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# AUDITOR'S STATEMENT

## For the General Meeting and the Supervisory Board of PBG S.A. w upadłości układowej (in company voluntary arrangement)

1. We have been engaged to review the attached interim condensed financial statements of PBG S.A. w upadłości układowej (in company voluntary arrangement) ("the Company"), with its registered office at ul. Skórzewska 35, Wysogotowo, Poland, including the interim condensed statement of financial position as at June 30th 2015, the interim condensed statement of profit or loss, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash-flows for the period from January 1st to June 30th 2015, the accounting policies, and the notes ("the attached interim condensed financial statements").

2. Ensuring compliance of the interim condensed financial statements with IAS 34 "Interim Financial Reporting", as endorsed by the European Union ("IAS 34"), is the responsibility of the Company's Management Board. Our responsibility was to issue a report on the basis of our review of the financial statements.

3. In performing our review of the attached interim condensed financial statements, we proceeded in accordance with applicable Polish laws and Polish Financial Auditing Standards issued by the National Council of Statutory Auditors.

4. The financial statements for the previous financial year ended December 31st 2014 were audited by us. However, we refused to issue an opinion on those financial statements on March 23rd 2015.

5. On June 22nd 2012, the decision of the District Court for Poznań-Stare Miasto in Poznań, 11th Commercial Insolvency and Arrangement Division, dated June 13th 2012, declaring the Company to be insolvent in voluntary arrangement, became final. On August 1st 2015, the Company Management Board entered into a restructuring agreement with the financial creditors. In a vote held from August 3rd to August 5th 2015, Company creditors decided to enter into the arrangement, but because the result of the vote may be appealed against, the approved arrangement is not final yet. In Note 2.3 to the attached interim condensed financial statements, the Management Board stated that the Company's present financial position poses a significant threat to its continuing as a going concern, however, considering the Management Board's consistent efforts to secure reaching an arrangement with creditors and enable the Company to continue in existence, a decision was made to prepare the attached interim condensed financial statements on the assumption that the Company will continue as a going concern in the foreseeable future of at least 12 months subsequent to the reporting date.

The attached interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern and do not contain any adjustments related to alternative methods of valuation or classification of assets and liabilities that could be necessary to be applied if the Company is unable to continue as a going concern for 12 months subsequent to the balance-sheet date. However, given that the arrangement has not yet become final and considering the significant uncertainty as to the Company's ability to perform the arrangement, we are not able to determine whether the application of the going concern assumption is justified.

6. On June 12th 2013, the Company's Court Supervisor provided Judge Commissioner with a list of claims valued at PLN 2,776m. On July 8th 2015, Judge Commissioner issued a decision approving the list of claims for a total amount of PLN 3,153m. As mentioned in Section 5 above, in the vote held between August 3rd and August 5th 2015, the Board of Creditors approved the arrangement. However, the creditors have the right to appeal against that decision. Therefore, the value of accepted claims, as well as amounts presented in the attached interim condensed financial statements, may be subject to change. Accordingly, we are unable to assess the correctness of the amounts of liabilities and provisions disclosed in the attached interim condensed financial statements.

7. In the interim condensed financial statements, the Management Board recognised a PLN 355m provision for the Company's potential liability under the sureties and guarantees it has issued, for its joint and several liability towards subcontractors under contracts performed under consortium agreements, and for its other liabilities which have not been disclosed in the statement of financial position. As at the date of this Statement, it is impossible to determine to what extent and what proportion of these liabilities will have to be paid by the Company. Therefore, we are unable to provide an opinion as to the correctness of measurement of the provision, disclosed at PLN 355m in the attached interim condensed financial statements.

8. In the attached interim condensed financial statements, under property, plant and equipment the Company disclosed buildings and related structures in an aggregate amount of PLN 31m. The Management Board has obtained valuations prepared by an independent appraiser, putting the fair value of those assets at PLN 10m. However, the Company Management Board is of the opinion that since the attached interim condensed financial statements have been prepared on the assumption that the assets will be used by the Company in the ordinary course of business, there is no need to recognise impairment losses on them. The recognition of the result of valuation of those assets would decrease the value of property, plant and equipment and pre-tax profit by PLN 21m.

9. The Company holds, directly or indirectly, 61.01% of shares in RAFAKO S.A. The value of the interest in RAFAKO S.A. was reduced by PLN 137m relative to December 31st 2014. The current value of the shares, disclosed at PLN 414m, has been estimated based on an independent expert's valuation report, taking into account an additional control premium of 15% of the value in use of RAFAKO S.A. At the same time, the market value of RAFAKO S.A. shares quoted on the Warsaw Stock Exchange was markedly lower and amounted to approximately PLN 267m as at June 30th 2015. In our opinion, considering the market value of RAFAKO S.A. and based on our analyses, the recognised value of the investment in RAFAKO S.A. reported at PLN 414m is substantially above the investment's fair value, mainly due to the additional control premium calculated on the basis of the value in use. While performing our procedures, we were not able to determine the correct amount

of the impairment loss on the investment.

10. In the attached interim condensed financial statements, the Company has disclosed loans advanced to related entities BATHINEX Sp. z o.o. and BROKAM Sp. z o.o., with a total value of about PLN 28m, as well as shares in BROKAM Sp. z o.o., with a value of about PLN 12m. Currently, the above companies are not conducting operating activities. We have not been provided with any documentation which would confirm the likelihood of recovery of the assets invested by the Company in these entities. Therefore, we are unable to say when the Company will achieve the expected economic benefits from these investments or what the amount such benefits will be.

11. The Company holds investment certificates in the Dialog Plus Closed-End Investment Fund incorporated under the laws of Ukraine, disclosed in the attached interim condensed financial statements under loans advanced at approximately PLN 42m. The investment certificates have been acquired to finance the operations of Energopol Ukraina, a related entity. In July 2013, the Company signed a conditional agreement obliging it to sell these assets, pursuant to which the investment certificates will be transferred on the basis of a separate agreement once the Company has received payment of the agreed selling price, no later however than by December 24th 2015. The Company has not provided us with any documentation that would confirm the buyer’s ability to finance the purchase of the certificates. Given the above and the uncertain political and economic situation in Ukraine, we are not able to provide an opinion on the amount of impairment losses on these investment certificates.

12. In Note 2.5 and Note 3 to the attached interim condensed financial statements, the Company Management Board noted that on April 2nd 2014 the Company received a notice from PGNiG S.A. of rescission of the contract for construction of the Wierzchowice Underground Gas Storage Facility of November 19th 2008. The employer demanded that the contract consortium pay liquidated damages of PLN 133m. The Company, as the consortium leader, has taken the stance that the notice is ineffective and the demand for liquidated damages unjustified, citing numerous arguments supporting its stance. Accordingly, the Company Management Board resolved not to recognise a provision for potential additional liabilities towards PGNiG S.A. Furthermore, the Company calculated an amount due from PGNiG for works performed since the last billed construction phase, totalling approximately PLN 12m. Given material uncertainties as to the outcome of the dispute, we are not able to provide an opinion on the final value of settlements related to this investment.

13. In Note 2.5 to the attached interim condensed financial statements, the Management Board presented information on the contract for the construction of the LNG Terminal in Świnoujście, performed by the Company in a consortium. The Management Board stated that following the change of legal regulations during the course of the contract the scheduled completion date had been exceeded. According to the documents provided by the Company, reflecting the state of negotiations with the employer, the project is most likely to be completed in H1 2016. However, the Company had not updated the cost budget of the contract before the date of this Statement.

    Given material uncertainties related to the final settlement of the contract, in particular with respect to contractual penalties, which we cannot determine reliably, we are unable to provide an opinion on the final value of settlements under this project. In addition, given that the contract budget has not been updated, we are unable to provide an opinion on the items of the statement of financial position and the statement of profit or loss related to the performance of that contract.

14. Considering the significance of the issues presented above and the effect their inclusion in the attached interim condensed financial statements could have on the Company's financial performance for the period January 1st–June 30th 2015 and on its assets and financial position as at June 30th 2015, we were not able to obtain sufficient evidence in the course of our review to issue a valid review report. Therefore, we are not issuing a report on the review of the attached interim condensed financial statements.

For
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
Reg. No. 130

Lead Auditor

(signature)

Robert Klimacki

Qualified Auditor

Reg. No. 90055

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Warsaw, August 31st 2015