



**INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1ST–JUNE 30TH 2014**

WYSOGOTOWO, SEPTEMBER 1ST 2014

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

TABLE OF CONTENTS

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	4
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME.....	7
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	8
INTERIM CONDENSED STATEMENT OF CASH FLOWS	11
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	12
1. GENERAL INFORMATION.....	12
2. BASIS OF PREPARATION AND ACCOUNTING POLICIES.....	14
2.1. BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS	14
2.2. REPORTING CURRENCY AND ROUNDING	14
2.3. GOING CONCERN ASSUMPTION	14
2.4. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES	17
2.5. MATERIAL JUDGEMENTS AND ESTIMATES.....	18
2.5.1 UNCERTAINTY OF ESTIMATES AND ASSUMPTIONS	18
2.5.2 PROFESSIONAL JUDGEMENT.....	21
3. MATERIAL EVENTS AND TRANSACTIONS	22
4. SEASONALITY OF OPERATIONS	23
5. EARNINGS/(LOSS) PER SHARE.....	23
6. OPERATING SEGMENTS	24
7. INCOME AND EXPENSES	27
8. INTANGIBLE ASSETS.....	28
9. PROPERTY, PLANT AND EQUIPMENT.....	29
10. INVESTMENTS IN SUBSIDIARIES	30
11. FAIR VALUE OF FINANCIAL INSTRUMENTS	31
12. INVESTMENT PROPERTY	32
13. LOANS ADVANCED	33
14. INVENTORIES.....	33
15. OTHER IMPAIRMENT LOSSES AND ASSET IMPAIRMENT	34
16. CASH AND CASH EQUIVALENTS.....	35
17. SHARE CAPITAL	35
18. DIVIDENDS.....	36
19. BORROWINGS AND OTHER DEBT INSTRUMENTS	37
20. PROVISIONS	38
21. CONTINGENT LIABILITIES.....	39
22. OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT	47
23. DISCONTINUED OPERATIONS.....	47
24. RELATED PARTY TRANSACTIONS	47
25. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS	51
26. EVENTS SUBSEQUENT TO THE REPORTING DATE REQUIRING DISCLOSURE.....	52
27. NOTES TO SELECTED ITEMS OF THE INCOME STATEMENT	52
28. OTHER MATERIAL CHANGES	54
29. OTHER REGULATORY DISCLOSURES – SELECTED FINANCIAL DATA TRANSLATED INTO THE EURO ...	55
30. APPROVAL FOR ISSUE.....	58

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Item	Note	IFRS as at Jun 30 2014 (unaudited)	IFRS as at Dec 31 2013 (audited)	IFRS as at Jun 30 2013 (unaudited)
Assets				
Non-current assets		882,504	936,651	998,419
Intangible assets	8	4,098	4,933	7,100
Property, plant and equipment	9	62,042	63,828	95,965
Investment property	12	45,686	41,875	23,598
Long-term investments	9	7,577	7,577	7,577
Investments in subsidiaries	10	563,029	563,029	563,029
Receivables	-	20,287	27,566	27,759
Loans advanced	13	178,761	226,741	262,914
Other non-current financial assets	-	848	848	10,090
Deferred tax assets	-	-	-	-
Non-current accruals and deferred income	-	176	254	387
Current assets		292,514	366,123	349,057
Inventories	14	1,134	935	1,426
Amounts due from customers for construction contract work	7	47,602	17,483	87,705
Trade and other receivables	-	74,469	111,069	58,488
Current tax assets	-	-	-	-
Loans advanced	13	125,862	132,932	143,587
Derivative financial instruments	-	-	-	1,017
Other current financial assets	-	-	-	-
Cash and cash equivalents	16	39,352	99,806	51,777
Current accruals and deferred income	-	2,531	1,838	5,057
Non-current assets held for sale	-	1,564	2,060	-
Total assets		1,175,018	1,302,774	1,347,476

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONT.)

Item	Note	IFRS as at Jun 30 2014 (unaudited)	IFRS as at Dec 31 2013 (audited)	IFRS as at Jun 30 2013 (unaudited)
<i>Equity and liabilities</i>				
Equity		(997,837)	(928,173)	(1,054,573)
Share capital	17	14,295	14,295	14,295
Treasury shares	-	-	-	-
Share premium	-	733,348	733,348	733,348
Other components of equity	-	547,868	547,868	547,868
Retained earnings	-	(2,293,348)	(2,223,684)	(2,350,084)
- accumulated profit (loss) from prior years	-	(2,223,684)	(2,352,342)	(2,352,342)
- net profit (loss) for current year	-	(69,664)	128,658	2,258
Liabilities		2,172,855	2,230,947	2,402,049
Non-current liabilities		458,919	460,620	710,312
Borrowings and other debt instruments	19	-	-	-
Finance lease liabilities	-	4,849	5,172	5,505
Other liabilities	-	-	-	-
Deferred tax liabilities	-	-	-	-
Employee benefit obligations and provisions	20	187	201	214
Other non-current provisions	20	452,553	453,861	700,344
Non-current accruals and deferred income	-	1,330	1,386	4,249
Current liabilities		1,713,936	1,770,327	1,691,737
Borrowings and other debt instruments	19	1,211,611	1,233,209	1,245,176
Finance lease liabilities	-	655	676	686
Derivative financial instruments	-	185	641	-
Trade and other payables	-	467,092	472,858	402,272
Amounts due to customers for construction contract work	7	5,531	24,579	6,459
Current tax liabilities	-	-	-	-
Employee benefit obligations and provisions	20	2,568	2,731	2,939
Other current provisions	20	25,865	35,184	33,455
Current accruals and deferred income	-	429	449	750
Total equity and liabilities		1,175,018	1,302,774	1,347,476

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

INTERIM CONDENSED INCOME STATEMENT

Item	Note	IFRS for the period Jan 1–Jun 30 2014 (unaudited)	IFRS for the period Jan 1–Dec 31 2013 (audited)	IFRS for the period Jan 1–Jun 30 2013 (unaudited)
<i>Continuing operations</i>				
Revenue	-	122,885	336,128	215,018
- from related entities		821	1,856	299
Sales of finished goods		-	-	-
Rendering of services		122,530	335,712	215,018
Sales of merchandise and materials		355	416	-
Cost of sales	-	(136,907)	(399,739)	(200,361)
- from related entities		(6,821)	(13,646)	(9,922)
Finished goods sold		-	-	-
Services rendered		(136,571)	(398,142)	(200,361)
Merchandise and materials sold		(336)	(1,597)	-
Gross profit (loss)		(14,022)	(63,611)	14,657
Distribution costs	-	-	-	-
Administrative expenses	-	(10,616)	(23,494)	(15,939)
Other income	27	7,690	365,044	115,844
Other expenses	27	(53,114)	(55,786)	(25,010)
Operating profit (loss)		(70,062)	222,153	89,552
Finance income	27	964	6,089	2,825
Finance costs	27	(566)	(99,584)	(90,119)
Profit (loss) before tax		(69,664)	128,658	2,258
Income tax expense	-	-	-	-
Net profit (loss) from continuing operations		(69,664)	128,658	2,258
<i>Discontinued operations</i>				
Net loss from discontinued operations		-	-	-
Net profit (loss)		(69,664)	128,658	2,258

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

EARNINGS/LOSS PER ONE ORDINARY SHARE

Item	IFRS for the period	IFRS for the period	IFRS for the period
	Jan 1–Jun 30 2014	Jan 1–Dec 31 2013	Jan 1–Jun 30 2013
	PLN/share (unaudited)	PLN/share (audited)	PLN/share (unaudited)
Net profit (loss) from continuing operations	(69,664)	128,658	2,258
Net profit (loss) from continuing and discontinued operations	(69,664)	128,658	2,258
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
<i>from continuing operations</i>			
- basic	(4.87)	9.00	0.16
- diluted	(4.87)	9.00	0.16
<i>from continuing and discontinued operations</i>			
- basic	(4.87)	9.00	0.16
- diluted	(4.87)	9.00	0.16

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Item	IFRS	IFRS	IFRS
	Jan 1–Jun 30 2014	Jan 1–Dec 31 2013	Jan 1–Jun 30 2013
	(unaudited)	(audited)	(unaudited)
Net profit (loss)	(69,664)	128,658	2,258
<i>Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:</i>			
Available-for-sale financial assets	-	-	-
Hedge accounting	-	-	-
Revaluation of property, plant and equipment	-	-	-
Deferred income tax	-	-	-
<i>Other comprehensive income that will not be reclassified to profit or loss, relating to:</i>			
Actuarial gains/losses on employee benefits	-	-	-
Deferred income tax	-	-	-
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for period	(69,664)	128,658	2,258

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

AS AT JUNE 30TH 2014 (unaudited)

Item	Share capital	Treasury shares (-)	Share premium	Other components of equity	Retained earnings	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 profit (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)

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

AS AT DECEMBER 31TH 2013(audited)

Item	Share capital	Treasury shares (-)	Share premium	Other components of equity	Retained earnings	Total
Balance as at Jan 1 2013	14,295	-	733,348	547,868	(2,352,342)	(1,056,831)
Changes in accounting policies	-	-	-	-	-	-
Correction of errors	-	-	-	-	-	-
Restated balance	14,295	-	733,348	547,868	(2,352,342)	(1,056,831)
Changes in equity in the period Jan 1–Dec 31 2013						
Share issue	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Net profit (loss) for the period Jan 1–Dec 31 2013	-	-	-	-	128,658	128,658
Other comprehensive income net of tax for the period Jan 1 – Dec 31 2013	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	128,658	128,658
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-	-
Balance as at Dec 31 2013	14,295	-	733,348	547,868	(2,223,684)	(928,173)

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

AS AT JUNE 30TH 2013 (unaudited)

Item	Share capital	Treasury shares (-)	Share premium	Other components of equity	Retained earnings	Total
Balance as at Jan 1 2013	14,295	-	733,348	547,868	(2,352,342)	(1,056,831)
Changes in accounting policies	-	-	-	-	-	-
Correction of errors	-	-	-	-	-	-
Restated balance	14,295	-	733,348	547,868	(2,352,342)	(1,056,831)
Changes in equity in the period Jan 1–Jun 30 2013						
Share issue	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Net profit (loss) for the period Jan 1–Jun 30 2013	-	-	-	-	2,258	2,258
Other comprehensive income net of tax for the period Jan 1–Jun 30 2013	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,258	2,258
Transfer to retained earnings (disposal of revalued property, plant and equipment)	-	-	-	-	-	-
Balance as at Jun 30 2013	14,295	-	733,348	547,868	(2,350,084)	(1,054,573)

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Item	IFRS for the period Jan 1–Jun 30 2014 (unaudited)	IFRS for the period Jan 1–Dec 31 2013 (audited)	IFRS for the period Jan 1–Jun 30 2013 (unaudited)
<i>Cash flows from operating activities</i>			
Profit (loss) before tax	(69,664)	128,658	2,258
Adjustments:			
Depreciation and impairment of property, plant and equipment	1,815	9,083	7,827
Amortisation and impairment of intangible assets	836	3,239	1,905
Change in fair value of investment property	-	11,870	4,558
Gains (losses) on financial assets and liabilities at fair value through profit or loss	396	302	(7,043)
Impairment of financial assets	23,785	111,570	108,211
(Gains) losses on disposal of non-financial non-current assets	(41)	(1,440)	(163)
Gain/loss on disposal of non-derivative financial assets	(74)	1,646	(2,003)
Foreign exchange gains (losses)	26,996	3,441	(5,144)
Interest expense	568	(220)	2,709
Interest income	(1,633)	(1,928)	(24,155)
Other adjustments	(2,726)	(307)	(377)
Total adjustments:	49,922	137,256	86,325
Change in inventories	(199)	130	(361)
Change in trade and other receivables	39,052	(56,966)	(5,844)
Change in trade payables	(5,761)	30,317	(40,430)
Change in provisions, accruals and prepaid expenses	(11,495)	(336,296)	(93,175)
Change in construction contracts and related liabilities	(49,167)	87,362	(980)
Net changes in working capital	(27,570)	(275,453)	(140,790)
Settling of derivative financial instruments	-	(3,987)	1,700
Income taxes paid	-	-	-
Net cash from operating activities	(47,312)	(13,526)	(50,507)
<i>Cash flows from investing activities</i>			
Purchase of intangible assets	-	(936)	-
Purchase of property, plant and equipment	-	(45)	-
Proceeds from disposals of property, plant and equipment	1,403	4,924	302
Sale of subsidiaries, net	-	2,875	-
Repayment of loans advanced	7,511	13,952	776
Loans advanced	-	-	-
Proceeds from disposals and redemptions of other financial assets	74	11,355	6,427
Interest received	262	380	344
Net cash from (used in) investing activities	9,250	32,505	7,849
<i>Cash flows from financing activities</i>			
Net proceeds from share issue	-	-	-
Repayment of borrowings	(21,452)	(13,049)	(787)
Payment of finance lease liabilities	(596)	(701)	(647)
Interest paid	(828)	(1,693)	-
Interest on deposits (from financial surplus)	484	1,040	639
Net cash from financing activities	(22,392)	(14,403)	(795)
Net change in cash and cash equivalents	(60,454)	4,576	(43,453)
Cash and cash equivalents, beginning of period	99,806	95,230	95,230
Effect of exchange rate changes	-	-	-
Cash and cash equivalents, end of period	39,352	99,806	51,777

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

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 was registered in Ukraine. 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 2014, June 30th 2013 and December 31st 2013 is presented below:

As at June 30th 2014	
Composition of the Parent's Management Board	Composition of the Parent's Supervisory Board
Jerzy Wiśniewski – President of the Management Board 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 Chairman 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 June 30th 2013	
Composition of the Parent's Management Board	Composition of the Parent's Supervisory Board
Paweł Mortas – President of the Management Board	Jerzy Wiśniewski – Chairman of the Supervisory Board

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

<p>Tomasz Tomczak – 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</p>	<p>Maciej Bednarkiewicz – Deputy Chairman of the Supervisory Board Małgorzata Wiśniewska – Secretary of the Supervisory Board Przemysław Szkudlarczyk – Member of the Supervisory Board Dariusz Sarnowski – Member of the Supervisory Board Andrew Stefan Gradowski – Member of the Supervisory Board Norbert Słowik – Member of the Supervisory Board</p>
As at December 31st 2013	
Composition of the Parent's Management Board	Composition of the Parent's Supervisory Board
<p>Paweł Mortas – President of the Management Board Tomasz Tomczak – 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</p>	<p>Jerzy Wiśniewski – Chairman of the Supervisory Board Maciej Bednarkiewicz – Deputy Chairman of the Supervisory Board Małgorzata Wiśniewska – Secretary of the Supervisory Board Przemysław Szkudlarczyk – Member of the Supervisory Board Dariusz Sarnowski – Member of the Supervisory Board Andrew Stefan Gradowski – Member of the Supervisory Board Norbert Słowik – Member of the Supervisory Board</p>

In the period from January 1st 2014 to the date of approval of these interim condensed financial statements for issue, the following changes occurred in the composition of the Company's Management Board.

- On April 24th 2014, the following person was appointed to the Management Board:
 - Jerzy Wiśniewski – was appointed President of the Management Board;
 - Paweł Mortas – was removed from the position of President of the Management Board and appointed Vice-President of the Management Board;
- On May 6th 2014, Mr Tomasz Tomczak resigned from his position on the Management Board.

In the period from January 1st 2014 to the date of approval of these interim condensed financial statements for issue, the following changes occurred in the composition of the Company's Supervisory Board.

- On April 24th 2014, the following changes were made to the composition of the Company's Supervisory Board:
 - Mr Jerzy Wiśniewski resigned from the position of Chairman of the Supervisory Board;
 - Mr Maciej Bednarkiewicz was removed from the position of Deputy Chairman of the Supervisory Board and was appointed Chairman of the Supervisory Board;
 - Ms Małgorzata Wiśniewska was removed from the position of Secretary of the Supervisory Board and was appointment Deputy Chairperson of the Supervisory Board;

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

- Mr Andrzej Stefan Gradowski was removed from the position of Member of the Supervisory Board and was appointed Secretary of the Supervisory Board.

APPROVAL OF THE COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved for issue by the Company's Management Board on September 1st 2014.

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 were prepared in accordance with IAS 34 Interim Financial Reporting endorsed by the EU ("IAS 34").

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 2013 and interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for 2013.

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 2013 financial statements of the PBG Group.

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

The Company also prepares interim condensed consolidated financial statements as at June 30th 2014.

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 Parent's current financial position puts in question its ability to continue as a going concern. However, the financial statements were prepared on the assumption that the Parent would continue as a going concern in the foreseeable future, i.e. for at least 12 consecutive months from the date of preparation of these financial statements. This assumption was made due to the Parent's ongoing

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

bankruptcy proceedings with an arrangement option, and the Management Board's efforts to arrange with the creditors and ensure that the Company may continue its business activities.

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

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

On June 4th 2012, the Parent's Management Board made a decision to file for insolvency with an arrangement option (grounds for the decision were presented in the Company's financial statements 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 petitions for insolvency with an arrangement option. 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 operating 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. The negotiations concern terms of debt repayment, including repayment periods, amounts and forms. During this time, the Creditors involved in financing the Company's or other Group companies' operations and representing the largest group of Creditors have been presented with a plan of the operational and asset restructuring of the Company. The plan has been prepared by the Company and its financial adviser PwC Polska Sp. z o.o. Moreover, on September 3rd 2013, the Management Board and its legal adviser Weil, Gotshal & Manges, Paweł Rymarz Sp. k. completed work on preparation of the restructuring documents, including a draft of the Restructuring Agreement and Arrangement Proposals, which, upon approval by competent corporate bodies, were presented to the Creditors, as announced by the Company in Current Report No. 24/2013. Pursuant to the currently tabled Arrangement Proposals, the Company's Creditors are to be satisfied in seven groups, depending on the category of interest they represent and the type and amount of their claims. The Creditors will be divided into categories of interest in accordance with the Bankruptcy and

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

Restructuring Law. The full text of the draft restructuring documents is available on the Company's website at www.pbg-sa.pl in the "Restructuring" section.

In parallel to the debt restructuring, 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 agreement is guaranteed by:

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

Further stages of the voluntary arrangement proceedings held before the Bankruptcy Court have been completed. 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 placed in the list of claims by the Court Supervisor was PLN 2,776,254 thousand, which is in line with the Management Board's estimates. On July 4th 2013, the Judge announced that the drafting of the list of claims had been completed. Currently, in accordance with the Bankruptcy and Restructuring Law of February 28th 2013 (Dz.U., No. 60, item 535, as amended), the process of examining objections raised against the list of claims and complaints against the decisions of Judge-Commissioner concerning the examination of objections, and revision of the claims is underway.

On December 24th 2013, the Judge announced completion by the Court Supervisor of the first supplementary list of claims as at November 29th 2013. The total amount of the acknowledged claims included in the first supplementary list of claims by the Court Supervisor was PLN 191.25m. On May 28th 2014, the Judge announced completion by the Court Supervisor of the second supplementary list of claims as at April 22nd 2014. The total amount of the acknowledged claims included in the second supplementary list of claims by the Court Supervisor was PLN 89.7m. Subsequently, on August 13th 2014, the Judge announced completion of the third supplementary list of claims as at July 29th 2014. The total amount of the acknowledged claims included in the third supplementary list of claims by the Court Supervisor was PLN 70.7m. The deadline for filing objections against the third list of claims was August 27th 2014.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

Currently, in accordance with the Bankruptcy and Restructuring Law of February 28th 2013, the process of examining objections against the first and second list of claims published on July 4th 2013, and revision of the claims included in the list, is underway. The next step of the procedure will involve an approval of the lists of claims by the Judge Commissioner, which will allow the meeting of the Company's creditors to be called.

2.4. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

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 2013, 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 2014.

- IFRS 9 *Financial Instruments* (published on July 24th 2014) – effective for annual periods beginning on or after January 1st 2018; until the date of approval of these financial statements, the standard had not been adopted by the EU; as at the date of approval of these financial statements, the process of adoption of the standard for application within the EU was suspended,
- IFRIC 21 *Levies* (published on May 20th 2013) – effective for annual periods beginning on or after January 1st 2014; within the EU, effective at the latest for annual periods beginning on or after June 17th 2014,
- 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; not adopted by the EU by the date of approval of these financial statements,
- Amendments 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 of them – prospectively for transactions occurring on July 1st 2014; not adopted by the EU by the date of approval of these financial statements,
- Amendments to IFRSs 2011–2013 (published on December 12th 2013) – effective for annual periods beginning on or after July 2014; not adopted by the EU by the date of approval of these financial statements,
- IFRS 14 *Regulatory Deferral Accounts* (published on January 30th 2014) – effective for annual periods beginning on or after January 1st 2016; no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of this standard; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (published on May 6th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- 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

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,

- IFRS 15 *Revenue from Contracts with Customers* (published on May 28th 2014) – effective for annual periods beginning on or after January 1st 2017; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- 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; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- 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; until the date of approval of these financial statements, the amendments have not been adopted by the EU.

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 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. MATERIAL JUDGEMENTS AND ESTIMATES

2.5.1 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

The Company found no indication of impairment of property, plant and equipment and intangible assets and did not test those assets for impairment.

The Company tested for impairment the investments 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. 2014–2019 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.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

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 five-year Treasury bonds,
- the risk premium for investments in Poland based on the tables published by A. Damodaran,
- unlevered Beta (β) based on the latest tables published by A. Damodaran for companies in the European machinery sector,
- the inflation rate in line with the long-term inflation target of the National Bank of Poland.

The cost of debt was assumed at the level of interest rates on RAFAKO's existing credit facilities.

A one percentage point increase in the applied discount rate would result in a PLN 128,038 thousand decrease in the value of investments. A one percentage point decrease in the projected cash-flow growth rates over the period of five years after the reporting date would result in a PLN 3,229 thousand decrease in the value of investments. A one percentage point decrease in the assumed long-term average growth rate would result in an additional decrease of PLN 85,404 thousand in the value of investments. However, this would not reduce the financial result disclosed in these financial statements as the value of investments estimated based on the figures presented above is PLN 993,030 thousand.

Depreciation and amortisation rates

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

Deferred tax asset

Because there was no certainty whether tax losses incurred in 2012–2013 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.

Revenue recognition

Construction contract revenue and amounts due recognised in the 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

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

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:

Item	As at	As at	As at
	Jun 30 2014	Dec 31 2013	Jun 30 2013
Initial amount of revenue agreed in contract	1,482,044	1,637,791	1,720,100
Variations in contract work, and claims and incentives	(45,567)	(11,572)	(18,070)
Aggregate contract revenue	1,436,477	1,926,219	1,702,030
Contract costs incurred by reporting date	1,191,741	1,212,935	1,106,161
Costs expected to be incurred to complete contract work	257,238	384,150	512,553
Aggregate contract costs	1,448,979	1,597,085	1,618,714
Aggregate estimated profit (loss) on construction contract:	(12,502)	29,134	83,316
profits	23,424	37,986	88,258
losses (-)	(35,926)	(8,852)	(4,942)

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 determined in line with the rules defined in the Company's accounting policies. The presented revenue amounts account for the effect of contract termination by PGNiG S.A. (Employer) of the contract for construction of the Wierzchowice Underground Gas Storage Facility on April 2nd 2014. As at the reporting date, the Company had recognised provisions for cost deficit under settlements with subcontractors, and further recognised as revenue preliminarily amounts due for the estimated scope of works not yet settled, based on an ongoing survey of the construction site. On April 2nd 2014, the Company received a debit note from the Employer, for the amount of PLN 133.4m as a contract termination penalty. The note was not recognised in the Company's books and was sent back to the Employer as groundless.

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 11.5m as at the reporting date, provision for expected losses would increase by PLN 4.5m, and net profit would be reduced by a total of PLN 16.0m.

Provisions for employee benefits – 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 897 thousand. The amount of provisions depends on the assumptions concerning the discount rate and the expected salary increase index. A one percentage point

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

decrease in discount rate and a one percentage point increase in the salary increase index would increase provisions as at June 30th 2014 by PLN 27 thousand.

Provisions for warranty repairs 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 2014, the provisions for warranty repairs were PLN 10,958 thousand.

In the first six months of 2014, the provisions for warranty repairs fell by PLN 2,656 thousand due to utilisation of some of the provisions or expiry of the warranty period.

Provisions for expected losses on construction contracts 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 2014, the provisions for expected losses were PLN 7,873 thousand (as at June 30th 2013: PLN 1,030 thousand). In the first six months of 2014, the Company released provisions for expected losses totalling PLN 5,007 thousand, 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 2014, the Company used PLN 3,307 thousand (as at June 30th 2013: PLN 6,562 thousand) of the provision. As at June 30th 2014, PLN 14,531 thousand remained to be used under the provision. The Company's Management Board is of the opinion that there is no need for revaluation of the provision.

2.5.2 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.

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.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

2.6. CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES

The Company changed the accounting policies applied in these condensed financial statements. However, the changes had no effect on the financial information presented for the comparative periods.

The PBG Management Board resolved to change, as of 2014, the policies applied by the Company for translating foreign currency transactions as at the reporting date. Prior to the change, monetary items expressed in currencies other than the Polish złoty were translated into PLN as at the reporting date using the appropriate closing exchange rate effective for the end of the reviewed period (spot rate) i.e. the exchange rate quoted by the Company's primary bank during the first listing on the reporting date. At present, 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.

Also, as of January 1st 2014, the Company changed its approach to estimating contract revenue as at the reporting date based on incurred costs. In the amended policy, costs incurred as at the reporting date include costs of purchased materials, equipment and other components dedicated to a particular contract and delivered to the construction site or received from suppliers but kept in their deposit as at the reporting date, until delivery to the construction site. Prior to the change, materials which were not used for construction as at the reporting date were inventoried and were not used as a basis for estimating the contract's progress for the purpose of estimating contract revenue as at the reporting date.

The Company made no correction of errors that would require restatement of the comparative data presented in these interim condensed financial statements.

3. MATERIAL EVENTS AND TRANSACTIONS

Termination of the contract dated November 19th 2008, providing for execution of the project "Construction of the Wierzchowice Underground Gas Storage Facility, phase: 3.5bn m³, sub-phase: 1.2bn m³"

On April 2nd 2014, the Company received a letter from PGNiG S.A. containing PGNiG's notice of termination of the contract of November 19th 2008 for the 'Construction of the Wierzchowice Underground Gas Storage Facility, phase: 3.5bn m³, sub-phase: 1.2bn m³' project, under which the Company had been engaged as the general contractor. In the notice, the Employer also called for payment by the Consortium of contractual penalties of PLN 133.4m, or 10% of the gross remuneration payable to the Contractor, which may be demanded by the Employer in accordance with the contract terms if the contract is terminated for causes attributable to the Contractor.

The Consortium, including the Company as its leader, considers the Employer's representation on contract termination to be ineffective, and thus considers the contractual penalties of PLN 133.4m assessed by PGNiG S.A. to be ineffective, too. The Employer was notified accordingly in the letter of

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

April 7th 2014 and also on April 18th, when the Employer's note specifying the contractual penalties assessed on the Consortium, was sent back to the Employer as ungrounded. In the Company's opinion, until April 2nd 2014 the Project had been nearly 100% completed, as the Employer itself admitted in its current report and as was demonstrated in the project status report prepared as at the end of March 2014. Moreover, by April 2nd 2014 the Employer had confirmed full operational availability of the Wierzchowice Underground Storage Facility's installations, as well as conformity of the USF's functionality with the requirements. The required occupancy permits for the Wierzchowice USF facilities had been obtained by December 2013, while the applicable permits for operation of the individual installations – by March 2014. The Consortium is of the opinion that the Contractor retains the right to continue to perform the Contract and deliver the Project to the Employer as specified in the Contract.

If the Company accepted the contractual penalties and included them in these condensed financial statements, the Company's net profit for H1 2014 would have been lower by PLN 56.5m. The effect on the balance sheet would include a PLN 13.2m reduction in amounts due from customers for construction contract work, and a PLN 43.3m increase in amounts due to customers for construction contract work.

For more information, see

PBG's Current Report No. 7/2014:

<http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/7-2014-oswiadczenie-pgnig-o-odstapieniu-od-znaczonej-umowy.html>

PBG's Current Report No. 8/2014:

<http://www.pbg-sa.pl/relacje-inwestorskie/raporty-biezace/8-2014-stanowisko-konsorcjum-odnosnie-skuteczności-oswiadczenia-pgnig-o-odstapieniu-od-znaczonej-umowy.html>

For information on other material events and transactions in the period covered by these interim condensed financial statements, see the interim consolidated financial statements for H1 2014.

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.

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

5. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share are computed as the quotient of net profit/(loss) attributable to owners of the Company and the weighted average number of shares outstanding during the period. Computation of earnings/(loss) per share is presented in the table below:

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Item	IFRS for the period	IFRS for the period	IFRS for the period
	Jan 1–Jun 30 2014	Jan 1–Dec 31 2013	Jan 1–Jun 30 2013
	PLN / share (unaudited)	PLN / share (audited)	PLN / share (unaudited)
Net profit (loss) from continuing operations	(69,664)	128,658	2,258
Net profit (loss) from continuing and discontinued operations	(69,664)	128,658	2,258
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
<i>from continuing operations</i>			
- basic	(4.87)	9.00	0.16
- diluted	(4.87)	9.00	0.16
<i>from continuing and discontinued operations</i>			
- basic	(4.87)	9.00	0.16
- diluted	(4.87)	9.00	0.16

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.

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

- **Gas, oil and fuels,**
- **Water,**
- **Road construction,**
- **Power construction,**
- **Industrial and residential 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

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

- 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

In the Water segment:

- technological and sanitary installations for water supply and sewage systems, including: water pipelines, sewage systems, water mains and trunk sewers, water intakes, wastewater treatment plants
- water engineering structures, including water dams, storage reservoirs, levees, modernisation of water and sewage systems

In the Industrial and residential construction segment:

- general construction
- industrial infrastructure
- construction of stadiums
- construction of waste incineration plants

In the Power construction segment:

- assembly
- modernisation
- delivery

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.

The results of the operating segments are based on the internal reports regularly reviewed by the PBG Management Board. The PBG Management Board analyses the operating segments' results at the operating profit/(loss) level.

The Company presents revenue, costs and profit/loss on sales (gross margin) by individual segments. Assets and equity and liabilities are not presented by operating segments given the fact that some of the non-current assets are used in production that is classified in various segments, inventory of materials cannot be allocated to the particular segments, and it is impossible to make a segmental allocation of trade payables, other income, other expense and finance costs.

In the first six months of 2014, the Company did not change its accounting policies with respect to the division into segments or the rules of revenue measurement (including changes discussed in Note 2.6), profit (loss) and assets of individual segments as presented in the Company's most recent full-year consolidated financial statements.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

Revenue and results by operating segment

Item	Gas, oil and fuels	Water	Industrial and residential construction	Power construction	Road construction	Other	Total
for the period Jan 1–Jun 30 2014 (unaudited)							
Revenue from external customers	121,770	69	81	-	-	965	122,885
Inter-segment revenue	-	-	-	-	-	-	-
Total cost	133,429	88	2,658	10	-	721	136,907
Operating profit/(loss)	(11,660)	(18)	(2,577)	(10)	-	244	(14,022)
for the period Jan 1–Dec 31 2013 (audited)							
Revenue from external customers	308,931	10,573	684	12,708	-	3,232	336,128
Inter-segment revenue	-	-	-	-	-	-	-
Total cost	366,707	12,181	4,269	11,528	-	5,054	399,739
Operating profit/(loss)	(57,776)	(1,608)	(3,585)	1,180	-	(1,822)	(63,611)
for the period Jan 1–Jun 30 2013 (unaudited)							
Revenue from external customers	201,241	4,676	61	8,197	-	843	215,018
Inter-segment revenue	-	-	-	-	-	-	-
Total cost	189,969	4,677	64	4,034	-	1,617	200,361
Operating profit/(loss)	11,272	(1)	(3)	4,163	-	(774)	14,657

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	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 income statement.

Item	Jan 1–Jun 30 2014 (unaudited)	Jan 1–Dec 31 2013 (audited)	Jan 1–Jun 30 2013 (unaudited)
Operating profit/(loss) of the segments	(14,022)	(63,611)	14,657
Adjustments:			
Other revenue not allocated to segments	7,690	365,044	115,844
Other expenses not allocated to segments (-)	(63,730)	(79,280)	(40,949)
Elimination of profit (loss) on inter-segment transactions	-	-	-
Total adjustments	(56,040)	285,764	74,895
Operating profit (loss)	(70,062)	222,153	89,552
Finance income	964	6,089	2,825
Finance costs (-)	(566)	(99,584)	(90,119)
Profit (loss) before tax	(69,664)	128,658	2,258

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 equity and liabilities by operating segments given the fact that some of the non-current assets are used in production that is classified in various segments, inventory of materials cannot be allocated to the particular segments, and it is impossible to make a segmental allocation of trade payables, other income, other expenses and finance costs.

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 2014 (unaudited)	As at Dec 31 2013 (audited)	As at Jun 30 2013 (unaudited)
Initial amount of revenue agreed in contract	1,482,044	1,637,791	1,720,100
Variations	(45,567)	(39,631)	(18,070)
Aggregate contract revenue	1,436,477	1,598,160	1,702,030
Costs incurred to the reporting date	1,191,741	1,196,045	1,106,161
Costs expected to be incurred to complete contract work	257,238	389,617	512,553
Aggregate estimated contract costs	1,448,979	1,585,662	1,618,714
Estimated profit (loss) on construction contracts	(12,502)	12,498	83,316
Stage of completion as at the reporting date	82.25%	75.43%	68.34%
Prepayments received as at the reporting date	-	-	8,330
Prepayments that can be set off with amounts due from customers for construction contract work	-	-	7,605
Retentions total	26,081	26,909	20,714
Aggregate contract costs incurred to the reporting date	1,199,615	1,208,925	1,107,191
Aggregate profits (losses) recognised to the reporting date	(31,429)	(7,011)	60,800

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Revenue estimated as at the reporting date	1,168,186	1,201,914	1,167,991
Progress billings	1,126,115	1,209,010	1,079,140
Amounts due from customers for construction contracts work as at the reporting date	47,602	17,483	95,310
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	47,602	17,483	87,705
Amounts due to customers for construction contracts work as at the reporting date	5,531	24,579	6,459

Amounts due from customers for construction contract work disclosed in the financial statements totalled PLN 47,602 thousand as at the reporting date, while amounts due to customers for construction contract work stood at PLN 5,531 thousand. In the same period of the previous year, amounts due from and to customers for construction contract work were PLN 87,705 thousand and PLN 6,459 thousand, respectively. 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 rules defined in 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 its expected losses on running contracts, which as at the reporting date amounted to PLN 7,873 thousand.

In view of the binding confidentiality agreements, the PBG Management Board disclosed the information required under IAS 11 Construction Contracts as aggregate amounts, without itemising the individual contracts.

8. INTANGIBLE ASSETS

In the six months ended June 30th 2014 and June 30th 2013 and as at December 31st 2013, the Company did not purchase or sell any intangible assets.

The largest item of the Company's intangible assets is the ERP Oracle system with a carrying amount of PLN 2,327 thousand as at June 30th 2014 (including PLN 1,958 thousand for system deployment services and PLN 369 thousand for system licences). The outstanding amortisation period for the system is four years and four months.

In the period ended June 30th 2014 and June 30th 2013, the Company did not recognise impairment of any item of intangible assets. In the period ended December 31st 2013, the Company registered an impairment loss on intangible assets of PLN 1,082 thousand.

As at the date of these interim condensed financial statements, none of the Company's intangible assets were used as collateral to secure liabilities. The Company has not made any commitments to incur any capital expenditure on intangible assets in the future.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

9. PROPERTY, PLANT AND EQUIPMENT

In the six months ended June 30th 2014, the Company purchased property, plant and equipment for PLN 57 thousand (in the six months ended June 30th 2013, total purchases amounted to PLN 8 thousand; December 31st 2013: PLN 44 thousand).

In the six months ended June 30th 2014, the Company disposed of property, plant and equipment with a total value of PLN 29 thousand, posting a net gain on the sale of PLN 41 thousand (in the six months ended June 30th 2013, the Company sold property, plant and equipment with a total value of PLN 268 thousand, posting a net loss of PLN 41 thousand; in the year ended December 31st 2013, the Company sold property, plant and equipment with a total value of PLN 8,996 thousand, posting a net loss of PLN 4,271 thousand).

As at June 30th 2014, the Company did not recognise any impairment losses on property, plant and equipment. In the period ended June 30th 2013, the Company recognised an impairment loss on buildings and structures (Group II of property, plant and equipment) in the amount of PLN 4,493 thousand (December 31st 2013: PLN 2,875 thousand).

As at June 30th 2014, the Company's office buildings (A and Z1) with the total net value of PLN 22,303 thousand and the total surface area of 4,738 square metres were partially leased. As at June 30th 2014, the net value of the leased property was PLN 5,686 thousand, and the total leased surface area was 1,208 square metres.

A number of mortgages were established in favour of banks on certain items of property, plant and equipment. As at June 30th 2014, the carrying amount of property, plant and equipment pledged as security was PLN 13,433 thousand (June 30th 2013: PLN 42,419 thousand; December 31st 2013: PLN 14,615 thousand).

In the six months ended June 30th 2014, the carrying amount of assets pledged as security for liabilities decreased as a result of:

- ✓ release of Infra's assets which had been seized by court enforcement officers at the request of Wiertmar,
- ✓ change in the net value of assets pledged as security,
- ✓ reclassification of certain non-current assets to investment property.

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	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 2014	As at Jun 30 2013	As at Dec 31 2013
Credit facility provided by Polski Bank Przedsiębiorczości S.A.	contractual mortgage	buildings	9,305	9,623	9,464
Bank DNB NORD POLSKA S.A.	contractual/tacit mortgage	buildings	504	24,419	513
Bank DNB NORD POLSKA S.A.	tacit mortgage	civil engineering and water projects	2,924	5,559	3,938
Bank DNB NORD POLSKA S.A.	tacit mortgage	land	700	2,790	700
Seizure of Infra's assets by court enforcement officers at the request of Wiertmar	court enforcement officer	motor vehicles	-	28	-
Total carrying amount of property, plant and equipment			13,433	42,419	14,615

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 2014 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 and reclassified from non-current assets.

10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries were measured at historical cost.

As at the reporting date of June 30th 2014, in its statement of financial position the Company presents investments in subsidiaries in the amount of PLN 563,029 thousand. The most significant item is the investment in the shares of RAFAKO S.A. – PLN 551,223 thousand. Following impairment testing, no indication of impairment was identified by the Management Board with respect to the investment.

In July 2013, the Parent entered into a conditional agreement with its subsidiary Wschodni Invest Sp. z o.o. and Imidż Finans Grup, incorporated under Ukrainian law (the "Buyer"). The Buyer committed to purchase the shares of Energopol Ukraina S.A. of Kiev from Wschodni Invest Sp. z o.o. and to buy the claims under the loans advanced by Wschodni Invest to Energopol Ukraina S.A. Pursuant to the agreement, the portion of the price corresponding to the loans granted to Energopol Ukraina S.A. by the Company in the form of investment certificates will be transferred to the Company's bank account. Following the payment, the Buyer will become the owner of the investment certificates.

Currently, the Company holds indirectly a 49% interest in Energopol Ukraina S.A., after subsidiary Wschodni Invest Sp. z o.o. sold another 2% of the company shares. Following the sale transaction, the

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Group now controls 49% of Energopol Ukraina shares, recognising this investment as a joint venture (equity-accounted for in the consolidated financial statements). In April 2014, the Company signed an agreement under which the Buyer of the 2% interest in Energopol Ukraina committed to take steps aimed at securing complete fulfilment of the conditions agreed in the conditional sale agreement, which was to ensure that the Company received a cash payment of PLN 109m. The Management Board of the Parent resolved to change the method of accounting for the investment certificates held by the Parent in the interim consolidated financial statements for H1 2014, and the assets are presented as a PLN 60m increase in investment in Energopol Ukraina. In this Report, they are still presented as long-term loans. No indication of impairment has been identified by the Management Board with respect to the investment.

In its portfolio, the Company holds investments in subsidiaries which are currently controlled by Court appointed administrators. As a result, such investments are presented under other financial assets.

Changes in financial assets in the period January 1st–June 30th 2014

Liquidation of PBG Bułgaria

On May 7th 2014, the liquidation of PBG Bułgaria, an indirect subsidiary of PBG S.A., was completed by deleting the company from the Commercial Register. PBG S.A. w upadłości układowej (in company voluntary arrangement) had held 100% of the share capital of PBG Bułgaria Sp. z o.o.

PBG Bułgaria's equity was BGN 35 thousand.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Below, the carrying amounts of financial assets and liabilities are compared with their respective fair values (all financial assets and liabilities are presented, whether they are disclosed at amortised cost or fair value in the separate financial statements):

Class of financial instrument	Jun 30 2014 (unaudited)		Dec 31 2013 (audited)		Jun 30 2013 (unaudited)	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Assets:						
Non-bank borrowings	304,623	304,623	359,672	359,672	406,501	406,501
Trade and other receivables	57,203	57,203	107,411	107,411	63,799	63,799
Derivative financial instruments	-	-	-	-	-	-
Debt instruments	-	-	-	-	8,756	8,756
Listed equity instruments	-	-	-	-	-	-
Investments in non-listed equity instruments	848	848	849	849	1,334	1,334
Investment fund certificates	-	-	-	-	-	-
Other classes of other financial assets	-	-	-	-	-	-
Cash and cash equivalents	39,352	39,352	99,806	99,806	51,777	51,777

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Liabilities:						
Bank borrowings	-	365,374	-	374,672	-	318,883
Bank overdrafts	-	1,737	-	14,037	-	81,793
Derivative financial instruments	-	4,179	-	4,179	-	4,179
Non-bank borrowings	-	1,549	-	1,549	-	1,549
Debt instruments	-	838,772	-	838,772	-	838,772
Finance lease liabilities	5,505	5,505	5,848	5,848	6,191	6,191
Derivative financial instruments	185	185	642	642	-	-
Trade and other payables	-	462,206	-	452,015	-	388,032

In the Company's opinion, the fair values of cash and cash equivalents, short-term deposits and trade receivables are consistent with their carrying amounts, chiefly as a result of their short maturity periods.

*) In its financial statements for H1 2014, H1 2013 and full-year financial statements as at December 31st 2013, 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 2014, the value of the Company's investment property increased by PLN 3,811 thousand on December 31st 2013.

As at June 30th 2014, the Company's office buildings (K, H and J) with the total carrying amount of PLN 23,934 thousand and the total surface area of 8,208 square metres, disclosed in these financial statements under investment property, were partially leased. As at June 30th 2014, the carrying amount of the leased property was PLN 15,531 thousand, and the total leased surface area was 5,327 square metres.

Mortgages were established on investment property for the benefit of Bank DnB Nord Polska S.A. and Bondholders of Piecobiogaz S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation) to secure repayment of liabilities. As at June 30th 2014, the carrying amount of buildings and land mortgaged as security was PLN 39,373 thousand (June 30th 2013: PLN 21,826 thousand).

In the six months ended June 30th 2014, the carrying amount of assets pledged as security for liabilities increased as a result of reclassification of buildings and land from property, plant and equipment to investment property.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

13. LOANS ADVANCED

The value of loans disclosed in these interim condensed financial statements reflects the adopted divestment strategy, which was drafted 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.

In late 2012, the management boards of the two subsidiaries, on the request of the PBG Management Board, put forward two divestment scenarios, to sell their projects as expeditiously as possible while maximising payback on investment. For the purposes of Scenario 1, which envisaged a wholesale divestment, a bid was secured from an investor willing to purchase selected PBG Dom Group and PBG Erigo assets. The bid was not approved by the Court Supervisor and the Board of Creditors of PBG S.A. Scenario 2 was instead adopted, assuming completion of the ongoing projects and sale of land properties within such time frames as would help deliver maximum proceeds, as well as execution of selected development projects. 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 real property market. The deadlines for closing the projects are until Q4 2018.

As at June 30th 2014, the company recorded a PLN 55,050 thousand decrease in loans, including in particular:

- a PLN 25,533 thousand decrease under revaluation of Dialog investment certificates (presented under borrowings), which were translated as at the date of these financial statements (between December 31st 2013 and June 30th 2014 hryvnia depreciated by PLN 0.1082),
- a PLN 30m decrease following partial loan repayment (PLN 7m) and recognition of an additional impairment loss (PLN 23m).

14. INVENTORIES

In the reporting period, the Company reversed a write-down on inventories of PLN 48 thousand (June 30th 2013: PLN 500 thousand; December 31st 2013: PLN 1,588 thousand).

INVENTORY WRITE-DOWNS

Item	for the period Jan 1–Jun 30 2014 (unaudited)	for the period Jan 1–Dec 31 2013 (audited)	for the period Jan 1–Jun 30 2013 (unaudited)
At beginning of the period	1,401	2,989	2,989
Impairment loss recognised as expense in the period	-	-	-
Impairment loss reversed (-)	(48)	(1,588)	(500)
Amounts written off (uncollectable) (-)	-	-	-
Other (net exchange differences)	-	-	-
Balance at end of the period	1,353	1,401	2,489

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

As at June 30th 2014, a mortgage of PLN 500 thousand was created in favour of DnBNord Polska S.A. on a land property classified as the Company's inventory (June 30th 2013 and December 31st 2013: PLN 500 thousand).

15. OTHER IMPAIRMENT LOSSES AND ASSET IMPAIRMENT

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

- receivables – impairment loss of PLN 1,286 thousand
- loans – impairment loss of PLN 36,763 thousand

Detailed information is provided below:

IMPAIRMENT LOSSES ON CURRENT RECEIVABLES

Item	for the period Jan 1–Jun 30 2014 (unaudited)	for the period Jan 1–Dec 31 2013 (audited)	for the period Jan 1–Jun 30 2013 (unaudited)
At beginning of the period	81,134	129,060	129,060
Impairment loss recognised as expense in the period	1,286	12,244	10,019
Impairment loss reversed (-)	(50)	(8,377)	(1,663)
Amounts written off (uncollectable) (-)	-	(51,793)	(26,220)
Other changes	-	-	2,000
Balance at end of the period	82,370	81,134	113,196

In the period ended June 30th 2014, the Company recognised an additional impairment loss on current receivables in the amount of PLN 1,286 thousand (H1 2013: PLN 10,019 thousand), and reversed an impairment loss on current receivables of PLN 50 thousand (H1 2013: PLN 27,883 thousand).

IMPAIRMENT LOSSES ON CURRENT AND NON-CURRENT LOANS

Item	for the period Jan 1–Jun 30 2014 (unaudited)	for the period Jan 1–Dec 31 2013 (audited)	for the period Jan 1–Jun 30 2013 (unaudited)
At beginning of the period	383,620	379,862	379,862
Impairment loss recognised as expense in the period	36,763	75,920	16,120
- including at PBG Group companies	12,157	71,724	7,415
Impairment loss reversed (-)	-	(72,162)	(290)
- including at PBG Group companies (-)	-	(53,451)	-
Amounts written off (uncollectable) (-)	-	-	-
- including at PBG Group companies (-)	-	-	-
Balance at end of the period	420,383	383,620	395,692

As at June 30th 2014, the Company recognised impairment losses of PLN 36,763 thousand (June 30th 2013: PLN 16,120 thousand), including:

- ✓ PLN 22,955 thousand under principal amounts of loans advanced,
- ✓ PLN 13,808 thousand under accrued interest.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and cash in hand, as well as current financial assets with maturities up to three months. 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 2014 (unaudited)	As at Dec 31 2013 (audited)	As at Jun 30 2013 (unaudited)
Cash at bank (accounts in PLN)	16,752	14,972	2,006
Cash in foreign currency bank accounts	10,047	8,157	2,246
Cash in hand	22	24	16
Short-term deposits	12,531	76,653	47,509
Total	39,352	99,806	51,777

As at June 30th 2014, cash with the carrying amount of PLN 25,006 thousand (H1 2013: PLN 41,671 thousand) is 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.

17. SHARE CAPITAL

In H1 2014, 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.

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

Item	Jun 30 2014 (unaudited)	Dec 31 2013 (audited)	Jun 30 2013 (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

Changes in the Company's shareholding structure in H1 2014

In H1 2014, 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 2014

Between June 30th 2014 and the date of approval of these interim 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.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

SHAREHOLDERS HOLDING AT LEAST 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING AS AT JUNE 30TH 2014

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 2014

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%

LOAN FROM MAJORITY SHAREHOLDER

As at June 30th 2014, June 30th 2013 and December 31st 2013, 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.

18. DIVIDENDS

Pursuant to Resolution No. 4, the Annual General Meeting of June 16h 2014 resolved to withhold the net profit of PLN 128,658 thousand (one hundred and twenty-eight million, six hundred and fifty-eight thousand złoty) from distribution to shareholders and to allocate it in full to cover the retained losses from previous years.

Pursuant to its Resolution No. 4, the Annual General Meeting held on June 21st 2013, resolved to cover the net loss for 2012 in an amount of PLN 2,322,544 thousand (two billion, three hundred and twenty-two million, five hundred and forty-four thousand złoty) with profits of future years.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

19. BORROWINGS AND OTHER DEBT INSTRUMENTS

Item	Non-current liabilities			Current liabilities		
	As at Jun 30 2014 (unaudited)	As at Dec 31 2013 (audited)	As at Jun 30 2013 (unaudited)	As at Jun 30 2014 (unaudited)	As at Dec 31 2013 (audited)	As at Jun 30 2013 (unaudited)
<i>Financial liabilities at amortised cost</i>						
Bank borrowings	-	-	-	365,374	374,672	318,8836
Bank overdrafts	-	-	-	1,737	14,037	81,793
Derivative financial instruments	-	-	-	4,179	4,179	4,179
Non-bank borrowings	-	-	-	1,549	1,549	1,549
Debt instruments	-	-	-	838,772	838,772	838,772
Financial liabilities at amortised cost	-	-	-	1,211,611	1,233,209	1,245,176

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 2014, the Company discloses, under equity and liabilities, terminated or expired credit facility agreements (net of derivative instruments) in an aggregate amount of PLN 367,111 thousand (in the six months ended June 30th 2013: PLN 400,676 thousand; in the period ended December 31st 2013: PLN 388,709 thousand).

Financial liabilities at amortised cost include also terminated derivative contracts. As at June 30th 2014, financial liabilities at amortised cost amounted to PLN 4,179 thousand (also PLN 4,179 thousand for the six months ended June 30th 2013 and for the period ended December 31st 2013).

As at June 30th 2014, the Company did not repay any claims under the credit facilities, as these claims are covered by the arrangement and their satisfaction is governed by the Bankruptcy and Restructuring Law. Any disclosed decreases resulted from enforcement of security by creditors.

Pursuant to the Terms and Conditions of the Bonds, the Company also 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 2013 and as at December 31st 2013 it was also PLN 838,772 thousand).

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.

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

20. 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 2014, the Company reduced the increase in the provision for retirement gratuities following a revision of estimates by PLN 14 thousand (in the six months ended June 30th 2013, the provision was increased by PLN 19 thousand; as at December 31st 2013 – by PLN 6 thousand).

In the six months ended June 30th 2014, the Company increased its provision for accrued holiday entitlements by PLN 205 thousand (in the six months ended June 30th 2013: PLN 232 thousand; as at December 31st 2013: PLN 18 thousand).

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 3,307 thousand of the restructuring costs provision was used by the Company (in the six months ended June 30th 2013: PLN 6,565 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
<i>for the period Jan 1–Jun 30 2014 (unaudited)</i>					
Balance as at Jan 1 2014	13,271	12,880	17,838	445,056	489,045
Increases in provisions recognised as expense in the period (new provisions)	-	-	-	-	-
Provision increase due to revision of estimates	343	-	-	-	343
Release of provisions recognised as income in the period (-)	(1,829)	-	-	-	(1,829)
Use of provisions (-)	(827)	(5,007)	(3,307)	-	(9,141)
Provision decrease due to revision of estimates (-)	-	-	-	-	-
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
<i>for the period Jan 1–Dec 31 2013 (audited)</i>					
Balance as at Jan 1 2013	13,785	996	32,023	780,054	826,858
Increases in provisions recognised as expense in the period (new provisions)	-	-	-	-	-
Provision increase due to revision of estimates	6,279	11,884	-	907	19,070
Release of provisions recognised as income in the period (-)	(4,845)	-	-	-	(4,845)

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Use of provisions (-)	(1,948)	-	(14,185)	(460)	(16,593)
Provision decrease due to revision of estimates (-)	-	-	-	(335,445)	(335,445)
Balance as at Dec 31 2013 including:	13,271	12,880	17,838	445,056	489,045
- non-current provisions	9,306	-	-	444,555	453,861
- current provisions	3,965	12,880	17,838	501	35,184
<i>for the period Jan 1–Jun 30 2013 (unaudited)</i>					
Balance as at Jan 1 2013	13,785	996	32,023	780,054	826,858
Increases in provisions recognised as expense in the period (new provisions)	-	-	-	-	-
Provision increase due to revision of estimates	3,897	34	-	500	4,431
Release of provisions recognised as income in the period (-)	(184)	-	-	-	(184)
Use of provisions (-)	(744)	-	(6,562)	-	(7,306)
Provision decrease due to revision of estimates (-)	-	-	-	(90,000)	(90,000)
Balance as at Jun 30 2013 including:	16,754	1,030	25,461	690,554	733,799
- non-current provisions	10,344	-	-	690,000	700,344
- current provisions	6,410	1,030	25,461	554	33,455

21. CONTINGENT LIABILITIES

In these interim condensed financial statements as at June 30th 2014, the Company disclosed contingent liabilities recognised as off-balance-sheet items, including guarantees and sureties issued to related entities and other entities, of PLN 1,294,552 thousand.

The contingent liabilities pertain to liabilities under sureties issued for credit facilities and trade payables, guarantees and sureties issued for third parties by the Company, as well as liabilities under guarantees issued at the request of the Company to third parties.

In compliance with IAS 37, as at December 31st 2012 the Company estimated and recognised a global provision for potential liabilities which may result in a future outflow of cash. The provision related to the Company's liabilities under joint and several liability for third parties, arising in connection with sureties and guarantees issued by the Company for the benefit of other parties. The value of the provision was estimated based on the amount of contingent liabilities recorded by the Company prior to the Court's decision declaring the Company insolvent with an arrangement option, i.e. as at June 13th 2012. The provision, established in accordance with the relevant assumptions, amounted to PLN 780,000 thousand.

Following the Company's submission of revised arrangement proposals to the Court on September 30th 2013 and the Company becoming aware that a part of its off-balance-sheet liabilities had extinguished due to the expiry of corresponding financial products, as at December 31st 2013 the Company, acting in accordance with IAS 8, revised the underlying estimates and reversed the provision in the portion above the amount of PLN 444,555 thousand. The Company did not adjust the provision as at June 30th 2014; in the opinion of the Company's Management Board, the provision amount is correct.

Prior to the reduction by the amount of provision, the value of contingent liabilities carried by the Company as at June 30th 2014 was PLN 1,739,107 thousand.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

The final review of liabilities, including contingent liabilities, will be carried out by the Court during the final assessment of claims submitted by trading partners.

LITIGATIONS AND DISPUTES

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

Key litigation and other disputes instigated by the Company

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

The case concerns a Court amendment to Contract No. 2811/30/2010 (construction of the A4 motorway). The party requested a PLN 270,100 thousand rise in the VAT-exclusive remuneration payable to the Consortium due to a sharp increase in the prices of construction materials and services (the prices of steel, aggregate, concrete, bitumen, and fuels, including transport costs). The key and most significant element of evidentiary hearing will be the opinion of experts in the economics of road building. The court will consider evidence motions, including the key motion to admit the expert witness evidence based on which it will be possible to determine whether the loss incurred by the Consortium was substantial and whether the Consortium is entitled to claim the increased remuneration. Because not all witnesses appeared at the four hearings which have already been held, the Court has not yet made a decision concerning other evidence motions, including motions to admit as evidence expert witness opinions which are of key importance for resolving the case as to its merits.

As at the date of these financial statements, the Court has not yet made a decision admitting expert witness opinions as evidence.

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

The Company has been pursuing claims against Control Process S.A. in connection with performance of the LMG Project – Central Facility, Well Areas, Pipelines and Other Infrastructure, including claims under Defendant's default to pay VAT invoices under an agreement for lease of containers with auxiliary facilities, an agreement for the provision of IT network access service, an agreement for lease of space at the construction site facilities, as well as recharged environmental analyses, recharged testing of guaranteed parameters, recharged factory testing, recharged emergency medical assistance, and

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

recharged geodesic services. In the statement of claim, the Plaintiff also petitioned for exemption from court fees in full and for the court to issue a temporary injunction. By virtue of its decision of September 16th 2013, the Regional Court dismissed the petition for exemption from court fees. On September 26th 2013, the Plaintiff's attorney lodged a complaint against the dismissal of the petition for exemption from court fees to the Court of Appeals. By a decision of October 30th 2013, the Court of Appeals dismissed the complaint. In a payment order issued on January 10th 2014, the Regional Court of Poznań ordered the Defendant to pay the Plaintiff an amount of PLN 996 thousand with interest and cost of proceedings within 14 days, or to lodge an objection. At the request by the attorney for the Plaintiff, by virtue of a decision of January 28th 2014, the Regional Court corrected an obvious spelling error concerning the deadline for payment of interest on one of the claimed amounts. In a letter of April 18th 2014, the Plaintiff's attorney responded to the objection to payment order, and addressed all arguments raised by the Defendant in their objection to payment order. On June 17th 2014, some of the witnesses were heard during a session at the Regional Court of Poznań; the next hearing, set for October 7th 2014, will continue to focus on evidence examination.

3. PBG S.A. w upadłości układowej (in company voluntary arrangement) against Marian Siska for payment

Action for payment of PLN 1,200 thousand in connection with disposal of shares in GasOil Engineering As. The case is conducted under Slovakian law by barrister Ireneusz Piotr Giebel. By virtue of a payment order, the Regional Court of Poprad ordered the defendant to make the payment as demanded in the statement of claim. In pleadings of February 18th 2014, Marian Siska appealed against the payment order. The Company's attorney is preparing a response to the appeal.

4. PBG S.A. w upadłości układowej (in company voluntary arrangement) against Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. ("MWiK"), court docket No. VIII KC 282/12/K

Proceedings brought before the Regional Court in Bydgoszcz by the Company against Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. ("MWiK") for determining that:

- a) the termination notice served by MWiK on June 5th 2012, dissolving contract No. 2004PL16CPE003-12/3 "Rainwater discharge from the water intake protection zone areas of Las Gdański and Czyżkówko and extension of the rainwater system in Bydgoszcz. Part 3", concluded on April 3rd 2008 (the "Contract") with PBG and Hydrobudowa Polska S.A. (currently in bankruptcy by liquidation) as a Consortium member, is ineffective;
- b) MWiK is not entitled to claim payment for non-performance or improper performance of the Contract by the Company and Hydrobudowa Polska;
- c) MWiK is not entitled to claim any contractual penalty for dissolution of the Contract for reasons attributable to the Company and Hydrobudowa Polska

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

together with a request to secure the said claims by imposing an injunction on MWiK prohibiting the use of advance payment guarantee No. GZo/329/08-081 granted on May 27th 2008 by Powszechny Zakład Ubezpieczeń S.A. of Warsaw ("PZU"), in particular by demanding any payments under the advance payment guarantee, until the final conclusion of the proceedings; and if any amounts have already been paid by PZU to MWiK under the said guarantee, also by ordering that MWiK returns to the Guarantor any such amounts without delay. The first hearing was scheduled for October 8th 2013.

Value of the claim: PLN 30,849 thousand.

Otherwise, the Court dismissed the petition to provide temporary injunctive relief. A complaint against the decision was lodged by MWiK, but on March 26th 2013 the Court dismissed MWiK's complaint against the Court's decision granting temporary injunctive relief, and the decision became final. Notwithstanding the foregoing, on April 26th 2013 the Company filed a petition requesting a change (an extension) of the injunctive relief to include seizure of claimed amounts in MWiK's bank accounts up to the equivalent of EUR 3,758 thousand. In its decision of June 27th 2013, the Regional Court of Bydgoszcz dismissed the Plaintiff's petition to change the manner of providing injunctive relief; the Company appealed against that decision on July 17th 2013. By a decision of October 25th 2013, the Court of Appeals dismissed the Plaintiff's complaint. At the same time, as the case files were transferred to the court of appeals, the hearing set for October 2nd 2013 was cancelled. A new date of the hearing has not been determined, as the files have not yet been returned to the Regional Court in Bydgoszcz. On January 23rd 2014, MWiK filed for reversal of the decision on injunctive relief; in a letter of March 23rd 2014, the PBG filed for dismissal of MWiK's petition; on April 3rd 2014 a hearing was held to examine MWiK's petition. On April 14th 2014, the Court dismissed MWiK's petition for reversal of the decision granting injunctive relief, and maintained the previously granted injunction; on June 10th 2014, MWiK filed for a change of the injunction into a ban on withdrawal of the injunction amount from the account in which the amount was deposited by MWiK, opened especially for the purpose with PeKaO S.A. II Branch in Bydgoszcz; on June 30th 2014, the Plaintiff filed a petition requesting creation of security; by virtue of its decision of July 7th 2014 the Court issued a decision on change of the injunctive relief in which it upheld the injunctive relief but in compliance with MWiK's request in the form of security over the monies in the bank account held with PeKaO; the date of the hearing was set for September 17th 2014.

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

On September 2nd 2013, PBG S.A. w upadłości układowej (in company voluntary arrangement) filed a claim with the Regional Court of Poznań, 9th Commercial Division, against the Bankruptcy Administrator of Maxer S.A. (in bankruptcy) for payment, along with a petition for exemption from court fees. Value of the claim: PLN 820 thousand.

By virtue of its decision of September 25th 2013, the Regional Court dismissed the petition for exemption from court fees. A complaint against that decision was filed on October 7th 2013. The Poznań Court of Appeals dismissed the appeal, and the Company paid the required court fee. The court is yet to

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

examine the case and issue a payment order or set the date of hearing. The date of hearing was originally set for June 3rd 2014, but that date was cancelled and a new hearing date was set for September 9th 2014.

Disputes pending against the Company:

1. Litigation concerning construction of the National Stadium in Warsaw

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

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

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

On April 22nd 2013 Zurich received NCS' demand for payment from the performance bond. Next, the Court of Appeals dismissed the appeal. By its decision of September 25th 2013, the District Court of Warsaw suspended the proceedings ex-officio following declaration of bankruptcy of two other plaintiffs, i.e. Alpine Bau Deutschland AG and Alpine Bau GmbH. Pursuant to a representation of December 4th 2013, the administrator of Alpine Bau Deutschland AG and the administrator of Alpine Bau GmbH acceded to the proceedings and moved for resumption of the proceedings. So far, the District Court has not yet issued a decision to resume the proceedings.

Notwithstanding the foregoing, it needs to be emphasised that during performance of the Contract, the Consortium completed many auxiliary works ordered by the NCS, for which it has never received any consideration. Currently, the Consortium (including PBG) is demanding payment for the auxiliary works it has performed. Moreover, the Consortium also suffered financial losses in connection with the

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

non-performance or improper performance of the Contract by the NCS. Therefore, the Consortium is planning to bring one or several actions, as the need may be, concerning the claims it has against the NCS and the State Treasury. The exact value of the litigation has not yet been determined. The Consortium is planning to bring the action in 2014.

In the meantime, on June 18th 2013, PBG and Hydrobudowa Polska S.A. w upadłości likwidacyjnej (in bankruptcy by liquidation) (another Consortium member) filed a call for a conciliation hearing at the District Court of Warsaw against the State Treasury – the Minister of Sport and Tourism, concerning an amount of PLN 162,984 thousand in payment for the auxiliary work specified above plus damages. The conciliation hearing was held on October 10th 2013, but the parties failed to reach an agreement (court docket No. VIII GCo 552/13).

On April 22nd 2013, the NCS lodged a claim demanding payment by Zurich of a relevant amount under the insurance policy provided as a performance bond (court docket No. XX GC 211/13). On December 16th 2013, the Company filed a defendant-side intervention. On December 18th 2013, a defendant-side intervention was also filed by the bankruptcy administrator of Hydrobudowa. The date of hearing has not yet been determined. Value of the claim: PLN 152,479 thousand.

The case is pending.

On September 20th 2013, Imtech Polska sp. z o.o. (one of the main subcontractors hired by the Warsaw National Stadium Construction Consortium) filed a claim for payment of PLN 115,037 thousand against PBG S.A., Alpine Construction Polska sp. z o.o., the NCS and the State Treasury – the Minister of Sport and Tourism. Imtech demands payment for the work performed during the construction of the National Stadium in Warsaw and compensation for damages it sustained as a result of its inability to perform the work within the original schedule. On December 12th 2013, the Company received the claim, and filed its response on March 28th 2014 (court docket No. XXVI GC 762/13). By virtue of the court's decision of July 8th 2014, the dispute was referred to mediation (the mediation hearing date was set for September 3rd 2014).

Notwithstanding the foregoing, on July 25th 2014 PBG filed with the District Court for the Capital City of Warsaw a petition requesting a call for a conciliation hearing (the court docket number has not yet been assigned).

2. SAN-BUD Sp. z o.o. against PBG S.A. w upadłości układowej (in company voluntary arrangement), court docket No. IX GC 206/13/

Action for payment of PLN 1,572 thousand before the Regional Court of Wrocław, 10th Commercial Division; date of filing the statement of claim: March 28th 2013. The response to the statement of claim was submitted on June 27th 2013. A hearing was held on September 6th 2013. The date of another hearing will be set by the Court ex officio. As at the date of these financial statements, no hearing date

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

had been set for the defendant company SIAC. The proceedings have been suspended as SIAC was declared bankrupt.

3. Dimark Sp. z o.o. against PBG S.A. w upadłości układowej (in company voluntary arrangement), court docket No. IX GC 533/13/4

Action for payment of PLN 100 thousand before the Regional Court of Poznań – date of filing of the statement of claim: June 13th 2013

On October 30th 2013, the Regional Court issued a decision dismissing the action brought by Dimark Sp. z o.o. in whole and awarding a refund of the litigation costs to the Company. Dimark appealed against the decision. The Company filed a response to the appeal within the statutory time limit, i.e. by March 7th 2014. In this case, Dimark Sp. z o.o. is pursuing a claim against PBG on the basis of its unjust enrichment. The plaintiff, acting as a member of the general contractor consortium, entered into an assignment agreement with a third party, whereby the plaintiff and the other consortium members assigned their amounts receivable as payment of their remuneration by the project sponsor to a bank, to create security under a credit facility agreement signed by PBG and other entities. When receiving an amount due in respect of the assigned debt claim, the Bank applied the receivable towards coverage of the defendant's liabilities. In Dimark Sp. z o.o.'s opinion, payment of the receivables under the credit facility agreement results in PBG's unjust enrichment. The case is pending. By virtue of its ruling of May 27th 2014, the Court of Appeals changed the ruling issued by the Court of first instance, awarded PLN 100 thousand to DIMARK, and charged PBG with the cost of proceedings; PBG is considering lodging a cassation complaint; the deadline for lodging the cassation complaint is September 3rd 2014.

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

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

The status of this dispute remains unchanged.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

5. Towarzystwo Ubezpieczeń Euler Hermes S.A. of Warsaw against PBG S.A. w upadłości układowej (in company voluntary arrangement), court docket No. XVI GNc 1157/13

On October 9th 2013, Towarzystwo Ubezpieczeń Euler Hermes brought a claim against PBG S.A. with reference to a PLN 5,075 thousand payment order on the basis of a promissory note.

Towarzystwo Ubezpieczeń Euler Hermes provided to Hydrobudowa Polska S.A. general insurance in connection with various construction contracts. By way of providing security in respect of potential recourse claims against TU Euler Hermes, Hydrobudowa issued a blank promissory note, for which PBG provided its surety. Following the bankruptcy of Hydrobudowa Polska S.A., the bankruptcy administrator withdrew Hydrobudowa Polska S.A. from a contract performed for the Municipality of Poznań. The Municipality of Poznań demanded satisfaction of its claims from TU Euler Hermes (as the insurer). TU Euler Hermes satisfied the Municipality of Poznań's claim, and then filled in the promissory note and brought an action for payment against the Company (as the entity that backed the promissory note with surety). On November 15th 2013, the District Court of Warsaw issued a payment order of PLN 5,075 thousand (including interest) against the Company. Next, on December 12th 2013, the Company lodged an objection against the payment order because it took the stance that the promissory note was invalid and was incorrectly (defectively) issued, due to the fact that as a result of Hydrobudowa Polska S.A.'s withdrawing from the contract, it ceased to be party to the contract. The Company's objection has not yet been examined by the Court. Along with the objection, the Company petitioned to stay the enforcement of the payment order. In its decision of February 13th 2014, the Regional Court dismissed the petition. A complaint against that ruling was lodged on March 5th 2014, but it was dismissed by the Warsaw Court of Appeals by virtue of its decision of May 16th 2014. On the basis of the information obtained at the Regional Court of Warsaw on July 23rd 2014 it was determined that Nakano Sp. z o.o. acceded to the proceedings as a purchaser of the debt claim to which TU Euler Hermes was entitled. In an order issued by the Regional Court of Warsaw on July 3rd 2014, Nakano Sp. z o.o. was requested to demonstrate by means of an official document that the disputed debt claim was transferred to it, which is why PBG S.A. had not been officially notified of the change of the party to the proceedings.

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 cases in September 2014.

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

22. 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 2013.

23. DISCONTINUED OPERATIONS

Not applicable.

24. 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:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

RELATED-PARTY TRANSACTIONS IN Jan 1–Jun 30 2014 (unaudited)

Related entities	Receivables	Liabilities	Financial assets	Impairment losses on financial assets	Borrowings	Inventories	Financial liabilities	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	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	-

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

RELATED-PARTY TRANSACTIONS IN Jan 1–Dec 31 2013 (audited)

Related entities	Receivables	Liabilities	Financial assets	Impairment losses on financial assets	Borrowings	Inventories	Financial liabilities	Revenue	Purchases	Finance income	Finance costs
CONSOLIDATED ENTITIES											
PBG Energia Sp. z o.o. w upadłości układowej (in company voluntary arrangement)	-	-	1,000	1,000	-	-	-	76	2,725	-	-
Wschodni Invest Sp. z o.o.	-	-	87,175	87,175	-	-	-	-	-	-	-
Avatia Sp. z o.o.	41	1,025	54	-	-	-	-	55	12	-	-
Brokam Sp. z o.o.	4	-	13,348	820	-	-	-	-	-	-	-
PBG Operator Sp. z o.o.	-	1	5	-	-	-	-	-	6	-	-
PBG Dom Group	111	1,795	406,793	193,044	-	-	-	247	-	-	-
KWG S.A. w upadłości układowej (in company voluntary arrangement)	21	-	1,808	1,808	-	-	-	39	-	-	-
RAFAKO Group	129	160,154	551,223	-	-	-	-	-	-	-	-
PBG Oil and Gas Sp. z o.o.	441	1,067	6	-	-	-	-	1,397	4,633	-	-
BATHINEX Sp. z o.o.	6	-	50,643	23,244	-	-	-	-	-	-	-
Metorex Sp. z o.o.	-	-	2,717	2,717	-	-	-	-	-	-	-
Strateg Capital Sp. z o.o.	-	-	251	251	-	-	-	42	-	-	-
Energomontaż Południe S.A. w upadłości likwidacyjnej (in liquidation bankruptcy)	-	-	161,168	161,168	-	-	-	-	6,270	-	-
Multaros	-	-	11	11	-	-	-	-	-	-	-
Total	753	164,042	1,276,202	471,238	-	-	-	1,856	13,646	-	-
NON-CONSOLIDATED RELATED ENTITIES (EQUITY LINKS)											
GASOIL ENGINEERING A.S.	-	-	6,346	6,346	-	-	-	976	870	-	-
Total	-	-	6,346	6,346	-	-	-	976	870	-	-
NON-CONSOLIDATED RELATED ENTITIES (PERSONAL LINKS)											
Total	10,588	655	25,290	23,476	-	-	-	27	112	-	-

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

RELATED-PARTY TRANSACTIONS IN Jan 1–Jun 30 2013 (unaudited)

Related entities	Receivables	Liabilities	Financial assets	Impairment losses on financial assets	Borrowings	Inventories	Financial liabilities	Revenue	Purchases	Finance income	Finance costs
CONSOLIDATED ENTITIES											
PBG Energia Sp. z o.o. w upadłości układowej (in company voluntary arrangement)	19	7,182	1,000	-	1,549	-	-	86	1,903	-	-
Invest Wschodni Sp. z o.o.	-	-	88,241	88,241	-	-	-	-	3	-	-
Avatia Sp. z o.o.	41	1,387	54	-	-	-	-	69	1,173	-	-
Brokam Sp. z o.o.	1	-	13,322	820	-	-	-	2	-	-	-
PBG Operator Sp. z o.o.	-	4	5	5	-	-	-	-	6	-	-
PBG Dom Group	237	1,789	407,771	156,924	-	-	-	134	9	-	-
KWG S.A. w upadłości układowej (in company voluntary arrangement)	10	-	2,481	2,481	-	-	-	47	-	-	-
RAFAKO Group	5	160,289	551,223	-	-	-	-	170	-	-	-
PBG Oil and Gas Sp. z o.o.	19	1,566	6	-	-	-	-	56	2,011	-	-
BATHINEX Sp. z o.o.	2	-	49,059	21,659	-	-	-	2	-	-	-
Metorex Sp. z o.o.	-	-	10,401	10,717	-	-	-	-	-	-	-
Multaros	-	-	11	11	-	-	-	-	-	-	-
Total	334	172,217	1,123,574	280,858	1,549	-	-	566	5,105	-	-
NON-CONSOLIDATED RELATED ENTITIES (EQUITY LINKS)											
GAS & OIL ENGINEERING A.S.	3,838	4,067	8,571	8,571	-	-	-	-	340	-	-
Total	3,838	4,067	8,571	8,571	-	-	-	-	340	-	-
NON-CONSOLIDATED RELATED ENTITIES (PERSONAL LINKS)											
Total	10,588	655	25,290	23,476	-	-	-	27	112	-	-

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

25. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

REMUNERATION OF MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS FOR HOLDING OFFICE IN THE COMPANY FROM JANUARY 1ST TO JUNE 30TH 2014

Item	Base pay	Other benefits	Total
Remuneration of the Management Board members			
Jerzy Wiśniewski	140	-	140
Paweł Mortas	180	-	180
Tomasz Tomczak	158	-	158
Mariusz Łożyński	180	-	180
Kinga Banaszak-Filipiak	192	-	192
Bożena Ciosk	150	-	150
Total	1,000	-	1,000
Remuneration of the Supervisory Board members			
Jerzy Wiśniewski	38	-	38
Maciej Bednarkiewicz	52	-	52
Małgorzata Wiśniewska	37	-	37
Przemysław Szkudlarczyk	18	-	18
Dariusz Samowski	18	-	18
Andrzej Stefan Gradowski	22	-	22
Norbert Słowik	18	-	18
Total	203	-	203

REMUNERATION OF MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS FOR HOLDING OFFICE IN THE COMPANY FROM JANUARY 1ST TO JUNE 30TH 2013

Item	Base pay	Other benefits	Total
Remuneration of the Management Board members			
Paweł Mortas	180	-	180
Tomasz Tomczak	210	-	210
Mariusz Łożyński	177	-	177
Kinga Banaszak – Filipiak	82	73*	155
Bożena Ciosk	111	-	111
Total	760	73	833
Remuneration of the Supervisory Board members			
Jerzy Wiśniewski	60	5	65
Maciej Bednarkiewicz	48	-	48
Małgorzata Wiśniewska	30	1	31
Przemysław Szkudlarczyk	18	-	18
Dariusz Samowski	18	-	18
Andrzej Gradowski	3	-	3
Norbert Słowik	3	-	3
Total	180	6	186

*SOCIAL SECURITY INSTITUTION (ZUS)

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

26. EVENTS SUBSEQUENT TO THE REPORTING DATE REQUIRING DISCLOSURE

No events occurred after June 30th 2014 that would be required to be accounted for or disclosed in these interim condensed financial statements.

27. NOTES TO SELECTED ITEMS OF THE INCOME STATEMENT

OTHER INCOME

Item	for the period Jan 1–Jun 30 2014 (unaudited)	for the period Jan 1–Dec 31 2013 (audited)	for the period Jan 1–Jun 30 2013 (unaudited)
Gain on disposal of non-financial non-current assets	41	1,440	163
Reversals of impairment losses and write-downs on assets, including:			
- receivables	49	10,625	1,672
- inventories	48	1,588	500
- loans advanced	-	2,148	-
- other assets	-	-	290
Interest related to operating activities, including interest on:			
- on loans advanced	146	309	5,844
- other interest	35	576	315
Reversals of unused provisions	1,828	4,845	183
Compensation and penalties received	13	270	243
Grants received	231	3,176	233
Lease income	915	1,469	618
Gain on disposal of equity instruments	74	1,139	2,062
Fair value and disposal gains on financial instruments at fair value through profit or loss:	-	-	5,744
Exchange differences on operating activities	-	-	5,153
Discount (long-term settlements)	3,236	-	-
Other income, including:			
- court fees refunded	317	22	-
- reversal of provision for potential liabilities under sureties and guarantees	-	335,445	90,000
- other income	757	1,992	2,824
Total other income	7,690	365,044	115,844

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

OTHER EXPENSES

Item	for the period Jan 1–Jun 30 2014 (unaudited)	for the period Jan 1–Dec 31 2013 (audited)	for the period Jan 1–Jun 30 2013 (unaudited)
Change in fair value of investment property	-	11,870	4,558
Impairment loss on assets, including:			
- property, plant and equipment and intangible assets	-	3,958	4,493
- receivables	1,285	8,216	10,019
- loans advanced	22,955	16,570	1,056
- other assets	-	1,500	-
Interest related to operating activities, including interest on:			
- trade payables and other liabilities	3	1,898	1,756
Recognition of provisions for penalties and compensation	-	-	500
Compensation and penalties paid	13	617	88
Exchange differences on operating activities	26,138	6,949	2,431
Gain (loss) on derivative instruments related to operating activities	396	302	-
Discount (long-term settlements)	-	351	742
Other expenses, including:			
- cost of court proceedings	-	1,624	(633)
- other expenses	2,324	1,931	-
Total other operating expenses	53,114	55,786	25,010

FINANCE INCOME

Item	for the period Jan 1–Jun 30 2014 (unaudited)	for the period Jan 1–Dec 31 2013 (audited)	for the period Jan 1–Jun 30 2013 (unaudited)
<i>Interest income for financial assets not at fair value through profit or loss:</i>			
Cash and cash equivalents (deposits)	621	1,039	639
Loans and receivables	1	5	-
Other interest	-	-	3
Total interest income for financial assets not at fair value through profit or loss	622	1,044	642
<i>Gain (loss) (+/-) from exchange differences on:</i>			
Cash and cash equivalents	336	2,106	2,148
Total gain (loss) (+/-) from exchange differences	336	2,106	2,148
Other finance income	6	2,939	35
Total finance income	964	6,089	2,825

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

FINANCE COSTS

Item	for the period Jan 1–Jun 30 2014 (unaudited)	for the period Jan 1–Dec 31 2013 (audited)	for the period Jan 1–Jun 30 2013 (unaudited)
<i>Interest expenses for financial liabilities not at fair value through profit or loss:</i>			
Finance lease liabilities	-	263	124
Bank borrowings	547	1,102	631
Bank overdrafts	-	291	144
Trade and other payables	19	66	-
Total interest expenses for financial liabilities not at fair value through profit or loss	566	1,722	899
<i>Fair value and disposal losses on financial instruments at fair value through profit or loss:</i>			
Investment fund certificates	-	-	59
Total fair value and disposal losses on financial instruments at fair value through profit or loss	-	-	59
<i>Gain (loss) (-/+) from exchange differences on:</i>			
Cash and cash equivalents	-	286	-
Gain (loss) (-/+) from exchange differences	-	286	-
Losses on available-for-sale financial assets recycled from equity			
Impairment loss on loans (financial portion)	-	11	11
Impairment losses on held-to-maturity investments	-	84,983	76,000
Impairment losses on available-for-sale financial assets	-	12,097	13,096
Other finance costs	-	485	54
Total finance costs	566	99,584	90,119

28. OTHER MATERIAL CHANGES

EFFECT OF FOREIGN EXCHANGE AND INTEREST RATE HEDGES ON THE COMPANY'S PERFORMANCE

In the reporting period, the Company hedged its future currency exposures with standard forward contracts. The hedging transactions were concluded as part of the pursued hedging policy, in order to secure the volume of future cash flows related to cost of sales. The hedges covered mainly EUR- and USD-denominated contracts with suppliers.

In H1 2014, the net result on currency derivative instruments was as follows:

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

Effect of derivative instruments related to currency risk		
Item	Jun 30 2014	Jun 30 2013
	PLN '000	PLN '000
Revenue	-	-
Other income	30	5,744
Finance income	-	-
Total income	30	5,744
Operating expenses	-	-
Other expenses	426	-
Finance costs	-	-
Total expenses	426	-
Effect on profit (loss)	(396)	5,744

As at June 30th 2014, the notional amount of currency derivative instruments at the Company was as follows:

Notional amount of held-for-trading hedges		
Item	Jun 30 2014	Jun 30 2013
	'000	'000
Hedge for EUR purchase transactions	4,950	26,554
Hedge for USD purchase transactions	1,485	2,970

As at June 30th 2014, the fair value of open derivative positions was negative at PLN -185 thousand and comprised the fair value of held-for-trading hedges. The fair value of open derivative positions changes depending on the market conditions and the final outcome of those transactions may significantly differ from the values presented above.

29. 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:

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 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**;

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 2013 were translated at the average EUR

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

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. 4.2140 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 2013 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. **4.2110 PLN/EUR**.

d) total assets, liabilities and provisions for liabilities, long-term liabilities, short-term liabilities, equity and share capital as at June 30th 2014 were translated at the EUR mid rate effective for that date – the exchange rate of June 29th 2014, i.e. **4.1609 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 30th 2013 of **4.3292 PLN/EUR**.

f) total assets, liabilities and provisions for liabilities, long-term liabilities, short-term liabilities, equity and share capital as at December 31st 2013 were translated at the EUR mid rate effective for that date – the exchange rate of December 30th 2013, i.e. **4.1472 PLN/EUR**.

Item	As at Jun 30 2014 (unaudited)	As at Dec 31 2013 (audited)	As at Jun 30 2013 (unaudited)
Exchange rate effective for the last day of the period	4.1609	4.1472	4.3292
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	4.1784	4.2110	4.2140
Highest exchange rate during the period	4.2375 of Feb 3 2014	4.3432 of Jun 24 2013	4.3432 of Jun 24 2013
Lowest exchange rate during the period	4.0998 of Jun 9 2014	4.0671 of Jan 2 2013	4.0671 of Jan 2 2013

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

Name:	PBG S.A. w upadłości układowej (in company voluntary arrangement)		
Period covered by the financial statements:	Jan 1–Jun 30 2014	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN thousand (unless otherwise indicated)		

Item	for the period	for the period	for the period	for the period	for the period	for the period
	Jan 1–Jun 30 2014	Jan 1–Dec 31 2013	Jan 1–Jun 30 2013	Jan 1–Jun 30 2014	Jan 1–Dec 31 2013	Jan 1–Jun 30 2013
	PLN	PLN	PLN	EUR	EUR	EUR
Income statement						
Revenue	122,885	336,128	215,018	29,410	79,821	51,025
Operating profit (loss)	(70,062)	222,153	89,552	(16,768)	52,755	21,251
Profit (loss) before tax	(69,664)	128,658	2,258	(16,672)	30,553	536
Net profit (loss) from continuing operations	(69,664)	128,658	2,258	(16,672)	30,553	536
Net profit (loss)	(69,664)	128,658	2,258	(16,672)	30,553	536
Basic earnings per share (PLN/EUR)	(4.87)	9.00	0.16	(1.17)	2.14	0.04
Diluted earnings per share (PLN/EUR)	(4.87)	9.00	0.16	(1.17)	2.14	0.04
Average PLN/EUR exchange rate				4.1784	4.2110	4.2140
Statement of cash flows						
Net cash provided by (used in) operating activities	(47,312)	(13,526)	(50,507)	(11,323)	(3,212)	(11,986)
Net cash provided by (used in) investing activities	9,250	32,505	7,849	2,214	7,719	1,863
Net cash provided by (used in) financing activities	(22,392)	(14,403)	(795)	(5,359)	(3,420)	(189)
Net change in cash and cash equivalents	(60,454)	4,576	(43,453)	(14,468)	1,087	(10,312)
Average PLN/EUR exchange rate				4.1784	4.2110	4.2140

Item	As at	As at	As at	As at	As at	As at
	Jun 30 2014	Dec 31 2013	Jun 30 2013	Jun 30 2014	Dec 31 2013	Jun 30 2013
	PLN	PLN	PLN	EUR	EUR	EUR
Statement of financial position						
Assets	1,175,018	1,302,774	1,347,476	282,395	314,133	311,253
Non-current liabilities	458,919	460,620	710,312	110,293	111,068	164,075
Current liabilities	1,713,936	1,770,327	1,691,737	411,915	426,873	390,774
Equity	(997,837)	(928,173)	(1,054,573)	(239,813)	(223,807)	(243,595)
Share capital	14,295	14,295	14,295	3,436	3,447	3,302
Number of shares	14,295	14,295	14,295	14,295	14,295	14,295
Weighted average number of ordinary	14,295	14,295	14,295	14,295	14,295	14,295
Diluted weighted average number of ordinary shares	14,295	14,295	14,295	14,295	14,295	14,295
Book value per share (PLN/EUR)	(69.80)	(64.93)	(73.77)	(16.78)	(15.66)	(17.04)
Dividend per share declared or paid (PLN/EUR)	-	-	-	-	-	-
PLN/EUR exchange rate at the end of the period				4.1609	4.1472	4.3292

Name:	<i>PBG S.A. w upadłości układowej (in company voluntary arrangement)</i>		
Period covered by the financial statements:	<i>Jan 1–Jun 30 2014</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN thousand (unless otherwise indicated)</i>		

30. APPROVAL FOR ISSUE

These interim condensed financial statements for the six months ended June 30th 2014 (including the comparative information) have been approved for issue by the Company's Management Board on September 1st 2014.

Signatures of all Management Board members

Date	Full name	Position	Signature
September 1st 2014	Jerzy Wiśniewski	President of the Management Board	
September 1st 2014	Paweł Mortas	Vice-President of the Management Board	
September 1st 2014	Kinga Banaszak-Filipiak	Vice-President of the Management Board	
September 1st 2014	Mariusz Łożyński	Vice-President of the Management Board	
September 1st 2014	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
September 1st 2014	Małgorzata Jankowska	Chief Accountant	