variability of interest rate cash flows resulting from granted loans, bank deposits and liabilities from credits and loans that employ variable interest rates. The Company owns a derivative transaction hedging a part of the interest rate cash flows risk described in note 9, for which the company employs cash flow hedge accounting. The Company is most vulnerable to changes of WIBOR interest rates. The Company owns financial instruments with constant interest rate as well, valued in the balance sheet according to the corrected purchase price using the effective interest rate method.

### Vulnerability to interest rate analysis

The influence of changes of material interest rates resulting from cash flow risks on the gross financial result and on the capital resulting from employing cash flow hedge accounting.

2008				
The influence on the gross financial result (in PLN thousand)				
Interest rate	Interest rate increase by assumed deviation	Total influence	Interest rate decrease by assumed deviation	Total influence
WIBOR	+ 100 bps	-1 837,58	- 100 bps	1 837,58
EURIBOR	+ 200 bps	244,16	- 200 bps	-244,16
rediscount of bills	+ 100 bps	-38,69	- 100 bps	38,69
total		-1 632,11		1 632,11

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

<b>2008</b>				
<b>The influence on the capital resulting from employing hedge accounting (in PLN thousand)</b>				
<b>Interest rate</b>	<b>Interest rate increase by assumed deviation</b>	<b>Total influence</b>	<b>Interest rate decrease by assumed deviation</b>	<b>Total influence</b>
WIBOR	+ 100 bps	264,55	- 100 bps	-264,55

The above deviations of interest rates were calculated on the basis of interest rate changes during the year. The Company owns financial instruments with constant interest rate, valued in the balance sheet according to the corrected purchase price using the effective interest rate method.

The vulnerability of the financial instruments to the interest rate risk was calculated as a product of amount of balance sheet items vulnerable to interest rates and adequate deviation of interest rate.



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## FINANCIAL PAYABLES

Item	as at 31.12.2008	as at 31.12.2007
Borrowings (credits)	174 065	115 957
Loans	-	-
Finance lease liabilities	-	11
Payables under issue of debt securities	201 138	311 043
Payables related to derivatives (forward contracts)	16 831	-
Other financial payables	1 114	2 365
<b>Total financial payables</b>	<b>393 148</b>	<b>429 376</b>
- long-term	267 089	218 850
- short-term	126 059	210 526

## CREDITS AS AT 31.12.2008

Item	Liability amount	Interest rate		Costs
		nominal	effective	
BZ WBK S.A. investment facility, contract no. K003424	631	WIBOR 1M + bank margin	-	62
DZ Bank Polska investment facility, contract no. 2003/KI/0010	567	WIBOR 1M + bank margin	-	186
BOŚ soft-loan investment facility, contract no.001/2002/WN-15/OA-NO-PR/O/056	3 869	0.4 x rediscount rate of promissory notes	-	113
ING B.SL. investment facility, contract no. 8712005001000249/00, less the amount of subsidy	13 065	WIBOR 1M + bank margin	-	1 180
ING B.SL. investment facility, contract no.	8 328	WIBOR 1M + bank margin	-	534
PEKAO investment facility, ICKK/IIPO/10032496685/11/2005	135	WIBOR 1M + bank margin	-	15
PEKAO investment facility, ICKK/IIPO/10032291427/22/2007	9 649	WIBOR 1M + bank margin	-	413
PEKAO investment facility, DDF/IIPO/2/2008/20510821	17 706	WIBOR 1M + bank margin	-	1 410
PEKAO PEKAO investment facility, DDF/2008/163	34 077	WIBOR 1M + bank margin	-	1 290
PEKAO working capital facility, ICKK/IIPO/1003644431/10/2005	10 002	WIBOR 1M + bank margin	-	701
WestLB short-term facility KT 1/2007	76 000	WIBOR 1M + bank margin	-	5 969
DnB NORD DEBIT ON Checking ACCOUNT	15	-	-	-
AMEX cards	21	-	-	-
<b>Total credits</b>	<b>174 065</b>	<b>x</b>	<b>x</b>	<b>11 873</b>

Prices and bank margins are not disclosed by the Company in accordance with the confidentiality clauses contained in contracts concluded with financial institutions.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## MATURITY OF BANK CREDITS AND LOANS

Item	as at 31.12.2008	as at 31.12.2007
Short-term credits and loans	108 516	97 154
Long-term credits and loans	65 549	18 803
- payable after 1 to 3 years	42 861	13 203
- payable after 3 to 5 years	22 688	5 600
- payable after 5 years	-	-
<b>Total credits and loans</b>	<b>174 065</b>	<b>115 957</b>

As at 31st December 2008 and 31st December 2007, all credits and loans incurred by the Company were denominated in PLN.

During the period encompassed by this financial statement there have been no cases of repayment infringement or other credit agreement infringements.

Most of the credits incurred by PBG SA Company bear interest on the basis of variable interest rates. Interest rate based on the WIBOR 1M benchmark rate increased by credit margin depending on the credit rating of the entity that receives the financing. The interest rate of the granted credits remained in the range from 6.46% to 7.11%, with the interest paid monthly.

At the balance sheet day, base interest rates used in credit agreements concluded by the Company were as follows:

Indicator %	31.12.2008	31.12.2007
WIBOR 1M	5,61	5,52
WIBOR 3M	5,88	5,68
WIBOR 6M	5,95	5,99
EURIBOR 1M	2,6	4,29
rediscount of bills	5,25	5,25

According to the concluded agreements, the total value of the granted credit lines in the checking account as at 31.12.2008 and 31.12.2007 amounted to PLN 65 000 000, from which PLN 0 was used.

Credits in checking accounts within the limits granted by the bank are renewed annually.

In order to increase diversification of financing sources, in November 2007 an agency and dealer agreement was signed for organizing and execution of three-year bond issue programs for PBG SA Company and Hydrobudowa Włocławek SA (presently Hydrobudowa Polska SA) by ING Bank Śląski SA for the total nominal amount of PLN 500 000 000.

Within the abovementioned program, on 12<sup>th</sup> December 2007 PBG SA issued the first tranche of registered bonds in the amount of PLN 200 000 000. The buyout date was set on 15th November 2010 and the interest is paid according to variable interest rate based on WIBOR 6M. The purpose of bond emission was betterment of financing structure by changing the short-term debt into long-term debt, acquiring financing for acquisitions and tangible investments and repayment of the current liability resulting from bonds issued in 2005.

Bonds are hedged by guarantees according to the civil law up to the amount of the issue, granted by Hydrobudowa Polska SA, Infra SA and Hydrobudowa 9 SA.

In order to hedge the risk, the Dominant Entity employs IRS hedging instruments.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### LONG-TERM CREDITS AND LOANS AS AT 31.12.2008

Name and registered office of the financial institution	Contractual amount of the credit / loan		Outstanding amount of the credit / loan		Maturity date	Security
	PLN	Foreign currency	PLN	Foreign currency		
<b>BOS O/PN Poznań</b>	11 231	PLN	2 567	PLN	15.12.2011	<ol style="list-style-type: none"> <li>Blank promissory note secured by Mr Jerzy Wisniewski and Mrs Małgorzata Wiśniewska, Mr. Marek Grunt and his spouse, as well as Mr. Tomasz Woroch and his spouse</li> <li>Guarantee issued by BRE BANK S.A., branch office in Poznań</li> </ol>
<b>PEKAO S.A. Poznań</b>	18 700	PLN	14 025	PLN	30.09.2012	<ol style="list-style-type: none"> <li>Authorisation to debit the borrower's current and future accounts in Bank PEKAO S.A.</li> <li>Declaration of willing submission to execution</li> <li>Registered pledge on 25 000 shares in PRID SA Company</li> <li>Civil guarantee of Hydrobudowa POLSKA SA Company</li> </ol>
<b>PEKAO S.A. Poznań</b>	34 210	PLN	27 368	PLN	21.12.2013	<ol style="list-style-type: none"> <li>Authorisation to debit the borrower's current and future accounts in Bank PEKAO S.A.</li> <li>Declaration of willing submission to execution</li> <li>Registered pledge on 14 244 999 shares in Betpol SA Company</li> <li>Civil guarantee of Hydrobudowa POLSKA SA Company</li> </ol>
<b>PEKAO S.A. Poznań</b>	14 000	PLN	6 378	PLN	30.04.2012	<ol style="list-style-type: none"> <li>Blank promissory note with a promissory note agreement</li> <li>Registered pledge on the financed asset</li> <li>Authorisation to debit the borrower's current and future accounts in Bank PEKAO S.A.</li> <li>Declaration as per Art. 97 section 1 and 2 of the Banking Law of 29 August 1997 of willing submission to execution pursuant to the Code of Civil Procedure</li> </ol>
<b>BZ WBK S.A. Poznań</b>	1 336	PLN	186	PLN	28.05.2010	<ol style="list-style-type: none"> <li>Authorisation to debit the borrower's current and future accounts in the Bank</li> <li>Blank promissory note with a promissory note agreement</li> </ol>
<b>ING Bank Śląski S.A. Katowice</b>	10 000	PLN	6 393	PLN	30.03.2013	<ol style="list-style-type: none"> <li>Mortgage in the amount of PLN 13 000 000 on a property located in Wysogotowo, Tarnowo Podgórne Municipality, KW PO1P/00218712/9;</li> <li>Assignment of insurance policy rights of the abovementioned property;</li> <li>Authorisation to debit the borrower's accounts in ING Bank Śląski SA;</li> </ol>
<b>ING Bank Śląski S.A. Katowice</b>	36 000	PLN	8 632	PLN	31.12.2011	<ol style="list-style-type: none"> <li>Authorisation to debit the borrower's accounts in ING Bank Śląski SA;</li> <li>First mortgage up to the amount of PLN 18 000 000 on the property located in Wysogotowo, Tarnowo Podgórne Municipality, KW 91.909</li> <li>First mortgage up to the amount of PLN 18 000 000 on the property located in Wysogotowo, Tarnowo Podgórne Municipality, lot no. 64/23, no. KW 66.276</li> <li>Assignment of insurance policy rights of the abovementioned property</li> <li>Letter of intent / declaration of Mr Jerzy Wiśniewski to keep the majority of votes at Annual General Meeting of PBG S.A.</li> <li>Civil guarantee of Hydrobudowa POLSKA S.A. and INFRA S.A.</li> </ol>
<b>Total</b>			<b>65 549</b>			

Company:	PBG Spółka Akcyjna		
Reporting period:	01.01-31.12.2008	Reporting currency:	Polish zloty (PLN)
Approximation:	all amounts are in PLN thousand (unless indicated otherwise)		

### SHORT-TERM CREDITS AND LOANS AS AT 31.12.2008

Name and registered office of the financial institution	Contractual amount of the credit / loan		Outstanding amount of the credit / loan		Maturity date	Security
	PLN	Foreign currency	PLN	Foreign currency		
BOS O/PN Poznań	11 231	PLN	1 284	PLN	15.12.2011	<ol style="list-style-type: none"> <li>Blank promissory note secured by Mr Jerzy Wiśniewski and Mrs Małgorzata Wiśniewska, Mr. Marek Grunt and his spouse, as well as Mr. Tomasz Woroch and his spouse</li> <li>Guarantee issued by BRE BANK S.A., branch office in Poznań</li> </ol>
DZ BANK Poznań	12 000	PLN	567	PLN	27.02.2009	<ol style="list-style-type: none"> <li>Mortgage in the amount of PLN 6,000,000 on a built-up property owned by the Borrower, located in the Tarnowo Podgórne municipality, registered under no. KW 136241</li> <li>Assignment of receivables under the property insurance contract (see 1 above)</li> <li>Blank promissory note issued by the Borrower with a promissory note agreement</li> <li>Authorization to debit the Bank Account</li> </ol>
PEKAO S.A. Poznań	3 000	PLN	134	PLN	11.05.2010	<ol style="list-style-type: none"> <li>Blank promissory note with a promissory note agreement</li> <li>Registered pledge on the financed asset</li> <li>Authorization to debit the current and future accounts in Bank PEKAO S.A.</li> <li>Declaration as per Art. 97 section 1 and 2 of the Banking Law of 29 August 1997 of willing submission to execution pursuant to the Code of Civil Procedure</li> </ol>
PEKAO S.A. Poznań	35 000	PLN	10 000	PLN	30.04.2009	<ol style="list-style-type: none"> <li>Assignment of receivables with the suspension condition from the contracts in the amount of at least 150% of the presently used Credit.</li> <li>Authorization to debit the Borrower's current and future accounts.</li> <li>Written declaration as per Art. 97 section 1 and 2 of the Banking Law of 29 August 1997 of willing submission to execution pursuant to the Code of Civil Procedure</li> </ol>
PEKAO S.A. Poznań	34 210	PLN	6 842	PLN	31.12.2013	<ol style="list-style-type: none"> <li>Authorization to debit the Borrower's current and future accounts in the Bank.</li> <li>Declaration of willing submission to execution</li> <li>Registered pledge on 14 244 999 shares in BETPOL SA Company</li> <li>Civil guarantee of HYDROBUDOWAPOLSKA SA Company</li> </ol>
PEKAO S.A. Poznań	14 000	PLN	3 281	PLN	30.04.2012	<ol style="list-style-type: none"> <li>Blank promissory note with a promissory note agreement</li> <li>Registered pledge on the financed asset</li> <li>Authorization to debit the current and future accounts in Bank PEKAO S.A.</li> <li>Declaration as per Art. 97 section 1 and 2 of the Banking Law of 29 August 1997 of willing submission to execution pursuant to the Code of Civil Procedure</li> </ol>
PEKAO S.A. Poznań	18 700	PLN	3 740	PLN	30.09.2013	<ol style="list-style-type: none"> <li>Authorization to debit the Borrower's current and future accounts in the Bank</li> <li>Declaration of willing submission to execution</li> <li>Registered pledge on 25 000 shares in PRID SA Company</li> <li>Civil guarantee of HYDROBUDOWA POLSKA SA Company</li> </ol>
WEST LB Poznań	76 000	PLN	76 000	PLN	31.01.2009	<ol style="list-style-type: none"> <li>Registered pledge on 9 095 591 series A shares and on 470 607 series B shares of Hydrobudowa 9 Przedsiębiorstwo Inżynieryjno - Budowlane S.A.</li> <li>Declaration as per Art. 97 section 1 and 2 of the Banking Law of 29 August 1997 of willing submission to execution pursuant to the Code of Civil Procedure</li> </ol>
BZ WBK S.A. Poznań	1 336	PLN	445	PLN	28.05.2010	<ol style="list-style-type: none"> <li>Authorization to debit the borrower's accounts in the Bank</li> <li>Blank promissory note with a promissory note agreement</li> </ol>
ING Bank Śląski S.A. Katowice	10 000	PLN	1 967	PLN	30.03.2013	<ol style="list-style-type: none"> <li>Mortgage in the amount of PLN 13 000 000 on a property located in Wysogotowo, Tarnowo Podgórne Municipality, KW PO1P/00218712/9;</li> <li>Assignment of insurance policy rights of the</li> </ol>

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

						abovementioned property; 3. Authorization to debit the borrower's account in ING Bank Śląski SA;
<b>ING Bank Śląski S.A. Katowice</b>	36 000	PLN	4 316	PLN	31.12.2011	<ol style="list-style-type: none"> <li>1. Authorization to debit the borrower's accounts in ING Bank Śląski SA;</li> <li>2. First mortgage up to the amount of PLN 18 000 000 on the property located in Wysogotowo, Tarnowo Podgórne Municipality, KW 91.909</li> <li>3. First mortgage up to the amount of PLN 18 000 000 on the property located in Wysogotowo, Tarnowo Podgórne Municipality, lot no. 64/23, no. KW 66.276</li> <li>4. Assignment of insurance policy rights of the abovementioned property</li> <li>5. Letter of intent / declaration of Mr Jerzy Wiśniewski to keep the majority of votes at Annual General Meeting of PBG S.A.</li> <li>6. Civil guarantee of HYDROBUDOWA POLSKA S.A. and INFRA S.A.</li> </ol>
<b>CREDIT CARDS</b>			21			
<b>INTEREST ACCRUED</b>			21			
<b>OVERDRAFT</b>			15			
<b>ADJUSTMENT (AT EFFECTIVE INTEREST RATE)</b>			(117)			
<b>Total</b>			108 516			

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

In order to increase diversification of financing sources, in November 2007 an agency and dealer agreement was signed for organizing and execution of three-year bond issue programs for PBG SA Company and Hydrobudowa Włocławek SA (presently Hydrobudowa Polska SA) by ING Bank Śląski SA for the total nominal amount of PLN 500 000 000.

Within the abovementioned program, on 12<sup>th</sup> December 2007 PBG SA issued the first tranche of registered bonds in the amount of PLN 200 000 000. The buyout date was set on 15th November 2010 and the interest is paid according to variable interest rate based on WIBOR 6M.

The purpose of bond emission was betterment of financing structure by changing the short-term debt into long-term debt, acquiring financing for acquisitions and tangible investments and repayment of the current liability resulting from bonds issued in 2005.

Bonds are hedged by guarantees according to the civil law up to the amount of the issue, granted by Hydrobudowa Polska SA, Infra SA and Hydrobudowa 9 SA.

PBG SA Company purchases bonds and registered bonds issued by other entities. In each case, the interest is calculated basing on the constant interest rate. Securities are purchased for the period from one to three years.

## NOTE 12.

### SHARE CAPITAL

Item	as at 31.12.2008	as at 31.12.2007
Number of shares	13 430	13 430
Shares nominal value (PLN / share)	1	1
<b>Share capital</b>	<b>13 430</b>	<b>13 430</b>

### SHAREHOLDERS HOLDING AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS AS AT THE DATE OF HANDING DOWN THE ANNUAL FINANCIAL STATEMENT

Shareholder	Number of shares held	Total nominal value (PLN)	Share in share capital (%)	Share in the total number of votes (%)
Jerzy Wiśniewski	4,495,054 shares, of which: 4,495,054 registered preference shares	4 495 054	33.47	50.14
BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA	916 334 common shares	916 334	6.82	5.11
ING Nationale - Nederlanden Polska PTE SA	912 991 common shares	912 991	6.80	5.09

In 2008 there have been no changes in the share capital of PBG SA Company in comparison to the last annual financial statement of the Company, completed on 31<sup>st</sup> December 2007.

### EQUITY (STRUCTURE) AS AT 31.12.2007

Series / issue	Type of share preference	Type of limitation of rights to shares	Number of shares	Value of series / issue at nominal value	Contribution
series A	2:1 (voting rights)	none	4 003 000	4 003	in kind
series A	2:1 (voting rights)	none	497 000	497	in cash
series A	none	none	1 200 000	1 200	in kind
series B	none	none	1 500 000	1 500	in cash
series C	none	none	3 000 000	3 000	in cash
series D	none	none	330 000	330	in cash
series E	none	none	1 500 000	1 500	in cash
series F	none	none	1 400 000	1 400	in cash
				<b>13 430</b>	

Company:	PBG Spółka Akcyjna		
Reporting period:	01.01-31.12.2008	Reporting currency:	Polish zloty (PLN)
Approximation:	all amounts are in PLN thousand (unless indicated otherwise)		

### Changes in the structure of share blocks after 31<sup>st</sup> December 2008

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., with its registered office 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 (hereafter referred to as Funds), informed about the changes in holding of PBG SA shares, resulting from sale of shares on 2nd February 2009. As a result of this transaction, the shares held by Funds provide less than 5% of the total number of votes at annual general meeting of PBG SA Company, that is, 4.99%.

From 6th February to 2nd April 2009 there have been further transactions of buying and selling PBG SA shares by the Funds. On the basis of information received until the day of publishing the financial statement, that is 2nd April 2009, as a result of share purchase transaction on 27<sup>th</sup> March 2009 done by the Funds, the Funds became owners of PBG SA shares, providing them more than 5% in the total number of votes at Annual General Meeting of PBG SA Company.

On 27<sup>th</sup> March 2009 the Funds owned a total amount of 916 334 shares of PBG SA Company, constituting 6.82% of the company's share capital and providing the right to 916 334 votes, which is 5.11% of total number of votes at the annual general meeting of shareholders of PBG SA company.

### Capital from issuing shares above their nominal value

The capital from issuing shares over their nominal value results from the surplus of the issue price of shares over their nominal value at the issuing of B, C, D, E and F series.

Capital from valuation of hedging transactions is the balance from valuation of derivative instruments fulfilling the requirements of cash flow hedge accounting, that is, an effective part of hedging.

## NOTE 13

### OTHER EQUITY CHANGES

Item	Share premium reserve	Capital from valuation of hedging transactions	Other reserves	Profit (loss) brought forward from previous years	Net profit (loss) of the current year	Total
<b>As at 01.01.2007</b>	218 088	-57	71 023	-	33 971	323 025
<b>Increase in the period 01.01-31.12.2007</b>	348 600	-	33 925	33 971	51 365	467 861
- distribution of the financial result	-	-	33 239	35 239	-	68 478
- issue of shares	348 600	-	-	-	-	348 600
- financial result for the period 01.01-31.12.2007	-	-	686	-	50 097	50 783
- adjustment of financial result for FY 2006	-	-	-	(1 268)	1 268	-
<b>Reduction in the period 01.01-31.12.2007</b>	15 510	(1 897)	-	35 239	35 239	84 091
- issue of shares (costs of issue charged to reserve capital)	15 510	-	-	-	-	15 510
- measurement of financial instruments – transferred to equity	-	(1 897)	-	-	-	(1 897)
- distribution of financial result	-	-	-	33 239	35 239	68 478
- distribution of financial result (to the Company Social Fund)	-	-	-	2 000	-	2 000
- other	-	-	-	-	-	-
<b>As at 31.12.2007</b>	551 178	1 840	104 948	(1 268)	50 097	706 795
<b>As at 01.01.2008</b>	551 178	1 840	104 948	(1 268)	50 097	706 795
<b>Increase in the period 01.01-31.12.2008</b>	-	-	44 829	1 268	58 469	104 566
- distribution of financial result	-	-	44 829	1 268	-	46 097
- issue of shares	-	-	-	-	-	-
- financial result for the period 01.01 - 31.12.2008	-	-	-	-	58 469	58 469
<b>Reduction in the period 01.01-31.12.2008</b>	-	13 492	-	-	50 097	63 589
- issue of shares by (costs of issue charged to reserve capital)	-	-	-	-	-	-
- measurement of financial instruments – transferred to equity	-	13 492	-	-	-	13 492
- distribution of financial result	-	-	-	-	46 097	46 097
- distribution of financial result (to the Company Social Fund)	-	-	-	-	4 000	4 000
<b>As at 31.12.2008</b>	551 178	(11 652)	149 777	-	58 469	747 772

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**NOTE 14.**

**CHANGES IN PROVISIONS FOR EMPLOYEE BENEFITS**

Item	Provision for retirement severance payments	Provision for long-service awards	Provision for other employee benefits	Total
<b>As at 01.01.2007</b>	175	-	-	175
Increase	-	-	-	-
Reduction (-)	-	-	-	-
Provisions established	152	-	-	152
Provisions used (-)	-	-	-	-
Provisions reversed (-)	-	-	-	-
Other changes in provisions	-	-	-	-
<b>As at 31.12.2007</b>	327	-	-	327
		-	-	
<b>As at 01.01.2008</b>	327	-	-	327
Increase	-	-	-	-
Reduction (-)	(24)	-	-	(24)
Provisions established	-	-	-	-
Provisions used (-)	-	-	-	-
Provisions reversed (-)	-	-	-	-
Other changes in provisions	-	-	-	-
<b>As at 31.12.2008, of which:</b>	303	-	-	303
- long-term provisions	303	-	-	303
- short-term provisions	-	-	-	-

Provisions for employee benefits are created in the Company according to the effective legal regulations. The amount of provision for retirement severance payments is established using the estimated individual entitlements method. Creating such provisions for the first time is treated as a change in accounting policy. Payment of retirement and pension severance payments during the fiscal year results in the reduction of an appropriate provision. Reversal of provisions for retirement severance payments increases other operating revenues. The presented reduction of provision for retirement severance payments in comparison to year 2007 is caused by employment rotation. No provisions have been used yet.



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

#### CHANGES IN OTHER PROVISIONS FOR LIABILITIES

Item	Provision for losses	Provision for warranty servicing	Total
<b>As at 01.01.2007</b>	-	3 079	-
Increase	-	2 751	-
Reduction (-)	-	(2 239)	-
Provisions established	-	-	-
Provisions used (-)	-	-	-
Provisions reversed (-)	-	-	-
Other changes in provisions	-	-	-
<b>As at 31.12.2007</b>	-	3 591	-
<b>As at 01.01.2008</b>	-	3 591	-
Increase	-	1 924	-
Reduction (-)	-	-	-
Provisions established	-	-	-
Provisions used (-)	-	(419)	-
Provisions reversed (-)	-	(587)	-
Other changes in provisions	-	-	-
<b>As at 31.12.2008, of which:</b>	-	4 509	-
- long-term provisions	-	4 206	-
- short-term provisions	-	303	-

PBG SA, according to its accounting policy, creates a provision for warranty servicing. The calculated provision is a function of variable costs incurred on particular contracts until the day of provision establishment and an indicator established for a given contract. The provision is created as divided onto particular agreements.

#### NOTE 15.

#### LONG-TERM TRADE AND OTHER PAYABLES

Item	as at 31.12.2008	as at 31.12.2007
<b>Trade payables</b>	112	299
- in respect of domestic suppliers	59	299
- in respect of foreign suppliers	53	-
<b>Other long-term payables</b>	4 960	1
- in respect of domestic suppliers	4 960	1
- in respect of foreign suppliers	-	-
<b>Total long-term payables</b>	5 072	300

Long-term payables have increased in 2008, which results from an increase of payables due to insurance companies in the light of PBG SA acquiring new construction service contracts that are realized during long time periods.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### SHORT-TERM TRADE PAYABLES

Item	as at 31.12.2008	as at 31.12.2007
- in respect of domestic suppliers	136 975	101 164
- in respect of foreign suppliers	10 655	8 275
<b>Total trade payables</b>	<b>147 630</b>	<b>109 439</b>

In 2008 we can see a 34.90% increase of short-term trade payables. It results from increase of costs of realized undertakings.

### OTHER SHORT-TERM PAYABLES

Item	as at 31.12.2008	as at 31.12.2007
Value-Added Tax	1 596	1 326
subsidies, customs duties, social security, health insurance and other	1 672	2 365
salaries	13	-
Other	3 681	19 172
<b>Other payables – total</b>	<b>6 962</b>	<b>22 863</b>

The main element of other payables as at 31st December 2008 were guarantee payables – PLN 3 588 000. In 2007 the dominating element were payables from investments in the amount of PLN 18 332 000.

### TRADE AND OTHER PAYABLES – CURRENCY STRUCTURE

Item	as at 31.12.2008		as at 31.12.2007	
	In foreign currency	after conversion into PLN	In foreign currency	after conversion into PLN
a) Polish zloty (PLN)	X	145 789	x	116 779
b) Euro (EUR)	2 704	9 611	3 259	12 184
c) United States dollar (USD)	1 516	3 776	1 234	3 188
d) Swiss franc (CHF)	-	-	-	-
e) British pound (GBP)	-	-	-	-
f) Slovak koruna (SK)	-	-	-	-
g) Canadian dollar (CAD)	1 092	123	47	119
h) other currencies	159	365	3 001	332
		<b>159 664</b>		<b>132 602</b>

Trade and other payables are settled based on the negotiated payment terms; the Company's standard payment term is 14 to 90 days.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## NOTE 16.

### ACCRUALS AND DEFERRED INCOME

Item	as at 31.12.2008	as at 31.12.2007
a) provision for holiday leaves	230	175
b) provision for balance sheet audits	83	83
c) deferred income	9 121	10 125
d) other	5	-
<b>Closing balance accruals and deferred income, of which:</b>	<b>9 439</b>	<b>10 383</b>
- long-term accruals and deferred income	8 056	9 152
- short-term accruals and deferred income	1 383	1 231

PBG SA Company recognizes as deferred income the grants received during the years 2004 - 2006 as a part of EU program called „Sector investment program, increase of business competitiveness” for the financing of new fixed assets resulting in the increase of Company’s competitiveness. This amount is subject to monthly write-down into other operational revenues in the amount of amortization of fixed assets that were financed through this program.

## NOTE 17.

### DEFERRED INCOME TAX

Item	Balance Sheet		Profit and Loss Account	
	as at 31.12.2008	as at 31.12.2007	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<i>Provision for deferred income tax</i>				
- revenues from unrealized interest on loans	321	617	(296)	287
- revenues from unrealized interest on receivables	-	-	-	(4)
- revenues from unrealized interest on deposits and cash	36	34	2	28
- balance sheet revenues of the current period - tax revenues of the subsequent period	37 033	26 256	10 777	8 676
- difference between net carrying value and tax value of the Company’s tangible fixed assets	1 570	1 161	408	604
- difference between net carrying value and tax value of the leased tangible fixed assets (operating lease)	82	113	(31)	(50)
- value of the measured financial assets or investment property carried at fair value (through equity)	86	471	-	-
- value of the measured financial assets or investment property carried at fair value (through profit or loss account)	2 611	1	2 610	(1 111)
- value of credit payables carried at adjusted purchase cost (using the effective interest rate method)	916	409	507	92
- unrealized foreign exchange losses	-	-	-	(11)
- other	19	-	19	(227)
<b>Gross provisions for deferred income tax</b>	<b>42 674</b>	<b>29 062</b>	<b>13 996</b>	<b>8 284</b>

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### DEFERRED INCOME TAX IN THE PERIOD (CONTINUED)

Item	Balance Sheet		Profit and Loss Account	
	as at 31.12.2008	as at 31.12.2007	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
Deferred income tax assets				
- retirement benefits	57	62	5	(29)
- costs of holiday leaves not used	44	33	(11)	(18)
- costs of warranty servicing	857	821	(37)	(235)
- costs of unpaid interest on bank credits	4	2	(2)	18
- costs of unpaid interest on payables	4	5	1	3
- value of credit payables carried at adjusted cost (using the effective interest rate method)	-	18	18	4
- value of the measured financial assets or investment property carried at fair value (through equity)	2 859	16	-	-
- value of the measured financial assets or investment property carried at fair value (through profit or loss account)	665	392	(407)	(221)
- costs connected with balance sheet revenues	32 764	23 706	(9 773)	(8 006)
- write-down of receivables	30	47	17	5
- unrealized foreign exchange losses	54	188	134	179
- costs of audit	16	16	-	(7)
- over-invoicing	846	-	(130)	-
- other	375	150	72	(45)
- difference between net carrying value and tax value of the Company's tangible fixed assets	-	-	-	-
<b>Gross deferred income tax assets</b>	<b>38 575</b>	<b>25 456</b>	<b>(10 113)</b>	<b>(8 352)</b>
Deferred income tax charge	x	x	3 883	(68)
<b>Net deferred income tax provision</b>	<b>4 099</b>	<b>3 606</b>	<b>x</b>	<b>x</b>
<b>Net deferred income tax assets</b>	<b>-</b>	<b>-</b>	<b>x</b>	<b>x</b>

### CONTINGENT LIABILITIES UNDER GUARANTEES AND SURETIES GRANTED

Liability	Contingent liability	as at 31.12.2008	as at 31.12.2007
<b>SURETIES GRANTED TO OTHER ENTITIES</b>			
surety	loan and credit repayment	37 144	1 073
surety	repayment of trade liabilities	5 219	-
surety	contract guarantees	4 214	-
surety	present and future lease agreements	-	155
<b>TOTAL SURETIES</b>		<b>46 577</b>	<b>1 228</b>

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Liability	Contingent liability	as at 31.12.2008	as at 31.12.2007
<b>GUARANTEES GRANTED TO OTHER ENTITIES</b>			
guarantee	bid bond	3 166	3 589
guarantee	proper contract performance bond	206 591	61 747
guarantee	defects liability bond	7 990	6 545
guarantee	advance payment guarantee	7 657	2 746
guarantee	retained amounts repayment	-	-
guarantee	payment of trade payables	11 336	13 181
guarantee	payment guarantee	-	5 043
<b>TOTAL GUARANTEES</b>		<b>236 741</b>	<b>92 851</b>

As of II quarter of 2007, the Company's financial statement includes non-consolidated off-balance sheet items related to guarantees and sureties granted to third parties for liabilities of the parent company and its subsidiaries presented in the financial statement as trade payables, borrowings or guarantees granted by the Capital Group companies to third parties.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## 11.2. NOTES TO THE PROFIT AND LOSS ACCOUNT

### NOTE 18. REVENUES FROM SALES

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
natural gas and crude oil	236 871	127 034
water	83 667	97 679
fuels	73 625	136 910
residential and industrial building construction	147 542	97 662
roads	6 368	-
other	23 503	-
<b>Total revenues from sales</b>	<b>571 576</b>	<b>459 285</b>

PBG S.A. operates in five primary segments:

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

Individual segments cover the following services:

- **Natural gas and crude oil:**
  - underground natural gas and crude oil mining facilities
  - natural gas liquefaction facilities and LNG storage and degasification facilities
  - LPG separation and storage stations, C5+
  - desulphurization plants
  - underground facilities of underground natural gas depots
  - crude oil tanks
  - natural gas and crude oil transport systems, including:
    - a) meter and regulator stations, measurement and settlement stations, mixing plants, distribution
    - b) stations, compressor stations, etc.
- **Water:**
  - process and sanitary facilities for water and sewerage systems, such as:
    - waterworks
    - sewerage systems
    - water mains and interceptors
    - water intake points
    - wastewater treatment plants
  - hydrotechnical facilities, such as:
    - water dams
    - storage reservoirs
    - flood defenses (dykes)
  - renovation of waterworks and sewerage systems
- **Fuels:**
  - fuel depots
  - underground gas depots
  - LNG storage and vaporization stations
- **Residential and industrial building construction:**
  - general building construction
  - industrial infrastructure
  - stadium construction
  - waste incinerating plant construction
- **Roads:**
  - construction of roads

Additionally, PBG Company distinguishes an additional segment of activity called "other", in which it recognizes, among others, revenues from sale of goods and materials and other services, which do not qualify into services listed as five primary segments.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**NOTE 19.  
EXPENSES BY TYPE**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
Depreciation and amortization	15 095	12 109
Consumption of materials and energy	62 410	73 471
Outsourced services	349 782	266 440
Taxes and similar charges	1 696	1 392
Salaries	38 228	33 205
Social security and other benefits	7 787	8 575
Other expenses (by type)	11 311	9 483
<b>Expenses by type</b>	<b>486 309</b>	<b>404 675</b>
Change in inventory, work in progress, and prepaid expenses, accruals and deferred income	6 579	1 433
Cost of works performed for in-house purposes	-	-
Costs of sales	-	-
General administrative expenses	(36 983)	(29 586)
<b>Costs of products and services sold</b>	<b>455 905</b>	<b>376 522</b>

**NOTE 20.  
OTHER OPERATING REVENUES**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>a) Gains from sale of non-financial fixed assets</b>	<b>30</b>	<b>120</b>
<b>b) Reversal of revaluation write-downs of assets</b>	<b>55</b>	<b>59</b>
- tangible fixed assets and intangible assets	-	-
- receivables	55	59
<b>c) Other, including:</b>	<b>4 853</b>	<b>16 127</b>
- re-invoicing	-	-
- compensation received under insurance contracts, penalties and fines	442	576
- grants	998	1 275
- transfer of rights to contract	-	11 929
- rental	1 219	1 148
- reversal of provisions for warranty servicing	587	-
- other	1 607	1 199
<b>Total other operating revenues</b>	<b>4 938</b>	<b>16 306</b>

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

## OTHER OPERATING EXPENSES

<b>Item</b>	<b>for the period of 1.01 - 31.12.2008</b>	<b>for the period of 1.01 - 31.12.2007</b>
<b>a) Loss from sale of non-financial fixed assets</b>	-	-
<b>b) Write-downs of assets</b>	33	87
-tangible fixed assets and intangible assets	-	-
- receivables	-	87
- other	33	-
<b>c) Other, of which:</b>	1 623	2 219
- donations	469	671
- re-invoicing	-	-
- compensation under insurance contracts, penalties and fines	278	501
- costs other than tax-deductible costs	178	354
- Company Social Fund	653	558
- other	45	135
<b>Total other operating expenses</b>	<b>1 656</b>	<b>2 306</b>



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**NOTE 21.  
FINANCIAL REVENUES**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>a) Interest</b>	21 692	14 229
- loans granted	3 391	5 916
- bank interest	11 841	5 687
- bonds	5 736	2 129
- other	724	497
<b>b) Other</b>	6 497	2 912
- revenues from financial market transactions	3 257	-
- discount (long-term settlements)	608	-
- guarantees and sureties granted	2 579	1 905
- reversal of write-downs	52	-
- other	1	1 007
<b>Total financial revenues</b>	<b>28 189</b>	<b>17 141</b>

**FINANCIAL EXPENSES**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>a) Bank interest and commissions</b>	29 092	13 980
- loans	-	-
- interest and commissions on bank credits	12 115	6 358
- bonds	16 860	7 556
- other	117	66
<b>b) Other financial expenses</b>	63	3 170
- costs of financial market transactions	-	1 984
- discount (long-term settlements)	-	3
- other	63	1 183
<b>Total financial expenses</b>	<b>29 155</b>	<b>17 150</b>

**INVESTMENT GAINS/LOSSES**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Gains/losses on sale of shares in related parties, of which:</b>	2 527	12 450
Bathinex	1 607	-
Apartamenty Poznańskie	920	-
KRI	-	11 621
PGS	-	829
<b>Total</b>	<b>2 527</b>	<b>12 450</b>

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

**NOTE 22.  
INCOME TAX**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<i>Profit and Loss Account</i>		
<b>Current income tax</b>	11 237	11 650
Current income tax charges	11 237	11 650
Adjustment of current income tax from previous years	-	-
<b>Deferred income tax</b>	3 883	(68)
Connected with the establishment and reversal of temporary differences	3 883	(68)
<b>Taxation recognized in the Profit and Loss Account</b>	15 120	11 582

**RECONCILIATION OF TAX CHARGES AND GROSS FINANCIAL RESULT**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
<b>Gross financial result</b>	73 589	61 679
Income tax at the current tax rate in Poland (19%)	13 982	11 719
Effect of tax on non-temporary differences between gross result and income tax base	930	(10)
Deductible temporary differences and tax losses resulting in non-recognition of a deferred income tax asset	208	(127)
Tax losses of the Capital Group companies and other consolidation adjustments	-	-
Valuation using the equity method	-	-
<b>Taxation recognized in the Profit and Loss Account</b>	15 120	11 582
<b>Effective tax rate</b>	21%	19%

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### 11.3. OTHER NOTES AND EXPLANATIONS

#### REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD FOR THEIR FUNCTION HELD IN THE PARENT COMPANY IN THE PERIOD FROM 01.01.2008 TO 31.12.2008

Item	Base salary	Other benefits	Total
<i>Remuneration of members of the Management Board</i>			
Jerzy Wiśniewski	741	-	741
Tomasz Woroch	420	-	420
Przemysław Szkudlarczyk	300	-	300
Tomasz Tomczak	300	-	300
Mariusz Łożyński	245	-	245
Tomasz Latawiec	240	-	240
<b>Total</b>	<b>2 246</b>	<b>-</b>	<b>2 246</b>
<i>Remuneration of members of the Supervisory Board</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 Dorbut	6	-	6
<b>Total</b>	<b>414</b>	<b>-</b>	<b>414</b>

#### REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD FOR THEIR FUNCTION HELD IN THE SUBSIDIARY, CODEPENDENT AND ASSOCIATED COMPANIES IN THE PERIOD FROM 01.01.2008 TO 31.12.2008

Item	Base salary	Other benefits	Total
<i>Remuneration of members of the Management Board</i>			
Jerzy Wiśniewski	190	4	194
Tomasz Woroch	273	5	278
Przemysław Szkudlarczyk	59	-	59
Tomasz Tomczak	-	-	-
Mariusz Łożyński	-	-	-
Tomasz Latawiec	121	-	121
<b>Total</b>	<b>522</b>	<b>9</b>	<b>531</b>
<i>Remuneration of members of the Supervisory Board</i>			
Maciej Bednarkiewicz	-	-	-
Jacek Kseń	-	-	-
Wiesław Lindner	-	-	-
Jacek Krzyżaniak	72	3	75
Małgorzata Wiśniewska	315	1	316
Dariusz Sarnowski	-	-	-
Adam Strzelecki	-	-	-
Mirosław Dorbut	-	-	-
<b>Total</b>	<b>387</b>	<b>4</b>	<b>391</b>

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

#### **AVERAGE EMPLOYMENT**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
White-collar employees	422	413
Blue-collar employees	220	223
<b>Total</b>	642	636

#### **STAFF ROTATION**

Item	for the period of 1.01 - 31.12.2008	for the period of 1.01 - 31.12.2007
Recruited	159	284
Dismissed	(190)	(193)
<b>Total</b>	(31)	91

<b>Company:</b>	<i>PBG Spółka Akcyjna</i>		
<b>Reporting period:</b>	<i>01.01-31.12.2008</i>	<b>Reporting currency:</b>	<i>Polish zloty (PLN)</i>
<b>Approximation:</b>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

#### **ADVANCE PAYMENTS, LOANS, AND GUARANTEES GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD**

No advance payments, loans or guarantees were granted by the Company to members of its Management Board and Supervisory Board in 2008.

#### **SIGNIFICANT EVENTS IN RESPECT OF PREVIOUS FISCAL YEARS PRESENTED IN THE FINANCIAL STATEMENT FOR THE CURRENT PERIOD**

No significant events in respect of previous years were presented in the annual financial statement.

#### **CHANGES IN ACCOUNTING PRINCIPLES (POLICY) AND METHODS OF THE FINANCIAL STATEMENT PREPARATION VS. THE PREVIOUS FINANCIAL YEAR(S), THEIR SOURCES, TYPES, AND FINANCIAL IMPACT ON THE COMPANY'S FINANCIAL STANDING AND ASSET STRUCTURE, LIQUIDITY, FINANCIAL RESULT AND PROFITABILITY**

##### 1. Change in the way of presenting results on hedging instruments.

In the presented financial statement there has been made a change in the way of presenting results on hedging instruments.

All the records regarding financial instruments carried into the profit and loss account are presented in its operating part - respectively in the items: Selling revenues and Selling costs.

According to the above rule, a correction of comparative data has been made.

This change is described in detail in paragraph 3.1.

##### 2. Change in the way of presenting revenues and costs from joint ventures.

The Company recognized the construction service contracts that fulfill the conditions for perceiving them as joint ventures according to IAS 31.

Joint ventures are characterized by the following features:

- two or more partners are bound by the terms and conditions of an agreement,
- terms and conditions of the agreement establish exercising of control.

Terms and conditions of the agreement in writing should cover the following topics:

- scope of activity,
- term of the agreement,
- indicating an entity governing the joint venture,
- indicating voting rights of joint venture partners,
- division of production, revenues, costs and results among joint venture partners,
- the terms and conditions of the agreement cannot result in establishing a single-handed control of one of the partners.

Until now, the Company, being the leader of a consortium, presented 100% of revenues and costs of the contract as its own turnover.

Starting from fiscal year 2008, the Company presents only its own share in the incurred costs and revenues from sales of products or services generated by the joint venture.

After analyzing the consortium agreements, of which the leader is the Company, it has been found that none of consortium agreements being in effect during the reporting period fulfill the criteria for being a joint-venture.

Therefore, the introduced change in accounting policy did not have any effect on the presented financial statement.

#### **CORRECTIONS OF FUNDAMENTAL ERRORS**

No fundamental errors were identified in the Company in the reporting period.

#### **POTENTIAL DISCONTINUATION OF OPERATIONS – DESCRIPTION AND IDENTIFICATION OF THE RESULTING ADJUSTMENTS IN THE FINANCIAL STATEMENT**

The Company's financial statement was drawn up based on the going concern assumption.

There are no circumstances which could indicate any threat to the Company's ability to remain a going concern in the foreseeable future.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**SUMMARY AND EXPLANATION OF DISCREPANCIES BETWEEN DATA PRESENTED IN THE FINANCIAL STATEMENT AND THE FINANCIAL STATEMENT FOR IV QUARTER OF 2008 DRAWN UP AND PUBLISHED EARLIER**

<b>BALANCE SHEET</b>	<b>ANNUAL</b>	<b>IV QUARTER</b>	<b>DISCREPANCY</b>
Item	31.12.2008	31.12.2008	
<b>Assets</b>			
<b>Non-current assets</b>	560 298	547 382	12 916
Intangible assets	10 596	10 597	(1)
Goodwill	1 606	1 606	-
Tangible fixed assets	148 116	148 116	-
Investment property	710	710	-
Investment in subsidiaries	330 226	330 226	-
Other long-term financial assets	51 309	38 392	12 917
- from related parties	29 916	33 915	(3 999)
- from other entities	21 393	4 477	16 916
Long-term receivables	9 508	9 508	-
- from related parties	-	-	-
- from other entities	9 508	9 508	-
Deferred income tax assets	-	-	-
Long-term prepaid expenses	8 227	8 227	-
<b>Current assets</b>	780 066	787 995	(7 929)
Inventories	32 623	32 618	5
Receivables from contracting parties for works completed under contracts fro construction services	179 287	174 523	4 764
- from related parties	6 994	6 994	-
- from other entities	172 293	167 529	4 764
Short-term trade receivables	250 802	249 608	1 194
- from related parties	26 662	15 856	10 806
- from other entities	224 140	233 752	(9 612)
Current income tax receivables	-	-	-
Other short-term receivables	23 462	23 461	1
- from related parties	5 838	5 838	-
- from other entities	17 624	17 623	1
Other short-term financial assets	122 237	135 153	(12 916)
- from related parties	79 096	79 096	-
- from other entities	43 141	56 057	(12 916)
Cash and cash equivalents	165 905	165 905	-
Short-term prepaid expenses	5 750	6 727	(977)
Non-current assets classified as held for sale	-	-	-
<b>Total assets</b>	<b>1 340 364</b>	<b>1 335 377</b>	<b>4 987</b>

**EXPLANATION OF DISCREPANCIES REGARDING ASSETS**

1. Presentation adjustment regarding moving the value of shares in entities, in which PGS SA owns less than 20% of equity, in the amount of PLN 3 999 000, from the item "Other long-term financial assets - related parties" to the item "Other long-term financial assets - other entities".

2. Presentation adjustment regarding moving the value of derivative instruments, in the amount of PLN 12 916 000, from the item "Other short-term financial assets - other entities" to the item "Other long-term financial assets - other entities".

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

3. Adjustment resulting from examination of financial statement by the Auditor, regarding reduction of assessed balance sheet revenues to the construction service contract concluded by the Company, in the amount of PLN 3 295 000.
4. Presentation adjustment regarding moving the value of receivables, in the amount of PLN 10 806 000, from the item "Short-term trade receivables - other entities" to the item "Short-term trade receivables - related parties".
5. Adjustment resulting from increase in assessment of amounts retained after correcting sales invoices due to changes in the agreement for construction of furnaces in Rafineria Lotos – Company's own adjustment. The amount of PLN 1 194 000 is recognized in "Short-term trade receivables – other entities".
6. Adjustment resulting from examination of financial statement by the Auditor, regarding reduction of short-term prepaid expenses in the amount of PLN 997 000 by the amount of capitalized costs related to lost contract tender.

<b>BALANCE SHEET</b>	<b>ANNUAL</b>	<b>IV QUARTER</b>	<b>DISCREPANCY</b>
Item	31.12.2008	31.12.2008	
<i>Liabilities</i>			
<b>Equity</b>	761 202	765 878	(4 676)
Share capital	13 430	13 430	-
Treasury shares	-	-	-
Share premium reserve	551 178	551 178	-
Capital from measurement of hedging transactions	(11 652)	(10 962)	(690)
Other equity	149 777	149 776	1
Retained profit/accumulated loss	58 469	62 456	(3 987)
- profit (loss) brought forward from previous years	-	-	-
- net profit (loss) for the current year	58 469	62 456	(3 987)
<b>Payables</b>	579 162	569 499	9 663
<b>Long-term payables</b>	288 825	286 176	2 649
Long-term credits and loans	65 549	65 549	-
- related parties	-	-	-
- other entities	65 549	65 549	-
Other long-term financial liabilities	201 540	200 000	1 540
Other long-term payables	5 072	5 072	-
- related parties	-	-	-
- other entities	5 072	5 072	-
Deferred income tax provision	4 099	2 990	1 109
Provisions for employee benefits	303	303	-
Other long-term provisions	4 206	4 206	-
Government grants	-	-	-
Long-term accruals and deferred income	8 056	8 056	-
<b>Short-term payables</b>	290 337	283 323	7 014
Short-term credits and loans	108 516	108 516	-
- related parties	-	-	-
- other entities	108 516	108 516	-
Other short-term financial liabilities	17 543	19 084	(1 541)
Short-term trade payables	147 630	141 041	6 589
- related parties	68 901	64 019	4 882
- other entities	78 729	77 022	1 707
Payables under construction services	4 452	4 452	-
- related parties	1 273	-	1 273
- other entities	3 179	4 452	(1 273)
Current income tax liabilities	3 548	4 381	(833)

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Other short-term payables	6 962	4 163	2 799
- related parties	3 592	1 008	2 584
- other entities	3 370	3 155	215
Provisions for employee benefits	-	-	-
Other short-term provisions	303	303	-
Government grants	-	-	-
Short-term accruals and deferred income	1 383	1 383	-
Liabilities related to non-current assets held for sale	-	-	-
<b>Total liabilities</b>	<b>1 340 364</b>	<b>1 335 377</b>	<b>4 987</b>

#### EXPLANATION OF DISCREPANCIES REGARDING LIABILITIES

1. Presentation adjustment of the IRS derivative instruments payables in the amount of PLN 1 540 000, moved from "Other short-term payables" to "Other long-term payables".
2. Presentation adjustment of trade payables of a related party in the amount of PLN 4 882 000, moved from "Short-term trade payables – other entities" to " Short-term trade payables – related parties".
3. Presentation adjustment of the advance payments received from contractors in the amount of PLN 9 039 000 by moving the increase in the item "Payables under construction services" to the item "Short-term trade payables – other entities".
4. Presentation adjustment of payable for contract surety in the amount of PLN 2 584 000 from "Short-term trade payables - other entities" to "Other short-term payables - related parties".
5. Presentation adjustment of payables from received advance payments in the amount of PLN 1 273 000 from "Payables under construction services – other entities" to "Payables under construction services – related parties".
6. Adjustment – reduction of payable from current income tax in the amount of PLN 833 000 results from corrections done because of changes resulting from examination of financial statement.

<b>PROFIT AND LOSS ACCOUNT (CALCULATION VERSION)</b>	<b>ANNUAL</b>	<b>IV QUARTER</b>	<b>DISCREPANCY</b>
Item	1.01 - 31.12.2008	1.01 - 31.12.2008	
<i>Continued operations</i>			
Revenues from sales	571 576	574 872	(3 296)
- from related parties	31 683	19 610	12 073
Revenues from sale of products	18 053	18 053	-
Revenues from sale of services	542 976	546 272	(3 296)
Revenues from sale of goods and materials	10 547	10 547	-
<b>Selling costs</b>	(465 846)	(465 782)	(64)
- from related parties	(129 606)	(124 383)	(5 223)
Costs of products sold	(17 443)	(17 443)	-
Costs of services sold	(438 462)	(438 398)	(64)
Costs of goods and materials sold	(9 941)	(9 941)	-
<b>Gross profit (loss) on sales</b>	<b>105 730</b>	<b>109 090</b>	<b>(3 360)</b>
Costs of sales	-	-	-
General administrative expenses	(36 984)	(35 947)	(1 037)
Other operating revenues	4 938	4 938	-
Other operating expenses	(1 656)	(1 652)	(4)
Restructuring costs	-	-	-
<b>Operating profit (loss)</b>	<b>72 028</b>	<b>76 429</b>	<b>(4 401)</b>
Financial revenues	28 189	27 338	851
Financial expenses	(29 155)	(29 155)	-
Other profits (losses) from investments	2 527	2 527	-



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

<b>Profit (loss) before tax</b>	73 589	77 139	(3 550)
Income tax	(15 120)	(14 683)	(437)
<b>Net profit (loss) from continued operations</b>	58 469	62 456	(3 987)
<i>Discontinued operations</i>			
Net loss from discontinued operations	-	-	-
<b>Net profit (loss)</b>	58 469	62 456	(3 987)

#### EXPLANATION OF DISCREPANCIES REGARDING PROFIT AND LOSS ACCOUNT

1. Reduction of revenues from sales of services by the amount of PLN 3 296 000 resulting from changes after examination of the financial statement – decrease of assessed due revenues on the contract.
2. Presentation adjustment – increase of selling costs from related parties by the amount of PLN 5 223 000.
3. Increase of general administrative expenses by the amount as a result of examination of the financial statement done by the Auditor and Company's own adjustments.
4. Increase of financial revenues by the amount of PLN 851 000 due to change in valuation of forward hedging instruments during examination of the financial statement by the Auditor.
5. Increase of encumbrance on the gross financial result of the Company by the amount of PLN 437 000, which is constituted by:
  - Decrease of income tax encumbrance by the amount of PLN 833 000
  - Increase of encumbrance on the gross financial result, in the amount of PLN 1 270 000, as a result of temporary income tax differences between fiscal law and balance law.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

**SUMMARY AND EXPLANATION OF DISCREPANCIES BETWEEN DATA DISCLOSED IN THE APPROVED FINANCIAL STATEMENT FOR YEAR 2007 AND THOSE PRESENTED AS OPENING BALANCE IN THE FINANCIAL STATEMENT FOR YEAR 2008.**

<b>BALANCE SHEET</b>	<b>APPROVED VERSION</b>	<b>COMPARATIVE DATA VERSION</b>	<b>DISCREPANCY</b>
Item	31.12.2007	31.12.2007	
<b>Assets</b>			
<b>Non-current assets</b>	533 871	533 871	-
Intangible assets	8 675	8 675	-
Goodwill	1 606	1 606	-
Tangible fixed assets	132 946	132 946	-
Investment property	710	710	-
Investment in subsidiaries	255 249	255 249	-
Other long-term financial assets	125 187	125 187	-
- from related parties	83 695	108 995	25 300
- from other entities	41 492	16 192	(25 300)
Long-term receivables	9 094	9 094	-
- from related parties	-	-	-
- from other entities	9 094	9 094	-
Deferred income tax assets	-	-	-
Long-term prepaid expenses	404	404	-
<b>Current assets</b>	774 738	774 738	-
Inventories	21 737	21 737	-
Receivables from contracting parties for works completed under contracts fro construction services	112 488	112 488	-
- from related parties	8 649	8 649	-
- from other entities	103 839	103 839	-
Short-term trade receivables	216 742	216 742	-
- from related parties	16 199	16 199	-
- from other entities	200 543	200 543	-
Current income tax receivables	-	-	-
Other short-term receivables	8 622	8 622	-
- from related parties	1 763	1 763	-
- from other entities	6 859	6 859	-
Other short-term financial assets	79 093	79 093	-
- from related parties	66 276	66 276	-
- from other entities	12 817	12 817	-
Cash and cash equivalents	328 669	328 669	-
Short-term prepaid expenses	7 387	7 387	-
Non-current assets classified as held for sale	-	-	-
<b>Total assets</b>	1 308 609	1 308 609	-

**EXPLANATION OF DISCREPANCIES REGARDING ASSETS**

1. Presentation adjustment regarding moving the value of shares in the entities in which PBG SA owns less than 20% of equity, provided that there is a personal link in the managing bodies, in the amount of PLN 25 300, from "Other long-term financial assets – from other entities" to "Other long-term financial assets - from related parties".

<b>BALANCE SHEET</b>	<b>APPROVED VERSION</b>	<b>COMPARATIVE DATA VERSION</b>	<b>DISCREPANCY</b>
----------------------	-------------------------	---------------------------------	--------------------

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

Item	31.12.2007	31.12.2007	
<i>Liabilities</i>			
<b>Equity</b>	720 225	720 225	-
Share capital	13 430	13 430	-
Treasury shares	-	-	-
Share premium reserve	551 178	551 178	-
Capital from measurement of hedging transactions	1 840	1 840	-
Other equity	104 948	104 948	-
Retained profit/accumulated loss	48 829	48 829	-
- profit (loss) brought forward from previous years	1 268)	(1 268)	-
- net profit (loss), for the current year, falling to parent company shareholders	50 097	50 097	-
<b>Payables</b>	588 384	588 384	-
<b>Long-term payables</b>	235 040	234 853	(187)
Long-term credits and loans	18 803	18 803	-
- related parties	-	-	-
- other entities	18 803	18 803	-
Other long-term financial liabilities	200 047	200 047	-
Other long-term payables	9 634	300	(9 334)
- related parties	-	-	-
- other entities	9 634	300	(9 334)
Deferred income tax provision	3 606	3 606	-
Provisions for employee benefits	327	327	-
Other long-term provisions	2 618	2 618	-
Government grants	-	-	-
Long-term accruals and deferred income	5	9 152	9 147
<b>Short-term payables</b>	353 344	353 531	187
Short-term credits and loans	97 154	97 154	-
- related parties	-	-	-
- other entities	97 154	97 154	-
Other short-term financial liabilities	113 372	113 372	-
Short-term trade payables	98 661	109 439	10 778
- related parties	33 704	33 704	-
- other entities	64 957	75 735	10 778
Payables under construction services	3 768	3 768	-
Current income tax liabilities	4 731	4 731	-
Other short-term payables	34 425	22 863	(11 562)
- related parties	139	139	-
- other entities	34 286	22 724	(11 562)
Provisions for employee benefits	-	-	-
Other short-term provisions	973	973	-
Government grants	-	-	-
Short-term accruals and deferred income	260	1 231	971
Liabilities related to non-current assets held for sale	-	-	-
<b>Total liabilities</b>	<b>1 308 609</b>	<b>1 308 609</b>	<b>-</b>

#### EXPLANATION OF DISCREPANCIES REGARDING LIABILITIES

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

1. Presentation adjustment regarding moving the long-term part of grant received for financing fixed assets, in the amount of PLN 9 334 000, from "Other long-term payables – other entities" to other two items: the amount of PLN 9 147 000 to "Long-term accruals and deferred income" and the amount of PLN 187 000 to "Short-term accruals and deferred income".
2. Presentation adjustment regarding moving the amount of PLN 11 562 000 from "Other short-term payables - other entities" to the following items:
  - "Short-term trade payables – other entities" in the amount of PLN 10 778 000 as payables for deliveries
  - "Short-term accruals and deferred income" in the amount of PLN 784 000 as a part of the grant received for financing fixed assets, to be accounted in 2008.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

<b>PROFIT AND LOSS ACCOUNT (CALCULATION VERSION)</b>	<b>APPROVED VERSION</b>	<b>COMPARATIVE DATA VERSION</b>	<b>DISCREPANCY</b>
Item	1.01 - 31.12.2007	1.01 - 31.12.2007	
<i>Continued operations</i>			
<b>Revenues from sales</b>	462 351	459 285	(3 066)
- from related parties	23 368	23 368	-
Revenues from sale of products	1 633	1 633	-
Revenues from sale of services	436 607	433 541	(3 066)
Revenues from sale of goods and materials	24 111	24 111	-
<b>Selling costs</b>	(394 461)	(394 461)	-
- from related parties	(122 353)	(122 353)	-
Costs of products sold	(1 193)	(1 193)	-
Costs of services sold	(375 329)	(375 329)	-
Costs of goods and materials sold	(17 939)	(17 939)	-
<b>Gross profit (loss) on sales</b>	67 890	64 824	(3 066)
Costs of sales	-	-	-
General administrative expenses	(29 586)	(29 586)	-
Other operating revenues	17 378	16 306	(1 072)
Other operating expenses	(3 378)	(2 306)	1 072
Restructuring costs	-	-	-
<b>Operating profit (loss)</b>	52 304	49 238	(3 066)
Financial revenues	17 141	17 141	-
Financial expenses	(20 216)	(17 150)	3 066
Other profits (losses) from investments	12 450	12 450	-
<b>Profit (loss) before tax</b>	61 679	61 679	-
Income tax	(11 582)	(11 582)	-
<b>Net profit (loss) from continued operations</b>	50 097	50 097	-
<i>Discontinued operations</i>			
Net loss from discontinued operations	-	-	-
<b>Net profit (loss)</b>	50 097	50 097	-

#### EXPLANATION OF DISCREPANCIES REGARDING PROFIT AND LOSS ACCOUNT

1. Presentation adjustment with the purpose of making the data from 2007 comparative with the year 2008, resulting from:

- change of forward hedging instrument valuation rules – in the financial statement for year 2008. The amount of PLN 3 066 000 reduces the financial costs and revenues from sale of services
- change in recognizing re-invoiced revenues and costs onto other entities in the amount of PLN 1 072 000. It reduces other operating revenues and other operating costs.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## 12. LAUNCH OF THE INCENTIVE SCHEME

The Supervisory Board of subsidiary Company Hydrobudowa 9 SA with its registered office in Poznań adopted, through act no. 37/08/2007 of 26<sup>th</sup> August 2008 the Incentive scheme regulations, which establishes the rules of incentive scheme realization in Hydrobudowa 9 SA Company, realized on the basis of act no. 24 of Ordinary General Meeting of Hydrobudowa 9 SA Company of 24<sup>th</sup> June 2008 regarding establishment of rules of realizing the incentive scheme by the Company, and act no. 25 of Ordinary General Meeting of Hydrobudowa 9 SA Company of 24<sup>th</sup> June 2008 regarding increase of share capital through issuing of series D shares with exclusion of issue right for the hitherto shareholders, in order to realize incentive scheme and change the articles of association.

Persons Authorized to take part in the incentive scheme will be those chosen by the Supervisory Board of Hydrobudowa 9 SA from its Management Board and those chosen by the Supervisory Board on its own or upon application of the Management Board of Hydrobudowa 9 SA from the key employees of Hydrobudowa 9 SA, key employees of PBG Capital Group Companies, individuals performing functions in the bodies of PBG SA company and in the bodies of PBG Capital Group companies. The Scheme will be realized until 31st December 2013.

In order to realize the Scheme, Hydrobudowa 9 SA issued series D shares in the amount of 692 225, which were acquired by the trustee, BZ WBK SA, and registered by the appropriate court. The trustee concluded with Hydrobudowa Polska SA an agreement of acquiring 1 755 738 common bearer series L shares of Hydrobudowa Polska SA company, having the nominal value PLN 1.00 each, Issued on the basis of the act no. 3 of Extraordinary General Meeting of hydrobudowa Polska SA Company of 18<sup>th</sup> August 2008, divided into 5 tranches, of which 4 tranches include 351 147 series L shares each and one tranche includes 351 150 series L shares, which will be offered to Authorized Persons in years 2009, 2010, 2011, 2012 and 2013. In order to cover the shares, the trustee, that is, BZ WBK SA made a contribution of 692 225 series D shares of Hydrobudowa 9 SA Company, which were in trustee's possession.

The total amount of the series L shares indicated above, intended for Authorized Persons, will be divided into five tranches, of which four tranches include 351 147 Shares each and one tranche includes 351 150 Shares. Shares that will not be purchased during the issue of a given tranche, will be offered during the issue of the next one. The offering price of series L shares intended for Authorized Persons will amount to PLN 0.14.

The first list of authorized persons was passed by Supervisory Board of Hydrobudowa 9 SA on 23<sup>rd</sup> December 2008. Valuation of the scheme as of 21<sup>st</sup> December 2008 amounts to PLN 1 019 000. The values resulting from the incentive scheme will be recognized in the accounts starting from year 2009.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

### 13. RELATED PARTY TRANSACTIONS

**Transactions concluded with members of the Company's Management Board and Supervisory Board, their spouses, siblings, (grand)parents, (grand)children, or any closely related persons**

In 2007, the Company granted no advance payment, loans, credits, guarantees and sureties or any other agreements containing any obligations in respect of the Company to any members of its Management Board and Supervisory Board.

#### Related party transactions

Related party	Receivables as at 31.12.2008	Payables as at 31.12.2008	Financial assets	Loans received	Inventories as of 31.12.2008	Financial liabilities (securities)	Revenues from sales in 2008	Acquisitions in 2008	Financial revenues in 2008	Financial expenses in 2008
<b>TRANSACTIONS WITH CONSOLIDATED ENTITIES SUBJECT TO EXCLUSION</b>										
Metorex Sp. z o.o.	7	-	-	-	-	-	-	-	7	-
GK Infra	723	18 706	8 702	-	-	-	477	37 955	1 187	363
GK Hydrobudowa Polska	20 258	46 283	-	-	1 212	-	19 090	75 593	7 509	2 584
KWG SA	328	25	24 981	-	-	-	-	-	2 033	-
GK PBG Dom	109	-	44 028	-	-	-	-	-	1 319	-
Gas & Oil Engineering sr.o.	51	-	-	-	862	-	-	3 030	47	-
Excan Oil and Gas Engineering Ltd.	171	322	-	-	-	-	-	1 035	-	-
Bathinex Sp. z o.o.	-	-	-	-	-	-	-	-	-	-
AVATIA Sp. z o.o.	1	199	-	-	-	-	-	4	1	-
GK Aprivia	46	6 958	5 461	-	-	-	43	11 989	336	-
<b>Total</b>	<b>21 694</b>	<b>72 493</b>	<b>83 172</b>	<b>-</b>	<b>2 074</b>	<b>-</b>	<b>19 610</b>	<b>129 606</b>	<b>12 439</b>	<b>2 947</b>
<b>TRANSACTIONS WITH AFFILIATES AND SUBSIDIARIES THAT ARE NOT SUBJECT TO CONSOLIDATION</b>										
KRI SA	10 806	-	25 315	-	-	-	-	-	338	-
<b>Total</b>	<b>10 806</b>	<b>-</b>	<b>25 315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>338</b>	<b>-</b>
<b>TRANSACTIONS WITH PERSONALLY RELATED ENTITIES</b>										
	88 230	8 087	-	-	-	-	-	-	24	-
<b>Total</b>	<b>88 230</b>	<b>8 087</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>2 947</b>

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

#### 14. EVENTS AFTER THE BALANCE SHEET DATE

##### **Mergers, takeovers and foundations of new subsidiaries.**

###### ***Foundation of a subsidiary Company – PBG Export Sp. z o.o.***

On 2nd April 2009 a subsidiary Company – PBG Export Sp. z o.o. with registered office in Kraków was founded. The share capital of the Company amounts to PLN 1 000 000.00 and divides into 20 000 shares, each having the nominal value of PLN 50.00. PBG S.A. acquired 19 990 shares, PLN 50.00 per share, having the total value of PLN 999 500.00. The acquired shares were covered with financial contribution – cash. Thus, PBG S.A. owns 99.95% of share capital and 99.95% of total number of votes in PBG Export Sp. z o.o. PBG Export Sp. z o.o. Company was founded in order to acquire orders both locally and abroad and to supervise their realization.

###### ***Purchase of shares in HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. Company***

On 2nd April 2009 an agreement was concluded with HYDROBUDOWA POLSKA S.A. Company for purchase of shares in HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. company with its registered office in Mikołów. In the execution of abovementioned agreement PBG S.A. purchased all the 16 100 shares, having the nominal value of PLN 500.00 each and the total value of PLN 8 050 000.00, providing 100% of votes at Annual General Meeting of Partners and the same percentage in the share capital of HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. Company for the price amounting to PLN 9 000 000.00.

###### ***Foundation of a subsidiary Company – PBG Export Sp. z o.o.***

On 2nd April 2009 a subsidiary Company – PBG Export Sp. z o.o. with registered office in Kraków was founded. The share capital of the Company amounts to PLN 1 000 000.00 and divides into 20 000 shares, each having the nominal value of PLN 50.00. PBG S.A. acquired 19 990 shares, PLN 50.00 per share, having the total value of PLN 999 500.00. The acquired shares were covered with financial contribution – cash. Thus, PBG S.A. owns 99.95% of share capital and 99.95% of total number of votes in PBG Export Sp. z o.o. PBG Export Sp. z o.o. Company was founded in order to acquire orders both locally and abroad and to supervise their realization.

###### ***Purchase of shares in HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. Company***

On 2nd April 2009 an agreement was concluded with HYDROBUDOWA POLSKA S.A. Company for purchase of shares in HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. company with its registered office in Mikołów. In the execution of abovementioned agreement PBG S.A. purchased all the 16 100 shares, having the nominal value of PLN 500.00 each and the total value of PLN 8 050 000.00, providing 100% of votes at Annual General Meeting of Partners and the same percentage in the share capital of HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. Company for the price amounting to PLN 9 000 000.00.

##### **Concluded investment agreements**

###### **Conclusion of material subcontracting agreements**

On 12th February 2009 PBG S.A. concluded two agreements with Control Process S.A. Company, having the total net value of PLN 278 565 000. Both regard the realization of a task related to the LMG - Central Facility, near-well zones, pipelines and other elements Project. The subject of the agreement having the net value of PLN 183 955 000 is general realization of near-well zones and group facilities, including designing, construction and activation of these facilities. The subject of the agreement having the net value of PLN 94 610 000 is general realization of thermal-electric power station, including designing, construction and activation of thermal-electric power station. The due date for completing the realization of these agreements was indicated not later than on 10th April 2013.

In order to hedge the claims of PBG S.A. resulting from failure to perform or improper performance of both agreements, the Contractor took commitment, in aid of the Contracting Entity, to hedge the proper performance of the agreement and removal of faults and defects in the form of:

- a) retained amounts equal to 5% of gross Contractor's remuneration value
- b) blank promissory note payable at first demand, for execution of which the Contracting Entity will be entitled up to the maximal amount of 5% of remuneration, but not more than the difference between this maximal amount and the sum of amounts already retained by the Contracting Entity on the basis of point a above.

Additionally, Control Process S.A. took commitment to conclude a personal liability insurance agreement in the scope of damage related to realization of the agreement in aid of PBG SA.

PBG S.A., as a Contracting Entity, may demand the Contractor pay the following contractual penalties for delays in the realization of the both agreements:

- a) for the delay in handing over to the Contracting Entity a part of the Basic Project performed: 0.01% of gross Remuneration per every commenced day of delay;



<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

- b) for the delay in handing over the approved Basic Project to the Investor by the Contracting Entity by fault of the Contractor: 0.01% of gross Remuneration per every commenced day of delay. In the event that the penalty is calculated according to point b), the penalties on the basis of point a) reduce the amount of penalty calculated according to point b);
- c) for the Contracting Entity's delay in meeting the due date of Investment realization by fault of the Contractor: 0.05% of gross Remuneration per every commenced day of delay;
- d) for the delay in removing the Faults found during the Commissioning or during the quality warranty period: 0.005% of gross Remuneration per every commenced day of delay, starting from the due date of removing the Faults;
- e) for withdrawal of Contracting Entity from the Agreement due to reason for which the Contractor is responsible: 30% of gross Remuneration;
- f) for the delay in providing in the due term the hedging of proper performance of the agreement for the period encompassed by the quality warranty for the performed Works: 0.005% of gross Remuneration per every commenced day of delay;
- g) for not achieving the required parameters of work regarding the subject of the Agreement, indicated in the Basic Project, after the second additional Warranty Test: 5% of gross Remuneration;
- h) in the even of infringing the duties regarding insurance, listed in Par. 8, the Contracting Entity will be entitled to assess a contractual penalty in the amount of PLN 150 000 (say: one hundred and fifty thousand Polish zlotys);
- i) the Right of the Contracting Entity to encumber the Contractor with the penalties listed under points a) to h) is not in effect in case of decision, made between the Investor and the Contracting Entity in the presence of the Contractor, to waive the Investor's demand for Contractual penalties.
- j) for Contractor's termination of or withdrawal from the Agreement for which the Contracting Entity is responsible: 30% of gross Remuneration. This entitlement of the Contractors is not in effect if the basis for withdrawal from or termination of the Agreement by the Contractor was the right of Investor to withdraw from realization of the Contract. The Contracting Entity is entitled to reduce the amount of Contractor's due Remuneration by the amounts of contractual penalties.

All the compensation claims of the Parties are limited to the real loss, not more, however, that 30% of gross Remuneration, subject to the fact that this limitation does not regard the entitlements of the Contracting Entity resulting from quality warranty and the entitlement of Contracting Entity to acquire warranty amounts encompassed by the insurance.

#### **Conclusion of material performance agreements within the Consortium**

On 16th April this year, PBG SA, as a Consortium Leader, concluded performance agreements:

- with PLYNOSTAV PARDUBICE HOLDING A.S. for the amount of PLN 84 178 442.00;
- with PLYNOSTAV REGULACE PLYNU A.S. for the amount of PLN 83 731 000.00.

Both agreements are related to the agreement, concluded by the Consortium of companies PBG S.A. (Consortium Leader), Tecnimont S.P.A. from Italy, Societe Francaise d'Etudes et de Realisations d'Equipements Gaziers "SOFREGAZ" from France and Plynostav Pardubice Holding A.S. – Plynostav Regulace Plynu A.S. from Czech Republic (Consortium Partners) on one hand and Polskie Gornictwo Naftowe i Gazownictwo S.A. company on the other for the general realization of the investment under the name "Construction of surface part of the Underground Gas Storage Wierzchowice, 3.5 bln nm3 stage, 1.2 bln nm3 sub-stage". The subject of both agreements is designing, delivery and assembly of the chosen installations.

The parties establishes, that irrespective of the solidary responsibility of Consortium Partners and Consortium Leader to the Contracting Entity, indicated by the terms and conditions of the Contract, each of the Parties is individually responsible for professionalism and total and timely completion of the scope of works entrusted to it. Each of the Parties to the Consortium Agreement is responsible for abnormalities, faults or lacks found with regard to the realization of its Scope of Works and takes commitment to their prompt removal and immediate commencement of works and deliveries on own account and at own expense, irrespective of their extent, in order to immediately fulfill the requirements of the Contract. The costs related to repairing the damage resulting from delays will be incurred by that Party to the Consortium Agreement which caused the delay.

The due date of completing the works by Consortium Partners who are Parties to the agreements described above, is set on 18th November 2011.

<b>Company:</b>	<b>PBG Spółka Akcyjna</b>		
<b>Reporting period:</b>	<b>01.01-31.12.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Approximation:</b>	<b>all amounts are in PLN thousand (unless indicated otherwise)</b>		

## **Agreements concluded with financial institutions**

### **Change of material agreement and granting warranty of advance payment reimbursement**

On 7<sup>th</sup> January 2009 an annex was concluded to the frame agreement concluded on 6<sup>th</sup> September 2007 between ING Bank Śląski S.A. and Companies from PBG Capital Group: PBG SA, HYDROBUDOWA POLSKA SA, INFRA SA, HYDROBUDOWA 9 P.I.B. SA, AVATIA Sp. z o.o. and PRIS Sp. z o.o. As a result of the concluded annex, the amount of credit limit was increased from PLN 150 000 000.00 to PLN 220 000 000.00. Because of the increase of credit limit amount the Borrowers made a declaration of readiness to be submitted to enforcement up to the amount of PLN 330 000 000 with the possibility of Bank's application for appending the enforcement clause to the bank executory title with the due date of 5<sup>th</sup> September 2015.

Additionally, the amount of corporate guarantee granted by each of the Companies being parties to the agreement has changed from PLN 150 000 000.00 to PLN 220 000 000.00. The granted corporate guarantees are in effect until the day of settlement of all the payables to the Bank resulting from the Frame Agreement and they were not granted on market conditions. Other material conditions of the agreement did not change.

At the same time the Management Board of PBG SA informs, that on the basis of that agreement and the request of PBG SA a warranty of advance payment reimbursement up to the amount of PLN 108 900 000 was granted by ING Bank Śląski on 7<sup>th</sup> January 2009. The beneficiary of this warranty is Polskie Górnictwo Naftowe i Gazownictwo SA. The warranty was granted in relation to conclusion of agreement on 19<sup>th</sup> November 2008 by the Consortium of companies PBG S.A. (Consortium Leader), Tecnimont S.P.A., Societe Francaise d'Etudes et de Realisations d'Equipements Gaziers "SOFREGAZ" and Plynostav Pardubice Holding A.S. – Plynostav Regulace Plynu A.S. (Consortium Partners) on one hand and Polskie Gornictwo Naftowe i Gazownictwo S.A. company on the other for general realization of the investment under the name "Construction of surface part of the Underground Gas Storage Wierzchowice, 3.5 bln nm3 stage, 1.2 bln nm3 sub-stage". The net value of the contract amounts to PLN 1 089 000 000.00. The warranty is granted until 7<sup>th</sup> January 2012. The hedging of the granted warranty is constituted by the guarantee deposit from the received advance payment, without prejudice to the fact that this hedging will be in effect until the time of establishing hedging in the form of assignment of claims from the abovementioned agreement concluded with PGNiG SA. Remuneration for ING Bank Śląski SA for granting the warranty was established on the basis of market conditions.

### **Change of material agreement**

On 8<sup>th</sup> January 2009 The Management Board of PBG SA informed about conclusion of the annex to the annex no. 4, effective since 30<sup>th</sup> December 2008, to the agreement of 27<sup>th</sup> April 2007 for credit line for financing of the current activity, concluded by PBG Capital Group Companies, that is, PBG SA, HYDROBUDOWA POLSKA SA and INFRA SA on one hand and Bank Gospodarki Żywnościowej SA, with its registered office in Warsaw, on the other. On the basis of the concluded annex, the granted limit amount was increased from PLN 85 000 000.00 to PLN 100 000 000.00. At the same time, the Companies made a declaration of solidary submission to the execution of payment on the basis of the bank executory title issued up to the amount of PLN 150 000 000 by BGŻ. The Bank may apply for appending the enforcement clause to that title until the day of 26<sup>th</sup> May 2017.

### **Increase of limit for granting contract warranties**

On 4<sup>th</sup> February 2009 PBG SA concluded an annex to the agreement for granting contract warranties within the renewable limit concluded on 28<sup>th</sup> September 2007 with TUIr Euler Hermes SA. On the basis of the annex concluded between Insurance Company and PBG SA and Capital Group companies, HYDROBUDOWA POLSKA SA, HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno - Budowlane SA and INFRA SA, the amount of renewable limit was increased from PLN 80 000 000.00 to PLN 1000 000 000.00 and the maximum amount of the single warranty granted within this limit is PLN 10 000 000.00. On the basis of the concluded agreement Euler Hermes S.A. Insurance Company, until the day of 29<sup>th</sup> September 2009 (inclusive), grants contract warranties, such as: tender warranties, proper contract performance warranties, warranties of proper removal of faults and defects and advance payment reimbursement warranties. Remuneration for Euler Hermes S.A. Insurance Company for warranties granted on the basis of the agreement was agreed upon according to market conditions. Hedging of contingent claims of Euler Hermes S.A. Insurance Company resulting from payments related to all granted warranties is constituted by twenty blank promissory notes with promissory note declarations issued by Insurance Holders - 5 promissory notes issued by each Insurance Holder, each guaranteed by the remaining Insurance Holders.

### **Conclusion of material agreement regarding crediting cooperation**

On 10<sup>th</sup> April 2009 PBG SA concluded a material agreement, the party to which is Nordea Bank Polska SA. The subject of the agreement is establishing the rules of cooperation regarding crediting of business activity between PBG SA and Capital Group Companies, that is, Hydrobudowa Polska SA and Infra SA. On the basis of the agreement the Companies may, until 10<sup>th</sup> April 2012, take advantage of: short-term credits on checking accounts for the period of one year, bank guarantees for the period of 3 years and letters of credit for the period of 3 years, up to the Bank's engagement amount, not exceeding PLN 115 000 000. The use of limit will occur on the basis of particular agreements, establishing, among others, the type of hedging, which can be:

- cession of claims from contracts realized by the Capital Group companies having the value of at least 150% of the used limit
- authorizations for debiting checking accounts of the borrowers in the Bank
- mutual guarantees of borrowers, according to civil law
- blank promissory notes of deposits issued by Borrowers together with promissory note declarations
- declaration of readiness to be submitted to enforcement.

<i>Company:</i>	<i>PBG Spółka Akcyjna</i>		
<i>Reporting period:</i>	<i>01.01-31.12.2008</i>	<i>Reporting currency:</i>	<i>Polish zloty (PLN)</i>
<i>Approximation:</i>	<i>all amounts are in PLN thousand (unless indicated otherwise)</i>		

#### **SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD**

Jerzy Wiśniewski – President of the Management Board .....

Tomasz Woroch – Vice President of the Management Board .....

Przemysław Szkudlarczyk – Vice President of the Management Board .....

Tomasz Tomczak – Vice President of the Management Board .....

Mariusz Łożyński – Vice President of the Management Board .....

Tomasz Latawiec – Member of the Management Board .....

Signature of a person responsible for the preparation of the financial statement

Anna Nowak – Chief Accountant .....

Wysogotowo, 27<sup>th</sup> April 2009