



**DIRECTORS' REPORT ON THE OPERATIONS OF PBG S.A. W UPADŁOŚCI
UKŁADOWEJ**

(IN COMPANY VOLUNTARY ARRANGEMENT)

for the period January 1st–June 30th 2015

TABLE OF CONTENTS

SECTION I: THE GOVERNING BODIES	4
I. COMPOSITION OF AND CHANGES IN THE SUPERVISORY AND MANAGEMENT BOARDS IN H1 2015 AND ANY PLANNED	4
II. COMPANY SHARES OR RIGHTS TO THE COMPANY SHARES (OPTIONS) HELD BY PBG SUPERVISING OR MANAGING PERSONNEL	10
III. REMUNERATION, BONUSES AND BENEFITS PAID TO THE SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS.....	10
SECTION II: REPORT ON RISKS AND FINANCIAL RISK MANAGEMENT.....	13
I. RISKS AND THREATS	13
II. FINANCIAL RISK IDENTIFICATION AND MANAGEMENT	20
SECTION III: COMPANY OVERVIEW	20
I. STRATEGY	20
II. BUSINESS PROFILE	22
III. CHANGES ON PBG'S MARKETS	24
IV. BRANCHES	24
SECTION IV: REPORT ON THE COMPANY'S OPERATIONS IN H1 2015	25
I. SHARES HELD IN RELATED ENTITIES	25
II. AGREEMENTS SIGNIFICANT TO THE COMPANY'S BUSINESS.....	28
III. BUSINESS COMBINATIONS, INCORPORATION OF NEW SUBSIDIARIES	30
IV. EVENTS OF DEFAULT ON CREDIT FACILITIES, GUARANTEES AND BONDS	30
V. PBG'S ARRANGEMENT BANKRUPTCY PROCEEDINGS	31
VI. RELATED-PARTY TRANSACTIONS	35
VII. CONTRACTED BANK BORROWINGS, LOAN AGREEMENTS	36
VIII. NON-RECURRING FACTORS AND EVENTS.....	36
IX. MAJOR R&D ACHIEVEMENTS.....	38
X. CONTROL SYSTEMS FOR EMPLOYEE PLANS	38
XI. LITIGATION, ARBITRATION OR ADMINISTRATIVE PROCEEDINGS	38
SECTION V: SHARES AND SHAREHOLDERS.....	43
I. SHARE CAPITAL STRUCTURE AND LARGE HOLDINGS OF SHARES	43
II. CHANGES IN THE COMPANY'S SHAREHOLDING STRUCTURE.....	45
III. KEY DATA ON PBG SHARES	45
IV. SHARE BUY-BACKS	47
V. HOLDERS OF SECURITIES CONFERRING SPECIAL CONTROL RIGHTS	47
VI. RESTRICTIONS ON VOTING RIGHTS	47
VII. RESTRICTIONS ON TRANSFER OF PBG SECURITIES AND LIMITATIONS ON THE VOTING RIGHTS	47
VIII. EVENTS WHICH MAY RESULT IN CHANGE IN SHAREHOLDINGS	47
IX. THE COMPANY AND ITS SHARES.....	48
SECTION VI: FINANCIAL OVERVIEW.....	49
I. ANALYSIS OF PBG'S FINANCIAL POSITION	49
II. CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND COST ANALYSIS.....	51
III. ASSETS, FINANCIAL STANDING AND FUNDING OF THE ASSETS	52
IV. STATEMENT OF CASH FLOWS	55
V. NET DEBT	56
VI. INVESTMENTS	57
VII. FINANCIAL OUTLOOK	57
VIII. ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT	57
IX. OFF-BALANCE-SHEET RECEIVABLES AND LIABILITIES	57
X. GOING CONCERN ASSUMPTION.....	58
CONTACT DETAILS	61

SECTION I: THE GOVERNING BODIES

I. COMPOSITION OF AND CHANGES IN THE SUPERVISORY AND MANAGEMENT BOARDS IN H1 2015 AND ANY PLANNED

1. Composition of the Supervisory Board

Composition of the Supervisory Board in the period **January 1st–June 30th 2015:**

- Maciej Bednarkiewicz – Chairman of the Supervisory Board;
- Małgorzata Wiśniewska – Deputy Chairwoman of the Supervisory Board;
- Stefan Gradowski – Secretary of the Supervisory Board;
- Dariusz Sarnowski – Member of the Supervisory Board;
- Przemysław Szkudlarczyk – Member of the Supervisory Board;

The persons listed above were appointed to the Supervisory Board for an annual term of office by the Annual General Meeting on June 21st 2013. Then, on April 24th 2015, the Annual General Meeting appointed the same five persons to the Supervisory Board.

Composition of the Supervisory Board in the reporting period and at present:

Full name	Maciej Bednarkiewicz
Position	Chairman of the Supervisory Board, Independent Member of the Board; Mr Bednarkiewicz does not conduct any activity competitive to the business of PBG S.A.
Qualifications	<ul style="list-style-type: none"> ➤ University of Warsaw – Faculty of Law
Experience	<ul style="list-style-type: none"> ➤ Member of Polish Parliament, 1989–1991 ➤ Judge of the State Tribunal of the Republic of Poland ➤ President of the Central Board of Lawyers (Naczelna Rada Adwokacka) ➤ General Partner in Kancelaria Prawna Maciej Bednarkiewicz, Andrzej Wilczyński i Wspólnicy Sp. Komandytowa ➤ Member of the Supervisory Board of BIG Bank S.A. ➤ Chairman of the Supervisory Board of Millenium Bank S.A. ➤ Member of the Supervisory Board of PZU S.A. ➤ Member of the Supervisory Board of Techmex S.A. ➤ Current Chairman of the PBG Supervisory Board

Full name	Małgorzata Wiśniewska
Position	Deputy Chairwoman of the Supervisory Board <i>Non-independent Member of the Board; Ms Wiśniewska does not conduct any activity competitive to the business of PBG S.A.</i>
Qualifications	<ul style="list-style-type: none"> ➤ Graduate of the Poznań University of Technology – Faculty of Civil Engineering ➤ MBA – Rotterdam School of Management ➤ Canadian International Management Institute – management programme ➤ Postgraduate programme in Management and Public Relations at the Faculty of Finance and Banking at the Poznań School of Banking.

Experience	<ul style="list-style-type: none"> ➤ Assistant Designer at Przedsiębiorstwo Uprzemysłowane Budownictwa Rolniczego of Poznań ➤ At PBG S.A.: Quality System Director, Public Relations Director, Member of the Management Board and Vice-President of the Management Board. ➤ President of the Management Board of INFRA S.A. ➤ Chair of the Supervisory Board of Hydrobudowa Polska S.A. ➤ Deputy Chair of the Supervisory Board of Hydrobudowa 9 S.A. ➤ Chair of the Supervisory Board of PBG Dom Sp. z o.o. ➤ Chair of the Supervisory Board of APRIVIA S.A. ➤ Member of the Supervisory Board of GasOil Engineering AS ➤ Member of the PBG Supervisory Board in the period November 21st 2006– August 31st 2008 and since April 21st 2010, currently Deputy Chairwoman of the PBG Supervisory Board ➤ Member of the Supervisory Board of RAFAKO S.A. ➤ Deputy Chairwoman of the Supervisory Board of PBG Oil and Gas Sp. z o.o. ➤ Member of the Supervisory Board of Energotechnika Engineering Sp. z o.o. ➤ Member of the Supervisory Board of RAFAKO Engineering Sp. z o.o.
-------------------	--

Full name	Dariusz Sarnowski
Position	Member of the Supervisory Board <i>Independent Member of the Board; Mr Bednarkiewicz does not conduct any activity competitive to the business of PBG S.A.</i>
Qualifications	<ul style="list-style-type: none"> ➤ Poznań University of Economics – Accounting
Experience	<ul style="list-style-type: none"> ➤ Certified Chartered Auditor ➤ Consulting Department Assistant, Audit Department Assistant at W. Frąckowiak i Partnerzy Sp. z o.o. ➤ BZ WBK S.A. – inspector in the consultancy division of the Capital Markets Department ➤ Manager at Trade Institute – Reemtsma Polska S.A. ➤ Audit Department Assistant at BDO Polska Sp. z o.o. ➤ Audit Department Assistant at HLB Frąckowiak i Wspólnicy Sp. z o.o. ➤ Shareholder in HLB Sarnowski & Wiśniewski Sp. z o.o. (currently SWGK) ➤ Vice-President of the Management Board of Usługi Audytorskie DGA Sp. z o.o. ➤ Member of the Supervisory Board of Mostostal Poznań S.A. ➤ Member of the Supervisory Board of Browary Polskie BROK-STRZELEC S.A. ➤ Member of the Supervisory Board of NZOZ Szpital w Puszczykowie Sp. z o.o. ➤ Member of the Supervisory Board of Swarzędz S.A. ➤ Member of the Management Board of Dmp Inwestycje Sp. z o. o. ➤ President of the Management Board of Salus-Med.Sp. z o.o. ➤ President of the Management Board of Ecdf Księgowość Sp. z o.o. ➤ Member of the PBG Supervisory Board since 2005 ➤ Member of the Supervisory Board of RAFAKO S.A.

Full name	Przemysław Szkudlarczyk
Position	Member of the Supervisory Board <i>Non-independent Member of the Board; Mr Szkudlarczyk does not conduct any activity competitive to the business of PBG.</i>
Qualifications	<ul style="list-style-type: none"> ➤ Poznań University of Technology – Faculty of Machines and Motor Vehicles ➤ Warsaw University of Technology – Gas Engineering ➤ MBA – Rotterdam School of Management ➤ Canadian International Management Institute – management programme

Experience	<ul style="list-style-type: none"> ➤ PGNiG S.A. – technical assistant (natural gas transmission) ➤ Technologie Gazowe Piecobiogaz – Development Manager, member of the Management Board ➤ KRI S.A. – President of the Management Board ➤ Hydrobudowa Śląsk S.A. – Commercial Proxy ➤ Chairman of the Supervisory Board of Strateg Capital Sp. z o.o. (currently in liquidation bankruptcy) ➤ Vice-President of the Management Board, currently member of the Supervisory Board of PBG S.A. ➤ Chairman of the Supervisory Board of PBG oil and gas Sp. z o.o. ➤ Member of the Supervisory Board of PBG Dom Sp. z o.o.] ➤ Member of the Supervisory Board of PBG Erigo Sp. z o.o. ➤ Member of the Supervisory Board of City Development Sp. z o.o.
-------------------	--

Full name	Stefan Gradowski
Position	Secretary of the Supervisory Board <i>Independent Member of the Board; Mr Słowik does not conduct any activity competitive to the business of PBG S.A.</i>
Qualifications	<ul style="list-style-type: none"> ➤ Warsaw School of Economics ➤ Various postgraduate programmes in organisation, management and finance at universities in Poland and abroad (University of London, University of Dublin).
Experience	<ul style="list-style-type: none"> ➤ Adviser to the President of the Management Board of Bank BZ WBK ➤ MACOPHARMA Polska – Member of the Management Board and Supervisory Board ➤ LOOK Investment – Member of the Management Board and Supervisory Board ➤ G.C. Consulting Sp. z o.o. – co-owner ➤ Alterco S.A. – Member of the Supervisory Board ➤ Trigon S.A. – Member of the Supervisory Board ➤ Member of the PBG Supervisory Board

As at June 30th 2015 and as at the date of approval of this report for issue, the Supervisory Board consisted of:

- Maciej Bednarkiewicz – Chairman of the Supervisory Board;
- Małgorzata Wiśniewska – Deputy Chairwoman of the Supervisory Board;
- Dariusz Sarnowski – Member of the Supervisory Board;
- Przemysław Szkudlarczyk – Member of the Supervisory Board;
- Stefan Gradowski – Secretary of the Supervisory Board;

2. Composition of the Management Board

Composition of the Management Board in the period January 1st–June 30th 2015:

- Jerzy Wiśniewski – President of the Management Board
- Mariusz Łożyński – Vice-President of the Management Board
- Kinga Banaszak-Filipiak – Vice-President of the Management Board;
- Bożena Ciosk – member of the Management Board.

Full name	Jerzy Wiśniewski
Position	President of the Management Board
Qualifications	<ul style="list-style-type: none"> ➤ Poznań University of Technology – Faculty of Civil Engineering ➤ MBA – Rotterdam School of Management ➤ Canadian International Management Institute – management programme
Experience	<ul style="list-style-type: none"> ➤ PGNiG S.A. – manager in charge of gas transmission system operation ➤ PBG S.A. – founder, main shareholder, President of the Management Board, and Chairman of the Supervisory Board in 2012–2014, President of the Management Board since April 2014 ➤ Member of the Supervisory Board of PBG Dom Sp. z o.o. ➤ Member of the Supervisory Board of PBG Erigo Sp. z o.o. ➤ Deputy Chairman and Chairman of the Supervisory Board of RAFAKO S.A. ➤ Chairman of the Supervisory Board and since April 2014 President of the Management Board of PBG oil and gas Sp. z o.o. ➤ Member of the Supervisory Board of E003B7 Sp. z o.o. ➤ Member of the Supervisory Board of E001RK Sp. z o.o. ➤ Commercial Proxy of Stand4them Promotions Sp. z o.o.
Field of expertise	<ul style="list-style-type: none"> ➤ Gas industry
Areas of responsibility at the PBG Group	Strategy and development, restructuring

Full name	Mariusz Łożyński
Position	Vice-President of the Management Board
Qualifications	<ul style="list-style-type: none"> ➤ Poznań University of Technology – Faculty of Civil Engineering
Experience	<ul style="list-style-type: none"> ➤ BORM Biuro Projektów – senior assistant ➤ GEOBUD Poznań – senior assistant designer ➤ Concret – Service Poznań – office manager ➤ Kulczyk TRADEX – project specialist ➤ PTC Poznań – specialist in charge of project planning/designing ➤ PBG S.A. – head of technical unit; head of contract execution support department; manager in charge of contract preparation; commercial proxy; member of the Management Board; Vice-President of the Management Board ➤ Member of the Supervisory Board of Przedsiębiorstwo Gospodarki Lokalami Dom Sp. z o.o. ➤ Member of the Supervisory Board of Poner Sp. z o.o.
Areas of responsibility at the PBG Group	Support of Group's legacy contracts, organisational support

Full name	Kinga Banaszak-Filipiak
Position	Vice-President of the Management Board
Qualifications	<ul style="list-style-type: none"> ➤ Poznań School of Banking (Wyższa Szkoła Bankowa w Poznaniu), Finance and Banking, International Finance ➤ Poznań University of Economics (Uniwersytet Ekonomiczny w Poznaniu), Faculty of Management, International Relations ➤ Poznań School of Banking, postgraduate studies in Controlling ➤ Executive MBA programme of the Poznań School of Banking and the Helsinki School of Economics (currently Aalto University School of Economics). ➤ Poznań School of Banking, postgraduate studies in Equity Investments ➤ Post-graduate programme in Bankruptcy and Restructuring Law at the Adam Mickiewicz University of Poznań; ➤ licensed insurance agent ➤ certificate of LCCI (London Chamber of Commerce and Industry)
Experience	<ul style="list-style-type: none"> ➤ 1999 – PTE Norwich Union S.A. of Warsaw, junior sales representative ➤ 1999 – PTE Norwich Union S.A. of Warsaw, sales representative ➤ 2000 – Office of the Committee for European Integration (UKIE), Warsaw, internship at the Law Harmonisation Department ➤ 2004 – Group 4 Sp. z o.o. of Warsaw, Poznań Branch, assistant to the Western Region Director ➤ 2004–2005 – Rybhand Trzcielińscy spółka jawna of Jarocin, assistant ➤ 2005–present – PBG S.A. (in company voluntary arrangement) of Wysogotowo; held the following positions: analyst, Investor Relations Manager, Research Director, Capital Market Relations Director, Investor Relations Director - Press Officer ➤ Member of the Supervisory Board of TEGAS S.A. ➤ Vice-President of the Management Board, Member of the Supervisory Board of PBG Oil and Gas Sp. z o.o. in 2013–2014 ➤ Member of the Management Board of FCS Business Solutions Sp. z o.o.
Areas of responsibility at the PBG Group	Economics and finance, investors relations, restructuring

Full name	Bożena Ciosk
Position	Member of the Management Board
Qualifications	<ul style="list-style-type: none"> ➤ Poznań Academy of Economics (now Poznań University of Economics), Finance and Banking ➤ Poznań School of Banking, postgraduate studies in Controlling ➤ Advisory and Management Training Centre – Project Management ➤ Post-graduate programme in Bankruptcy and Restructuring Law at the Adam Mickiewicz University of Poznań;
Experience	<ul style="list-style-type: none"> ➤ Elektrim-Megadex S.A. of Warsaw, assistant to the Management Board ➤ PBG S.A., holding successively the following positions: Clerk, Deputy Financial Manager, Deputy Chief Financial Officer, Chief Financial Officer ➤ Remaxbud Sp. z o.o. – Member of the Supervisory Board ➤ TEGAS S.A. – Member of the Supervisory Board ➤ KWG S.A. (currently in liquidation bankruptcy) – Member of the Supervisory Board ➤ Member of the Management Board of FCS Business Solutions Sp. z o.o.
Areas of responsibility at the PBG Group	Relations with financial institutions, debt restructuring

The term of office of the Management Board presented above commenced on June 29th 2012 and expired on June 29th 2015; the mandates of the Management Board members expire on the date of approval of the 2015 financial statements.

No changes in the composition of the Management Board occurred during the reporting period.

As at June 30th 2015 and as at the date of approval of this report for issue, the PBG Management Board consisted of:

- Mr Jerzy Wiśniewski – President of the Management Board;
- Mr Mariusz Łożyński – Vice-President of the Management Board;
- Ms Kinga Banaszak-Filipiak – Vice-President of the Management Board;
- Ms Bożena Ciosk – member of the Management Board.

3. Planned changes in the composition of the Management or Supervisory Boards

Pursuant to Resolution No. 3 of the Company's Extraordinary General Meeting held on July 31st 2015, after the decision approving the Arrangement with Creditors becomes final, the Articles of Association will be amended where they pertain to the rules of appointment of members to the Management and Supervisory Boards, with the powers to appoint distributed among the Main Shareholder, Creditors, and General Meeting:

- 1) Upon registration of the Articles of Association amended as per Resolution No. 3/2015 of the Extraordinary General Meeting of July 31st 2015 (the "Registration Date"), the mandates of existing Supervisory Board members will expire, and the current term of office will be shortened.
- 2) The Supervisory Board appointed for the new term of office will consist of seven members.
- 3) The first Supervisory Board members serving after the Registration Date will be appointed for the new three-year term of office in the following manner:
 - a. 2 (two) Supervisory Board members will be appointed by the Entitled Founder (Jerzy Wiśniewski), who will also designate one of them as the Chairman;
 - b. other members of the Supervisory Board will be appointed by the Security Agent acting on behalf of Financial Creditors (within the meaning of the Restructuring Agreement) (the "**Agent**", i.e. Bank Pekao S.A.).
- 4) The right to appoint Supervisory Board members referred to in item 2 above will be exercised by delivery to the Company of a written statement on appointment of Supervisory Board members within 3 (three) days of the Registration Date.
- 5) If the Agent does not appoint Supervisory Board members in the manner referred to in item 3 above and within the time limit set in item 4 above, the right to appoint those Supervisory Board members will be transferred to the Entitled Founder.
- 6) If the Entitled Founder does not appoint Supervisory Board members in the manner referred to in item 3 above and within the time limit set in item 4 above, the right to appoint those Supervisory Board members will be transferred to the Agent.
- 7) 5 (five) days after the Registration Date, the mandates of existing Management Board members will expire, and their term of office will be shortened.
- 8) The Management Board appointed for the new term of office will consist of four members.
- 9) The first President of the Management Board and the first Management Board members serving after the Registration Date will be appointed for the new, three-year term of office by the Entitled Founder.
- 10) The right to appoint Management Board members referred to in item 9 will be exercised by delivery to the Company of a written statement on appointment of Management Board members.
- 11) Subsequent Supervisory and Management Board members will be appointed and removed in line with Art. 29, Art. 30 and Art. 37 of the Articles of Association. The Entitled Founder will not have the right to remove members of the Supervisory Board appointed by the Agent or by the General Meeting.

The amendments to the Articles of Association are described in detail in Current Report No. 24/2015 of July 31st 2015.

II. COMPANY SHARES OR RIGHTS TO THE COMPANY SHARES (OPTIONS) HELD BY PBG SUPERVISING OR MANAGING PERSONNEL

Table 1: Company shares or rights to the Company shares (options) held by PBG supervising personnel as at June 30th 2015

Supervisory staff	Number of shares	
	As at Jun 30 2015	As at the date of this Report
Małgorzata Wiśniewska	3,279	3,279
Przemysław Szkudlarczyk	2,390	2,390

Table 2: Company shares or rights to Company shares (options) held by PBG S.A. management staff as at June 30th 2015

Management staff	Number of shares	
	As at Jun 30 2015	As at the date of this Report
Jerzy Wiśniewski	3,881,224	3,881,224
Mariusz Łożyński	3,553	3,553
Bożena Ciosk	208	208

III. REMUNERATION, BONUSES AND BENEFITS PAID TO THE SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS

1. Remuneration of Supervisory Board Members

The amount of remuneration paid to members of the Supervisory Board was determined in the resolution of the Extraordinary General Meeting of PBG S.A. passed on December 10th 2005.

The amount of remuneration depends on the respective scope of duties and responsibilities of particular Supervisory Board members.

Table 3: Remuneration of Supervisory Board members for holding office at the Parent (PLN '000)

Remuneration (PLN '000)	Jan 1–Jun 30 2015			Jan 1–Jun 30 2014		
	Base remuneration	Other benefits	Total	Base remuneration	Other benefits	Total
Maciej Bednarkiewicz	60	-	60	52	-	52
Małgorzata Wiśniewska	48	-	48	37	-	37
Dariusz Sarnowski	18	-	18	18	-	18
Przemysław Szkudlarczyk	18	-	18	18	-	18
Andrzej Stefan Gradowski	30	-	30	30	-	30
TOTAL	174	-	174	155	-	155

Table 4: Remuneration of Supervisory Board members for holding office at subsidiaries, jointly-controlled entities or associates (PLN '000)

Remuneration (PLN'000)	Jan 1–Jun 30 2015			Jan 1–Jun 30 2014		
	Base remuneration	Other benefits	Total	Base remuneration	Other benefits	Total
Maciej Bednarkiewicz	-	-	-	-	-	-
Małgorzata Wiśniewska	294	9	303	294	-	294
Dariusz Sarnowski	114	120	234	54	-	54
Przemysław Szkudlarczyk	360	-	360	200	-	200
Andrzej Stefan Gradowski	-	-	-	-	-	-
TOTAL	768	129	897	548	-	548

2. Remuneration of Management Board Members

The Management Board members are appointed by the Supervisory Board by way of a resolution. The Supervisory Board's resolution stipulates that members of the Management Board are entitled to base pay, bonuses and additional remuneration provided for in applicable rules and regulations concerning wages and salaries. The amount of remuneration depends on the respective scope of duties and responsibilities of individual Management Board members.

Table 5: Remuneration of Management Board members for holding office at the Parent (PLN '000)

Remuneration of Management Board members (PLN '000)	Jan 1–Jun 30 2015			Jan 1–Jun 30 2014		
	Base remuneration	Other benefits	Total	Base remuneration	Other benefits*	Total
Jerzy Wiśniewski	375	-	375	140	-	140
Mariusz Łożyński	180	-	180	180	-	180
Kinga Banaszak-Filipiak	192	-	192	192	-	192
Bożena Ciosk	150	-	150	150	-	150
TOTAL	897	-	897	662	-	662

Table 6: Remuneration of Management Board members for holding office at subsidiaries, jointly-controlled entities or associates (PLN '000)

Remuneration of Management Board members (PLN '000)	Jan 1–Jun 30 2015			Jan 1–Jun 30 2014		
	Base remuneration	Other benefits	Total	Base remuneration	Other benefits	Total
Jerzy Wiśniewski	1,068	300	1,368	666	189	855
Mariusz Łożyński	25	-	25	24	-	24
Kinga Banaszak-Filipiak	-	-	-	-	-	-
Bożena Ciosk	-	-	-	-	-	-
TOTAL	1,093	300	1,393	690	189	879

SECTION II: REPORT ON RISKS AND FINANCIAL RISK MANAGEMENT

I. RISKS AND THREATS

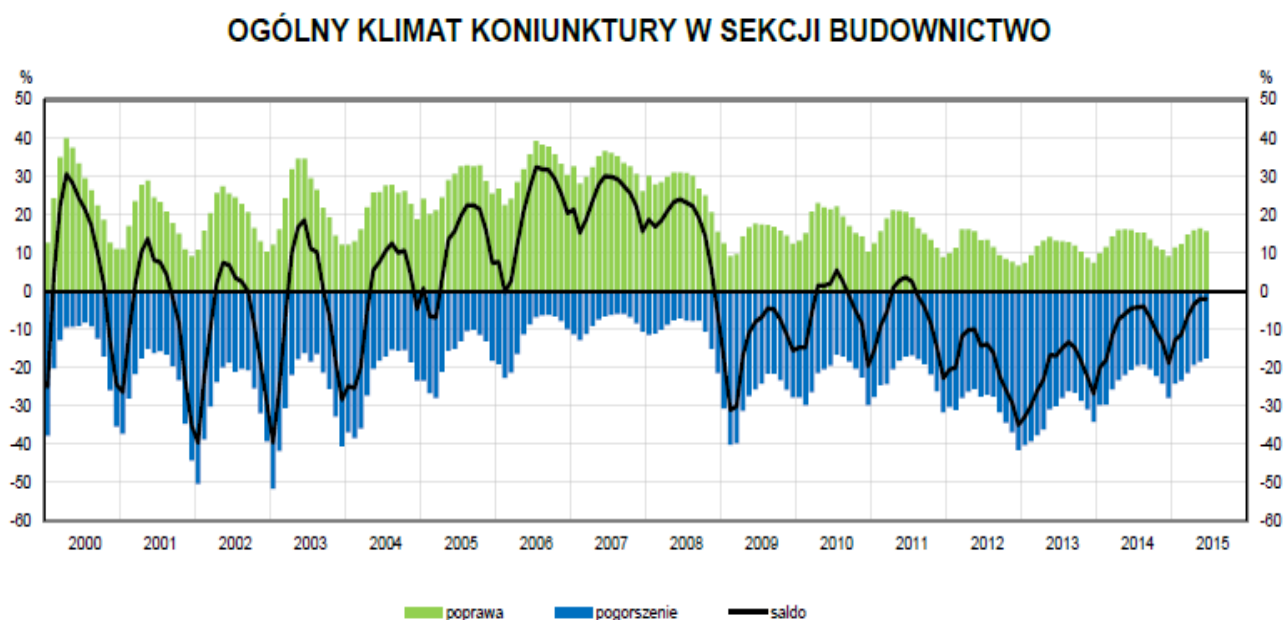
EXTERNAL RISKS AND THREATS

1. Economic environment in Poland

The implementation of the strategic goals set by PBG and the planned financial performance are affected by the macroeconomic factors discussed below, which include: GDP growth, infrastructure investments, general situation of the Polish economy, and legislative changes. Positive changes in the macroeconomic environment may result in higher revenues, while adverse macroeconomic developments may result in the Company's failure to deliver forecast revenue and in deterioration of the Company's financial position.

As shown by the data compiled by Poland's Central Statistics Office (GUS), in H1 2015 Poland's economy grew at a moderate but steady pace. Compared with other EU countries, the Polish economy enjoys a high growth rate. Since the onset of the economic crisis in 2008, Poland has been considered the growth leader in the region. Experts forecast that the GDP growth rate will remain unchanged or grow slightly in the second half of the year.

Figure 1: General economic climate in the construction sector



Source: www.stat.gov.pl

Ogólny klimat koniunktury w sekcji budownictwo	General economic climate in the construction sector
poprawa	improvement
pogorszenie	deterioration
saldo	net improvement/deterioration

Figure 2: Annual and quarterly macroeconomic forecasts of IBnGR

		2014		2015				2014	2015	2016
		III	IV	I	II	III	IV			
GDP	% y/y	3.3	3.3	3.6	3.7	3.7	3.9	3.4	3.7	3.8
GDP	% q/q	0.9	0.8	1.0	1.0	1.1	1.2	x	x	x
Added value										
in industry	% y/y	3.8	4.0	4.6	4.3	5.2	5.4	4.1	5.0	5.2
in construction	% y/y	3.3	2.3	4.0	3.8	5.8	6.1	4.7	5.5	6.9
in market services	% y/y	3.2	2.6	3.5	3.6	3.6	3.7	3.2	3.6	3.7
Domestic demand										
Total consumption	% y/y	5.1	5.0	2.6	3.1	3.5	3.6	4.9	3.4	4.0
incl. individual consumption	% y/y	3.6	3.8	3.1	3.3	3.4	3.5	3.4	3.3	3.6
Gross fixed capital formation	% y/y	3.2	3.0	3.1	3.5	3.7	3.8	3.1	3.5	3.8
Sold production of										
industry	% y/y	9.2	8.6	11.4	10.2	9.0	9.0	9.2	9.5	9.9
construction	% y/y	1.8	3.1	5.3	3.9	4.9	5.2	3.3	4.9	5.5
Inflation (CPI; average)	%	1.3	1.1	3.5	2.1	4.6	5.8	3.6	4.2	5.9
Inflation (CPI; end of period)	%	-0.3	-0.7	-1.5	-0.9	-0.3	0.3	0.0	-0.6	1.1
Money supply (3M, end of period)	%	-0.3	-1.0	-1.5	-0.8	0.0	0.5	-1.0	0.5	1.8
Real gross remuneration	%	7.9	8.4	8.9	8.3	8.6	9.0	8.4	9.0	9.2
Average employment (national economy)	% y/y	3.7	3.8	5.8	4.2	4.0	3.9	3.4	4.3	4.4
Registered unemployment rate (end of period)	% y/y	0.3	0.9	0.8	1.2	1.5	1.6	0.6	1.4	1.9
Exports (GUS/RN)	%	11.5	11.5	11.7	10.3	9.7	9.9	11.5	9.9	9.0
Imports (GUS/RN)	%	3.6	5.6	8.0	8.2	7.8	7.9	5.7	8.0	8.2
Current account balance (rolling)	% of GDP	7.4	9.5	6.0	6.8	7.2	7.4	9.1	6.9	8.4
USD average FX rate (NBP)	PLN/USD	-1.2	-1.3	-0.6	0.1	0.5	0.4	-1.3	0.4	-1.5
EUR average FX rate (NBP)	PLN/EUR	3.15	3.37	3.72	3.70	3.7	3.8	3.16	3.7	3.8

Source: Historical data – Central Statistics Office, National Bank of Poland; estimates and forecasts – IBnGR.

According to estimates by the Institute for Market Economics (IBnGR), towards the end of 2015 Poland's GDP growth rate is expected to reach 3.7%, i.e. slightly higher than in 2014. In Q1 and Q2 2015, the economic growth rate was 3.6% and 3.7%, respectively. IBnGR forecasts that in Q3 and Q4 2015 the economic growth will first continue at the current rate, to accelerate slightly later, with minor differences between individual quarters: in the third quarter the GDP will grow by 3.7%, and in the fourth quarter – by 3.9%. In 2016, economic growth is projected to accelerate even stronger, possibly to 3.8%.

IBnGR estimates the national demand growth rate at 3.1% in the second quarter. This would mean a slight improvement compared with the first quarter, when demand in Poland collapsed. Among the key components of domestic demand gross capital investment demonstrated the strongest growth in Q2 2015.

Another factor supporting the growth of investments will be the inflow of EU funds for infrastructure projects. In 2016, national demand will grow by 4.0% on the back of higher private consumption (up 3.8%) and capital expenditure (up 9.9%). In 2015–2016, national demand will remain the key driver of Poland's economic growth.

2. Competition risk

PBG operates on the competitive market of specialist construction services in the gas and oil upstream and downstream sectors and power construction. Historically, PBG also obtained and executed contracts in the infrastructure construction segment (the Water and Roads construction segment). Apart from pricing, there are also other important factors which determine the competitive advantage of a business, including: experience in execution of complex and specialist projects, relevant credentials, high quality of offered services and efficient organisation enabling timely and efficient contract execution.

PBG mitigates competition risk through:

- Assuring high quality of the services rendered;
- Developing staff competences in the application of new technologies through participation in the largest contracts in Poland;
- Entering into strategic alliances with reputable foreign companies operating on the Polish and foreign markets.

The table below presents domestic and international competitors present on PBG's current markets:

Table 7: Domestic and international competitors

MARKET	BUSINESS SEGMENT	DOMESTIC COMPETITORS	INTERNATIONAL COMPETITORS
NATURAL GAS AND CRUDE OIL	UNDERGROUND GAS STORAGE FACILITIES	- PGNiG Technologie - Control Process - Stalbud Tarnów - ZPUH Metalnaft - IDS-BUD - ABB	- KT- Kinetics Technology - Tecnimont - Sofregas - CKD Praha
	LNG PLANTS	- Polimex Mostostal - Mostostal Warszawa - Budimex	- Tractebel - Linde - Costain - Air Products - DAEWOO Engeneering&Construction - KT - Kinetics Technology - Thermo Design Engineering - Saipem - Tecnimont
	TRANSMISSION	- Gazobudowa Poznań - ZRUG Poznań - PGNiG Technologie - Gazoprojekt - Control Process - IDS-BUD - TEGAS - ATREM - GPT - POLDE	- FCC CONSTRUCCION - AB Kauno dujotiekio statyba - A.Hak Leidingbouw B.V. - OT INDUSTRIES - KVV CONTRACTOR - PPS Pipeline Systems - PSJ Hydrotransit - Moravsky Plynostav - Denys NV

		<ul style="list-style-type: none"> - REDGAZ - WIERTCONSULTING - Eda-Serwis - Instal-Gaz - ALSI - JT ZAKŁAD BUDOWY GAZOCIĄGÓW - Górnośląski Zakład Obsługi Gazownictwa - POLAQUA - Budimex 	
	REFINERIES	<ul style="list-style-type: none"> - KTI Polska - Polimex Mostostal 	<ul style="list-style-type: none"> - ABB - PSJ Hydrotranzit - Techint
	DELIVERY OF SPECIALIST GAS EQUIPMENT AND AUXILIARY INFRASTRUCTURE	<ul style="list-style-type: none"> - Control Process - Budimex - Stalbud - Polimex Mostostal - ABB - PGNiG Technologie 	<ul style="list-style-type: none"> - ABB - KAWASAKI
	EXTRACTION FACILITIES	<ul style="list-style-type: none"> - PGNiG Technologie - Control Process - Stalbud Tarnów - ZPUH Metalnaft - IDS-BUD - ABB 	<ul style="list-style-type: none"> - KT- Kinetics Technology - Tecnimont - CKD Praha - Techint
FUELS	FUEL TERMINALS	<ul style="list-style-type: none"> - Polimex Mostostal - Przedsiębiorstwo AGAT S.A. - Przedsiębiorstwo Remontowe NAFTO-SERWIS - SKANSKA S.A. - IDS-BUD S.A. 	<ul style="list-style-type: none"> - Bilfinger Berger - PSJ Hydrotranzit - Techint
CONSTRUCTION	INDUSTRIAL CONSTRUCTION SPECIALIST CONSTRUCTION RESIDENTIAL CONSTRUCTION	<ul style="list-style-type: none"> - WARBUD - POL-AQUA - Budimex - Dom Development - Hochtief Polska - Echo Investment - Instal Kraków - SKANSKA S.A. - IDS-BUD S.A. 	<ul style="list-style-type: none"> - SKANSKA - STRABAG - PSJ Hydrotranzit, a. s.
POWER ENGINEERING SECTOR	CONSTRUCTION OF POWER GENERATING UNITS	<ul style="list-style-type: none"> - Polimex Mostostal - Mostostal Warszawa - Budimex - Energoinstal - Erbud - IDS-BUD 	<ul style="list-style-type: none"> - Alstom - Hitachi - Siemens - Samsung - Doosan Babcock - Iberdrola - SNC-Lavalin - Ansaldo Energia - GE - Tecnicas Reunidas - Sener Ingenieria y Sistemas - Abener - Gama Güç Sistemleri Mühendislik ve Taahhüt - Mitsubishi Hitachi Power Systems - Posco Engineering & Construction - Saipem

In the **natural gas, crude oil and fuels sectors**, PBG enjoys a strong position in all regions of Poland, achieved thanks to the high quality of services, extensive experience of the employees and credentials that enable PBG to perform a broad range of works. The natural gas, crude oil and fuels construction market may be subdivided into a segment of specialist construction services, where adequate know-how and credentials are required and where PBG competes almost exclusively with foreign operators; and a

segment of less complicated construction services, such as construction of gas pipelines, where PBG faces practically only domestic competition. Historically, in the natural gas and crude oil construction market, PBG was very effective in winning contracts – this efficiency could be measured at 34% (percentage of contracts awarded to PBG in the aggregate number of tenders in which PBG participated in 2008-2011). Given the fact that in H1 2015 PBG was still in the process of company voluntary arrangement, it was impossible for the Company to win new contracts in public procurement procedures. PBG participates in this market and wins new contracts through PBG oil and gas sp. z o.o.

Pursuant to Art. 24.1.2 of the Public Procurement Law, the Company will regain its ability to participate in public procurement tender procedures on the date on which the bankruptcy court's decision approving the Arrangement with Creditors, whose execution was confirmed by Judge Commissioner's decision of August 25th 2015, becomes final. This date will depend on the time required for the examination of potential appeals against the decision that may be filed by the Company's creditors participating in PBG's arrangement proceedings.

3. Poland's membership in the European Union

Following Poland's accession to the European Union, international companies which provide services similar to PBG's services have become keener on entering the Polish market. This may result in fiercer competition and squeezed profit margins. However, international operators usually seek to acquire orders jointly with Polish companies to secure local execution capabilities.

4. Seasonality risk

PBG earns most of its revenue from the construction and assembly business, which, like the entire sector, experiences sales seasonality. Seasonality is mostly driven by the following factors which are beyond the Company's control:

- Weather conditions in winter, significantly hindering construction works; The weather may be more severe than the average weather conditions and thus reduce the Company's revenues;
- Customers schedule most of their projects in such a way as to ensure they are completed in the final months of the year.

5. Adverse changes in tax legislation

In Poland, the laws regarding taxation of business activity change. There is a risk that the tax legislation currently in effect may change and the new regulations may be less favourable to the Group or its customers, which may directly or indirectly affect the financial performance of the Group.

PBG monitors developments in the tax legislation, and makes necessary modifications in its organisation to mitigate the risk.

6. Exchange rate

In Q1 2015, the Polish złoty steadily appreciated against the euro, to below PLN 4.0, but at the end of April it began to gradually return to the level seen at the beginning of the year. The PLN/USD exchange rate

stabilised. Compared with Q1 2015, in Q2 2015 the mid EUR/PLN exchange rate increased by 2.4%, while the mid USD/PLN exchange rate grew by 0.5%. The FX market analysts expect a slight appreciation of the Polish złoty against the euro and US dollar in 2015–2016. However, given the persistently low interest rates, the appreciation trend will not be as clear as expected several years ago. IBnGR estimates the annual average EUR and USD exchange rates at PLN 4.1 and PLN 3.7, respectively, in 2015, and at PLN 4.2 and PLN 3.8, respectively, in 2016.

Figure 3: EUR/PLN exchange rate in January 1st–June 30th 2015 (NBP's mid exchange rates)



Source: <http://www.finance.egospodarka.pl>

7. Risk of the decision approving PBG's Arrangement with Creditors not becoming final or of the Company's failure to perform the Arrangement

After more than three years from declaring PBG insolvent in voluntary arrangement, on August 25th 2015 the Judge Commissioner issued a decision confirming the execution of an Arrangement with Creditors consistent with the Company's Arrangement Proposals of April 28th 2015.

A vast majority of the creditors, representing 94.61% of the total claims entitling the creditors to vote at the Meeting of Creditors, which is significantly more than required by the bankruptcy law (two-thirds of total claims and 50% plus 1 creditor). This favourable result of voting on the Arrangement is to a large extent attributable to the Company's agreement concluded with the creditors holding arrangement claims with the highest values. While the Arrangement was declared executed, a risk still exists that the court refuses to approve the Arrangement if any eligible participant of the arrangement proceedings lodges an objection to the Arrangement or the decision approving the Arrangement is effectively appealed against and does not become final. If the court does not approve the Arrangement or the approving decision is effectively appealed against, the voluntary arrangement proceedings will transform into liquidation bankruptcy proceedings. Liquidation proceedings would necessitate a change of the Company's going concern assumption and thus affect the valuation of its assets and liabilities.

If the decision approving the Arrangement becomes final, the Company will have to perform its obligations under the Arrangement, including payment of funds in defined amounts and by defined dates (depending on the creditor group, the Arrangement provides for satisfying from 8% to 21% of a claim), as well as a partial conversion of claims into Company new shares and the option to convert arrangement claims into

bonds to be acquired in the performance of the Arrangement (the text of the Company's Current Arrangement Proposals of April 28th 2015 is available at www.pbg-sa.pl, the restructuring section). In PBG failed to perform the Arrangement, the approved Arrangement would be cancelled and liquidation bankruptcy proceedings against PBG would commence.

8. Risk of significantly limited ability to win new contracts

PBG wins most of its contracts in public procurement procedures. The present legal status of the Company prevents it from participating in public tenders. Further, the ability to win new contracts is also limited by the fact that no guarantee limits are available to the Company. However, contracts may still be won outside of the public procurement market or where the Company's seeks contracts as subcontractor.

INTERNAL RISKS AND THREATS

1. Risk related to loss of key personnel

PBG's business is chiefly based on the knowledge and experience of highly qualified personnel, in particular the engineers.

There is a potential risk that the employees of key importance for PBG's development might leave, which could affect the quality of the services provided.

The risk related to the loss of key personnel is limited by:

- High internal organisational culture, which helps employees identify themselves with the Company,
- Personal and career development opportunities.

At present, PBG is additionally facing the risk of loss of key personnel due to its difficult financial condition and the ongoing arrangement proceedings. However, in recent months there were no significant changes in the Company's senior management staff.

2. Risk of default on contracts

Construction contracts include numerous clauses related to their proper and timely performance and proper removal of defects, which involves payment by PBG of performance bond or provision of security in the form of a bank guarantee or insurance policy.

Security is usually provided on the contract execution date and settled after contract completion. The amount of security depends on the type of the contract, and usually stands at 10% of the contract value. If the PBG Group companies fail to perform or improperly perform their contracts, there exists a risk that their trading partners might claim payment of contractual penalties or terminate the contract.

To mitigate the risk, PBG takes the following measures:

- Insurance of contracts and subcontractors,

- Extensive use of IT tools in design and project management processes.

3. Risk of dependence on key customers

At present, the main customers for services provided by PBG's gas, oil and fuels segment are Polskie LNG (a wholly-owned subsidiary of Gaz-System) and the NATO Security Investment Programme Management Office ZIOTP. The Group currently performs for these customers two contracts of substantial value, worth respectively PLN 2.2bn and PLN 279m (VAT exclusive). The contract for Polskie LNG is performed within the framework of a consortium: the contract value attributable to PBG is 33% of the total. However, PBG's and the PBG Group's strategy provides for delivery of high-value contracts, which may increase the share of sales to a single customer in total revenues in the future. In order to mitigate the risk of dependence on its key customers, PBG makes regular efforts to attract new customers.

4. Operating risk

PBG's operations, in particular on-site operations, involve certain risks of human and material loss.

The Company mitigates these risks by:

- Holding third-party insurance policies,
- Supplying the employees with protective equipment on a regular basis,
- Training and professional development of employees,
- Ongoing monitoring of equipment,
- Regular training and ongoing health and safety oversight.

II. FINANCIAL RISK IDENTIFICATION AND MANAGEMENT

The methods for identifying and managing financial risk have not changed relative to those published in the most recent consolidated full-year financial statements for 2014.

SECTION III: COMPANY OVERVIEW

I. STRATEGY

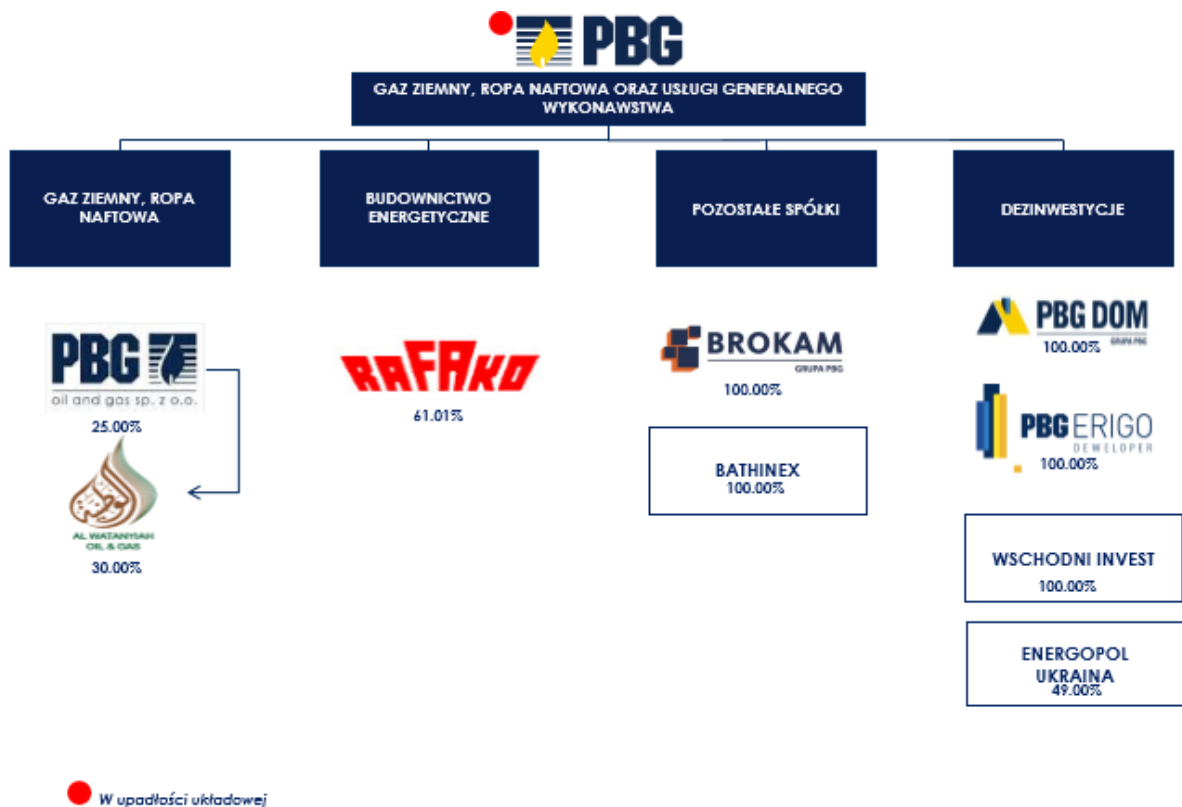
At the beginning of 2012, PBG decided to update the PBG Group's strategy and to focus its efforts on the strategic segments: power construction and gas, oil and fuels. A decision was also made to withdraw from the following areas of operations: roads, infrastructure and residential construction, as well as water and sewage. By focusing on its core business, the Group intends to engage in contracts producing satisfactory margins and positive cash flows, with low or negative working capital requirements.

Since June 2012, the process of approval of PBG's voluntary arrangement with creditors has been ongoing. In H1 2015, the Company concluded the negotiations with the largest creditors, the Financial Creditors, following which the Restructuring Agreement was executed and the Arrangement Proposals were approved at the Meeting of PBG Creditors in August 2015. The execution of the Arrangement will enable the Company to continue operations and rebuild its value in the future. The PBG restructuring

process is complex. In parallel to the debt restructuring, the Company is also engaged in reorganisation of its operations and assets. All these efforts are being taken to prepare the organisation for effective performance of the Arrangement and to enable the Group to operate as a regular business.

One of the factors contributing to the achievement of the PBG Group's strategic objectives is the way in which the Group is organised in the areas of its operations. Each company is responsible for project execution in line with its business profile and resources.

Figure 6: Key companies of the PBG Group as at June 30th 2015 and as the date of this Report (percentage of voting rights held by PBG)



GAZ ZIEMNY, ROPA NAFTOWA ORAZ USŁUGI GENERALNEGO WYKONAWSTWA	NATURAL GAS, CRUDE OIL, AND GENERAL CONTRACTOR SERVICES
GAZ ZIEMNY, ROPA NAFTOWA	NATURAL GAS AND CRUDE OIL
BUDOWNICTWO ENERGETYCZNE	POWER CONSTRUCTION
POZOSTAŁE SPÓŁKI	OTHER COMPANIES
DEZINWESTYCJE	DIVESTMENTS

Within the Group, the natural gas, crude oil, and fuels markets are the responsibility of PBG, which has traded in these segments since its inception. PBG is the leader on these markets in Poland. It has gained its current position through strategic co-operation with international companies, which has enabled PBG to introduce technologically advanced solutions on the Polish market. PBG was able to use the resulting credentials and necessary experience to win contracts for execution of the largest projects on the Polish gas, oil, and fuels market. Actively bidding for new contracts under the public procurement law, the

subsidiary PBG oil and gas is also an important part of the Group's oil and gas business. The crude oil and natural gas market is a strategic area of the PBG Group's operations.

The **power construction** business is the domain of RAFAKO. The company has been present in the power construction sector, where it has designed, manufactured and delivered steam generators and environmental protection equipment, since 1949. RAFAKO is one of Europe's four companies (the other being Alstom, Hitachi Power Europe and Doosan Babcock) with access to comprehensive technology solutions for the construction of traditional power generating units and is one of the largest producers of steam generators and environmental protection equipment for the power sector in Europe. RAFAKO is the undisputed leader of the Polish market for power generation equipment. In line with the Group's strategy, the power construction business is expected to drive a significant increase in consolidated revenue, and the Group plans to significantly strengthen its domestic position in the segment. In the coming years, the estimated value of all projects in the sector may come to billions of złoty. Therefore, the Group intends to be an active player in the market.

The other areas of operations of the PBG Group are currently viewed as non-strategic and the Group plans to exit those operations by discontinuation or divestment.

II. BUSINESS PROFILE

The business of the Company comprises general contractor services related to natural gas, crude oil, water and fuels facilities, provided on a "turn key" basis, as well as contractor services in the power construction sector.

At present, PBG divides its business into the following three operating segments:

- 1. Gas, oil and fuels;**
- 2. Power construction.**
- 3. Other.**

The list of the services performed as part of each individual segment is presented below.

Figure 6: Services by segments



Gaz ziemny, ropa naftowa & paliwa	Budownictwo energetyczne	Inne
<ul style="list-style-type: none"> ▪ Instalacje naziemne do wydobycia gazu ziemnego i ropy naftowej ▪ Instalacje do skraplania gazu ziemnego, magazynowania i regazyfikacji LNG ▪ Stacje separacji i magazynowania LPG, C5+ ▪ Instalacje odsiarczania ▪ Stalowe gazociągi do przesyłu gazu ziemnego i ropy naftowej ▪ Zbiorniki paliwowe ▪ Instalacje techniczne i sanitarne 	<ul style="list-style-type: none"> ▪ Montaż ▪ Modernizacje ▪ Naprawy urządzeń ▪ Naprawy instalacji do ochrony środowiska i energetyki ▪ Produkcja kotłów ▪ Produkcja urządzeń do ochrony środowiska 	<ul style="list-style-type: none"> ▪ Budownictwo mieszkaniowe ▪ Budownictwo przemysłowe ▪ Woda ▪ Drogi

Gaz ziemny, ropa naftowa i paliwa	Natural gas, crude oil and fuels
<ul style="list-style-type: none"> ▪ Instalacje naziemne do wydobycia ropy naftowej i gazu ziemnego ▪ Instalacje do skraplania gazu ziemnego, magazynowania i regazyfikacji LNG ▪ Stacje separacji i magazynowania LPG, C5+ ▪ Instalacje odsiarczania ▪ Stalowe gazociągi do przesyłu gazu ziemnego i ropy naftowej ▪ Zbiorniki paliwowe ▪ Instalacje techniczne i sanitarne 	<ul style="list-style-type: none"> ▪ Surface installations for crude oil and natural gas production ▪ Installations for liquefying natural gas and for LNG storage and regasification ▪ LPG, C5+ separation and storage facilities ▪ Desulphurisation units ▪ Steel pipelines for oil and gas transmission ▪ Fuel tanks ▪ Technical and sanitary systems
Budownictwo energetyczne	Power construction
<ul style="list-style-type: none"> ▪ Montaż ▪ Modernizacje ▪ Naprawy urządzeń ▪ Naprawy instalacji do ochrony środowiska i energetyki ▪ Produkcja kotłów ▪ Produkcja urządzeń ochrony środowiska 	<ul style="list-style-type: none"> ▪ Assembly ▪ Upgrades ▪ Repairs ▪ Repairs of environmental protection and power generation facilities ▪ Manufacture of steam generators ▪ Manufacture of environmental protection equipment
Inne	Other
<ul style="list-style-type: none"> ▪ Budownictwo mieszkaniowe ▪ Budownictwo przemysłowe ▪ Woda ▪ Drogi 	<ul style="list-style-type: none"> ▪ Residential construction ▪ Industrial construction ▪ Water ▪ Roads

The scope of construction services provided as part of the above segments comprises comprehensive contracting services, engineering design work, upgrading, modernisation, repairs, and maintenance of facilities and systems.

Detailed financial data on the share of individual segments in revenue is presented in the section below, which describes changes on PBG's markets.

III. CHANGES ON PBG'S MARKETS

In H1 2015, revenue streams from the individual areas of operations of PBG were generated on the domestic market and were as follows:

Table 8: PBG's operating segments

Revenue	H1 2015	H1 2014	Change (PLN '000)	Change (%)
Gas, oil and fuels (transmission, distribution, production)	56,610	121,770	(65,160)	-,53%
Power construction (construction of power generating units)	254	-	254	-
Other (sale of merchandise, materials and products, other services)	622	1,115	(493)	-,44%
Total revenue	57,486	122,885	(65,399)	-,53%

Geographical presence

PBG's operations focus primarily on the domestic market, which the Company perceives as its key market because of the expected projects in the power construction sector and gas infrastructure related projects. The Group is also making efforts to enter foreign markets, primarily in the gas and oil sector. Historically, PBG performed contracts for customers in Latvia, Pakistan and Norway.

Customers and suppliers with at least 10% share in the Company's total revenue:

In the period covered by this Report, customers and suppliers with at least 10% share in the Group's total revenue included:

- customers: Polskie LNG, ZIOTP;
- suppliers: none

IV. BRANCHES

The Company has no branches.

SECTION IV: REPORT ON THE COMPANY'S OPERATIONS IN H1 2015**I. SHARES HELD IN RELATED ENTITIES****Table 9: Shares held in related entities**

Related entity	Type of relation		As at Jun 30 2015		As at the representation date	
	Parent	Type of relation	Number of shares	Par value of shares	Number of shares	Par value of shares
PBG Dom Sp. z o.o.	PBG S.A.	subsidiary	550,000	PLN 55,000,000.00	550,000	PLN 55,000,000.00
BROKAM Sp. z o.o.	PBG S.A.	subsidiary	12,000	PLN 12,000,000.00	12,000	PLN 12,000,000.00
PBG AVATIA Sp. z o.o.	PBG S.A.	subsidiary	999	PLN 49,950.00	999	PLN 49,950.00
Wschodni Invest Sp. z o.o.	PBG S.A.	subsidiary	37,740	PLN 3,774,000.00	37,740	PLN 3,774,000.00
PBG Ukraina Publiczna Spółka Akcyjna (public joint-stock company)	PBG S.A.	subsidiary	222,227	UAH 888,908.00	222,227	UAH 888,908.00
BATHINEX Sp. z o.o.	PBG S.A.	subsidiary	50	PLN 50,000.00	50	PLN 50,000.00
PBG Operator Sp. z o.o.	PBG S.A.	subsidiary	50	PLN 5,000.00	50	PLN 5,000.00
PBG oil and gas Sp. z o.o.	PBG S.A.	subsidiary	50	PLN 5,000.00	50	PLN 5,000.00
RAFAKO S.A.	PBG S.A.	subsidiary	7,665,995	PLN 15,331,998.00	7,665,995	PLN 15,331,998.00
	Multaros Trading Company Limited of Nicosia	indirect subsidiary	34,800,001	PLN 69,600,002.00	34,800,001	PLN 69,600,002.00
E001RK Sp. z o.o.	RAFAKO S.A.	indirect subsidiary	50	PLN 5,000	50	PLN 5,000
E003B7 Sp. z o.o.	RAFAKO S.A.	indirect subsidiary	50	PLN 5,000	50	PLN 5,000
Multaros Trading Company Limited of Nicosia	PBG S.A.	subsidiary	526,000	EUR 526,000.00	526,000	EUR 526,000.00
PGL-DOM Sp. z o.o.	RAFAKO S.A.	indirect subsidiary	607	PLN 6,070,000.00	607	PLN 6,070,000.00
RAFAKO ENGINEERING Sp. z o.o.	RAFAKO S.A.	indirect subsidiary	1,000	PLN 500,000.00	1,000	PLN 500,000.00
RAFAKO ENGINEERING SOLUTION doo	RAFAKO S.A.	indirect subsidiary	1	EUR 38,500.00	1	EUR 38,500.00

RAFAKO Hungary Kft	RAFAKO S.A.	indirect subsidiary	1	HUF 40,000.00	1	HUF 40,000.00
Górecka Projekt Sp. z o.o.	PBG Dom Sp. z o.o.	indirect subsidiary	1,000	PLN 50,000.00	100	PLN 50,000.00
PBG ERIGO Sp. z o.o.	PBG S.A.	indirect subsidiary	100,000	PLN 5,000,000.00	100,000	PLN 5,000,000.00
PBG ERIGO Sp. z o.o. PBG DOM Invest Limited	PBG Dom Invest Limited	indirect subsidiary	120,000	PLN 6,000,000.00	120,000	PLN 6,000,000.00
PBG ERIGO Sp. z o.o. PBG DOM Invest Limited	PBG Dom Sp. z o.o.	indirect subsidiary	4,000	EUR 4,000.00	4,000	EUR 4,000.00
ERIGO I Sp. z o.o.	PBG ERIGO Sp. z o.o.	indirect subsidiary	100	PLN 5,000.00	100	PLN 5,000.00
ERIGO II Sp. z o.o.	PBG ERIGO Sp. z o.o.	indirect subsidiary	100	PLN 5,000.00	100	PLN 5,000.00
ERIGO III Sp. z o.o.	PBG ERIGO Sp. z o.o.	indirect subsidiary	100	PLN 5,000.00	100	PLN 5,000.00
ERIGO IV Sp. z o.o.	PBG ERIGO Sp. z o.o.	indirect subsidiary	60	PLN 6,000.00	60	PLN 6,000.00
ERIGO IV Sp. z o.o. SKA	PBG ERIGO Sp. z o.o.	indirect subsidiary	50,000	PLN 50,000.00	50,000	PLN 50,000.00
ERIGO V Sp. z o.o.	PBG ERIGO Sp. z o.o.	indirect subsidiary	60	PLN 6,000.00	60	PLN 6,000.00
Energopol-Ukraina	Wschodni Invest Sp. z o.o.	indirect subsidiary	49	UAH 119,119.00	49	UAH 119,119.00
ENERGOTECHNIKA ENGINEERING Sp. z o.o.	RAFAKO ENGINEERING Sp. z o.o.	indirect subsidiary	500	PLN 5,000.00	500	PLN 5,000.00
PBG ERIGO FINANSE Sp. z o.o.	PBG Erigo Sp. z o.o.	indirect subsidiary	100	PLN 5,000.00	100	PLN 5,000.00
PBG Dom Invest X Sp. z o.o. Invest I S.K.A.	PBG Erigo Sp. z o.o.	indirect subsidiary	500,000	PLN 50,000.00	500,000	PLN 50,000.00
PBG ERIGO PROJEKT Sp. z o.o.	PBG Erigo Sp. z o.o.	indirect subsidiary	100	PLN 5,000.00	100	PLN 5,000.00
City Development Sp. z o.o.	PBG Erigo Sp. z o.o.	indirect subsidiary	71,000	PLN 3,550,000.00	71,000	PLN 3,550,000.00
ECORIA Sp. z o.o.	PBG Erigo Sp. z o.o.	indirect subsidiary	1,000	PLN 50,000.00	1,000	PLN 50,000.00
PBG ERIGO PROJEKT Sp. z o.o. Malta Hotel S.K.A.	PBG Erigo Sp. z o.o.	indirect subsidiary	500,000	PLN 50,000.00	500,000	PLN 50,000.00

PBG ERIGO PROJEKT Sp. z o.o. Strzeszyn S.K.A.	PBG Erigo Sp. z o.o.	indirect subsidiary	500,000	PLN 50,000.00	500,000	PLN 50,000.00
PBG Dom Invest X Sp. z o.o.	PBG Erigo Sp. z o.o.	indirect subsidiary	100	PLN 5,000.00	100	PLN 5,000.00
PBG ERIGO PROJEKT Sp. z o.o. PLATAN HOTEL S.K.A.	PBG Erigo Sp. z o.o.	indirect subsidiary	8,900,000	PLN 890,000.00	8,900,000	PLN 890,000.00
PBG Dom Invest X Sp. z o.o. Złotowska 51 S.K.A.	PBG Erigo Sp. z o.o.	indirect subsidiary	1,250,000	PLN 125,000.00	1,250,000	PLN 125,000.00
PBG ERIGO PROJEKT Sp. z o.o. ECORIA II S.K.A.	PBG Erigo Sp. z o.o.	indirect subsidiary	500,000	PLN 50,000.00	500,000	PLN 50,000.00
PBG ERIGO PROJEKT Sp. z o.o. QUADRO House S.K.A.	PBG Erigo Sp. z o.o.	indirect subsidiary	500,000	PLN 50,000.00	500,000	PLN 50,000.00
Galeria Kujawska Nova Sp. z o.o.	PBG Dom Sp. z o.o.	indirect subsidiary	100	PLN 5,000.00	100	PLN 5,000.00

Table 10: Shares held in other entities as at the date of approval of this Report

No.	Company name	Number of shares held by PBG	Par value of shares (PLN)	% of shares and votes held
1.	Poner Sp. z o.o.	475	475,000.00	15.97
2.	Energia Wiatrowa PL Sp. z o.o.	230	11,500.00	18.70
3.	Towarzystwo Ubezpieczeń Wzajemnych TUZ	60	600.00	0.01
5.	Strateg Capital Sp. z .o.o. w likwidacji (in liquidation)	250	250,000.00	100.00
6.	Hydrobudowa Polska S.A. w likwidacji (in liquidation)	82,302,263	82,302,263.00	39.09
7.	PBG Technologia Sp. z o.o. w likwidacji (in liquidation)	46,100	23,050,000.00	100.00
8.	Aprivia S.A. w likwidacji (in liquidation)	14,775,999	14,775,999.00	20.52
9.	Energomontaż Południe S.A. w likwidacji (in liquidation)	46,333,520	46,333,520.00	65.28
10.	KWG S.A. w likwidacji (in liquidation)	28,700	PLN 2,870,000.00	100.00

II. AGREEMENTS SIGNIFICANT TO THE COMPANY'S BUSINESS

Execution date	Parties	Subject matter	Key terms
Feb 10 2015	Bankruptcy administrator of Alpine Bau Deutschland AG, bankruptcy administrator of Alpine Bau GmbH, Alpine Construction Polska Sp. z o.o. and PBG S.A. w upadłości układowej (in company voluntary arrangement), and bankruptcy administrator of Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation)	Court's decision to stay proceedings instituted by the Consortium against Narodowe Centrum Sportu Sp. z o.o. and the State Treasury – the Minister of Sport and Tourism in the case related to the construction of the National Stadium in Warsaw	<p>On February 3rd 2015, the Regional Court of Warsaw, 26th Commercial Division, issued a decision to stay the proceedings instituted by the Consortium constructing the multi-purpose National Stadium in Warsaw with ancillary infrastructure against Narodowe Centrum Sportu Sp. z o.o. and the State Treasury, Minister of Sport and Tourism (Employer). PBG reported on the case, filed by the bankruptcy administrator of Alpine Bau Deutschland AG, bankruptcy administrator of Alpine Bau GmbH, Alpine Construction Polska Sp. z o.o. and PBG S.A. w upadłości układowej (in company voluntary arrangement), as well as the bankruptcy administrator of Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation), in Current Report No. 86/2012 of July 31st 2012.</p> <p>The order was issued by the Court upon a joint motion of the parties to the proceedings, and it opens the way for settlement negotiations between the parties.</p>
<p>For more information, see PBG Current Report No. 2/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/2-2015-zawieszenie-przez-sad-postepowania-wszczetego-z-powodztwa-konsorcjum-dotyczacego-budowy-stadionu-narodowego-przeciwko-narodowemu-centrum-sportu-sp-z-o-o-skarbowi-panstwa-ministrowi-sportu.html</p>			
Feb 27 2015	Polskie Górnictwo Naftowe i Gazownictwo S.A. PBG S.A. w upadłości układowej (in company voluntary arrangement), Tecnimont S.p.A., TCM FR (formerly: Société Française d'Etudes et de Réalisations d'Equipements Gaziers SOFREGAZ), Plynostav Pardubice Holding a.s., and Plynostav – Regulace Plynu a.s.	Consortium performing the Underground Gas Storage Facility project summoned to a conciliation hearing	<p>On November 21st 2014, PGNiG filed a motion with the District Court for Poznań – Stare Miasto of Poznań, 10th Commercial Division, to summon the companies of the Consortium performing the project "Construction of the Wierzchowice Underground Gas Storage Facility, phase: 3.5bcm, sub-phase: 1.2 bcm", to a conciliation hearing. PBG S.A. w upadłości układowej (in company voluntary arrangement), Tecnimont S.p.A., TCM FR (formerly: Société Française d'Etudes et de Réalisations d'Equipements Gaziers SOFREGAZ), Plynostav Pardubice Holding a.s., and Plynostav – Regulace Plynu a.s.</p> <p>PGNiG summoned the companies to enter into a settlement whereby they would agree to pay to PGNiG, within 14 days of the settlement date, the amount of PLN 143,661,535.26, including a contractual penalty of PLN 133,398,952.81 and accrued interest of PLN 10,262,582.40.</p> <p>The Company reiterates its position with regard to the contractual penalty, as stated in current reports No. 7/2014 of April 2nd 2014 and No. 8/2014 of April 8th 2014, and will uphold this position during the settlement negotiations.</p>
<p>For more information, see PBG Current Report No. 5/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/5-2015-zawezwanie-konsorcjum-realizujacego-zadanie-budowy-pmgw-przez-zamawiajacego-do-proby-ugodowej.html</p>			

<p>Aug 2 2015</p>	<p>PBG S.A. w upadłości układowej (in company voluntary arrangement)</p> <p>Financial Creditors</p>	<p>Execution of restructuring documents with Financial Creditors</p>	<p>On July 31st and August 1st 2015, the Company and certain Arrangement Creditors holding Group 5 and Group 6 claims ("Financial Creditors") executed agreements setting out the terms of restructuring of the Company's liabilities filed by the Financial Creditors in the course of the bankruptcy proceedings pending before the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, court docket No. XI GUp 29/12 ("Arrangement"). One of the objectives of the agreements is to implement the Company's arrangement proposals of April 28th 2015 ("Arrangement Proposals").</p>
<p>For more information, see PBG Current Report No. 26/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/26-2015-podpisanie-dokumentacji-restrukturyzacyjnej-z-wierzycielami-finansowymi.html</p>			
<p>Aug 4 2015</p>	<p>PBG S.A. w upadłości układowej (in company voluntary arrangement)</p> <p>Jerzy Wiśniewski</p>	<p>Execution of agreements between the Company and the Main Shareholder</p>	<p>On August 3rd 2015, the Company and its Main Shareholder, Mr Jerzy Wiśniewski, executed the following agreements:</p> <p>conditional agreement for sale of shares in PBG oil and gas Sp. z o.o. ("POG"), whereby the Main Shareholder sold 150 shares with a total par value of PLN 15,000.00 to the Company for PLN 10,500,000.00. The shares represented 75% of the share capital in POG and 75% of total voting rights at the POG General Meeting. The transfer of the ownership title to the Shares will be effected upon fulfilment of the condition precedent, i.e. once the decision to approve the Arrangement becomes final;</p> <p>a PLN 10,500,000.00 loan agreement, payable on the date on which the decision to approve the Arrangement becomes final, with the loan maturing on the date on which the decision confirming execution of the Arrangement becomes final. The loan was granted to the Company on market terms, to be used for payment of liabilities related to PBG's acquisition of the POG Shares from the Main Shareholder.</p> <p>The agreements have been executed in performance of the Restructuring Agreement with the Company's Creditors; for details, see Section I.1)b.ii. and I.1)d.i. of the Current Report No. 26/2015 of August 2nd 2015.</p>
<p>For more information, see PBG Current Report No. 28/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/28-2015-zawarcie-przez-spolke-umow-z-glownym-akcjonariuszem.html</p>			

The criterion upon which an agreement is considered a reportable significant agreement:

Legal basis:

Par. 5.1.3 of the Regulation on current and periodic information to be published by issuers of securities, dated October 19th 2005.

Art. 56.5 of the Public Offering Act – Information update

Legal basis:

Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009.

On March 21st 2013, the Company's Management Board resolved to change the materiality criterion for assets and agreements from 10% of the Company's equity to 10% of the PBG Group's total revenue generated over four most recent financial quarters.

The agreements executed with the Main Shareholder were considered material due to the relationship between the parties and the importance of the agreements for the performance of the Arrangement.

III. BUSINESS COMBINATIONS, INCORPORATION OF NEW SUBSIDIARIES

There were no changes in organisational links in the reporting period and subsequent to the reporting date.

IV. EVENTS OF DEFAULT ON CREDIT FACILITIES, GUARANTEES AND BONDS

Agreement/call/termination/declaration date	Parties	Agreement/call/termination/declaration subject matter	Key terms
Jul 25 2015	<p>Jarostaw Kotarski, Court Enforcement Officer at the District Court for Poznań-Stare Miasto of Poznań</p> <p>Banco Espirito Santo de Inwestimento S.A. (Creditor)</p> <p>PBG S.A. w upadłości układowej (in company voluntary arrangement)</p>	<p>Information on cancellation of enforcement proceedings</p>	<p>On July 24th 2015, the Company received a notice from Jarostaw Kotarski, Court Enforcement Officer at the District Court for Poznań-Stare Miasto of Poznań, who participates in the enforcement proceedings against PBG initiated by the Company's creditor, Banco Espirito Santo de Inwestimento S.A. ("Creditor"), on the cancellation of enforcement actions on which the Company reported in Section 1 of Current Report No. 109/2012 of November 8th 2012, containing information on the initiation of enforcement proceedings for payment of a principal amount of PLN 4,080,249.99, plus interest and other costs and expenses, and seizure of shares in the following companies of the PBG Group: PBG AVATIA Sp. z o.o., Bathinex Sp. z o.o., PBG Erigo Sp. z o.o., BROKAM Sp. z o.o., and PBG Dom Sp. z o.o.</p>
<p>For more information, see PBG Current Report No. 23/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/23-2015-informacja-dotyczaca-uchylenia-wszczetych-postepowan-egzekucyjnych.html</p>			

V. PBG'S ARRANGEMENT BANKRUPTCY PROCEEDINGS

Date of petition/decision	Subject matter of petition/decision	Key terms
Feb 23 2015	Decision by the Judge Commissioner to set the date for Meeting of PBG Creditors	<p>On February 19th 2015, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, issued a Decision on the date of a Meeting of PBG Creditors:</p> <ul style="list-style-type: none"> - for Creditors with the right to vote, classified in Groups 1 and 2 – on April 27th 2015, - for Creditors with the right to vote classified in the other groups – on April 29th 2015. <p>Further, the Judge Commissioner ordered that voting be held at the Meeting of PBG Creditors, including by written ballot.</p> <p>Pursuant to Art. 281 of the Bankruptcy and Restructuring Law, the Court served a notice on the Creditors providing details of the Meeting.</p>
<p>For more information, see PBG Current Report No. 4/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/4-2015-postanowienie-sedziego-komisarza-w-sprawie-wyznaczenia-terminu-zgromadzenia-wierzycieli-pbg.html</p>		
Apr 13 2015	Filing a motion by the Management Board of the Company for changing the date of the Meeting of Creditors	<p>On April 13th 2015, the Company filed a motion with the District Court for Poznań-Stare Miasto in Poznań, 11th Commercial Insolvency and Arrangement Division, to change the date of the Meeting of Creditors (the "Motion") convened by the Judge Commissioner to hold a vote on the arrangement between the Company and its Creditors proposed in the course of the PBG's insolvency proceedings (the "Arrangement"), by cancelling the original date and setting a new date of the Meeting for the end of June 2015. The original date of the vote was set by the Judge Commissioner for April 27th, 28th and 29th 2015.</p> <p>The decision to file the Motion was made by the Management Board on April 2nd 2015 considering the state of negotiations held between the Company and its Financial Creditors. The latter are financial institutions being the Company's major Creditors, who hold more than two-thirds of all claims against the Company covered by the Arrangement and are entitled to vote on the Arrangement and, therefore, will decide the final outcome of the vote.</p> <p>One of the reasons why the filing of the Motion was necessary from the formal point of view was that on March 27th 2015 some of the Financial Creditors filed a petition requesting the Judge Commissioner to change the decision of October 19th 2012 by permitting the creation, subject to the Court Supervisor's approval, of a financial and registered pledge on the shares in RAFAKO S.A. of Racibórz, held by the Company and its subsidiary, Multaros Trading Company Limited of Cyprus, as security for the repayment of future claims under bonds, which the Company may issue on the basis of and in performance of the Arrangement, in accordance with the Company's arrangement proposals of November 3rd 2014 (see Current Report No. 23/2014).</p> <p>The Company filed the Motion in consultation with the Financial Creditors and their legal advisers, after having received a letter from the attorney-in-fact representing a significant number of Financial Creditors.</p>
<p>For more information, see PBG Current Report No. 7/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/7-2015-zlozenie-przez-zarzad-spolki-wniosku-o-zmiane-terminu-zgromadzenia-wierzycieli.html</p>		

<p>Apr 17 2015</p>	<p>Judge Commissioner's decision concerning the Company's motion to change the date of the Meeting of Creditors</p>	<p>Having considered the Company's motion of April 13th 2015, on April 15th 2015 the Judge Commissioner issued a decision revoking the date of the vote originally set for April 27th, 28th and 29th 2015. Concurrently, the Judge Commissioner made the setting of a new date of the Meeting of Creditors contingent upon the Company filing updated Arrangement Proposals.</p>
<p>For more information, see PBG Current Report No. 8/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/8-2015-rozpatrzenie-przez-sedziego-komisarza-wniosku-spolki-o-zmiane-terminu-zgromadzenia-wierzycieli.html</p>		
<p>Apr 29 2015</p>	<p>Approval of Arrangement Proposals by the Company and their filing with the court</p>	<p>On April 28th 2015, the Management Board of the Company finalised negotiations with legal advisers of certain Financial Creditors on updating the Company's Arrangement Proposals of November 3rd 2014. The Management Board approved the updated text as Arrangement Proposals of April 28th 2015 ("Current Arrangement Proposals"), and the Supervisory Board expressed a positive opinion on the document. On April 29th 2015, the PBG Management Board filed the Current Arrangement Proposals with the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, thus fulfilling the obligation imposed by the Judge Commissioner, as announced by the Company in Current Report No. 8/2015 of April 17th 2015. Along with the Current Arrangement Proposals, the Company filed a request to set a new date for a Meeting of Creditors to vote on the arrangement between the Company and its Creditors.</p>
<p>For more information, see PBG Current Report No. 3/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/13-2015-zatwierdzenie-przez-spolke-oraz-zlozenie-w-sadzie-propozycji-ukladowych.html</p>		
<p>May 18 2015</p>	<p>Decision by the Judge Commissioner to set a new date for Meeting of PBG Creditors</p>	<p>On May 14th 2015, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, issued a Decision on the date of a Meeting of PBG Creditors:</p> <ul style="list-style-type: none"> - for Creditors with the right to vote, classified in Groups 1 and 2 – on August 3rd 2015, - for Creditors with the right to vote classified in the other groups, the Meeting will be held at 10.00 am on August 5th 2015. <p>Further, the Judge Commissioner ordered that voting be held at the Meeting of PBG Creditors, including by written ballot.</p> <p>Pursuant to Art. 281 of the Bankruptcy and Restructuring Law, the Court served a notice on the Creditors providing details of the Meeting.</p>
<p>For more information, see PBG Current Report No. 14/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/14-2015-postanowienie-sedziego-komisarza-w-sprawie-wyznaczenia-nowego-terminu-zgromadzenia-wierzycieli-pbg.html</p>		

Aug 3 2015	Decision by the Judge Commissioner concerning further proceedings of the Meeting of Creditors	On the first day of voting at the Meeting of Creditors, the Judge Commissioner decided to adjourn the Meeting of Creditors until 10.00 am on August 25th 2015. The decision was related to the adoption of written ballot as an admissible form of voting, enabling Creditors to vote by the written procedure by the end of August 5th 2015, including in particular by means of a letter containing a voting card, posted at a public operator's post office. In view of the above, an appropriate period of time is needed to count all votes cast, and to determine the final voting results by the Judge Commissioner.
For more information, see PBG Current Report No. 27/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/27-2015-postanowienie-sedziego-komisarza-dotyczacego-dalszych-obrad-zgromadzenia-wierzycieli.html		

<p>Aug 5 2015</p>	<p>Results of voting at the Meeting of Creditors</p>	<p>On August 5th 2015, the Meeting of Creditors, convened as part of the arrangement bankruptcy proceedings pending against the Company following the decision of June 13th 2012 by the District Court for Poznań – Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declaring the Company insolvent in voluntary arrangement (the "Arrangement") ("Bankruptcy Proceedings"), was concluded today.</p> <p>The Meeting of Creditors was convened by the Judge Commissioner for August 3rd–5th 2015 to vote on the Company's Arrangement Proposals of April 28th 2015 ("Arrangement Proposals"). When setting the date of the Meeting of Creditors, the Judge Commissioner also agreed for the Arrangement Proposals to be voted on by a written ballot. The filing of the Arrangement Proposals and their terms were reported by the Company in Current Report No. 13/2015 of April 29th 2015. The terms of the Arrangement Proposals voted on at the Meeting of Creditors on August 3rd–5th 2015 provided, apart from cash repayments, for conversion of a portion of arrangement claims not subject to repayment into Series H shares in the Company. Following the conversion and based on the resolution of the Extraordinary General Meeting of the Company of May 22nd 2015 (see Current Report No. 16/2015 of May 22nd 2015), the Company's share capital will be increased by not less than PLN 14,009,100 (fourteen million, nine thousand and one hundred zloty) through an issue of not fewer than 700,455,000 (seven hundred million, four hundred and fifty-five thousand) Series H ordinary registered shares, with a par value of PLN 0.02 (02/100) per share. Once the conversion is completed, the existing holdings of the Company shares will be diluted. Following the transaction, the Company's shareholder base will include creditors participating in the Arrangement (they will hold in total approximately 75% of the Company's share capital), Mr Jerzy Wiśniewski holding approximately 23.6% of the Company's share capital, as well as other (existing) Company shareholders whose holdings will be diluted to approximately 1.4% following the issue of Series H shares, as reported by the Company in Current Report No. 23/2014 of November 4th 2014 and Current Report No. 13/2015 of April 29th 2015. On February 19th 2015, the Judge Commissioner ordered that the Company's Creditors be divided into interest groups specified in the Arrangement Proposals, as reported by the Company in Current Report No. 4/2015 of February 23rd 2015.</p> <p>The creditors classified in Group 3 and Group 7 were not entitled to vote given their status of the Company's related parties, while the creditors classified in Group 6 (holding conditional claims) were entitled to vote subject to the Judge Commissioner's consent.</p> <p>At the end of the Meeting of Creditors, on August 5th 2015, the Judge Commissioner presented a preliminary summary of voting results in each Group of creditors entitled to vote. The information provided by the Judge Commissioner suggests that in Group 1, Group 2, Group 4 and Group 5, the majority of creditors voted in favour of the arrangement (separately in each of the Groups and also considering the total number of creditors in all Groups), holding the required majority of two-thirds (2/3) of the total amount of claims, both in each Group and considering the total amount of claims.</p>
<p>For more information, see PBG Current Report No. 32/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/32-2015-przebieg-glosowania-zgromadzenia-wierzycieli.html</p>		

Aug 25 2015	Confirmation of execution of Arrangement with Creditors	<p>In its decision of August 25th 2015, the Judge Commissioner confirmed the execution of an Arrangement with Creditors consistent with the Company's Arrangement Proposals of April 28th 2015, reported by the Company in Current Report No. 13/2015 of April 29th 2015.</p> <p>The Judge Commissioner justified his Decision to declare the Arrangement executed by citing the results of a vote held at the Meeting of Creditors convened as part of the arrangement bankruptcy proceedings pending against the Company following the decision of June 13th 2012 by the District Court for Poznań – Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declaring the Company insolvent in voluntary arrangement.</p> <p>In the Decision, the Judge Commissioner stated that out of the 356 creditors entitled to vote, whose claims totalled PLN 2,668,353,081.04, the majority, i.e. creditors representing PLN 2,524,530,857.86 (94.61%) of the total claims conferring voting rights, voted in favour of the Arrangement. Specifically, the creditors voted as follows:</p> <p><u>Group 1:</u></p> <ul style="list-style-type: none"> - out of 44 creditors with claims totalling PLN 222,912,923.93; - 34 (77.27%) creditors voted in favour, representing PLN 193,337,772 (86.73%) of the claims in this Group; <p><u>Group 2:</u></p> <ul style="list-style-type: none"> - out of 256 creditors with claims totalling PLN 14,345,258.23; - 235 (91.80%) creditors voted in favour, representing PLN 12,982,129 (90.50%) of the claims in this Group; <p><u>Group 4:</u></p> <ul style="list-style-type: none"> - out of 9 creditors with claims totalling PLN 104,822,513.90; - 5 (55.56%) creditors voted in favour, representing PLN 86,151,155 (82.19%) of the claims in this Group; <p><u>Group 5:</u></p> <ul style="list-style-type: none"> - out of 58 creditors with claims totalling PLN 2,311,394,119.12; - 39 (67.24%) creditors voted in favour, representing PLN 2,217,181,536 (95.92%) of the claims in this Group; <p><u>Group 6:</u></p> <ul style="list-style-type: none"> - the only creditor in this Group with claims of PLN 14,878,265.86 voted in favour of the Arrangement, representing 100% of the total vote and 100% of the claims in this Group; <p>Group 3 and Group 7 creditors were not entitled to vote.</p>
<p>For more information, see PBG Current Report No. 34/2015: http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/34-2015-stwierzenie-zawarcia-ukladu-z-wierzycielami.html</p>		

VI. RELATED-PARTY TRANSACTIONS

In H1 2015, PBG executed transactions with related parties on an arm's-length basis, and the nature and terms of those transactions were determined by day-to-day operations.

The most frequent types of related-party transactions include:

- construction contracts,
- contracts for provision of maintenance services.

In H1 2015, PBG did not provide any sureties or guarantees to related parties.

After the end of the reporting period, on August 3rd 2015, in the performance of the Restructuring Agreement the Company entered into several agreements with the Main Shareholder, Mr Jerzy Wiśniewski, who is also the President of the Company's Management Board (see Section IV.2 of this Report).

VII. CONTRACTED BANK BORROWINGS, LOAN AGREEMENTS

For information on bank borrowings and loans, see the Company's financial statements. In H1 2015, the Company did not contract or advance loans.

VIII. NON-RECURRING FACTORS AND EVENTS

Court's decision to stay proceedings instituted by the Consortium against Narodowe Centrum Sportu Sp. z o.o. and the State Treasury – the Minister of Sport and Tourism in the case related to the construction of the National Stadium in Warsaw

On February 3rd 2015, the Regional Court of Warsaw, 26th Commercial Division, issued a decision to stay the proceedings instituted by the Consortium constructing the multi-purpose National Stadium in Warsaw with ancillary infrastructure against Narodowe Centrum Sportu Sp. z o.o. and the State Treasury, Minister of Sport and Tourism (Employer). The order was issued by the Court upon a joint motion of the parties to the proceedings, and it opens the way for settlement negotiations between the parties.

Decision by the Judge Commissioner to set the date for Meeting of PBG Creditors

On February 19th 2015, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, issued a decision on the date of a Meeting of PBG Creditors. For information on the current status of the matter, see Note 2.3.

Consortium performing the Underground Gas Storage Facility project summoned to a conciliation hearing

On November 21st 2014, PGNiG filed a motion with the District Court for Poznań – Stare Miasto of Poznań, 10th Commercial Division, to summon the companies of the Consortium performing the project "Construction of the Wierzchowice Underground Gas Storage Facility, phase: 3.5bcm, sub-phase: 1.2 bcm", to a conciliation hearing. PGNiG summoned the following companies: PBG S.A. w upadłości układowej (in company voluntary arrangement), Tecnimont S.p.A., TCM FR (formerly: Société Française d'Etudes et de Réalisations d'Equipements Gaziers SOFREGAZ), Plynostav Pardubice Holding a.s., and Plynostav – Regulace Plynu a.s., to enter into a settlement whereby they would agree to pay to PGNiG, within 14 days of the settlement date, the amount of PLN 143,661 thousand, comprising a contractual penalty of PLN 133,399 thousand and accrued interest of PLN 10,263 thousand.

The Company reiterates its position with regard to the contractual penalty, as stated in current reports No. 7/2014 of April 2nd 2014 and No. 8/2014 of April 8th 2014, and will uphold this position during the settlement negotiations.

Motion to change the date of the Meeting of Creditors.

On April 13th 2015, the Company filed a motion with the District Court for Poznań-Stare Miasto in Poznań, 11th Commercial Insolvency and Arrangement Division, to change the date of the Meeting of Creditors

convened by the Judge Commissioner to hold a vote on the arrangement between the Company and its Creditors proposed in the course of the PBG's insolvency proceedings, by cancelling the original date and setting a new date of the Meeting for the end of June 2015. The original date of the vote was set by the Judge Commissioner for April 27th, 28th and 29th 2015. The decision to file the Motion was made by the Management Board on April 2nd 2015 considering the state of negotiations held between the Company and its Financial Creditors. The latter are financial institutions being the Company's major Creditors, who hold more than two-thirds of all claims against the Company covered by the Arrangement and are entitled to vote on the Arrangement and, therefore, will decide the final outcome of the vote.

Change of the date of the Meeting of Creditors.

Having considered the Company's motion to change the date of the Creditors' Meeting, on April 15th 2015 the Judge Commissioner issued a decision revoking the date of the vote originally set for April 27th, 28th and 29th 2015. The Judge Commissioner also made the setting of a new date of the Meeting of Creditors conditional upon the Company filing updated Arrangement Proposals.

Opinion issued by the Company's Supervisory Board on certain restructuring documents

At a meeting held on April 20th 2015, the Company's Supervisory Board expressed a positive opinion on the draft Restructuring Agreement and draft Terms and Conditions of the Bonds. The submitted draft documents had been agreed upon in the course of negotiations with the Financial Creditors and remain final. The Supervisory Board also accepted the revised Arrangement Proposals of November 3rd 2014, submitted by the Management Board, in the part dealing with the creation of pledges over the RAFAKO S.A. shares held directly and indirectly by the Company, in favour of the creditors whose claims are covered by the arrangement (except for Group 3 and Group 7, that is the claims of RAFAKO S.A. and Mr Jerzy Wiśniewski), as security for those claims.

Updated Arrangement Proposals filed with the Court.

On April 28th 2015, the Management Board of the Company finalised negotiations with legal advisers of certain Financial Creditors on updating the Company's Arrangement Proposals of November 3rd 2014. The Management Board approved the updated text as Arrangement Proposals of April 28th 2015, and the Supervisory Board expressed a positive opinion on the document. Accordingly, on April 29th 2015, the Current Arrangement Proposals and a motion to set a new date of the Creditors' Meeting to hold a vote on the arrangement between the Company and its Creditors were filed with the District Court for Poznań-Stare Miasto in Poznań, 11th Commercial Insolvency and Arrangement Division.

Decision by the Judge Commissioner to set a new date for Meeting of PBG Creditors

On May 18th 2015, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, issued Decisions to set the dates for the Meeting of PBG Creditors as follows:

- for Creditors with the right to vote, classified in Groups 1 and 2 – 10.00 am on August 3rd 2015, and 10.00 am on August 4th 2015;
- for Creditors with the right to vote classified in the other groups – 10.00 am on August 5th 2015.

The Judge Commissioner also ordered that voting be held at the Meeting of PBG Creditors, including by

written ballot. Pursuant to Art. 281 of the Bankruptcy and Restructuring Law, the Court will serve a notice on the Creditors providing details of the Meeting.

Representations by the Company and its subsidiary Multaros Trading Company Limited stating that neither company intends to exercise its Subscription Rights in private placement

On June 9th 2015, the Company's Management Board and the Management Board of Multaros Trading Company Limited of Nicosia, Cyprus, delivered declarations to Rafako S.A., the Company's subsidiary, in which they represented that they did not intend to exercise the Subscription Right, referred to in the Management Board Resolution and the Resolution of the Extraordinary General Meeting, or exercise the right to participate in the Private Placement, irrespective of the final terms and conditions of the Private Placement. The Eligible Shareholders also represented to RAFAKO that they waive all of their rights and claims with respect to the Private Placement.

IX. MAJOR R&D ACHIEVEMENTS

In the period covered by this Report, the Company did not have any major R&D achievements which would have an effect on its performance.

X. CONTROL SYSTEMS FOR EMPLOYEE PLANS

PBG does not operate any employee plans.

XI. LITIGATION, ARBITRATION OR ADMINISTRATIVE PROCEEDINGS

As at the reporting date, the Company was involved in litigations in which it acted as the defendant or the plaintiff.

1.1. KEY LITIGATION AND OTHER DISPUTES INSTIGATED BY THE COMPANY

1. PBG S.A. w upadłości układowej (in company voluntary arrangement) against the State Treasury – General Director for National Roads and Motorways (GDDKiA), court docket No. IC 1022/12

The case concerns a Court amendment to Contract No. 2811/30/2010 (construction of the A4 motorway). The party requested a PLN 270,100 thousand rise in the VAT-exclusive remuneration payable to the Consortium due to a sharp increase in the prices of construction materials and services (the prices of steel, aggregate, concrete, bitumen, and fuels, including transport costs). The case is pending.

2. PBG S.A. in company voluntary arrangement against Control Process S.A. – a case for payment including petition for exemption from court fees and a petition for a temporary injunction order

The Company is pursuing claims against Control Process S.A. in connection with the provision of general contracting services related to the 'LMG Project - Central Facility, Well Areas, Pipelines and Other Infrastructure.' In a payment order issued on January 10th 2014, the Regional Court of Poznań ordered the Defendant to pay the Plaintiff an amount of PLN 996 thousand with interest and cost of proceedings within 14 days, or to lodge an objection. In a letter of April 18th 2014, the Plaintiff's attorney responded to the objection to payment order, and addressed all arguments raised by the Defendant in their objection to payment order. As the President of the Management Board of Control Process again failed to appear, the Court dismissed the request to hear him as a party. Concurrently, the Defendant's attorney declared that Control Process requested the Company to start negotiations with a view to reaching a settlement. During a hearing held on June 18th 2015, the parties entered into a settlement whereby Control Process undertook to pay PBG S.A. PLN 500 thousand and waived the PLN 1,700 thousand claim as settlement of PBG's liability under Art. 5.18 of the agreement of February 19th 2009, presented during the proceedings for set-off against PBG's claim. On July 27th 2015, Control Process paid the settlement amount.

3. PBG S.A. in company voluntary arrangement against Marian Siska for payment

Action for payment of PLN 1,200 thousand in connection with disposal of shares in Gas Oil Engineering As. The case is conducted under Slovakian law by barrister Ireneusz Piotr Giebel. By virtue of a payment order, the Regional Court of Poprad ordered the Defendant to make the payment as demanded in the statement of claim. In pleadings of February 18th 2014, Marian Siska appealed against the payment order. The case is pending. No hearing date has been set by the Regional Court of Poprad.

4. PBG SA in company voluntary arrangement against the Bankruptcy Administrator of Maxer S.A. w upadłości (in bankruptcy) – court docket No. IX GNc 1254/13/7

On September 2nd 2013, the Company filed a claim with the Regional Court of Poznań, 9th Commercial Division, against the Bankruptcy Administrator of Maxer S.A. (in bankruptcy) for payment (litigation value: PLN 820 thousand). On February 3rd 2015, the Company received a notification regarding the mediation proceedings. The case is pending.

1.2. DISPUTES PENDING AGAINST THE COMPANY:

1. Litigation concerning construction of the National Stadium in Warsaw

The Company was a member of the consortium ("the Consortium") selected in a tender as the general contractor for the National Stadium project in Warsaw. The contract between the Consortium and Narodowe Centrum Sportu Sp. z o.o. ("NCS") was signed on May 4th 2009 (the "Contract"). The Consortium provided the NCS with an insurance guarantee for the amount of PLN 152,479 thousand, securing claims the NCS might have as the employer relating to non-performance or improper performance of the Contract. The guarantee was issued by Zurich Insurance plc. Niederlassung für Deutschland ("Guarantor" or "Zurich").

On June 1st 2012, the NCS called on the Consortium to pay a penalty of PLN 308,832 thousand for delay in completion of the National Stadium project. On July 5th 2012, the NCS demanded payment of PLN 152,479 thousand from the Guarantor under the insurance guarantee. According to the Consortium (including the Company), the claim for payment of the penalty was unfounded as the delay was caused by reasons for which the Consortium could not be held liable.

As a result, on March 1st 2013 the Consortium (including the Company) brought an action before the Regional Court in Warsaw against the NCS and the State Treasury – the Minister of Sport and Tourism (i) for determining that the defendants are not entitled to claim payment of penalty for delay in the completion of the National Stadium construction project, and (ii) for ordering the defendants to cease the unlawful use of the guarantee issued by Zurich. In addition, the Consortium filed a request for an injunctive relief with respect to the above claims by prohibiting the defendants from accepting any payments under the guarantee provided by the NCS until the final conclusion of the proceedings. By its decision of March 22nd 2013, the Regional Court in Warsaw dismissed the request for injunctive relief. On April 9th 2013, the Consortium filed a complaint against the decision to the Court of Appeals in Warsaw.

The Court of Appeals dismissed the appeal. By its decision of September 25th 2013, the Court suspended the proceedings ex-officio following declaration of bankruptcy of two other plaintiffs, i.e. Alpine Bau Deutschland AG and Alpine Bau GmbH. Pursuant to a representation of December 4th 2013, the administrator of Alpine Bau Deutschland AG and the administrator of Alpine Bau GmbH acceded to the proceedings and moved for resumption of the proceedings. The case is presently pending before the Regional Court of Warsaw.

Notwithstanding the foregoing, it needs to be emphasised that during performance of the Contract, the Consortium completed a large number of additional works ordered by the NCS in the course of the project, for which it has not received any consideration. Currently, the Consortium (including PBG) is demanding payment for the additional works. Moreover, the Consortium also suffered financial losses in connection with the non-performance or improper performance of the Contract by the NCS.

In the meantime, on June 17th 2013, PBG and the bankruptcy administrator for Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation) ("HBP") filed a call for a conciliation hearing against the State Treasury and the NCS, concerning payment of PLN 162,984 thousand for the auxiliary work specified above plus damages. The conciliation hearing was held on October 10th 2013, but the parties failed to reach an agreement.

The Company and the bankruptcy administrator for Hydrobudowa Polska w likwidacji (in bankruptcy by liquidation) are planning to bring an action for payment against the State Treasury and the NCS.

Alpine Group companies filed an action for payment of PLN 138,946 thousand in damages. As regards the claim concerning auxiliary work, the companies, like PBG and Hydrobudowa's bankruptcy administrator, filed a call for a conciliation hearing, but without bringing an action.

In October 2014, the Consortium comprising Zurich entered into negotiations with the State Treasury and the NCS to settle the case amicably, conclude any other proceedings related to the construction of the National Stadium in Warsaw and agree on a mutual waiver of claims. In the course of the talks, the parties

filed a joint request to suspend the proceedings due to the negotiations initiated by the defendant. On February 3rd 2015, the Court suspended the proceedings for three months. At the moment, the case is still suspended because of the pending settlement negotiations.

2. Przemysław Rzodkiewicz Agencja MINT against PBG SA w upadłości układowej (in company voluntary arrangement), court docket No. XX GC 619/13

Action for payment of PLN 2,217 thousand before the Regional Court of Warsaw – date of filing the statement of claim: September 17th 2012. The response to the statement of claim was prepared on October 1st 2013. No hearing date has yet been set by the court. The case is pending.

The Company filed its response to the claim. The hearing took place on December 17th 2014, and on December 30th 2014 the court awarded PLN 1,644 thousand from the Company to the Plaintiff. The Company appealed against the decision. The proceedings have been suspended as SIAC was declared bankrupt.

3. SAN-BUD Sp. z o.o. against PBG SA in company voluntary arrangement, court docket No. IX GC 206/13/

Action for payment of PLN 1,572 thousand before the Regional Court of Wrocław, 10th Commercial Division; date of filing the statement of claim: March 28th 2013. The response to the statement of claim was submitted on June 27th 2013. So far, three hearings have taken place, and the date of the next hearing was scheduled by the Court for March 27th 2015. On July 7th 2015, the Court discontinued proceedings against PBG with respect to the claim of PLN 127,337.79 and proceedings against SIAC Construction following satisfaction of SAN-BUD's claims from the SIAC's list of claims. PBG SA did not appeal against the decision. The case is pending.

4. Dimark Sp. z o.o. against PBG S.A. w upadłości układowej (in company voluntary arrangement), court docket No. IX GC 855/14/6

Action for payment of PLN 1,644 thousand before the Regional Court of Poznań – date of filing of the statement of claim: July 31st 2014.

The Company filed its response to the claim. The hearing took place on December 17th 2014, and on December 30th 2014 the court awarded PLN 1,644 thousand from the Company to the Plaintiff. The Company appealed against the above decision, and the date of the appeals hearing has been set for December 10th 2015. The case is pending.

5. Gispro Sp. z o.o. of Szczecin, Okręgowe Przedsiębiorstwo Geodezyjno-Kartograficzne w Bydgoszczy Sp. z o.o. and Geomar S.A. of Szczecin against PBG S.A. w upadłości układowej (in company voluntary arrangement), Bankruptcy Administrator for Aprivia S.A. w upadłości likwidacyjnej (in liquidation bankruptcy), SRB Civil Engineering Ltd and John SISK & Son Ltd., court docket No. IX GC 592/13/3

Claim for payment of PLN 47 thousand, filed on March 14th 2013. The response to the statement of claim was prepared on June 3rd 2013, and the hearing was held on October 2nd 2013. During a hearing of August 11th 2014, the Court issued a non-final decision in favour of the opposing party. Explaining its decision, the Court stated that no arguments supporting the principal claim of the absence of joint and

several liability had been presented. Consequently, a motion for preparation and delivery of a written statement of grounds for the decision was filed. The decision with a statement of grounds was delivered to the Company on October 24th 2014 and an appeal was lodged (court docket No. X Ga 240/15 and X Ga 241/15, formerly – IX GC 592/13/3). During the first appeals hearing, held on May 29th 2015, the appeal was upheld. The next hearing was set for July 30th 2015, but the hearing was postponed until September 30th 2015 due to an illness of one of the judges.

6. SRB Civil Engineering Ltd John Sisk & Son Ltd against General Director for National Roads and Motorways (GDDKiA) – PBG joined the case on the plaintiff's side - XXV C 911/13

The case concerns the construction of the A1 Toruń-Stryków motorway, Section Brzezie – Kowal. On July 9th 2013, a suit concerning the construction of the A1 Toruń-Stryków motorway, section Brzezie–Kowal, and contractual penalties of PLN 86,411,973.46 with interest of PLN 8,956,068.37 was filed with the Regional Court. The basis for the suit was the termination of the contract for construction of the A1 Toruń-Stryków motorway, section 3 Brzezie–Kowal, for reasons attributable to the Employer (GDDKiA). On April 22nd 2015, the Court notified the Company of the pending proceedings, requesting it to decide whether it wishes to join the proceedings as an additional participant. PBG joined the proceedings as a plaintiff by virtue of a letter of May 5th 2015 and supported all motions and evidence presented in the case. Subsequent hearings were scheduled for July 20th, July 22nd, September 1st and September 3rd 2015. On June 9th 2015, the Court obliged the plaintiffs to present a list of questions for the witnesses.

7. State Treasury – General Director for National Roads and Motorways (GDDKiA) against Bank PEKAO S.A. (the defendant and counterclaim plaintiff) – PBG joined the case as an additional participant for the Bank – court docket No. XXV C 97/13

The suit concerns the contract for the construction of the A4 motorway, section Krzyż–Dębica Pustynia. The value of the claim is PLN 43,760 thousand. The aim of the dispute is to determine whether the Bank is obliged to return the performance bond in connection with the recession of the contract by the Consortium on July 24th 2012. PBG's legal interest may consist in the fact that if the Bank is ordered to pay any amount under the bond to the GDDKiA, PBG will be obliged to return that amount to the Bank. On April 1st 2015, a letter on PBG joining the proceedings as an additional party on the side of the Bank was filed, and on April 17th 2015 GDDKiA objected against PBG joining the proceedings. During a hearing held on April 20th 2015, the Court set a two-week deadline for addressing the objection. On May 4th 2015, PBG, as the additional participant, filed a statement explaining its legal interest in joining the proceedings. On June 19th 2015, PBG orally presented the arguments confirming its legal interest in taking part in the proceedings. Upon hearing of the parties, the Court dismissed the objection. PBG will therefore participate in the proceedings as an additional participant. The case is pending.

8. Consortium comprising SIAC, PBG S.A. w upadłości układowej (in company voluntary arrangement), APRIVIA S.A. w upadłości likwidacyjnej (in liquidation bankruptcy), HYDROBUDOWA POLSKA S.A. w upadłości likwidacyjnej (in liquidation bankruptcy) State Treasury – General Director for National Roads and Motorways (GDDKiA) – case for increasing the Consortium's VAT-exclusive remuneration, court docket No. IC1022/12

“The case concerns a court amendment to Contract No. 2811/30/2010 (construction of the A4 motorway). The party requested a PLN 270,100 thousand rise in the VAT-exclusive remuneration payable to the Consortium due to a sharp increase in the prices of construction materials and services (the prices of steel, aggregate, concrete, bitumen, and fuels, including transport costs). The key and most significant element of evidentiary hearing will be the opinion of experts in the economics of road building. Several hearings took place during which witnesses were heard.

On April 8th 2014, the attorney of the defendant filed a letter specifying the objections concerning the documents submitted as scans on a CD. The letter also pertained to the factual circumstances related to the performance of the contract.

On June 3rd 2014, the plaintiffs' attorney presented a letter addressing the evidentiary motion filed by the defendant's attorney, requesting that it be dismissed or, alternatively, that the defendant provide more detailed evidence.

The opinion of the Mineral Resources and Energy Management Institute of the Polish Academy of Sciences in Kraków provided by PBG and SIAC as evidence has been approved. Given the foregoing, an appropriate statement has been filed and the parties are awaiting response from the Institute. The case is pending.

SECTION V: SHARES AND SHAREHOLDERS

I. SHARE CAPITAL STRUCTURE AND LARGE HOLDINGS OF SHARES

Currently, the Company's share capital amounts to PLN 14,295 thousand and is divided into 3,740,000 registered shares with voting preference and 10,555,000 ordinary bearer shares. The par value of the preferred and ordinary shares is PLN 1 per share. Each preferred share confers the right to two votes at the General Meeting. Nearly 99.9% of the preferred shares are held by Mr Jerzy Wiśniewski, the founder and main shareholder of PBG, who also serves as President of the PBG Management Board.

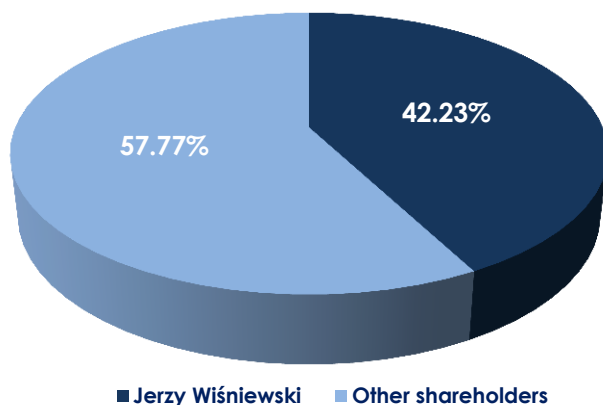
Table 22: Share capital of PBG

PBG shares	Number of shares	Type of shares	Number of shares	Number of votes	Free float
Series A	5,700,000	conferring voting preference	3,740,000	7,480,000	0
		ordinary	1,960,000	1,960,000	1,960,000
Series B	1,500,000	ordinary	1,500,000	1,500,000	1,500,000
Series C	3,000,000	ordinary	3,000,000	3,000,000	3,000,000
Series D	330,000	ordinary	330,000	330,000	330,000
Series E	1,500,000	ordinary	1,500,000	1,500,000	1,500,000
Series F	1,400,000	ordinary	1,400,000	1,400,000	1,400,000
Series G	865,000	ordinary	865,000	865,000	865,000
		Total	14,295,000	18,035,000	10,555,000

Table 23: Shareholders holding over 5% of shares

As at June 30th 2015				
Shareholder	Number of shares	Total par value (PLN)	Ownership interest (%)	% of total voting rights
Jerzy Wiśniewski	3,881,224 shares, including: 3,735,054 registered preference shares, and 146,170 ordinary shares	3,881,224	27.15%	42.23%
As at the date of this Report				
Shareholder	Number of shares	Total par value (PLN)	Ownership interest (%)	% of total voting rights
Jerzy Wiśniewski	3,881,224 shares, including: 3,735,054 registered preference shares, and 146,170 ordinary shares	3,881,224	27.15%	42.23%

Figure 3: PBG Shareholders holding over 5% of shares



The Company is not aware of any other shareholders holding 5% or more of the total vote at the General Meeting. By the date of the Report, the Company has not been notified of any such shareholders.

II. CHANGES IN THE COMPANY'S SHAREHOLDING STRUCTURE

In H1 2015 and before the date of authorisation of this Report for issue, no notifications of exceeding a shareholding threshold reportable to the Polish Financial Supervision Authority were received by the Company from any of its shareholders . Accordingly, the shareholder structure remained unchanged, with Mr Jerzy Wiśniewski being the only shareholder holding over 5% of the Company shares.

III. KEY DATA ON PBG SHARES

1. Share price

Figure 4: Price of PBG shares between January 1st 2015 and June 30th 2015

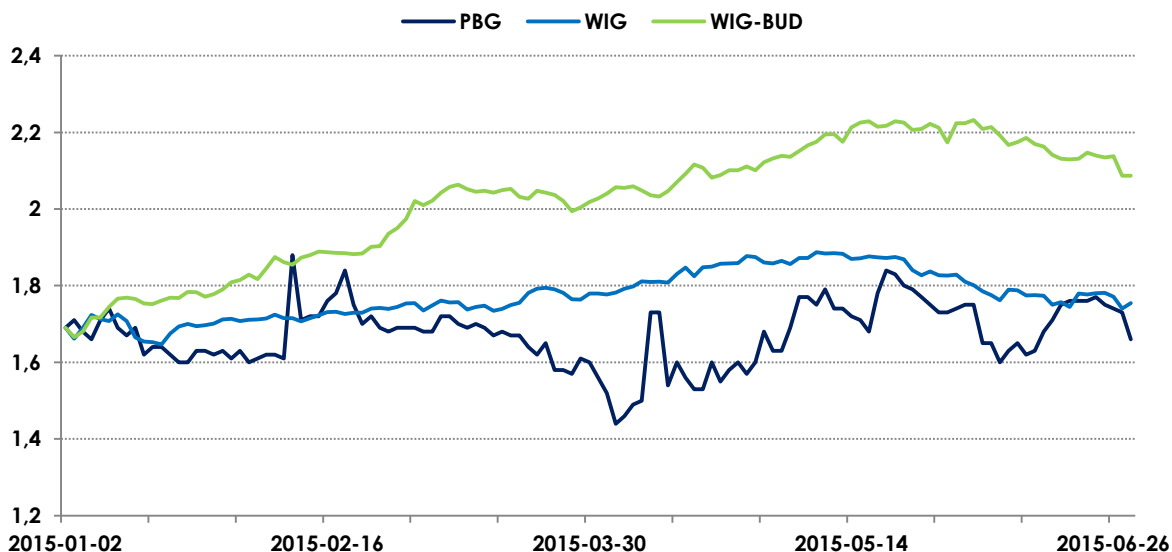
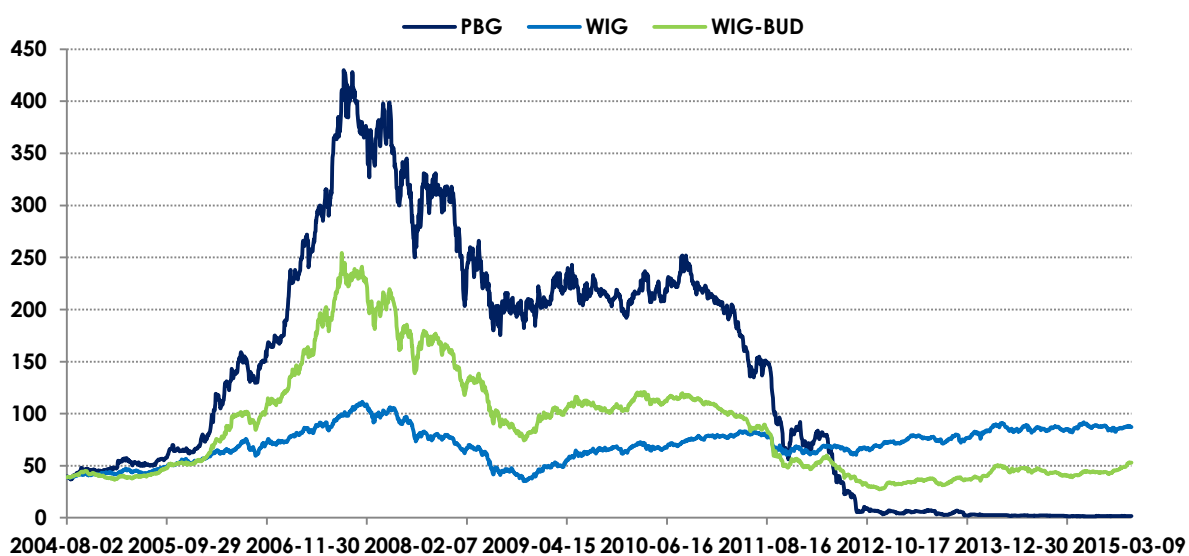


Figure 5: Price of PBG shares between the first listing and August 26th 2015



As PBG was declared insolvent in voluntary arrangement, its shares were excluded from all WSE indices.

Given PBG's current situation, brokerage houses no longer cover the Company's stock.

2. Key data on PBG shares

Table 24: Per-share data

Key per-share data		H1 2015	H1 2014	Y-o-y change (%)
Period high	PLN	1.88	2.45	-23
Period low	PLN	1.44	1.96	-27
Share price at half-year end	PLN	1.66	1.99	-17
Number of shares at end of period	Number of shares	14,295,000	14,295,000	-
Free float	Number of shares	10,555,000	10,555,000	-
Capitalisation at half-year end	PLNm	23.7	28.5	-17
Average daily trading value	PLN '000	174	146	+19
Average daily trading volume	Number of shares	77,259	66,228	+16

IV. SHARE BUY-BACKS

In the period covered by this Report, the Company did not buy back any of its shares.

V. HOLDERS OF SECURITIES CONFERRING SPECIAL CONTROL RIGHTS

There are no securities conferring special control rights with respect to the Company. There are no restrictions with respect to the transfer of the Company shares or limitations on the voting rights attached to them.

VI. RESTRICTIONS ON VOTING RIGHTS

PBG's Articles of Association do not provide for any limitations on the voting rights of holders of a given percentage or number of votes.

VII. RESTRICTIONS ON TRANSFER OF PBG SECURITIES AND LIMITATIONS ON THE VOTING RIGHTS

In accordance with Art. 11.1 of the Company's Articles of Association, the disposal of Series A registered shares requires the Management Board's approval.

When the decision approving the Arrangement with Creditors becomes final, the provisions of Art. 11.1 of the Articles of Association will be deleted as Series A shares will lose their preference.

Furthermore, Mr Jerzy Wiśniewski (the Company's Majority Shareholder), in the performance of the Restructuring Agreement to which he is a party, has signed the PBG Shares Lock-Up Agreement relating to the shares he holds, obliging him to hold the shares until the Company meets all of its obligations under the Bonds held by all Financial Creditors, that is until the end of June 2020 (Current Report No. 26/2015 of August 2nd 2015, Section I.1.d. iii). Under the Lock-Up Agreement, the Majority Shareholder undertook before the Financial Creditors who are parties to the Restructuring Agreement not to assume any obligations and make any disposals involving PBG shares, any rights attached to the shares or any rights to the shares without prior consent of the Financial Creditors.

VIII. EVENTS WHICH MAY RESULT IN CHANGE IN SHAREHOLDINGS

On August 25th 2015, the Company published Current Report No. 34/2015, in which it announced that the Court confirmed the execution of the Arrangement with Creditors. Once the decision approving the Arrangement becomes final, the Company will commence to implement the Arrangement Proposals announced in Current Report No. 13/2015 of April 29th 2015.

After the issue of all new shares to be issued under the Arrangement Proposals of April 28th 2015, the Company's shareholding structure will be as follows:

- a) financial creditors will hold ordinary bearer shares representing approximately 75% of the Company's share capital;
- b) Jerzy Wiśniewski will hold ordinary bearer shares representing approximately 23.45% of the Company's share capital;
- c) other shareholders will hold ordinary bearer shares representing approximately 1.46% of the Company's share capital.

Furthermore, after the decision approving the Arrangement becomes final, Resolution No. 22 of the Annual General Meeting of May 22nd 2015, concerning a reduction of the Company's share capital with its simultaneous increase and amendments to the Company's Articles of Association, will take effect. Under the resolution, the Company's share capital is to be reduced by PLN 14,009,100.00 (through par value reduction from PLN 1.00 per share to PLN 0.02 per share), to PLN 285,900.00. In connection with the reduction of the Company's share capital, no repayments of share capital shall be made to the Company's shareholders, nor shall the Company's shareholders be released from the obligation to make payments towards the share capital. Concurrently with its reduction, the Company's share capital will be increased to PLN 14,295,000.00 or more pursuant to the Arrangement, which provides for the conversion of creditor claims into Series H ordinary registered shares in the Company with a par value of PLN 0.02 per share, at the issue price of PLN 0.02 per share.

The reduction of the share capital with its simultaneous increase, as provided for in the resolution, will be effected upon the entry into the Register of Entrepreneurs of the National Court Register of the increase in the Company's share capital under the Arrangement.

The Court's decision approving the Arrangement becoming final is also a precondition for Resolution No. 23 of the Annual General Meeting of May 22nd 2015 taking effect. The resolution cancels the voting preferences attached to 3,740,000 Series A registered shares and converts those shares into ordinary bearer shares.

IX. THE COMPANY AND ITS SHARES

Table 25: IR contact data

Investor Relations	Wiktoria Wiśniewska
Phone	+48 (0) 61 66 88 242
Email	wiktoria.wisniewska@pbg-sa.pl
Website	www.pbg-sa.pl
Warsaw Stock Exchange	PBG
Reuters	PBGG.WA

SECTION VI: FINANCIAL OVERVIEW

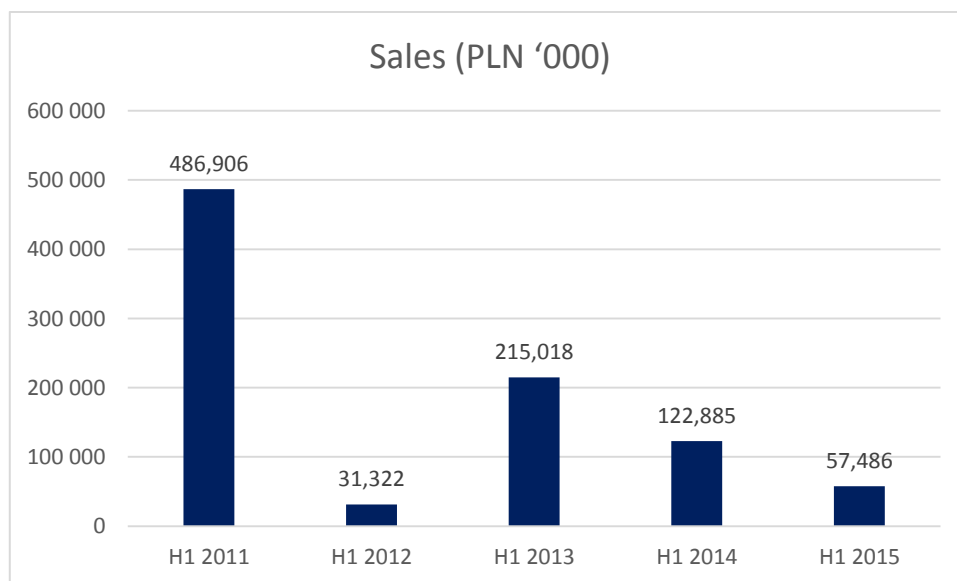
I. ANALYSIS OF PBG'S FINANCIAL POSITION

All financial data and indicators are sourced from the IFRS-compliant financial statements.

Revenue

At the end of H1 2015, the Company reported an almost 53% year-on-year decline in revenue, from **PLN 122,885 thousand in H1 2014** to **PLN 57,486 thousand in H1 2015**. This decline is primarily attributable to the fact that in 2014 PBG performed contracts awarded to it in previous years, some of which were completed in 2014 and a considerable extent of the work under other contracts was done. In the Company's current order book, the largest contract is that for the construction of the LNG terminal and the contract related to the construction of fuel depots for NATO. Revenue from these contracts recognised in H1 2015 amounted to PLN 54.3m.

Figure 4: Historical development of revenue (past five years)

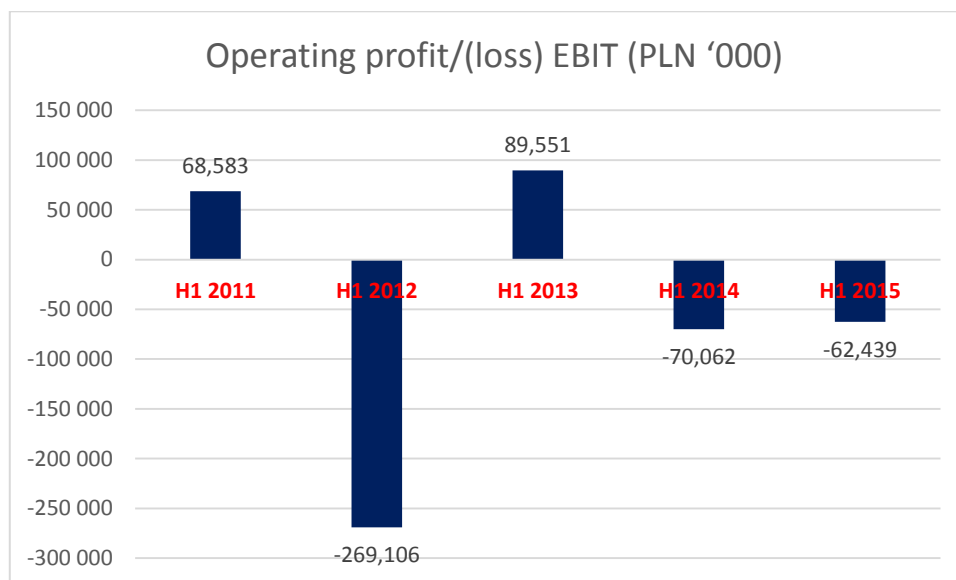


PBG is currently completing the contracts it acquired in previous years. Securing new contracts is difficult due to the Company's formal and legal situation (entities in corporate voluntary arrangement are not allowed to tender for public sector contracts). As at July 1st 2015, the value of the Company's order book (calculated as the total revenue remaining to be invoiced under contracts in progress) was approximately PLN 287.5m, with ca. PLN 72.8 m of that amount allocated for completion in H2 2015 and the remaining PLN 214.7m in subsequent years.

2. EBIT

Operating loss of PBG in H1 2015 was **PLN -62,439 thousand**, compared with operating loss of **PLN -70,062 thousand** in H1 2014. The operating loss was mainly due to a PLN 15.3m impairment loss on trade receivables and nearly PLN 11m of exchange differences recognised in connection with the valuation of investment certificates in Dialog Plus, financing a development project in Kiev.

Figure 5: Historical development of EBIT (past five years)



4. Liquidity ratios

Table 16: Liquidity ratios

NAME	FORMULA	H1 2015	H1 2014
Current ratio	(current assets / current liabilities)	0.17	0.17
Quick ratio	(current assets – inventories) / current liabilities)	0.17	0.17
Cash ratio	(cash balance at end of period / current liabilities)	0.01	0.02

At the end of H1 2015, the current ratio remained unchanged year on year at 0.17. This means that at the end of H1 2015 the Company was still in a difficult financial situation and would not be able to meet its short-term obligations if they became immediately due and payable. The situation was similar in the case of the quick ratio. Its value (0.17) did not change between the compared periods. The ratios presented above were at levels considered unsafe, pointing to the Company's inability to meet liabilities promptly as they become due.

The cash ratio fell from 0.02 at the end of H1 2014 to 0.01 at the end of H1 2015. The ratio suggests that PBG is able to cover 1% of its current liabilities with the most liquid assets.

5. Debt

Table 17: Debt ratios

NAME	FORMULA	H1 2015	H1 2014
Capital structure	equity / debt capital	-0.55	-0.46
Asset structure	non-current assets / current assets	2.15	3.02

In both H1 2015 and H1 2014, the Company's equity was negative. The assets structure ratio decreased by 87pps year on year. In H1 2015, non-current assets represented 215% of current assets, compared with 302% in H1 2014. This means higher flexibility of assets and shortening of the period when funds remain tied up.

II. CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND COST ANALYSIS

1. Statement of profit or loss

Table 18: Changes in the statement of profit or loss

PBG's statement of profit or loss (PLN '000)	H1 2015	H1 2014	H1 2015/H1 2014
Revenue	57,486	122,885	47%
Cost of sales	79,758	136,907	58%
Gross profit (loss)	-22,272	-14,022	-
Distribution costs	-	-	-
Administrative expenses	9,984	10,616	94%
Gross profit	-32,256	-24,638	-
Other income	6,829	7,690	89%
Other expenses	29,458	53,114	55%
Restructuring costs	7,554	-	-
Operating profit (loss)	-62,439	-70,062	-
Net finance income	-	398	-
Net finance costs	135,842	-	-
Profit (loss) before tax	-198,281	-69,664	-
Income tax expense	-	-	-
Net profit/(loss)	-198,281	-69,664	-

As at the end of H1 2015, the Company posted a **gross loss** of more than PLN 22m, compared with a gross loss of PLN 14m the year before. Factors that contributed to the gross loss included primarily recognition of an additional PLN 20m as provision for warranty repairs under the UGSF Wierchowice and Construction of the National Stadium contracts. The remaining PLN 2m of the loss was generated in the course of core business operations.

Administrative expenses **totalled nearly PLN 10m, down 6% year on year.**

Under **other income**, which totalled nearly PLN 7m, the largest item was the PLN 2.2m discount related to non-current receivables and payables, followed by PLN 1.2m of reversed impairment losses on receivables and nearly PLN 1.2m of lease income earned by the Company;

The Company's other expenses were PLN 29.4m in the discussed period. The largest items under other expenses included foreign exchange losses that arose in connection with the revaluation of the Dialog Plus investment certificates by about PLN 11m, and an impairment loss on trade receivables of about PLN 15.3m.

The considerable **net finance costs**, amounting to PLN 135.8m in H1 2015, are chiefly attributable to the recognition by the Company of a PLN 137.2m impairment loss on the investment in RAFAKO S.A. shares. The balance of the amount comprised finance income of PLN 1.4m.

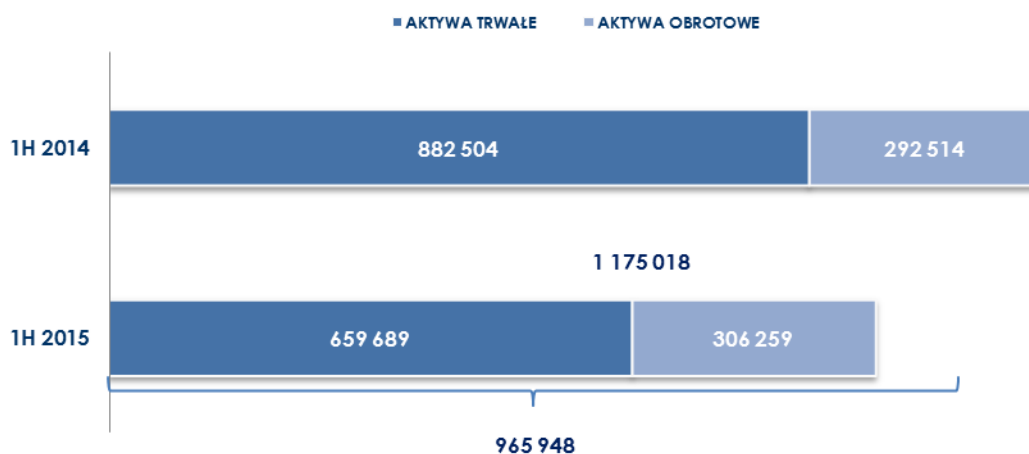
III. ASSETS, FINANCIAL STANDING AND FUNDING OF THE ASSETS

1. Assets

The asset structure changed significantly during the period under review. At the end of H1 2015, non-current assets represented 68% of total assets, and compared with the same period of the previous year their share fell by 23%, primarily due to the revaluation of the investment in RAFAKO S.A. shares. At the end of H1 2015, current assets accounted for 32% of total assets and their share in total assets increased by 2% year on year. Investments in subsidiaries (notably the equity interest in RAFAKO S.A.) was the largest item of non-current assets, accounting for 65% of total non-current assets. The second largest item was non-current loans advanced, which accounted for 31% of total non-current assets, and comprised loans advanced to PBG DOM.

During the period under review, the structure of current assets also changed. At the end of H1 2015, current loans advanced accounted for the largest portion (42%) of current assets, and included loans advanced to PBG DOM and Dialog Plus investment certificates. Amounts due from customers for construction contract work and trade receivables, with a 52% share in total current assets, were the second largest item.

Figure 7: Assets (PLN '000)

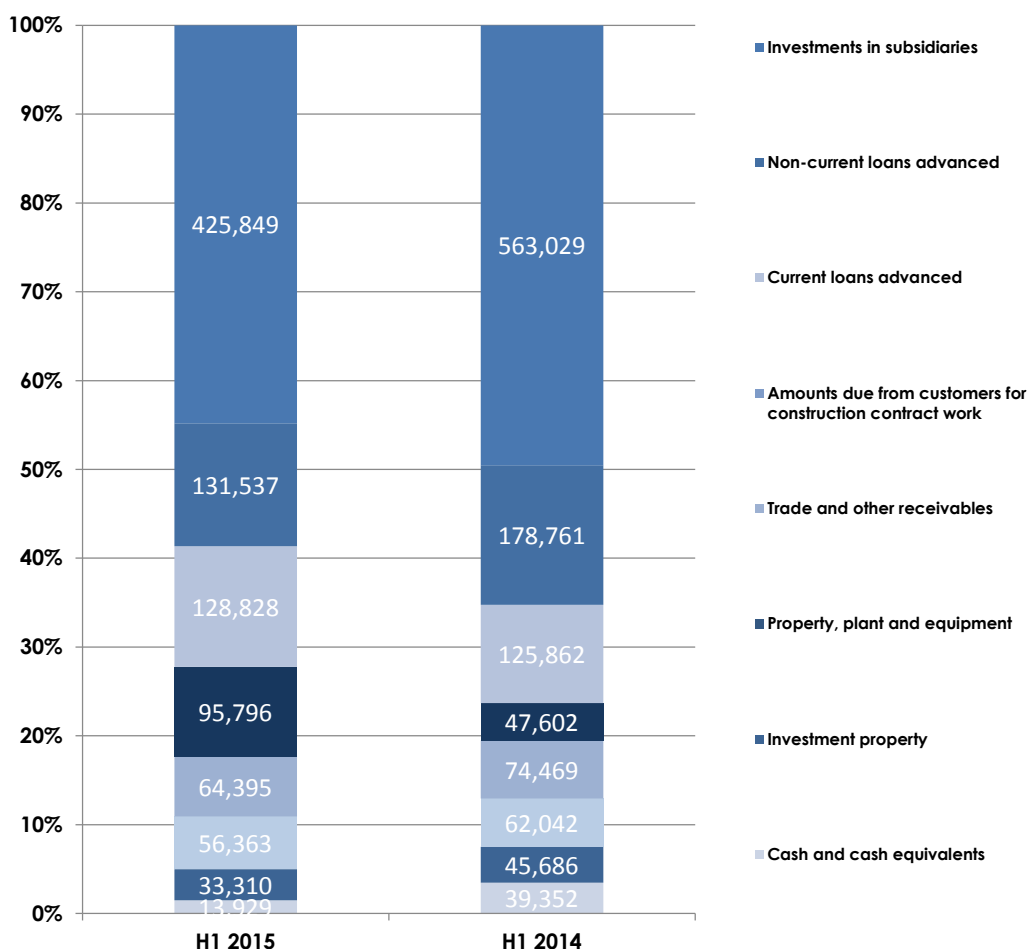


Aktywa trwałe

Current assets

Aktywa obrotowe

Non-current assets

Figure 8: Largest items of assets (PLN '000)

Table 19: Asset ratios (%)

NAME	FORMULA	H1 2015	H1 2014
Basic asset structure ratio	$(\text{non-current assets} / \text{current assets}) * 100$	215%	302%
Non-current assets to total assets	$(\text{non-current assets} / \text{total assets}) * 100$	68%	75%
Current assets to total assets	$(\text{current assets} / \text{total assets}) * 100$	32%	25%
Inventories to current assets	$(\text{inventories} / \text{current assets}) * 100$	0.45%	0.39%
Current receivables to current assets	$(\text{current receivables} / \text{current assets}) * 100$	52%	42%

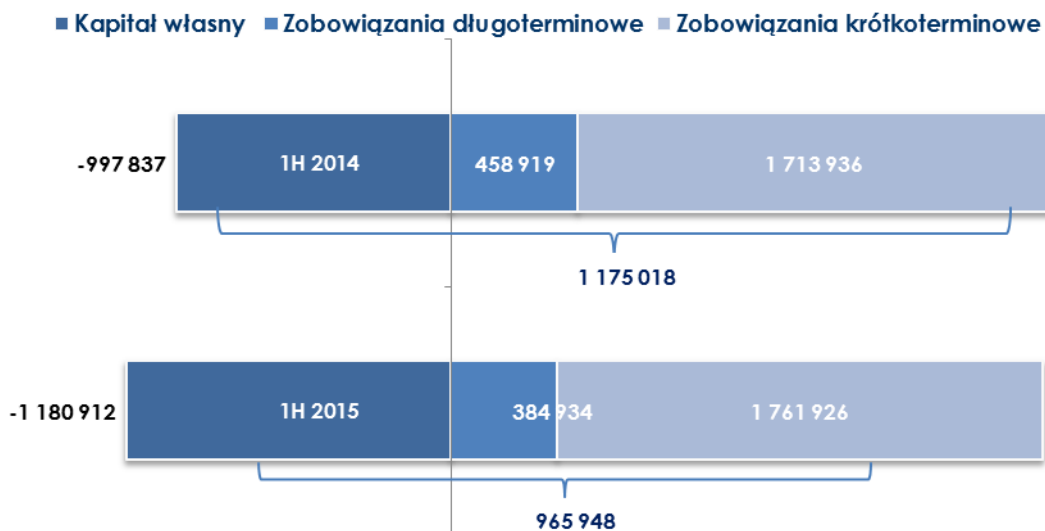
The basic asset structure ratio is discussed in Section 1.5, Section VI.

There were significant changes in the value of particular items of assets and in the structure of total assets. In H1 2015, non-current assets were down 25% year on year, while current assets were up by 5%. As at the end of H1 2015, the share of non-current assets in total assets decreased by 7% year on year. At the same time, the share of current assets in PBG's total assets increased to 32%.

2. Equity and liabilities

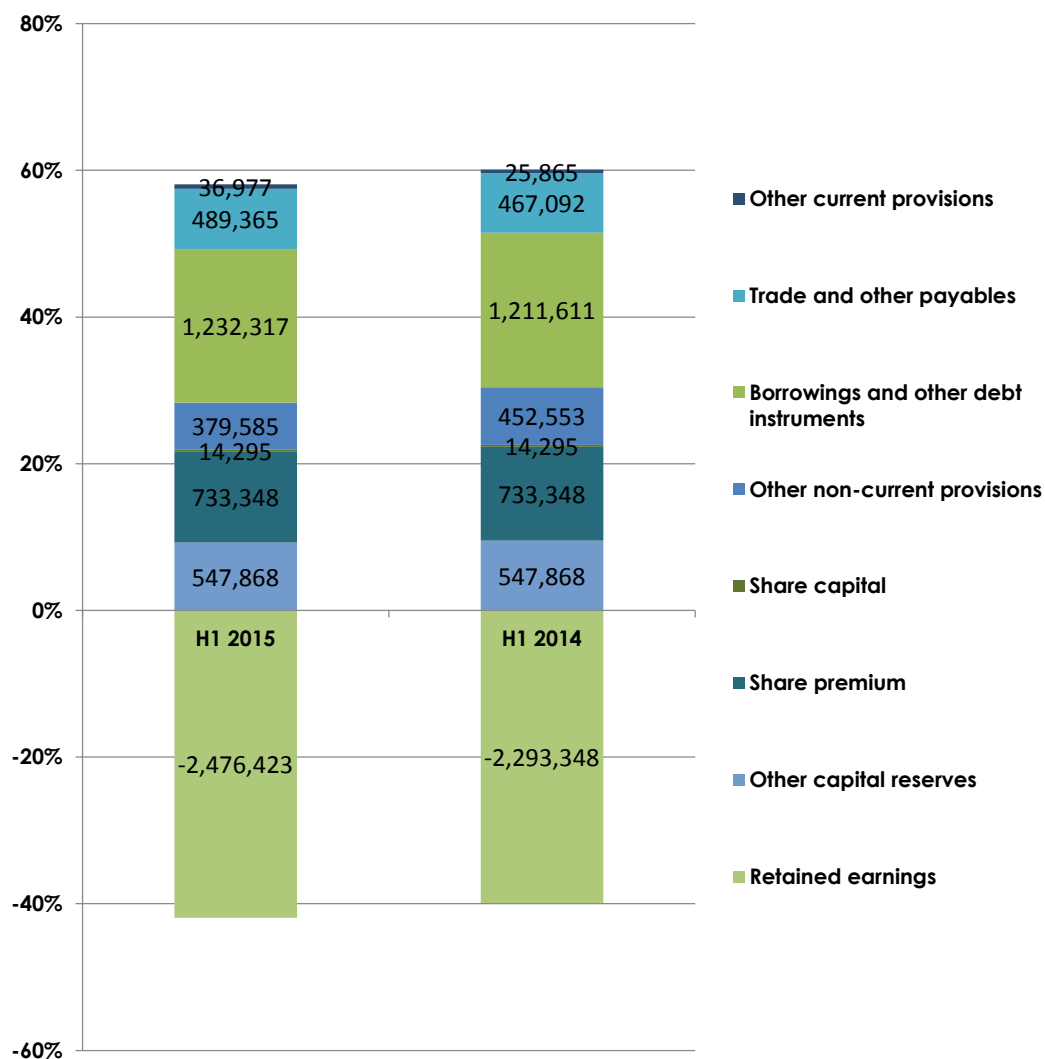
In the reporting period, as in the corresponding period of the previous year, equity was negative. Non-current liabilities fell by about PLN 74m year on year, to PLN 385m. The share of current liabilities in the balance-sheet total rose. As at the end of H1 2015, current liabilities amounted to PLN 1.762bn, up 2.8pp on PLN 1.714bn reported in the corresponding period of the previous year. Other non-current provisions of PLN 379.5m represented the largest item of non-current liabilities. The largest item of current liabilities were borrowings and other debt instruments, which amounted to PLN 1.232bn.

Figure 9: Equity and liabilities (PLN '000)



Kapitał własny	Equity
Zobowiązania długoterminowe	Non-current liabilities
Zobowiązania krótkoterminowe	Current liabilities

Figure 10: Largest items of equity and liabilities (PLN '000)



IV. STATEMENT OF CASH FLOWS

Table 20: Cash flows (PLN '000)

	H1 2015	H1 2014
Net cash from operating activities	-49,944	-47,312
Net cash from investing activities	241	9,250
Net cash from financing activities	23,211	-22,392
Net cash at the end of the period	13,929	39,352

In H1 2015, cash flows from operating activities generated by PBG were negative at PLN -49.9m, while net cash from investing activities was positive at PLN 0.2m. Net cash from financing activities in H1 2015 was negative at PLN -23.2m. In the reported period, the Company shows an increase in the value of cash proceeds from received loans. This cash comprises amounts paid by members of the consortium implementing the LNG contract to provide for the working capital needs, necessary to ensure

uninterrupted execution of the project. Due to its current financial situation, PBG does not participate in the financing of the project.

Table 21: Cash flow profile

	H1 2015	H1 2014
Net cash from operating activities	-	-
Net cash from investing activities	+	+
Net cash from financing activities	+	-
Net cash at the end of the period	+	+

V. NET DEBT

Table 30: Data used by PBG to compute net debt (PLN '000)

	H1 2015	H1 2014	Y-o-y change
Non-current bank and other borrowings	0	0	
Current bank and other borrowings	393,545	372,839	6%
Non-current finance lease liabilities	4,183	4,850	-14%
Current finance lease liabilities	673	655	3%
Bonds	838,772	838,772	0%
Net cash	39,352	39,352	0%
Net debt	1,197,821	1,177,764	2%

As at June 30th 2015, net debt was PLN 1,223.2bn, having increased slightly year on year. This amount comprises interest-bearing debt, including PLN 393.5m in current borrowings, PLN 4.2m in non-current finance lease liabilities, PLN 0.7m in current finance lease liabilities, and PLN 838.8m in bonds. Net cash of PLN 13.9m as at the end of H1 2015 was deducted from these amounts.

Given that the Company was declared insolvent in voluntary arrangement, its liabilities incurred prior to the Court's decision declaring it insolvent (June 13th 2012) are not measured at amortised cost but at nominal value, increased by interest accrued to the date of the Court declaration (in accordance with the Bankruptcy and Restructuring Law), save for interest on liabilities secured on tangible property, which continue to accrue after the date of insolvency declaration (June 13th 2012), in accordance with the Bankruptcy and Restructuring Law. Other liabilities incurred after the court's decision declaring the Company insolvent in voluntary arrangement are measured at amortised cost.

VI. INVESTMENTS

1. Equity investments

In H1 2015, PBG did not make any equity investments.

2. Expenditure on property, plant and equipment

In H1 2015, PBG did not incur any capital expenditure on property, plant and equipment.

3. Feasibility of the Company's investment plans in 2015

Given the current difficult financial position of the Company, no major equity investments or expenditure on property, plant and equipment are planned. It may, however, prove necessary to incur expenditure on property, plant and equipment required for the execution of contracts. With a view to raising additional funds, the Company intends to sell non-core assets.

VII. FINANCIAL OUTLOOK

At present, PBG is in final stages of the voluntary arrangement proceedings, and its situation will be largely determined by the outcome of the proceedings whose next formal step consists in approval of the Arrangement by the bankruptcy court. Once the decision approving the Arrangement becomes final, the Company's arrangement proceedings will be closed.

VIII. ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

The main objective of capital management at PBG is to maintain good credit ratings and safe equity ratios that can support the operations of the Company and increase its value for shareholders. To maintain or adjust their capital structure, the Company may usually contract bank borrowings, issue bonds, decide to pay dividend to shareholders, return capital to shareholders, or issue shares or bonds. Due to the Company's ongoing insolvency in voluntary arrangement proceedings, at the date of approval of this Report capital management cannot be performed unless the Company enters into an arrangement with the creditors. Currently, the Company's key objective is to close its arrangement proceedings and to effectively implement the obligations provided for in the Arrangement. This will allow the Company to continue its business and rebuild its shareholder value in the future.

IX. OFF-BALANCE-SHEET RECEIVABLES AND LIABILITIES

In these interim condensed financial statements as at June 30th 2015, the Company discloses off-balance-sheet contingent liabilities of PLN **1,685,756 thousand**. The contingent liabilities pertain to liabilities under sureties issued for credit facilities and trade payables, sureties issued to third parties by PBG Group companies, as well as liabilities under guarantees issued at the request of PBG Group companies to third parties and liabilities under promissory notes.

The Company has acknowledged the liabilities and once the arrangement is approved by vote and the court's decision approving the arrangement becomes final the liabilities will be paid in compliance with the arrangement. As at December 31st 2012, PBG estimated and recognised a provision for the contingent liabilities which may result in a future outflow of cash. As at June 30th 2015, the provision was PLN 354,510 thousand. Less the amount of recognised provision, the contingent liabilities disclosed by the Company as at June 30th 2015 amounted to PLN **1,331,246** thousand.

As at June 30th 2015, the Company disclosed off-balance-sheet contingent receivables of PLN 33,085 thousand. The contingent receivables are related mainly to performance bonds of PLN 18,494 thousand and promissory notes of PLN 14,591 thousand. The Company does not have any data regarding the amount of off-balance receivables and liabilities for the comparative period, i.e. as at June 30th 2014. The Company would have to incur disproportionately high costs and make undue effort to obtain the comparative data, therefore the Company decided to present the data for the current period only.

X. GOING CONCERN ASSUMPTION

The Company's current financial condition puts in question its ability to continue as a going concern. However, the financial statements were prepared on the assumption that the Parent would continue as a going concern in the foreseeable future, i.e. for at least 12 consecutive months from the date of preparation of these financial statements. This assumption was made due to the ongoing arrangement bankruptcy proceedings and the Management Board's efforts leading to the execution of arrangement with the creditors during the Meeting of Creditors of August 3rd–August 5th 2015. Execution of the Arrangement will allow the Company to continue its business activities. The bankruptcy court's approval of the Arrangement will be another formal step in the proceedings pending before this court. Once the decision approving the Arrangement becomes final, the Company's bankruptcy proceedings will be closed.

The Management Board wishes to indicate that, should the going concern assumption prove incorrect, the financial statements would have to reflect certain adjustments to the carrying amounts and classification of the Company's assets and liabilities which could be required if the Company were unable to continue its operations in the foreseeable future.

Below, the Company's Management Board presents the circumstances suggesting that the Company's and its Group's ability to continue as going concerns may be at risk, as well as the steps taken in order to mitigate the risk.

On June 4th 2012, the Company's Management Board made a decision to file an arrangement bankruptcy petition (grounds for the decision were presented in the Company's full-year report for 2012). On June 13th 2012, the District Court for Poznań–Stare Miasto in Poznań, 11th Commercial Insolvency and Arrangement Division, declared the Company insolvent, in a voluntary arrangement. The Court's decision became final on June 22nd 2012. Overall, twelve companies of the PBG Group filed arrangement bankruptcy petitions. The decision to make their filings almost simultaneously was prompted by the fact that the companies had provided cross guarantees to secure the repayment of bank loans and trade creditors, and (in some cases) assumed joint and several liability under consortium-delivered contracts. The

formal and legal circumstances and the financial condition of the companies undergoing insolvency proceedings are very difficult, which affects both their business activities (for instance, their ability to secure new contracts) and the highly complex restructuring processes.

The voluntary arrangement procedure ensures proper satisfaction of the Creditors' claims following approval and implementation of the arrangement. Since 2012, the Company's Management Board has been actively involved in negotiations with the Creditors. During this time, the Creditors involved in financing the Company's or other Group companies' operations and representing the largest group of Creditors have been presented with a plan of the operational and asset restructuring of the Company. The plan has been prepared by the Company and its financial adviser PwC Polska Sp. z o.o. On November 3rd 2014, the Management Board and its legal adviser Weil, Gotshal&Manges, Paweł Rymarz Sp. k. completed the preparation of the Arrangement Proposals. On the same date, the Company filed the Arrangement Proposals along with the grounds therefor, with the Bankruptcy Court, as reported by the Company in Current Report No. 23/2014. Next, on April 28th 2015, the Company's Management Board finalised negotiations with the legal advisers to certain Financial Creditors on updating the Company's Arrangement Proposals of November 3rd 2014. As a consequence, the Arrangement Proposals of April 28th 2015 (Current Arrangement Proposals) were filed with the Bankruptcy Court on April 29th 2015, as reported by the Company in Current Report No. 13/2015. In accordance with the Current Arrangement Proposals, the Company's Creditors are divided into seven groups, depending on the category of interest they represent and the type and amount of their claims. The Creditors were divided into categories of interest in accordance with the Bankruptcy and Restructuring Law. The full text of the Current Arrangement Proposals as filed with the court is available on the Company's website at www.pbg-sa.pl in the 'Restructuring' section.

On June 12th 2013, the Company was notified that a list of claims had been delivered by the court supervisor to the judge commissioner. The total amount of the acknowledged claims specified in the list of claims by the court supervisor was PLN 2,776,254 thousand. On July 4th 2013, the Judge announced that the drafting of the list of claims had been completed. On December 24th 2013, the Judge Commissioner announced completion by the court supervisor of the first supplementary list of claims as at November 29th 2013. The total amount of the acknowledged claims included in the first supplementary list of claims by the court supervisor was PLN 191.25m. On May 28th 2014, the Judge announced completion by the court supervisor of the second supplementary list of claims as at April 22nd 2014. The total amount of the acknowledged claims specified in the second supplementary list of claims by the court supervisor was PLN 89.7m. On August 13th 2014, the Judge Commissioner announced completion of the third supplementary list of claims as at July 29th 2014. The total amount of the acknowledged claims specified in the third supplementary list of claims by the court supervisor was PLN 70.7m. Subsequently, on May 28th 2015, the Judge Commissioner announced completion of the fourth supplementary list of claims as at April 28th 2015. The total amount of the acknowledged claims specified in the fourth supplementary list of claims by the court supervisor was PLN 137.5m.

On December 9th 2014, the Judge Commissioner approved: (i) the list of claims; (ii) the first supplementary list of claims; (iii) the second supplementary list of claims, and (iv) the third supplementary list of claims, as

reported by the Company in Current Report No. 28/2014. On July 8th 2015, the Judge Commissioner approved the fourth supplementary list of claims, as reported by the Company in Current Report No. 22/2015.

On February 19th 2015, the Judge Commissioner set the date and time of the Meeting of PBG Creditors, as reported by the Company in Current Report No. 4/2015. In accordance with the Judge's decision, the dates of the Meeting of PBG Creditors were set for April 27th, 28th and 29th 2015. Considering the state of negotiations between the Company and its Financial Creditors, who are the Company's major Creditors, holding more than two-thirds of all claims against the Company covered by the arrangement, on April 13th 2015 the Company filed a motion with the District Court for Poznań-Stare Miasto in Poznań to change the date of the Creditors' Meeting convened by the Judge Commissioner for the purpose of voting on adoption of the arrangement, on which the Company reported in Current Report No. 7/2015. The Company requested that a new date of the Meeting be set for the end of June 2015. Having considered the Company's request of April 13th 2015, on April 15th 2015 the Judge Commissioner issued a decision revoking the date of voting originally set for April 27th, 28th and 29th 2015. (See Current Report No. 8/2015.) Concurrently, the Judge Commissioner required that the Company file updated Arrangement Proposals. The Company complied with the requirement and on April 29th 2015 filed Current Arrangement Proposals of April 28th 2015, as reported in Current Report No. 13/2015.

On May 14th 2015, The Judge Commissioner set the date of the Meeting of Creditors for August 3rd, August 4th and August 5th, as reported by the Company in Current Report No. 14/2015. The Meeting of Company Creditors was held on the dates set by the Judge Commissioner. On the first day of the Meeting of Creditors (August 3rd 2015), the Judge Commissioner adjourned the Meeting until 10.00 am on August 25th 2015, as reported in Current Report No. 27/2015. The decision was related to the adoption of written ballot as an admissible form of voting, enabling Creditors to vote by the written procedure by the end of August 5th 2015. At the end of the Meeting of Creditors, on August 5th 2015, the Judge Commissioner presented a preliminary summary of voting results in each Group of creditors entitled to vote. The information provided by the Judge Commissioner suggested that in Group 1, Group 2, Group 4 and Group 5, the majority of creditors had voted in favour of the arrangement (separately in each of the Groups and also considering the total number of creditors in all Groups), holding the required majority of two-thirds (2/3) of the total amount of claims, both in each Group and considering the total amount of claims, as reported by the Company in Current Report No. 32/2015. On August 25th 2015, the Judge Commissioner confirmed execution of the Arrangement with Creditors consistent with the Company's Arrangement Proposals of April 28th 2015, as reported by the Company in Current Report No. 34/2015. The Judge Commissioner stated that out of the 356 creditors entitled to vote, whose claims totalled PLN 2,668,353 thousand, the majority, i.e. creditors representing PLN 2,524,531 thousand (94.61%) of the total claims conferring voting rights, voted in favour of the Arrangement.

On July 31st and August 1st 2015, the Company and certain arrangement creditors holding Group 5 and Group 6 claims executed agreements setting out the terms of restructuring of the Company's liabilities. The executed documents include in particular two key agreements, i.e. the Restructuring Agreement and the Issue and Agency Agreement. Additionally, the Company executed a number of related documents. The documents comprehensively define the terms of restructuring which had been negotiated by the Parent

and its largest arrangement creditors since September 2013. Detailed information on the agreements executed on July 31st and August 1st 2015 was presented by the Company in Current Report No. 26/2015.

In parallel to the steps taken to restructure debt, operational and asset restructuring efforts have also been undertaken.

In the opinion of the Company's Management Board, the proper performance of the arrangement is guaranteed by:

1. restructuring of Company's non-operating non-current assets, the sale of which will constitute one of the sources of payments to be made under the arrangement;
2. divestment of the PBG Group's property development and other projects;
3. ability to bid for profitable contracts in the power construction sector, based on cooperation with RAFAKO S.A., PBG's subsidiary;
4. winning new contracts in the oil and gas sector, PBG's strategic segment.

CONTACT DETAILS

REGISTERED OFFICE OF PBG S.A.:

ul. Skórzewska 35,
Wysogotowo near Poznań, Poland
62-081 Przeźmierowo
Phone: +48 61 66 51 700
Fax: +48 61 66 51 701
www.pbg-sa.pl
Email: polska@pbg-sa.pl

INVESTOR RELATIONS:

Wiktoria Wiśniewska
Phone: +48 61 66 88 242
Email: wiktoria.wisniewska@pbg-sa.pl

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

President of the Management Board	Jerzy Wiśniewski
Vice-President of the Management Board	Kinga Banaszak – Filipiak
Vice-President of the Management Board	Mariusz Łożyński
Member of the Management Board	Bożena Ciosk