PBG GROUP

INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1ST
– JUNE 30TH 2015

WYSOGOTOWO, AUGUST 31ST 2015

Group name:	PBG GROUP		
Period covered by the financial statements:	*January 1st–June 30th 2015*	Reporting currency:	*Polish złoty (PLN)*
Rounding:	*All amounts in PLN thousand (unless otherwise indicated)*		

SELECTED FINANCIAL DATA

Item	for the period Jan 1–Jun 30 2015 (unaudited) PLN	for the period Jan 1–Dec 31 2014 (audited) PLN	for the period Jan 1–Jun 30 2014 (unaudited, restated) PLN	for the period Jan 1–Jun 30 2015 (unaudited) EUR	for the period Jan 1–Dec 31 2014 (audited) EUR	for the period Jan 1–Jun 30 2014 (unaudited, restated) EUR
Statement of profit or loss						
Revenue	771,957	1,530,248	622,513	186,729	365,275	148,984
Operating loss	(108,048)	(46,254)	(159,714)	(26,136)	(11,041)	(38,224)
Loss before tax	(107,063)	(66,881)	(163,097)	(25,898)	(15,965)	(39,033)
Net profit/(loss) from continuing operations, including attributable to:	(111,892)	(75,985)	(165,178)	(27,066)	(18,138)	(39,531)
- owners of the Parent	(87,426)	(81,020)	(161,263)	(21,148)	(19,340)	(38,594)
- non-controlling interests	(24,466)	5,035	(3,915)	(5,918)	1,202	(937)
Net profit/(loss) from continuing and discontinued operations, including attributable to:	(111,947)	(80,799)	(162,879)	(27,079)	(19,287)	(38,981)
- owners of the Parent	(87,454)	(84,388)	(160,110)	(21,154)	(20,144)	(38,318)
- non-controlling interests	(24,493)	3,589	(2,769)	(5,925)	857	(663)
Statement of comprehensive income						
Comprehensive loss attributable to:	(120,452)	(90,678)	(220,143)	(29,136)	(21,645)	(52,686)
- owners of the Parent	(95,791)	(85,815)	(205,536)	(23,171)	(20,484)	(49,190)
- non-controlling interests	(24,661)	(4,863)	(14,607)	(5,965)	(1,161)	(3,496)
Loss per ordinary share						
Loss per ordinary share (PLN/EUR)	(6.12)	(5.90)	(11.20)	(1.48)	(1.41)	(2.68)
Diluted loss per share (PLN/EUR)	(6.12)	(5.90)	(11.20)	(1.48)	(1.41)	(2.68)
Statement of cash flows						
Net cash from operating activities	(97,452)	27,111	67,312	(23,573)	6,471	16,110
Net cash from (used in) investing activities	11,621	44,095	35,382	2,811	10,526	8,468
Net cash from financing activities	20,305	(113,816)	(128,306)	4,912	(27,168)	(30,707)
Net increase/(decrease) in cash and cash equivalents	(65,526)	(42,610)	(25,612)	(15,850)	(10,171)	(6,130)
Average PLN/EUR exchange rate	x	x	x	4,1341	4,1893	4,1784

Group name:	PBG GROUP		
Period covered by the financial statements:	***January 1st−June 30th 2015***	**Reporting currency:**	***Polish złoty (PLN)***
Rounding:	***All amounts in PLN thousand (unless otherwise indicated)***		

Item	As at Jun 30 2015 (unaudited) PLN	As at Dec 31 2014 (audited) PLN	As at Jun 30 2014 (unaudited) PLN	As at Jun 30 2015 (unaudited) EUR	As at Dec 31 2014 (audited) EUR	As at Jun 30 2014 (unaudited) EUR
Statement of financial position						
Assets	2,115,597	2,189,205	2,173,121	504,386	513,621	522,272
Non-current liabilities	559,186	526,842	541,213	133,317	123,605	130,071
Current liabilities	2,361,121	2,335,120	2,381,958	562,922	547,854	572,462
Equity attributable to owners of the Parent	(1,040,792)	(944,950)	(1,017,235)	(248,138)	(221,700)	(244,475)
Share capital	14,295	14,295	14,295	3,408	3,354	3,436
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)	(72.81)	(66.10)	(71.16)	(17.36)	(15.51)	(17.10)
Dividend per share declared or paid (PLN/EUR)	-	-	-	-	-	-
PLN/EUR exchange rate at end of period				4,1944	4,2623	4,1609

The above data was translated into the euro in accordance with the policies described in Note 34.

TABLE OF CONTENTS

All amounts in PLN thousand (unless otherwise indicated)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	Note	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Assets				
Non-current assets		**990,927**	**1,072,886**	**1,077,670**
Goodwill	7	311,423	381,686	385,518
Intangible assets	8	10,137	11,345	12,189
Property, plant and equipment	9	258,272	258,238	286,360
Non-regenerative natural resources		36,782	36,782	36,782
Investment property	11	211,920	213,783	208,503
Non-current investments		7,577	7,577	7,577
Investments in joint ventures	12	37,047	46,447	60,459
Receivables	14	43,290	57,212	26,627
Loans advanced	14	38	38	214
Other non-current financial assets		1,624	1,673	2,514
Deferred tax assets	13	67,577	54,887	47,254
Non-current prepayments and accrued income		5,240	3,218	3,673
Current assets		**1,124,670**	**1,116,319**	**1,095,451**
Inventories	15	57,016	61,596	94,081
Amounts due from customers for construction contract work	32	309,925	272,467	322,704
Trade and other receivables	14	639,494	534,814	481,451
Current tax assets		3,401	14,240	10,037
Loans advanced	14	269	381	241
Derivative financial instruments		-	-	70
Other current financial assets		-	-	25,003
Cash and cash equivalents	16	66,481	104,693	148,625
Current prepayments and accrued income		46,150	52,247	10,689
Assets classified as held for sale		1,934	75,881	2,550
Total assets		**2,115,597**	**2,189,205**	**2,173,121**

Wysogotowo, August 31st 2015

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

All amounts in PLN thousand (unless otherwise indicated)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

Item	Note	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Equity and liabilities				
Equity		**(804,710)**	**(672,757)**	**(750,050)**
Equity attributable to owners of the Parent		**(1,040,792)**	**(944,950)**	**(1,017,235)**
Share capital	18	14,295	14,295	14,295
Share premium		733,348	733,348	733,348
Cash-flow hedges		(541)	(742)	(3,234)
Exchange differences on translating foreign operations		(12,148)	(3,765)	(643)
Other capital reserves	18	494,277	524,075	544,609
Accumulated losses:		(2,270,023)	(2,212,161)	(2,305,610)
Accumulated loss from prior years		(2,182,569)	(2,127,773)	(2,145,500)
Net loss for current year attributable to owners of the Parent		(87,454)	(84,388)	(160,110)
Non-controlling interests	18	**236,082**	**272,193**	**267,185**
Payables		**2,920,307**	**2,861,962**	**2,923,171**
Non-current liabilities		**559,186**	**526,842**	**541,213**
Borrowings and other debt instruments	17	49,239	54,959	34,330
Finance lease liabilities		12,495	13,096	13,451
Derivative financial instruments	32	668	916	3,997
Other liabilities	23	90,061	69,619	25,507
Deferred tax liabilities		5,624	4,701	2,078
Employee benefit obligations and provisions	23	25,937	25,475	23,327
Other non-current provisions	23	374,100	356,892	437,193
Non-current prepayments and accrued income		1,062	1,184	1,330
Current liabilities		**2,361,121**	**2,335,120**	**2,381,958**
Borrowings and other debt instruments	17	1,376,412	1,345,957	1,398,711
Finance lease liabilities		2,974	2,454	2,582
Derivative financial instruments		-	-	185
Trade and other payables	23	683,417	700,227	729,859
Amounts due to customers for construction contract work	32	93,533	126,375	96,761
Current tax liabilities		1,423	897	619
Employee benefit obligations and provisions	23	38,247	37,490	32,489
Other current provisions	23	159,750	103,885	118,189
Government grants		-	-	6
Current prepayments and accrued income		5,365	2,244	2,554
Liabilities related to assets classified as held for sale		-	15,591	3
Total equity and liabilities		**2,115,597**	**2,189,205**	**2,173,121**

Wysogotowo, August 31st 2015

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

All amounts in PLN thousand (unless otherwise indicated)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (BY FUNCTION)

Item	Note	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited, restated)
Continuing operations				
Revenue		**771,957**	**1,530,248**	**622,513**
Sales of finished goods		466,605	1,151,369	458,962
Rendering of services		301,644	358,596	158,527
Sales of merchandise and materials		3,708	20,283	5,024
Cost of sales	33	**(740,824)**	**(1,435,754)**	**(570,880)**
Finished goods sold		(436,385)	(1,041,819)	(395,227)
Services rendered		(300,609)	(377,789)	(167,215)
Merchandise and materials sold		(3,830)	(16,146)	(8,438)
Gross profit		**31,133**	**94,494**	**51,633**
Distribution costs	33	(10,960)	(27,089)	(23,231)
Administrative expenses	33	(42,095)	(84,357)	(38,705)
Other income	33	17,728	162,161	56,448
Other expenses	33	(96,300)	(184,469)	(205,859)
Restructuring costs	33	(7,554)	(6,993)	-
Operating loss		**(108,048)**	**(46,254)**	**(159,714)**
Net finance costs	33	(46)	(12,399)	(3,383)
Share of profit/(loss) of equity-accounted entities		1,031	(8,228)	-
Loss before tax		**(107,063)**	**(66,881)**	**(163,097)**
Income tax expense	13	(4,829)	(9,104)	(2,081)
Net loss from continuing operations		**(111,892)**	**(75,985)**	**(165,178)**
Discontinued operations				
Net profit/(loss) from discontinued operations		(55)	(4,814)	2,299
Net loss		**(111,947)**	**(80,799)**	**(162,879)**
Net profit/(loss) attributable to:		**(111,947)**	**(80,799)**	**(162,879)**
- owners of the Parent		(87,454)	(84,388)	(160,110)
- non-controlling interests		(24,493)	3,589	(2,769)

Wysogotowo, August 31st 2015

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

All amounts in PLN thousand (unless otherwise indicated)

EARNINGS PER SHARE

Item	for the period Jan 1–Jun 30 2015 (unaudited) 1/share	for the period Jan 1–Dec 31 2014 (audited) 1/share	for the period Jan 1–Jun 30 2014 (unaudited, restated) 1/share
Net profit/(loss) from continuing operations attributable to:	**(111,892)**	**(75,985)**	**(165,178)**
- owners of the Parent	(87,426)	(81,020)	(161,263)
- non-controlling interests	(24,466)	5,035	(3,915)
Net profit/(loss) from discontinued operations attributable to:	**(55)**	**(4,814)**	**2,299**
- owners of the Parent	(28)	(3,368)	1,153
- non-controlling interests	(27)	(1,446)	1,146
Net profit/(loss) from continuing and discontinued operations attributable to:	**(111,947)**	**(80,799)**	**(162,879)**
- owners of the Parent	(87,454)	(84,388)	(160,110)
- non-controlling interests	(24,493)	3,589	(2,769)
Weighted average number of ordinary shares	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
from continuing operations			
- basic	(6.12)	(5.67)	(11.28)
- diluted	(6.12)	(5.67)	(11.28)
from continuing and discontinued operations			
- basic	(6.12)	(5.90)	(11.20)
- diluted	(6.12)	(5.90)	(11.20)

Group name:	PBG GROUP		
Period covered by the financial statements:	*January 1st–June 30th 2015*	Reporting currency:	*Polish złoty (PLN)*
Rounding:	*All amounts in PLN thousand (unless otherwise indicated)*		

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited)
Net loss	**(111,947)**	**(80,799)**	**(162,879)**
Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:			
Cash flow hedges:			
- gains/(losses) recognised for the period under other comprehensive income	248	(2,587)	(1,074)
- amounts reclassified to profit or loss	-	4,594	
Exchange differences on translating foreign operations	(8,447)	(60,861)	(57,800)
Exchange gain (loss) on disposal of foreign operations recognised in profit or loss	-	54,525	-
Income tax on other comprehensive income	(47)	(1,488)	1,447
Other comprehensive income that will not be reclassified to profit or loss, relating to:			
Actuarial gains/losses on employee benefits	(318)	(5,013)	200
Income tax on other comprehensive income	60	951	(37)
Other comprehensive income, net of tax	**(8,504)**	**(9,879)**	**(57,264)**
Total comprehensive income	**(120,451)**	**(90,678)**	**(220,143)**
Total comprehensive income attributable to:			
- owners of the Parent	(95,790)	(85,815)	(205,536)
- non-controlling interests	(24,661)	(4,863)	(14,607)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2015 (UNAUDITED)

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–Jun 30 2015										
Share issue	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries (transactions with non-controlling interests)	-	-	-	-	-	(27,353)	27,353	-	(11,452)	(11,452)
Other adjustments	-	-	-	-	-	-	(52)	(52)	2	(50)
Reclassification of equity items upon loss of control	-	-	-	-	-	(22,105)	22,105	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	19,814	(19,814)	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(29,644)**	**29,592**	**(52)**	**(11,450)**	**(11,502)**
Net loss for the period Jan 1–Jun 30 2015	**-**	**-**	**-**	**-**	**-**	**-**	**(87,454)**	**(87,454)**	**(24,493)**	**(111,947)**
Other comprehensive income net of tax for the period Jan 1 – Jun 30 2015	-	-	-	201	(8,383)	(154)	-	(8,336)	(168)	(8,504)
Total comprehensive income	**-**	**-**	**-**	**201**	**(8,383)**	**(154)**	**(87,454)**	**(95,790)**	**(24,661)**	**(120,451)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
Balance as at Jun 30 2015	**14,295**	**-**	**733,348**	**(541)**	**(12,148)**	**494,277**	**(2,270,023)**	**(1,040,792)**	**236,082**	**(804,710)**

Wysogotowo, August 31st 2015

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

Group name:	***PBG GROUP***		
Period covered by the financial statements:	***January 1st–June 30th 2015***	**Reporting currency:**	***Polish złoty (PLN)***
Rounding:	***All amounts in PLN thousand (unless otherwise indicated)***		

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – DEC 31ST 2014 (AUDITED)

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)**

Group name:	PBG GROUP		
Period covered by the financial statements:	January 1st–June 30th 2015	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2014 (UNAUDITED)

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 – Jun 30 2014										
Share issue	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries (transactions with non-controlling interests)	-	-	-	-	47,159	(358)	(216)	46,585	6,963	53,548
Other adjustments	-	-	-	-	-	-	(1)	(1)	(3)	(4)
Reclassification of equity items upon loss of control	-	-	-	-	43	(13,984)	13,941	-	-	-
Dividends	-	-	-	-	-	-	-	-	(605)	(605)
Transfer to reserves	-	-	-	-	-	(85,912)	85,912	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**47,202**	**(100,254)**	**99,636**	**46,584**	**6,355**	**52,939**
Net loss for the period Jan 1–Jun 30 2014	**-**	**-**	**-**	**-**	**-**	**-**	**(160,110)**	**(160,110)**	**(2,769)**	**(162,879)**
Other comprehensive income net of tax for the period Jan 1 – Jun 30 2014	-	-	-	(870)	(44,655)	99	-	(45,426)	(11,838)	(57,264)
Total comprehensive income	**-**	**-**	**-**	**(870)**	**(44,655)**	**99**	**(160,110)**	**(205,536)**	**(14,607)**	**(220,143)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
Balance as at Jun 30 2014	**14,295**	**-**	**733,348**	**(3,234)**	**(643)**	**544,609**	**(2,305,610)**	**(1,017,235)**	**267,185**	**(750,050)**

All amounts in PLN thousand (unless otherwise indicated)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited)
Cash flows from operating activities			
Loss before tax from continuing operations	**(107,063)**	**(66,881)**	**(163,097)**
Profit/(loss) before tax from discontinued operations	**(66)**	**(3,874)**	**2,851**
Loss before tax	**(107,129)**	**(70,755)**	**(160,246)**
Adjustments:			
Depreciation and impairment of property, plant and equipment	7,891	17,961	7,915
Amortisation and impairment of intangible assets	1,641	5,787	1,999
Change in fair value of investment property	(576)	(8,179)	-
Gains (losses) on financial assets and liabilities at fair value through profit or loss	(310)	297	298
Cash flow hedges recycled from equity	-	-	529
Impairment of financial assets	73,242	52,863	39,038
(Gains) losses on disposal of non-financial non-current assets	(1,299)	1,115	736
(Gain) loss on disposal of non-derivative financial assets	-	39,709	111,480
Foreign exchange gains (losses)	(801)	(2,515)	(286)
Interest expense	3,109	11,104	5,895
Interest income	(487)	(2,493)	(1,702)
Dividend received	-	(14)	-
Share of profit/(loss) of equity-accounted entities	(1,031)	8,228	-
Other adjustments	(708)	2,148	6,983
Total adjustments:	**80,671**	**126,011**	**172,885**
Change in inventories	4,580	(12,911)	(36,185)
Change in trade and other receivables	(91,845)	63,372	142,343
Change in trade payables	11,171	195,266	160,537
Change in provisions, accruals and prepaid expenses	80,809	(185,326)	(60,899)
Change in construction contracts and related liabilities	(70,300)	(78,790)	(153,333)
Net changes in working capital	**(65,585)**	**(18,389)**	**52,463**
Settling of derivative financial instruments	(89)	104	(54)
Interest paid (operating activities only)	(56)	23	-
Income taxes paid	(5,264)	(9,883)	2,264
Net cash from operating activities	**(97,452)**	**27,111**	**67,312**
Cash flows from investing activities			
Purchase of intangible assets	(471)	(5,486)	(769)
Proceeds from disposals of intangible assets	6	-	(17)
Purchase of property, plant and equipment	(11,498)	(3,667)	(1,794)
Proceeds from disposals of property, plant and equipment	930	4,689	2,030
Purchase of investment property	(307)	(4,565)	-
Proceeds from disposals of investment property	2,760	6,594	3,807
Acquisition of subsidiaries, net	-	(1)	(5)
Sale of subsidiaries, net	48,000	54	5
Repayment of loans advanced	140	21,524	21,303
Loans advanced	-	(365)	(495)
Purchase of other financial assets	-	(5,399)	(1,407)
Proceeds from disposals of other financial assets	-	20,096	2,661
Interest received	71	1,938	1,744
Other inflows	-	10,450	10,579
Other investment outflows	(28,010)	(1,854)	(2,260)
Dividend received	-	87	-
Net cash from (used in) investing activities	**11,621**	**44,095**	**35,382**
Cash flows from financing activities			
Net proceeds from share issue	-	190	190
Proceeds from issue of debt securities	-	32,489	32,489
Proceeds from borrowings	30,306	72,219	10,585
Repayment of borrowings	(2,043)	(206,504)	(161,935)

All amounts in PLN thousand (unless otherwise indicated)

Payment of finance lease liabilities	(3,280)	(4,326)	(1,669)
Interest paid	(3,819)	(12,784)	(7,518)
Interest on deposits (from financial surplus)	284	1,173	786
Other inflows/outflows	(1,143)	4,332	(629)
Dividends paid	-	(605)	(605)
Net cash from financing activities	**20,305**	**(113,816)**	**(128,306)**
Net increase/(decrease) in cash and cash equivalents	**(65,526)**	**(42,610)**	**(25,612)**
Cash and cash equivalents, beginning of period	**131,742**	**173,894**	**173,894**
Effect of exchange rate changes	265	458	343
Cash and cash equivalents, end of period	**66,481**	**131,742**	**148,625**

Wysogotowo, August 31st 2015

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

All amounts in PLN thousand (unless otherwise indicated)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 1.2). These interim condensed consolidated financial statements of the Group cover the six months ended June 30th 2015 and contain comparative data for the six months ended June 30th 2014 and as at December 31st 2014. The Group also discloses the interim consolidated statement of financial position prepared as at June 30th 2014, interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for 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.

1.1 PARENT'S MANAGEMENT BOARD AND SUPERVISORY BOARD

The composition of the Parent's Management Board and Supervisory Board as at June 30th 2015, December 31st 2014, and June 30th 2014 is presented in the table below:

As at Jun 30 2015	
Composition of the Parent's Management Board	**Composition of the Parent's Supervisory Board**
Jerzy Wiśniewski – President of the Management Board Mariusz Łożyński – Vice-President of the Management Board Kinga Banaszak-Filipiak – Vice-President of the Management Board Bożena Ciosk – Member of the Management Board	Maciej Bednarkiewicz – Chairman of the Supervisory Board Małgorzata Wiśniewska – Deputy Chairwoman of the Supervisory Board Andrzej Stefan Gradowski – Secretary of the Supervisory Board Przemysław Szkudlarczyk – Member of the Supervisory Board Dariusz Sarnowski – 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 Mariusz Łożyński – Vice-President of the Management Board Kinga Banaszak-Filipiak – Vice-President of the	Maciej Bednarkiewicz – Chairman of the Supervisory Board Małgorzata Wiśniewska – Deputy Chairwoman of the Supervisory Board Andrzej Stefan Gradowski – Secretary of the Supervisory Board

Management Board	
Bożena Ciosk – Member of the Management Board	Przemysław Szkudlarczyk – Member of the Supervisory Board
	Dariusz Sarnowski – Member of the Supervisory Board
As at June 30th 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
Paweł Mortas – Vice-President of the Management Board	Małgorzata Wiśniewska – Deputy Chairwoman of the Supervisory Board
Mariusz Łożyński – Vice-President of the Management Board	Andrzej Stefan Gradowski − 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
	Norbert Słowik – Member of the Supervisory Board

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.

1.2 PBG GROUP

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

Group name:	PBG GROUP		
Period covered by the financial statements:	January 1st–June 30th 2015	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	Group's ownership interest		
			Jun 30 2015	Dec 31 2014	Jun 30 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%	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%	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%	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%	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 Z Renting and operating of own or leased real property PKD 68.20.Z	100.00%	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%	100.00%
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%	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%	100.00%

Group name:	***PBG GROUP***		
Period covered by the financial statements:	***January 1st−June 30th 2015***	**Reporting currency:**	***Polish złoty (PLN)***
Rounding:	***All amounts in PLN thousand (unless otherwise indicated)***		

Name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	Group's ownership interest		
			Jun 30 2015	Dec 31 2014	Jun 30 2014
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%	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%	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%	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%	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%	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%	100.00%
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%	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%	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%	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%	100.00%

Group name:	PBG GROUP		
Period covered by the financial statements:	January 1st–June 30th 2015	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	Group's ownership interest		
			Jun 30 2015	Dec 31 2014	Jun 30 2014
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%	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%	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%	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%	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%	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%	100.00%
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%	100.00%
Energopol Ukraine (26)	ul. Kondratiuka 1, 04201 Kiev UKRAINE	Construction and assembly activities	49.00%	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%	100.00%

All amounts in PLN thousand (unless otherwise indicated)

Name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	Group's ownership interest		
			Jun 30 2015	Dec 31 2014	Jun 30 2014
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%	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%	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%	100.00%
Multaros Trading Company Limited (31)	Vasili Michalidi 9, 3026 Limassol, CYPRUS	Holding of securities	100.00%	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%	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%	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%	61.01%

All amounts in PLN thousand (unless otherwise indicated)

Name	Country of incorporation and principal place of business	Principal business activity (according to PKD 2007)	Group's ownership interest		
			Jun 30 2015	Dec 31 2014	Jun 30 2014
ENERGOTECHNIKA Engineering Sp. z o. o. (35)	ul. Bojkowska 43C, 44-100 Gliwice, POLAND	Construction and process design, urban planning (71.12.Z)	50.93%	50.93%	51.35%
RAFAKO ENGINEERING SOLUTION doo (36)	Belgrade SERBIA	Process design, construction, industry, and environmental protection consultancy and supervision (74203)	46.98%	46.98%	46.98%
RAFAKO Hungary Kft. (37)	Budapest HUNGARY	Equipment assembly in the power and chemical industry	61.01%	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%	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%	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 (see Note 12).

Although the Parent holds a 25% interest in PBG oil and gas, it decided to consolidate the subsidiary with the full method since in accordance with the shareholders' agreement the Parent has a call option on all remaining 75% of the shares.

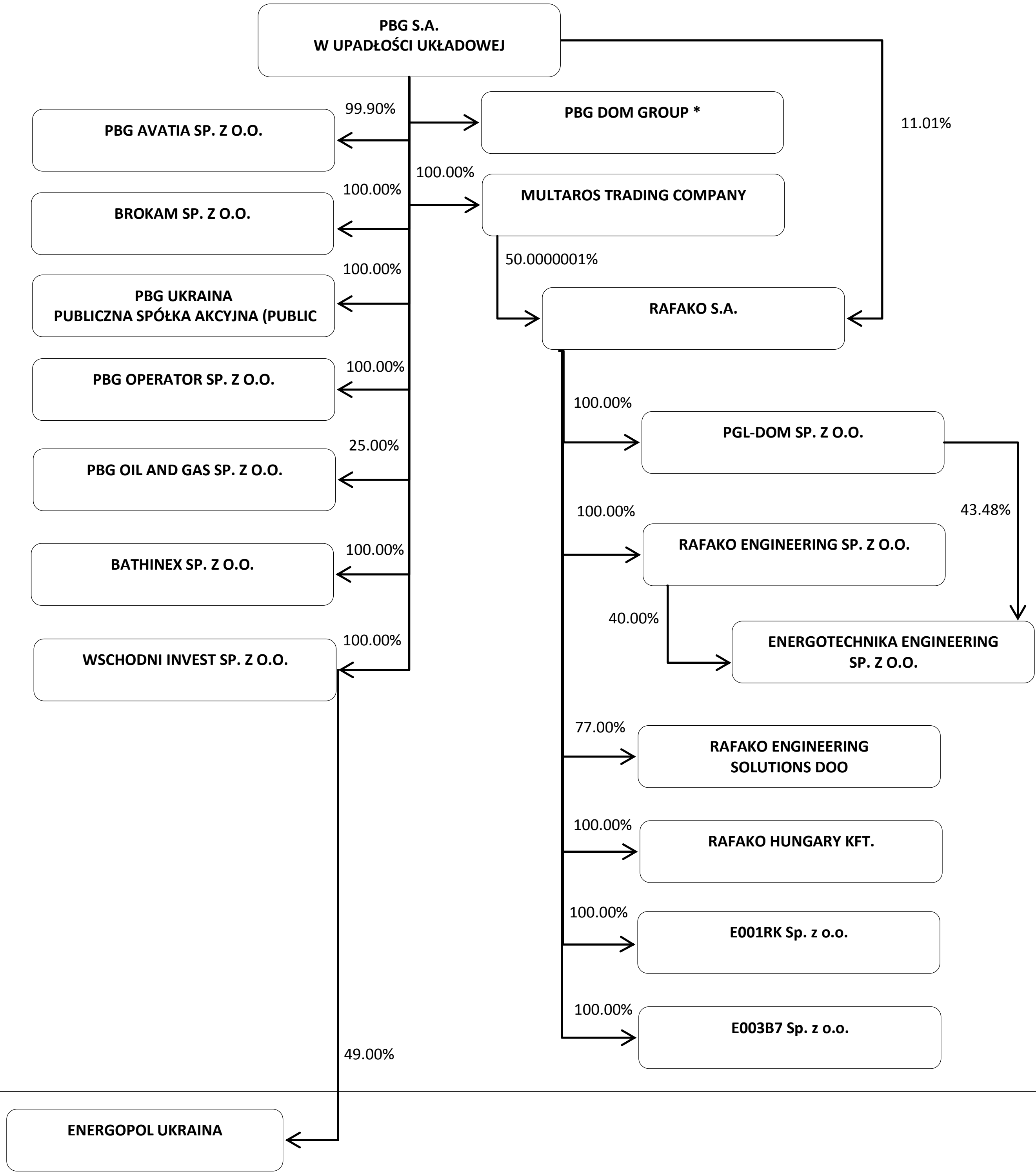
Moreover, the Parent holds interests exceeding 50% of the share capital in the following Group companies:

- 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.

Group name:	*PBG GROUP*		
Period covered by the financial statements:	*January 1st–June 30th 2015*	Reporting currency:	*Polish złoty (PLN)*
Rounding:	*All amounts in PLN thousand (unless otherwise indicated)*		

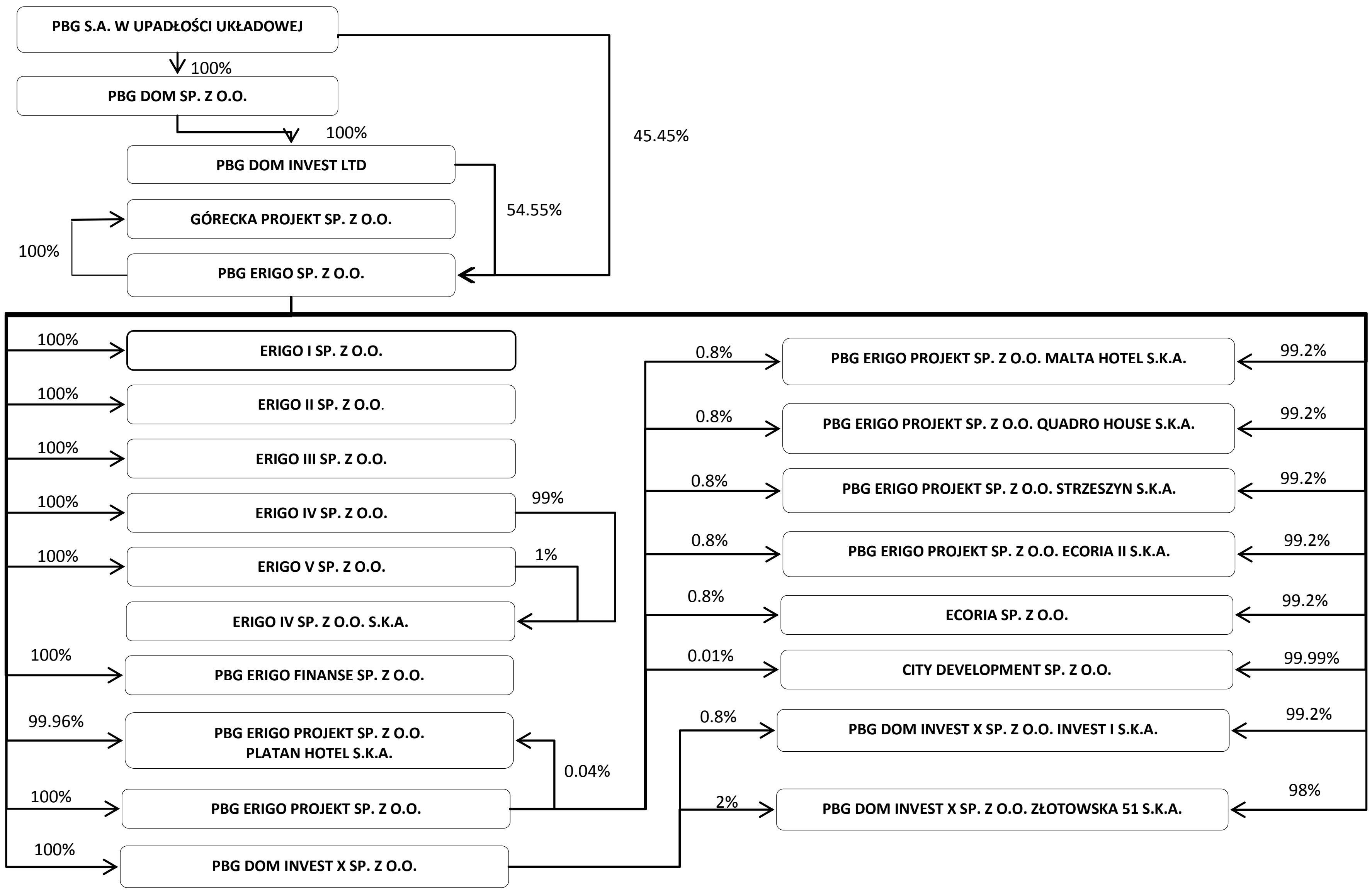
STRUCTURE OF THE PBG GROUP AS AT JUNE 30TH 2015



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

Group name:	*PBG GROUP*		
Period covered by the financial statements:	*January 1st–June 30th 2015*	Reporting currency:	*Polish złoty (PLN)*
Rounding:	*All amounts in PLN thousand (unless otherwise indicated)*		

STRUCTURE OF THE PBG DOM GROUP AS AT JUNE 30TH 2015



2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

These interim condensed consolidated financial statements of the PBG Group cover the six months ended June 30th 2015, and have been prepared in accordance with IFRS, including in particular IAS 34 Interim Financial Reporting.

The 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 consolidated financial statements should be read in conjunction with the 2014 consolidated financial statements of the PBG Group.

The Company's interim financial performance may not be indicative of its potential full-year financial performance.

These interim condensed consolidated financial statements have been prepared in accordance with the accounting policies which were presented in the most recent consolidated financial statements of the PBG Group for the year ended December 31st 2014, available at:

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-okresowe/skonsolidowany-raport-roczny-grupy-kapitalowej-pbg-za-rok-2014.html

2.2 REPORTING CURRENCY AND ROUNDING

The reporting currency in these interim condensed consolidated financial statements is the Polish złoty, and all amounts are expressed in thousands of Polish złoty (PLN '000), unless indicated otherwise.

2.3 GOING CONCERN ASSUMPTION

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

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 Company's assets and liabilities which could be required if the Company was unable to continue trading in the foreseeable future.

Below, the Parent's Management Board presents the circumstances suggesting that the Parent's and its Group's ability to continue as going concerns may be at risk, as well as the steps taken 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 Parent'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. During this time, the Creditors involved in financing the Parent'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 Parent. The plan has been prepared by the Parent 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 Parent filed the Arrangement Proposals along with the grounds therefor, with the Bankruptcy Court, as reported by the Parent in Current Report No. 23/2014. Then, on April 28th 2015, the Parent's Management Board finalised negotiations with legal advisers to certain Financial Creditors on updating the Company's Arrangement Proposals of November 3rd 2014. As a consequence, the Arrangement Proposals of April 28th 2015 (Current Arrangement Proposals) were filed with the Bankruptcy Court on April 29th 2015, as reported by the Parent in Current Report No. 13/2015. In accordance with the Current Arrangement Proposals, the Parent'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 Parent's website at www.pbg-sa.pl in the 'Restructuring' section.

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

On December 9th 2014, the Judge Commissioner approved: (i) the list of claims; (ii) the first supplementary list of claims; (iii) the second supplementary list of claims, and (iv) the third supplementary list of claims, as reported by the Parent in Current Report No. 28/2014. On July 8th 2015, the Judge Commissioner approved the fourth supplementary list of claims, as reported by the Parent in Current Report No. 22/2015.

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

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

On July 31st and August 1st 2015, the Company and certain arrangement creditors holding Group 5 and Group 6 claims executed agreements setting out the terms of restructuring of the Parent's liabilities. The executed documents include in particular two key agreements, i.e. the Restructuring Agreement and the Issue and Agency Agreement, as well as a set of related documents. The documents comprehensively define the terms of restructuring which had been negotiated by the Parent and its largest arrangement creditors since September 2013. Detailed information on the agreements executed on July 31st and August 1st 2015 was presented by the Parent in Current Report No. 26/2015.

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

In the opinion of the Parent's Management Board, the proper performance of the arrangement is guaranteed by:
•restructuring of Parent's non-operating non-current assets, the sale of which will constitute one of the sources of funding for payments to be made under the arrangement;
•divestment of the PBG Group's property development and other 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.

To be able to continue trading, 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 subsidiary's Management Board has prepared financial projections for the 12 months from June 30th 2015 and for the following years, based on a number of assumptions, the most important of which relate to:

- timely delivery and execution of the contracts in the subsidiary's current order book, including in particular the timely generation of cash flows from the contracts and renegotiation of selected contracts to optimise cash flows,

- timely delivery and execution of the contracts in the subsidiary's current order book on the assumption that the target margins would be achieved and the loss already recognised on some contracts would not increase,

- continued financing of the subsidiary's operations with a credit facility subsequent to May 31st 2016 – pursuant to the annex executed on May 29th 2015, the repayment date for the credit facility used by the parent was extended until May 31st 2016,

- release of cash locked in performance bonds against delivery of appropriate bank guarantees to the subsidiary's trading partners. As at the date of these interim condensed consolidated financial statements, the subsidiary had PLN 145m available in open guarantee lines provided by several financial institutions, with half of the limit currently used. Availability of the unused portion of the facilities and success in negotiations with financial institutions concerning further bank/insurance guarantees will enable the subsidiary to perform new contracts it expects to be awarded during the 12 months subsequent to June 30th 2015.

During the first seven months of 2015, the subsidiary signed an Annex with PKO BP S.A. whereby repayment of the PLN 150m facility was extended until May 31st 2016. The subsidiary also sold shares of FPM S.A. for approximately PLN 48m, and issued shares worth approximately PLN 93.5m to finance contractual security arrangements in building the Group's order book, and to increase research and development expenditure. All these efforts have significantly improved the RAFAKO Group's liquidity.

The subsidiary's Management Board believes that the above key assumptions underlying the financial projections will materialize, which − coupled with the share issue proceeds − will significantly improve the RAFAKO Group's liquidity during at least the 12 months subsequent to the reporting date.

In light of the above, the RAFAKO Management Board believes that the Group will be able to meet the targets set forth in the financial projections for the coming year.

2.4 SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in preparing these interim condensed consolidated financial statements are consistent with the policies applied in preparing the PBG Group's full-year financial statements for the year ended December 31st 2014, save for the effect of application of the following new or amended standards and interpretations effective for annual periods beginning on or after January 1st 2015.

- Amendments to IFRS introduced as part of the 2011-2013 improvements cycle:

    - Amendments to IFRS 3 Business Combinations
      The amendments clarify that not only joint ventures but also joint arrangements fall outside the scope of IFRS 3. The exception applies solely to the preparation of financial statements of joint arrangements. The amendment is to be applied prospectively.
    - Amendments to IFRS 13 Fair Value Measurement
      The amendments clarify that the portfolio exception applies not only to financial assets and financial liabilities but also to other agreements that fall within the scope of IAS 39. The amendments are to be applied prospectively.
    - Amendments to IAS 40 Investment Property
      The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is to be applied prospectively, and it clarifies that it is IFRS 3 rather than the definition of ancillary services under IAS 40 that should be used to determine whether a transaction is an asset acquisition or a business acquisition.
- IFRIC 21 Levies

The interpretation clarifies that an entity recognises a levy liability on the occurrence of an obligating event or, in other words, the activity that triggers the obligation to pay a levy under relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. IFRIC 21 is applied retrospectively.

The application of the amendments had no material effect on the Group's financial standing, financial performance or the scope of disclosures in the Group's interim condensed consolidated financial statements.

The following standards and interpretations have also been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, 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; until the date of authorisation of these financial statements, the amendments have not been adopted by the EU,
- 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 2018; 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 as not yet endorsed by the European Union.

2.5 UNCERTAINTY OF ESTIMATES

These interim 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 Parent's 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 Parent's Management Board due to the uncertainty surrounding the Group as at the date of these interim condensed consolidated financial statements, which may necessitate an adjustment to the disclosed carrying amounts of assets and liabilities in future reporting periods.

Impairment of non-current assets

Apart from goodwill impairment on RAFAKO (see Note 7), the Group found no indication of impairment of non-current assets.

Depreciation and amortisation rates

Depreciation and amortisation rates are determined based on the expected useful lives of property, plant and equipment and intangible assets. The Group reviews the useful lives of its assets annually, on the basis of current estimates.

Change in fair value of investment property

For a detailed description of parameters in the fair value measurement of investment property, see the consolidated financial statements for 2014.

Revenue recognition

Construction contract revenue and amounts due recognised in these interim condensed consolidated financial statements depend on the estimates of the management boards of individual PBG Group companies regarding the stage of completion of and profit margins expected to be achieved on individual contracts. Budgeted costs related to specific projects which have not yet been incurred are monitored on an ongoing basis by the management staff supervising the progress of construction work, as a result of which the budgets of individual contracts are revised at least monthly. However, the costs not yet incurred and the profit margins on individual running contracts thus estimated involve a degree of uncertainty, especially in the case of highly complex projects, which take several years to complete. In the present situation, the estimates are affected by additional risks, which may lead to their possible adjustment in the future. According to the management boards of the Group companies, these risks include mainly the Group's limited liquidity, which may adversely affect the pace of contract work. This may in turn increase contract fixed costs, affect the Company's bargaining power in negotiations with subcontractors and suppliers and, in extreme cases, result in a failure to meet contractual deadlines for completing work and in a threat of penalties being imposed. These factors may in the future affect the planned costs and revenues and thus the margins which are currently budgeted.

Provisions for employee benefits were estimated using actuarial methods and the projected unit credit method. The actuarial assumptions adopted at the end of 2014 remained unchanged. The change in provisions for employee benefits in the period was caused by the recognition of current service costs, interest expense and benefits paid. For more information, see Note 23.

Provisions for warranty repairs are estimated based on probability-weighted costs of running construction contracts assessed by the management boards of Group companies. They are recognised until the right to make a warranty claim or a claim for repair work expires. As at June 30th 2015, the provisions for warranty repairs were PLN 40,291 thousand (see Note 23).

Provisions for expected losses are recognised if it is probable that the total cost to complete a contract exceeds the contract's total revenue. The anticipated loss is immediately recognised as expense. Its amount is determined irrespective of the commencement of contract work, the stage of the contract's completion or expected profits on other contracts which are not single construction contracts. Any change in provisions for expected losses increases or reduces current operating expenses relating to a relevant contract. As at June 30th 2015, the provisions for expected losses were PLN 36,106 thousand (see Note 23).

The restructuring provision was recognised in 2012 by the Parent and estimated at PLN 32,023 thousand at recognition. In the first six months of 2015, the Parent used PLN 2,341 thousand (as at June 30th 2014: PLN 3,307 thousand) of the provision. As at June 30th 2015, the Company reviewed the provision and made an upwards adjustment of PLN 7,553 thousand. As at June 30th 2015, PLN 23,856 thousand remained to be used under the provision (see Note 23).

2.6 CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES

The Company made no changes in the accounting policies or correction of errors that would require restatement of the comparative data presented in these consolidated financial statements.

3. MATERIAL EVENTS AND TRANSACTIONS

The following events and transactions took place in the reporting period covered by these interim condensed consolidated financial statements:

CHANGES IN THE GROUP 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 (see Notes 28 and 29).

INVESTMENT AGREEMENTS

Execution of significant conditional agreement by subsidiary

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 EVENTS IN THE REPORTING PERIOD

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

On February 27th 2015, the Management Board of the Parent was notified that on November 21st 2014 Polskie Górnictwo Naftowe i Gazownictwo S.A. filed a request 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. The request was filed with the District Court for Poznań – Stare Miasto of Poznań, 10th Commercial Division. 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 Parent 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.

Share capital increase by subsidiary

On May 13th 2015, acting under Art. 444, Art. 446 and Art. 447 of the Polish Commercial Companies Code of September 15th 2000 ("Commercial Companies Code"), and Art. 7a of the Articles of Association of RAFAKO S.A. ("Articles of Association"), the RAFAKO Management Board passed 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 of the RAFAKO 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 disapply the existing shareholders' pre-emptive rights with respect to Series J Shares, and to amend the company's Articles of Association ("Private Placement Resolution"), and

(ii) Resolution No. 48 of the RAFAKO 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

Representations by PBG S.A. w upadłości układowej (in company voluntary arrangement) and Multaros Trading Company Limited, stating that neither company intends to exercise its Subscription Rights in private placement

On June 9th 2015, the Management Board of RAFAKO, a subsidiary, reported that the Company received representations whereby the Eligible Shareholders, i.e. (i) PBG S.A. w upadłości układowej (in company voluntary arrangement) of Wysogotowo, holding directly 11.01% of RAFAKO shares on the date of the resolution of the Extraordinary General Meeting, and (ii) Multaros Trading Company Limited of Limassol, holding directly 50% of shares + 1 share in RAFAKO on the date of the resolution of the Extraordinary General Meeting, declare they do not intend to exercise the Subscription Right, referred to in the Management Board Resolution and the resolution of the Extraordinary General Meeting, or exercise the right to participate in the Private Placement, irrespective of the final terms and conditions of the Private Placement. The Eligible Shareholders also represented to the Company that they waive all of their rights and claims with respect to the Private Placement.

Events related to the Meeting of Creditors convened to hold a vote on the Arrangement between the Parent and the Creditors

On February 12th 2015, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division ("Court"), corrected Judge Commissioner's decision dated December 9th 2014. On February 19th 2015, the Court issued a decision on the date of a Meeting of Creditors convened to hold a vote on the Arrangement between the Parent and the Creditors in the bankruptcy proceedings. On April 13th 2015, the Parent filed a motion with the Court to change the date of the Meeting of Creditors, given the progress of negotiations between the Parent and the Financial Creditors. On April 15th 2015, the Judge Commissioner revoked the initial date of voting.

At a meeting held on April 20th 2015, the Parent's Supervisory Board expressed a positive opinion on the draft Restructuring Agreement and draft Terms and Conditions of the Bonds. On April 28th 2015, the Management Board of the Parent finalised negotiations with legal advisers of certain Financial Creditors on updating the Parent's Arrangement Proposals of November 3rd 2014. The Management Board approved the updated text as Arrangement Proposals of April 28th 2015 ("Current Arrangement Proposals"), and the Supervisory Board expressed a positive opinion on the document. Accordingly, on April 29th 2015, the Current Arrangement Proposals and a motion to set a new date of the Meeting of Creditors to hold a vote on the arrangement between the Company and its Creditors were filed with the Court.

On May 18th 2015, the Management Board of the Parent was notified about the Court's Decision to set the following dates for the Meeting of PBG Creditors:

- for Creditors with the right to vote, classified in Groups 1 and 2 – 10.00 am on August 3rd 2015,

and 10.00 am on August 4th 2015;

- for Creditors with the right to vote classified in the other groups

– 10.00 am on August 5th 2015.

Further, the Judge Commissioner ordered that voting be held at the Meeting of PBG Creditors, also by written ballot.

(See Note 2.3)

4. EARNINGS/LOSS PER SHARE

Basic earnings/loss per share are computed as the quotient of net profit/loss attributable to owners of the Parent to the weighted average number of ordinary shares outstanding during the period.

5. SEASONALITY OF OPERATIONS

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 typically affect revenue by hindering earthworks and assembly operations—had no material impact on the Group's performance. This was because a substantial part of revenue was generated from contracts which, given the stage of their completion, involved chiefly work carried out indoors.

The Group's strategy is aimed at securing further high unit-value contracts. This will help eliminate seasonal fluctuations in revenue, also ensuring more balanced revenue streams throughout the financial year.

6. 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,
- 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.

None of the Group's operating segments has been combined with another segment to form the above reportable operating segments.

In compliance with IFRS 8 *Operating segments*, results of the operating segments are based on internal reports regularly reviewed by the Parent's Management Board. The Management Board of the Parent monitors each segments' operating performance to make decisions on the allocation of resources and evaluate effects of the allocation and the segments' operating results. The Parent's Management Board analyses the operating segments' results at the operating profit/(loss) level. Measurement of the operating segments' results used in the management calculations is consistent with the accounting policies applied in the preparation of the financial statements.

The Group presents revenue, cost of sales and profit/(loss) on sales (gross margin) by individual segments. Assets and liabilities are not presented by operating segments, as their amounts are not reported to the chief operating decision maker on a regular basis.

Revenue comprises amounts derived from sales to external customers. Like in 2014, no inter-segment sales took place in 2015.

Any income 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 distribution costs and administrative expenses, restructuring costs, finance income and cost, share of profit of equity-accounted entities, or income tax.

The tables below present data for the individual operating segments.

All amounts in PLN thousand (unless otherwise indicated)

OPERATING SEGMENTS – JANUARY 1ST– JUNE 30TH 2015

Item	Segments		Other	Total
	Gas, oil and fuels	Power construction		
Financial highlights for the operating segments for the period January 1st–June 30th 2015				
Segment's total revenue	**67,735**	**690,161**	**14,061**	**771,957**
Revenue from external customers	67,735	690,161	14,061	771,957
Inter-segment sales	-	-	-	-
Total cost	**(77,602)**	**(640,299)**	**(22,923)**	**(740,824)**
Segment's profit or loss	**(9,867)**	**49,862**	**(8,862)**	**31,133**
Distribution costs/administrative expenses	x	x	x	(53,055)
Other income/expenses	x	x	x	(78,572)
Restructuring costs	x	x	x	(7,554)
Operating profit (loss)	x	x	x	**(108,048)**
Finance costs	x	x	x	(46)
Share of profit/(loss) of equity-accounted entities	x	x	x	1,031
Profit (loss) before tax	x	x	x	**(107,063)**
Income tax expense	x	x	x	(4,829)
Net profit/(loss) from continuing operations	x	x	x	**(111,892)**

All amounts in PLN thousand (unless otherwise indicated)

OPERATING SEGMENTS – JANUARY 1ST– DECEMBER 31ST 2014 (AUDITED)

Item	Segments		Other	Total
	Gas, oil and fuels	Power construction		
Financial results of the operating segments for the period January 1st – December 31st 2014				
Segment's total revenue	**236,176**	**1,188,076**	**105,996**	**1,530,248**
Revenue from external customers	236,176	1,188,076	105,996	1,530,248
Inter-segment sales	-	-	-	-
Total cost	**(267,639)**	**(1,061,866)**	**(106,249)**	**(1,435,754)**
Segment profit or loss	**(31,463)**	**126,210**	**(253)**	**94,494**
Cost of sales/administrative expenses	x	x	x	(111,446)
Other income/expenses	x	x	x	(22,309)
Restructuring costs	x	x	x	(6,993)
Operating profit/(loss)	x	x	x	**(46,254)**
Finance costs	x	x	x	(12,399)
Share of profit/(loss) of equity-accounted entities	x	x	x	(8,228)
Profit/(loss) before tax	x	x	x	**(66,881)**
Income tax expense	x	x	x	(9,104)
Net profit/(loss) from continuing operations	x	x	x	**(75,985)**

All amounts in PLN thousand (unless otherwise indicated)

OPERATING SEGMENTS – JANUARY 1ST– JUNE 30TH 2014 (UNAUDITED, RESTATED)

Item	Segments		Other	Total
	Gas, oil and fuels	Power construction		
Financial highlights for the operating segments for the period January 1st–June 30th 2014				
Segment's total revenue	**128,709**	**460,845**	**32,959**	**622,513**
Revenue from external customers	128,709	460,845	32,959	622,513
Inter-segment sales	-	-	-	-
Total cost	**(138,340)**	**(393,232)**	**(39,308)**	**(570,880)**
Segment's profit or loss	**(9,631)**	**67,613**	**(6,349)**	**51,633**
Distribution costs/administrative expenses	x	x	x	(61,936)
Other income/expenses	x	x	x	(149,411)
Restructuring costs	x	x	x	-
Operating profit (loss)	x	x	x	**(159,714)**
Finance costs	x	x	x	(3,383)
Share of profit/(loss) of equity-accounted entities	x	x	x	-
Profit/(loss) before tax	x	x	x	**(163,097)**
Income tax expense	x	x	x	(2,081)
Net profit/(loss) from continuing operations	x	x	x	**(165,178)**

All amounts in PLN thousand (unless otherwise indicated)

7. GOODWILL

The table below presents goodwill in the reporting periods:

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Brokam Sp. z o.o.	283	283	283
RAFAKO	310,764	381,027	381,027
RAFAKO Group companies:			
Wyrskie Zakłady Urządzeń Przemysłowych NOMA INDUSTRY Sp. z o.o. w upadłości (in bankruptcy)	376	376	376
Palserwis Sp. z o.o.	-	-	1,457
FPM S.A.	-	-	2,375
Total goodwill	**311,423**	**381,686**	**385,518**

As at the reporting date, the Group tested RAFAKO's goodwill for impairment. The test was based on an analysis prepared by the independent advisor Grant Thornton Frąckowiak Sp. z o.o. Sp. k., entitled "Fair value measurement of RAFAKO S.A. shares". The results of a DCF valuation based on the current forecasts of the RAFAKO Management Board for 2015−2019 set the market value of the company's equity at PLN 626,319 thousand. Based on the impairment test, the Parent's Management Board decided to recognise a PLN 70,263 thousand impairment loss on RAFAKO assets. The impairment loss pertains only to goodwill allocated to the power construction segment.

Key assumptions used in the impairment test

The discount rate was based on the estimated weighted average cost of capital (WACC), with the cost of capital calculated using the CAPM model. The discount rate was calculated based on the following assumptions:

- tax rate – 19%,
- risk-free rate – 2.37% (average yield of 10-year treasury bonds as at March 12th 2015),
- risk premium – 7.03% (Aswath Damodoran, January 2015),
- beta coefficient – 1.39 (based on monthly rates of return on RAFAKO shares in the last five years),
- specific risk premium − 3%.

Based on these assumptions, a discount rate of 11.76% was calculated.

A growth rate of 1% was applied in the forecast period.

All amounts in PLN thousand (unless otherwise indicated)

The table below presents a sensitivity analysis accounting for the change of two parameters, i.e. the growth rate beyond the forecast period and the weighted average cost of capital.

Change in WACC	FCF growth rate beyond the projection period				
	-1.00%	-0.50%	0.00%	0.50%	1.00%
-1.00%	646,572	665,482	686,329	709,427	735,162
-0.50%	619,398	636,341	654,935	675,434	698,147
0.00%	594,413	609,657	**626,319**	644,604	664,762
0.50%	571,352	585,121	600,114	616,499	634,481
1.00%	549,993	562,474	576,017	590,762	606,877

CHANGES IN CARRYING AMOUNT OF GOODWILL

Item	for the period Jan 1−Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1−Jun 30 2014 (unaudited)
Gross carrying amount			
Balance at beginning of period	**399,441**	**414,468**	**414,468**
Acquisition through business combination	-	42	42
Sale of subsidiaries / Exit from the Group (-)	-	(15,069)	-
Carrying amount at end of period	**399,441**	**399,441**	**414,510**
Accumulated impairment			
Balance at beginning of period	**17,755**	**28,950**	**28,950**
Impairment loss recognised as expense in the period	70,263	42	42
Sale of subsidiaries / Exit from the Group (-)	-	(11,237)	-
Accumulated impairment at end of period	**88,018**	**17,755**	**28,992**
Goodwill – net carrying amount at end of period	**311,423**	**381,686**	**385,518**

8. INTANGIBLE ASSETS

Intangible assets used by the Group include brand names, patents and licences, computer software, and other intangible assets.

Intangible assets which at the reporting date were not placed in service are disclosed under "Intangible assets under development".

INTANGIBLE ASSETS

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Brand names	-	-	-
Patents and licences	5,041	5,504	5,081
Computer software	4,813	5,656	7,061
Development costs	-	-	-
Other	29	36	47
Carrying amount	**9,883**	**11,196**	**12,189**
Intangible assets under development	254	149	-
Prepayments for intangible assets	-		-
Total intangible assets	**10,137**	**11,345**	**12,189**
Intangible assets classified as held for sale	-	-	-
Intangible assets	**10,137**	**11,345**	**12,189**

All amounts in PLN thousand (unless otherwise indicated)

In the six months ended June 30th 2015, the Group acquired intangible assets for a total amount of PLN 241 thousand (as at December 31st 2014: PLN 374 thousand; as at June 30th 2014: PLN 775 thousand). The Group did not recognise any impairment loss on intangible assets (as at December 31st 2014: PLN 1,896 thousand; as at June 30th 2014: PLN 33 thousand).

In the six months ended June 30th 2015, the Group disposed of intangible assets for a total amount of PLN 36 thousand (as at December 31st 2014: PLN 225 thousand; as at June 30th 2014: no transactions).

As at the date of these interim condensed consolidated financial statements, the following intangible assets were pledged as collateral to secure the Group's liabilities:

INTANGIBLE ASSETS PLEDGED AS COLLATERAL FOR LIABILITIES

Liability / restricted title	Type of security	Collateral	Carrying amount		
			As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Credit facility provided by PKO BP S.A.	registered pledge	patents, licences and software	8,456	8,788	-
Total			**8,456**	**8,788**	**-**

The Group made commitments to incur capital expenditure of PLN 120 thousand on intangible assets in the future.

9. PROPERTY, PLANT AND EQUIPMENT

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Land	29,020	28,969	33,944
Buildings	153,360	154,994	172,802
Machinery and equipment	53,458	51,698	61,694
Motor vehicles	9,006	7,594	5,902
Other	7,350	7,733	9,498
Carrying amount	**252,194**	**250,988**	**283,840**
Property, plant and equipment under construction	6,055	7,250	2,520
Prepayments for tangible assets	23	-	-
Total	**258,272**	**258,238**	**286,360**

In the six months ended June 30th 2015, the Group acquired property, plant and equipment for a total amount of PLN 12,260 thousand (as at December 31st 2014: PLN 11,914 thousand; as at June 30th 2014: PLN 4,112 thousand), including property, plant and equipment worth PLN 3,000 thousand acquired under lease agreements. The Group made expenditure on investments in building infrastructure as well as purchases of production machinery and equipment, and computer hardware.

The Group did not recognise any impairment losses on property, plant and equipment (as at December 31st 2014: PLN 2,000 thousand; as at June 30th 2014: nil).

All amounts in PLN thousand (unless otherwise indicated)

In the six months ended June 30th 2015, the Group disposed of property, plant and equipment for a total amount of PLN 774 thousand (as at December 31st 2014: PLN 356 thousand; as at June 30th 2014: PLN 116 thousand).

As at the date of these interim condensed consolidated financial statements, the following items of property, plant and equipment were pledged as collateral to secure the Group's liabilities:

ITEMS OF PROPERTY, PLANT AND EQUIPMENT PLEDGED AS SECURITY FOR LIABILITIES

Liability / restricted title	Type of security	Collateral	Carrying amount		
			As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Credit facility provided by PBP S.A.*	mortgage	buildings	-	9,145	9,305
Credit facility provided by DNB NORD POLSKA S.A.*	mortgage	buildings	-	136	504
Credit facility provided by DNB NORD POLSKA S.A.*	tacit mortgage	civil engineering and water projects	-	2,876	2,924
Credit facility provided by DZ Bank S.A.*	tacit mortgage	land	-	700	700
Credit facility provided by PKO BP S.A.	mortgage	land, buildings and structures, machinery and equipment, vehicles	135,115	136,558	91,101
liability under guarantee agreements	registered pledge	IT equipment	2,623	-	-
Total			**137,738**	**149,415**	**104,534**

* In the six months ended June 30th 2015, all mortgages on properties representing property, plant and equipment of the Parent, entered in the Land and Mortgage Register, were deleted.

The Group made commitments to incur capital expenditure of PLN 7,690 thousand on property, plant and equipment in the future. The planned investment will involve purchase of production machinery and equipment.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Gains (losses) on financial assets and liabilities

The method applied to measure fair value of financial instruments was presented in the Group's most recent financial statements.

On the day the Court declared the Parent insolvent in voluntary arrangement, interest on the Parent's bank borrowings, bonds in issue, trade payables and closed forward transactions contracted prior to the Court's decision stopped accruing.

Reclassification of financial assets

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

All amounts in PLN thousand (unless otherwise indicated)

11. INVESTMENT PROPERTY

In the six months ended June 30th 2015, there were no material changes in the fair value of investment property.

Below is a detailed list of items pledged as collateral for the Group's liabilities:

INVESTMENT PROPERTY PLEDGED AS SECURITY FOR LIABILITIES

Liability / restricted title	Type of security	Collateral	Carrying amount		
			As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Credit facility provided by MBANK	mortgage	building	111,900	111,900	-
Credit facility provided by DZ BANK	mortgage	building	-	-	99,737
Bondholders of Piecobiogaz S.A.	contractual joint ceiling mortgage	land (investment property)	12,900	12,900	12,500
Bank DNB NORD POLSKA S.A.	tacit mortgage	buildings and structures (investment property)	-	14,478	23,934
Bank DNB NORD POLSKA S.A.	tacit mortgage	land (investment property)	-	1,822	2,939
Credit facility provided by BGK SA	mortgage	flats	-	-	2,231
Total			**124,800**	**141,100**	**141,341**

12. INVESTMENTS IN JOINT VENTURES

In these interim condensed consolidated financial statements, the Group's investment in Energopol Ukraina S.A. is equity-accounted at PLN 37,074 thousand, compared with PLN 60,459 thousand in the corresponding period of the previous year (as at December 31st 2014: PLN 46,447 thousand).

13. INCOME TAX EXPENSE

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited)
Current tax expense:			
Tax for the reporting period	(16,587)	(9,291)	(1,037)
Adjustments to tax expense for previous periods	(2)	-	(77)
Current income tax	**(16,589)**	**(9,291)**	**(1,114)**
Deferred income tax expense:			
Origination and reversal of temporary differences	11,760	187	(135)
Tax loss carry forward	-	-	(832)
Deferred income tax	**11,760**	**187**	**(967)**
Total income tax expense	**(4,829)**	**(9,104)**	**(2,081)**

In the six months ended Jun 30 2015, deferred tax assets increased by PLN 12,690 thousand. The largest contribution to the item's increase came from the recognition by subsidiary E003B7 Sp. z o.o. of deductible temporary differences on:

- measurement of long-term contracts – assets of PLN 7,390 thousand,

All amounts in PLN thousand (unless otherwise indicated)

- recognition of provisions – assets of PLN 3,357 thousand.

E003B7 Sp. z o.o. is the subsidiary responsible for the execution of the Jaworzno Project.

In 2014 and 2015, RAFAKO S.A. filed with tax authorities corrected corporate tax returns for 2008−2013, adjusting the taxable income by a total of PLN 20,381 thousand, which resulted in a PLN 3,872 thousand tax overpayment for previous years. The principal reasons for the corrections were the use of technological tax relief, adjustment to income and expenses on contracts completed in 2012−2013, and the transfer of amortisation expense between tax periods.

14. RECEIVABLES AND LOANS

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Non-current:			
Financial receivables	42,883	56,813	26,240
Non-financial receivables	407	399	387
Non-bank borrowings	38	38	214
Non-current loans and receivables	**43,328**	**57,250**	**26,841**
Current assets:			
Trade and other receivables	533,481	443,448	391,856
Other non-financial receivables	106,013	91,366	89,595
Non-bank borrowings	269	381	241
Current loans and receivables	**639,763**	**535,195**	**481,692**
Receivables and loans:	**683,091**	**592,445**	**508,533**
receivables	**682,784**	**592,026**	**508,078**
loans advanced	**307**	**419**	**455**

In the six months ended June 30th 2015, non-current receivables fell by PLN 13,922 thousand. Items with the largest impact on the value (decrease) of non-current receivables were:

- reclassification of a PLN 20,051 thousand security deposit related to the LMG contract (construction of the Lubiatów-Międzychód-Grotów oil and gas production facility) to current receivables,
- increase in receivables on the Jaworzno contract. As at June 30th 2015, the Group disclosed non-current receivables from Tauron Wytwarzanie S.A. at PLN 19,849 thousand.

In the six months ended June 30th 2015, current receivables rose by PLN 104,680 thousand. Items with the largest impact on the value (increase) of current receivables were:

- increase in receivables on the Jaworzno contract. As at June 30th 2015, the Group disclosed current receivables from Tauron Wytwarzanie S.A. at PLN 137,971 thousand;
- decrease in RAFAKO Group's receivables from Synthos Dwory 7 spółka Sp.j., EDF Polska S.A. and Mostostal Warszawa S.A. by an aggregate of PLN 52,988 thousand.

In the reporting period, the Group recognised impairment losses on receivables (disclosed as other expenses in the interim consolidated statement of profit or loss) of PLN 17,493 thousand (as at December 31st 2014: PLN 35,096 thousand; as at June 30th 2014: PLN 19,597 thousand).

All amounts in PLN thousand (unless otherwise indicated)

In the reporting period, the Group reversed impairment losses on receivables (disclosed as other income in the interim consolidated statement of profit or loss) of PLN 8,985 thousand (as at December 31st 2014: PLN 35,549 thousand; as at June 30th 2014: PLN 23,831 thousand).

As at June 30th 2015, trade receivables with a carrying amount of PLN 28,704 thousand were pledged as collateral for the Group's liabilities under bank borrowings, guarantee facilities, guarantees issued and cooperation agreements.

15. INVENTORIES

In the reporting period, the Group recognised write-downs on inventories (disclosed as other expenses) of PLN 848 thousand (as at December 31st 2014: PLN 9,308 thousand; as at June 30th 2014: PLN 505 thousand). In the six months ended June 30th 2015, the Group reversed write-downs on inventories of PLN 282 thousand (as at December 31st 2014: PLN 485 thousand; as at June 30th 2014: PLN 82 thousand).

As at June 30th 2015, inventories with a carrying amount of PLN 20,437 thousand were pledged as collateral for the Group's liabilities under bank borrowings (as at December 31st 2014: PLN 22,492 thousand; as at June 30th 2014: PLN 28,221 thousand).

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and cash in hand, as well as current financial assets with maturities up to three months.

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Cash at bank (accounts in PLN)	30,225	57,171	79,044
Cash in foreign currency bank accounts	18,729	9,033	14,338
Cash in hand (PLN)	198	256	316
Cash in hand (foreign currencies)	85	61	-
Short-term deposits (PLN)	16,044	29,802	54,857
Short-term deposits (foreign currencies)	101	6,926	-
Other (PLN)	1,099	1,444	70
Total	**66,481**	**104,693**	**148,625**

The Group carries restricted cash, including cash from subsidies (held in separate bank accounts), which may be used to make payments under ongoing projects.

As at June 30th 2015, cash with a carrying amount of PLN 4,426 thousand (as at December 31st 2014: PLN 15,708 thousand; as at June 30th 2014: PLN 25,006 thousand) was held in a bank account of the Consortium performing the 'Construction of the LNG Terminal in Świnoujście' contract. As a member of the Consortium, the Parent discloses in these financial statements 33% of the value of the funds credited to the Consortium's accounts.

All amounts in PLN thousand (unless otherwise indicated)

17. BORROWINGS AND OTHER DEBT INSTRUMENTS

In the six months ended June 30th 2015, the Group contracted borrowings of PLN 30,306 thousand (as at December 31st 2014: PLN 72,219 thousand; as at June 30th 2014: PLN 10,585 thousand) and repaid borrowings with interest for a total amount of PLN 5,404 thousand (as at December 31st 2014: PLN 219,288 thousand; as at June 30th 2014: PLN 169,453 thousand).

In these interim condensed consolidated financial statements, the Group has disclosed an increase in the inflow of cash from borrowings. This cash comprises amounts paid by members of the consortium implementing the LNG contract to provide for the working capital needs, necessary to ensure uninterrupted execution of the project. Due to its current situation, the Parent does not participate in the financing of the project. As at June 30th 2015, the total amount paid by Saipem s.p.a and Techint s.p.a. to the consortium's bank account was EUR 17,481 thousand. (In these interim condensed consolidated financial statements, the Group has disclosed 33% of the amount paid to the account). The liability is expected to be paid once free cash is generated from the project or through a set-off against amounts receivable from the other consortium members.

Item	Non-current liabilities			Current liabilities *		
	Jun 30 2015 (unaudited)	Dec 31 2014 (audited)	Jun 30 2014 (unaudited)	Jun 30 2015 (unaudited)	Dec 31 2014 (audited)	Jun 30 2014 (unaudited)
Financial liabilities at amortised cost						
Credit facilities	49,239	54,959	34,330	367,892	367,090	367,499
Bank overdrafts	-	-	-	130,084	129,426	176,857
Liabilities under closed forwards	-	-	-	4,179	4,179	4,179
Non-bank borrowings	-	-	-	35,485	6,490	11,404
Debt instruments	-	-	-	838,772	838,772	838,772
Financial liabilities at amortised cost	**49,239**	**54,959**	**34,330**	**1,376,412**	**1,345,957**	**1,398,711**
Total borrowings and other debt instruments	**49,239**	**54,959**	**34,330**	**1,376,412**	**1,345,957**	**1,398,711**

On the day the Court declared the Parent insolvent in voluntary arrangement, interest on the Parent's bank borrowings, bonds in issue, trade payables and closed forward transactions contracted prior to the Court's decision stopped accruing.

18. SHARE CAPITAL

In the six months ended June 30th 2015, there were no changes in the Parent's share capital.

As at June 30th 2015, the share capital was PLN 14,295 thousand and was divided into 14,295,000 shares with a par value of PLN 1.00 per share.

For more information on the shares issued by the Parent, see the tables below:

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Number of shares	14,295,000	14,295,000	14,295,000
Par value (1 / share)	1	1	1
Share capital ('000)	**14,295**	**14,295**	**14,295**

SHAREHOLDERS HOLDING AT LEAST 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING AS AT JUNE 30TH 2015

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

CHANGES IN THE SHAREHOLDING STRUCTURE IN THE REPORTING PERIOD COVERED BY THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Changes in the Company's shareholding structure in H1 2015

In the six months ended June 30th 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 SHAREHOLDING STRUCTURE SUBSEQUENT TO JUNE 30TH 2015

Until the date of approval of these interim condensed consolidated financial statements, 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.

SHAREHOLDERS HOLDING AT LEAST 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING AS AT THE DATE OF APPROVAL OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR H1 2015

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

All amounts in PLN thousand (unless otherwise indicated)

OTHER COMPONENTS OF EQUITY

LOAN FROM MAJORITY SHAREHOLDER

As at June 30th 2015, June 30th 2014 and December 31st 2014, the Parent had liabilities under a loan from its major shareholder totalling PLN 35,790 thousand plus accrued interest. Pursuant to Art. 14.3 of the Polish Commercial Companies Code, a shareholder's receivables under a loan advanced to the company are deemed the shareholder's contribution to the company if the company is declared bankrupt within two years from the date of the loan agreement. Accordingly, the Company recognised such liabilities under other components of equity.

NON-CONTROLLING INTERESTS

Non-controlling interests represent a portion of net assets of subsidiaries which is not directly or indirectly owned by shareholders of the Parent.

Non-controlling interests disclosed in the Group's equity relate to the following subsidiaries:

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
RAFAKO Group	230,090	265,458	261,714
PBG oil & gas	5,992	6,735	5,471
Total non-controlling interests	**236,082**	**272,193**	**267,185**

Item	for the period Jun 30 2015 (unaudited)	for the period Dec 31 2014 (audited)	for the period Jun 30 2014 (unaudited)
Balance at beginning of period	**272,193**	**275,437**	**275,437**
Changes in ownership interests in subsidiaries (transactions with non-controlling interest)			
Disposal of subsidiaries – derecognition of non-controlling interest (-)	(11,452)	1,314	6,053
Ownership interests disposed of by the Group to non-controlling interest, with no loss of control (+)	-	720	720
Other changes	-	190	190
Comprehensive income:			
Net profit/(loss) for the period (+/-)	(24,493)	3,589	(2,769)
Other comprehensive income for the period (after tax) (+/-)	(168)	(8,452)	(11,838)
Other changes	2	(605)	(608)
Balance at end of period	**236,082**	**272,193**	**267,185**

19. SHARE-BASED PAYMENT PROGRAMMES

INCENTIVE SCHEME

As at the reporting date, the Group does not operate any incentive schemes based on stock options or other equity instruments.

20. DIVIDENDS

In the first six months of 2015, the Group paid no dividend or interim dividend.

21. ISSUE AND REDEMPTION OF DEBT SECURITIES

In the first six months of 2015, the Group did not issue, redeem or repay any debt securities.
On July 31st and August 1st 2015, the Parent and certain arrangement creditors executed agreements setting out the terms of restructuring of the Parent's liabilities, including the Issue and Agency Agreement, under which the Parent is obligated to take all actions necessary to issue Series A, B, C, D, E, F, G, H, I and J zero-coupon bonds with an aggregate nominal value of up to PLN 710,000 thousand. The agreement expires upon the lapse of the Programme term, i.e. on June 30th 2020, entailing expiry of all obligations of the Obligor Companies under the Bond issue (see Note 35).

22. BORROWINGS AND OTHER DEBT INSTRUMENTS – EVENTS OF DEFAULT

In 2012, 12 companies of the PBG Group filed arrangement bankruptcy petition, which was reported in detail by the Parent in the full-year consolidated report for 2012.
As at June 30th 2015, liabilities under existing and new credit facility agreements, other than agreements made by the Parent, amounted to PLN 180,460 thousand and comprised liabilities incurred by RAFAKO SA and property development subsidiaries.
Pursuant to the Terms and Conditions of the Bonds, the Parent received calls for immediate redemption from bondholders who had acquired Series C and Series D bonds. As at the redemption call date, the value of the bonds including interest accrued to the day preceding the date on which the court declared the Company insolvent in voluntary arrangement, was PLN 838.772 thousand.
The companies did not repay the claims under the bond redemption calls or under the credit and guarantee facilities which were terminated or expired. These claims are covered by the arrangement, and their satisfaction is governed by the Bankruptcy and Restructuring Law. Any disclosed decreases resulted from enforcement of security by the creditors or from the performance of agreements concluded by the Group companies, including the agreements reported by the Parent in Current Reports No.11/2013, No. 23/2013 and No. 32/2013.
Given that the Company was declared insolvent, its liabilities incurred prior to the Court's decision declaring the Company insolvent (issued on June 13th 2012) are not measured at amortised cost but at nominal value, increased by interest accrued to the date of the Court declaration (in accordance with the Bankruptcy and Restructuring Law), save for interest on liabilities secured on tangible property, which continue to accrue after the date of insolvency declaration (June 13th 2012), in accordance with the Bankruptcy and Restructuring Law. Other liabilities incurred after the Court's decision declaring the Company insolvent in voluntary arrangement are measured at amortised cost.

23. PROVISIONS AND LIABILITIES

Provisions disclosed in the interim condensed consolidated financial statements and their changes in the respective periods are presented in the table below:

Group name:	*PBG GROUP*		
Period covered by the financial statements:	*January 1st–June 30th 2015*	Reporting currency:	*Polish złoty (PLN)*
Rounding:	*All amounts in PLN thousand (unless otherwise indicated)*		

EMPLOYEE BENEFIT OBLIGATIONS AND PROVISIONS

Item	Non-current			Current		
	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Wages and salaries liabilities	-	-	-	11,724	10,906	11,135
Social security liabilities	-	-	-	10,008	10,934	11,897
Other long-term employee benefits	-	-	-	894	390	1,030
Total employee benefit obligations	**-**	**-**	**-**	**22,626**	**22,230**	**24,062**
Provision for retirement severance payments	6,630	6,811	6,799	621	230	449
Provisions for length-of-service awards	15,487	14,764	12,079	1,370	1,480	1,249
Accrued holiday entitlement	-	-	-	6,475	4,577	6,729
Provision for other employee benefits	3,820	3,900	4,449	7,155	8,973	-
Total employee benefit provisions	**25,937**	**25,475**	**23,327**	**15,621**	**15,260**	**8,427**
Employee benefit obligation and provisions	**25,937**	**25,475**	**23,327**	**38,247**	**37,490**	**32,489**

All amounts in PLN thousand (unless otherwise indicated)

CHANGES IN PROVISIONS FOR EMPLOYEE BENEFITS

Item	Provision for retirement gratuity	Provision for jubilee	Accrued holiday entitlement	Provision for other employee benefits	Total
for the period Jan 1−Jun 30 2015 (unaudited)					
Balance as at Jan 1 2015	**7,041**	**16,244**	**4,577**	**12,873**	**40,735**
Increase in provisions recognised as expense in the period (new provisions)	-	-	2,079	369	2,448
Reversal of provisions recognised as income in the period (-)	-	-	(182)	(2,275)	(2,457)
Interest expense	84	200	-	46	330
Current service costs	182	483	-	45	710
Actuarial gains/losses	77	238	-	3	318
Cost of benefits paid	(131)	(309)	-	(86)	(526)
Other changes	(2)	1	1	-	-
Balance at Jun 30 2015, including:	**7,251**	**16,857**	**6,475**	**10,975**	**41,558**
- non-current provisions	6,630	15,487	-	3,820	25,937
- current provisions	621	1,370	6,475	7,155	15,621
for the period Jan 1−Dec 31 2014 (audited)					
Balance as at Jan 1 2014	**6,078**	**13,498**	**3,664**	**4,488**	**27,728**
Increase in provisions recognised as expense in the period (new provisions)	-	-	4,357	9,067	13,424
Decrease in provisions − exit (sale) of subsidiaries from the Group	(990)	-	(819)	-	(1,809)
Reversal of provisions recognised as income in the period (-)	-	-	(2,489)	(800)	(3,289)
Interest expense	261	540	-	145	946
Current service costs	230	386	-	35	651
Actuarial gains/losses	1,019	3,916	-	106	5,041
Cost of benefits paid	(287)	(2,096)	(147)	(168)	(2,698)
Past service costs	1	-	-	-	1
Other changes	729	-	11	-	740
Balance as at Dec 31 2014	**7,041**	**16,244**	**4,577**	**12,873**	**40,735**
- non-current provisions	6,811	14,764	-	3,900	25,475
- current provisions	230	1,480	4,577	8,973	15,260
for the period Jan 1–Jun 30 2014 (unaudited)					
Balance as at Jan 1 2014	**6,078**	**13,498**	**3,664**	**4,488**	**27,728**
Increase in provisions recognised as expense in the period (new provisions)	-	-	3,547	803	4,350
Decrease in provisions − exit (sale) of subsidiaries from the Group	-	-	(417)	-	(417)
Reversal of provisions recognised as income in the period (-)	-	-	(63)	(689)	(752)
Current service costs	1,170	(171)	-	-	999
Actuarial gains/losses	(1)	-	-	-	(1)
Other changes	1	1	(2)	(153)	(153)
Balance at Jun 30 2014	**7,248**	**13,328**	**6,729**	**4,449**	**31,754**
- non-current provisions	6,799	12,079	-	4,449	**23,327**
- current provisions	449	1,249	6,729	-	**8,427**

OTHER PROVISIONS FOR LIABILITIES

For more information on the policy of recognising provisions for warranty repairs, expected losses and restructuring, see Note 2.5 UNCERTAINTY OF ESTIMATES.

Provisions disclosed in the interim condensed consolidated financial statements and their changes in the respective periods are presented in the table below:

All amounts in PLN thousand (unless otherwise indicated)

OTHER PROVISIONS FOR LIABILITIES

Item	Non-current			Current		
	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Provisions for warranties	26,573	9,365	11,876	13,718	16,544	16,703
Provision for losses on construction contracts	-	-	-	36,106	40,597	42,362
Other provisions	347,527	347,527	425,317	86,070	28,100	44,593
Restructuring provision	-	-	-	23,856	18,644	14,531
Total other provisions, including:	**374,100**	**356,892**	**437,193**	**159,750**	**103,885**	**118,189**

Group name:	PBG GROUP		
Period covered by the financial statements:	January 1st–June 30th 2015	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

CHANGES IN OTHER PROVISIONS

Item	Provisions for warranties	Provision for losses on construction contracts	Other provisions	Restructuring provision	Total
for the period Jan 1–Jun 30 2015 (unaudited)					
Balance as at Jan 1 2015	**25,909**	**40,597**	**375,627**	**18,644**	**460,777**
Increase in provisions recognised as expense in the period (new provisions)	1,696	17,525	59,944	7,553	86,718
Revision of estimates	20,168	-	-	-	20,168
Reversal of provisions recognised as income in the period (-)	(3,230)	(13,473)	(68)	-	(16,771)
Use of provisions (-)	(3,906)	(8,288)	(1,920)	(2,341)	(16,455)
Revision of estimates (-)	(345)	(255)	-	-	(600)
Other changes (net exchange differences)	(1)	-	14	-	13
Balance at Jun 30 2015, including:	**40,291**	**36,106**	**433,597**	**23,856**	**533,850**
- non-current provisions	26,573	-	347,527	-	374,100
- current provisions	13,718	36,106	86,070	23,856	159,750
for the period Jan 1–Dec 31 2014 (audited)					
Balance as at Jan 1 2014	**25,365**	**48,410**	**540,538**	**17,838**	**632,151**
Increase in provisions recognised as expense in the period (new provisions)	17,892	17,408	7,524	-	42,824
Revision of estimates	1,218	345	4,187	6,993	12,743
Acquisition of subsidiaries	-	-	-	-	-
Decrease in provisions – exit (sale) of subsidiaries from the Group	(387)	-	(23,502)	-	(23,889)
Reversal of provisions recognised as income in the period (-)	(15,269)	(22,753)	(145,895)	-	(183,917)
Use of provisions (-)	(2,384)	-	(39)	-	(2,423)
Revision of estimates (-)	-	(2,772)	(7,194)	(6,187)	(16,153)
Other changes (net exchange differences)	(526)	(41)	8	-	(559)
Balance as at Dec 31 2014	**25,909**	**40,597**	**375,627**	**18,644**	**460,777**
- non-current provisions	9,365	-	347,527	-	356,892
- current provisions	16,544	40,597	28,100	18,644	103,885
for the period Jan 1–Jun 30 2014 (unaudited)					
Balance as at Jan 1 2014	**25,365**	**46,388**	**542,560**	**17,838**	**632,151**
Increase in provisions recognised as expense in the period (new provisions)	10,657	2,657	13,973	-	27,287
Revision of estimates	457	-	34	-	491
Decrease in provisions – exit (sale) of subsidiaries from the Group	-	-	(17,070)	-	(17,070)
Reversal of provisions recognised as income in the period (-)	(6,984)	(3,697)	(65,151)		(75,832)
Use of provisions (-)	(916)	(3,589)	(2,246)	(3,307)	(10,058)
Revision of estimates (-)	-	(1,418)	-	-	(1,418)
Other changes (net exchange differences)	-	2,021	(2,190)	-	(169)
Balance at Jun 30 2014	**28,579**	**42,362**	**469,910**	**14,531**	**555,382**
- non-current provisions	11,876	-	425,317	-	437,193
- current provisions	16,703	42,362	44,593	14,531	118,189

In the six months ended June 30th 2015, the Group recognised provisions for liabilities for a total amount of PLN 59,944 thousand, which mainly resulted from an increase in costs, incurred but still not invoiced by suppliers, under the contracts performed by the RAFAKO Group.

In the six months ended June 30th 2015, the Group recognised a provision of PLN 20,168 thousand on account of guarantees issued for the contracts related to the Wierzchowice Underground Gas Storage Facility project and the National Stadium construction project.

Restructuring provision – see Note 2.5.

Trade and other payables

In the six months ended June 30th 2015, non-current liabilities went up by PLN 20,442 thousand, mainly due to the prepayments received for construction services under contracts performed by the RAFAKO Group.
In the six months ended June 30th 2015, current liabilities fell by PLN 16,810 thousand, mainly on the back of lower trade payables due to the RAFAKO Group's trading partners.

24. CONTINGENT ASSETS AND LIABILITIES

25. Off-balance-sheet receivables (PLN '000)	**Jun 30 2015 (unaudited)**
Receivables under bank and insurance guarantees received mainly as security for performance of contracts	609,584
Receivables under sureties received	7,600
Promissory notes received as security	34,027
Total off-balance-sheet receivables, including:	**651,211**

Off-balance-sheet liabilities (PLN '000)	**Jun 30 2015 (unaudited)**
Commitments under bank and insurance guarantees issued mainly as security for performance of contracts	363,249
Liabilities under sureties	2,233,536
Promissory notes issued as security, including:	30,709
Guarantee claims paid (by financial institutions)	359,531
Total off-balance-sheet liabilities, including:	**2,987,025**

In these interim condensed consolidated financial statements as at June 30th 2015, the PBG Group discloses, as off-balance-sheet items, contingent liabilities of **PLN 2,987,025 thousand**. The contingent liabilities pertain to liabilities under sureties issued for credit facilities and trade payables, sureties for guarantees issued by PBG Group companies for third parties, 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 1,685,756 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 June 30th 2015, the provision was PLN 347,527 thousand.

The value of contingent liabilities disclosed by the PBG Group as at June 30th 2015 net of the provision was **PLN 2,639,498 thousand**.

As at June 30th 2015, the PBG Group disclosed contingent receivables recognised as off-balance-sheet items of **PLN 651,211 thousand.** The contingent receivables are related mainly to performance bonds of PLN 609,584 thousand and promissory notes of PLN 34,027 thousand. Other contingent receivables are 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 June 30th 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.

25. LITIGATIONS AND OTHER DISPUTES

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

In H1 2015, there were no major changes in the disputes and litigations instigated by the Parent that could affect its financial standing. The litigation instigated by the Parent against Control Process S.A. for the payment of PLN 996 thousand with interest was concluded. Control Process agreed to pay PLN 500 thousand to the Parent and waived the claim of PLN 1,700 thousand related to the settlement of the Parent's liabilities under Clause 5.18 of the contract of February 12th 2009.PLN 500 thousand was paid in July 2015.

No litigations against the Parent that could have a material effect on its financial standing were concluded in H1 2015.

A detailed description of the litigations is presented in the Parent's full-year financial statements prepared in accordance with the IFRSs, available at:

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-okresowe/jednostkowy-raport-roczny-pbg-za-2014-rok.html

As at **June 30th 2015**, the PBG Group subsidiaries were parties to the following court proceedings:

PROCEEDINGS INSTIGATED BY SUBSIDIARIES:

1. **RAFAKO S.A. against ING Bank Śląski S.A.**

On November 3rd 2009, RAFAKO S.A., a subsidiary, 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 about 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 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 S.A. PLN 3,646,699.59, 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 amount awarded to RAFAKO pursuant to a final ruling of the Court of Appeals, issued on May 29th 2015, was PLN 3,636,226.62 plus statutory interest from November 25th 2009. The costs of the appeal proceedings were offset. The awarded amount was credited to the account of RAFAKO S.A. in July 2015.

2. **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 steam-generator construction project. In 2009, courts of the first and second instance ruled in favour of RAFAKO S.A. However, the High Commercial Court, having examined a cassation appeal by the defendant, 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 RAFAKO S.A. 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 11.5m 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.

ACTIONS AGAINST SUBSIDIARIES:

1. **FISIA BABCOOK ENVIROMENT GmbH against RAFAKO S.A.**

An action brought by Steinmüller Babcock Environment GmbH (formerly 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 a 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. Parent's position is that the contract for upgrading 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. Pursuant to the letter from the Arbitration Court, grant or dismissal of the claim will depend on the scope of the modernisation (whether the work performed was a modernisation in the strict sense of the term or consisted in the delivery of a new unit) and the use of the plaintiff's technology in performing the contract. The parties were obliged to prepare technical documentation relevant to this issue. Letters are currently being exchanged to define the scope of the required documents.

In connection with the arbitration proceedings, the Group has recognised a provision for arbitration costs of approximately PLN 586 thousand. The provision was partially used in 2014 and its balance as at June 30th 2015 was PLN 477 thousand. In the opinion of RAFAKO S.A.'s Management Board, as at June 30th 2015 there were no circumstances which would justify the recognition of any provisions for the claim.

2. **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 denitrification (DeNOx) units. RAFAKO S.A.'s position 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 currently pending against the Parent. The proceedings seek the imposition of an administrative sanction on the Parent under Art. 96.1c of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005.

The Polish Financial Supervision Authority is planning to close the case in 2015.

All amounts in PLN thousand (unless otherwise indicated)

26. OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The objectives and policies of financial risk management have not changed relative to those published in the most recent consolidated full-year financial statements for 2014.

27. BUSINESS COMBINATIONS

In the six months ended June 30th 2015, the Group did not acquire any subsidiaries.

28. LOSS OF CONTROL OF SUBSIDIARIES

In the six months ended June 30th 2015, RAFAKO S.A., PBG's subsidiary, disposed of its subsidiary FPM S.A., as discussed in Note 3.

Details of the subsidiary disposal are presented below.

Item	As at Feb 28 2015
Total consideration on disposal	48,000
Additional transaction cost	(1,440)
Part of consideration on disposal received in cash and cash equivalents	46,560
Cash and cash equivalents at the disposed subsidiary as at the disposal date	26,570
Loss on disposal, including a portion of that profit or loss that can be allocated when recognising the investment retained in the former subsidiary at fair value as at the date of control loss	(6,305)

Assets and liabilities in the disposed subsidiary as at the disposal date and as at December 31st 2014 are presented in the tables below:

Item	As at Feb 28 2015	As at Dec 31 2014
Non-current assets	**32,594**	**34,228**
Property, plant and equipment	29,417	28,670
Intangible assets	82	88
Goodwill	1,457	3,832
Receivables	33	33
Other non-current financial assets	1,605	1,605
Current assets	**48,145**	**47,458**
Inventories	7,156	7,647
Trade and other receivables, current prepayments and accrued income	9,182	7,046
Amounts due from customers for construction contract work	4,830	5,308
Other current financial assets	26,977	27,457
Total assets	**80,739**	**81,686**

All amounts in PLN thousand (unless otherwise indicated)

Item	As at Feb 28 2015	As at Dec 31 2014
Non-current liabilities	**4,590**	**4,473**
Finance lease liabilities	1,169	1,020
Deferred tax liabilities	2,509	2,541
Employee benefit obligations and provisions	912	912
Current liabilities	**11,832**	**10,401**
Trade and other payables	10,949	10,292
Employee benefit obligations and provisions	62	62
Liabilities under construction contracts, current accruals and deferred income	821	47
Total liabilities	**16,422**	**14,874**
Total equity and liabilities	**16,422**	**14,874**

29. DISCONTINUED OPERATIONS

Under discontinued operations in the interim consolidated statement of profit or loss, the Group discloses the financial results of FPM S.A. (see Note 3).

FPM S.A.'s financial results for the period January 1st–February 19th 2015, for 2014 and for the six months ended June 30th 2014 are as follows:

Item	for the period Jan 1–Jun 30 2015	for the period Jan 1–Dec 31 2014	for the period Jan 1–Jun 30 2014
Revenue	8,574	71,309	39,073
Expenses	(8,649)	(66,631)	(36,350)
Pre-tax profit/(loss)	**(75)**	**4,678**	**2,723**
Net finance costs	(57)	227	128
Impairment loss on assets held for sale	66	(8,779)	–
Profit/(loss) before tax from discontinued operations	**(66)**	**(3,874)**	**2,851**
Income tax expense, including:	(11)	940	552
- current income tax	20	1,312	377
- deferred income tax	(31)	(372)	175
Profit/(loss) from discontinued operations	**(55)**	**(4,814)**	**2,299**

FPM S.A.'s net cash flows:

Item	for the period Jan 1–Jun 30 2015	for the period Jan 1–Dec 31 2014	for the period Jan 1–Jun 30 2014
Net cash from operating activities	531	4,993	(7,583)
Net cash from (used in) investing activities	(848)	(1,076)	(4)
Net cash from financing activities	(134)	(4,024)	(3,708)
Net increase/(decrease) in cash and cash equivalents	**(451)**	**(107)**	**(11,295)**

All amounts in PLN thousand (unless otherwise indicated)

Immediately before FPM S.A. was classified as discontinued operations, the recoverable amount of its net assets attributable to the Parent was determined. The assets were found to be impaired. After FPM S.A. was classified as discontinued operations, an impairment loss had to be recognised in order to recognise the assets comprised in the disposal group at fair value less costs to sell. In the twelve months ended December 31st 2014, the impairment loss amounted to PLN 8,779 thousand. In the six months ended June 30th 2015, the adjustment to the impairment loss was PLN 99 thousand. This impairment loss was accounted for in the statement of profit or loss in 'Net profit/(loss) from discontinued operations'.

30. RELATED PARTY TRANSACTIONS

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

The tables below present information on the related party transactions which have been accounted for in the condensed consolidated financial statements of the Group.

RELATED PARTIES – SALES AND RECEIVABLES

Item	Revenue			Receivables		
	Jan 1–Jun 30 2015 (unaudited)	Jan 1–Dec 31 2014 (audited)	Jan 1–Jun 30 2014 (unaudited)	as at Jun 30 2015 (unaudited)	as at Dec 31 2014 (audited)	as at Jun 30 2014 (unaudited)
Sales to:						
Other related parties	206	9,094	8,649	16,888	16,643	16,570
Total	**206**	**9,094**	**8,649**	**16,888**	**16,643**	**16,570**

RELATED PARTIES – PURCHASES AND PAYABLES

Item	Purchases (costs, assets)			Payables		
	Jan 1–Jun 30 2015 (unaudited)	Jan 1–Dec 31 2014 (audited)	Jan 1–Jun 30 2014 (unaudited)	as at Jun 30 2015 (unaudited)	as at Dec 31 2014 (audited)	as at Jun 30 2014 (unaudited)
Purchases from:						
Other related parties	3,952	4,820	967	7,313	4,556	2,180
Total	**3,952**	**4,820**	**967**	**7,313**	**4,556**	**2,180**

RELATED PARTIES – LOANS

Item	Jun 30 2015 (unaudited)		Dec 31 2014 (audited)		Jun 30 2014 (unaudited)	
	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	4,956	46	4,804	146	4,879	125
Total	**4,956**	**46**	**4,804**	**146**	**4,879**	**125**

All amounts in PLN thousand (unless otherwise indicated)

RELATED PARTIES – BORROWINGS

Item	Jun 30 2015 (unaudited)		Dec 31 2014 (audited)		Jun 30 2014 (unaudited)	
	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	10,312	10,313	6,722	6,372	13	14
Total	**10,312**	**10,313**	**6,722**	**6,372**	**13**	**14**

31. REMUNERATION OF MEMBERS OF THE PARENT'S MANAGEMENT AND SUPERVISORY BOARDS

REMUNERATION OF MANAGEMENT BOARD MEMBERS FOR HOLDING OFFICE AT THE PARENT, SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES OR ASSOCIATES

Item	At Parent:		At subsidiaries and associates:		Total
	Remuneration	Other benefits	Base	Other benefits	
Jan 1−Jun 30 2015 (unaudited)	897	-	1,093	300	2,290
Jan 1–Dec 31 2014 (audited)	1,963	10	2,932	1,544	6,449
Jan 1–Jun 30 2014 (unaudited)	1,038	-	599	393	1,992

REMUNERATION OF SUPERVISORY BOARD MEMBERS FOR HOLDING OFFICE AT THE PARENT, SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES OR ASSOCIATES

Item	At Parent:		At subsidiaries and associates:		Total
	Remuneration	Other benefits	Base	Other benefits	
Jan 1−Jun 30 2015 (unaudited)	174	-	768	129	1,071
Jan 1–Dec 31 2014 (audited)	357	-	1,294	180	1,831
Jan 1–Jun 30 2014 (unaudited)	165	-	1,021	189	1,413

32. OTHER MATERIAL CHANGES IN ASSETS, LIABILITIES, INCOME AND EXPENSES

The Group performs long-term construction contracts whose valuation as at the reporting date is based on the Management Boards' estimates of the contracts' planned results.

The amounts recognised in the interim condensed consolidated statement of financial position arise under construction contracts which are in progress as at the reporting date. Amounts due from customers for construction contract work are recognised as the aggregate recognised profits (losses) until the reporting date, less progress billings. The carrying amounts of amounts due to and from customers for construction contract work are presented in the table below:

All amounts in PLN thousand (unless otherwise indicated)

CONSTRUCTION CONTRACTS

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Initial amount of revenue agreed in contract	8,955,937	8,815,721	9,334,036
Variations	(27,663)	(7,403)	(46,363)
Aggregate contract revenue	**8,928,274**	**8,808,318**	**9,287,673**
Costs incurred to the reporting date	3,286,141	2,625,584	3,215,765
Costs expected to be incurred to complete contract work	5,112,024	5,621,384	5,446,280
Aggregate estimated contract costs	**8,398,165**	**8,246,968**	**8,662,045**
Aggregate estimated profit (losses) on construction contracts	**530,109**	**561,350**	**625,628**
Stage of completion as at the reporting date	39,13%	31,84%	37,12%
Prepayments received as at the reporting date	120,910	125,324	148,621
Prepayments that can be set off with amounts due from customers for construction contract work	11,896	44,148	35,356
Retentions total	49,840	28,641	26,416
Aggregate contract costs incurred to the reporting date, including provisions for expected losses	3,326,020	2,678,688	3,302,197
Aggregate profits (losses) recognised to the reporting date	64,829	28,090	76,684
Revenue estimated as at the reporting date	**3,390,849**	**2,706,778**	**3,378,881**
Progress billings	3,162,561	2,516,538	3,117,582
Amounts due from customers for construction contracts work as at the reporting date	**321,821**	**316,615**	**358,060**
Amounts due from customers for construction contract work payable to consortium members as at the reporting date	0	0	0
Amounts due from customers for construction contract work payable to the consortium as a whole as at the reporting date, less prepayments that can be set off	**309,925**	**272,467**	**322,704**
Amounts due to customers for construction contracts work as at the reporting date	**93,533**	**126,375**	**96,761**

In view of the binding confidentiality agreements, the Group discloses the information required under IAS 11 *Construction Contracts* as aggregate amounts, without itemising the individual contracts.

In these interim condensed consolidated financial statements, amounts due from customers for construction contract work and construction contract revenue reflect the Group's best estimates of the results and stage of completion of particular contracts.

In H1 2015, the Group reported a significant increase in amounts due from customers for construction contract work relative to December 2014. Amounts due from customers for construction contract work increased by PLN 37,458 thousand, mainly in connection with the LNG Świnoujście contract. The situation was due to the fact that revenue invoices in the period under review were issued for amounts much lower than expenses incurred during that period, which are the basis for calculating revenue. In H1 2015, the Group recognised invoices for PLN 11m, with recognised revenue of PLN 50m, which resulted in an increase in amounts due on the contract by approximately PLN 38m.

Revenue amounts presented in the financial statements include contractual penalties which have been or may be imposed on the Group for failing to meet the originally agreed delivery deadlines. The Note also accounts for the Group's provisions for expected losses on running contracts, which as at the end of the reporting period amounted to PLN 36,106 thousand (see Note 23).

If the total costs to be incurred in connection with the running contracts increased by 10% on the current estimates, revenue would theoretically decrease by PLN 51.2m as at the reporting date, provision for expected losses would increase by PLN 35.3m, and the result would be lower by a total of PLN 86.5m.
The presented revenue amounts account for the effect of termination by PGNiG S.A. (Employer) of the contract for the construction of the Wierzchowice Underground Gas Storage Facility on April 2nd 2014. As at the reporting date, the Group had recognised provisions for cost deficit under settlements with the subcontractors under that contract, and further recognised as revenue, taking a conservative approach, amounts due for the estimated scope of works not yet settled, based on a survey of the construction site carried out by the Employer. The Parent's Management Board is of the opinion that the survey carried out by the Employer does not reflect the actual value of completed work and the Parent will seek to document a greater progress of work than specified in the Employer's document. On April 2nd 2014, the Parent received a debit note from the Employer, for the amount of PLN 133.4m as a contract termination penalty, and for PLN 10.3m under interest accrued. The note was not recognised in the Parent's books and was sent back to the Employer as groundless.
On February 27th 2015, the Parent's Management Board was notified that on November 21st 2014 Polskie Górnictwo Naftowe i Gazownictwo S.A. filed with the District Court for Poznań-Stare Miasto of Poznań, 10th Commercial Division, a request to summon the companies of the Consortium comprising 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., performing the project 'Construction of the Wierzchowice Underground Gas Storage Facility, phase: 3.5bcm, sub-phase: 1.2 bcm', to a conciliation hearing. The Parent 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 conciliation talks.
In 2008, the Parent's Management Board signed an agreement as a member of a consortium, considered a joint arrangement under IFRS 11. The Group classifies the agreement as joint operations.
Joint operations:

- Consortium of Saipem SpA, Techint Sp, Snamprogetti Canada INC, PBG S.A., PBG Energia Sp. z o.o. (formerly PBG Export Sp. z o.o.) formed to execute the project "Delivery of the working design, construction and commissioning of the Liquefied Natural Gas Regasification Terminal in Świnoujście"; The contract price is PLN 2,367,751 thousand.

The current progress under the contract for the construction of the Liquefied Natural Gas Regasification Terminal in Świnoujście is 97.5%. The process of mechanical assembly, commissioning and start-up of completed units is currently nearing completion. The key reason for failure to meet the contractual completion deadline is change of legal regulations that occurred during contract implementation. The Saipem-Techint-PBG consortium is in the final stage of negotiations with the Employer regarding the impact of the change in legal regulations and design changes on contract costs and work schedule. The negotiations concern the terms of finalising the contract, in particular the new deadline for placement of the LNG Terminal in service. At the moment, the talks and exchange of statements between the Employer and the

Consortium resulted in a conclusion to set May 30th 2016 as a new project completion date, which, however, has not yet been formally finalised. Thus, another likely scenario is that the dispute will be resolved using instruments provided for in the contract (including arbitration) to determine the liability of the parties for the contract work delays and their financial consequences.

On March 13th 2015, the Employer issued a debit note for a total of PLN 71m (3% of the contract value), charging the Consortium with contractual penalties for the delay in achieving a Key Milestone. The Consortium does not agree with the Employer's position and did not accept the debit note.

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

As at June 30th 2015, the PBG Group carried no derivative instruments to hedge currency risk.

EFFECT OF INTEREST RATE HEDGES ON THE RESULTS OF THE PBG GROUP

A PBG subsidiary in company voluntary arrangement uses interest rate swaps (IRS) to hedge against variable 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 H1 2015, the effect of derivatives used to hedge interest rate risk, as recognised in the consolidated statement of profit or loss as at June 30th 2015, was as follows:

Effect of derivative instruments related to interest rate risk		
Item	Jun 30 2015 (unaudited)	Jun 30 2014 (unaudited)
	PLN '000	PLN '000
Finance income	295	-
Total income	**295**	-
Finance costs	-	488
Total expenses	**-**	**488**
Effect on profit/(loss)	**295**	**(488)**

As at June 30th 2015, the fair value of open positions used to hedge interest rates was negative at PLN -668 thousand and related to fair value hedge derivatives.

All amounts in PLN thousand (unless otherwise indicated)

33. NOTES TO SELECTED ITEMS OF THE STATEMENT OF PROFIT OR LOSS

EXPENSES BY NATURE

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited, restated)
Depreciation and amortisation	9,532	19,857	9,097
Raw materials and consumables used	182,978	589,856	187,682
Services	419,435	636,408	337,711
Taxes and duties	5,284	9,827	4,543
Employee benefits	117,640	224,721	105,260
Other expenses	18,776	38,064	22,103
Total expenses	**753,645**	**1,518,733**	**666,396**
Cost of merchandise and materials sold	3,830	16,146	8,438
Changes in inventories of finished goods and work in progress (-)	36,820	10,073	(41,115)
Work performed by entity and capitalised (-)	(416)	2,248	(903)
Cost of sales, distribution costs and administrative expenses	**793,879**	**1,547,200**	**632,816**

OTHER INCOME

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited, restated)
Gain on disposal of non-financial non-current assets	1,358	-	-
Change in fair value of investment property	576	8,179	-
Reversals of impairment loss on assets, including:			
- property, plant and equipment and intangible assets	-	3	-
- receivables	6,359	35,549	23,831
- inventories	282	485	82
- other assets	-	198	126
Interest related to operating activities, including interest on:			
- on cash in bank accounts	250	452	25
- on loans advanced	133	498	463
- other interest	4,055	5,597	1,400
Reversal of unused provisions	648	3,186	1,943
Liabilities cancelled in court proceedings	-	1,439	19,239
Compensation and penalties received	651	159	905
Grants received	143	580	298
Lease income	959	1,531	669
Gain on disposal of equity instruments	-	2,674	3,000
Exchange differences on operating activities	428	-	-
Discount (non-current accounts receivable and payable)	-	-	1,238
Other income, including:			
- surety and guarantee services	-	562	35
- reversal of global provision for potential liabilities	-	97,029	-
- court fees refunded	13	330	334
- debt claims sold	900	-	-
- other income	973	3,710	2,860
Total other income	**17,728**	**162,161**	**56,448**

All amounts in PLN thousand (unless otherwise indicated)

OTHER EXPENSES

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited, restated)
Loss on disposal of non-financial non-current assets	-	911	576
Impairment loss on assets, including:			
- goodwill	70,262	42	-
- property, plant and equipment and intangible assets	-	3,896	33
- receivables	16,728	35,096	19,597
- inventories	848	9,308	505
- loans advanced	2,462	32,767	28,588
- other assets	607	10,750	10,729
Interest related to operating activities, including interest on:			
- trade payables and other liabilities	1,243	4,661	446
Recognition of provisions for potential liabilities under sureties and guarantees	-	-	5,054
Recognition of provisions for liabilities	-	729	2,241
Recognition of provisions for warranty repairs	-	3,474	-
Compensation and penalties paid	10	4,169	573
Grants	530	639	280
Running costs of investments	210	1,150	-
Gain (loss) on derivative instruments related to operating activities	-	484	341
Loss on investments in related entities	-	42,384	114,479
Exchange differences on operating activities	-	1,262	1,067
Discount (non-current accounts receivable and payable)	648	1,573	-
Other expenses, including:			
- surety and guarantee services	-	-	4
- cost of court proceedings	84	1,878	7
- statute barred, cancelled or unrecoverable receivables written-off	618	17,247	16,681
- costs related to VAT correction	1,235	3,243	-
- other expenses	815	8,806	4,658
Total other expenses	**96,300**	**184,469**	**205,859**

All amounts in PLN thousand (unless otherwise indicated)

FINANCE INCOME

FINANCE INCOME FOR THE PERIOD JANUARY 1ST–JUNE 30TH 2015

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited, restated)
Interest income for financial assets other than at fair value through profit or loss:			
Cash and cash equivalents (deposits)	325	1,487	884
Loans and receivables	-	7	2
Other interest	27	61	44
Total interest income for financial assets other than at fair value through profit or loss	**352**	**1,555**	**930**
Fair value and disposal gains on financial instruments at fair value through profit or loss:			
Cash flow hedge derivatives	295	-	-
Total fair value and disposal gains on financial instruments at fair value through profit or loss	**295**	**-**	**-**
Gain (loss) (+/-) from exchange differences on:			
Cash and cash equivalents	757	972	965
Loans and receivables	-	-	(127)
Financial liabilities at amortised cost	919	-	1,386
Total gain (loss) (+/-) from exchange differences	**1,676**	**972**	**2,224**
Other finance income	1,037	214	17
Total finance income	**3,360**	**2,741**	**3,171**

All amounts in PLN thousand (unless otherwise indicated)

FINANCE COSTS

FINANCE COSTS FOR THE PERIOD JANUARY 1ST–JUNE 30TH 2015

Item	for the period Jan 1–Jun 30 2015 (unaudited)	for the period Jan 1–Dec 31 2014 (audited)	for the period Jan 1–Jun 30 2014 (unaudited, restated)
Interest expenses for financial liabilities other than at fair value through profit or loss:			
Finance lease liabilities	458	664	263
Credit facilities	425	3,105	1,390
Bank overdrafts	2,378	7,130	4,150
Non-bank borrowings	60	14	-
Trade and other payables	15	68	57
Total interest expenses for financial liabilities other than at fair value through profit or loss	**3,336**	**10,981**	**5,860**
Fair value and disposal losses on financial instruments at fair value through profit or loss:			
Cash flow hedge derivatives	-	1,719	488
Listed equity instruments	-	-	144
Total fair value and disposal losses on financial instruments at fair value through profit or loss	**-**	**1,719**	**632**
Impairment losses on available-for-sale financial assets	50	817	6
Impairment losses on investments in subsidiaries, associates and jointly-controlled entities	5	-	-
Other finance costs	15	1,623	56
Total finance costs	**3,406**	**15,140**	**6,554**

34. OTHER REGULATORY DISCLOSURES (SELECTED FINANCIAL DATA TRANSLATED INTO THE EURO)

During the reporting periods covered by these interim condensed consolidated financial statements and the comparative financial information, average and mid-rates quoted by the National Bank of Poland were used to translate the złoty into the euro, and in particular:

a) 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 (used in) operating activities, net cash from (used in) investing activities, net cash from (used in) financing activities, and net change in cash and cash equivalents for H1 2015 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. **4.1341 PLN/EUR**;

b) 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 (used in) operating activities, net cash from (used in) investing activities, net cash from (used in) financing activities, and net change in cash and cash equivalents for H1 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. **4.1784 PLN/EUR.**

All amounts in PLN thousand (unless otherwise indicated)

c) net revenue from sale of finished goods, merchandise, and materials, operating profit, profit before tax, net profit, as well as net cash generated by operating activities, net cash from (used in) investing activities, net cash from financing activities, and net increase/(decrease) in cash and cash equivalents for 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. **4.1893 PLN/EUR.**

d) total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at June 30th 2015 were translated at the EUR mid rate effective for that date, i.e. **4.1944 PLN/EUR.**

e) total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at June 30th 2014 were translated at the EUR mid rate effective for that date, i.e. **4.1609 PLN/EUR.**

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

Item	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Exchange rate effective for the last day of the period	4.1944	4.2623	4.1609
Average exchange rate for the period, calculated based on the arithmetic mean of exchange rates effective for the last day of each individual month during the period	4.1341	4.1893	4.1784
Highest exchange rate during the period	4.3335 – Jan 20 2015	4.3138 – Dec 30 2014	4.2375 – Feb 3 2014
Lowest exchange rate during the period	3.9822 – Apr 21 2015	4.0998 – Jun 9 2014	4.0998 – Jun 9 2014

Key items of the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of cash flows from the interim condensed consolidated financial statements and the comparative consolidated financial information

35. EVENTS SUBSEQUENT TO THE REPORTING DATE

Decision by Judge Commissioner approving the fourth supplementary list of claims

Further to Current Report No. 28/2014 of December 11th 2014, the Parent's Management Board announces that on July 17th 2015 the Company received a decision approving the fourth supplementary list of claims (excluding claims of the State Treasury – General Director for National Roads and Motorways (GDDKiA), represented by the Rzeszów Branch of the General Directorate for National Roads and Motorways), issued by the District Court for Poznań Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, on July 8th 2015.

Information on cancellation of enforcement proceedings.

The Parent's Management Board announces that on July 24th 2015 the Company received a notice from Jarosław Kotarski, Court Enforcement Officer at the District Court for Poznań-Stare Miasto of Poznań, who participates in the enforcement proceedings against PBG initiated by the Company's creditor, Banco Espirito Santo de Investimento S.A. (the Creditor) on the cancellation of enforcement actions on which the Company reported in Section 1 of Current Report No. 109/2012 of November 8th 2012.

List of shareholders holding at least 5% of total vote at Extraordinary General Meeting on July 31st 2015

On July 31st 2015, the Parent's Management Board publishes the list of Shareholders holding at least 5% of total vote at the Extraordinary General Meeting. Mr Jerzy Wiśniewski held 7,616,278 votes at the Extraordinary General Meeting, attached to 3,881,224 shares, which represented 99.91% of the votes at the Extraordinary General Meeting and 42.23% of the total vote. The shareholders participating in the Extraordinary General Meeting held jointly 3,884,503 shares, conferring the right to 7,622,836 votes.

Execution of restructuring documents with Financial Creditors

On July 31st and August 1st 2015, the Parent and certain Arrangement Creditors holding Group 5 and Group 6 claims ("Financial Creditors") executed agreements setting out the terms of restructuring of the Company's liabilities filed by the Financial Creditors in the course of the bankruptcy proceedings pending before the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, court docket No. XI GUp 29/12 ("Arrangement"). One of the objectives of the agreements is to implement the Parent's arrangement proposals of April 28th 2015 ("Arrangement Proposals"). The executed documents include in particular two key agreements, i.e. the Restructuring Agreement and the Issue and Agency Agreement.

For more information, see PBG Current Report No. 26/2015:

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/26-2015-podpisanie-dokumentacji-restrukturyzacyjnej-z-wierzycielami-finansowymi.html **HYPERLINK "http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/26-2015-podpisanie-dokumentacji-restrukturyzacyjnej-z-wierzycielami-finansowymi.html"**

Decision by Judge Commissioner concerning further proceedings of the Meeting of Creditors

On the first day of voting at the Meeting of Creditors, the Judge Commissioner decided to adjourn the Meeting of Creditors until 10.00 am on August 25th 2015. The decision was related to the adoption of written ballot as an admissible form of voting, enabling Creditors to vote by the written procedure by the end of August 5th 2015, including in particular by means of a letter containing a voting card, posted at a public operator's post office.

For more information, see PBG Current Report No. 27/2015:

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/27-2015-postanowienie-sedziego-komisarza-dotyczacego-dalszych-obrad-zgromadzenia-wierzycieli.html

Execution of agreements between the Company and the Main Shareholder

On August 3rd 2015, the Parent and its Main Shareholder, Mr Jerzy Wiśniewski, executed the following agreements:

a. Conditional Agreement for Sale of Shares in PBG oil and gas Sp. z o.o. ("POG"), whereby the Main Shareholder sold 150 shares with a total par value of PLN 15,000.00 to the Company for PLN 10,500,000.00. The shares represented 75% of the share capital in POG and 75% of total voting rights at the POG General Meeting. The transfer of the ownership title to the Shares will be effected upon fulfilment of the condition precedent, i.e. once the decision to approve the Arrangement
becomes final;

b. a PLN 10,500,000.00 loan agreement, payable on the date on which the decision to approve the Arrangement becomes final, with the loan maturing on the date on which the decision confirming execution of the Arrangement becomes final. The loan was granted to the Company on market terms, to be used for payment of liabilities related to PBG's acquisition of the POG Shares from the Main Shareholder.

The agreements have been executed in performance of the Restructuring Agreement with the Company's Creditors; for details, see Section I.1)b.ii. and I.1)d.i. of the Current Report No. 26/2015 of August 2nd 2015.

Creditor joins the Restructuring Agreement

The following entities joined the Restructuring Agreement as of the dates given below:

i. PKO Parasolowy, an open-ended investment fund, with the declaration of August 3rd 2015;

ii. Jefferies International Limited Llc, with the declaration of August 4th 2015;

iii. UniFundusze Fundusz Inwestycyjny Otwarty, Subfundusz UniKorona Pieniężny, of Warsaw, represented by UNION INVESTMENT Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna, with the declaration of August 4th 2015;

iv. Bank BGŻ BNP Paribas S.A., with the declaration of August 3rd 2015;

v. Powszechny Zakład Ubezpieczeń S.A., with the declaration of August 4th 2015;

vi. RGK Sp. z o.o., with the declaration of August 4th 2015;

vii. SGB-Bank S.A., with the declaration of August 4th 2015;

viii. Benefia Towarzystwo Ubezpieczeń SA Vienna Insurance Group, with the declaration of August 5th 2015.

For more information, see PBG Current Reports No. 29–31/2015

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/29-2015-przystapienie-przez-wierzyciela-do-umowy-restrukturyzacyjnej.html

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/30-2015-przystapienie-przez-wierzyciela-do-umowy-restrukturyzacyjnej.html

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/31-2015-przystapienie-przez-wierzyciela-do-umowy-restrukturyzacyjnej.html

http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/33-2015-przystapienie-przez-wierzyciela-do-umowy-restrukturyzacyjnej.html

Results of voting at the Meeting of Creditors

August 5th 2015 saw the closing of the Meeting of Creditors convened as part of the arrangement bankruptcy proceedings pending against the Parent following the decision of June 13th 2012 by the District Court for Poznań – Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declaring the Company insolvent in voluntary arrangement. The Meeting of Creditors was convened by the Judge Commissioner for August 3rd–5th 2015 to vote on the Parent's Arrangement Proposals of April

28th 2015. At the end of the Meeting of Creditors, on August 5th 2015, the Judge Commissioner presented a preliminary summary of voting results in each Group of creditors entitled to vote. The information provided by the Judge Commissioner suggests that in Group 1, Group 2, Group 4 and Group 5, the majority of creditors voted in favour of the arrangement (separately in each of the Groups and also considering the total number of creditors in all Groups), holding the required majority of two-thirds (2/3) of the total amount of claims, both in each Group and considering the total amount of claims. The final determination of the voting results will require verification by the Judge Commissioner of the validity of votes cast and the correctness of written ballots that could be sent by the creditors entitled to vote until August 5th 2015. The Judge Commissioner set the date for announcement of the voting results for August 25th 2015.

For more information, see PBG Current Report No. 32/2015:
http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/32-2015-przebieg-glosowania-zgromadzenia-wierzycieli.html

Confirmation of Arrangement with Creditors

On August 25th 2015, the Judge Commissioner confirmed the execution of an Arrangement with Creditors consistent with the Parent's Arrangement Proposals of April 28th 2015. The Judge Commissioner justified his Decision to declare the Arrangement executed by citing the results of a vote held at the Meeting of Creditors convened as part of the arrangement bankruptcy proceedings pending against the Parent following the decision of June 13th 2012 by the District Court for Poznań – Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declaring the Company insolvent in voluntary arrangement. In the Decision, the Judge Commissioner stated that out of the 356 creditors entitled to vote, whose claims totalled PLN 2,668,353,081.04, the majority, i.e. creditors representing PLN 2,524,530,857.86 (94.61%) of the total claims conferring voting rights, voted in favour of the Arrangement.

For more information, see PBG Current Report No. 34/2015:
http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/34-2015-stwierdzenie-zawarcia-ukladu-z-wierzycielami.html

The Polish Financial Supervision Authority's approval of the issue prospectus of RAFAKO shares

On July 3rd 2015, the Polish Financial Supervision Authority approved the issue prospectus of the subsidiary RAFAKO S.A., prepared for the purposes of the public offering of up to 15,331,998 new Series J ordinary shares with a par value of PLN 2.00 per share, as well as for the purposes of seeking the admission and introduction of up to 15,331,998 Series J ordinary RAFAKO shares and up to 15,331,998 rights to Series J shares to trading on the regulated market operated by the Warsaw Stock Exchange.

Conclusion of a share placement agreement by RAFAKO S.A.

On July 3rd 2015, in connection with the public offering of up to 15,331,998 new Series J ordinary shares with a par value of PLN 2.00 per share ("Series J Shares") with the pre-emptive rights of existing shareholders waived (the "Offering"), RAFAKO S.A., concluded a share placement agreement (the "Agreement") with Powszechna Kasa Oszczędności Bank Polskim Spółka Akcyjna Oddział - Dom Maklerski PKO Banku Polskiego w Warszawie of Warsaw and Trigon Dom Maklerski S.A. of Kraków ("Joint Bookrunners"). On the terms specified in the Agreement, the Joint Bookrunners each undertook to provide, with due care expected of a professional organisation, RAFAKO S.A. with financial services necessary to organise and carry out the Offering and placement of Series J Shares among investors, on the terms defined in the Agreement and described in detail in RAFAKO S.A.'s Current Report No. 19/2015.

Publication of RAFAKO S.A.'s issue prospectus

Following the approval, on July 3rd 2015, of the issue prospectus of the subsidiary RAFAKO S.A. by the Polish Financial Supervision Authority (the "Prospectus"), RAFAKO S.A. published the Prospectus on July 6th 2015 in electronic form on RAFAKO S.A.'s website (www.rafako.com.pl) and, additionally, for information purposes, in the website of Dom Maklerski PKO Banku Polskiego (www.dm.pkobp.pl).

Determination of the issue price and the final number of shares offered by RAFAKO S.A.

On July 15th 2015, the Management Board of RAFAKO S.A., a subsidiary, published the issue price of the new Series J Shares and the final number of Series J Shares offered by the subsidiary under a public offering with the pre-emptive rights of existing shareholders waived, to be carried out on the basis of the issue prospectus approved by the Polish Financial Supervision Authority on July 3rd 2015. The Management Board of the subsidiary set the Final Price of Offered Shares at PLN 6.10 per Offered Share and the Final Number of Offered Shares at 15,331,998 Offered Shares (the Final Number of Offered Shares is equal to the maximum number of Offered Shares provided for in the Issue Resolution).

Successful public offering and issue of RAFAKO shares

The Management Board of the subsidiary RAFAKO S.A. announced the success of the public offering and issue of 15,331,998 Series J ordinary bearer shares with a par value of PLN 2 per share ("Series J Shares"), issued under Resolution No. 48 of the Company Management Board of May 13th 2015, concerning an increase in the share capital of the subsidiary, within the authorised capital, by way of the issue of Series J ordinary bearer shares, waiver of all of the existing shareholders' pre-emptive rights to series J Shares, amendment to the Company's Articles of Association, as well as seeking the admission and introduction of Series J Shares to trading on the regulated market operated by the Warsaw Stock Exchange and the conversion of Series J Shares into book-entry form in connection with Resolution No. 14/2015 of the Company Supervisory Board of May 12th 2015, amended by Resolution No. 15/2015 of the Company Supervisory Board of May 13th 2015, concerning the approval of waiver by the Management Board of all existing shareholders' pre-emptive rights to series J Shares.

15,331,998 Series J Shares were duly subscribed and paid for. Accordingly, on July 21st 2015, 15,331,998 Series J Shares were allotted, which means that all offered shares were allotted.

Registration of the rights to RAFAKO shares

On July 28th 2015, the Management Board of the subsidiary RAFAKO S.A. was notified of Resolution No. 490/15 passed by the Management Board of Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities, "Polish NDS") on July 24th 2015, under which the Polish NDS Management Board resolved to register, as of July 28th 2015, 15,331,998 (fifteen million, three hundred and thirty-one thousand, nine hundred and ninety-eight) rights to Series J ordinary bearer shares in RAFAKO S.A. in the depository of securities maintained by the Polish NDS and to assign them ISIN code PLRAFAK00067.

Introduction of rights to RAFAKO S.A. shares to exchange trading

On July 28th 2015, the Management Board of the subsidiary RAFAKO S.A. was notified of Resolution No. 727/2015 passed by the Management Board of the Warsaw Stock Exchange ("WSE") on July 28th 2015, under which the WSE Management Board resolved to introduce to trading on the main market, as of July 29th 2015, by way of the ordinary procedure, 15,331,998 (fifteen million, three hundred and thirty-one thousand, nine hundred and ninety-eight) rights to Series J ordinary bearer shares in RAFAKO S.A. ("Rights to Shares"), to which the Polish NDS assigned ISIN code PLRAFAK00067. The Rights to Shares will be listed in the continuous trading system under the abbreviated name of RAFAKO-PDA and code RFKA.

Closing of the public subscription for RAFAKO S.A. shares

On August 3rd 2015, the Management Board of the subsidiary RAFAKO S.A. published details of the closed public subscription for Series J RAFAKO S.A. shares:

1. Subscription opening date: July 16th 2015
2. Subscription closing date: July 20th 2015
3. Share allotment date: July 21st 2015
4. Number of shares subscribed for: 15,331,998 Series J ordinary bearer shares in RAFAKO
5. The reduction rate in individual tranches in the event that even in one tranche the number of allotted Shares was lower than the number of Shares subscribed for:

   In accordance with the terms and conditions of the Offering set forth in the Prospectus, subscription orders covered the maximum number of Offered Shares and the Investors were allotted the maximum number of Offered Shares.
6. Number of shares subscribed for: a total of 15,331,998 Offered Shares.
7. Number of shares allotted in the subscription: a total of 15,331,998 Offered Shares.
8. Price at which the Shares were acquired: PLN 6.10 per Offered Share.
9. Number of persons who placed subscription orders for Shares offered for subscription: 145 investors.
10. Number of persons who were allotted Shares as part of the subscription: 145 investors.

11. Name(s) of the underwriter(s) which acquired shares in the performance of an underwriting agreement(s): the Company did not conclude any underwriting agreement, therefore no Offered Shares were acquired by an underwriter.

12. Value of the subscription (the product of the number of shares covered by the offering and the issue price): PLN 93,525,187.80.

13. Total costs classified as issue costs, itemised:

    As at the date of this report, the Parent had no information on the final accounting for the issue costs. Information on the costs will be published in a current report after the Parent receives their specification and all entities involved in preparing and carrying out the Offering approve all the costs.

14. Average cost of the subscription per share covered by the subscription.

    As at the date of this report, the Company had no information on the final accounting for the issue costs. Information on the costs will be published in a current report after the Company receives their specification and all entities involved in preparing and carrying out the Offering approve all the costs.

Conclusion of a subcontractor agreement by the subsidiary E003B7 Sp. z o.o.

On August 18th 2015, the subsidiary E003B7 sp. z o.o. of Racibórz ("Employer") and Energopol-Szczecin S.A. of Szczecin ("Subcontractor") executed Annex No. 2 to the Subcontractor Agreement. Under the Annex, the parties agreed as follows:

- the scope of Subcontractor's work will be reduced and the Subcontractor will perform the work by December 15th 2015;
- in connection with the reduction of the scope of work, the Subcontractor's remuneration will be reduced from PLN 380,000,000, VAT-exclusive, to PLN 30,000,000, VAT-exclusive.

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 Note 2.3 and Note 35, no other material events occurred in H1 2015 which could have a significant bearing on the assessment of the Group's assets, financial position or financial performance or which would be likely to cause significant changes in the foregoing.

All amounts in PLN thousand (unless otherwise indicated)

36. AUTHORISATION FOR ISSUE

These interim condensed consolidated financial statements of the PBG Group for the period of six months ended June 30th 2015 and interim condensed separate financial statements of the Parent for H1 2015 (together with comparative data) were approved for issue by the Parent's Management Board on August 31st 2015.

Signatures of all Management Board members			
Date	Full name	Position	Signature
August 31st 2015	Jerzy Wiśniewski	President of the Management Board	
August 31st 2015	Mariusz Łożyński	Vice-President of the Management Board	
August 31st 2015	Kinga Banaszak-Filipiak	Vice-President of the Management Board	
August 31st 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	
August 31st 2015	Bartosz Kuźmin	Deputy Director for Consolidation and Accounting	

Wysogotowo, August 31st 2015