INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2015

WYSOGOTOWO, AUGUST 31ST 2015

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Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1−Jun 30 2015	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Item	Note	IFRS as at Jun 30 2015 (unaudited)	IFRS as at Dec 31 2014 (audited)	IFRS as at Jun 30 2014 (unaudited)
Assets				
Non-current assets		**659,689**	**815,390**	**882,504**
Intangible assets	8	1,105	1,776	4,098
Property, plant and equipment	9	56,363	58,194	62,042
Investment property	10	33,310	33,306	45,686
Non-current investments	9	7,577	7,577	7,577
Investments in subsidiaries	10	425,849	563,029	563,029
Receivables	15,16	3,820	24,137	20,287
Loans advanced	13,15,16	131,537	127,213	178,761
Other non-current financial assets		31	31	848
Non-current prepayments and accrued income		97	127	176
Current assets		**306,259**	**303,598**	**292,514**
Inventories	14	1,377	1,514	1,134
Amounts due from customers for construction contract work	7	95,796	57,709	47,602
Trade and other receivables receivables	15,16	64,395	58,823	74,469
Loans advanced	13,15,16	128,828	142,814	125,862
Cash and cash equivalents	17	13,929	40,421	39,352
Current prepayments and accrued income		942	1,325	2,531
Non-current assets held for sale	9	992	992	1,564
Total assets		**965,948**	**1,118,988**	**1,175,018**

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 CONDENSED STATEMENT OF FINANCIAL POSITION (CONT.)

Item	Note	IFRS as at Jun 30 2015 (unaudited)	IFRS as at Dec 31 2014 (audited)	IFRS as at Jun 30 2014 (unaudited)
Equity and liabilities				
Equity		**(1,180,912)**	**(982,631)**	**(997,837)**
Share capital	18	14,295	14,295	14,295
Share premium		733,348	733,348	733,348
Other components of equity		547,868	547,868	547,868
Retained earnings/(accumulated losses):		(2,476,423)	(2,278,142)	(2,293,348)
- accumulated loss from prior years		(2,278,142)	(2,223,684)	(2,223,684)
- net loss for current period		(198,281)	(54,458)	(69,664)
Payables		**2,146,860**	**2,101,619**	**2,172,855**
Non-current liabilities		**384,934**	**367,514**	**458,919**
Finance lease liabilities		4,183	4,522	4,849
Employee benefit obligations and provisions	21	103	164	187
Other non-current provisions		379,585	361,644	452,553
Non-current prepayments and accrued income		1,063	1,184	1,330
Current liabilities		**1,761,926**	**1,734,105**	**1,713,936**
Borrowings and other debt instruments	20	1,232,317	1,208,814	1,211,611
Finance lease liabilities		673	651	655
Derivative financial instruments		-	-	185
Trade and other payables		489,365	486,433	467,092
Amounts due to customers for construction contract work	7	981	136	5,531
Employee benefit obligations and provisions	21	1,210	2,406	2,568
Other current provisions	21	36,977	35,315	25,865
Current prepayments and accrued income		403	350	429
Total equity and liabilities		**965,948**	**1,118,988**	**1,175,018**

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 CONDENSED STATEMENT OF PROFIT OR LOSS

Item	Note	IFRS for the period Jan 1−Jun 30 2015 (unaudited)	IFRS for the period Jan 1–Dec 31 2014 (audited)	IFRS for the period Jan 1−Jun 30 2014 (unaudited)
Continuing operations				
Revenue	6,7	**57,486**	**227,044**	**122,885**
- from related entities		2,182	9,026	821
Rendering of services		57,062	225,049	122,530
Sales of merchandise and materials		424	1,995	355
Cost of sales	6,7	**(79,758)**	**(263,841)**	**(136,907)**
- from related entities		(1,474)	(9,230)	(6,821)
Services rendered		(79,454)	(261,881)	(136,571)
Merchandise and materials sold		(304)	(1,960)	(336)
Gross profit (loss)		**(22,272)**	**(36,797)**	**(14,022)**
Administrative expenses	30	(9,984)	(21,785)	(10,616)
Other income	30	6,829	109,176	7,690
Other expenses	30	(29,458)	(97,054)	(53,114)
Restructuring costs		(7,554)	(6,993)	-
Operating profit (loss)		**(62,439)**	**(53,453)**	**(70,062)**
Finance income	30	-	-	398
Finance costs	30	(135,842)	(1,005)	-
Loss before tax		**(198,281)**	**(54,458)**	**(69,664)**
Income tax expense		-	-	-
Net loss from continuing operations		**(198,281)**	**(54,458)**	**(69,664)**
Discontinued operations				
Net profit/(loss) from discontinued operations		-	-	-
Net loss		**(198,281)**	**(54,458)**	**(69,664)**

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)

NET LOSS PER ONE ORDINARY SHARE (PLN)

Item	IFRS for the period Jan 1−Jun 30 2015 PLN/share (unaudited)	IFRS for the period Jan 1−Dec 31 2014 PLN/share (audited)	IFRS for the period Jan 1−Jun 30 2014 PLN/share (unaudited)
Net loss from continuing operations	(198,281)	(54,458)	(69,664)
Net loss from continuing and discontinued operations	(198,281)	(54,458)	(69,664)
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	(13.87)	(3.81)	(4.87)
- diluted	(13.87)	(3.81)	(4.87)
from continuing and discontinued operations			
- basic	(13.87)	(3.81)	(4.87)
- diluted	(13.87)	(3.81)	(4.87)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Item	IFRS Jan 1−Jun 30 2015 (unaudited)	IFRS Jan 1−Dec 31 2014 (audited)	IFRS Jan 1−Jun 30 2014 (unaudited)
Net loss	**(198,281)**	**(54,458)**	**(69,664)**
Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:			
Available-for-sale financial assets:			
- gains/(losses) for the period recognised in other comprehensive income	-	-	-
- amounts reclassified to profit or loss	-	-	-
Cash flow hedges:			
- gains/(losses) for the period recognised in other comprehensive income	-	-	-
- amounts reclassified to profit or loss	-	-	-
- amounts recognised at initial carrying amount of hedged items	-	-	-
Income tax on other comprehensive income	-	-	-
Other comprehensive income that will not be reclassified to profit or loss, relating to:			
Revaluation of property, plant and equipment	-	-	-
Actuarial gains/losses on employee benefits	-	-	-
Deferred income tax	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**
Total comprehensive income	**(198,281)**	**(54,458)**	**(69,664)**

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 CONDENSED STATEMENT OF CHANGES IN EQUITY

AS AT JUNE 30TH 2015 (unaudited)

Item	Share capital	Share premium	Other reserves	Accumulated losses	Total
Balance as at Jan 1 2015	**14,295**	**733,348**	**547,868**	**(2,278,142)**	**(982,631)**
Changes in accounting policies	-	-	-	-	-
Correction of errors	-	-	-	-	-
Restated balance	**14,295**	**733,348**	**547,868**	**(2,278,142)**	**(982,631)**
Changes in equity in the period Jan 1–Jun 30 2015					
Share issue	-	-	-	-	-
Other adjustments	-	-	-	-	-
Dividends	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net loss for the period Jan 1–Jun 30 2015	-	-	-	(198,281)	(198,281)
Other comprehensive income net of tax for the period Jan 1 – Jun 30 2015	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(198,281)**	**(198,281)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-
Balance as at Jun 30 2015	**14,295**	**733,348**	**547,868**	**(2,476,423)**	**(1,180,912)**

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 CONDENSED STATEMENT OF CHANGES IN EQUITY

AS AT DECEMBER 31ST 2014(audited)

Item	Share capital	Share premium	Other reserves	Accumulated losses	Total
Balance as at Jan 1 2014	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,173)**
Changes in accounting policies	-	-	-	-	-
Correction of errors	-	-	-	-	-
Restated balance	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,173)**
Changes in equity in the period Jan 1–Dec 31 2014					
Share issue	-	-	-	-	-
Other adjustments		-	-	-	-
Dividends	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net loss for the period Jan 1–Dec 31 2014	-	-	-	(54,458)	(54,458)
Other comprehensive income net of tax for the period Jan 1–Dec 31 2014	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(54,458)**	**(54,458)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-
Balance as at Dec 31 2014	**14,295**	**733,348**	**547,868**	**(2,278,142)**	**(982,631)**

All amounts in PLN thousand (unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

AS AT JUNE 30TH 2014 (unaudited)

Item	Share capital	Share premium	Other reserves	Accumulated losses	Total
Balance as at Jan 1 2014	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,173)**
Changes in accounting policies	-	-	-	-	-
Correction of errors	-	-	-	-	-
Restated balance	**14,295**	**733,348**	**547,868**	**(2,223,684)**	**(928,173)**
Share issue	-	-	-	-	-
Employee share options	-	-	-	-	-
Dividends	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net loss for the period Jan 1–Jun 30 2014	-	-	-	(69,664)	(69,664)
Other comprehensive income net of tax for the period Jan 1 – Jun 30 2014	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(69,664)**	**(69,664)**
Transfer to retained earnings (disposal of revalued property, plant and equipment)					-
Balance as at Jun 30 2014	**14,295**	**733,348**	**547,868**	**(2,293,348)**	**(997,837)**

All amounts in PLN thousand (unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Item	IFRS 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	**(198,281)**	**(54,458)**	**(69,664)**
Adjustments:			
Depreciation and impairment of property, plant and equipment	1,609	5,595	1,815
Amortisation and impairment of intangible assets	635	3,107	836
Change in fair value of investment property	-	12,380	-
Gains (losses) on financial assets and liabilities at fair value through profit or loss	-	380	396
Impairment of financial assets	137,387	23,773	22,955
(Gain) loss on disposal of non-financial non-current assets	(170)	(313)	(41)
(Gain)/loss on disposal of non-derivative financial assets	-	(82)	(74)
Foreign exchange gains (losses)	9,796	33,201	26,653
Interest expense	15	966	568
Interest income	(247)	(1,612)	(803)
Other adjustments	(1,689)	(8,194)	(2,726)
Total adjustments:	**147,336**	**69,201**	**49,579**
Change in inventories	137	(580)	(199)
Change in trade and other receivables	15,037	51,114	39,052
Change in trade payables	3,692	14,049	(5,761)
Change in provisions, accruals and prepaid expenses	18,176	(92,107)	(11,495)
Change in construction contracts and related liabilities	(37,242)	(64,669)	(49,167)
Net changes in working capital	**(200)**	**(92,193)**	**(27,570)**
Income taxes paid	-	-	-
Net cash from operating activities	**(51,145)**	**(77,450)**	**(47,655)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(8)	(200)	-
Proceeds from disposals of property, plant and equipment	81	3,090	1,403
Purchase of investment property	(3)	(86)	-
Repayment of loans advanced	149	33,882	7,511
Loans advanced	-	(9)	-
Proceeds from disposals and redemptions of other financial assets	-	83	74
Interest received	22	7,458	262
Net cash from (used in) investing activities	**241**	**44,218**	**9,250**
Cash flows from financing activities			
Proceeds from borrowings	23,503	-	-
Repayment of borrowings	-	(24,249)	(21,452)
Payment of finance lease liabilities	(425)	(939)	(596)
Interest paid	-	(1,368)	(828)
Interest on deposits (from financial surplus)	133	607	484
Net cash from financing activities	**23,211**	**(25,949)**	**(22,392)**
Net increase/(decrease) in cash and cash equivalents	**(27,693)**	**(59,181)**	**(60,797)**
Cash and cash equivalents, beginning of period	**40,421**	**99,806**	**99,806**
Effect of exchange rate changes	1,201	(204)	343
Cash and cash equivalents, end of period	**12,728**	**40,625**	**39,009**

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 FINANCIAL STATEMENTS

1. GENERAL INFORMATION

PBG S.A. w upadłości układowej (in a company voluntary arrangement) is the Parent of the PBG Group. The Company was incorporated on January 2nd 2004, by virtue of the Notary Deed of December 1st 2003. The Company operates in all parts of Poland, pursuant to the provisions of the Polish Commercial Companies Code. It is entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for Poznań-Nowe Miasto and Wilda, 7th Commercial Division of the National Court Register, under KRS No. 0000184508. The Company's Industry Identification Number (REGON) is 631048917. PBG shares are listed on the Warsaw Stock Exchange.

The Company’s registered office is located at ul. Skórzewska 35 in Wysogotowo near Poznań, 62-081 Przeźmierowo, Poland. PBG's registered office is also its principal place of business. On October 1st 2009, a PBG S.A. representative office in Ukraine was registered. Its purpose was to research the Ukrainian market and establish relations with potential partners in the construction and related services sector.

The principal business activities of PBG SA w upadłości układowej (in a company voluntary arrangement) are:
- PKD 7112Z Engineering activities and related technical consultancy.

For a more detailed description of the Company's business activities, see section 6 relating to its operating segments.

COMPANY’S MANAGEMENT BOARD AND SUPERVISORY BOARD

Composition of the Company’s Management Board and Supervisory Board as at June 30th 2015, June 30th 2014 and December 31st 2014 is presented below:

As at Jun 30 2015	
Composition of the Company’s Management Board	**Composition of the Company’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 Jun 30 2014	
Composition of the Company's Management Board	**Composition of the Company's Supervisory Board**
Jerzy Wiśniewski – President of the Management Board Paweł Mortas – Vice-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 Norbert Słowik – Member of the Supervisory Board

As at Dec 31 2014	
Composition of the Company's Management Board	**Composition of the Company'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

In the period from January 1st 2015 to the date of approval of these interim condensed financial statements for issue, no changes were made to the composition of the Company's Management Board.

In the period from January 1st 2015 to the date of approval of these interim condensed financial statements for issue, no changes were made to the composition of the Company's Supervisory Board.

APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were approved for issue by the Company's Management Board on August 31st 2015.

COMPANY'S DURATION

The Company was established for an indefinite term.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting endorsed by the EU ("IAS 34").

These interim condensed financial statements of the Company contains data for the six months ended June 30th 2015 (unaudited), comparative data for the six months ended June 30th 2014 (unaudited) and data as at December 31st 2014 (audited).

Even though there is no such requirement under IAS 34, in order to provide a better understanding of the financial position and assets of the Company, the following data for comparable periods has been included: interim condensed statement of financial position as at June 30th 2014 and interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for the period January 1st–June 30th 2014.

These interim condensed financial statements do not contain all the information which is disclosed in full-year financial statements prepared in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the 2014 financial statements of PBG S.A. w upadłości likwidacyjnej (in liquidation bankruptcy), available at:

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

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

The Company also prepared interim condensed consolidated financial statements as at June 30th 2015, which were approved for issue by the Company's Management Board on August 31st 2015.

2.2. REPORTING CURRENCY AND ROUNDING

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

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

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

On June 4th 2012, the Company's Management Board made a decision to file an arrangement bankruptcy petition (grounds for the decision were presented in the Company's full-year report for 2012). On June 13th 2012, the District Court for Poznań−Stare Miasto in Poznań, 11th Commercial Insolvency and Arrangement Division, declared the Company insolvent, in a voluntary arrangement. The Court's decision became final on June 22nd 2012. Overall, twelve companies of the PBG Group filed arrangement bankruptcy petitions. The decision to make their filings almost simultaneously was prompted by the fact that the companies had provided cross guarantees to secure the repayment of bank loans and trade creditors, and (in some cases) assumed joint and several liability under consortium-delivered contracts. The formal and legal circumstances and the financial condition of the companies undergoing insolvency proceedings are very difficult, which affects both their business activities (for instance, their ability to secure new contracts) and the highly complex restructuring processes.

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

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

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

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

On May 14th 2015, the Judge Commissioner set the date of the Meeting of Creditors for August 3rd, August 4th and August 5th, as reported by the Company in Current Report No. 14/2015. The Meeting of

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

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

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

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

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

• restructuring of Company’s non-operating non-current assets, the sale of which will constitute one of the sources of payments to be made under the arrangement;

• divestment of the PBG Group’s property development and other 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.

2.4. AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies applied in preparing these interim condensed financial statements are consistent with the policies applied in preparing the Company'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 effect on the Company's financial condition, results of operation or the scope of disclosures in its interim condensed 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; not adopted by the EU by the date of authorisation of these financial statements,

• Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on May 6th 2014) – effective for annual periods beginning on or after January 1st 2016; not adopted by the EU by the date of authorisation of these financial statements,

• Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on May 12th 2014) – effective for annual periods beginning on or after January 1st 2016; not adopted by the EU by the date of authorisation of these financial statements,

• IFRS 15 Revenue from Contracts with Customers (published on May 28th 2014) – effective for annual periods beginning on or after January 1st 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 Company has not elected to early adopt any of the standards, interpretations or amendments that have been published but are not yet adopted by the European Union.

2.5. ACCOUNTING POLICIES

The Company's financial statements were prepared based on the historical cost approach, save for investment property, which is measured at fair value.

SUBSTANCE-OVER-FORM RULE

In accordance with the substance-over-form rule, the financial statements should present information which reflect the economic substance of events and transactions, not only their legal form.

CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES

No error corrections or changes of the accounting policies were made in these financial statements.

MATERIAL JUDGEMENTS AND ESTIMATES

PROFESSIONAL JUDGEMENT

When applying the Company's accounting policies, the Management Board made the following judgements which most significantly affect the presented carrying amounts of assets and liabilities, revenue and costs, as well as related notes.

Classification of lease agreements

The Company classifies leases as either finance leases or operating leases based on the assessment of the extent to which risks and benefits incidental to ownership have been transferred from the lessor to the lessee. Such assessment is in each case based on the economic substance of a given transaction.

The Company has agreements for lease of commercial movables in its movables portfolio. The Company retains substantially all risks and benefits from lease of such movables.

Translating assets and liabilities expressed in foreign currencies

Monetary items expressed in currencies other than the Polish złoty are translated into PLN as at the reporting date at the mid-exchange rate quoted by the National Bank of Poland for the reporting date. In the opinion of the Management Board, the mid-exchange rate quoted by the National Bank of Poland is the closest to the exchange rate of future cash flows.

Estimating the stage of completion of contract activity

Contract revenue as at the reporting date is estimated based on incurred costs. Costs incurred as at the reporting period include costs of purchased materials, equipment and other components dedicated to a particular contract, which are used as a basis for estimating the contract's progress − contract revenue as at the reporting date.

UNCERTAINTY OF ESTIMATES AND ASSUMPTIONS

These interim condensed financial statements have been prepared based on the going concern assumption. The assumption has an effect on the measurement of assets and liabilities, which would be different if the Management Board did not assume a going concern.

The preparation of these interim financial statements requires the Management Board's judgement in making numerous estimates and assumptions, which have an effect on the accounting policies applied and the amounts of assets, liabilities, income and expenses reported.
Actual amounts may differ from the amounts estimated by the Management Board due to the uncertainty surrounding the Company as at the date of these financial statements, which may necessitate an adjustment to the disclosed carrying amounts of assets and liabilities in future reporting periods.

Impairment of non-current assets

Apart from impairment of the investment in RAFAKO shares, the Company found no other indication of impairment of non-current assets.

The Company commissioned a valuation report on the fair value of the investment in Rafako shares. This required an estimation of the value in use of the cash-generating unit to which these investments belong. Estimating the value in use requires making an estimate of the expected future cash flows from the cash-generating unit and determining a suitable discount rate in order to calculate the present value of those cash flows. 2015−2019 projections prepared by the Rafako Management Board were used in the calculations. The discount rate was estimated based on the weighted average cost of capital determined with the use of the WACC model.

Cost of equity was estimated based on the Capital Assets Pricing Model (CAPM) which took into account:

- the risk-free rate of return at the current yield on ten-year Treasury bonds,
- the risk premium for investments in Poland based on the tables published by A. Damodaran,
- β (beta) coefficient calculated for Rafako S.A. based on monthly rates of return on Rafako shares and WIG index values in the last five years,
- specific risk premium − 3%. The adoption of additional risk premium is justified by:
    - the risk of failure to meet the revenue target in the forecast period (risk premium of 1%);
    - the risk of failure to meet the sales margin target (risk premium of 1%);
    - the risk related to significant concentration of revenue under one project (risk premium of 1%)

The cost of debt was assumed at the level of the real interest rate of the financial liabilities held by the Subsidiary as at the Valuation Date.

It should also be noted that the independent expert included the effect of the new share issue completed in July 2015 in the fair value measurement of RAFAKO S.A. shares that is disclosed in these interim condensed financial statements.

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.

All amounts in PLN thousand (unless otherwise indicated)

Change in WACC	FCF growth rate beyond the forecast period				
	-1.00%	-0.50%	0.00%	0.50%	1.00%
-1.00%	425,693	436,569	448,560	461,846	476,648
-0.50%	410,063	419,808	430,503	442,294	455,358
0.00%	395,692	404,460	414,044	424,561	436,155
0.50%	382,427	390,347	398,971	408,395	418,738
1.00%	370,142	377,321	385,110	393,592	402,861

*Sensitivity analysis includes the value of the new Rafako share issue completed in July 2015.

Lowering the growth rate beyond the detailed forecast period by 1pp would reduce the asset value by PLN 36,692 thousand, while raising the growth rate by 1pp would increase the asset value by PLN 44,208 thousand. A 1pp decrease in the weighted average cost of capital would cause a PLN 69,011 thousand increase in the asset value, while a 1pp increase would result in a PLN 57,848 thousand decrease in the asset value. The asset reaches its maximum value when the growth rate is increased by 1pp and WACC is decreased by 1pp. In this scenario, the asset value is PLN 125,169 thousand higher than the base case value. When the growth rate falls by 1pp and WACC is increased by 1pp, the asset value falls by PLN 87,775 thousand, reflecting the minimum asset value relative to the base case value.

Useful life of property, plant and equipment and intangible assets

Depreciation and amortisation rates are determined based on the expected useful lives of property, plant and equipment and intangible assets.

The Company's Management Board reviews the useful lives of its assets subject to depreciation/amortisation annually, on the basis of current estimates. Any such estimation involves uncertainty regarding future operations, resulting from the declaration of bankruptcy. In the Management Board's opinion as at June 30th 2015, the useful lives of assets applied by the Company as at December 31st 2014 reflect the expected period of use and usefulness of the assets.

Deferred tax asset

Because there was no certainty whether tax losses incurred in 2012−2014 would be utilised in subsequent years, the Management Board decided not to recognise a deferred tax asset relating to tax losses. The Management Board also decided not to recognise a deferred tax asset relating to other temporary differences in an amount exceeding deferred tax liabilities.

Construction contract work

Construction contract revenue and amounts due recognised in these interim condensed financial statements depend on the Management Board's estimates 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 Board, the risks include mainly the Company's limited liquidity as at the date of these financial statements, 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. Estimated financial results on the construction contracts in progress as at the reporting date have are as follows:

All amounts in PLN thousand (unless otherwise indicated)

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)
Initial amount of revenue agreed in contract	1,295,735	1,299,586	1,482,044
Variations in contract work, and claims and incentives	(8,238)	(7,403)	(45,567)
Aggregate contract revenue	**1,287,497**	**1,292,183**	**1,436,477**
Contract costs incurred by reporting date	1,152,292	1,094,516	1,191,741
Costs expected to be incurred to complete contract work	177,804	239,878	257,238
Aggregate estimated contract costs	1,330,096	1,334,394	1,448,979
Aggregate estimated profit (loss) on construction contract:	**(42,599)**	**(42,211)**	**(12,502)**
profits	**11,448**	**12,746**	**23,424**
losses (-)	(54,047)	(54,957)	**(35,926)**

Revenue from construction contract work reflects the Company's best estimates of costs planned to be incurred, expected financial results, and the stage of completion of particular construction contracts. 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 Company 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 Company'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 Company will seek to document a greater progress of work than specified in the Employer's document.

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.

If the total costs to be incurred in connection with the running contracts increased by 10% on the Company's current estimates, revenue would theoretically decrease by PLN 7.1m as at the end of the reporting period, provision for expected losses would increase by PLN 1.5m, and net loss would be greater by a total of PLN 8.6m.

<u>Provisions</u>
<u>Provisions for employee benefits –</u> retirement gratuity and accrued holiday entitlement – are assessed using the projected unit credit method. The amount of provisions for employee benefits disclosed in the financial statements is PLN 577 thousand. The amount of provisions depends on the assumptions concerning the discount rate and the expected salary increase index. A one percentage point decrease in the discount rate and a one percentage point increase in the salary increase index would decrease provisions as at June 30th 2015 by PLN 130 thousand.

<u>Provisions for warranty repairs</u> are estimated based on probability-weighted costs of running construction contracts assessed by the Company's Management Board. They are reported as long as it is probable that a warranty claim or a claim for repair work will arise, until the right to make the claim expires. As at June 30th 2015, the provisions for warranty repairs were PLN 28,257 thousand.
In the first six months of 2015, the provisions for warranty repairs fell by PLN 20,168 thousand due to an upwards adjustment of provisions for warranty repairs under the contracts related to the Wierzchowice Underground Gas Storage Facility project and the National Stadium Construction project.
<u>Provisions for expected losses on construction contracts</u> are recognised if it is probable that the total cost to complete a construction contract exceeds the total contract revenue. The anticipated loss is immediately expensed in profit or loss. 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 6,125 thousand (June 30th 2014: PLN 7,873 thousand). In the first six months of 2015, the Company used PLN 3,983 thousand of the provisions for expected losses, which was due to the advancement of works completed on the contracts delivered with a loss.

The restructuring provision was recognised in 2012 and estimated at PLN 32,023 thousand at recognition. In the first six months of 2015, the Company used PLN 2,341 thousand (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.

3. MATERIAL EVENTS AND TRANSACTIONS

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

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

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

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

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

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

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

Change of the date of the Creditors' Meeting

On April 13th 2015, the Company filed a motion with the District Court for Poznań-Stare Miasto in Poznań, 11th Commercial Insolvency and Arrangement Division, to change the date of the Meeting of Creditors convened by the Judge Commissioner to hold a vote on the arrangement between the Company and its Creditors proposed in the course of the PBG's insolvency proceedings, by cancelling the original date and setting a new date of the Meeting for the end of June 2015. The original date of the vote was set by the Judge Commissioner for April 27th, 28th and 29th 2015. The decision to file the Motion was made by the Management Board on April 2nd 2015 considering the state of negotiations held between the Company and its Financial Creditors. The latter are financial institutions being the Company's major Creditors, who hold more than two-thirds of all claims against the Company covered by the Arrangement and are entitled to vote on the Arrangement and, therefore, will decide the final outcome of the vote.

Change of the date of the Creditors' Meeting

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

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

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

Current Arrangement Proposals filed with the Court

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

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

On May 18th 2015, the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, issued Decisions to set the dates for the Meeting of PBG Creditors as follows:
- for Creditors with the right to vote, classified in Groups 1 and 2 − 10.00 am on August 3rd 2015,
and 10.00 am on August 4th 2015;
- for Creditors with the right to vote classified in the other groups
− 10.00 am on August 5th 2015.

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

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

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

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

4. SEASONALITY OF OPERATIONS

The Company's business is not subject to any material seasonality. However, due to the nature of the Company's operations (construction and assembly services), the performance of works is frequently affected by weather conditions. Low temperatures hinder earthworks and assembly operations, which may affect the Company's revenue.

5. LOSS PER SHARE

Loss per share is computed as the quotient of net loss attributable to owners of the Company and the weighted average number of shares outstanding during the period. Computation of loss per share is presented in the table below:

All amounts in PLN thousand (unless otherwise indicated)

Item	IFRS for the period Jan 1–Jun 30 2015 PLN/share (unaudited)	IFRS for the period Jan 1–Dec 31 2014 PLN/share (audited)	IFRS for the period Jan 1–Jun 30 2014 PLN/share (unaudited)
Net profit/(loss) from continuing operations	(198,281)	(54,458)	(69,664)
Net profit/(loss) from continuing and discontinued operations	(198,281)	(54,458)	(69,664)
Weighted average number of ordinary shares	14,295	14,295	14,295
Diluted weighted average number of ordinary shares	14,295	14,295	14,295
from continuing operations			
- basic	(13.87)	(3.81)	(4.87)
- diluted	(13.87)	(3.81)	(4.87)
from continuing and discontinued operations			
- basic	(13.87)	(3.81)	(4.87)
- diluted	(13.87)	(3.81)	(4.87)

6. OPERATING SEGMENTS

The Company's operating segments are identified on the basis of product lines, representing the main services and goods provided by the Company. Each of the segments is managed separately within each product line or service, given the nature of the Company's services and products, requiring different technologies, resources and execution approaches.

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

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

- Gas, oil and fuels,
- Power construction,

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.

The Company has identified an additional segment called "Other", where it recognises revenue from sales of merchandise and materials as well as other services not allocated to any of the key segments.

In compliance with IFRS 8 *Operating segments*, results of the operating segments are based on internal reports regularly reviewed by the Company's Management Board. The Company's Management Board 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 Company'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 Company 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. Finance income and costs, other income and expenses, administrative expenses, restructuring costs, and income tax are monitored at the Company level and are not allocated to operating segments.

Transaction prices used in transactions between operating segments are determined on arm's length basis, which is also the case for transactions with unrelated parties.

All amounts in PLN thousand (unless otherwise indicated)

Revenue and results by operating segment

Item	Gas, oil and fuels	Power construction	Other	Total
for the period Jan 1–Jun 30 2015 (unaudited)				
Revenue from external customers	56,610	254	622	57,486
Inter-segment revenue	-	-	-	-
Total cost	66,790	269	12,699	79,758
Operating profit/(loss)	**(10,180)**	**(15)**	**(12,077)**	**(22,272)**
for the period Jan 1–Dec 31 2014 (audited)				
Revenue from external customers	218,502	5,138	3,404	227,044
Inter-segment revenue	-	-	-	-
Total cost	249,745	5,025	9,071	263,841
Operating profit/(loss)	**(31,243)**	113	**(5,667)**	**(36,797)**
for the period Jan 1–Jun 30 2014 (unaudited)				
Revenue from external customers	121,770	-	1,115	122,885
Inter-segment revenue	-	-	-	-
Total cost	133,429	10	3,468	136,907
Operating profit/(loss)	**(11,659)**	(10)	**(2,353)**	**(14,022)**

All amounts in PLN thousand (unless otherwise indicated)

The table below presents the reconciliation of the segments' operating profit /(loss) with the Company's operating profit/(loss) as presented in the statement of profit or loss.

Item	Jan 1−Jun 30 2015 (unaudited)	Jan 1–Dec 31 2014 (audited)	Jan 1−Jun 30 2014 (unaudited)
Operating profit/(loss) of the segments	**(22,272)**	**(36,797)**	**(14,022)**
Adjustments:			
Other revenue not allocated to segments	6,829	109,176	7,690
Other expenses not allocated to segments (-)	(39,442)	(125,832)	(63,730)
Restructuring costs	(7,554)	-	-
Total adjustments	(40,167)	(16,656)	(56,040)
Operating loss	(62,439)	(53,453)	(70,062)
Finance income	1,352	1,023	964
Finance costs (-)	(137,194)	(2,028)	(566)
Net loss	**(198,281)**	**(54,458)**	**(69,664)**

Under "Other expenses not allocated to segments" the Company recognises administrative expenses and other operating expenses. As mentioned above, the Company does not present assets and liabilities by operating segments, as their amounts are not reported to the chief operating decision maker on a regular basis.

7. INCOME AND EXPENSES

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

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	1,295,735	1,299,586	1,482,044
Variations	(8,238)	(7,403)	(45,567)
Aggregate contract revenue	**1,287,497**	**1,292,183**	**1,436,477**
Costs incurred to the reporting date	1,152,292	1,094,516	1,191,741
Costs expected to be incurred to complete contract work	177,804	239,878	257,238
Aggregate estimated contract costs	**1,330,096**	**1,334,394**	**1,448,979**
Estimated losses	**(42,599)**	**(42,211)**	**(12,502)**
Stage of completion as at the reporting date	**86.63%**	**82.02%**	**82.25%**
Prepayments received as at the reporting date	-	-	**-**
Prepayments that can be set off with amounts due from customers for construction contract work	-	-	**-**
Retentions total	26,754	27,770	26,081
Aggregate contract costs incurred to the reporting date, including provisions for expected losses	1,158,417	1,104,624	1,199,615
Aggregate profits (losses) recognised to the reporting date	(51,393)	(51,854)	(31,429)

All amounts in PLN thousand (unless otherwise indicated)

Revenue estimated as at the reporting date	**1,107,024**	**1,052,770**	**1,168,186**
Progress billings	1,012,209	995,197	1,126,115
Amounts due from customers for construction contracts work as at the reporting date	**95,796**	**57,709**	**47,602**
Amounts due from customers for construction contract work payable to consortium members as at the reporting date	-	-	**-**
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	**95,796**	**57,709**	**47,602**
Amounts due to customers for construction contracts work as at the reporting date	**981**	**136**	**5,531**

Amounts due from customers for construction contract work disclosed in the financial statements totalled PLN 95,796 thousand as at the reporting date, while amounts due to customers for construction contract work stood at PLN 981 thousand. In the same period of the previous year, amounts due from and to customers for construction contract work were PLN 47,602 thousand and PLN 5,531 thousand, respectively. In H1 2015, the Company 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 38m in connection with the LNG Świnoujście contract. The situation was due to the fact that the Consortium's 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 Company recognised invoices for PLN 11m, with recognised revenue of PLN 50m, which resulted in an increase in amounts due on the contract by the amount indicated above.
Revenue from construction contract work reflects the Company's best estimates of costs planned to be incurred, the expected results, and the stage of completion of particular construction contracts determined in line with the Company's accounting policies. Revenue amounts presented in the financial statements (in earlier reporting periods) include contractual penalties which have been or may be imposed on the Group for failing to meet the originally agreed delivery deadlines. The Company also recognised provisions for expected losses on running contracts, which as at the reporting date amounted to PLN 6,125 thousand.

8. INTANGIBLE ASSETS

In the current reporting period, the Company liquidated intangible assets with a carrying amount of PLN 35 thousand. In the period ended June 30th 2014 and as at December 31st 2014, the Company did not purchase or liquidate any intangible assets.
The largest item of the Company's intangible assets is the ERP Oracle system with a carrying amount of PLN 385 thousand as at June 30th 2015
(including PLN 144 thousand for system deployment services and PLN 241 thousand for system licences). The outstanding amortisation period for the system is three years and four months.

In the six months ended June 30th 2015 and June 30th 2014, the Company did not recognise impairment on any item of intangible assets. In the reporting period ended December 31st 2014, the Company registered an impairment loss on intangible assets of PLN 1,444 thousand.
As at the date of these interim condensed financial statements, none of the Company's intangible assets were pledged as collateral to secure liabilities. The Company has not made any commitments to incur any capital expenditure on intangible assets in the future.

9. PROPERTY, PLANT AND EQUIPMENT

In the six months ended June 30th 2015, the Company purchased property, plant and equipment for PLN 38 thousand (in the six months ended June 30th 2014, total purchases amounted to PLN 57 thousand; December 31st 2014: PLN 132 thousand).
In the six months ended June 30th 2015, the Company disposed of property, plant and equipment with a total value of PLN 245 thousand, posting a net gain on the sale of PLN 221 thousand (in the six months ended June 30th 2014, the Company sold property, plant and equipment with a total value of PLN 29 thousand, posting a net loss of PLN 41 thousand; in the year ended December 31st 2014, the Company sold property, plant and equipment with a total value of PLN 34 thousand, posting a net loss of PLN 4,271 thousand).
In the current reporting period, the Company did not recognise any impairment losses on property, plant and equipment. In the year ended December 31st 2014, the Company recognised an impairment loss of PLN 2,000 thousand.

As at June 30th 2015, the Company's office buildings (A, Z and Z1) with the total net value of PLN 26,727 thousand and the total surface area of 5,429 square metres were partially leased. As at June 30th 2015, the net value of the leased property was PLN 10,747 thousand, and the total leased surface area was 2,183 square metres.

As at the date of these interim condensed financial statements, the Company made no commitments to incur capital expenditure on property, plant and equipment in the future.

As at June 30th 2015, assets included in the register of non-current assets did not serve as security for liabilities, as all mortgages had been deleted. As at June 30th 2014, the carrying amount of assets pledged as security was PLN 13,433 thousand (December 31st 2014: PLN 12,857 thousand).

All amounts in PLN thousand (unless otherwise indicated)

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	As at Dec 31 2014	As at Jun 30 2014
Credit facility provided by Polski Bank Przedsiębiorczości S.A.	contractual mortgage	buildings	-	9,145	9,305
Bank DNB NORD POLSKA S.A.	mortgage	buildings	-	136	504
Bank DNB NORD POLSKA S.A.	tacit mortgage	civil engineering and water projects	-	2,876	2,924
Bank DNB NORD POLSKA S.A.	tacit mortgage	land	-	700	700
Total carrying amount of property, plant and equipment			**-**	**12,857**	**13,433**

The Company's non-current assets also include works of art (paintings and antiques) with the total value of PLN 3,400 thousand. All the works of art are controlled by the Company. The Management Board did not identify any indications of impairment as at June 30th 2015 with respect to the assets described above (works of art).

In the financial statements, the Company presents its long-term investments, including movables with the total carrying amount of PLN 7,577 thousand. The movables classified as long-term investments include works of art (paintings and antiques) covered by a storage agreement.

10. INVESTMENTS IN SUBSIDIARIES

As at the reporting date of June 30th 2015 (six months), the Company presents investments in subsidiaries in the amount of PLN 425,849 thousand in its statement of financial position (six months ended June 30th 2014: PLN 563,029 thousand; December 31st 2014: PLN 563,029 thousand)

The most significant item is the investment in the shares of RAFAKO S.A.

As at the end of the reporting period, the Company tested the investments in RAFAKO shares 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 fair value of the company's shares at PLN 9.75 per share. In view of the above, the value of 42,466,000 RAFAKO shares held by the company is PLN 414,044 thousand. Consequently, the Company recognised an impairment loss of PLN 137,180 thousand on the investment in Rafako shares. The impairment loss is recognised under finance costs in the statement of profit or loss (see Section 2.5).

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

In its financial statements for H1 2015, H1 2014 and full-year financial statements as at December 31st 2014, the Company did not disclose fair value of trade payables, overdraft facilities, bank borrowings and other current liabilities, as the Parent is in company voluntary arrangement and is currently not able to determine future dates, forms or amounts of debt repayments.

The Company did not make any reclassifications 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.

12. INVESTMENT PROPERTY

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

As at June 30th 2015, the value of investment property pledged as security for liabilities was PLN 12,900 thousand. As at June 30th 2014, the carrying amount of assets pledged as security was PLN 39,373 thousand (December 31st 2014: PLN 12,500 thousand).
As at the date of these financial statements, the Company's investment property did not serve as security for liabilities. All proceedings giving rise to seizure of property have been discontinued by means of final decisions. The Company filed a motion for removal of relevant entries from the Land and Mortgage Register.

13. LOANS ADVANCED

As at June 30th 2015, the Company recognised loans advanced in the amount of PLN 260,365 thousand in its statement of financial position (six months ended June 30th 2014: PLN 304,623 thousand; December 31st 2014: PLN 270,027 thousand)

The loans disclosed in these interim condensed financial statements, with a net value of PLN 190,028 thousand (loans advanced to PBG Dom Sp. z o.o.), reflect the divestment strategy developed by the management boards of PBG DOM Sp. z o.o. and PBG ERIGO Sp. z o.o. (subsidiaries managing property development projects) and approved by the Company's Management Board.
The amount of expected inflows from the projects has been estimated using the property development subsidiaries' cash flow projections, prepared on the basis of historical sales data (time required to complete sale transactions, prices), valuations by qualified appraisers, and the current trends on the property market. The deadlines for closing the projects are until Q4 2018.

As at June 30th 2015, the Company recorded a PLN 9,662 thousand drop in loans relative to the same item as at December 31st 2014:

All amounts in PLN thousand (unless otherwise indicated)

- a PLN 10,997 thousand decrease under revaluation of Dialog investment certificates (presented under loans), which were translated as at the date of these financial statements (between December 2014 and June 30th 2015 hryvnia depreciated by PLN 0.0466),

CHANGE IN CARRYING AMOUNT OF LOANS

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	**632,987**	**681,612**	**681,612**
Loans advanced in the period	-	9	-
Interest accrued at the effective interest rate	12,553	32,663	17,216
Repayment of loans with interest (-)	(171)	(41,340)	(7,511)
Exchange differences on balance-sheet valuation	(10,997)	(39,957)	(27,257)
Other changes	5,490	-	-
Carrying amount at end of period	**639,862**	**632,987**	**664,060**
Accumulated impairment			
Balance at beginning of period	**362,960**	**321,940**	**321,940**
Impairment loss recognised as expense in the period	17,952	55,608	40,024
Impairment loss reversed (-)	(4)	(6,273)	-
Discount	(1,411)	(8,315)	(2,527)
Accumulated impairment at end of period	**379,497**	**362,960**	**359,437**
Carrying amount at end of period	**260,365**	**270,027**	**304,623**

The Company presents impairment losses recognised as cost in the period in the statement of profit or loss as reduction of other income.

14. INVENTORIES

In the reporting period, the Company's inventories decreased by PLN 138 thousand, to a carrying amount of PLN 1,377 thousand as at June 30th 2015.

In the period, the Company did not change any write-downs of inventories.

INVENTORY WRITE-DOWNS

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)
At beginning of period	**1,279**	**1,401**	**1,401**
Write-downs recognised as expense in the period, under:	-	117	-
Other expenses	-	117	-
Write-downs reversed, recognised as income in the period (-) under:		(239)	(48)
Revenue (-)	-		-
Other income (-)	-	(239)	(48)
Balance at end of period	**1,279**	**1,279**	**1,353**

All amounts in PLN thousand (unless otherwise indicated)

15. 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	3,820	24,137	20,287
Non-bank borrowings	131,537	127,213	178,761
Non-current loans and receivables	**135,357**	**151,350**	**199,048**
Current assets:			
Trade and other receivables financial	31,124	20,186	39,834
Non-bank borrowings	128,828	142,814	125,862
Current loans and receivables	**159,952**	**163,000**	**165,696**
Receivables and loans:	**295,309**	**314,350**	**364,744**
receivables	**34,944**	**44,323**	**60,121**
loans advanced	**260,365**	**270,027**	**304,623**

Non-current financial receivables decreased substantially in the reporting period following the transfer of PLN 20,050 thousand from retentions to current receivables.

16. OTHER IMPAIRMENT LOSSES

In these interim condensed financial statements, the Company recognised impairment losses in respect of the following assets:

- receivables – impairment loss of PLN 16,033 thousand
- loans – impairment loss of PLN 17,952 thousand

Detailed information is provided below:

IMPAIRMENT LOSSES ON CURRENT RECEIVABLES

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)
At beginning of period	**99,071**	**81,134**	**81,134**
Impairment loss recognised as expense during the period	16,033	15,201	1,286
- including at PBG Group companies	-	3	-
Impairment loss reversed (-)	(3,868)	-	(50)
- including at PBG Group companies (-)	-	-	-
Amounts written off (uncollectable) (-)	(231)	(1,144)	-
- including at PBG Group companies (-)			
Other (net exchange differences)	-	3,880	-
Balance at end of period	**111,005**	**99,071**	**82,370**

All amounts in PLN thousand (unless otherwise indicated)

Impairment losses on financial and non-financial receivables recognised by the Company are presented in the table above.

- Impairment losses on financial receivables of PLN 16,033 thousand (June 30th 2014: PLN 815; December 31st 2014: PLN 1,521 thousand)
- Impairment losses on non-financial receivables of PLN 0 (June 30th 2014: PLN 471; December 31st 2014: PLN 13,680)

IMPAIRMENT LOSSES ON CURRENT AND NON-CURRENT LOANS

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)
At beginning of period	**351,994**	**302,659**	**302,659**
Write-downs recognised as expense in the period, under:	17,952	55,608	24,253
- including at PBG Group companies	9,486	30,068	12,157
Other expenses	17,951	55,604	24,253
Finance costs	1	4	-
Write-downs reversed, recognised as income in the period (-) under:	(4)	(6,273)	-
- including at PBG Group companies	-	-	-
Other income (-)	(4)	(6,273)	-
Balance at end of period	**369,942**	**351,994**	**326,912**

17. 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. The carrying amounts of these assets correspond to their fair values.

For the purposes of the interim statement of cash flows, cash and cash equivalents comprise the following items:

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)	3,873	13,911	16,752
Cash in foreign currency bank accounts	2,544	4,242	10,047
Cash in hand (PLN)	23	56	22
Cash in hand (foreign currencies)	20	17	12,531
Short-term deposits (PLN)	7,469	22,195	-
Total	**13,929**	**40,421**	**39,352**

As at June 30th 2015, cash with a carrying amount of PLN 4,426 thousand (H1 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 Company discloses in these financial statements 33% of the value of the funds credited to the Consortium's accounts, with the contract recognised as a joint operation.

All amounts in PLN thousand (unless otherwise indicated)

18. SHARE CAPITAL

In H1 2015, there were no changes in the Company's share capital. The share capital amounted to PLN 14,295 thousand and was divided into 14,295,000 shares with a par value of PLN 1.00 per share.

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

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

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

Between June 30th 2015 and the date of approval of these interim condensed 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 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%

SHAREHOLDERS HOLDING AT LEAST 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING AS AT THE DATE OF APPROVAL OF THESE INTERIM CONDENSED 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)

LOAN FROM MAJORITY SHAREHOLDER

As at June 30th 2015, June 30th 2014 and December 31st 2014, the Company 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 the liabilities in its equity.

19. DIVIDENDS

In 2015, the Company paid no dividend.

20. BORROWINGS AND OTHER DEBT INSTRUMENTS

Item	Current liabilities		
	As at Jun 30 2015 (unaudited)	As at Dec 31 2014 (audited)	As at Jun 30 2014 (unaudited)
Financial liabilities at amortised cost			
Credit facilities	363,015	363,015	365,374
Bank overdrafts	1,299	1,299	1,737
Closed forwards valuations presented under borrowings	4,179	4,179	4,179
Non-bank borrowings	25,052	1,549	1,549
Debt instruments	838,772	838,772	838,772
Financial liabilities at amortised cost	**1,232,317**	**1,208,814**	**1,211,611**
Total borrowings and other debt instruments	**1,232,317**	**1,208,814**	**1,211,611**

In 2012, all credit facility agreements which the Company had concluded earlier were terminated or expired, as reported by the Company in detail in its financial statements prepared as at December 31st 2012. Consequently, in these financial statements prepared as at June 30th 2015, the Company discloses, under equity and liabilities, terminated or expired credit facility agreements (net of derivative instruments) in an aggregate amount of PLN 364,314 thousand (in the six months ended June 30th 2014: PLN 367,111 thousand; in the period ended December 31st 2014: PLN 364,314 thousand).
Financial liabilities at amortised cost include also terminated derivative contracts. As at June 30th 2015, financial liabilities at amortised cost amounted to PLN 4,179 thousand (also PLN 4,179 thousand for the six months ended June 30th 2014 and for the period ended December 31st 2014).

Pursuant to the Terms and Conditions of the Bonds, the Company 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 (in the six months ended June 30th 2014 and as at December 31st 2014 it was also PLN 838,772 thousand).

In these interim condensed financial statements, the Company 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, PBG 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 financial statements, the Company 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.

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.

21. PROVISIONS

Provisions for employee benefits – retirement gratuity and accrued holiday entitlement – are assessed using the projected unit credit method. The amount of provisions depends on the assumptions concerning the discount rate and the expected salary increase index.

In the six months ended June 30th 2015, the Company reduced the increase in the provision for retirement gratuities following a revision of estimates by PLN 64 thousand (in the six months ended June 30th 2014, the provision was increased by PLN 14 thousand; as at December 31st 2014 − by PLN 37 thousand).

In the six months ended June 30th 2015, the Company reduced the increase in the provision for accrued holiday entitlements of PLN 69 thousand (in the six months ended June 30th 2014 and as at December 31st 2014 the provision was increased by PLN 205 thousand and PLN 38 thousand, respectively).

In 2012, the Company created a provision for restructuring costs in connection with the ongoing insolvency process. In the period covered by these interim condensed financial statements, PLN 2,341 thousand of the restructuring provision was used by the Company (in the six months ended June 30th 2014: PLN 3,307 thousand). As at the reporting date of June 30th 2015, the Company reviewed the provision and made an upwards adjustment of PLN 7,553 thousand.

All amounts in PLN thousand (unless otherwise indicated)

In the six months ended June 30th 2015, the Company's provision for warranty repairs increased substantially − by PLN 20,168 thousand.

The table below shows provisions disclosed in these financial statements, including the provision for warranties, provision for losses on construction contracts, and provision for restructuring costs, as well as changes in those provisions in the respective periods:

Item	Provisions for warranties	Provision for losses on construction contracts	Provision for restructuring costs	Other provisions	Total
for the period Jan 1−Jun 30 2015 (unaudited)					
Balance as at Jan 1 2015	**9,884**	**10,108**	**18,644**	**358,323**	**396,959**
Increase in provisions recognised as expense in the period (new provisions)	-	-	-	-	-
Revision of estimates	20,168	-	7,554	-	27,722
Reversal of provisions recognised as income in the period -	(621)	-	-	-	(621)
Use of provisions (-)	(1,174)	(3,983,)	(2,341)	-	(7,498)
Revision of estimates (-)	-	-	-	-	-
Other changes (net exchange differences)	-	-	-	-	-
Balance at Jun 30 2015, including:	**28,257**	**6,125**	**23,857**	**358,323**	**416,562**
- non-current provisions	25,075	-	-	354,510	379,585
- current provisions	3,182	6,125	23,857	3,813	36,977
for the period Jan 1−Dec 31 2014 (audited)					
Balance as at Jan 1 2014	**13,270**	**12,880**	**17,838**	**445,056**	**489,044**
Increase in provisions recognised as expense in the period (new provisions)	-	-	-	-	-
Revision of estimates	690	-	6,993	3,313	10,996
Reversal of provisions recognised as income in the period -	(2,068)	-	-	(90,046)	(92,114)
Use of provisions (-)	(2,008)	(2,772)	(6,187)	-	(10,967)
Revision of estimates (-)	-	-	-	-	-
Other changes (net exchange differences)	-	-	-	-	-
Balance at Dec 31 2014, including:	**9,884**	**10,108**	**18,644**	**358,323**	**396,959**
- non-current provisions	7,134			354,510	361,644
- current provisions	2,750	10,108	18,644	3,813	35,315
for the period Jan 1−Jun 30 2014 (unaudited)					
Balance as at Jan 1 2014	**13,271**	**12,880**	**17,838**	**445,056**	**489,045**
Increase in provisions recognised as expense in the period (new provisions)	-	-	-	-	-
Revision of estimates	343	-	-	-	343
Reversal of provisions recognised as income in the period -	(1,829)	-	-	-	(1,829)
Use of provisions (-)	(827)	(5,007)	(3,307)	-	(9,141)
Revision of estimates (-)	-	-	-	-	-
Other changes (net exchange differences)	-	-	-	-	-
Balance at Jun 30 2014, including:	**10,958**	**7,873**	**14,531**	**445,056**	**478,418**

- non-current provisions	7,997	-	-	444,556	452,553
- current provisions	2,961	7,873	14,531	500	25,865

22. CONTINGENT LIABILITIES

Off-balance-sheet receivables (PLN '000)	**Jun 30 2015**	**Dec 31 2014**
Receivables under bank and insurance guarantees received mainly as security for performance of contracts, including:	18,494	21,478
- from related entities	-	-
Receivables under sureties received, including:		
- from related entities	-	-
Promissory notes received as security, including:	14,591	17,017
- from related entities	-	-
Letters of credit	-	-
Funds blocked in subcontractors' bank accounts	-	
Total off-balance-sheet receivables, including:	**33,085**	**38,495**
- from related entities		

Off-balance-sheet liabilities (PLN '000)	**Jun 30 2015**	**Dec 31 2014**
Commitments under bank and insurance guarantees issued mainly as security for performance of contracts, including:	137,069	131,197
- to related entities	-	-
Liabilities under sureties, including:	1,187,536	1,221,245
- to related entities	-	-
Promissory notes issued as security, including:	1,620	1,620
- to related entities	-	-
Letters of credit	-	-
Guarantee claims paid	359,531	359,342
Total off-balance-sheet liabilities, including:	**1,685,756**	**1,713,404**
- to related entities	**-**	**-**

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

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

As at June 30th 2015, the Company disclosed contingent receivables of **PLN 33,085 thousand** as off-balance-sheet liabilities. The contingent receivables are related mainly to performance bonds of PLN 18,494 thousand and promissory notes of PLN 14,591 thousand.

The Company does not have any data regarding the amount of off-balance receivables and liabilities for the comparative period, i.e. as at June 30th 2014. The Company would have to incur disproportionately high costs and make undue effort to obtain the comparative data, therefore the Company decided not to include data for the comparative period.

23. LITIGATIONS AND DISPUTES

As at the reporting date, the Company 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 Company that could affect its financial standing. The litigation instigated by the Company 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 Company and waived the claim of PLN 1,700 thousand related to the settlement of the Company's liabilities under Clause 5.18 of the contract of February 12th 2009. In July 2015, PLN 500 thousand was transferred to PBG under the settlement.

No litigations against the Company 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 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

ADMINISTRATIVE PROCEEDINGS

Administrative proceedings instigated ex officio by the Polish Financial Supervision Authority are currently pending against the Company. The proceedings seek the imposition of an administrative sanction on the Company 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.

24. 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 full-year financial statements for 2014.

25. DISCONTINUED OPERATIONS

Not applicable.

26. 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 Company's interim condensed financial statements.

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2015	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

RELATED-PARTY TRANSACTIONS IN JAN 1–JUN 30 2015 (unaudited)

Related entities	Receivables	Liabilities	Financial assets	Impairment losses on financial assets	Revenue	Purchases	Operating income	Operating expenses
CONSOLIDATED ENTITIES								
INVEST WSCHODNI Sp. z o.o.	-	-	64,922	64,922	-	-	626	626
AVATIA Sp. z o.o.	-	598	54	-	-	-	-	-
Brokam Sp. z o.o.	-	-	13,426	820	-	-	26	-
PBG OPERATOR Sp. z o.o.	1	2	5	5	-	-	-	-
PBG Dom Group	77	1,960	398,318	208,290	-	-	8,712	7,301
RAFAKO Group	1	160,155	551,223	137,180	-	-	-	-
PBG oil and gas Sp. z o.o.	1,795	185	6	-	2,182	1,474	-	-
BATHINEX Sp. z o.o.	-	-	55,347	21,935	-	-	1,559	1,559
Multaros LTD.	26	-	21	12		-	-	-
Total	**1,910**	**162,900**	**1,083,322**	**433,164**	**2,182**	**1,474**	**10,923**	**9,486**
NON-CONSOLIDATED RELATED ENTITIES (PERSONAL LINKS)								
Total	**2,012**	**6,817**	**5,003**	**4,957**	**103**	**1,118**	**-**	**-**

All amounts in PLN thousand (unless otherwise indicated)

RELATED-PARTY TRANSACTIONS IN JAN 1−DEC 31 2014 (audited)

Related entities	Receivables	Liabilities	Financial assets	Impairment losses on financial assets	Revenue	Purchases	Operating income	Operating expenses
CONSOLIDATED ENTITIES								
INVEST WSCHODNI Sp. z o.o.	-	-	22,680	22,680	-	-	1,735	1,735
AVATIA Sp. z o.o.	-	500	-	-	143	1,187	-	-
Brokam Sp. z o.o.	8	-	834	-	3	-	51	-
PBG OPERATOR Sp. z o.o.	1	1	-	-	3	6	-	-
PBG Dom Group	86	1,801	336,144	147,377	229	952	18,089	17,672
RAFAKO Group	1	160,155	-	-	5,060	-	-	-
PBG oil and gas Sp. z o.o.	3,810	215	-	-	4,282	11,285	-	-
BATHINEX Sp. z o.o.	790	-	47,776	20,376	4	-	3,144	3,144
Multaros LTD.	14	-	20	11		-	-	-
Total	**4,710**	**162,672**	**407,454**	**190,444**	**9,724**	**13,430**	**23,019**	**22,551**
NON-CONSOLIDATED RELATED ENTITIES (PERSONAL LINKS)								
Total	**1,997**	**588**	**-**	**-**	**427**	**1,517**	**-**	**-**

All amounts in PLN thousand (unless otherwise indicated)

RELATED-PARTY TRANSACTIONS IN JAN 1–JUN 30 2014 (unaudited)

Related entities	Receivables	Liabilities	Financial assets	Impairment losses on financial assets	Revenue	Purchases	Operating income	Operating expenses
CONSOLIDATED ENTITIES								
Invest Wschodni Sp. z o.o.	3	-	88,342	88,342	-	-	1,166	1,166
Avatia Sp. z o.o.	41	290	54	-	69	595	-	-
Brokam Sp. z o.o.	6	-	13,373	820	2	-	26	-
PBG Operator Sp. z o.o.	2	1	5	-	1	-	-	-
PBG Dom Group	106	1,791	415,787	199,948	146	463	9,432	6,904
KWG S.A. w upadłości układowej (in company voluntary arrangement)	831	-	2,481	2,481	1	-	-	-
RAFAKO Group	60	160,155	551,223	-	53	-	-	-
PBG Oil and Gas Sp. z o.o.	254	3,618	6	-	828	7,095	-	-
BATHINEX Sp. z o.o.	788	-	52,203	24,803	2	-	1,559	1,559
Multaros LTD.	12	-	11	11	-	-	-	-
Total	**2,103**	**165,855**	**1,123,485**	**316,402**	**1,102**	**8,153**	**12,183**	**9,629**
NON-CONSOLIDATED RELATED ENTITIES (PERSONAL LINKS)								
Total	**1,953**	**894**	**195**	**-**	**74**	**146**	**1**	**-**

All amounts in PLN thousand (unless otherwise indicated)

27. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

REMUNERATION OF MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS FOR HOLDING OFFICES IN THE COMPANY IN JAN 1− JUN 30 2015

Item	Base pay	Other benefits	Total
Remuneration of the Management Board members	897	-	897
Remuneration of the Supervisory Board members	174	-	174

REMUNERATION OF MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS FOR HOLDING OFFICES IN THE COMPANY IN JAN 1− JUN 30 2014

Item	Base pay	Other benefits	Total
Remuneration of the Management Board members	1,038	-	1,038
Remuneration of the Supervisory Board members	165	-	165

28. EVENTS SUBSEQUENT TO THE REPORTING DATE REQUIRING DISCLOSURE

Material events after June 30th and before August 31st 2015 which should be accounted for or disclosed in these interim condensed financial statements

Decision by Judge Commissioner approving the fourth supplementary list of claims

On July 8th 2015, the District Court for Poznań Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, issued 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.

Cancellation of enforcement proceedings.

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., concerning the cancellation of enforcement actions on which the Company reported in Section 1 of Current Report No. 109/2012 of November 8th 2012, containing information on the initiation of enforcement proceedings for payment of a principal amount of PLN 4,080 thousand, plus interest and other costs and expenses, and seizure of shares in the following companies of the PBG Group: PBG AVATIA Sp. z o.o., Bathinex Sp. z o.o., PBG Erigo Sp. z o.o., BROKAM Sp. z o.o., and PBG Dom Sp. z o.o.

Execution of restructuring documents with Financial Creditors

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

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

On August 3rd 2015, 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.

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 Company 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 thousand to the Company for PLN 10,500 thousand. 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 thousand 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.

Creditors join 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

Meeting of Creditors convened as part of the arrangement bankruptcy proceedings pending against the Company

August 5th 2015 saw the closing of the Meeting of Creditors convened as part of the arrangement bankruptcy proceedings pending against the Company following the decision of June 13th 2012 by the District Court for Poznań – Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declaring the Company insolvent in voluntary arrangement. The Meeting of Creditors was convened by the Judge Commissioner for August 3rd–5th 2015 to vote on the Company's Arrangement Proposals of April 28th 2015. When setting the date of the Meeting of Creditors, the Judge Commissioner also agreed for the Arrangement Proposals to be voted on by a written ballot. The 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

Arrangement with Creditors

On August 25th 2015, the Judge Commissioner confirmed the execution of an Arrangement with Creditors consistent with the Company's Arrangement Proposals of April 28th 2015. The Judge Commissioner justified his Decision to declare the Arrangement executed by citing the results of a vote held at the Meeting of Creditors convened as part of the arrangement bankruptcy proceedings pending against the Company following the decision of June 13th 2012 by the District Court for Poznań – Stare Miasto of Poznań, 11th Commercial Insolvency and Arrangement Division, declaring the Company insolvent in voluntary arrangement. In its Decision, 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.

All amounts in PLN thousand (unless otherwise indicated)

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

29. 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 "Going concern assumption" and in Note 27 of these financial statements, no other material events occurred in H1 2015 which could have a significant bearing on the assessment of the Company's assets, financial position or financial performance or which would be likely to cause significant changes in the foregoing.

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

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)
Gain on disposal of non-financial non-current assets	170	313	41
Reversals of impairment losses and write-downs on assets, including:			
- receivables	1,242	125	49
- inventories	-	-	48
Interest related to operating activities, including interest on:			
- on loans advanced	96	780	146
- other interest	97	263	35
Reversal of unused provisions	621	2,068	1,828
Compensation and penalties received	7	44	**13**
Grants received	119	349	231
Lease income	1,163	1,944	915
Gain on disposal of equity instruments	-	82	74
Fair value and disposal gains on financial instruments at fair value through profit or loss	-	641	-
Discount (non-current accounts receivable and payable)	2,214	9,244	3,236
Other income, including:			
- debt claims sold	900	-	-
- court fees refunded	1	319	317
- reversal of provision for guarantees and sureties	-	90,046	-
- other income	199	2,958	757
Total other income	**6,829**	**109,176**	**7,690**

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)
Loss on disposal of non-financial non-current assets			
Change in fair value of investment property	-	12,380	-
Impairment loss on assets, including:			
- property, plant and equipment and intangible assets	-	3,444	-
- receivables	15,318	15,313	1,285
- inventories		-	-
- loans advanced	-	22,955	22,955
- other assets	207	-	-
Interest related to operating activities, including interest on:			
- trade payables and other liabilities	832	3,313	3
Compensation and penalties paid	7	44	13
Running costs of investments	210	-	-
Exchange differences on operating activities	10,815	34,479	26,138
Total fair value and disposal losses on financial instruments at fair value through profit or loss	-	1,022	396
Other expenses, including:			
- non-tax-deductible expenses	82	156	19
- cost of court proceedings	78	70	-
- statute barred, cancelled or unrecoverable receivables written-off	580	-	-
- VAT expense relating to bad debt	258	3,242	2,032
- other expenses	1,071	636	273
Total other expenses	**29,458**	**97,054**	**53,114**

The largest items of other expenses include:

- foreign exchange losses of PLN 10,997 thousand related to revaluation of Dialog investment certificates (presented under loans in the statement of financial position), which were translated as at the date of these financial statements (between December 2014 and June 30th 2015 hryvnia depreciated by PLN 0.0466),
- impairment loss of PLN 15,318 on trade receivables which, in the Company's opinion, may be difficult to collect.

All amounts in PLN thousand (unless otherwise indicated)

FINANCE 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)
Interest income for financial assets not at fair value through profit or loss:			
Cash and cash equivalents (deposits)	151	832	621
Loans and receivables	-	-	1
Total interest income for financial assets not at fair value through profit or loss	**151**	**832**	**622**
Gain (loss) (+/-) from exchange differences on:			
Cash and cash equivalents	1,201	-	336
Total gain (loss) (+/-) from exchange differences	**1,201**	**-**	**336**
Other finance income	-	191	6
Total finance income	**1,352**	**1,023**	**964**

FINANCE COSTS

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)
Interest expenses for financial liabilities not at fair value through profit or loss:			
Credit facilities	-	966	**547**
Trade and other payables	14	40	**19**
Total interest expenses for financial liabilities not at fair value through profit or loss	**14**	**1,006**	**566**
Fair value and disposal losses on financial instruments at fair value through profit or loss:			
Listed equity instruments	137,180	-	**-**
Total fair value and disposal losses on financial instruments at fair value through profit or loss	**137,180**	**-**	**-**
Gain (loss) (-/+) from exchange differences on:			
Cash and cash equivalents	-	204	**-**
Gain (loss) (-/+) from exchange differences	**-**	**204**	**-**
Impairment losses on available-for-sale financial assets	-	818	**-**
Total finance costs	**137,194**	**2,028**	**566**

The PLN 137,180 thousand impairment loss on investment in Rafako shares is the largest item of finance costs.

31. OTHER REGULATORY DISCLOSURES − SELECTED FINANCIAL DATA TRANSLATED INTO THE EURO

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

All amounts in PLN thousand (unless otherwise indicated)

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.**

c) 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 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, long-term liabilities, short-term liabilities, equity and share capital as at June 30th 2013 were translated at the EUR mid rate effective for that date − the exchange rate of June 29th 2014, i.e. **4.1609 PLN/EUR.**

f) total assets, liabilities and provisions for liabilities, current liabilities, non-current liabilities, equity and share capital as at December 31st 2014 were translated at the EUR mid rate exchange effective for that date, i.e. **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	4.2368 − Jan 31 2014	4.2375 – Feb 3 2014
Lowest exchange rate during the period	3.9822 − Apr 21 2015	4.1602 − Feb 28 2014	4.0998 – Jun 9 2014

All amounts in PLN thousand (unless otherwise indicated)

The table below presents key items of the interim condensed statement of financial position, interim condensed statement of profit or loss and interim condensed statement of cash flows, translated into the euro.

Item	for the period Jan 1–Jun 30 2015 PLN	for the period Jan 1–Dec 31 2014 PLN	for the period Jan 1–Jun 30 2014 PLN	for the period Jan 1–Jun 30 2015 EUR	for the period Jan 1–Dec 31 2014 EUR	for the period Jan 1–Jun 30 2014 EUR
Statement of profit or loss						
Revenue	57,486	227,044	122,885	13,905	54,196	29,410
Operating loss	(62,439)	(53,453)	(70,062)	(15,103)	(12,759)	(16,768)
Loss before tax	(198,281)	(54,458)	(69,664)	(47,962)	(12,999)	(16,672)
Net loss from continuing operations	(198,281)	(54,458)	(69,664)	(47,962)	(12,999)	(16,672)
Net profit/(loss)	(198,281)	(54,458)	(69,664)	(47,962)	(12,999)	(16,672)
Total comprehensive income	-	-	-	-	-	-
Loss per ordinary share (PLN/EUR)	(13.87)	(3.81)	(4.87)	(3.36)	(0.91)	(1)
Diluted earnings per share (PLN/EUR)	(13.87)	(3.81)	(4.87)	(3.36)	(0.91)	(1)
Average PLN/EUR exchange rate	x	x	x	4.1341	4.1893	4.1784
Statement of cash flows						
Net cash provided by (used in) operating activities	(51,145)	(77,450)	(47,655)	(12,371)	(18,488)	(11,405)
Net cash provided by (used in) investing activities	241	44,218	9,250	58	10,555	2,214
Net cash provided by (used in) financing activities	23,211	(25,949)	(22,392)	5,615	(6,194)	(5,359)
Net increase/(decrease) in cash and cash equivalents	(27,693)	(59,181)	(60,797)	(6,699)	(14,127)	(14,550)
Average PLN/EUR exchange rate	x	x	x	4.1341	4.1893	4.1784

Item	As at Jun 30 2015 PLN	As at Dec 31 2014 PLN	As at Jun 30 2014 PLN	As at Jun 30 2015 EUR	As at Dec 31 2014 EUR	As at Jun 30 2014 EUR
Statement of financial position						
Assets	965,948	1,118,988	1,175,018	230,295	262,531	282,395
Non-current liabilities	384,934	367,514	458,919	91,773	86,224	110,293
Current liabilities	1,761,926	1,734,105	1,713,936	420,066	406,847	411,915
Equity	(1,180,912)	(982,631)	(997,837)	(281,545)	(230,540)	(239,813)
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	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

All amounts in PLN thousand (unless otherwise indicated)

Book value per share (PLN/EUR)	(82.61)	(68.74)	(69.80)	(19.70)	(16.13)	(17)
Dividend per share declared or paid (PLN/EUR)	-	-	-	-	-	-
PLN/EUR exchange rate at end of period	x	x	x	4.1944	4.2623	4.1609

32. AUTHORISATION FOR ISSUE

These interim condensed financial statements for the six months ended June 30th 2015 (including the comparative information) were authorised for issue by the Company's Management Board on August 31st 2015.

Signatures of all Management Board members

Date	Full name	Position	Signature
Aug 31 2015	Jerzy Wiśniewski	President of the Management Board	
Aug 31 2015	Mariusz Łożyński	Vice-President of the Management Board	
Aug 31 2015	Kinga Banaszak-Filipiak	Vice-President of the Management Board	
Aug 31 2015	Bożena Ciosk	Member of the Management Board	

Signature of the person responsible for the preparation of the interim condensed financial statements

Date	Full name	Position	Signature
Aug 31 2015	Małgorzata Jankowska	Independent Accountant	