POLISH FINANCIAL SUPERVISION AUTHORITY

PBG GROUP

Interim condensed consolidated financial statements

for the first quarter of 2015

prepared in accordance with International Financial Reporting Standards

Date of filing: May 15th 2015

QSr 1/2015** (all amounts in PLN '000, unless otherwise indicated)

PBG Spółka Akcyjna w upadłości układowej (in company voluntary arrangement)
(full name)

PBG SA w upadłości układowej (in company voluntary arrangement) (abbreviated name)	**Construction** (sector according to the WSE's classification)
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777-21-94-746 (NIP – Tax Identification Number)	**631048917** (REGON – Industry Identification Number)

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KEY FINANCIAL DATA

Item	for the period Jan 1–Mar 31 2015 PLN	for the period Jan 1–Mar 31 2014 PLN	for the period Jan 1–Mar 31 2015 EUR	for the period Jan 1–Mar 31 2014 EUR
Statement of profit or loss				
Revenue	323,355	253,219	77,938	60,443
Operating profit (loss)	(2,202)	(37,433)	(531)	(8,935)
Profit (loss) before tax	(4,045)	(38,213)	(975)	(9,121)
Net profit/(loss) from continuing operations	(7,561)	(39,214)	(1,822)	(9,360)
Net profit (loss) attributable to:	(7,616)	(39,059)	(1,836)	(9,323)
- owners of the Parent	(6,090)	(35,949)	(1,468)	(8,581)
- non-controlling interests	(1,526)	(3,110)	(368)	(742)
Total comprehensive income	(19,541)	(90,365)	(4,710)	(21,570)
- owners of the Parent	(17,948)	(77,262)	(4,326)	(18,442)
- non-controlling interests	(1,593)	(13,103)	(384)	(3,128)
Net earnings/(loss) per share from continuing and discontinued operations (PLN/EUR)	(0.43)	(2.51)	(0.10)	(0.60)
Diluted net earnings/(loss) per share from continuing and discontinued operations (PLN/EUR)	(0.43)	(2.51)	(0.10)	(0.60)
Average PLN/EUR exchange rate	x	x	4.1489	4.1894
Statement of cash flows				
Net cash from operating activities	(52,329)	53,875	(12,613)	12,860
Net cash from investing activities	11,616	23,661	2,800	5,648
Net cash from financing activities	(18,873)	(103,922)	(4,549)	(24,806)
Net increase/(decrease) in cash and cash equivalents	(59,586)	(26,386)	(14,362)	(6,298)
Average PLN/EUR exchange rate	x	x	4.1489	4.1894

Item	As at Mar 31 2015 PLN	As at Mar 31 2014 PLN	As at Dec 31 2014 PLN	As at Mar 31 2015 EUR	As at Mar 31 2014 EUR	As at Dec 31 2014 EUR
Statement of financial position						
Assets	2,135,844	2,289,251	2,189,205	522,339	548,810	513,621
Non-current liabilities	491,157	588,712	526,842	120,117	141,134	123,605
Current liabilities	2,348,490	2,373,174	2,335,120	574,343	568,929	547,854
Equity attributable to owners of the Parent	(962,950)	(935,879)	(944,950)	(235,498)	(224,361)	(221,700)
Share capital	14,295	14,295	14,295	3,496	3,427	3,354
Number of shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Book value per share (PLN/EUR)	(67.36)	(65.47)	(66.10)	(16.47)	(15.70)	(15.51)
Dividend per share declared or paid (PLN/EUR)	-	-	-	-	-	-
PLN/EUR exchange rate at end of period	x	x	x	4.0890	4.1713	4.2623

QSr 1/2015** (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	As at Mar 31 2015	As at Mar 31 2014	As at Dec 31 2014
Assets			
Non-current assets	**1,048,392**	**1,009,960**	**1,072,886**
Goodwill	381,686	385,518	381,686
Intangible assets	10,598	12,759	11,345
Property, plant and equipment	256,890	289,316	258,238
Non-regenerative natural resources	36,782	36,782	36,782
Investment property	213,448	210,609	213,783
Non-current investments	7,577	7,577	7,577
Investments in joint ventures	30,120	-	46,447
Receivables	44,906	30,278	57,212
Loans advanced	37	420	38
Derivative financial instruments	-	-	-
Other non-current financial assets	1,627	3,881	1,673
Deferred tax assets	62,187	31,778	54,887
Non-current prepayments and accrued income	2,534	1,042	3,218
Current assets	**1,087,452**	**1,279,291**	**1,116,319**
Inventories	58,070	380,714	61,596
Amounts due from customers for construction contract work	265,008	228,958	272,467
Trade and other receivables	626,619	450,398	534,814
Current tax assets	13,445	15,648	14,240
Loans advanced	388	9,269	381
Derivative financial instruments	-	24	-
Other current financial assets	-	35,709	-
Cash and cash equivalents	72,020	147,955	104,693
Current prepayments and accrued income	49,956	8,068	52,247
Assets classified as held for sale	1,946	2,548	75,881
Total assets	**2,135,844**	**2,289,251**	**2,189,205**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

Item	As at Mar 31 2015	As at Mar 31 2014	As at Dec 31 2014
Equity and liabilities			
Equity	**(703,803)**	**(672,635)**	**(672,757)**
Equity attributable to owners of the Parent	**(962,950)**	**(935,879)**	**(944,950)**
Share capital	14,295	14,295	14,295
Treasury shares	-	-	-
Share premium	733,348	733,348	733,348
Cash-flow hedges	(882)	(2,860)	(742)
Translation reserve	(15,435)	(44,156)	(3,765)
Other capital reserves	475,354	630,646	524,075
Retained earnings/(accumulated losses)	**(2,169,630)**	**(2,267,152)**	**(2,212,161)**
- accumulated profit/(loss) from prior years	(2,163,540)	(2,231,203)	(2,127,773)
- net profit/(loss) for current year attributable to owners of the Parent	(6,090)	(35,949)	(84,388)
Non-controlling interests	**259,147**	**263,244**	**272,193**
Liabilities	**2,839,647**	**2,961,886**	**2,861,962**
Non-current liabilities	**491,157**	**588,712**	**526,842**
Borrowings and other debt instruments	51,748	89,493	54,959
Finance lease liabilities	13,325	13,841	13,096
Derivative financial instruments	1,089	3,535	916
Other liabilities	37,533	19,650	69,619
Deferred tax liabilities	4,614	-	4,701
Employee benefit obligations and provisions	25,744	23,248	25,475
Other non-current provisions	355,978	437,621	356,892
Non-current accruals and deferred income	1,126	1,324	1,184
Current liabilities	**2,348,490**	**2,373,174**	**2,335,120**
Borrowings and other debt instruments	1,330,637	1,454,673	1,345,957
Finance lease liabilities	2,714	2,603	2,454
Derivative financial instruments	-	396	-
Trade and other payables	742,036	617,050	700,227
Amounts due to customers for construction contract work	145,862	121,569	126,375
Current tax liabilities	65	726	897
Employee benefit obligations and provisions	40,124	29,036	37,490
Other current provisions	84,904	145,389	103,885
Government grants	-	8	-
Current accruals and deferred income	2,148	1,722	2,244
Liabilities related to assets classified as held for sale	-	2	15,591
Total equity and liabilities	**2,135,844**	**2,289,251**	**2,189,205**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Continuing operations		
Revenue	**323,355**	**253,219**
Sales of finished goods	200,755	193,590
Rendering of services	119,609	54,713
Sales of merchandise and materials	2,991	4,916
Cost of sales	**(300,897)**	**(237,620)**
Finished goods sold	(186,126)	(171,790)
Services rendered	(112,428)	(59,573)
Merchandise and materials sold	(2,343)	(6,257)
Gross profit (loss)	**22,458**	**15,599**
Distribution costs	(6,335)	(13,771)
Administrative expenses	(17,565)	(17,334)
Other income	4,896	29,562
Other expenses	(5,656)	(51,489)
Restructuring costs	-	-
Operating profit (loss)	**(2,202)**	**(37,433)**
Finance costs	407	(780)
Share of profit/(loss) of equity-accounted entities	(2,250)	-
Profit (loss) before tax	**(4,045)**	**(38,213)**
Income tax expense	(3,516)	(1,001)
Net profit/(loss) from continuing operations	**(7,561)**	**(39,214)**
Discontinued operations		
Net profit/(loss) from discontinued operations	(55)	155
Net profit/(loss)	**(7,616)**	**(39,059)**
Net profit/(loss) attributable to:	**(7,616)**	**(39,059)**
- owners of the parent	(6,090)	(35,949)
- non-controlling interests	(1,526)	(3,110)

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EARNINGS PER SHARE

Item	Q1 2015 Jan 1 – Mar 31 2015	Q1 2014 Jan 1 –Mar 31 2014
Net profit/(loss) from continuing operations attributable to:	**(7,561)**	**(39,214)**
- owners of the parent	(6,062)	(36,027)
- non-controlling interests	(1,499)	(3,187)
Net profit/(loss) from discontinued operations attributable to:	**(55)**	**155**
- owners of the parent	(28)	78
- non-controlling interests	(27)	77
Net profit/(loss) from continuing and discontinued operations attributable to:	**(7,616)**	**(39,059)**
- owners of the parent	(6,090)	(35,949)
- non-controlling interests	(1,526)	(3,110)
Weighted average number of ordinary shares	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000
from continuing operations		
- basic	(0.42)	(2.52)
- diluted	(0.42)	(2.52)
from continuing and discontinued operations		
- basic	(0.43)	(2.51)
- diluted	(0.43)	(2.51)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Net profit/(loss)	**(7,616)**	**(39,059)**
Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:		
Available-for-sale financial assets	-	-
Cash flow hedges		
- gains/(losses) recognised for the period under other comprehensive income	(173)	(612)
Exchange differences on translating foreign operations	(11,701)	(52,136)
Deferred income tax	33	1,198
Other comprehensive income that will not be reclassified to profit or loss, relating to:		
Actuarial gains/losses on employee benefits	(103)	302
Deferred income tax	19	(58)
Other comprehensive income, net of tax	**(11,925)**	**(51,306)**
Total comprehensive income	**(19,541)**	**(90,365)**
Total comprehensive income attributable to:		
- owners of the Parent	(17,948)	(77,262)
- non-controlling interests	(1,593)	(13,103)

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE PBG GROUP'S FINANCIAL PERFORMANCE IN Q1 2015

1. DISCUSSION OF THE GROUP'S FINANCIAL PERFORMANCE

Important events and factors with a bearing on the financial performance of the PBG Group in Q1 2015:
In Q1 2015, the PBG Group's revenue exceeded **PLN 323m**, and the Group posted **gross profit on sales of PLN 22.5m**, and net loss of PLN 7.6m. Both revenue from sales and gross profit on sales were higher year on year. The Group did not recognise any one-off events which could materially affect the Group's financial performance. PBG's and the RAFAKO Group's revenue account for 12% and 87% of the PBG Group's total revenue, respectively.

Summary of Q1 2015:

- **Revenue** came in at **PLN 323.4m**, i.e. **up by 28%** year on year.
- **Gross profit was PLN 22.5m.**
- **Operating loss was PLN 2.2m.**
- **Net loss** attributable to owners of the Parent was **PLN 6m,** compared with **PLN 36m** loss in Q1 2014**.**
- The RAFAKO Group's performance had a positive effect on the PBG Group's financial result, with **revenue** at ca. **PLN 283m**, **operating profit** at **PLN 8.77m** and **net profit** attributable to owners of the parent at **PLN 2.2m**. The RAFAKO Group positively contributed to the PBG Group's consolidated result. PBG generated **revenue** of nearly **PLN 37.8m**, with **operating loss** of **PLN 16.9m** and **net loss** of **PLN 15.6m**.
- As at the end of Q1 2015, the Group held **PLN 72m** in cash and cash equivalents.
- **On April 1st 2015,** the value of the Group's order book was approximately **PLN 6.05bn,** of which approximately **PLN 1.15bn** is deliverable **in 2015, PLN 2.25bn – in 2016, and the remaining PLN 2.65bn is to be delivered in 2017 or in later years.** Currently, power construction projects account for the largest portion of the order book's value – 91%. The second largest contributor is the gas, oil and fuels segment – 9%. The other segments' shares in the total are insignificant.

ORDER BOOK AS AT APRIL 1ST 2015 (% and PLNm)		
Gas, oil and fuels	9%	550
Power construction	91%	5,500
TOTAL	100.0%	6,050

In Q1 2015, the most important sources of revenue in the Group's core segments were the construction contracts presented below. The amounts specified represent contract revenue recognised in Q1 2015.

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

A). Gas, oil and fuels

1) **Construction of the liquefied natural gas regasification terminal in Świnoujście**; contract executed between Polskie LNG S.A. and the consortium of Saipem S.p.A., Saipem S.A., Techint Compagnia Tecnica Internazionale S.p.A., Snamprogetti Canada Inc., PBG SA and PBG Energia Sp. z o.o. (formerly PBG Export Sp. z o.o.); recognised revenue: **PLN 34,810 thousand**;

B). Power construction

1) **Construction of a supercritical 800-910 MW power generation unit at Jaworzno III Power Plant – Power Plant II: steam generator, turbine generator set, main building, electrical and I&C systems**; contract executed between TAURON WYTWARZANIE S.A. and RAFAKO S.A. – recognised revenue: **PLN 81,579 thousand**;
2) **Design, construction and commissioning of a wet lime-and-gypsum flue-gas desulfurization unit for EC Gdańsk**; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: **PLN 12,416 thousand**;
3) **Design and construction of a wet lime-and-gypsum flue-gas desulfurization unit for ZEC Wrocław**; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: **PLN 22,930 thousand**;
4) **Design, construction and commissioning of a wet lime-and-gypsum flue-gas desulfurization unit for EC Gdynia**; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: **PLN 19,308 thousand**;
5) **Design and construction of a wet lime-and-gypsum flue-gas desulfurization unit for EC Kraków**; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: **PLN 31,043 thousand**;
6) **Construction of OFz-140 fluidized boiler with dust removal system in Oświęcim**; contract executed between SYNTHOS DWORY 7 SP. Z O.O. S.K.A and RAFAKO S.A.; recognised revenue: **PLN 19,124 thousand**;
7) **Delivery, assembly and start-up of a boiler for waste incineration, Hereford Project**; contract executed between ITACHI INOVA AG and RAFAKO S.A.; recognised revenue: **PLN 11,531 thousand**.

PBG Group's profitability in the reporting period

Profitability ratios	Q1 2015	Q1 2014
Gross margin[1]	6.9%	6.2%
Operating margin[2]	-0.7%	-14.8%
Net margin[3]	-1.9%	-14.2%

[1] gross profit / revenue*100
[2] operating profit / revenue*100
[3] net profit attributable to owners of the Parent / revenue*100

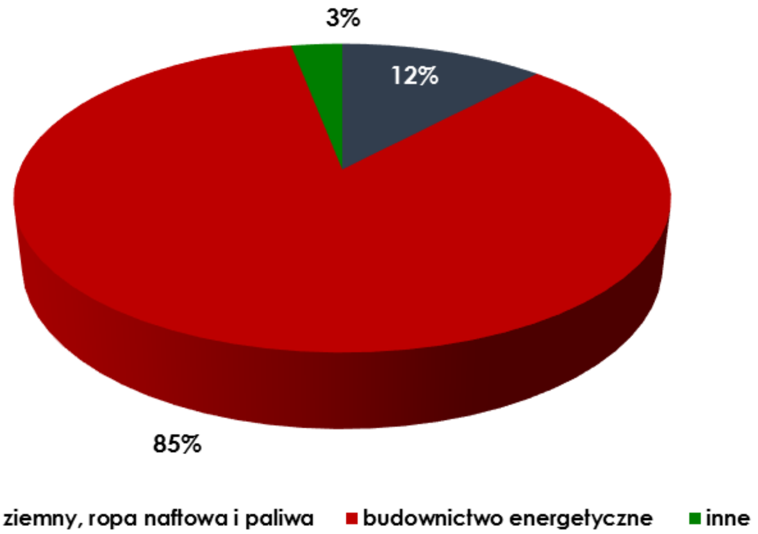
QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

In Q1 2015, the Group's margins increased at all levels of the P&L:

- positive **gross margin** at 6.9%;
- **negative operating margin** at -0.7%;
- **negative net margin** at -2.4%.

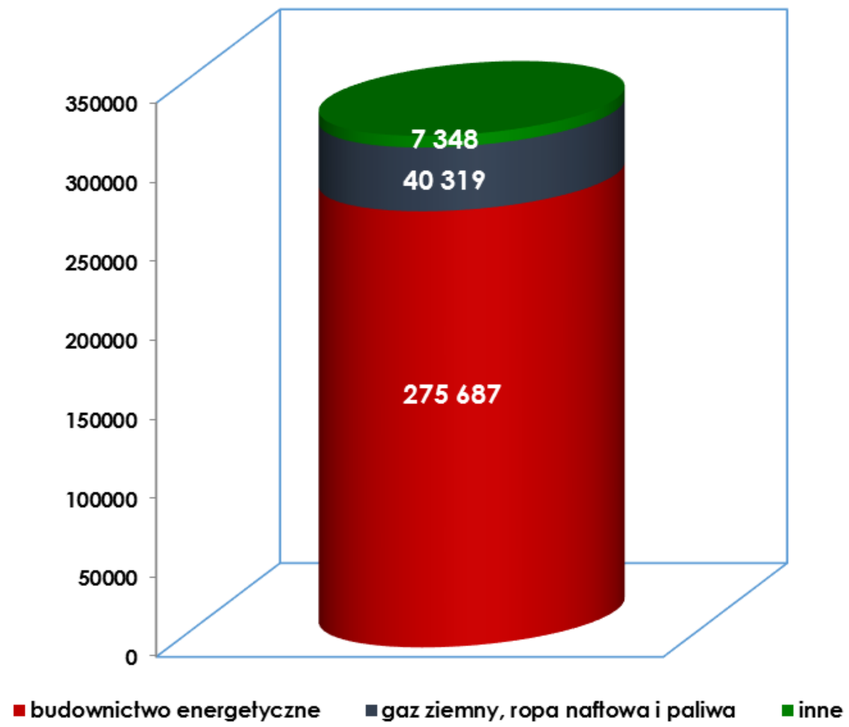
The share of variable costs in total revenue decreased from 94% in Q1 2014 to 93% in Q1 2015, i.e. by 1 percentage point. The share of administrative expenses in revenue decreased in the reporting period **to 5.4%** (Q1 2014: 6.8%).

SEGMENTS' PERCENTAGE SHARES IN THE GROUP'S REVENUE IN Q1 2015



Gaz ziemny, ropa naftowa i paliwa	Gas, oil and fuels
Budownictwo energetyczne	Power construction
Inne	Other

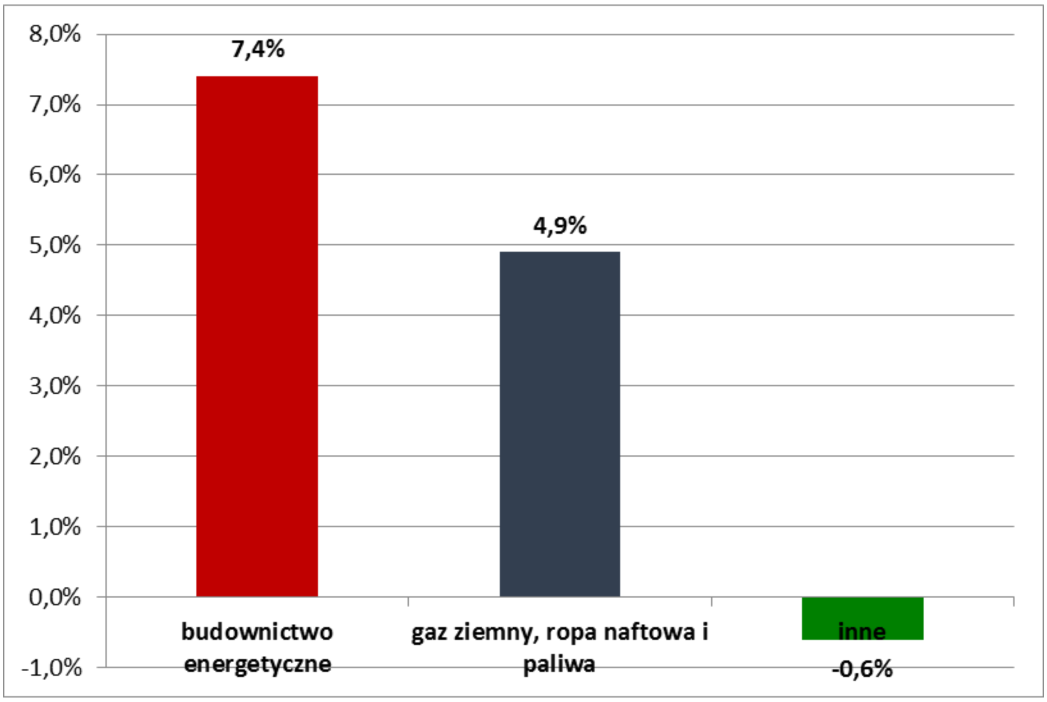
SEGMENTS' CONTRIBUTION TO THE GROUP'S REVENUE IN Q1 2015 (PLN '000)



Budownictwo energetyczne	Power construction
Gaz ziemny, ropa naftowa i paliwa	Gas, oil and fuels
Inne	Other

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

GROSS MARGINS BY SEGMENT IN Q1 2015



Budownictwo energetyczne	Power construction
Gaz ziemny, ropa naftowa i paliwa	Gas, oil and fuels
Inne	Other

2. OTHER INCOME AND EXPENSES, FINANCE INCOME AND COSTS

1. Other income

In Q1 2015, **other income was PLN 4.9m**, of which 'Penalties and compensation received' constituted the largest item, of PLN 0.7m. Another important item in other income is reversal of impairment losses on assets of PLN 0.67m, and revenue from lease and rental in the amount of PLN 0.5m. Year on year, other income **decreased by 83%**.

2. Other expenses

As at the end of Q1 2015**, other expenses were PLN 5.7m,** having decreased by 89% year on year**.** Other expenses included impairment losses on loans advanced of PLN 3.1m, and interest related to operating activities, of PLN 1m.

3. Finance income

Finance income in Q1 2015 **was PLN 2.5m**, slightly lower than in the previous year. The largest item of finance income was foreign exchange differences on bank borrowings, of PLN 2.2m.

4. Finance costs

In Q1 2015, **finance costs were PLN 2.1m**, having **decreased** by 40% year on year. The largest item in finance costs was interest expense on borrowings (nearly PLN 1.7m).

3. PBG GROUP'S STATEMENT OF CASH FLOWS

Cash flows (PLN '000)	Q1 2015	Q1 2014
Net cash from operating activities	-52,329	+53,875
Net cash from investing activities	+11,616	+23,661
Net cash from financing activities	-18,873	-103,922
Net cash at the end of the period	+72,020	+147,955

In Q1 2015, cash flows from operating activities generated by the PBG Group were **negative. Net cash flow from investing activities** was PLN 11.6m. **Net cash from financing activities** was negative at PLN -18.9m. In the reporting period, the PBG Group contracted bank borrowings for a total of PLN 8.2m, and repaid bank borrowings of PLN 24.5m.

Profile of cash flows	Q1 2015	Q1 2014
Net cash from operating activities	-	+
Net cash from investing activities	+	+
Net cash from financing activities	-	-
Net cash at the end of the period	+	+

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – MARCH 31ST 2015

Item	Equity attributable to owners of the Parent								Non-controlling interests	Total equity
	Share capital	Treasury shares (-)	Share premium	Cash-flow hedges	Translation reserve	Other reserves	Retained earnings / Accumulated losses	Total		
Balance as at Jan 1 2015	**14,295**	**-**	**733,348**	**(742)**	**(3,765)**	**524,075**	**(2,212,161)**	**(944,950)**	**272,193**	**(672,757)**
Changes in accounting policies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Corrections of errors	-	-	-	-	-	-	-	-	-	-
Restated balance	**14,295**	**-**	**733,348**	**(742)**	**(3,765)**	**524,075**	**(2,212,161)**	**(944,950)**	**272,193**	**(672,757)**
Changes in equity in the period Jan 1 – Mar 31 2015										
Share issue	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries (transactions with non-controlling interests)	-	-	-	-	-	(27,353)	27,353	-	(11,453)	(11,453)
Reclassification of equity items upon loss of control	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	(22,105)	22,053	(52)	-	(52)
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	785	(785)		-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(48,673)**	**48,621**	**(52)**	**(11,453)**	**(11,505)**
Net profit (loss) for the period Jan 1 – Mar 31 2015	**-**	**-**	**-**	**-**	**-**	**-**	**(6,090)**	**(6,090)**	**(1,526)**	**(7,616)**
Other comprehensive income net of tax for the period Jan 1 – Mar 31 2015	-	-	-	(140)	(11,670)	(48)	-	(11,858)	(67)	(11,925)
Total comprehensive income	**-**	**-**	**-**	**(140)**	**(11,670)**	**(48)**	**(6,090)**	**(17,948)**	**(1,593)**	**(19,541)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
Balance as at Mar 31 2015	**14,295**	**-**	**733,348**	**(882)**	**(15,435)**	**475,354**	**(2,169,630)**	**(962,950)**	**259,147**	**(703,803)**

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – MARCH 31ST 2014

Item	Equity attributable to owners of the Parent								Non-controlling interests	Total equity
	Share capital	Treasury shares (-)	Share premium	Cash-flow hedges	Translation reserve	Other reserves	Retained earnings / Accumulated losses	Total		
Balance as at Jan 1 2014	**14,295**	**-**	**733,348**	**(2,364)**	**(3,190)**	**644,764**	**(2,245,136)**	**(858,283)**	**275,437**	**(582,846)**
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Corrections of errors	-	-	-	-	-	-	-	-	-	-
Restated balance	**14,295**	**-**	**733,348**	**(2,364)**	**(3,190)**	**644,764**	**(2,245,136)**	**(858,283)**	**275,437**	**(582,846)**
Changes in equity in the period Jan 1 – Mar 31 2014										
Share issue	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries (transactions with non-controlling interests)	-	-	-	-	-	(358)	(216)	(574)	910	336
Reclassification of equity items upon loss of control						(13,984)	13,984			
Other adjustments	-	-	-	-	-	-	240	240	-	240
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	75	(75)	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(14,267)**	**13,933**	**(334)**	**910**	**576**
Net profit (loss) for the period Jan 1 – Mar 31 2014	**-**	**-**	**-**	**-**	**-**	**-**	**(35,949)**	**(35,949)**	**(3,110)**	**(39,059)**
Other comprehensive income net of tax for the period Jan 1 – Mar 31 2014	-	-	-	(496)	(40,966)	149	-	(41,313)	(9,993)	(51,306)
Total comprehensive income	**-**	**-**	**-**	**(496)**	**(40,966)**	**149**	**(35,949)**	**(77,262)**	**(13,103)**	**(90,365)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
Balance as at Mar 31 2014	**14,295**	**-**	**733,348**	**(2,860)**	**(44,156)**	**630,646**	**(2,267,152)**	**(935,879)**	**263,244**	**(672,635)**

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – DECEMBER 31ST 2014

Item	Equity attributable to owners of the Parent								Non-controlling interests	Total equity
	Share capital	Treasury shares (-)	Share premium	Cash-flow hedges	Translation reserve	Other reserves	Retained earnings / Accumulated losses	Total		
Balance as at Jan 1 2014	**14,295**	**-**	**733,348**	**(2,364)**	**(3,190)**	**644,764**	**(2,245,136)**	**(858,283)**	**275,437**	**(582,846)**
Changes in accounting policies	-	-	-	-	-	-	-	**-**	-	**-**
Corrections of errors	-	-	-	-	-	-	-	**-**	-	**-**
Restated balance	**14,295**	**-**	**733,348**	**(2,364)**	**(3,190)**	**644,764**	**(2,245,136)**	**(858,283)**	**275,437**	**(582,846)**
Changes in equity in the period Jan 1–Dec 31 2014										
Share issue	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries (transactions with non-controlling interests)	-	-	-	-	-	(358)	(494)	(852)	2,224	1,372
Other adjustments	-	-	-	-	-	-	-	-	-	-
Reclassification of equity items upon loss of control	-	-	-	-	-	(13,983)	13,983	-	-	-
Dividends	-	-	-	-	-	-	-	-	(605)	(605)
Transfer to reserves	-	-	-	-	-	(103,874)	103,874	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(118,215)**	**117,363**	**(852)**	**1,619**	**767**
Net profit/(loss) for the period Jan 1–Dec 31 2014	**-**	**-**	**-**	**-**	**-**	**-**	**(84,388)**	**(84,388)**	**3,589**	**(80,799)**
Other comprehensive income net of tax for the period Jan 1–Dec 31 2014	-	-	-	1,622	(575)	(2,474)	-	(1,427)	(8,452)	(9,879)
Total comprehensive income	**-**	**-**	**-**	**1,622**	**(575)**	**(2,474)**	**(84,388)**	**(85,815)**	**(4,863)**	**(90,678)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
Balance as at Dec 31 2014	**14,295**	**-**	**733,348**	**(742)**	**(3,765)**	**524,075**	**(2,212,161)**	**(944,950)**	**272,193**	**(672,757)**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Cash flows from operating activities		
Profit/(loss) before tax from continuing operations	**(4,045)**	**(38,213)**
Profit/(loss) before tax from discontinued operations	**(66)**	**190**
Profit (loss) before tax	**(4,111)**	**(38,023)**
Adjustments:		
Depreciation and impairment of property, plant and equipment	4,065	4,223
Amortisation and impairment of intangible assets	833	990
Gains (losses) on financial assets and liabilities at fair value through profit or loss	-	(246)
Cash flow hedges recycled from equity	-	272
Impairment of financial assets	2,832	27,647
(Gains) losses on disposal of non-financial non-current assets	(658)	482
Gain (loss) on disposal of non-derivative financial assets	-	20,076
Foreign exchange gains (losses)	(2,245)	819
Interest expense	2,019	2,778
Interest income	(328)	(1,616)
Interest on deposits (received in advance)	-	(16)
Share of profit (loss) of associates	2,250	-
Other adjustments	(304)	(2,166)
Total adjustments	**8,464**	**53,243**
Change in inventories	3,096	(22,473)
Change in trade and other receivables	(81,663)	222,930
Change in trade payables	19,585	(65,766)
Change in provisions, accruals and prepaid expenses	(13,543)	(20,860)
Change in construction contracts and related liabilities	26,947	(70,478)
Net changes in working capital	**(45,578)**	**43,353**
Settling of derivative financial instruments	(89)	(9)
Interest paid (operating activities only)	(51)	-
Income taxes paid	(10,964)	(4,689)
Net cash from operating activities	**(52,329)**	**53,875**
Cash flows from investing activities		
Purchase of intangible assets	(204)	(282)
Proceeds from disposals of intangible assets	294	-
Purchase of property, plant and equipment	(9,663)	(953)
Proceeds from disposals of property, plant and equipment	709	2,118
Purchase of investment property	(2)	(3,813)
Proceeds from disposals of investment property	417	2,821
Acquisition of subsidiaries, net	-	(24)
Sale of subsidiaries, net	48,000	74
Repayment of loans advanced	-	13,956
Loans advanced	-	(386)
Purchase of other financial assets	-	(970)
Proceeds from disposals of other financial assets	-	508
Interest received	75	118
Other inflows	-	10,579
Other investment outflows	(28,010)	(85)
Net cash from (used in) investing activities	**11,616**	**23,661**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

Cash flows from financing activities		
Proceeds from issue of share capital	-	190
Proceeds from issue of debt securities	-	15,242
Proceeds from borrowings	8,232	10,039
Repayment of borrowings	(24,540)	(124,394)
Payment of finance lease liabilities	(1,052)	(902)
Interest paid	(1,676)	(4,497)
Interest on deposits (from financial surplus)	168	411
Other inflows/outflows	(5)	(11)
Net cash from financing activities	**(18,873)**	**(103,922)**
Net increase/(decrease) in cash and cash equivalents	**(59,586)**	**(26,386)**
Cash and cash equivalents, beginning of period	**131,742**	**173,894**
Effect of exchange rate changes	(136)	447
Cash and cash equivalents, end of period	**72,020**	**147,955**

2 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR Q1 2015

2.1 The Parent and the PBG Group

2.1.1. The Parent

The parent of the PBG Group ("the Group" or "the PBG Group") is PBG S.A. in company voluntary arrangement ("the Parent", "the Company") (the composition of the PBG Group is presented in Note 2.1.3). These interim condensed consolidated financial statements of the Group cover the first quarter ended March 31st 2015 and include comparative data for the first quarter ended March 31st 2014.

The Parent was incorporated on January 2nd 2004 by virtue of a Notary Deed of December 1st 2003. The Parent is entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for Poznań—Nowe Miasto and Wilda, VII Commercial Division of the National Court Register, under KRS No. 0000184508. The Parent's Industry Identification Number (REGON) is 631048917. PBG shares are listed on the Warsaw Stock Exchange.

The Parent's registered office is located at ul. Skórzewska 35 in Wysogotowo near Poznań, 62-081 Przeźmierowo, Poland. On October 1st 2009, a PBG representative office was registered in Ukraine. Its purpose was to conduct market research in Ukraine and establish contacts with companies operating in the construction and related services sector.

The Parent and the Group companies were incorporated for unspecified time.

The Management Board and Supervisory Board of PBG SA (in company voluntary arrangement)

Composition of the Parent's Management Board and Supervisory Board as at March 31st 2015, March 31st 2014, and December 31st 2014 is presented in the table below:

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

As at Mar 31 2015	
Composition of the Parent's Management Board	**Composition of the Parent's Supervisory Board**
Jerzy Wiśniewski – President of the Management Board	Maciej Bednarkiewicz – Chairman of the Supervisory Board
Mariusz Łożyński – Vice-President of the Management Board	Małgorzata Wiśniewska – Deputy Chairman of the Supervisory Board
Kinga Banaszak-Filipiak − Vice-President of the Management Board	Andrzej Stefan Gradowski − Secretary of the Supervisory Board
Bożena Ciosk – Member of the Management Board	Przemysław Szkudlarczyk – Member of the Supervisory Board
	Dariusz Sarnowski – Member of the Supervisory Board
As at Mar 31 2014	
Composition of the Parent's Management Board	**Composition of the Parent's Supervisory Board**
Paweł Mortas – President of the Management Board	Jerzy Wiśniewski – Chairman of the Supervisory Board
Tomasz Tomczak – Vice-President of the Management Board	Maciej Bednarkiewicz – Deputy Chairman of the Supervisory Board
Mariusz Łożyński – Vice-President of the Management Board	Małgorzata Wiśniewska – Secretary of the Supervisory Board
Kinga Banaszak-Filipiak – Vice-President of the Management Board	Przemysław Szkudlarczyk – Member of the Supervisory Board
Bożena Ciosk – Member of the Management Board	Dariusz Sarnowski – Member of the Supervisory Board
	Andrew Stefan Gradowski – Member of the Supervisory Board
	Norbert Słowik – Member of the Supervisory Board
As at Dec 31 2014	
Composition of the Parent's Management Board	**Composition of the Parent's Supervisory Board**
Jerzy Wiśniewski – President of the Management Board	Maciej Bednarkiewicz – Chairman of the Supervisory Board
Mariusz Łożyński – Vice-President of the Management Board	Małgorzata Wiśniewska – Deputy Chairman of the Supervisory Board
Kinga Banaszak-Filipiak – Vice-President of the Management Board	Andrzej Stefan Gradowski − Secretary of the Supervisory Board
Bożena Ciosk – Member of the Management Board	Przemysław Szkudlarczyk – Member of the Supervisory Board
	Dariusz Sarnowski – Member of the Supervisory Board

In the period from January 1st 2015 to the date of approval of these interim condensed consolidated financial statements for issue, there were no changes in the composition of the Parent's Management or Supervisory Board.

2.1.2. Group's principal business activities

The Parent's principal business activities consist in engineering activities and related technical consultancy in the area of natural gas, crude oil and fuels (according to the Polish Classification of Activities – PKD 71.12 Z).

The PBG Group provides general contractor services for construction projects in the natural gas, crude oil, fuels and power construction segments. The Group also operates on the property development market.

For a description of the Group entities' business, see the table in Note 2.1.3 to these financial statements.

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

2.1.3. PBG Group

The PBG Group consists of the Parent and the following subsidiaries:

Company name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	% of share capital held	
			Mar 31 2015	Mar 31 2014
PBG Avatia Sp. z o.o. (1)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Reproduction of recorded media PKD 18.20.Z	99.90%	99.90%
Brokam Sp. z o.o. (2)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate PKD 08.11.Z	100.00%	100.00%
PBG Dom Sp. z o.o. (3)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z Renting and operating of own or leased real property PKD 68.20.Z	100.00%	100.00%
PBG Erigo Sp. z o.o. (4)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Activities of head offices and holding companies other than financial holdings PKD 70.10.Z	100.00%	100.00%
Górecka Projekt Sp. z o.o. (5)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Development of building projects PKD 41.10. Z Renting and operating of own or leased real property PKD 68.20.Z	100.00%	100.00%
PBG Dom Invest Limited (6)	4 Afentrikas, Afentrika Court Office 2 P.C. 6018 Larnaka Cyprus	Holding of investment assets	100.00%	100.00%

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

Company name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	% of share capital held	
			Mar 31 2015	Mar 31 2014
Erigo I Sp. z o.o. (7)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
Erigo II Sp. z o.o. (8)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
Erigo III Sp. z o.o. (9)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
Erigo IV Sp. z o.o. (10)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
Erigo V Sp. z o.o. (11)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
Erigo IV Sp. z o.o. SKA (formerly: SMIP Investment Sp. z o.o. w organizacji SKA (in formation)) (12)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
City Development Sp. z o. o. (13)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Development of building projects PKD 41.10.Z	100.00%	100.00%
PBG Erigo Projekt Sp. z o.o. Ecoria II SKA (14)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Development of building projects PKD 41.10.Z	100.00%	100.00%

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

Company name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	% of share capital held	
			Mar 31 2015	Mar 31 2014
PBG Dom Invest X Sp. z o.o. Invest I SKA (15)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z Renting and operating of own or leased real property 68.20.ZPKD	100.00%	100.00%
PBG Dom Invest X Sp. z o.o. Złotowska 51 SKA (16)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
PBG Erigo Projekt Sp. z o.o. Quadro House SKA (17)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Development of building projects PKD 41.10.Z	100.00%	100.00%
PBG Erigo Projekt Sp. z o.o. Strzeszyn SKA (18)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Development of building projects PKD 41.10.Z	100.00%	100.00%
PBG Dom Invest X Sp. z o.o. (19)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
PBG Erigo Projekt Sp. z o.o. (20)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
PBG Erigo Finanse Sp. z o.o. (21)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%
PBG Erigo Projekt Sp. z o.o. Platan Hotel SKA (22)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Hotels and similar accommodation PKD 55.10.Z	100.00%	100.00%
PBG Erigo Projekt Sp. z o.o. Malta Hotel SKA (23)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Hotels and similar accommodation PKD 55.10.Z	100.00%	100.00%
Ecoria Sp. z o.o. (24)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real property PKD 68.10.Z	100.00%	100.00%

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

Company name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	% of share capital held	
			Mar 31 2015	Mar 31 2014
Wschodni Invest Sp. z o.o. (25)	ul. Mazowiecka 42, 60-623 Poznań POLAND	Other financial intermediation PKD 64.19.Z	100.00%	100.00%
Energopol Ukraina SA (26)	ul. Kondratiuka 1, 04201 Kiev UKRAINE	Construction and assembly activities	49.00%	49.00%
PBG Ukraina PAT (public joint-stock company) (27)	ul. Kondratiuka 1, 04201 Kiev UKRAINE	Construction of buildings and other structures, assembly and installation of prefabricated structures, assembly of metal structures, organisation of property construction projects intended for sale or rental; engineering activities.	100.00%	100.00%
PBG Operator Sp. z o.o. (28)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Other credit granting PKD 64.92.Z	100.00%	100.00%
PBG oil and gas Sp. z o. o. (29)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate PKD 08.11.Z	25.00%	25.00%
Bathinex Sp. z o.o. (30)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate PKD 08.11.Z	100.00%	100.00%
Multaros Trading Company Limited (31)	Kostaki Pandelidi 1, Kolokasides Building, 3rd floor, 1010 Nicosia CYPRUS	Holding of securities	100.00%	100.00%
RAFAKO S.A. (32)	ul. Łąkowa 33, 47-400 Racibórz, POLAND	Manufacture of steam generators except central heating hot water boilers (25.30.Z)	61.01%	61.01%
PGL-DOM Sp. z o.o. (33)	ul. Bukowa 1, 47-400 Racibórz, POLAND	Real property activities with own property (68.32 Z)	61.01%	61.01%
RAFAKO ENGINEERING Sp. z o. o. (34)	ul. Łąkowa 33, 47-400 Racibórz, POLAND	Construction and process design, urban planning (71.12.Z)	61.01%	61.01%

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

Company name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	% of share capital held	
			Mar 31 2015	Mar 31 2014
ENERGOTECHNIKA Engineering Sp. z o. o. (35)	ul. Łąkowa 33, 47-400 Racibórz, POLAND	Construction and process design, urban planning (71.12.Z)	50,93%	61.01%
RAFAKO ENGINEERING SOLUTION Sp. z o.o. (36)	Belgrade SERBIA	Process design, construction, industry, and environmental protection consultancy and supervision (74203)	46.98%	46.98%
RAFAKO Hungary Kft. (37)	Budapest HUNGARY	Equipment assembly in the power and chemical industry	61.01%	61.01%
E001RK Sp. z o.o. (38)	ul. Łąkowa 33, 47-400 Racibórz, POLAND	Development of building projects; construction of roads and highways, railways and subways, bridges and tunnels; engineering activities and technical and scientific consultancy; production, repair and maintenance of machinery and equipment, generation and transmission of and trading in electricity.	61.01%	61.01%
E003B7 Sp. z o.o. (39)	ul. Łąkowa 33, 47-400 Racibórz, POLAND	Development of construction projects, business consultancy and construction design, engineering and technology	61.01%	61.01%

The figures in the table above present the Parent's ownership interests in the share capital of the Group companies.

The percentage interests in the share capital of Group companies are presented as aggregate interests (the percentage share held by the Parent in the share capital of a given Group company times the percentage share held by that Group company in its subsidiary).

The number of shares equals the number of voting rights held by the Parent in the Group companies, except at Energotechnika Engineering Sp. z o.o., a RAFAKO Group company, where an equity interest is held by:

- Rafako Engineering Sp. z o. o. – holding 40.00% of the share capital of Energotechnika Engineering Sp. z o.o. (57.14% of total voting rights at the General Meeting of Energotechnika Engineering Sp. z o.o.);
- PGL-DOM Sp. z o. o. – holding 43.48% of the share capital of Energotechnika Engineering Sp. z o.o. (31.06% of total voting rights at the General Meeting of Energotechnika Engineering Sp. z o.o.).

Except for Energopol Ukraina S.A. (item 26), all the companies listed in the table above are fully-consolidated subsidiaries. Energopol Ukraina S.A. is accounted for in these interim condensed consolidated financial statements as a joint venture, in accordance with IFRS 11.

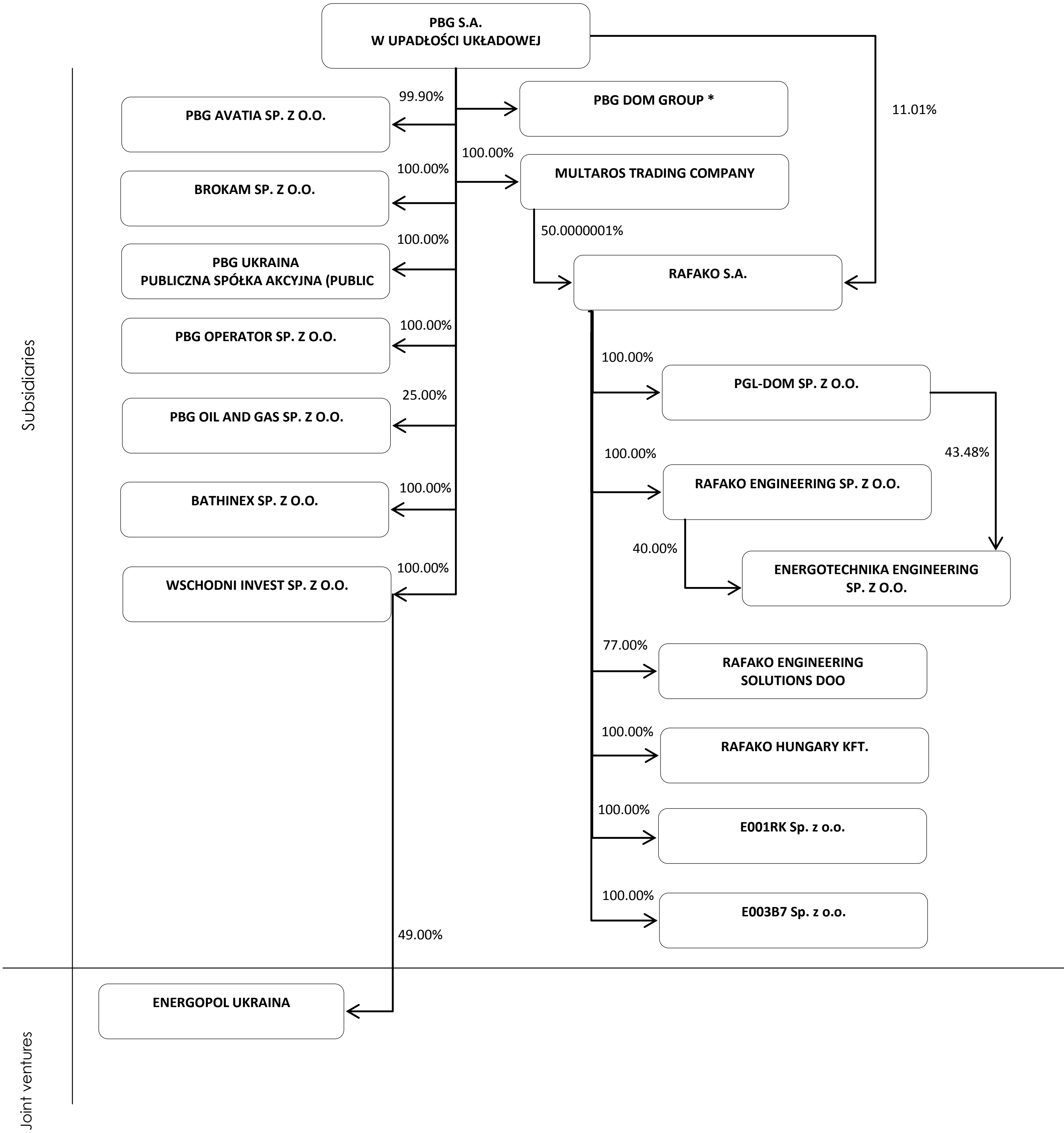
Although the Parent holds a 25% interest in the subsidiary PBG Oil and Gas Sp. z o.o., it decided to consolidate the subsidiary with the full method since in accordance with the shareholder agreement the Parent has a call option over all the remaining shares (exercisable by June 30th 2015) for a total price of PLN 8m plus an amount equal to 20% p.a. on PLN 8 million, accruing from the date of payment for the shares to the date of the call option exercise notice.

Moreover, the Parent holds interests exceeding 50% of the share capital in the following Group companies:

- Strateg Capital Sp. z o.o. w upadłości likwidacyjnej (in bankruptcy by liquidation),
- Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in liquidation bankruptcy),
- Aprivia SA w upadłości likwidacyjnej (in liquidation bankruptcy),
- PBG Technologia Sp. z o.o. w upadłości likwidacyjnej (in liquidation bankruptcy),
- Energomontaż Południe S.A. w upadłości likwidacyjnej (in liquidation bankruptcy),
- KWG Sp. z o.o. w upadłości likwidacyjnej (in liquidation bankruptcy).

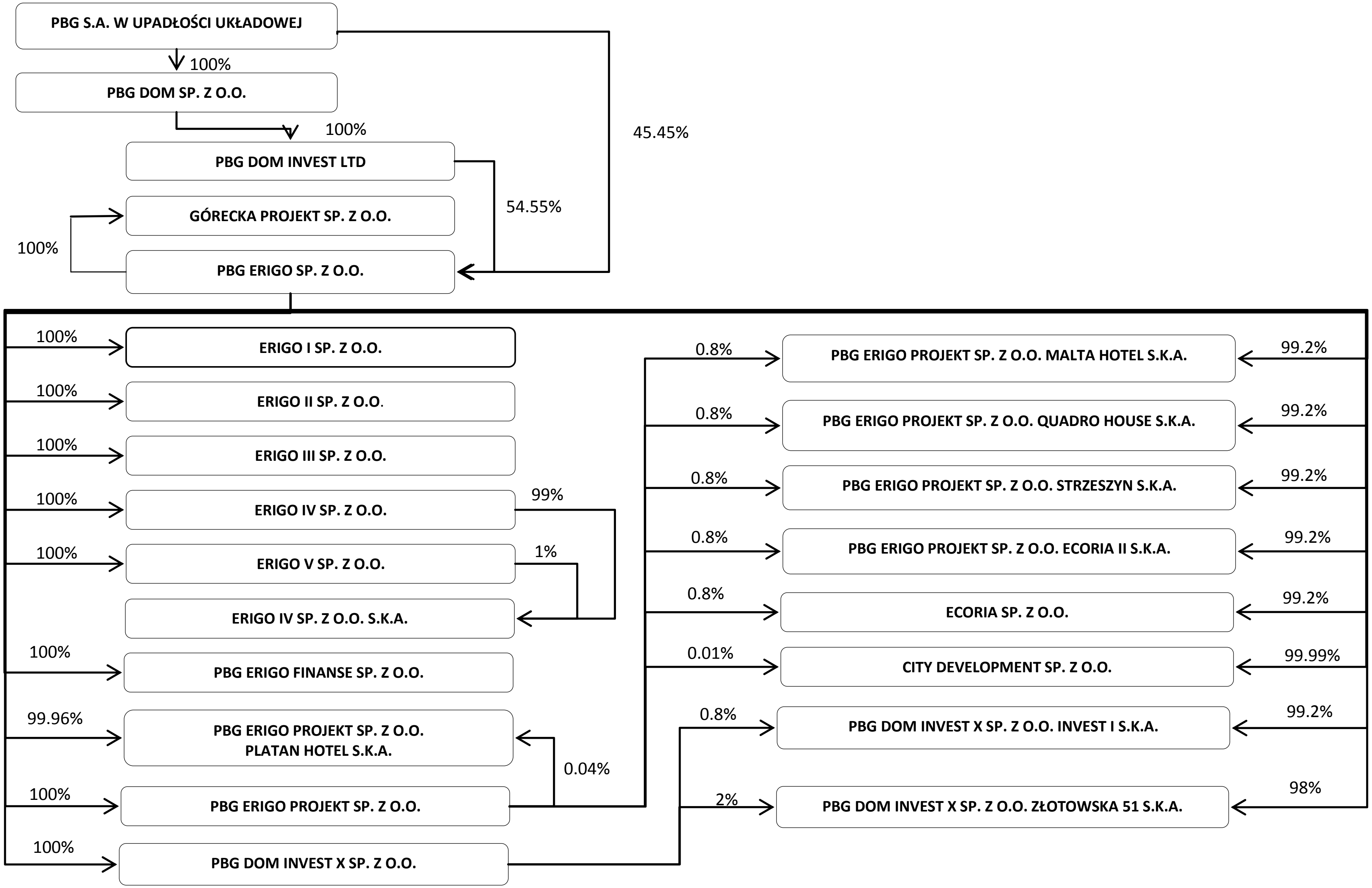
As of the date of the court's decision on final liquidation of the above Group companies, the Parent lost control of the subsidiaries as they were placed under the control of authorities appointed in the insolvency proceedings.

STRUCTURE OF THE PBG GROUP AS AT MARCH 31ST 2015



* The structure of the PBG Dom Group is presented below.

STRUCTURE OF THE PBG DOM GROUP AS AT MARCH 31ST 2015



In Q1 2015, the following transactions resulted in changes of the Group's structure:

Sale of shares in FPM S.A.

On December 30th 2014, subsidiary RAFAKO S.A. executed a preliminary conditional agreement for the sale of shares in FPM S.A., its subsidiary, to TDJ S.A., for PLN 48m. The transaction was conditional on:

- TDJ S.A. obtaining clearance from the President of the Polish Office of Competition and Consumer Protection (UOKiK),
- Approval of the sale of FPM S.A. shares by the Supervisory Board of subsidiary RAFAKO S.A.

On January 12th 2015, the Supervisory Board of subsidiary RAFAKO S.A. gave its approval for the sale of FPM S.A. shares, and on February 19th 2015 RAFAKO S.A. received a notification from TDJ to the effect that TDJ obtained transaction clearance from the President of the Polish Office of Competition and Consumer Protection. On February 23rd 2015, a share sale agreement was executed for an aggregate amount of PLN 48m. The sold assets represent 82.19% of FPM S.A.'s share capital and 82.19% of total voting rights at the FPM S.A. General Meeting. Following the transaction, subsidiary RAFAKO S.A. holds no FPM S.A. shares.

FPM S.A.'s operations represented an important separate line of the Group's business, therefore, in accordance with IFRS 5, the results generated by FPM S.A. have been classified as discontinued operations. Revenue generated by FPM S.A. in 2014 exceeded PLN 71m.

As at February 19th 2015, FPM S.A. was excluded from the Group, and its results for the period from January 1st to February 19th 2015 were presented as discontinued operations.

As at December 31st 2014, FPM S.A. was classified as a group held for sale and as discontinued operations.

2.2 Policies applied in the preparation of the Q1 2015 interim condensed consolidated financial statements

2.2.1 Compliance statement and general rules of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in particular with IAS 34 "Interim Financial Reporting", and in compliance with the EU-endorsed accounting standards applicable to interim financial reporting, published and effective at the time of preparing these quarterly consolidated financial statements. Their scope also complies with the requirements of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities of February 19th 2009. These consolidated financial statements give a true and fair view of the PBG Group's financial position as at March 31st 2015 and March 31st 2014, as well as of its operating results and cash flows for the three months ended March 31st 2015 and March 31st 2014.

The Parent's separate financial statements included in this report were also prepared in accordance with the above policies. Pursuant to Par. 83.1 of the Minister of Finance's Regulation of February 19th 2009, an issuer which is a parent is not obliged to publish a separate quarterly report, provided that in its consolidated quarterly report the issuer discloses quarterly financial information in the form of condensed quarterly separate financial statements including: a statement of financial position, a statement of profit or loss, a statement of changes in equity and a statement of cash flows.

2.2.2 Going concern assumption

The Parent's current financial position puts in question its ability to continue as a going concern. However, these interim condensed consolidated financial statements have been prepared on the assumption that the Group would continue as a going concern in the foreseeable future, i.e. for at least 12 consecutive months from the date of completion of these financial statements. This assumption was made due to the Parent's ongoing arrangement bankruptcy proceedings, and the Management Board's efforts to arrange with the creditors and ensure that the Company may continue its business activities.

The Parent's 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 Group's assets and liabilities which could be required if the Group was unable to continue its operations in the foreseeable future.
Below, the Parent'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 Parent'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 Parent's Management Board has been actively involved in negotiations with the Creditors. The negotiations concern terms of debt repayment, including repayment periods, amounts and forms. 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 of 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. Pursuant to 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 included 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 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 included in the second supplementary list of claims by the court supervisor was PLN 89.7m. Subsequently, on August 13th 2014, the Judge announced completion of the third supplementary list of claims as at July 29th 2014. The total amount of the acknowledged claims included in the third supplementary list of claims by the Court Supervisor was PLN 70.7m.

On December 9th 2014, the Judge issued decisions approving: (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 February 19th 2015, the Judge issued a decision setting 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. The Company reported on that decision in Current Report No. 8/2015. Concurrently, the Judge Commissioner obligated the Company to file updated Arrangement Proposals. The Company performed that obligation by submitting Current Arrangement Proposals of April 28th 2015 on April 29th 2015.
It is another, and the most important, stage of the restructuring process. Its outcome is entirely up to the creditors and will decide the Company's future.

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

The PBG Management Board believes that the arrangement would enable the Company to continue its day-to-day operations, which in turn would protect interests of the Creditors (in particular those with smaller claims), and would also help protect important social interests: jobs, interests of subcontractors, interests of project sponsors (awaiting performance of strategic contracts), and interests of local communities.

In the opinion of the Company's Management Board, the proper performance of the arrangement is guaranteed by:
•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;
•divestment of the PBG Group's property development and other investment projects;
•ability to bid for profitable contracts in the power construction sector, based on cooperation with RAFAKO S.A., PBG's subsidiary;
•winning new contracts in the oil and gas sector, PBG's strategic segment.

RAFAKO S.A. is of strategic importance to the PBG Group.
The most material factor affecting the RAFAKO Group's (the 'Group') ability to continue as a going concern is the financial standing of RAFAKO S.A. These consolidated financial statements of the Group have been prepared on the assumption that the Group will continue as a going concern for at least 12 months after the end of the reporting period, i.e. until March 31st 2016.
To be able to continue its business activities, the RAFAKO Group must maintain its financial liquidity, that is ability to secure full financing for the current contracts. In view of the above, the Management Board of RAFAKO S.A. has prepared management financial projections for 2015 and the following years, based on a number of assumptions, the most important of which relate to:
- continued financing of the Group's operations with the PLN 150m credit facility subsequent to May 31st 2015 – pursuant to the annex executed on April 29th 2014, the repayment date for the credit facility used by RAFAKO S.A. was extended until May 31st 2015,
- securing financing for the Group's operations in the form of new guarantee facilities and new sources of working capital,
- timely delivery and execution of the contracts in the Group's current order book, including in particular timely generation of cash flows from the contracts,
- execution of contracts, provided that the assumed positive contract margins are achieved and the loss already recognised on some contracts would not increase,
- availability of bank/insurance guarantees which would make the performance of new contracts possible and would free the cash tied up in security deposits for the current contracts.
The above assumptions relate to the key risks provided for in the financial projections. Materialisation of these risks/uncertainties, trade payables becoming past due, lower margins on contracts, and the need to commit significant funds by the Group as security for contract guarantees (as at the end of the reporting period, the value of deposits used to secure guarantees was PLN 166m) may significantly affect the Group's ability to continue as a going concern.
In 2014, the Group executed a number of contracts and agreements related to the Jaworzno project; successfully completed negotiations on the Opole project and the settlement of EUR 43.5m receivables from Alstom; reduced its bank debt from ca. PLN 300m to ca. PLN 105m as at March 31st 2015; significantly

reduced past due trade payables; secured a significant part of the budgeted revenue; and provided the financing bank with collateral for the current credit facility, as required by the institution.

In 2015, the Group has secured new guarantee limits with a total value of PLN 50m. Moreover, negotiations with financial institutions to establish new guarantee limits are moving into the final stage.

All these developments indicate an improvement of the Group's financial standing, which should positively affect the assessment of the Group's financial standing and risks by the financial institutions.

In view of the above, the RAFAKO S.A. Management Board does not identify any risk of refusal to extend the credit facility for another 12 months. The RAFAKO S.A. Management Board also believes that the Group will obtain new guarantee facilities from other financial institutions, will secure new sources of working capital, and will be able to maintain positive margins and deliver the expected cash flows on its contracts, as a result of which the Group will be able to continue its business in line with the assumptions set forth in the financial projections.

Considering the risks discussed above, the improved financial standing of the Group, and the current status of negotiations with the financing bank and other financial institutions, the RAFAKO S.A. Management Board believes that its efforts will prove successful and the Group will be able to meet the targets set forth in the financial projections for the coming year, and has prepared consolidated financial statements based on the assumption that the Group would continue as a going concern.

2.2.3 Management Board's representation

The Parent's Management Board hereby represents that to the best of its knowledge, these interim condensed consolidated financial statements and the comparative data have been prepared in compliance with the accounting standards applied by the PBG Group, and give a true, fair and clear view of the Group's assets, its financial condition and results of operations.

2.2.4 Accounting policies applied by the Group

These interim condensed consolidated financial statements do not contain all the information which is disclosed in annual consolidated financial statements prepared in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the 2014 consolidated financial statements of the PBG Group available at:
http://www.pbg-sa.pl/relacje-inwestorskie/raporty-okresowe/skonsolidowany-raport-roczny-grupy-kapitalowej-pbg-za-rok-2014.html

The following standards and interpretations have been published but are not yet effective:

- IFRS 9 Financial Instruments (published on July 24th 2014) – effective for annual periods beginning on or after January 1st 2018 – not adopted by the EU by the date of authorisation of these financial statements.
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (published on November 21st 2013) – effective for annual periods beginning on or after July 1st 2014 – in the EU, effective not later than for annual periods beginning on or after February 1st 2015.

- Improvements to IFRSs 2010–2012 (published on December 12th 2013) − some of the amendments are effective for annual periods beginning on or after July 1st 2014, and some prospectively for transactions occurring on or after July 1st 2014 − in the EU, effective not later than for annual periods beginning on or after February 1st 2015.
- IFRS 14 Regulatory Deferral Accounts (published on January 30th 2014) – effective for annual periods beginning on or after January 1st 2016; no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of this standard; not adopted by the EU by the date of authorisation of these financial statements,
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on May 6th 2014) – effective for annual periods beginning on or after January 1st 2016; not adopted by the EU by the date of authorisation of these financial statements,
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on May 12th 2014) – effective for annual periods beginning on or after January 1st 2016; not adopted by the EU by the date of authorisation of these financial statements,
- IFRS 15 Revenue from Contracts with Customers (published on May 28th 2014) – effective for annual periods beginning on or after January 1st 2017; not adopted by the EU by the date of authorisation of these financial statements,
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on June 30th 2014) – effective for annual periods beginning on or after January 1st 2016; not adopted by the EU by the date of authorisation of these financial statements,
- Amendments to IAS 27 Equity Method in Separate Financial Statements (published on August 12th 2014) − effective for annual periods beginning on or after January 1st 2016 − not adopted by the EU by the date of authorisation of these financial statements.
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published on September 11th 2014) − effective for annual periods beginning on or after January 1st 2016; however, this date was deferred by the IASB − no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of the amendments; not adopted by the EU by the date of authorisation of these financial statements.
- Improvements to IFRSs 2012–2014 (published on September 25th 2014) − effective for annual periods beginning on or after July 2016 − not adopted by the EU by the date of authorisation of these financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (published on December 18th 2014) − effective for annual periods beginning on or after January 1st 2016 − not adopted by the EU by the date of authorisation of these financial statements.
- Amendments to IAS 1 Disclosure Initiative (published on December 18th 2014) − effective for annual periods beginning on or after January 1st 2016 − not adopted by the EU by the date of authorisation of these financial statements.

The Group has not elected to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective.

At the date of approval of these financial statements for issue, the Parent's Management Board has not yet completed work on assessing the impact of the introduction of these standards and interpretations on the rules (policies) applied by the Group.

2.2.5 Uncertainty of estimates

These interim condensed consolidated financial statements have been prepared based on the going concern assumption. The assumption has an effect on the measurement of assets and liabilities, which would be different if the Management Board did not assume a going concern.
The preparation of these interim condensed consolidated financial statements requires the Parent's Management Board's judgement in making numerous estimates and assumptions, which have an effect on the accounting policies applied and the amounts of assets, liabilities, income and expenses reported.
Actual amounts may differ from the amounts estimated by the Management Board due to the uncertainty surrounding the Group as at the date of these financial statements, which may necessitate an adjustment to the disclosed carrying amounts of assets and liabilities in future reporting periods.
Given that the Parent declared bankruptcy, interest on unsecured liabilities which arose before the bankruptcy declaration date was accrued only until the date of the court decision declaring the Parent bankrupt. This means that the liabilities are not measured at amortised cost but at nominal value, determined as total value of liabilities as at the date of bankruptcy declaration. Measurement at amortised cost is not possible due to the lack of precise predictions concerning the time and scale (reduction or conversion into shares) of the repayment. With respect to secured liabilities incurred prior to the date of declaring the Company in arrangement bankruptcy, interest has been and continues to be accrued.

2.3 Functional currency and presentation currency of the financial statements and rules adopted to translate financial data

2.3.1 Functional currency and presentation currency

The functional currency of the Parent and the presentation currency of these interim condensed consolidated financial statements and interim condensed separate financial statements is the Polish złoty, and all amounts are expressed in thousands of Polish złoty (unless indicated otherwise).
The financial statements of foreign operations are translated, for consolidation purposes, into the Polish currency as follows:

- assets and liabilities of each presented statement of financial position (balance sheet) are translated at the closing rate as at the balance sheet date,
- the items of the statement of profit or loss are translated at the exchange rate being an arithmetic mean of the mid-rates as quoted by the National Bank of Poland (NBP) on the last day of each month of the year. Foreign exchange gains/losses on the translation are charged/credited to other comprehensive income and recognised in the translation reserve in equity.

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

2.3.2 Rules adopted to translate financial data

- revenue from sale of finished goods, sale merchandise and materials, operating profit (loss), profit (loss) before tax, net profit (loss) as well as net cash from operating activities, net cash from investing activities, net cash from financing activities, and net increase (decrease) in cash and cash equivalents for Q1 2015 were translated at the average EUR exchange rate based on the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland for the last day of the individual months, i.e. **PLN 4.1489;**

- revenue from sale of finished goods, rendering of services and sale of merchandise and materials, operating profit (loss), profit (loss) before tax, net profit (loss) as well as net cash from operating activities, net cash from investing activities, net cash from financing activities, and net increase (decrease) in cash and cash equivalents for Q1 2014 were translated at the average EUR exchange rate based on the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of the individual months, i.e. **PLN 4.1894**;

- total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital at March 31st 2015 were translated at the EUR mid-exchange rate effective for that date, i.e. PLN **4.0890**;

- total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital at March 31st 2014 were translated at the EUR mid-exchange rate effective for that date, i.e. PLN **4.1713**;

- total assets, liabilities and provisions for liabilities, current liabilities, non-current liabilities, equity and share capital as at December 31st 2014 were translated at the EUR mid rate effective for that date, i.e. **PLN 4.2623**.

2.4 Selected additional explanatory notes

2.4.1 Revenue

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Gas, oil and fuels	40,319	42,417
Power construction	275,688	183,732
Other	7,348	27,070
Total revenue	**323,355**	**253,219**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

2.4.2 Nature of expenses

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Depreciation and amortisation	4,898	4,822
Raw materials and consumables used	95,098	71,971
Services	168,172	124,098
Taxes and duties	2,926	2,213
Employee benefits	60,693	50,396
Other expenses	2,141	7,398
Total expenses	**333,928**	**260,898**
Cost of merchandise and materials sold	2,343	6,257
Changes in inventories of finished goods and work in progress (-)	(10,920)	1,949
Work performed by entity and capitalised	(554)	(379)
Cost of sales, distribution costs and administrative expenses	**324,797**	**268,725**

2.4.3 Other income

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Gain on disposal of non-financial non-current assets	655	-
Reversals of impairment losses and write-downs on assets, including:		
- receivables	666	3,517
Interest related to operating activities, including interest on:		
- on cash in bank accounts	4	5
- on loans advanced	65	737
- gain (loss) on derivative instruments related to operating activities	-	255
- other interest	586	2,884
Reversals of unused provisions	603	2,200
Compensation and penalties received	731	344
Grants received	83	178
Lease income	473	360
Exchange differences on operating activities	557	-
Discount (non-current accounts receivable and payable)	-	548
Other income, including:		
- reversal of global provision for potential liabilities	-	17,944
- court fees refunded	-	17
- other income	473	573
Total other income	**4,896**	**29,562**

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

2.4.4 Other expenses

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Loss on disposal of non-financial non-current assets	-	482
Impairment loss on assets, including:		
- receivables	871	976
- inventories	33	505
- loans advanced	3,093	28,671
- other assets	12	-
Interest related to operating activities, including interest on:		
- trade payables and other liabilities	975	91
Compensation and penalties paid	5	28
Grants	158	153
Loss on investments in related entities	-	11,841
Exchange differences on operating activities	-	693
Total fair value and disposal losses on financial instruments at fair value through profit or loss	-	(9)
Loss on debt claims sold	-	5,783
Discount (non-current accounts receivable and payable)	151	(22)
Other expenses, including:		
- cost of court proceedings	52	32
- statute barred, cancelled or unrecoverable receivables written-off	11	-
- cost to sell unnecessary materials	-	2
- cost of bad debt	-	1,147
- other expenses	295	1,116
Total other expenses	**5,656**	**51,489**

2.4.5 Finance income

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Interest income for financial assets other than at fair value through profit or loss:		
Cash and cash equivalents (deposits)	243	528
Loans and receivables	1	-
Other interest	40	9
Total interest income for financial assets other than at fair value through profit or loss	**284**	**537**
Gain (loss) (+/-) from exchange differences on:		
Cash and cash equivalents	-	602
Loans and receivables	-	13
Financial liabilities at amortised cost	2,225	1,409
Total gain (loss) (+/-) from exchange differences	**2,225**	**2,024**
Other finance income	5	70
Total finance income	**2,514**	**2,631**

QSr 1/2015** (all amounts in PLN '000, unless otherwise indicated)

2.4.6 Finance costs

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Interest expenses for financial liabilities other than at fair value through profit or loss:		
Finance lease liabilities	153	127
Credit facilities	474	742
Bank overdrafts	1,206	2,049
Non-bank borrowings	99	-
Trade and other payables	42	24
Total interest expenses for financial liabilities other than at fair value through profit or loss	**1,974**	**2,942**
Fair value and disposal losses on financial instruments at fair value through profit or loss:		
Cash flow hedge derivatives	76	260
Other		
Total fair value and disposal losses on financial instruments at fair value through profit or loss	**76**	**260**
Gain (loss) (-/+) from exchange differences on:		
Loans and receivables (allocated to financing activities)	-	25
Gain (loss) (-/+) from exchange differences	**-**	**25**
Impairment losses on available-for-sale financial assets	47	-
Impairment losses on investments in subsidiaries, associates and jointly-controlled entities	5	-
Other finance costs	5	184
Total finance costs	**2,107**	**3,411**

2.5 Operating segments

Currently, the Group divides its business into the following operating segments:

- Gas, oil and fuels **(strategic business segment),**
- Power construction **(strategic business segment),**

The following areas are identified within particular segments:

- **In the Gas, oil and fuels segment:**
  - surface installations for crude oil and natural gas production,
  - installations for liquefying natural gas and for LNG storage and regasification,
  - LPG, C5+ separation and storage facilities,
  - LNG storage and evaporation facilities,
  - underground gas storage facilities,
  - desulphurisation units,
  - surface infrastructure of underground gas storage facilities,
  - crude oil tanks,

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- transmission systems for natural gas and crude oil, including pressure reduction and metering stations and metering and billing stations, mixing plants, distribution nodes, compressor stations, etc.,
- fuel terminals.

- **Power construction segment:**
  - assembly, modernisation and repair of power equipment and industrial units.

Revenue is derived from external customers. Like in Q1 2014, no inter-segment sales took place in Q1 2015.
Any revenue and expenses not allocated to any of the main segments are classified by the PBG Group as 'Other'.
The profit/(loss) of each segment is the profit/(loss) generated by individual segments, without allocating the distribution costs and administrative expenses, restructuring costs, finance income and cost, share of profit of equity-accounted entities, or income tax.
The table below presents data for the individual operating segments.

OPERATING SEGMENTS – FROM JANUARY 1ST TO MARCH 31ST 2015

Item	Segments		Other	Total
	Gas, oil and fuels	Power construction		
Financial highlights for the operating segments for the period January 1st–March 31st 2015				
Segment's total revenue	**40,319**	**275,688**	**7,348**	**323,355**
Revenue from external customers	40,319	275,688	7,348	323,355
Total cost	**(38,329)**	**(255,176)**	**(7,392)**	**(300,897)**
Segment's profit or loss	**1,990**	**20,512**	**(44)**	**22,458**
Distribution costs/administrative expenses	x	x	x	(23,900)
Other income/expenses	x	x	x	(760)
Restructuring costs	x	x	x	-
Operating profit (loss)	x	x	x	**(2,202)**
Finance costs	x	x	x	407
Share of profit/(loss) of equity-accounted entities	x	x	x	(2,250)
Profit (loss) before tax	x	x	x	**(4,045)**
Income tax expense	x	x	x	(3,516)
Net profit/(loss) from continuing operations	x	x	x	**(7,561)**

QSr 1/2015** (all amounts in PLN '000, unless otherwise indicated)

OPERATING SEGMENTS – FROM JANUARY 1ST TO MARCH 31ST 2014

Item	Segments		Other	Total
	Gas, oil and fuels	Power construction		
Financial highlights for the operating segments for the period January 1st–March 31st 2014				
Segment's total revenue	**42,417**	**183,732**	**27,070**	**253,219**
Revenue from external customers	42,417	183,732	27,070	253,219
Total cost	**(43,833)**	**(164,904)**	**(28,883)**	**(237,620)**
Segment's profit or loss	**(1,416)**	**18,828**	**(1,813)**	**15,599**
Distribution costs/administrative expenses	x	x	x	(31,105)
Other income/expenses	x	x	x	(21,927)
Restructuring costs	x	x	x	-
Operating profit (loss)	x	x	x	**(37,433)**
Finance costs	x	x	x	(780)
Share of profit/(loss) of equity-accounted entities	x	x	x	-
Profit/(loss) before tax	x	x	x	**(38,213)**
Income tax expense	x	x	x	(1,001)
Net profit/(loss) from continuing operations	x	x	x	**(39,214)**

2.6 PBG Group's most significant achievements or failures in Q1 2015, and key related events

In Q1 2015, the PGB Group's net revenue from sales of finished goods, services, merchandise and materials was PLN 323,355 thousand, with gross profit of PLN 22,458 thousand.
The following construction contracts were the key sources of the Group's revenue from core business in Q1 2015:

a. Construction of a supercritical 800-910 MW power generation unit at Jaworzno III Power Plant – Power Plant II: steam generator, turbine generator set, main building, electrical and I&C systems; contract executed between TAURON WYTWARZANIE S.A. and RAFAKO S.A. – recognised revenue: PLN 81,579 thousand;
b. Construction of the liquefied natural gas regasification terminal in Świnoujście; contract executed between Polskie LNG S.A. and the consortium of Saipem S.p.A., Saipem S.A., Techint Compagnia Tecnica Internazionale S.p.A., Snamprogetti Canada Inc., PBG SA and PBG Energia Sp. z o.o. (formerly PBG Export Sp. z o.o.); recognised revenue: PLN 34,810 thousand;
c. Design and construction of a wet lime-and-gypsum flue-gas desulfurization unit for EC Kraków; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: PLN 31,043 thousand;
d. Design and construction of a wet lime-and-gypsum flue-gas desulfurization unit for ZEC Wrocław; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: PLN 22,930 thousand;
e. Design, construction and commissioning of a wet lime-and-gypsum flue-gas desulfurization unit for EC Gdynia; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: PLN 19,308 thousand;

f. Construction of OFz-140 fluidized boiler with dust removal system in Oświęcim; contract executed between SYNTHOS DWORY 7 SP. Z O.O. S.K.A and RAFAKO S.A.; recognised revenue: PLN 19,124 thousand;
g. Design, construction and commissioning of a wet lime-and-gypsum flue-gas desulfurization unit for EC Gdańsk; contract executed between EDF Polska S.A. and RAFAKO S.A.; recognised revenue: PLN 12,416 thousand;
h. Delivery, assembly and start-up of a boiler for waste incineration, Hereford Project; contract executed between ITACHI INOVA AG and RAFAKO S.A.; recognised revenue: PLN 11,531 thousand.

Key events related to the PBG Group's material achievements and failures reported by the Parent in current reports in Q1 2015

CONTRACTS

Execution of a significant conditional agreement by a subsidiary of RAFAKO S.A.

On January 20th 2015, subsidiary E003B7 Sp. z o.o. (SPV) and UNISERV-PIECBUD Spółka Akcyjna of Katowice executed an agreement for the performance of work related to the supercritical 910 MW generating unit at the Jaworzno III Power Plant – Power Plant II. The Agreement will become effective provided it is approved by:

a) the guarantors, i.e. PKO BP S.A., BGK, and PZU S.A.,
b) the Employer (with respect to the terms and conditions of the Agreement),
c) RAFAKO.

As at the date of these interim condensed consolidated financial statements, all the conditions precedent were fulfilled, and the agreement came into force.

OTHER

Notification of change in holding of shares in RAFAKO S.A., a subsidiary, by ING Towarzystwo Funduszy Inwestycyjnych S.A.

On March 10th 2015, RAFAKO S.A. received a notification from ING Towarzystwo Funduszy Inwestycyjnych S.A., acting on behalf of investment funds under its management, to the effect that following the acquisition of RAFAKO S.A. shares, the number of votes at the General Meeting of RAFAKO S.A. held jointly by all the funds managed by ING TFI rose above the threshold of 5% of total voting rights.

According to the notification, ING TFI's share in total voting rights at the General Meeting of RAFAKO S.A. changed following the acquisition of RAFAKO S.A. shares on March 5th 2015 by ING Specjalistyczny Fundusz Inwestycyjny Otwarty Akcji 2, Fundusz Własności Pracowniczej PKP Specjalistyczny Fundusz Inwestycyjny Otwarty, and by a subfund of ING Parasol Funduszu Inwestycyjnego Otwartego.

Prior to the change, ING TFI funds held jointly 3,478,023 shares in RAFAKO S.A. and the same number of votes at its General Meeting, representing 4.99% of RAFAKO S.A.'s share capital and the same percentage of votes at its General Meeting.

As at the date of exceeding the threshold, the funds held jointly 3,508,403 shares in RAFAKO S.A. and the same number of votes at its General Meeting, representing 5.04% of RAFAKO S.A.'s share capital and the same percentage of votes at its General Meeting.

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 Judge Commissioner concerning the List of Claims

On February 12th 2015, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, issued a decision to correct Judge Commissioner's decision dated December 9th 2014.

Decision by Judge Commissioner to set 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 2.10.

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.

2.7 Non-recurring factors and events with material bearing on consolidated financial results

EFFECT OF CURRENCY RISK HEDGES ON THE RESULTS OF THE PBG GROUP

As at March 31st 2015, the PBG Group carried no derivative used to hedge currency risk.

One of PBG's subsidiaries uses interest rate swaps to hedge against interest rate risk.

Under a credit facility agreement with a bank the subsidiary was required to mitigate its interest rate risk. As required by the bank, on November 27th 2014 the subsidiary entered into an amortisable IRS transaction for the principal amount of EUR 13,850 thousand, maturing on November 5th 2019.

In Q1 2015, the effect of derivatives used to hedge interest rate risk, as recognised in the consolidated statement of profit or loss as at March 31st 2015, was as follows:

Effect of derivative instruments related to interest rate risk		
Item	Mar 31 2015	Mar 31 2014
	PLN '000	PLN '000
Finance costs	76	260
Effect on profit/(loss)	**(76)**	**(260)**

As at March 31st 2015, the fair value of open positions used to hedge interest rate risk was negative, at PLN 1,089 thousand, and related to fair value hedges.

2.8 Seasonality or cyclicality of the Company's operations in the reporting period

Due to the nature of the Company's operations (construction and assembly services), the performance of works is frequently affected by weather conditions. During the reporting period, low temperatures which affect revenue by hindering earthworks and assembly operations had no material impact on the Group's performance.
The Group's strategy provides for securing further high unit-value contracts. This will help eliminate seasonal fluctuations in revenue, also ensuring more balanced revenue streams throughout the financial year.

2.9 Total and per share dividend declared or paid, on ordinary and preference shares

In the three months ended March 31st 2015, the Group companies paid no dividend. In accordance with applicable laws, dividends may only be distributed from the profit of individual Group companies, and not based on the Group's consolidated net result.

2.10 Events subsequent to March 31st 2015, undisclosed in these financial statements, which may materially affect future consolidated financial results of the PBG Group and separate financial results of PBG S.A. (in company voluntary arrangement)

AGREEMENTS WITH FINANCIAL INSTITUTIONS

Execution of annex to multi-purpose credit facility agreement with PKO BP S.A.
On April 29th 2015, the Management Board of subsidiary RAFAKO S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. of Warsaw executed an annex to a multi-purpose credit facility agreement. Under the annex, the term and repayment date of the overdraft facility and the period during which the Bank may issue guarantees under the Agreement were extended until May 31st 2015. The other material terms and conditions of the agreement were not amended.

OTHER

Filing a motion by the Management Board of the Parent for changing the date of the Creditors' Meeting

On April 13th 2015, the Parent 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 Creditors' Meeting (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. 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.

Judge Commissioner's decision concerning the Company's motion to change the date of the Creditors' Meeting

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 Creditors' Meeting conditional upon the Company filing updated Arrangement Proposals.

An opinion issued by the PBG Supervisory Board on certain restructuring documents

At its meeting held on April 20th 2015, the Parent's Supervisory Board issued a positive opinion on the draft of the Restructuring Agreement and the 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 PBG, 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.

Approval of Arrangement Proposals by the Company and their filing with the court

On April 28th 2015, the Management Board of the Parent 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 issued 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.

Adoption of a share capital increase resolution by the Management Board of a subsidiary

On May 13th 2015, acting under Art. 444, Art. 446 and Art. 447 of the Polish Commercial Companies Code of September 15th 2000 (the "Commercial Companies Code"), and Art. 7a of the Articles of Association of RAFAKO S.A. (the "Articles of Association"), the RAFAKO S.A. Management Board adopted the following resolutions concerning an increase of RAFAKO S.A.'s share capital within the limit of the authorised capital by an amount not lower than PLN 2 and not higher than PLN 30,664 thousand, through an issue of no fewer than 1 and no more than 15,331,998 Series J ordinary bearer shares with a par value of PLN 2 per share ("Series J Shares"), i.e.:

(i) Resolution No. 47 by the RAFAKO S.A. Management Board to increase RAFAKO S.A.'s share capital within the limit of the authorised capital through an issue of Series J ordinary bearer shares, to waive the existing shareholders' pre-emptive rights with respect to Series J Shares, and to amend the company's Articles of Association (the "Private Placement Resolution"), and

(ii) Resolution No. 48 by the RAFAKO S.A. Management Board to increase RAFAKO S.A.'s share capital within the limit of the authorised capital through an issue of Series J ordinary bearer shares, to waive the existing shareholders' pre-emptive rights with respect to Series J Shares, to amend the company's Articles of Association, and to seek admission and introduction of RAFAKO S.A. Series J Shares to trading on the regulated market operated by the Warsaw Stock Exchange and to convert RAFAKO S.A. Series J Shares into book-entry form ("Open Subscription Resolution") (jointly "Management Board Resolutions").

For more information, see RAFAKO's Current Report No. 9/2015

http://www.rafako.com.pl/pub/File/raporty_biezace/2015/RB_09_podwy%C5%BCszenie%20kapita%C5%82u_seria%20J_FINA%C5%81.pdf

2.11 Statement by the Management Board on the achievement of previous forecasts for the financial year, taking into account actual results published in the condensed consolidated and separate quarterly reports

The Management Board of the Parent has not published any forecasts for 2015.

2.12 Shareholders holding, directly or indirectly through subsidiaries, 5% or more of total voting rights at the General Meeting of PBG (in company voluntary arrangement) as at the date of issue of this report

Shareholders holding 5% or more of total voting rights at the General Meeting of PBG SA (in company voluntary arrangement), directly or indirectly through subsidiaries, as at the date of issue of this condensed consolidated quarterly report, including the number of shares held by these entities, percentage share in share capital, voting rights attached to these shares and their percentage share in total voting rights at the General Meeting, as well as changes in the structure of large holdings of PBG shares subsequent to the date of issue of the previous consolidated quarterly report – based on the information held by the Parent.

QSr 1/2015** (all amounts in PLN '000, unless otherwise indicated)

Shareholder	Number of shares	Total par value (PLN)	Ownership interest (%)	% of total voting rights
Jerzy Wiśniewski	3,881,224 shares, including: 3,735,054 Series A registered preference shares	3,881,224	27.15%	42.23%

Changes in the Company's shareholding structure in Q1 2015

In Q1 2015, there were no changes in the ownership structure of the Company shares held by shareholders holding 5% or more of total voting rights at the General Meeting.

Changes in the Company's shareholding structure subsequent to March 31st 2015

Subsequent to March 31st 2015, there were no changes in the ownership structure of the Company shares held by shareholders holding 5% or more of total voting rights at the General Meeting.

2.13 Changes in holdings of Company shares or rights to shares (options) owned by members of the Management and Supervisory Boards of PBG SA w upadłości układowej (in company voluntary arrangement)

Changes in the holdings of Company shares or rights to Company shares (options) held by members of the Management and Supervisory Boards of PBG SA (in company voluntary arrangement) after the date of issue of the 2014 report, based on the information held by the Parent as at **May 15th 2015**.

Item	Number of shares	
	As at the date of issue of the previous report for 2014: **March 23rd 2015**	As at the date of issue of the report for Q1 2015: **May 15th 2015**
Managing personnel		
Jerzy Wiśniewski	3,881,224	3,881,224
Mariusz Łożyński	3,553	3,553
Kinga Banaszak – Filipiak	-	-
Bożena Ciosk	208	208
Supervisory personnel:		
Maciej Bednarkiewicz	-	-
Małgorzata Wiśniewska	3,279	3,279
Przemysław Szkudlarczyk	2,390	2,390
Dariusz Sarnowski	-	-
Stefan Gradowski	-	-

2.14 Proceedings pending before common courts of law, arbitration courts or public administration authorities, including the following information:

a) proceedings relating to payables or receivables of the Company or its subsidiary, equal to at least 10% of the Company's equity, specifying: subject matter of the proceedings, value of the claim, date of institution, parties to the proceedings, and the Company's position;

b) two or more proceedings relating to payables or receivables with a total value equal to at least 10% of the Company's equity, specifying the total value of the proceedings separately for payables and receivables, as well as the Company's position, and – for the most significant proceedings relating to payables and receivables – the subject matter of the proceedings, value of the claim, date of institution, and parties to the proceedings.

Key litigations and disputes instigated by the Group:

1. **PBG SA 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. At a joint request of the parties, the hearing was adjourned pending the negotiation process. Another hearing was set for May 21st 2015.

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.

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.

5. PBG SA in company voluntary arrangement against the State Treasury, Regional Water Management Authority of Wrocław – court docket No. I Nc 704/13

On August 28th 2013, the Company filed a claim for payment with the Regional Court of Poznań, 9th Commercial Division, against the State Treasury, Regional Water Management Authority of Wrocław. Value of the claim: PLN 4,092 thousand. On September 30th 2013, the Court ordered the defendant to pay the full amount claimed by the plaintiff (PLN 4,092 thousand) in writ-of-payment proceedings, and to cover the costs of litigation. The Defendant objected against the payment order. The Court ordered the Company to file a response to the appeal. The Parent filed its response in a letter of March 13th 2014. In a letter of March 12th 2014, the Parent's Court Supervisor shared the Company's position; the Administrator of MU Maxer entered the proceedings. In the course of consecutive hearings, the Court questioned witnesses and declared it would also question the Defendant. The case is pending.

6. RAFAKO S.A. against ING Bank Śląski S.A.

On November 3rd 2009, RAFAKO S.A. brought an action for payment to the Regional Court of Warsaw, 20th Commercial Division, against ING Bank Śląski S.A. In the action, RAFAKO S.A. demands a refund of PLN 9m which was unlawfully enforced from its accounts by ING Bank Śląski S.A. On November 29th 2010, the court of first instance issued a ruling in which it awarded an amount of PLN 8,996,566.00, plus statutory interest and litigation costs, to be paid by ING Bank Śląski S.A. to RAFAKO S.A. The attorney of ING Bank Śląski S.A. filed an appeal against the ruling of the court of first instance. On October 12th 2011, the Court of Appeals in Warsaw, having completed hearings, did not find the claims raised in the appeal by ING Bank Śląski S.A. justified, but resolved ex officio that the court of first instance failed to consider the substance of the dispute, reversed the ruling and remanded the case for re-examination by the court of first instance. In its ruling of April 1st 2014, the Regional Court in Warsaw ordered ING Bank Śląski S.A. to pay RAFAKO PLN 3,647 thousand, plus statutory interest for the period from November 3rd 2009 until the payment date.
The court dismissed the remaining part of the claim. Both parties lodged appeals against the ruling; the date of the hearing has not been set.

7. RAFAKO S.A. against Donetskoblenergo of Ukraine

In another material litigation involving RAFAKO S.A., the company is seeking compensation from Donetskoblenergo of Ukraine in the amount of USD 11,500 thousand (PLN 38,151 thousand). RAFAKO demands the compensation following the customer's final decision to abandon a boiler construction project. In 2009, courts of the first and second instance ruled in favour of RAFAKO. However, the High Commercial Court, having examined a cassation appeal, reversed the rulings and remanded the case for re-examination. On August 6th 2010, RAFAKO S.A. received a decision issued by the Judicial Chamber for business cases of the Supreme Court of Ukraine granting a cassation appeal lodged by the company on March 2nd 2010 and upholding the ruling of the Donetsk Commercial Court of Appeals of December 23rd 2008, whereby RAFAKO was awarded UAH 56.7m (approximately USD 11,500 thousand as at the date of filing the claim) in compensation, default interest, court expenses and legal representation costs. As the enforceability of the decision remains uncertain, RAFAKO did not recognise the awarded amount in revenue. RAFAKO's attorney reported that in July 2012 the Commercial Court for the Donetsk region resumed the examination of the case having received Donetskoblenergo's petition to declare the agreement of May 16th 1994 invalid. According to the attorney, there is no new evidence to grant the petition. Due to the current situation in Ukraine, no date for the next hearing has been set.

Key proceedings pending against the Group:

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.

On April 22nd 2013 Zurich received the NCS' demand for payment from the performance bond. Then, the Court of Appeals dismissed the appeal. By its decision of September 25th 2013, the District Court of Warsaw 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. So far, the District Court has not yet issued a decision to resume the proceedings.

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. Therefore, the Consortium is planning to bring one or several actions, as the need may be, concerning the claims it has against the NCS and the State Treasury. The exact value of the litigation has not yet been determined. On February 3rd

2015, 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 3 months.
In the meantime, on June 18th 2013, PBG and Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation) (another Consortium member) filed a call for a conciliation hearing at the District Court of Warsaw against the State Treasury – the Minister of Sport and Tourism, concerning an amount of PLN 162,984 thousand in payment 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 (court docket No. VIII GCo 552/13).
On April 22nd 2013, the NCS lodged a claim demanding payment by Zurich of a relevant amount under the insurance policy provided as a performance bond (court docket No. XX GC 211/13). On December 16th 2013, the Company filed a defendant-side intervention. On December 18th 2013, a defendant-side intervention was also filed by the bankruptcy administrator of Hydrobudowa. The date of hearing has not yet been determined. Value of the claim: PLN 152,479 thousand.
The case is pending. The parties filed a joint request to suspend the proceedings due to the negotiations initiated by the defendant.
On September 20th 2013, Imtech Polska sp. z o.o. (one of the main subcontractors working for the Warsaw National Stadium Construction Consortium) filed a claim for payment of PLN 115,037 thousand against PBG S.A., Alpine Construction Polska sp. z o.o., the NCS and the State Treasury – the Minister of Sport and Tourism. Imtech demands payment for the work performed during the construction of the National Stadium in Warsaw and compensation for damages it sustained as a result of its inability to perform the work within the original schedule. On December 12th 2013, the Company received the claim, and filed its response on March 28th 2014 (court docket No. XXVI GC 762/13). By virtue of the court's decision of July 8th 2014, the dispute was referred to mediation (the mediation hearing date was set for September 3rd 2014).

Notwithstanding the foregoing, on July 25th 2014 PBG SA filed with the District Court for the Capital City of Warsaw a petition requesting a call for a conciliation hearing (the court docket number has not yet been assigned). The mediation and the court proceedings in this case have been suspended until the claim filed by Imtech against the State Treasury is resolved. Imtech does not accept the terms set forth in the call for a conciliation hearing filed by PBG. In view of the above, the proceedings pending before the District Court of Warsaw have been postponed. Mediation hearing − no resolution On December 23rd 2014, the Consortium of PBG/HBP filed a counterclaim with the Regional Court of Warsaw (court docket No. XXVI GC 1208/14) against Imtech. Thus, case No. XXVI GC 762/13 Imtech vs Consortium of PBG and the above counterclaim will be considered jointly by the court. The date has not been determined. The case is pending.

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.

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. The case is pending.

4. The Zabrze Municipality, municipal water and sewage company Zabrzańskie Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. (ZPWiK) against PBG S.A. in company voluntary arrangement, Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation), court docket No. X GCo 543/13/7

On October 21st 2013, the petitioner submitted with the District Court for Poznań–Stare Miasto, 10th Commercial Division, a call for a conciliation hearing against the Company and against Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation) as part of its pursuit of a claim of EUR 810 thousand in contractual penalties under the contract "Improving water and wastewater management in the Zabrze Municipality – districts of Grzybowice and Rokitnica. Project No. 1". As the petitioner failed to present any conciliation proposal, the hearing held on February 25th 2014 did not end in any settlement. As at the date of this Report, the Zabrze Municipality has not taken any act of legal procedure, therefore it is impossible to determine the final value and merit of the claims.

5. 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. The case is pending.

6. FISIA BABCOOK ENVIROMENT GmbH against RAFAKO S.A.

An action brought by FISIA BABCOCK ENVIRONMENT GmbH is pending before the International Court of Arbitration at the International Chamber of Commerce in Vienna against RAFAKO S.A., a subsidiary. The proceedings were initiated following the filing of claim for payment of about EUR 3.8m in connection with a licence agreement relating to wet flue gas desulfurization units. The principal claims relate to payment of the allegedly due outstanding licence fees. In RAFAKO S.A.'s opinion, the claims are groundless. RAFAKO S.A.'s stance is that the contract for the upgrading of four desulfurization units, in relation to which the dispute arose, had been performed based RAFAKO's proprietary technological solutions, without any licensed know-how. In its response to the statement of claim, RAFAKO S.A. argued also that the other party's potential claim had become prescribed. The Court of Arbitration will address that matter (prescription of claim) in the first place.

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

In connection with the arbitration proceedings, RAFAKO S.A. has recognised a provision for arbitration costs of approximately PLN 586 thousand. The provision was partially used in 2014 and its balance as at March 31st 2015 was PLN 477 thousand. In the opinion of RAFAKO S.A.'s Management Board, as at March 31st 2015 there were no circumstances which would justify the recognition of any provisions for the claim.

7. **ESPD Environmental Solutions and Project Development GmbH against RAFAKO S.A.**

On December 9th 2014, RAFAKO S.A. received a claim for payment of EUR 644.5 thousand from ESPD Environmental Solutions and Project Development GmbH of Vienna (ESPD). The Company's liability is alleged to arise out of the cooperation agreement signed between the parties, under which ESPD agreed to provide support for RAFAKO S.A.'s efforts to win contracts for flue gas denitration (DeNOx) units. RAFAKO S.A.'s stance is that the fee claimed by ESPD is not due since no services have been provided. The proceedings are pending before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw.

ADMINISTRATIVE PROCEEDINGS

Administrative proceedings instigated ex officio by the Polish Financial Supervision Authority are pending against the Company.

The proceedings seek the imposition of an administrative sanction on the Company under Art. 96.1.c of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies of July 29th 2005. The Polish Financial Supervision Authority is planning to close the case in late May 2015.

2.15 Material related-party transactions

Related-party transactions within the PBG Group, eliminated in the consolidation process, are presented in separate financial statements of the respective companies.

Transactions with associates, non-consolidated related parties and other related parties, disclosed in the condensed consolidated financial statements, are presented below.

2.15.1 Transactions with non-consolidated related parties

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

RELATED PARTIES – SALES AND RECEIVABLES

Item	Revenue		Receivables		
	Jan 1–Mar 31 2015	Jan 1–Mar 31 2014	As at Mar 31 2015	As at Mar 31 2014	As at Dec 31 2014
Sales to:					
Other related parties	49	51	2,067	5,861	16,643
Total	**49**	**51**	**2,067**	**5,861**	**16,643**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

RELATED PARTIES – PURCHASES AND PAYABLES

Item	Purchases (costs, assets)		Payables		
	Jan 1–Mar 31 2015	Jan 1–Mar 31 2014	As at Mar 31 2015	As at Mar 31 2014	As at Dec 31 2014
Purchases from:					
Other related parties	1,837	574	7,243	7,822	4,556
Total	**1,837**	**574**	**7,243**	**7,822**	**4,556**

RELATED PARTIES – LOANS

Item	**Mar 31 2015**		**Mar 31 2014**		**Dec 31 2014**	
	Amount granted in the period	Outstanding balances	Amount granted in the period	Outstanding balances	Amount granted in the period	Outstanding balances
Loans advanced to:						
Other related parties	5,271	101	13,977	1,802	144	146
Total	**5,271**	**101**	**13,977**	**1,802**	**144**	**146**

RELATED PARTIES – BORROWINGS

Item	**Mar 31 2015**		**Mar 31 2014**		**Dec 31 2014**	
	Amount granted in the period	Outstanding balances	Amount granted in the period	Outstanding balances	Amount granted in the period	Outstanding balances
Borrowings from:						
Other related parties	1,913	1,963	1,513	62	2,313	1,963
Total	**1,913**	**1,963**	**1,513**	**62**	**2,313**	**1,963**

2.16 Issue, redemption and repayment of debt and equity securities

In the three months ended March 31st 2015, the consolidated entities did not issue, redeem or repay any debt or equity securities.

2.17 Loan sureties or guarantees issued by the Company or its subsidiaries where the aggregate value of such outstanding sureties or guarantees issued to a single entity or its subsidiaries represents 10% or more of the Company's equity

In the reporting period, no loan sureties or guarantees were issued by Group companies where the aggregate value of such outstanding sureties or guarantees issued to a single entity or its subsidiaries would represent 10% or more of equity.

2.18 Contingent assets and liabilities

Off-balance-sheet receivables (PLN '000)	Mar 31 2015
Receivables under bank and insurance guarantees received mainly as security for performance of contracts, including:	564,648
Receivables under sureties received, including:	7,600
Promissory notes received as security, including:	30,582
- from related entities	6,996
Letters of credit	1,883
Total off-balance-sheet receivables, including:	**604,713**
- from related entities	***6,996***

Off-balance-sheet liabilities (PLN '000)	Mar 31 2015
Commitments under bank and insurance guarantees issued mainly as security for performance of contracts, including:	372,986
Liabilities under sureties, including:	2,237,853
- to related entities	1,136,522
Promissory notes issued as security, including:	29,701
Guarantee claims paid	359,522
Total off-balance-sheet liabilities, including:	**3,000,062**
- to related entities	***1,136,522***

In these consolidated financial statements as at March 31st 2015, the PBG Group disclosed contingent liabilities recognised as off-balance-sheet items of PLN **3,000,062** 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 PBG Group's total contingent liabilities include **PLN 1,697,343 thousand** of the Parent's liabilities under joint and several liability for third parties, and liability arising in connection with sureties and guarantees issued by the Parent for other parties. The Parent 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 by the Parent in compliance with the arrangement. As at December 31st 2012, the Parent estimated and recognised a provision for the contingent liabilities which may result in a future outflow of cash.
As at December 31st 2014, the provision was PLN 347,527 thousand.
The value of contingent liabilities disclosed by the PBG Group as at March 31st 2015 net of the provision was **PLN 2,652,535 thousand**.

As at March 31st 2015, the PBG Group disclosed contingent receivables recognised as off-balance-sheet items of **PLN 604,713 thousand.** The contingent receivables are related mainly to performance bonds of PLN

564,648 thousand and promissory notes of PLN 30,583 thousand. Other contingent receivables are letters of credit of PLN 1,883 thousand and sureties of PLN 7,600 thousand.
The PBG Group does not have any data regarding the amount of off-balance receivables and liabilities for the comparative period, i.e. as at March 31st 2014. The PBG Group would have to incur disproportionately high costs and make undue effort to obtain the comparative data, therefore the Group decided to present the data for the current period only.

2.19 Other information which in the Company's opinion is relevant for the assessment of its personnel, assets, financial condition and financial result or changes in the foregoing, or for the assessment of its ability to fulfil obligations

Except for the events referred to and discussed in section 2.2.2 "Going concern assumption" and section 2.10 of these financial statements, in Q1 2015 no other material events occurred which could have a significant bearing on the assessment of the Group's assets, financial position or financial result, or could change any of the foregoing, or would be relevant for the assessment of the Group's staffing situation or ability to fulfil obligations.

2.20 Factors with a bearing on the Company's results in the next quarter or in a longer term

In Q2 2015, the Company will continue the construction works under running contracts, the most important of them being:

a. Construction of a supercritical 800-910 MW power generation unit at Jaworzno III Power Plant – Power Plant II: steam generator, turbine generator set, main building, electrical and I&C systems; contract executed between TAURON WYTWARZANIE S.A. and RAFAKO S.A. – planned revenue: PLN 169,967 thousand.
b. Construction of a new CHP Plant – Stage I; contract executed between Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. and RAFAKO S.A. – planned revenue: PLN 98,783 thousand;
c. Construction of OFz-140 fluidized boiler with dust removal system in Oświęcim; contract executed between SYNTHOS DWORY 7 SP. Z O.O. S.K.A and RAFAKO S.A.; planned revenue: PLN 65,256 thousand;
d. Construction of a liquefied natural gas regasification terminal in Świnoujście; contract executed between Polskie LNG S.A. and the consortium of Saipem S.p.A., Saipem S.A., Techint Compagnia Tecnica Internazionale S.p.A., Snamprogetti Canada Inc., PBG S.A. and PBG Energia Sp. z o.o. (formerly PBG Export Sp. z o.o.); planned revenue: PLN 33,213 thousand;
e. Design, delivery and construction of a grid, steam generator, and flue gas treatment unit for two lines at the Waste Thermal Treatment Plant in Szczecin; contract executed between Mostostal Warszawa S.A. and RAFAKO S.A.; planned revenue: PLN 29,424 thousand;
f. Design and construction of a wet lime-and-gypsum flue-gas desulfurization unit for ZEC Wrocław; executed between EDF Polska S.A. and RAFAKO S.A.; planned revenue: PLN 28,378 thousand;

g. Upgrade and overhaul of the rotary air heaters and auxiliary systems for power units Nos. 7, 8, 9, 10, 11, and 12 at the Bełchatów Power Plant; contract executed between PGE Górnictwo i Energetyka Konwencjonalna S.A. (Bełchatów Branch) and RAFAKO S.A.; planned revenue: PLN 20,829 thousand;
h. Design, construction and commissioning of a wet lime-and-gypsum flue-gas desulfurization unit for EC Gdańsk; contract executed between EDF Polska S.A. and RAFAKO S.A.; planned revenue: PLN 19,052 thousand;
i. Design and construction of a wet lime-and-gypsum flue-gas desulfurization unit for EC Kraków; contract executed between EDF Polska S.A. and RAFAKO S.A.; planned revenue: PLN 17,969 thousand;
j. Design, construction and commissioning of a wet lime-and-gypsum flue-gas desulfurization unit for EC Gdynia; contract executed between EDF Polska S.A. and RAFAKO S.A.; planned revenue: PLN 16,878 thousand;
k. Delivery, assembly and start-up of a boiler for waste incineration, Hereford Project; contract executed between ITACHI INOVA AG and RAFAKO S.A.; planned revenue: PLN 16,696 thousand.

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

3. INTERIM CONDENSED FINANCIAL STATEMENTS

Item	for the period Jan 1–Mar 31 2015 PLN	for the period Jan 1–Mar 31 2014 PLN	for the period Jan 1–Mar 31 2015 EUR	for the period Jan 1–Mar 31 2014 EUR
Statement of profit or loss				
Revenue	37,848	38,053	9,122	9,083
Operating profit (loss)	(16,920)	(52,313)	(4,078)	(12,487)
Profit (loss) before tax	(15,603)	(52,504)	(3,761)	(12,533)
Net profit/(loss) from continuing operations	(15,603)	(52,504)	(3,761)	(12,533)
Net profit/(loss)	(15,603)	(52,504)	(3,761)	(12,533)
Total comprehensive income	(15,603)	(52,504)	(3,761)	(12,533)
Basic earnings per share (PLN/EUR)	(1.09)	(3.67)	(0.26)	(0.88)
Diluted earnings per share (PLN/EUR)	(1.09)	(3.67)	(0.26)	(0.88)
Average PLN/EUR exchange rate	x	x	4.1489	4.1894

Statement of cash flows				
Net cash from operating activities	(23,223)	(15,892)	(5,597)	(3,793)
Net cash from investing activities	425	(2,084)	102	(497)
Net cash from financing activities	2,564	(14,576)	618	(3,479)
Net increase/(decrease) in cash and cash equivalents	(20,234)	(32,552)	(4,877)	(7,770)
Average PLN/EUR exchange rate	x	x	4.1489	4.1894

Item	As at Mar 31 2015 PLN	As at Mar 31 2014 PLN	As at Dec 31 2014 PLN	As at Mar 31 2015 EUR	As at Mar 31 2014 EUR	As at Dec 31 2014 EUR
Statement of financial position						
Assets	1,107,768	1,178,035	1,118,988	270,914	282,414	262,531
Non-current liabilities	366,689	459,501	367,514	89,677	110,158	86,224
Current liabilities	1,739,313	1,699,211	1,734,105	425,364	407,358	406,847
Equity	(998,234)	(980,677)	(982,631)	(244,127)	(235,101)	(230,540)
Share capital	14,295	14,295	14,295	3,496	3,427	3,354
Number of shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Book value per share (PLN/EUR)	(69.83)	(68.60)	(68.74)	(17.08)	(16.45)	(16.13)
Dividend per share declared or paid (PLN/EUR)	-	-	-	-	-	-
PLN/EUR exchange rate at end of period	x	x	x	4.0890	4.1713	4.2623

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Item	As at Mar 31 2015	As at Mar 31 2014	As at Dec 31 2014
Assets			
Non-current assets	**795,665**	**887,178**	**815,390**
Goodwill	-	-	-
Intangible assets	1,450	4,500	1,776
Property, plant and equipment	57,385	62,879	58,194
Investment property	33,308	45,686	33,306
Non-current investments	7,577	7,577	7,577
Investments in subsidiaries	563,029	563,029	563,029
Receivables	4,131	24,641	24,137
Loans advanced	128,652	177,813	127,213
Derivative financial instruments	-	-	-
Other non-current financial assets	31	849	31
Deferred tax assets	-	-	-
Non-current prepayments and accrued income	102	204	127
Current assets	**312,103**	**290,857**	**303,598**
Inventories	1,507	1,281	1,514
Amounts due from customers for construction contract work	88,515	13,088	57,709
Trade and other receivables	72,590	69,138	58,823
Current tax assets	-	-	-
Loans advanced	126,537	135,052	142,814
Derivative financial instruments	-	-	-
Other current financial assets	-	-	-
Cash and cash equivalents	20,187	67,254	40,421
Current prepayments and accrued income	1,775	3,480	1,325
Non-current assets held for sale	992	1,564	992
Total assets	**1,107,768**	**1,178,035**	**1,118,988**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Item	As at Mar 31 2015	As at Mar 31 2014	As at Dec 31 2014
Equity and liabilities			
Equity	**(998,234)**	**(980,677)**	**(982,631)**
Share capital	14,295	14,295	14,295
Treasury shares	-	-	-
Share premium	733,348	733,348	733,348
Cash-flow hedges and translation reserve	-	-	-
Other capital reserves	547,868	547,868	547,868
Retained earnings	**(2,293,745)**	**(2,276,188)**	**(2,278,142)**
- accumulated profit/(loss) from prior years	(2,278,142)	(2,223,684)	(2,223,684)
- net profit (loss) for current year	(15,603)	(52,504)	(54,458)
Liabilities	**2,106,002**	**2,158,712**	**2,101,619**
Non-current liabilities	**366,689**	**459,501**	**367,514**
Borrowings and other debt instruments	-	-	-
Finance lease liabilities	4,354	5,010	4,522
Derivative financial instruments	-	-	-
Other liabilities	-	-	-
Deferred tax liabilities	-	-	-
Employee benefit obligations and provisions	164	201	164
Other non-current provisions	361,045	452,966	361,644
Non-current accruals and deferred income	1,126	1,324	1,184
Current liabilities	**1,739,313**	**1,699,211**	**1,734,105**
Borrowings and other debt instruments	1,211,556	1,218,979	1,208,814
Finance lease liabilities	666	664	650
Derivative financial instruments	-	396	-
Trade and other payables	493,322	432,624	486,434
Amounts due to customers for construction contract work	690	12,024	136
Current tax liabilities	-	-	-
Employee benefit obligations and provisions	1,959	2,608	2,406
Other current provisions	30,884	31,647	35,315
Government grants	-	-	-
Current accruals and deferred income	236	269	350
Liabilities under non-current assets held for sale	-	-	-
Total equity and liabilities	**1,107,768**	**1,178,035**	**1,118,988**

QSr 1/2015 _(all amounts in PLN '000, unless otherwise indicated)_

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Continuing operations		
Revenue	**37,848**	**38,053**
Sales of finished goods	-	-
Rendering of services	37,848	37,971
Sales of merchandise and materials	-	82
Cost of sales	**(36,938)**	**(41,438)**
Finished goods sold	-	-
Services rendered	(36,938)	(41,356)
Merchandise and materials sold	-	(82)
Gross profit (loss)	**910**	**(3,385)**
Distribution costs	-	-
Administrative expenses	(5,043)	(5,459)
Other income	2,216	3,827
Other expenses	(15,003)	(47,296)
Restructuring costs	-	-
Operating profit (loss)	**(16,920)**	**(52,313)**
Finance costs	1,317	(191)
Share of profit/(loss) of equity-accounted entities	-	-
Profit (loss) before tax	**(15,603)**	**(52,504)**
Income tax expense	-	-
Net profit/(loss) from continuing operations	**(15,603)**	**(52,504)**
Discontinued operations		
Net loss from discontinued operations	-	-
Net profit/(loss)	**(15,603)**	**(52,504)**

EARNINGS PER SHARE

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Net profit/(loss) from continuing operations	(15,603)	(52,504)
Net profit (loss) from continuing and discontinued operations	-	-
Weighted average number of ordinary shares	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000
from continuing operations		
- basic	(1.09)	(3.67)
- diluted	(1.09)	(3.67)
from continuing and discontinued operations		
- basic	(1.09)	(3.67)
- diluted	(1.09)	(3.67)

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Net profit/(loss)	**(15,603)**	**(52,504)**
Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:		
Exchange differences on translating foreign operations		
Available-for-sale financial assets		
Hedge accounting		
Revaluation of property, plant and equipment		
Deferred income tax		
Other comprehensive income that will not be reclassified to profit or loss, relating to:		
Actuarial gains/losses on employee benefits		-
Deferred income tax		-
Other comprehensive income, net of tax	**-**	**-**
Total comprehensive income	**(15,603)**	**(52,504)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF PBG'S FINANCIAL PERFORMANCE IN Q1 2015

I. IMPORTANT EVENTS AND FACTORS WITH A BEARING ON PBG'S FINANCIAL PERFORMANCE IN Q1 2015

In Q1 2015, PBG's revenue remained relatively flat year on year, at PLN 37.8m. This was caused by the Company's current legal status, which prevents PBG from bidding for new contracts in public procurement procedures, and completion of contracts in the order book. PBG currently bids for new contracts through its subsidiaries. In the next three months, the Company plans to submit bids for a total amount of PLN 300m-400m. PBG's operating result was adversely affected by one-off revaluation of investment certificates held by the Company in connection with its Ukrainian project. Due to the depreciation of the hryvnia, the Company was forced to write off PLN 14.7m of the certificates' value. The other factors which contributed to PBG's Q1 2015 net loss of PLN 15.6m were administrative expenses of PLN 5m, and finance income and costs.

1.1 In Q1 2015, PBG generated revenue of PLN 37.8m, with gross profit of PLN 0.9m.

1.2 The following construction contract was the key source of revenue from PBG's core business:

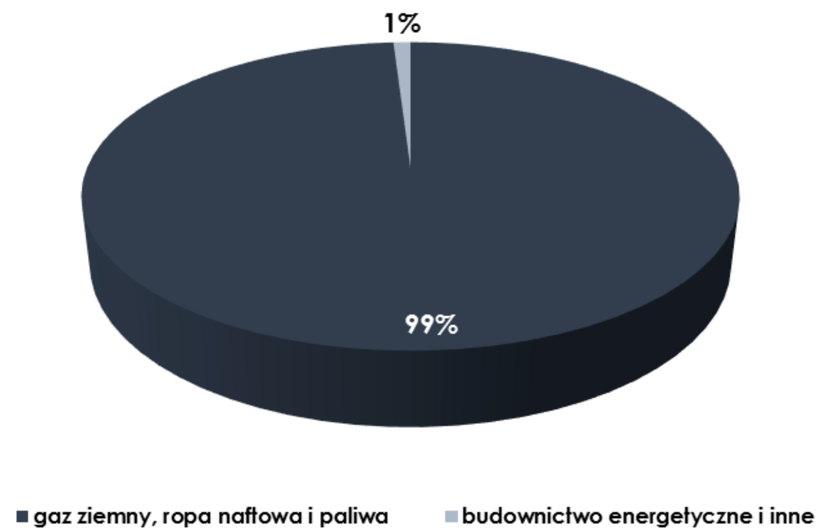
1) Construction of the liquefied natural gas regasification terminal in Świnoujście; contract executed between Polskie LNG S.A. and the consortium of Saipem S.p.A., Saipem S.A., Techint Compagnia Tecnica Internazionale S.p.A., Snamprogetti Canada Inc., PBG and PBG Energia; recognised revenue: PLN 34.9m.

II. DISCUSSION OF REVENUE AND COSTS

2.1 Revenue

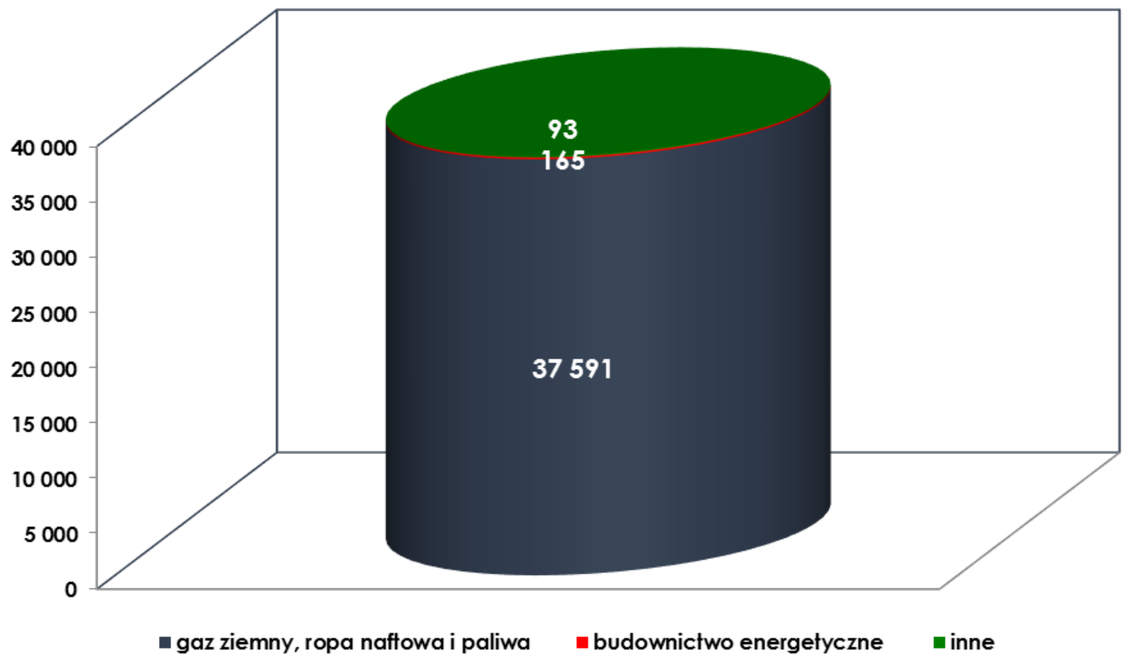
In Q1 2015, PBG's **revenue remained relatively flat** year on year, at PLN 37.8m. With over 99% of the total, the gas, oil and fuels segment was the largest contributor to the revenue. The other two segments, i.e. **power construction** and **other** accounted for the balance.

SEGMENTS' PERCENTAGE SHARES IN PBG'S REVENUE IN Q1 2015



Gaz ziemny, ropa naftowa i paliwa	Gas, oil and fuels
Budownictwo energetyczne i inne	Power construction and other

SEGMENTS' CONTRIBUTION TO PBG'S REVENUE IN Q1 2015 (PLN '000)



Gaz ziemny, ropa naftowa i paliwa	Gas, oil and fuels
Budownictwo energetyczne	Power construction
Inne	Other

2.2 Cost of sales

In Q1 2015, **cost of sales was nearly PLN 37m**, that is 11% down year on year.

2.3 Administrative expenses

In Q1 2015, administrative expenses were PLN 5m**, that is** PLN 0.4m less **than a year before.**

2.4 Other income

In Q1 2015, the Company posted **other income of PLN 2.2m,** with the largest item being a PLN 0.7m discount on non-current accounts receivable and payable. Year on year, other income **decreased by 42%**.

2.5 Other expenses

In Q1 2015, other expenses totalled PLN 15m**,** having decreased by 68% **year on year.** The largest item of other expenses were exchange losses on revaluation of investment certificates related to the project in Ukraine, incurred following strong depreciation of the hryvnia (PLN 14.7m).

2.6 Finance income

In Q1 2015, finance income **was** PLN 1.3m**,** up over 200% year on year. Exchange gains on cash related to the LNG terminal contract in Świnoujście of PLN 1.2m were the largest item of finance income.

2.7 Finance costs

In Q1 2015, **finance costs were PLN 14.5 thousand**, having **decreased by 98%** year on year. This item comprised solely **interest and fees and commissions due to banks**.

III. DISCUSSION OF FINANCIAL RESULTS

3.1 Statement of profit or loss

In Q1 2015, the **Company generated net loss of PLN 15.6m** – an improvement of over PLN 36m **on the net loss of PLN 52.5m recorded in Q1 2014.**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – MARCH 31ST 2013

Item	Share capital	Share premium	Other reserves	Retained earnings	Total
Balance as at Jan 1 2015	**14,295**	**733,348**	**547,868**	**(2,278,142)**	**(982,631)**
Changes in accounting policies	-	-	-	-	-
Corrections of errors	-	-	-	-	-
Restated balance	**14,295**	**733,348**	**547,868**	**(2,278,142)**	**(982,631)**
Changes in equity in the period Jan 1 – Mar 31 2015					
Share issue	-	-	-	-	-
Employee share options	-	-	-	-	-
Other adjustments	-	-	-	-	-
Dividends	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net profit for the period Jan 1 – Mar 31 2015	**-**	**-**	**-**	**(15,603)**	**(15,603)**
Other comprehensive income net of tax for the period Jan 1 – Mar 31 2015	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(15,603)**	**(15,603)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)			-		-
Balance as at Mar 31 2015	**14,295**	**733,348**	**547,868**	**(2,293,745)**	**(998,234)**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – MARCH 31ST 2014

Item	Share capital	Share premium	Other reserves	Retained earnings	Total
Balance as at Jan 1 2014	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,173)**
Changes in accounting policies	**-**	**-**	**-**	**-**	-
Corrections of errors	-	-	-	-	-
Restated balance	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,173)**
Changes in equity in the period Jan 1 – Mar 31 2014					
Share issue	-	-	-	-	-
Employee share options	-	-	-	-	-
Other adjustments	-	-			-
Dividends	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period Jan 1 – Mar 31 2014	**-**	**-**	**-**	**(52,504)**	**(52,504)**
Other comprehensive income net of tax for the period Jan 1 – Mar 31 2014	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(52,504)**	**(52,504)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)			-		-
Balance as at Mar 31 2014	**14,295**	**733,348**	**547,868**	**(2,276,188)**	**(980,677)**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – DECEMBER 31ST 2014

Item	Share capital	Share premium	Other reserves	Retained earnings	Total
Balance as at Jan 1 2014	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,174)**
Changes in accounting policies	-	-	-	-	**-**
Corrections of errors	-	-	-	-	**-**
Restated balance	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,174)**
Changes in equity in the period Jan 1 – Dec 31 2014					
Share issue	-	-	-	-	-
Employee share options	-	-	-	-	-
Other adjustments	-	-	-	-	-
Dividends	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net profit for the period Jan 1–Dec 31 2014	**-**	**-**	**-**	**(54,458)**	**(54,458)**
Other comprehensive income net of tax for the period Jan 1–Dec 31 2014	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(54,458)**	**(54,458)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-
Balance as at Dec 31 2014	**14,295**	**733,348**	**547,868**	**(2,278,142)**	**(982,632)**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Cash flows from operating activities		
Profit (loss) before tax	**(15,603)**	**(52,504)**
Adjustments:		
Depreciation and impairment of property, plant and equipment	837	959
Amortisation and impairment of intangible assets	326	433
Gains (losses) on financial assets and liabilities at fair value through profit or loss	-	(246)
Impairment of financial assets	-	22,955
(Gains) losses on disposal of non-financial non-current assets	-	(1)
Foreign exchange gains (losses)	14,702	23,905
Interest expense	15	289
Interest income	(135)	(405)
Other adjustments	84	(152)
Total adjustments	**15,829**	**47,737**
Change in inventories	7	(347)
Change in trade and other receivables	5,957	43,994
Change in trade payables	6,914	(40,224)
Change in provisions, accruals and prepaid expenses	(6,075)	(6,388)
Change in construction contracts and related liabilities	(30,252)	(8,160)
Net changes in working capital	**(23,449)**	**(11,125)**
Net cash from operating activities	**(23,223)**	**(15,892)**
Cash flows from investing activities		
Proceeds from disposals of intangible assets	282	-
Purchase of property, plant and equipment	(25)	-
Proceeds from disposals of property, plant and equipment	-	1,635
Purchase of investment property	(2)	(3,813)
Sale of subsidiaries, net	-	74
Repayment of loans advanced	149	-
Interest received	21	20
Net cash from investing activities	**425**	**(2,084)**
Cash flows from financing activities		
Proceeds from borrowings	2,742	-
Repayment of borrowings	-	(14,084)
Payment of finance lease liabilities	(265)	(308)
Interest paid	-	(504)
Interest received on bank deposits	87	320
Net cash from financing activities	**2,564**	**(14,576)**
Net increase/(decrease) in cash and cash equivalents	**(20,234)**	**(32,552)**
Cash and cash equivalents, beginning of period	**40,421**	**99,806**
Effect of exchange rate changes	-	-
Cash and cash equivalents, end of period	**20,187**	**67,254**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

SELECTED NOTES

REVENUE BY SEGMENT

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Gas, oil and fuels	37,591	37,656
Industrial and residential construction	164	7
Other	93	390
Total revenue	**37,848**	**38,053**

EXPENSES BY NATURE

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Depreciation and amortisation	1,081	1,392
Raw materials and consumables used	363	12,320
Services	38,790	25,376
Taxes and duties	452	395
Employee benefits	4,344	5,242
Other expenses	258	3,948
Total expenses	**45,288**	**48,673**
Cost of merchandise and materials sold	-	82
Changes in inventories of finished goods and work in progress (-)	(3,307)	(1,858)
Work performed by entity and capitalised	-	-
Cost of products and services sold	**41,981**	**46,897**

QSr 1/2015** (all amounts in PLN '000, unless otherwise indicated)

OTHER INCOME

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Gain on disposal of non-financial non-current assets	-	2
Reversal of impairment losses on property, plant and equipment and intangible assets		
Reversal of impairment losses on receivables	48	6
Reversal of unused provisions		
Reversal of provision for warranty repairs	576	1,807
Compensation and penalties received	-	261
Government grants received	59	178
Lease income	546	435
Interest on cash in escrow account used for operating activities		
Interest on loans advanced as part of operating activities	34	73
Other interest related to operating activities	89	13
Total fair value and disposal gains on financial instruments at fair value through profit or loss	-	246
Discount (non-current accounts receivable and payable)	743	372
Gain on investments in related entities	-	74
Court fees refunded	1	1
Other income	120	359
Total other income	**2,216**	**3,827**

OTHER EXPENSES

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Impairment losses on receivables	-	62
Impairment losses on other assets	-	22,955
Compensation and penalties paid	5	9
Interest on liabilities	828	-
Net exchange differences on operating activities	14,028	23,017
Cost of litigation	52	3
Other	90	1,250
Total other expenses	**15,003**	**47,296**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

FINANCE INCOME

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Interest income for financial assets other than at fair value through profit or loss:		
Cash and cash equivalents (deposits)	101	428
Total interest income for financial assets other than at fair value through profit or loss	**101**	**428**
Gain (loss) (+/-) from exchange differences on:		
Cash and cash equivalents	1,231	-
Total gain (loss) (+/-) from exchange differences	**1,231**	**-**
Total finance income	**1,332**	**428**

FINANCE COSTS

Item	Q1 2015 Jan 1–Mar 31 2015	Q1 2014 Jan 1–Mar 31 2014
Interest expenses for financial liabilities other than at fair value through profit or loss:		
Credit facilities	-	288
Trade and other payables	15	5
Total interest expenses for financial liabilities other than at fair value through profit or loss	**15**	**293**
Fair value and disposal losses on financial instruments at fair value through profit or loss:		
Cash flow hedge derivatives	-	144
Total fair value and disposal losses on financial instruments at fair value through profit or loss	**-**	**144**
Gain (loss) (-/+) from exchange differences on:		
Cash and cash equivalents	-	182
Gain (loss) (-/+) from exchange differences	**-**	**182**
Total finance costs	**15**	**619**

QSr 1/2015 (all amounts in PLN '000, unless otherwise indicated)

4. APPROVAL FOR ISSUE

These interim condensed consolidated financial statements of the PBG Group for Q1 2015 and interim condensed separate financial statements of the Parent for Q1 2015 (together with comparative data) were approved for issue by the Company's Management Board on May 15th 2015.

Signatures of all Management Board members			
Date	Full name	Position	Signature
May 15th 2015	Jerzy Wiśniewski	President of the Management Board	
May 15th 2015	Mariusz Łożyński	Vice-President of the Management Board	
May 15th 2015	Kinga Banaszak-Filipiak	Vice-President of the Management Board	
May 15th 2015	Bożena Ciosk	Member of the Management Board	
Signature of the person responsible for the preparation of the consolidated financial statements			
Date	Full name	Position	
May 15th 2015	Bartosz Kuźmin	Deputy Director for Consolidation and Accounting	

Wysogotowo, May 15th 2015