

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008



**REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS
OF PBG CAPITAL GROUP**

for the period from 1st January to 31st December of 2008

Table of content

I. GENERAL INFORMATION ABOUT THE COMPANIES FROM PBG CAPITAL GROUP (AS AT 31ST DECEMBER OF 2008)	4
1. PBG Capital Group Structure as at 31st December of 2008	4
2. The description entities under consolidation within the Capital Group PBG	7
II. CHANGES IN THE OWNERSHIP STRUCTURE OF PBG CAPITAL GROUP IN 2008	19
1. Changes in the Company's shareholding	19
2. The state of shares ownership in the Company or entitlements thereto (options) by the managing persons and the persons supervising PBG S.A	23
3. Assimilation of the shares	23
4. PBG S.A. share price since the company's debut on the Warsaw Stock Exchange	24
III. DECLARATION ON APPLICATION OF THE CORPORATE GOVERNANCE RULES BY THE COMPANY PBG S.A	25
IV. TOTAL NUMBER OF SHARES IN ASSOCIATED ENTITIES	37
V. BRANCH OFFICES	40
VI. THE BASIC SCOPE OF SERVICES	40
VII. CHANGES IN THE AREA OF SALES MARKETS	45
VIII. INFORMATION ON MATERIAL AGREEMENTS	50
IX. CHANGES IN THE ORGANIZATIONAL RELATIONS	55
X. BUY-BACK OF TREASURY SHARES	60
XI. TRANSACTIONS WITH RELATED PARTIES	61
XII. INFORMATION ON CREDITS CONTRACTED AND LOANS AGREEMENTS	62
XIII. LOANS GRANTED	62
XIV. ALLOCATION OF PROCEEDS FROM THE 3RD ISSUE OF F SERIES SHARES	62
1. Objectives of the 3rd issue of shares	62
2. The appropriation of the proceeds from the 3rd issue of shares	63
XV. EXPLANATION ON DISCREPANCIES BETWEEN THE ACTUAL FINANCIAL RESULTS AND THE FORECASTED ONES	65
XVI. THE EVALUATION OF FINANCIAL ASSETS MANAGEMENT	65
XVII. FINANCIAL INSTRUMENTS USED BY THE CAPITAL GROUP	67
XVIII. MAJOR MATERIAL AND CAPITAL INVESTMENTS AND THE EVALUATION OF THE FEASIBILITY OF INSURANCE PLANS	69
1. Major material and capital investments of PBG Capital Group	69
2. The evaluation of feasibility of investment plans	70
XIX. THE EVALUATION OF UNUSUAL EVENTS AND FACTORS	70

XX. THE DESCRIPTION OF RISKS AND THREATS. FACTORS WHICH INFLUENCE THE DEVELOPMENT OF THE CAPITAL GROUP OF THE COMPANY PBG S.A.	74
XXI. THE STRATEGY OF PBG S.A. AND PBG CAPITAL GROUP	80
XXII. MAJOR ACHIEVEMENTS IN RESEARCH AND DEVELOPMENT	86
XXIII. CURRENT AND FORECASTED FINANCIAL SITUATION	86
XXIV. IMPORTANT OFF-BALANCE SHEET ITEMS BY CONTRACTING PARTY, SUBJECT AND VALUE	103
XXV. CHANGES IN THE COMPANY BASIC MANAGEMENT	103
XXVI. VALUE OF REMUNERATION, AWARDS AND REWARDS PAID TO THE MANAGEMENT AND SUPERVISORS	103
XXVII. INFORMATION ON CONTRACTS WHICH MIGHT INFLUENCE THE FUTURE CHANGE OF SHARE OWNERSHIP	106
XXVIII. INFORMATION ON THE AUDITOR OF THE REPORT	106
1. Date of the agreement	106
2. Total remuneration	107
3. Remaining agreement value	107
XXIX. AGREEMENTS MADE BETWEEN THE COMPANY AND MANAGEMENT STIPULATING COMPENSATIONS IN CASE LATTER'S RESIGNATION OR DISMISSAL	107
XXX. INFORMATION ON THE EMPLOYEE PROGRAM CONTROL SYSTEM	107
XXXI. INDICATION OF THE PROCEEDINGS PENDING BEFORE THE COURT, THE AUTHORITY HAVING JURISDICTION FOR THE ARBITRAGE PROCEEDINGS OR PUBLIC ADMINISTRATION AUTHORITY	107
XXXII. RESTRICTIONS ON THE TRANSFER OF OWNERSHIP RIGHT TO SECURITIES OF PBG S.A. AND LIMITATIONS AS TO EXERCISING THE VOTING RIGHTS UNDER SHARES OF THE COMPANY	107
XXXIII. ADDRESS OF THE COMPANY PBG S.A.	108

I. GENERAL INFORMATION ABOUT THE COMPANIES FROM PBG CAPITAL GROUP (AS AT 31ST DECEMBER OF 2008)

1. PBG Capital Group Structure as at 31st December 2008

The list of entities which belonged to PBG Capital Group between 1st January and 31st December 2008 together with the information on consolidation method are presented below:

The holding company of PBG Capital Group:

PBG S.A.

Direct subsidiaries:

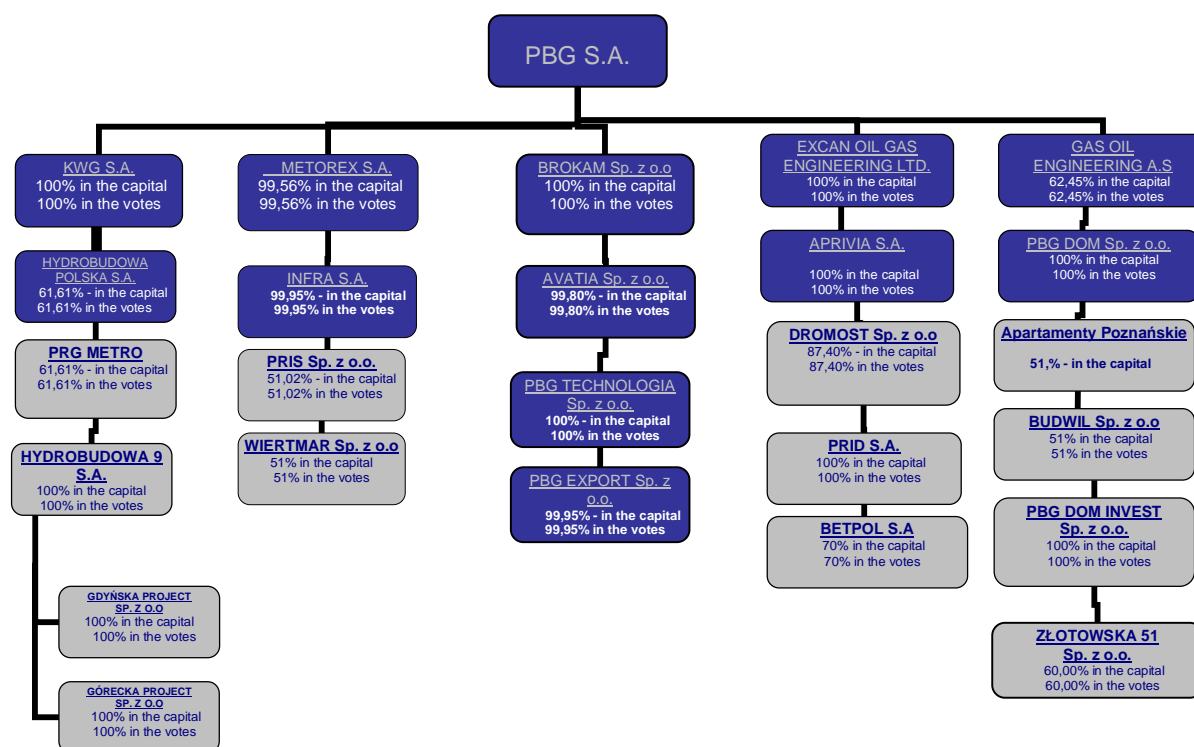
- Metorex Sp. z o.o. the company under full consolidation method since 1st January of 2005;
- Infra S.A.- the company under full consolidation method since 1st June of 2005;
- Hydrobudowa Polska S.A. the company under full consolidation method since 1st August of 2005;
- KWG S.A. the company under full consolidation method since 1st July of 2006;
- PBG Dom Sp. z o.o. the company under full consolidation method since 1st April 2007;
- Gas & Oil Engineering s r.o. the company under full consolidation method since 1st April of 2007;
- Excan Oil and Gas Engineering Ltd. the company under full consolidation method since 1st April of 2007.
- Bathinex Sp. z o.o. - the company under full consolidation method since 1st June of 2007
- Brokam Sp. z o.o. - the company under full consolidation method since 1st September of 2007
- Avatia S.A. – the company under full consolidation method since 1st March of 2008.
- Aprivia S.A. – the company under full consolidation method since 7th April of 2008.

Indirect subsidiaries:

- Hydrobudowa 9 S.A. – the company under full consolidation method since 1st October of 2008 with the company Hydrobudowa Polska;
- Dromost Sp. z o.o. – the company under full consolidation method since 9th October of 2008 with the company Aprivia S.A.;

- Przedsiębiorstwo Robót Inżynieryjno-Drogowych S.A. [*the Enterprise of Engineering and Road Works*] – the company under full consolidation method since 9th October of 2008 with the company Aprivia S.A.
- PRIS Sp. z o.o. - the company under full consolidation method since 1st September 2007 together with the company Infra S.A.
- Betpol S.A. – the company under full consolidation method since 9th October of 2008 with the company Aprivia S.A.
- Wiertmar Sp. z o.o. – the company under full consolidation method since 1st June of 2008 with the company Infra S.A.
- Apartamenty Poznańskie Sp. z o.o. the company under full consolidation method since 1st June 2007 with the company PBG S.A. since 1st July of 2008 under full consolidation method with the company PBG Dom Sp. z o. o.;
- Hydrobudowa Polska Konstrukcje Sp. z o.o. – the company under full consolidation method since 30th May of 2008 with the company Hydrobudowa Polska S.A.;
- Budwil Sp. z o.o. – the company under full consolidation method since 1st April of 2008 with the company PBG Dom Sp. z o.o.;
- Gdyńska Projekt Sp. z o.o. – the company under full consolidation method since 2nd April of 2008 with the company Hydrobudowa 9 S.A.
- Górecka Projekt Sp. z o.o. – the company under full consolidation method since 18th September of 2008 with the company Hydrobudowa 9 S.A.
- PRG METRO Sp. z o.o. – the company under consolidation method since 1st September of 2008 with the company Hydrobudowa Polska S.A.
- PBG DOM INVEST Sp. z o.o. (DAWIL) - the company under full consolidation method since 1st September of 2008 with the company PBG DOM Sp. z o.o.

As at the 31st day of December of 2008 the share of the holding company in the capital and in the total voting power of subsidiaries under consolidation was the following:



The subsidiaries of PBG S.A



Indirect subsidiaries of PBG S.A.

The company has acquired two new entities by the day on which the report was submitted, including one indirect subsidiary and one direct subsidiary of PBG S.A. which is the holding company of the Group.

The new companies in PBG Group are as follows:

KM Investment Sp. z o.o. (Złotowska street 51 Sp. z o.o.)

Building of apartments for sale and lease shall be the subject of activity of the company KM Investment. Investment in the company KM Investment Sp. z o.o. is aimed at common completion of the development project.

PBG Export Sp. z o.o.

The company PBG Export Sp. z o.o. was established for the purpose of acquisition of the orders in the domestic country and abroad, as well as supervision over execution of those orders.

By the day of the submission of the report the share in the holding company in the shareholders' equity and in the total voting power of subsidiaries was as follows:

2. The description entities under consolidation within the Capital Group:

The holding company of PBG Capital Group

PBG S.A.

Address: Skórzewska street 35, 62-081 Przeźmierowo, Wysogotowo n/Poznań

Contact: Phone no.: (0-61) 665 17 00,

Fax no.: (0-61) 665 17 01,

Internet site: www.pbg-sa.pl

e-mail: polska@pbg-sa.pl

Central Statistical Office classification: 4521 C- General construction works in the area of linear facilities, gas and crude oil pipelines, waterworks and heating lines, electromagnetic lines, electric traction lines as well as transmission lines.

REGON (National Official Register of Economic Entities Number): 631048917

NIP (Tax Identification Number): 777-21-94-746

Direct subsidiaries:

METOREX Sp. z o.o.

Share ownership structure:

99.56 % PBG S.A.

0.44 % natural persons

Address: ul. Żwirki i Wigury 17A, 87-100 Toruń

Phone no.: (0-56) 65-96-647

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

Fax no.: (0-56) 65-96-647

Web site: none

e-mail address: metorex@post.pl

Central Statistical Office classification:

4521C C- General construction works in the area of linear facilities: pipelines, power lines, electric traction lines as well as telecommunication and transmission lines.

4521- general construction and civil engineering works

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 870516709

NIP (Tax Identification Number): 879-016-81-22

INFRA S.A.

Share ownership structure

99.95 % PBG S.A.

0.05 % natural persons

Address: ul. Skórzewska 35, 61-082 Przeźmierowo, Wysogotowo n/Poznań,

Phone: (0-61) 662 25 70

Fax: (0-61) 662 25 72

Web site: www.infra-sa.pl

e-mail: biuro@infra-sa.pl

Central Statistical Office classification:

43227 – execution of waterworks and sewerage systems, heating installations, gas fittings and air conditioning

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 016342538

NIP (TAX IDENTIFICATION NUMBER): 524-23-68-479

Branch: Warsaw, Mehofferera 86, 03-118

HYDROBUDOWA POLSKA S.A.

Share ownership structure:

61,61% PBG S.A.

8,21% ING TFI S.A.

5,34% BZ WBK AIB AM S.A.

5,01 % ING OFE

19,84% other shareholders

On 7 January of 2008 following the ruling of the District Court the business name of the Company was changed from HYDROBUDOWA Włocławek SA into HYDROBUDOWA POLSKA SA. This ruling officially terminates the process of organizational changes in the Company related to its merger with „Hydrobudowa Śląsk” S.A.

Registered seat: Skórzewska street 35, 62-081 Przeźmierowo, Wysogotowo n/Poznań
Phone no.: (0-61) 664 19 50
Fax no.: (0-61) 664 19 51
Web site: www.hbp-sa.pl
e-mail address: polska@hbp-sa.pl

Central Statistical Office classification: 4524B – activity within the scope of construction of other hydro-engineering structures

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 910097080

NIP (TAX IDENTIFICATION NUMBER): 888-020-59-44

Branch offices: Branch office in Włocławek, ul. Płocka 164, 87-800 Włocławek

Branch Office in Mikołów, ul. Żwirki i Wigury 58, 43-190 Śląsk

KWG S.A.

Share ownership structure:

100% PBG S.A.

Address: ul. Wojska Polskiego 129 , 70-490 Szczecin

Phone no.: (0-91) 432-11-30 Fax no.: (0-91) 469-24-24

Web site: none

e-mail address: biuro@kbgaz.com.pl

Central Statistical Office classification:

4221Z- works connected with construction of transmission pipelines and distribution networks

4222Z – works connected with construction of telecommunication lines and electric traction lines

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 852-22-75-208

NIP (TAX IDENTIFICATION NUMBER): 852-22-75-208

PBG DOM Sp. z o.o.

Share ownership structure:

100% PBG S.A.

Address: ul. Skórzewska 35, 62-081, Wysogotowo n/Poznań, Przeźmierowo

Phone no.: (0-61) 66 41 986

Fax no.: (0-61) 66 41 960

Web site: www.pbgdom.pl

e-mail address: biuro@pbgdom.pl

Central Statistical Office classification:

45 2- building of complete constructions or parts thereof; civil and water engineering;

45 3- construction of building installation;

45 4- execution of building completion works;

70 1- real estate service at own account;

70 20Z - rental of property at own account;

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER):

300530390

NIP (TAX IDENTIFICATION NUMBER): 777-29-66-522.

Gas & Oil Engineering sr.o.

Share ownership structure:

62.45 PBG S.A.

37.55% natural person

Address: ul. Karpatská 3256/15, Poprad 058 01, Slovakia

Phone no.: +421 52 7144 111

Fax no.: +421 52 7144 140

Web site: www.gasoil.sk

e-mail address: gasoil@gasoil.sk

The company operates in the following areas:

1. civil construction and modification of civil constructions, their adaptation and maintenance.
2. engineering construction and modification of engineering constructions, their adaptation Maintenance.
3. activity of construction supervision authorities; civil engineering, hydro-technical construction – pipelines.
4. activity of construction supervision authorities, technological construction equipment such as -the equipment for the production and distribution of technical gases (gas and oil networks – pipelines distribution networks)
5. purchase and sale of *know-how* in the area of free entrepreneurship
6. professional construction activities in the area of: structural analysis- civil construction, authorizations for building constructions, engineering design-bridges, authorizations for engineering constructions, comprehensive industrial, technical, technological and power constructions, construction authorizations related to: electro-technical equipment, gas equipment, technological equipment used in production, sanitary equipment and sanitary systems, heating and air-conditioning equipment, thermal equipment, construction analysis.

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 36 471 224

NIP (TAX IDENTIFICATION NUMBER): SK2020019397

EXCAN OIL GAS ENGINEERING Ltd.

Share ownership structure:

100% PBG S.A.

Address: 9637-45 Avenue, Edmonton Alberta T5J 3V5, Canada

Phone no.: + 1 780 701 7501

Fax no.: + 1 780 430 1133

Web site: www.excan.ca

e-mail address: b.krasicki@excan.ca

The company operates in the following areas:

1. export of technologies and acquisition of new orders in the area of natural gas and crude oil.

Corporate Access Number: 2013131863

BROKAM Sp. z o.o.

Share ownership structure:

100% PBG S.A.

Address: ul. Skórzewska 35, 62-081 Przeźmierowo14, Wysogotowo n/Poznań

Phone no.: (0) 691 470 133

Fax no.: (0-61) 66 41 981

Web site: none

e-mail address: pawel.dolinski@pbg-sa.pl

Central Statistical Office classification: 1411Z - Quarrying of ornamental and building stone for construction industry

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 30067892

NIP (TAX IDENTIFICATION NUMBER): 777-30-21-309

AVATIA Sp. z o.o.

Share ownership structure:

99,8% PBG S.A .

0,2% natural persons

Address: Skórzewska street 35, 62-081 Przeźmierowo, Wysogotowo n/Poznania

Phone: (0-61) 66 46 440

Fax: (0-61) 66 46 441

Internet web site: www.avatia.pl

e-mail: biuro@avatia.pl

Central Statistical Office classification: 6202Z – activity connected with consultancy within the scope of informatics

REGON: 300775832

NIP: 777-30-38-072

APRIVIA S.A.

Share ownership structure:

100% PBG S.A.

Address: ul. Skórzewska 35, 62- 081 Przeźmierowo, Wysogotowo n/Poznań

Phone: (0-61) 66 46 426

Fax: (0-61) 66 46 427

Internet web site: www.aprivia-sa.pl

e-mail: piotr.kwiatek@aprivia-sa.pl

Share ownership structure: 4211Z the works connected with construction of roads and motorways

REGON: 300804522

NIP: 777-30-43-593

Indirect subsidiaries:

HYDROBUDOWA 9 S.A.

Share ownership structure:

100% Hydrobudowa Polska

Address: ul. Skórzewska 35, 62-081 Przeźmierowo, Wysogotowo n/ Poznań

Phone: (0-61) 846 97 00

Fax: (0-61) 847 56 23

Internet web site: www.hb9.pl

e-mail: sekretariat@hb9.pl

Central Statistical Office classification: 45 21F – execution of general construction works within the scope of engineering facilities which are not classified elsewhere.

REGON: 630006130

NIP: 781-00-90-083

Until the end of September of 2008 the company Hydrobudowa 9 S.A. was a direct subsidiary of the holding company in the Group – the company PBG S.A. Presently the Company is a direct subsidiary of Hydrobudowa Polska S.A. in 100%.

Dromost Sp. z o.o.

Share ownership structure

87.40% APRIVIA S.A.

12.60 % natural persons

Address: Żabno 2A, 63-112 Brodnica

Phone no.: (0-61) 28 23 607

Fax no.: (0-61) 28 23 639

Web site: www.dromost.com

e-mail address: polska@dromost.com

Central Statistical Office classification:

4521B- engineering works, installations and general construction works;

4523A- production and sales related to specialist road works and bridge works;

2682Z- production of mineral and bituminous mixes;

2663Z- production of concrete, prefabricated units and construction materials

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 631190160

NIP (TAX IDENTIFICATION NUMBER): 785-16-18-643

Przedsiębiorstwo Robót Inżynieryjno-Drogowych S.A. (PRID S.A)

Share ownership structure

100% APRIVIA S.A.

Address: ul. Poznańska 42, 64-300 Nowy Tomyśl

Phone no.: (0-61) 4422310

Fax no.: (0-61) 4422208

Web site: www.prid.pl

e-mail address: sekretariat@prid.pl

Central Statistical Office classification: 4523 construction of motorways and roads

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 631172333

NIP (TAX IDENTIFICATION NUMBER): 788-17-31-143

PRIS Sp. z o.o.

Share ownership structure:

51.02% INFRA SA

48.98% INVEST ECOPAP Sp. z o.o.

Address: ul. Popielskiego 14, 52-019 Wrocław

Phone no.: (0-71) 78 99 147

Fax no.: (0-71) 78 99 148

Web site: www.pris.pl

e-mail address: biuro@pris.pl

Central Statistical Office classification: 2523Z – production of goods made of plastic for construction industry

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 931116532

NIP (TAX IDENTIFICATION NUMBER): 899-21-19-368

BETPOL S.A.

Share ownership structure:

70% APRIVIA S.A.

30% osoby fizyczne

Address: ul. Fordońska 168A, 85-766 Bydgoszcz

Phone: (0-52) 343 59 08

Fax: (0-52) 344 47 15

Internet web site: www.betpol.com.pl

e-mail: sekretariat@betpol.com.pl

Central Statistical Office classification: 4211Z – works connected with construction of roads and motorways

REGON: 091299287

NIP: 554-03-84-946

WIERTMAR Sp. z o.o.

Share ownership structure:

51,00% Infra S.A.

49 % natural persons

Address: ul. Kopanka 13/15, 92-701 Nowosolna n. Łódź

Management Board Office: ul. Kopanka 13/15, 92-701 Nowosolna n. Łódź

Phone: (0-42) 648 40 62

Fax: (0-42) 671 45 48

Web site: www.wiertmar.pl

e-mail: wiertmar@wiertmar.pl

Central Statistical Office classification: 4521 A – execution of general construction works connected with buildings construction

REGON: 470361834

NIP: 728-00-25-558

Apartamenty Poznańskie Sp. z o.o.

Share ownership structure:

51% PBG Dom Sp. z o.o.

49% natural person

Address: ul. Skórzewska 35, 62-081 Przeźmierowo, Wysogotowo n/ Poznań

Central Statistical Office classification: Residential construction industry

REGON (NATIONAL OFFICIAL REGISTER OF ECONOMIC ENTITIES NUMBER): 300453554

NIP (TAX IDENTIFICATION NUMBER): 783-16-22-860

HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o. (presently PBG Technologie Sp. z o.o)

Share ownership structure:

On the 16th day of May of 2008 Hydrobudowa Polska S.A. established a subsidiary company Hydrobudowa Polska Konstrukcje Sp. z o.o. with its registered office in Mikołów. On the 30th day of May

of 2008 the District Court Katowice – East in Katowice the 8th Commercial Division of the National Court Register registered the company Hydrobudowa Polska Konstrukcje Sp. z o.o.

Registered seat: ul. Żwirki i Wigury 58, 43-190 Mikołów

Phone: (0-32) 779 10 00

Fax: (0-32) 779 10 23

E-mail: sekretariat@hbpk.pl

Central Statistical Office classification: 2811B – Production of metal constructions, excluding service activity

REGON: 240917617

NIP: 635-17-82-451

In April of 2009, 100% of shares in the company Hydrobudowa Polska Konstrukcje Sp. z o.o. were sold to the holding company in the Group – the company PBG S.A. Simultaneously the company's business name was changed into PBG Technologie Sp. z o.o.

Budwil Sp. z o.o.

Share ownership structure:

51% PBG Dom Sp. z o.o.

49% DM DEVELOPER Sp. z o.o.

Address: ul. Mazowiecka 42, 60-623 Poznań

Central Statistical Office classification: 7011Z – Development and sale of real estates at own account

7012Z - Purchase and sale of real estates at own account

REGON: 300667568

NIP: 781-18-10-110

GDYŃSKA PROJEKT Sp. z o.o.

Share ownership structure:

Address: ul. Skórzewska 35, 62-081 Przeźmierowo, Wysogotowo n/ Poznań

Central Statistical Office classification: 6810Z – purchase and sale of real estates at own account

REGON: 300820811

NIP: 781-18-19-878

GÓRECKA PROJEKT Sp. z o.o.

Share ownership structure:

100% Hydrobudowa 9 S.A.

Address: ul. Skórzewska 35, 62-081 Przeźmierowo, Wysogotowo n/ Poznań

Central Statistical Office classification: 4110Z – execution of construction projects connected with buildings construction

REGON: 300930327

NIP: 781-18-26-832

PRG METRO Sp. z o.o.

Share ownership structure:

86,46% Hydrobudowa Polska S.A.

13,54% other shareholders

Address: ul. Wolczyńska 163, 01-919 Warsaw

Phone: (0-22) 864 57 50

Fax: (0-22) 864 57 52

Web site: www.prgmetro.pl

e-mail: info@prgmetro.pl

Central Statistical Office classification: 4212Z – works connected with construction of track routes and underground rail

7732Z – lease and tenancy of construction machines and equipment

REGON: 010872560

NIP: 526-10-19-550

PBG DOM INVEST I Sp. z o.o. (dawniej Dawil Sp. z o.o.)

Share ownership structure:

100% PBG DOM Sp.z.o.o.

Address: ul. Skórzewska 35, 62-081 Przeźmierowo, Wysogotowo n/ Poznań

Central Statistical Office classification: 4110Z – completion of construction projects connected with buildings construction

REGON: 300884700

NIP: 781-18-23-265

II. CHANGES IN THE OWNERSHIP STRUCTURE OF PBG CAPITAL GROUP IN 2008

1. Changes in the Company's shareholding

In the period included in the statement and upon the lapse of balance sheet date the following material changes were introduced in the shareholding of the company PBG S.A.

Notifications from BZ WBK AIB Investment Funds Company S.A. on the decrease below the threshold of 5% and exceeding the threshold of 5% of the total number of votes.

On April 11th of 2008 the Management Board of PBG S.A. obtained notification from BZ WBK AIB Investment Fund Company S.A. with its registered seat in Poznań, acting on behalf of Arka BZ WBK Equity Open-End Investment Fund, Arka BZ WBK Open-End Stable Growth Investment Fund, Arka BZ WBK Balanced Open-End Investment Fund referring to change of the state of shares ownership of PBG S.A. as the result of sale of shares settled on 8th April of 2008.

Prior to sale of shares the Funds held 896 593 of shares of the company PBG S.A., which constituted 6,6760% of the share capital of PBG S.A. and 5,0005% of share in total number of votes on the General Shareholders Meeting of the Company. On the day of shares sale that is on 8th April of 2008, the Funds possessed 882 348 of shares of the company PBG S.A. constituting 6,57% of share capital of the Company granting right to 4,92% of the total number of votes on the General Shareholders Meeting.

On July 31st of 2008 the Management Board of PBG S.A. obtained notification from BZ WBK AIB Investment Fund Company S.A. conducting activity on behalf of Arka BZ WBK of Equity Open-End Investment Fund, Arka BZ WBK Balanced Open Investment Fund and Lukas Open-End Investment Fund on acquisition of the shares of PBG S.A, as the result of which the Funds became holders of shares providing more than 5% of the total number of votes on the General Shareholders Meeting of the Company. Prior to increase of the shares number - 883 265 of PBG S.A. of shares were deposited on the Funds' accounts which constituted 6,58% in the share capital and awarded 4,93% of share in the total number of votes on the General Shareholders Meeting of PBG S.A. As the result of transaction being made the combined amount of 899 265 of shares was deposited on the securities accounts of the Fund which constituted 6,70% in the share capital. Those shares awarded 899 265 votes which provided 5,02% of the share in the total number of votes on the General Shareholders Meeting of the Company.

On February 9th of 2009 the Management Board of PBG S.A. obtained notification from BZ WBK AIB Investment Fund Company S.A. conducting activity on behalf of Arka BZ WBK of Equity Open-End Investment Fund, Arka BZ WBK New Europe Development Open-End Investment Fund, Arka BZ WBK Balanced Open-End Investment Fund and Lukas Open-End Investment Fund on the change of ownership state of the shares of PBG S.A. as the result of shares sale on the 2nd February of 2009.

Prior to sale of shares the Funds held 900 438 of shares of the company PBG S.A., which constituted 6,70% of share capital and awarded 900 438 votes which constituted 5,02% share in total number of votes on the General Shareholders Meeting of the Company.

On the day of shares sale that is on 2nd February of 2009, the Funds held in total 895 438 of shares of PBG S.A constituting 6,67% of the share capital of the Company vesting the right to 895 438 of votes and simultaneously 4,99% of share in the total number of votes on the General Shareholders Meeting.

On February 13th of 2009 the Management Board of PBG S.A. obtained notification from BZ WBK AIB Investment Fund Company S.A. conducting activity on behalf of Arka BZ WBK of Equity Open-End Investment Fund, Arka BZ WBK New Europe Development Open-End Investment Fund, Arka BZ WBK Balanced Open-End Investment Fund and Lukas Open-End Investment Fund on the change of ownership state of the shares of PBG S.A. as the result of shares purchase on the 5th day of February of 2009.

Prior to purchase of shares the Funds held 894 458 of shares of the company PBG S.A., which constituted 6,660% of share capital of PBG S.A. and granted 894 458 votes which constituted 4,989% share in total number of votes on the General Shareholders Meeting of the Company PBG S.A.

On the day of shares purchase that is on 5th February of 2009, the Funds held in total 896 653 of shares of PBG S.A constituting 6,676% of the share capital of the Company vesting the right to 896 653 of votes and simultaneously 5,001% of share in the total number of votes on the General Shareholders Meeting.

Furthermore on the same day that is **on 13th February of 2009** the Management Board of PBG S.A. received notification dated on 12th February of 2009 from from BZ WBK AIB Investment Fund Company S.A. conducting activity on behalf of Arka BZ WBK of Equity Open-End Investment Fund, Arka BZ WBK New Europe Development Open-End Investment Fund, Arka BZ WBK Balanced Open-End Investment Fund and Lukas Open-End Investment Fund on the change of ownership state of the shares of PBG S.A. as the result of shares sale on the 9th day of February of 2009.

Prior to sale of shares the Funds held 896 653 of shares of the company PBG S.A., which constituted 6,676% of share capital of he Company and granted 896 653 votes which constituted 5,001% of share in total number of votes on the General Shareholders Meeting of the Company.

On the day of shares sale that is on 9th February of 2009, the Funds held in total 891 469 of shares of PBG S.A. constituting 6,638% of the share capital of the Company vesting the right to 891 469 of votes and simultaneously 4,972% of share in the total number of votes on the General Shareholders Meeting.

On February 16th of 2009 the Management Board of PBG S.A. obtained notification from BZ WBK AIB Investment Fund Company S.A. conducting activity on behalf of Arka BZ WBK of Equity Open-End Investment Fund, Arka BZ WBK New Europe Development Open-End Investment Fund, Arka BZ WBK Balanced Open-End Investment Fund and Lukas Open-End Investment Fund on the change of ownership state of the shares of PBG S.A. as the result of shares purchase on the 10th day of February of 2009.

Prior to purchase of shares the Funds held 891 469 of shares of the company PBG S.A., which constituted 6,638% of share capital and granted 891 469 of votes which constituted 4,972% share in total voting power on the General Shareholders Meeting.

On the day of shares purchase that is on 10th February of 2009, the Funds held in total 900 469 of shares of PBG S.A. constituting 6,705% of the share capital of the Company vesting the right to 900 469 of votes and simultaneously 5,022% of share in the total number of votes on the General Shareholders Meeting.

On 2nd March of 2009 the Management Board of PBG S.A. received notification dated on 27th February of 2009 from from BZ WBK AIB Investment Fund Company S.A. conducting activity on behalf of Arka BZ WBK of Equity Open-End Investment Fund, Arka BZ WBK New Europe Development Open-End Investment Fund, Arka BZ WBK Balanced Open-End Investment Fund and Lukas Open-End Investment Fund on the change of ownership state of the shares of PBG S.A. as the result of shares sale on the 24th day of February of 2009.

Prior to sale of shares the Funds held 902 212 of shares of the company PBG S.A., which constituted 6,718% of share capital in the Company and granted 902 212 of votes which constituted 5,032% of share in total voting power on the General Shareholders Meeting of the Company.

On 24th February of 2009, the Funds held in total 887 210 of shares of PBG S.A. constituting 6,606% of the share capital of the Company vesting the right to 887 210 of votes and simultaneously 4,948% of share in the total voting power on the General Shareholders Meeting.

On 2nd April of 2009 the Management Board of PBG S.A. obtained notification from BZ WBK AIB Investment Fund Company S.A. conducting activity on behalf of Arka BZ WBK of Equity Open-End Investment Fund, Arka BZ WBK New Europe Development Open-End Investment Fund, Arka BZ WBK Balanced Open-End Investment Fund and Lukas Open-End Investment Fund that as the result of

purchase of shares of the Company on 27th March of 2009 the Funds became holders of shares vesting more than 5% of total voting power on the General Shareholders Meeting of PBG S.A.

Prior to purchase of shares the Funds held 896 334 of shares of the company PBG S.A., which constituted 6,67% of share capital of the Company and granted 896 334 of votes which constituted 4,999% share in total voting power on the General Shareholders Meeting.

On 27th March of 2009, the Funds held in total 916 334 of shares of PBG S.A constituting 6,82% of the share capital of the Company vesting the right to 916 334 of votes and simultaneously 5,11% of share in the total voting power on the General Shareholders Meeting.

Notification from ING Investment Funds Company S.A. on the decrease below the threshold of 5% of the general voting power.

On 25th July of 2008 the Management Board of PBG S.A. received notification from ING Investment Fund Company S.A. acting on behalf of ING Open-End Investment Fund of Medium and Small Companies, ING Equity Open-End Investment Fund, ING Open-End Balanced Investment Fund, ING Stable Growth Open-End Investment Fund, ING Equity 2 Specialist Open-End Investment Fund and ING Umbrella of the Specialist Open-End Investment Fund; the notification included information that as the result of shares sale of PBG S.A. the total voting power on the General Shareholders Meeting of PBG company held by all investment funds managed by ING Investment Fund Company S.A. decreased under the threshold of 5% of the total voting power. Prior to change of share, the investment funds managed by ING Investment Fund Company S.A. held in total 932 570 of. shares of PBG S.A which constituted 6,94% of share capital of the Company and granted the right to 5,20% of the total voting power on the General Shareholders Meeting. On the day of shares sale that is on July 22nd of 2008 the Funds held in total 881 570 shares of PBG S.A., which constituted 6,56% of the Company's shares capital and granted the right to 4,92% of the total voting power on the General Shareholders Meeting. As of the date of notification, the investment funds managed by ING Investment Fund Company S.A. held in total 859 112 of shares of PBG S.A. which constituted 6,40% of the Company's share capital and granted the right to 4,79% of the total voting power on the General Shareholders Meeting.

2. The state of shares ownership in the Company or entitlements thereto (options) by the managing persons and the persons supervising PBG S.A.

Managing persons	Quantity of shares	
	As of December 31 of 2008	As of the day of statement submission
Przemysław Szkudlarczyk	2 000	2 000
Tomasz Tomczak	750	750
Tomasz Woroch	8 403	8 403
Mariusz Łożyński	1 553	1 553
Tomasz Łatawiec	500	500
Supervising persons	Quantity of shares	
	As of December 31 of 2008	As of the date of statement submission
Małgorzata Wiśniewska	3 279	3 279
Jacek Krzyżaniak	250	250

3. Assimilation of the shares

On 21st November of 2008 the Management Board of PBG S.A. submitted applications to the National Depository for Securities S.A. and the Warsaw Stock Exchange respectively for the assimilation shares and introduction of shares to the public trading. The applications included 12 500 bearer shares series D of PBG S.A. which were allotted within the scope of completion of the Managers Options Program on the 6th November of 2008.

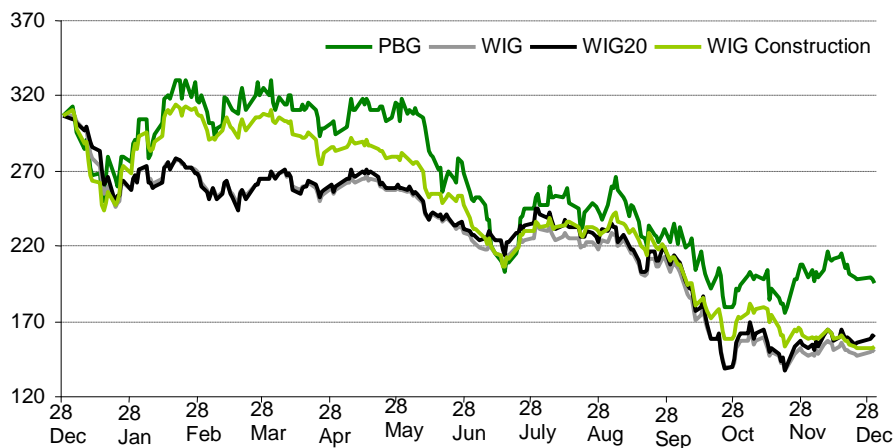
On 25th of November of 2008 the Management Board of the National Depository for Securities adopted a resolution on the assimilation of 12 500 ordinary bearer series D shares of PBG S.A. allotted within the scope of Motivational Program marked with the code PLPBG0000045 and 8,905,000 ordinary bearer shares of PBG S.A. with the code PLPBG0000029.

Moreover, on 24th of November of 2008 the Management Board of the Warsaw Stock Exchange adopted a resolution on introduction of 12 500 ordinary bearer series D shares of PBG S.A. to the public trading on 28th November of 2008 allotted within the scope of Motivational Program on the condition that these shares are assimilated with the shares which are already in the public trading.

Presently 8 917 500 ordinary bearer shares of the company PBG S.A. marked with the code PLPBG0000029 are introduced to the public trading.

4. PBG S.A. share price since the company's debut on the Warsaw Stock Exchange.

Share price between 1st January and 31st December 2008:



Share price between the date of debut and 21st April of 2009:



III. DECLARATION ON APPLICATION OF THE CORPORATE GOVERNANCE RULES BY THE COMPANY PBG S.A.

1. Indication of the corporate governance rules assumed by PBG S.A.

The company PBG S.A. assumed the corporate governance rules to be applied and published in the document "Good practices of the companies listed on the Warsaw Stock Exchange". The full text thereof has been placed on the web site: <http://www.corp-gov.gpw.pl>

2. Resignation from the provisions of the corporate governance rules

The Management Board of PBG S.A. hereby declares that in the year 2008 the company observed binding rules of corporate governance included in the document "Good practices of the companies listed on the Warsaw Stock Exchange".

3. Description of main features of the internal control and risk management systems applied in the Company with reference with the process of execution the financial reports and consolidated financial statements.

Management Board of the Company is responsible for internal control system in the Company and the efficiency thereof in the process of execution of the financial statements and periodical statements prepared and published in accordance with the Regulation of Minister of Finance of 19th February of 2009 on current and periodical information provided by issuers of the securities and conditions of acknowledgement information as equivalent required by the provisions of law of the country which is not a member state (Journal of Laws of 2009, no 33, item 259).

The process of financial statement execution shall be carried out in the Division of Director in charge of Accounting Co-ordination of the Capital Group and directly supervised by the Division of Financial Statements Co-ordination in co-operation with other organizational sections of the Company which are responsible for the data which do not result directly from accounting books of the Company and constitute part of the financial statement.

Due to specificity of this line of business the Controlling Division function is especially important in the course of financial statement execution. The essential activity for the Company reducing risk shall be proper assessment and analysis of the executed construction contracts.

Budgets of particular contracts constitute the basis of calculation of income and costs of performed contracts in accordance with MSR 11. The budgets are executed in accordance with the best knowledge and experience of the contracts directors trained in this field. In the course of preparation,

as well as completion of the construction projects all budgets are analyzed and updated on day-to-day basis by the persons responsible for budgets. Results of analyzes and changes of budgets are being discussed on the meetings held every week. This process is based on the formal rules existing in the Company and shall be specially supervised by the Management Board.

While presenting financial data the Company is applying consistent and defined accounting rules in accordance with the rules of appraisal and presentation used in the entire Capital Group PBG.

Since the 1st day of January of 2009 the person signing financial statement and responsible for execution of the financial statement is Chief Accountant in case of individual statement and in case of consolidated statement – Director in charge of Accounting Co-ordination of the Capital Group – the Commercial Proxy. The persons executing financial statements being responsible for control and co-ordination of reporting process are specialists who have proper knowledge and experience within that scope and they entered into the confidence agreements.

The President of Management Board Jerzy Wiśniewski, Vice-President of the Management Board Przemysław Szkudlarczyk and the Commercial Proxy Eugenia Bachorz shall be the persons in the Management Board of PBG S.A. who are responsible for the area connected with preparation of financial statements. In accordance with the assumed procedure in the course of execution of the financial statement the above mentioned Managing members shall familiarize themselves with current economical data and cases included in this statement and will report alternative cases which should be considered in the course of execution of that statement representing the whole Management Board. Upon execution of the financial statement it is submitted for examination or review in accordance with the binding provisions of law. The whole Management Board shall sign the statement before obtaining by the Company of the opinion on the financial statement examination carried out by the auditor. Examination or review of the financial statement shall be carried out by the entity authorized to examination of the financial statement elected by the Supervisory Board of the Company from the group of reputable audit companies which guarantee the quality of rendered services and required independence.

In the course of examination of the financial statement and accounting books of the company the expert auditor meets the persons being essential for the organization of the company including Management Board Members responsible for area of the economy and discusses particular issues included in the financial statement. The final financial statement upon alternative and agreed corrections made by the expert auditor or any person executing this statement or managing persons is read out again by the persons executing and managing thereof and than it is signed by those persons. The Supervisory Board carries out assessments of the examined financial statements of the Company every year within the scope of their compliance with the books and documents as well as with the actual state of affairs and notifies all shareholders of the results of that assessment in its Annual Statement published by the Company. Risk Management of the Company with reference to the

process of financial statements execution shall be carried out through identification and assessment of the risk areas with simultaneous definition of the actions being indispensable to limit or eliminate thereof.

4. Appointment of the shareholders holding directly or indirectly considerable blocks of shares with appointment of the number of shares held by those entities, the percentage share thereof in the share capital, the number of votes resulting therefrom and the percentage share thereof in the total voting power on the General Shareholders Meeting.

Share capital of the Company in accordance with the state as of 31st December of 2008 amounted to PLN 13 430 thousands and was divided into 4 500 000 of registered shares with preference rights as to voting and 8 930 000 ordinary bearer shares. The face (nominal) value of the preference shares and ordinary shares amounts to PLN 1 per each share. One preference share shall authorize to two votes on the General Shareholders Meeting.

In accordance with information being in the possession of the Company the following shareholders hold shares authorizing to at least 5% of votes on the General Shareholders Meeting.

State as of December 31 st of 2008				
Shareholder	Number of shares	Total face value (PLN)	Share in the company's share capital (%)	Share in the general number of votes (%)
Jerzy Wiśniewski	4.495.054 of shares, including: 4.495.054 registered preference shares	4.495.054	33,47%	50,14%
BZ WBK AIB Investment Fund Company S.A.	899.265 ordinary shares	916.334	6,70%	5,02%
State as of the day of the statement submission				
Shareholder	Number	Total face value (PLN)	Share in the company's share capital (%)	Share in the total number of votes (%)
Jerzy Wiśniewski	4.495.054 of shares, including: 4.495.054 of registered preference shares	4.495.054	33,47%	50,14%
BZ WBK AIB Investment Funds Company SA	916.334 ordinary shares	916.334	6,82%	5,11%
ING Nationale - Nederlanden Polska PTE SA	912.991 ordinary shares	912.991	6,80%	5,09%

The company does not possess any information concerning other shareholders holding at least 5% of the total number of votes on the General Shareholders Meeting and the company hasn't been notified of that fact until the day of execution of that statement.

5. Appointment of the holders of all securities which grant special control rights together with description thereof.

Any securities granting special control rights in relation to the Company do not exist. The company's shares are not connected with any limitations concerning transfer of the ownership rights nor any limitations in exercise of the voting rights.

6. Determination of all and any limitations referring to exercise of the voting right such as limitation as to exercise of the voting right by the holders of particular part or number of votes, time limitations concerning exercise of the voting right or records in accordance with which and in co-operation with the company the capital rights connected with the securities are separated from possession of securities.

The Statutes of Issuer do not include any provisions concerning restrictions of exercise of the voting rights by the holders of the defined part or number of votes.

7. Description of the rules concerning appointment and dismissal of the managing persons and their rights in particular the right to take decision on the issue or redemption of shares.

Management Board of the Issuer.

Management Board conducts activity on the basis of the Commercial Companies Code, the Statute (Memorandum of Association) and Management Board By-Laws. The Management Board is body of the Issuer which competences shall include all matters which are not reserved by the Commercial Companies Code or Memeorandum of Asociacion of the Issuer for other bodies of the Issuer.

In accordance with presently effective provisions of the Issuer's Statute (paragraph 37) the Management Board of the Issuer consists of several persons including the President of Management Board and one to four Vice-Presidents of the Management Board and maximally three Management Board Members appointed and dismissed by the Supervisory Board. The Supervisory Board appoints the President of Management Board and than other Vice-Presidents and Management Board Members upon his application.

Only natural person may be a Management Board Member having full legal capacity to perform acts in law.

Two Vice-Presidents of the Management Board acting jointly shall be authorized to represent the Company or Vice-President and Management Board Member acting jointly or Vice-President with the Commercial Proxy or Management Board Member with the Commercial Proxy. President of the Management Board represents the company individually. The Management Board of the Company may grant power of attorney to act on behalf of the Company. The powers of attorney may be general, or special – and authorize to perform actions of special type as well as there are powers of attorney for personal care and to carry out particular actions.

Management Board may grant commercial proxy rights. Approval of all the Management Board Members shall be required to establish the commercial proxy. Each individual Management Board Member shall be authorized to dismiss the commercial proxy.

Management Board shall define the strategy and consider interest of the Company, as well as main goals of the Company's activity and submit them to the Supervisory Board and then it shall be responsible for implementation and performance of those goals. The Management Board shall care of the transparency and effectiveness of management system of the Company and process of conduct of the Company's matters in accordance with the provisions of law and good practice.

Management Board Members are appointed, dismissed and suspended in exercise of their activity by the Supervisory Board in accordance with the rules defined in the Commercial Companies Code and the Memorandum of Association. Proposals of candidates for Management Board Members shall be presented by the President of the Management Board.

The Supervisory Board makes agreements with the Management Board Members and terminates thereof, whereas the agreements are signed on behalf of the Supervisory Board by the Chairman or Vice-Chairman of the Supervisory Board. Other actions connected with the employment relation of the Management Board Member are carried out in the same course. The Supervisory Board shall establish remuneration of the Management Board Members in consideration of motivational nature of this remuneration aimed at ensuring effective management of the Company.

Mandate of the Management Board Member shall expire:

- 1) at the time of his dismissal from the Management Board,
- 2) as of the day of holding the General Shareholders Meeting approving financial statement for the last entire financial year on the position of the Management Board Member.
- 3) at the time of death
- 4) at the date of resignation.

In case of resignation from the function of the Management Board Member, this resignation should be delivered to the Supervisory Board with the copy addressed to the Management Board.

Management Board Member shall not undertake the following activities without approval of the Supervisory Board:

- 1) to deal with business being competitive in relation to the Company,
- 2) to participate in the competitive company as the partner of civil partnership, general partnership or member of the capital company body or to participate in other competitive legal person as member of the body.
- 3) to participate in the competitive capital company in case of holding at least 10% of shares or stocks therein or the right to appoint at least one Management Board Member.

Management Board Member is obliged to notify the Supervisory Board forthwith upon occurrence of the circumstances described hereinabove. Management Board Member should observe the rules of loyalty in relation to the Company and avoid activities which might lead exclusively to achievement of individual material benefits. In case of obtaining information on the opportunity of making investment or other advantageous transaction concerning the subject of Company's activity, Management Board Member should provide such information to the Management Board in order to consider possibility to use thereof by the Company.

Taking advantage of such information by the Management Board Member or providing thereof to any third party may take place exclusively upon obtaining approval of the Management Board and only when Company's interest is not infringed thereby. Management Board Members should notify the Supervisory Board of any conflict of interest connected with the performed function or any possibility of occurrence thereof. Management Board Member should treat the company's shares being held by him as a long-term investment.

Any actions exceeding ordinary management shall require resolution of the Management Board. Resolution of the Management Board shall be required in the following cases, including without limitation:

- 1) decisions concerning material investment projects and the manner of financing thereof.
- 2) definition of the strategic plans of the company's development and establishment of financial goals of the Company,
- 3) determination of the organizational structure of the Company,
- 4) establishment of the by-laws and other internal normative acts of the Company,
- 5) determination of the internal division of competences between Management Board Members,
- 6) agreement of the assumptions of the salary and human resources policy, including assumptions to motivational plans.

Except for cases, referred to hereinabove particular Management Board Members are responsible for independent conduct of the Company's cases resulting from division of duties.

Should any impediments occur in the course of fulfillment of the duties by the Management Board Member he is obliged to notify the Management Board forthwith that execution of his duties is impossible. President of the Management Board shall decide whose of the remaining Management Board Members shall perform those duties as a deputy.

Supervisory Board of the Issuer

Supervisory Board conducts activity on the basis of Commercial Companies Code, the Memorandum of Association and the Supervisory Board By-Laws.

Supervisory Board consists of at least five members appointed by the General Shareholders Meeting in secret ballot for the period of one year, whereas mandates of the Supervisory Board Members shall expire only as at the day of holding General Shareholders Meeting approving financial statement for the last entire financial year on the position of the Supervisory Board Member. The number of Supervisory Board Members shall be agreed each time by the General Shareholders Meeting. Supervisory Board Members may be elected once again. At least half of the Supervisory Board Members shall consist of independent members that is, the persons complying with the following pre-conditions:

The Management Board Members shall be regarded as independent, if he is not:

- 1) an employee of the Company nor Associated Entity;
- 2) a member of supervisory and managing authorities of the Associated Entity;
- 3) a shareholder holding at least 5% of votes on the General Shareholders Meeting of the Company or General Shareholders Meeting of the Associated (Related) Entity;
- 4) a member of supervising and managing authorities or an employee of the entity holding at least 5% of votes on the General Shareholders Meeting or General Shareholders Meeting of the Associated Entity;
- 5) an ascendant, descendant, spouse, siblings or parents of the spouse or the person remaining in the adoption relationship towards any persons mentioned in the preceding subparagraphs.

Terms and conditions mentioned above must be complied with through the entire term of mandate.

According to the meaning of the Issuer's Statute (Memorandum of Association) a particular entity is "the Associated Entity", in case it's the Holding Entity in relation to the Company and Subsidiary towards the Company or Subsidiary towards the Holding Entity of the Company.

The particular entity shall be "the Associated Entity" of another entity ("the Holding Entity"), within the meaning of the Issuer's Statute, if:

- 1) the Holding Entity holds majority of votes in the authorities of another entity (the Subsidiary), also on the basis of agreements with other authorized entities, or

- 2) The Holding Entity is authorized to appoint and dismiss majority of members of the managing authorities of another entity (the Subsidiary), or
- 3) more than half of the Management Board Members of the second entity (the Subsidiary) are simultaneously Management Board Members or persons on the managing positions in the first entity or another entity remaining in dependence relationship with the first one.

The entity, which is the Subsidiary of other entity in the dependence relation towards the Holding Entity of the Company shall be regarded as the subsidiary in relation to the Holding Entity.

The Supervisory Board is obliged to carry out permanent supervision over activity of the Company in all fields of its activity. The Supervisory Board submits brief assessment of the Company's condition every year which is agreed in the course of the Supervisory Board Meeting convened before the Ordinary General Shareholders Meeting.

THE FOLLOWING ISSUES SHALL REQUIRE APPROVAL OF THE SUPERVISORY BOARD:

- 1) acquisition of the enterprise or organized part thereof,
- 2) establishment and liquidation of the Company's branches in the domestic country and abroad,
- 3) assumption of responsibility for somebody's obligations (sureties, guarantees, bill sureties) exceeding the sum constituting the amount of the Company's share capital subject to the provision that assumption of responsibility for obligations of the companies from the capital group of the Company shall not require approval of the Supervisory Board.
- 4) dealing with competitive business by the Management Board Members and participation in competitive companies as the partner of unlimited company or member of the authorities;
- 5) acquisition, take up, sale and resignation from the pre-emptive right of shares or stocks with the exception of stocks of public companies in the amount not exceeding 1% (one percent) of the total number thereof;
- 6) advance payment for the benefit of the shareholders as part of the dividend provided at the end of financial year,
- 7) contribution of any benefits by the Company except for the allowances resulting from the employment relationship for the Management Board Members of the Company.
- 8) making material contract by the Company or its subsidiary with the associated entity of the Company (except for making agreements with the companies of the Capital Group of the Company), the Supervisory Board Member or the Management Board Member and the entities associated with the above entities.
- 9) purchase or sale of the property, perpetual usufruct or share in the real estate,
- 10) election of an expert auditor,

- 11) representation of the Company in the agreements and disputes between the Company and the Management Board Members;
- 12) approval of the Management Board By-Laws;
- 13) appointment and dismissal of the Management Board Members;
- 14) provision of the opinion on the matters presented by the Management Board.

In order to perform its tasks the Supervisory Board may review every division of the Company's activity and request reports and explanations from the Management Board and employees of the Company as well as to carry out revisions of the property and control books and documents. The Supervisory Board Members should undertake appropriate actions to obtain regular and sufficient information from the Management Board concerning any material matters on the Company's activity and any risk connected therewith as well as on the manners to manage this risk. The Management Board provides information on any material matters concerning the Company's activity on every meeting of the Supervisory Board. The Supervisory Board Members shall be notified by the Management Board in writing of any urgent matters. In such case the President or two Vice-Presidents of the Management Board or Vice-President and the Management Board Member or Vice-President and the Commercial Proxy or the Management Board Member and the Commercial Proxy shall provide information in writing to the Chairman of the Board.

In case of any impediments in the course of duties performance by the Supervisory Board Member he is obliged to notify the Chairman of Supervisory Board forthwith on any impossibility to fulfil his duties and of any reasons thereof.

The Supervisory Board Member shall notify other Supervisory Board Members forthwith of the following issues without any delay:

- a) the existing conflict of interest with the Company. In such case the Supervisory Board Member is obliged to refrain from taking the floor and casting a vote on the adoption on the resolution in the case in which conflict of interest existed. Information on the reported conflict of interest should be included in the minutes from the Supervisory Board Meeting.
- b) personal, actual and organizational relations of the Supervisory Board Member with the particular shareholder, especially majority shareholder, which might affect the Company's matters.

Personal relations with the shareholder shall mean the first degree of blood relationship or relation in-law. The actual connections with the shareholder shall mean remaining in permanent economical relations. Organizational connections with the shareholder shall mean relations resulting from the employment agreements made and having the similar nature. The Company is entitled to request at any time declaration from the Supervisory Board Member concerning any relations referred to hereinabove.

8. Description of the rules of making amendments in the Memorandum of Association or the Articles of Association of the Issuer's Company.

The amendment of Memorandum of Association of the Company shall require:

- resolution of the General Shareholders Meeting adopted by the majority of $\frac{3}{4}$ votes cast (Article 415 of the Commercial Companies Code), in the form of the Notary's Deed (the resolution concerning material amendment of the objects of the Company's activity shall require be adopted by the majority of $\frac{2}{3}$ votes (Article 416 of the Commercial Companies Code)),
- entry to the National Court Register (Article 430 of the Commercial Companies Code),

9. The manner of activity of the General Shareholders Meeting and principal rights thereof as well as description of the shareholders rights and the manner of execution thereof, including without limitation the rules resulting from the by-laws of the General Shareholders Meeting.

9.1 The manner activity of the General Shareholders Meeting

The General Shareholders Meeting conducts its activity on the basis of the Rules of the General Shareholders Meeting. The shareholders have the right to participate in the General Shareholders Meeting if they submitted named deposit certificates to the Company issued by the entity keeping the securities account in accordance with the regulations on the public trading in securities at least within a week before the date of the General Shareholders Meeting and they shall not take those certificates before ending of that Shareholders Meeting.

The General Shareholders Meeting shall be valid if the shareholders present there represent at least a half of the share capital. The Supervisory Board Members and the Management Board Members should participate in the General Shareholders Meeting. Absence of the Supervisory Board Member and the Management Board Member on the General Shareholders Meeting shall require explanation. This explanation should be submitted on the General Shareholders Meeting.

The expert auditor should participate in the Ordinary General Shareholders Meeting and in the Extraordinary Shareholders Meeting on which the financial matters of the Company are examined.

Experts and guests invited by the authority convening the General Shareholders Meeting may participate in the General Shareholders Meeting or in respective part thereof particularly in case when their participation is required in consideration of the need to present any opinion concerning the examined matters to the participants of the General Shareholders Meeting.

The Chairman of the General Shareholders Meeting shall manage the course thereof in accordance of the assumed agenda, the Memorandum of Association and the By-Laws with observance of the provisions of law and interest of all participants of the General Shareholders Meeting.

The Chairman shall not remove the matters individually from the announced agenda and change sequence of any paragraphs thereof as well as introduce for consideration any essential matters which are not included in the daily agenda.

Upon presentation of each matter included in the agenda the Chairman shall make a list of persons applying for discussion and upon closing thereof he shall open a discussion giving the floor to the participants according to the sequence of appearance of the speakers. The Chairman shall decide on ending of the discussion. The Chairman may award the right to speak out of order to the Management Board Members, Supervisory Board Members and the invited experts whose votes shall not be considered in the course of making the list and counting the number of speakers. Participants may take the floor exclusively in the matters included in the agenda within the scope of currently considered item of this agenda. In the course of consideration of every matter of the agenda and depending on the subject thereof, the Chairman may appoint the time vested to one speaker for his speech or reply. The above limitation shall not be applied in relation to the Management Board Member, the Supervisory Board Member and the expert. The Chairman shall decide on extension of time of the speech or awarding additional right to speak to the participant.

Each participant of the General Shareholders Meeting has the right to address questions to the Management Board, the Supervisory Board and expert auditor in the matters included in the agenda within the scope of currently examined matter.

Management Board Members, Supervisory Board Members and the expert auditor of the Company – within the scope of their competences – shall be obliged to provide reply to the addressed questions within the scope which is indispensable to resolve the matters discussed by General Shareholders Meeting. The replies should be made in consideration of the fact that information duties shall be fulfilled by the Company in the manner consistent with the regulations concerning financial instruments trading and provision of several information shall not be made otherwise than it is determined in those regulations. Immediately upon ending the discussion the Chairman submits formal application for voting of the General Shareholders Meeting. Upon request of the participant of the General Shareholders Meeting his declaration in the written form shall be included to the minutes. This declaration shall be accepted at the end of the Shareholders Meeting.

Resolutions of the General Shareholders Meeting shall be adopted by the absolute majority of votes cast, unless the absolute and effective provision of law or the Memorandum of Association shall require the qualified majority of votes to adopt a particular resolution.

9.2 The basic rights of the General Shareholders Meeting

In accordance with paragraph 28 of the Memorandum of Association of PBG S.A. the following matters shall require resolution of the General Shareholders Meeting:

- 1) consideration and approval of the annual financial statement including the statement on the Company's activity for the previous financial year.
- 2) granting the vote of approval to the members of the Company's bodies with respect to fulfillment of their duties;
- 3) division of profit or definition of the manner of covering losses;
- 4) any decisions concerning claims for redressing the damage inflicted in the course of the Company's formation or exercising management or supervisory duties;
- 5) sale or tenancy of the enterprise or any organized part thereof and establishment of the right to use this enterprise;
- 6) issue of the bonds convertible into stocks or with pre-emption right,
- 7) determination of the rules and amount of remuneration of the Supervisory Board Members,
- 8) appointment and dismissal of the Supervisory Board Members,
- 9) determination of the dividend day,
- 10) establishment, application each time as well as liquidation of the reserve capital.

9.3 Shareholders' rights together with the manner of exercise thereof

In accordance with the Rules of the General Shareholders Meeting of PBG S.A. shareholder shall have the following rights including without limitation:

1. Shareholder may participate in the General Shareholders Meeting and execute the right to vote personally or through the proxy or other representative. The power of attorney to act on behalf of the Shareholder should be granted in writing under the sanction of nullity and attached to the minutes of the General Shareholders Meeting. Other representatives of the Shareholders should substantiate their right to act on their behalf in the proper manner.
2. The Chairman shall be elected from the participants of the General Shareholders Meeting.
3. Management Board Member shall convene the Ordinary and Extraordinary Shareholders Meeting. Should the Management Board not adopt a resolution convening the Ordinary Shareholders Meeting before lapse of the fifth month following end of the financial year or

convenes it at the day which is not defined as a date set forth in item 2, the right to convene the Ordinary Shareholders Meeting shall be also vested to the Supervisory Board. Shareholders representing at least one tenth of the share capital may apply to the Management Board of the Company with the application for convening the Extraordinary Shareholders Meeting.

4. Each participant of the General Shareholders Meeting has the right to address questions to the Management Board, the Supervisory Board and expert auditor in cases included in the agenda within of the scope of the currently considered case.
5. Each participant of the General Shareholders Meeting may submit application in the organizational case. In organizational cases the Chairman may give the floor out of order. At the request of the participant of the General Shareholders Meeting his declaration in writing shall be included to the minutes. This declaration shall be accepted at the end of the meeting.

10. Composition and changes which took place therein within the last financial year and description of activity of the management, supervision or administration authorities of the issuer and any committees thereof;

10.1 Composition and the rules of activity of the Management Board

Composition of the Management Board within the period from 1st January of 2008 to 31st December of 2008:

- Jerzy Wiśniewski – President of the Management Board;
- Tomasz Woroch – Vice-President of the Management Board;
- Przemysław Szkudlarczyk – Vice-President of the Management Board;
- Tomasz Tomczak – Vice-President of the Management Board;
- Mariusz Łożyński – the Management Board Member until 27th November of 2008 – Vice-President of the Management Board since 28th November of 2008;
- Tomasz Łatawiec – the Management Board Member.

Management Board in the composition mentioned above despite of Tomasz Łatawiec was appointed on 10th March of 2006 by the Supervisory Board of PBG S.A. to perform its function in the following term of office. However, Mr. Tomasz Łatawiec was appointed to perform function of the Management Board Member by the resolution of the Supervisory Board of PBG S.A. adopted on the 3rd October of 2007. The following changes in the Management Board of PBG S.A. have been made by the Supervisory Board on 28th November of 2008 which took decision upon application of the Management Board on appointment of Mr. Mariusz Łożyński – who has been Management Board Member heretofore for the position of Vice-President of the Company's Management Board. Application was filed in connection with the changes of responsibility within the scope of the Company's Management Board, resulting from making in

the previous year the biggest contracts in the history of the Company within the scope of crude oil and gas. Vice-President of the Management Board Mr. Tomasz Tomczak being responsible until now for the entire area connected with production shall bear responsibility for contracts acquired for execution (construction of mines of crude oil LMG and construction of underground gas warehouse Wierzchowice).

Mr. Mariusz Łożyński shall be additionally responsible for acquisition of orders in the Capital Group PBG and performance of contracts in hydro-technical and renovation areas apart from supervision over acquisition of contracts in the country and abroad.

	No.	NAME AND SURNAME	FUNCTION IN THE MANAGEMENT BOARD	AREA OF RESPONSIBILITY
MANAGEMENT BOARD	1.	Jerzy Wiśniewski	President of the Management Board	Strategy and development
	2.	Tomasz Woroch	Vice-President of the Management Board	Performance in the environment protection sector
	3.	Przemysław Szkudlarczyk	Vice-President of the Management Board	Economy and finance
	4.	Tomasz Tomczak	Vice-President of the Management Board	Execution in the sector of crude oil, natural gas and fuel
	5.	Mariusz Łożyński	Vice-President of the Management Board	Offering, making contracts in PBG Group; Workmanship in the hydro-technical and renovation sector
	6.	Tomasz Latawiec	Management Board Member	Workmanship in renovation sector
COMMERCIAL PROXIES	1.	Tomasz Przebieracz	Commercial Proxy	Execution in the sector of crude oil, natural gas and fuel
	2.	Cezary Pokrzywniak	Commercial Proxy	Inżyniering – projektowanie procesów i instalacji technologicznych Engineering – projecting of processes and technological installations
	3.	Wojciech Byczkowski	Commercial Proxy	Logistic
	4.	Eugenia Bachorz	Commercial Proxy	Accounting of Capital Group PBG
	5.	Rafał Wilczyński	Commercial Proxy	Economy and finance
	6.	Paweł Buczkowski	Commercial Proxy	Workmanship in the sector of hydro-technical construction industry

Present term of office of the Management Board shall lapse on the 10th day of May of 2009. In accordance with paragraph 37 item 7 of the Statute (Memorandum of Association) of PBG S.A., mandates of the Management Board Members expire at the day of holding the General Shareholders Meeting approving financial statement for the last full financial year of performing function of the Management Board Member. Composition of the Management Board has not been changed until the day of the declaration publication.

The scope of competences of the Management Board includes any matters of the Company not reserved for competence of the General Shareholders Meeting or the Supervisory Board. The duties and Management Board By-Laws shall be defined in the formal document, which precise the function of Management Board. Particular Management Board Members manage areas of the Company's activity entrusted to them and their work is coordinated by the President of Management Board.

10.2 Composition and rules of activity of the Supervisory Board and any committees thereof

At the 31st December of 2008 the Supervisory Board of PBG S.A. was composed of six members.

- Bednarkiewicz Maciej – the Chairman of Supervisory Board;
- Kseń Jacek – Vice-Chairman of the Supervisory Board;
- Lindner Wiesław – Secretary of the Supervisory Board;
- Krzyżaniak Jacek – Supervisory Board Member;
- Wiśniewska Małgorzata – Supervisory Board Member until 31st August of 2008;
- Dobrut Mirosław – Supervisory Board Member until 12th March of 2008;
- Sarnowski Dariusz – Supervisory Board Member;
- Strzelecki Adam – Supervisory Board Member.

The Supervisory Board Member in the composition mentioned above was appointed on 23rd May of 2007 by the Ordinary General Shareholders Meeting to perform its function during the next term of office. In the period mentioned above that is in March of 2008, Mr. Mirosław Dobrut resigned from the function of the Supervisory Board Member of PBG S.A. Potential conflict of interest connected with undertaking employment in the management bodies of other stock exchange company constituted justification of the submitted resignation. The next change in the Supervisory Board of PBG S.A. concerned resignation from performing function by Mrs. Małgorzata Wiśniewska as of 1st September of 2008. The resignation was justified by taking up position of the President of Management Board in the subsidiary of PBG S.A. – the company INFRA S.A.

Term of office of the Supervisory Board appointed in May of 2007 expired at the day of holding Ordinary General Shareholders Meeting and approval of financial statement of the Company for the year 2007.

On the 18th day of June of 2008 the Ordinary General Shareholders Meeting of the company PBG granted the vote of approval to all members of the Supervisory Board mentioned above and decided to appoint them again to the Supervisory Board of PBG. In the present term of office the Supervisory Board consisted of seven members, but at the day of the financial statement submission the Supervisory

Board consisted of six members. Mr. Maciej Bednarkiewicz holds the function of the Supervisory Board Chairman, Mr. Jacek Kseń holds the function of Vice-Chairman of the Supervisory Board and Mr. Wiesław Linder was entrusted with the function of the Supervisory Board Secretary.

Any other changes have not been introduced in the composition of persons managing and supervising PBG S.A. in the described period.

Composition of the Supervisory Board has not been changed until the day of publication of the declaration.

Term of office of the Supervisory Board Members lasts a year and their remuneration shall be determined by the General Shareholders Meeting. The Supervisory Board Meeting exercises permanent supervision over activity of the Company in any fields of its activity. Particular duties of the Supervisory Board shall include assessment of the financial statement and the Management Board statement of the Company's activity within the scope of their compliance with the books and documents, as well as the actual state of affairs and assessment of the Management Board applications with reference to profits division and coverage of loss and submission of the annual statement on the results of this assessment in the written form to the General Shareholders Meeting.

Duties and By-laws of the Supervisory Board shall be defined in the formal document including definition of its role. The Supervisory Board is fulfilling its duties jointly, but it transferred certain part of competences to particular persons or committees, which were described in the following subparagraphs.

The following Committees are conducting activity at the Supervisory Board of PBG S.A:

1. Audit Committee
2. Remuneration Committee

The Audit Committee shall be composed of the following persons:

- Jacek Kseń,
- Dariusz Sarnowski

The Audit Committee shall be convened according to the requirements, however at least once in a quarter of the year. The Audit Committee shall be responsible for the following issues, including without limitation:

- a) assessment of the scope of independence of the elected expert auditor and providing advise to the Supervisory Board with respect to election of the expert auditor, as well as conditions of agreement with him and the amount of his salary. Detailed statement of reasons shall be required in case of election by the Supervisory Board of other entity performing function of expert auditor than that which was recommended.
- b) analysis and assessment of the relations and dependence occurring in the Company and also in the Supervisory Board and Management Board of the Company with respect to conflicts of

interest which occur or are possible to disclose and undertaking any actions aimed at elimination of that phenomenon as well as providing as effective communication as practicable between the expert auditor and the Supervisory Board.

- c) review of the quarterly, half-yearly and annual financial statements of the members of entities constituting part of capital group of the Company, as well as quarterly, half-yearly and annual consolidated financial statements of the Company's capital group.

The Audit Committee shall be convened in accordance with the requirements, at least once in the quarter of a year.

The Remuneration Committee shall consist of:

- Maciej Bednarkiewicz
- Wiesław Linder
- Jacek Krzyżaniak

The Remunerations Committee shall be composed of two persons and should be responsible for the following issues:

- a) general monitoring of practices within the scope of salaries and their level in the Company;
- b) determination of the employment conditions of the Management Board Members and management staff of the Company
- c) setting forth the plan of bonuses for the financial year.

The Remunerations Committee shall be convened in accordance with the requirements at least once in a quarter of the year.

IV. TOTAL NUMBER OF SHARES IN ASSOCIATED ENTITIES

Related company	Relation		As at 31 st December of 2008		As at the date of declaration submission	
	Holding company	Type of relation	Number of shares/stocks	Face value of shares/stocks	Number of shares/stocks	Face value of shares/stocks
Metorex Sp. z o.o.	PBG S.A.	subsidiary	682	PLN 51.150,00	682	PLN 51.150,00
INFRA S.A.	PBG S.A.	subsidiary	9.995	PLN 4.997.500,00	9.995	PLN 4.997.500,00

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

Hydrobudowa Polska S.A.	PBG S.A.	subsidiary	105.397.300	PLN 105.397.300,00	105.397.300	PLN 105.397.300,00
KWG S.A.	PBG S.A.	subsidiary	28.700	PLN 2.870.000,00	28.700	PLN 2.870.000,00
Excan Oil and Gas Engineering LTD Canada	PBG S.A.	subsidiary		250.000,00 CAD		CAD 250.000,00
Gas Oil Engineering A.S. Slovakia	PBG S.A.	subsidiary		SKK 163.000		SKK 163.000
PBG Dom Sp. z o.o.	PBG S.A.	subsidiary	123.572	PLN 12.357.200,00	123.572	PLN 12.357.200,00
BROKAM Sp. z o.o.	PBG S.A.	subsidiary	12.000	PLN 12.000.000,00	12.000	PLN 12.000.000,00
AVATIA S.A.	PBG S.A.	subsidiary	998	PLN 49.900,00	998	PLN 49.900,00
APRIVIA S.A.	PBG S.A.	subsidiary	71.993.000	PLN 71.993.065,00	71.993.000	PLN 71.993.065,00
PBG EXPORT sp. z o.o.	PBG S.A.	subsidiary	0	PLN 0,00	20.000	PLN 9.000.000,00
PRIS Sp. z o.o.	Infra S.A.	indirect subsidiary	897	PLN 89.700,00	897	PLN 89.700,00
Wiertmar Sp. z o.o.	Infra S.A.	indirect subsidiary	25.969	PLN 2.546.000,00	25.969	PLN 2.546.000,00
PBG Technologia Sp. z o.o. (previously Hydrobudowa Konstrukcje Sp. z o.o.)	HBP S.A.	indirect subsidiary	16.100	PLN 8.050.000,00	0	PLN 0,00
Hydrobudowa 9 S.A.	HBP S.A.	indirect subsidiary	14.536.685	PLN 1.453.668,50	14.536.685	PLN 1.453.668,50
PRG Metro Sp. z o.o.	HBP S.A.	indirect subsidiary	465	PLN 465.000,00	465	PLN 465.000,00
Gdyńska Projekt Sp. z o.o.	HB 9 S.A.	indirect subsidiary	60.000	PLN 3.000.000,00	60.000	PLN 3.000.000,00
Górecka Projekt Sp. z o.o.	HB 9 S.A.	indirect subsidiary	1.000	PLN 50.000,00	1.000	PLN 50.000,00
Apartamenty Poznańskie Sp. z o.o.	PBG Dom Sp. z o.o.	indirect subsidiary	255	PLN 25.500,00	255	PLN 25.500,00
Budwil Sp. z o.o.	PBG Dom Sp. z o.o.	indirect subsidiary	255	PLN 25.500,00	255	PLN 25.500,00
PBG Dom Incest I (previously Dawil Sp. z o.o.)	PBG Dom Sp. z o.o.	indirect subsidiary	500	PLN 50.000,00	500	PLN 50.000,00
KM Investment sp. z o.o. (Złotowska 51 sp. z o.o.)	PBG Dom Sp. z o.o.	indirect subsidiary	0	PLN 0,00	150	PLN 75.000,00
Dromost Sp. z o.o.	APRIVIA S.A.	indirect subsidiary	6.000	PLN 3.000.000,00	6.000	PLN 3.000.000,00
PRID S.A.	APRIVIA S.A.	indirect subsidiary	25.000	PLN 500.000,00	25.000	PLN 500.000,00
BETPOL S.A.	APRIVIA S.A.	indirect subsidiary	20.350.000	PLN 20.350.000,00	20.350.000	PLN 20.350.000,00

Apart from that the holding company of PBG Capital Group holds shares in the following entities:

- **KRI S.A.** - 25,300,000 shares with a nominal value of PLN 1 each; the nominal value of all shares totals PLN 25,300,000; shares owned by PBG S.A. correspond to 19.97 % share in the share capital and the in the total voting power;

- **in the company Lubuckie Wodociągi Sp. z o.o.** – 60 shares of the nominal value equal to PLN 500,00 each; the nominal value of shares amounts to PLN 30.000,00; the shares being owned guarantee the company PBG S.A. the amount of 15% of share in the share capital and in the total voting power;

- **Towarzystwo Ubezpieczeń Wzajemnych TUZ** [*Mutual Insurances Company*]- 6 shares with a nominal value of PLN 100,00 each; the nominal value of all shares totals PLN 600,00; shares owned by PBG S.A. correspond to 0.01% share in the share capital and the in the total voting power;

- **Budownictwo Naftowe „Naftomontaż” Sp. z o.o.** – 3.500 shares with a nominal value of PLN 1000,00 each; the nominal value of all shares totals PLN 3,500,000,00; the shares owned by PBG S.A. correspond to 7.82% share in the share capital and the in the total voting power;

- **Remaxbud Sp. z o.o. (previously MTR Sp. z o.o.)** - 840 shares with a nominal value of PLN 500,00 each; the nominal value of all shares totals PLN 420,000,00; shares owned by PBG S.A. correspond to 18.92% share in the share capital and the in the total voting power.

- **in the company STRATEG CAPITAL Sp. z o.o** – 47 shares of the nominal value equal to PLN 1000,00 each; the nominal value of shares amounts PLN 47.000,0; the shares owned guarantee the company PBG S.A. 18,80% of share in the share capital and in the total voting power.

The holding company in the Group acquired shares in the following entities upon the balance sheet date:

- **in the company Energia Wiatrowa PL Sp. z o.o.** – 230 shares of the nominal value amounting PLN 50,00 each; the nominal value of shares amounts to PLN 11.500,00; the shares owned guarantee the company PBG S.A. 18,92% of share in the share capital and in the total voting power.

- **in the company Poner Sp. z o.o** – 475 of shares of the nominal value amounting PLN 1000,00 each; the nominal value of shares amounts PLN 475.000,00; the shares owned guarantee the company PBG S.A. 19,00% of share in the share capital and in the total voting power.

V. BRANCH OFFICES

Branch offices of the holding company- PBG S.A.

None

Branch offices of subsidiaries:

Branch Office in Włocławek ul. Płocka 164, 87-800 Włocławek

Branch Office in Silesia ul. Żwirki I Wigury 58, 43-190 Mikołów

Branch Office Infra S.A.

Branch Office Warsaw ul. Mehoffera 86, 03-118 Warsaw

VI. THE BASIC SCOPE OF SERVICES

The profile of activity of PBG S.A. and the companies from PBG Capital Group includes the general production and installation of water, crude oil, natural gas and fuel systems in turnkey projects and general performance of investments within the scope of the industrial, housing, infrastructure and road construction segments. Whereas, the company PBG is responsible for the area connected with natural gas and crude oil as well as fuels. In the water industry segment the company Hydrobudowa Polska and Hydrobudowa 9 are the leading companies. The company Aprivia is responsible for the road construction sector, but the companies Hydrobudowa Polska and its Capital Group as well as PBG company are responsible for the market connected with infrastructure investments.

Currently PBG Capital Group operates in the five main segments:

- 1. crude oil and natural gas,**
- 2. water,**
- 3. fuels,**
- 4. residential and industrial construction,**
- 5. roads.**

Services offered in each segments are presented in the table below:

CRUDE OIL AND NATURAL GAS	WATER	FUELS
<ul style="list-style-type: none"> ▪ on-ground systems for the mining of crude oil and natural gas ▪ systems for liquefaction of natural gas as well as storage and re-gasification of LNG ▪ separation and storage stations LPG, C5+ ▪ underground natural gas depots ▪ LNG systems ▪ desulphurisation plants ▪ on-ground facilities of underground natural gas depots ▪ crude oil containers ▪ natural gas transfer systems - meter and regulator stations as well as meter and calculation stations, mixing stations, distribution stations and pumping stations etc. 	<ul style="list-style-type: none"> ▪ technological and sanitary facilities for water supply and sewerage sectors, such as: <ul style="list-style-type: none"> - waterworks - sewerage systems - water mains and interceptors • water intakes ▪ sewage treatment plants ▪ hydro-technical facilities, such as: <ul style="list-style-type: none"> - water dams - holding tanks - flood banks ▪ renovation of waterworks and sewerage systems 	<ul style="list-style-type: none"> ▪ fuel depots and reservoirs
		RESIDENTIAL AND INDUSTRIAL CONSTRUCTION
		<ul style="list-style-type: none"> ▪ general construction ▪ industrial infrastructure ▪ budowa stadiums ▪ construction of waste burning plants
		ROADS
		<ul style="list-style-type: none"> ▪ road construction

The scope of construction services offered within segments listed above includes end-to-end execution, design, upgrade, renovation, overhauls and maintenance of facilities and systems.

Core businesses of the companies which belonged to PBG Capital Group as at the date of report submission are described in detail below. The companies have been divided into groups on the basis of their areas of responsibility and the markets on which they operate.

NATURAL GAS, CRUDE OIL AND FUELS SEGMENT:

PBG S.A.

PBG S.A. offers specialist services in the area of end-to-end systems and facilities for natural gas, crude oil and fuels. The company is either the main contractor or a subcontractor responsible for the design, construction, upgrade, service and maintenance in the following areas: MINING of natural gas and crude oil, TRANSMISSION of natural gas and crude oil, STORAGE of natural gas, fuel, LNG, LPG, C5+, CNG.

Excan Oil and Gas Engineering Ltd.

An engineering company operating in the area of design and provision of equipment for the construction of natural gas and crude oil systems; Excan Gas and Oil was registered on 5th April 2007 in Alberta province in Canada.

Gas & Oil Engineering sr.o.

Gas & Oil is an engineering company operating in the area of design and implementation of projects on the international market.

The company's offer includes preparation of the analyses and studies, designs, financial analysis, project management, "turnkey" supplies and supervision over the tasks in the areas of natural gas and crude oil; the registered seat of the company is located in Poprad in Slovakia.

THE WATER SEGMENT:

- Hydrobudowa Polska S.A.

Hydrobudowa Włocławek S.A. specializes in the end-to-end construction and investment servicing of engineering, hydro-technical, environmental protection, and water and sewerage systems.

Hydrobudowa 9 S.A.

The core business of the company are hydro-technical, environmental protection, road and residential construction systems.

Przedsiębiorstwo Inżynieryjne „Metorex” Sp. z o.o.

The company offers construction services, such as the construction of waterworks, sewerage systems, heating and gas pipelines, land improvement for hydro-engineering structures, wastewater treatment plants, as well as surfaces of roads and squares.

Infra S.A.

Business activities of the company concentrate on services in the area of sanitary engineering and environmental protection; the company uses different methods of renovation of waterworks, sewerage, and technological systems.

KWG S.A.

The company specializes in investments in infrastructures related to environmental protection, such as: waterworks and sewerage systems, pumping stations and wastewater treatment plants, low-, medium and high-pressure gas supply systems, as well as meter and regulator stations and gas boiler houses.

PRIS Sp. z o.o.

The company operates in the area of renovation and monitoring of pipelines and trenchless technologies. Purchase of its shares by the company Infra Sp. z o.o. strengthened PBG Capital Group in the area of renovation of existing waterworks and sewerage systems.

"Wiertmar" Sp. z o.o.

The company offers services in the area of renovation and monitoring of pipelines and trenchless technologies. The objective of inclusion of Wiertmar into PBG Capital Group was to back-up the Companies operating in the hydro-technical area and especially the company Infra in the area of renovation of existing waterworks and sewerage systems.

ROADS SEGMENT:

APRIVIA S.A.

The company APRIVIA is responsible for the consolidation of companies from the road construction sector and strengthening the position of PBG Capital Group in the area of road construction, including the acquisition and execution of contracts and the organization of financing activities.

Dromost Sp. z o.o.

The company offers construction services in the area of transport facilities and produces bituminous masses.

PRID S.A.

The company is the contractor of road, bridge and engineering works including ground works, the construction of sewerage systems and bases as well soil stabilization and surface works, both bituminous and concrete ones. The company also owns a Bituminous Mass Works with a research laboratory.

BETPOL S.A.

The Company's scope of business includes mainly road works, such as: foamed bitumen cold recycling or milling asphalt and concrete surfaces. Betpol also produces cold asphalt and bitumen mix and ready mix concrete. Moreover, it produces steel constructions and it offers demolition, assembly and construction services as well as installation services including reinforced concrete works.

The inclusion of BETPOL into the Capital Group strengthened the activities of the group in the area of road construction.

BROKAM Sp. z o.o.

The company owns the land and license for aggregate production. The company will back-up the Companies from PBG Capital Group operating in the segment of road construction by providing construction materials.

REAL ESTATE SEGMENT:

PBG Dom Sp. z o.o.

The company operates in the area of real estate development (the construction of a housing estate in Lusówko near Poznań). It also manages real estate and land owned by all companies from PBG Capital Group.

Apartamenty Poznańskie Sp. z o.o.

The company operates in the area of construction and real estate development.

Gdyńska Projekt Sp. z o.o.

The purchase, sale, lease and management of real estates shall constitute the subject of activity of the company Gdyńska Projekt Sp. z o.o. The company conducts construction and development activity.

Budwill Sp. z o.o.

The purchase, sale and development of real estates at own account shall constitute the subject of activity of the Company Budwill Sp. z o.o. The company conducts construction and development activity.

Górecka Projekt Sp. z o.o.

The company conducts construction and development activity.

PBG DOM INVEST I Sp. z o.o. (previously Dawil Sp. z o.o.)

The company shall conduct construction and development activity.

KM Investment Sp. z o.o.

Construction of apartments for sale and lease shall constitute the subject of activity of the company KM Investment. Investment in the company KM Investment Sp. z o.o. is aimed at common performance of the development project.

THE INFRASTRUCTURE CONSTRUCTION SEGMENT

PRG Metro Sp. z o.o.

The company is one of the general contractors of Warsaw underground tunnels and accompanying facilities such as subway routes/track fan units chambers, junction cell, underpasses, micro-tunnels. The company extended its activity on the water and sewerages market. The company PRG Metro strengthened executive potential of the company Hydrobudowa Polska S.A. and enables it

diversification of the areas of activity, including entering into entirely new markets connected for instance with construction of subway.

EXECUTIVE COMPANIES

PBG Technologie Sp. z o.o. (previously Hydrobudowa Polska Konstrukcje Sp. z o.o.)

The company is conducting production and assembly activity within the scope of: manufacture and assembly of steel constructions, production and assembly of devices and installations, production and assembly of steel containers, execution of complex installations projects for industry and particularly for petrochemical industry. This company will be dealing in future with strictly executive activity within the scope of construction services.

THE AREA OF ACQUISITION AND PERFORMANCE OF FOREIGN CONTRACTS

PBG Export Sp. z o.o.

The company PBG Export was established for the purpose of acquiring orders in the country and abroad as well as for supervision over their performance.

SUPPORTING COMPANIES FROM PBG CAPITAL GROUP

AVATIA Sp. z o.o.

The core business of the company is the provision of IT services, including: IT consultancy, IT systems implementation, data processing, as well as services related with IT and computer technologies. AVATIA as a member of PBG Capital Group offers support in the IT area to all Companies within the Group.

Detailed financial data concerning the share of each segment in total sales are presented in the next section of this report.

VII. CHANGES IN THE AREA OF SALES MARKETS

In the reporting period, revenues (according to IAS) from different areas of business of PBG Capital Group companies were generated mainly on the Polish market in the following amounts:

Net revenues from sale	2008 (in thousands PLN)	2007(in thousands PLN)	Variance (in thousands PLN)	Variance (in %)
crude oil and natural gas (transmission, distribution, and mining)	258 071	160 455	97 616	61%

water hydro-technics and environmental protection, renovations	1 130 317	781 821	348 496	45%
fuel (fuels storage)	170 038	192 225	-22 187	-12%
Residential and industrial construction (construction, infrastructure for industrial facilities)	195 491	116 152	79 339	68%
roads (roads construction)	140 794	31 205	109 589	351%
other (sale of goods, materials and products and other services)	196 714	125 118	71 596	57%
Total net revenues from sales	2 091 425	1 406 976	684 449	49%

The changes in the area of sales market are the consequence of the implementation of a strategy consisting in the acquisition of highly specialist contracts in terms of technology, expansion on environmental protection market co-financed from EU Funds and extension of the activity on the roads construction market and infrastructure investments.

The operations of PBG Capital Group focus mainly on the Polish market and the Group considers this market the most important one due to the significant inflow of EU funds and related investments as well as scheduled investments connected with installations for production of liquefied natural gas and the entire additional infrastructure (pumping stations/gas compressor stations, pipelines and other) and due to investments carried out within the scope of organization in Poland of the European Football Championship EURO 2012.

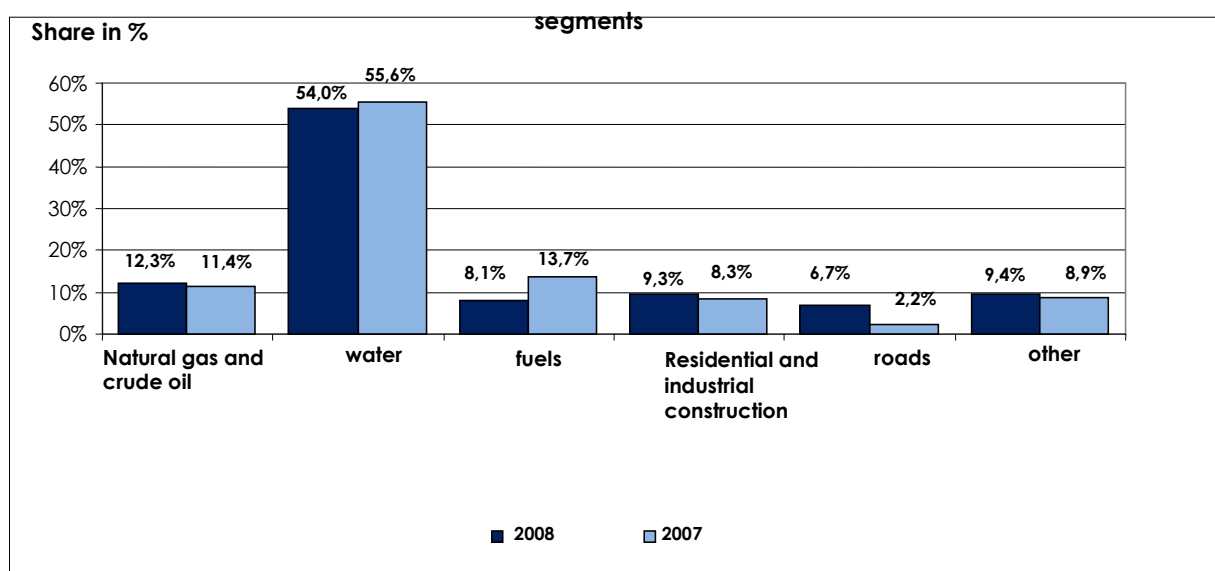
The actions are taken, however, in order to enter foreign markets in the future and especially the sectors of natural gas and crude oil. In 2006 the company PBG acting as a subcontractor of the company Pall Poland Sp. z o.o. performed the first contract for a final foreign investor, the Latvian company Latvijas Gaze Akciju Sabiedriba. The contract was performed in Latvia. The value of the contract was EUR 5.22 million. The contract is the first step of PBG towards the foreign markets. Moreover, the company PBG took steps towards the expansion into the Norwegian market.

In March of 2007 PBG concluded the first agreement with the Norwegian company Kanfa Aragon AS for the production of glycol revitalization system for gas drying. The value of the contract was EUR 1.125 million. The transaction was considered material, since it created prospects for PBG to win new contracts in Norway. PBG received another foreign order from the above mentioned company in August 2007. The order consisted in the production of packages for glycol revitalization to be used on

platforms located in the costal areas of Great Britain as well as the supply of booster pumps used together with packages for glycol revitalization. The net value of the contract totaled nearly EUR 3 million.

Moreover in February 2007 the company PBG accepted a number of orders from the company Gas Naturele' (Pvt.) Ltd. company with its registered office in Punjab, Pakistan. The total value of orders is USD 5.5 million. The first order consisted in the preparation of by PBG of the design works for natural gas liquefaction system. The second order consisted in the supply of materials and technological units for natural gas liquefaction system. The transaction was material as it created additional prospects for PBG S.A. to win new export contracts.

In the described period the share of particular segments of PBG Capital Group operations in the sales presents the following graph:



Water is a very dynamic segment of Group's operations which had the greatest share in total sales (in 2008 the revenues from that segment totaled 54% of total revenues from sales in comparison to 55,6% in 2007). The contracts performed in this segment are co-financed by the European Union; the value of each contract is quite high and they are related to investments in such areas as environmental protection and hydro-technology.

The investment budget for Poland approved for years 2007-2013 provides EUR 63 billion for the investments related to: infrastructure, environmental protection, hydrotechnics which allows to assume that that this market will remain attractive in the following years. Hydrobudowa Polska and Hydrobudowa 9 are leading companies in the water segment of PBG Group.

The natural gas and crude oil segment is a very important area of PBG Capital Group operations. Its share in net revenues from sales in 2008 totaled 12.3 % and increased almost by one (1) percentage point in relation to the previous year. Natural gas and crude oil segment is the basic area of operations of PBG S.A. which is a leader in this sector on the Polish market. In relation to signing in August of 2008 historically the largest contract of this segment that is the contract for construction of crude oil mine for the Polish Gas and Oil Company S.A. in the net amount of PLN 1,4 milliard and the contract of slightly lower value for construction of the underground gas depot in Wierzchowice in the amount of PLN 1,1 milliard, PBG expects considerable increase of income from sales from the natural gas and crude oil sector in the following years. Those are the most important projects being conducted by the Capital Group PBG.

The third largest segment of PBG Capital Group operations is the segment of **industrial and residential construction** which includes general construction and industrial infrastructure. The share of the discussed segment in net revenues from sales in 2008 reached 9,3% which the amount higher by 1% in comparison to 2007. In relation to new perspectives occurring on this market concerning mainly infrastructure investments, such as: construction of stadiums or waste sorting plants in the largest towns in Poland significant increase of revenues from the industrial construction segment may be expected in the following years. Presently the most important projects carried out within the scope of discussed segment are as follows: contract for construction of stadium in Poznań in the amount of nearly PLN 400 million, the contract on the construction of waste sorting plant in the approximate amount of PLN 300 million and the contract for construction of stadium in Gdańsk in the amount of PLN 427 million.

The third largest segment of PBG Capital Group operations is the **segment of fuels**; investment projects implemented in this segment are related to fuel storage (fuel depots and storage facilities). The share of the discussed segment in net revenues from sales reached 8,1% and was lower by 5,6% in comparison to the analogical period of the previous year.

The main buyers of services in this segment are: the Investment Department of NATO, PKN Orlen and Operator Logistyczny Paliw Płynnych Sp. z o.o.. In this segment the most important project carried out since the beginning of 2007 is the contract for execution of investment connected with delivery and execution of undergrounds storage reservoirs.

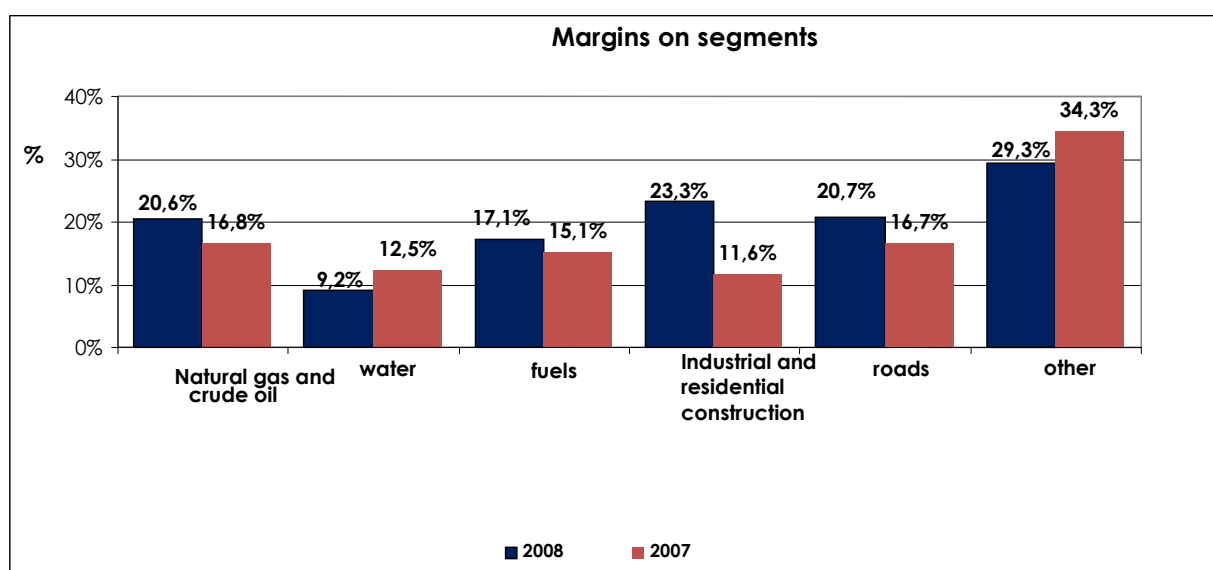
The total value of the agreement is nearly PLN 280 million (at the time of signing agreement its value amounted approximately PLN 255 million).

Acquisition of the contract with NATO and the increasing demand for such services could lead to the increase in revenues in this fuels segment in the future.

The last significant segment of activity of PBG Capital Group connected with services within the scope of specialist construction is **road construction segment**. The share of above segments in net revenues from sales in 2008 reached in total 6,7% and increased by 4-percent in relation to the previous year.

The company PBG S.A. started to operate on the road construction market through the acquisition of road companies. In the previous year the Group focused on the construction of the segment through the acquisition of road companies and restructuring of newly acquired entities within the group as well as investment in such entities. Those entities perform leading function on this market, therefore revenues worked out by PBG from the roads segment have minor share in the total sale revenues.

GROSS MARGIN WORKED OUT IN THE PARTICULAR SEGMENTS OF ACTIVITY OF PBG GROUP



By comparison of gross margins worked out in 2008 with the results achieved in 2007 the following changes may be noticed:

- increase of gross margin in the segment of natural gas and crude oil by 3,8% from 16,8% to 20,6%
- increase of gross margin in the fuels segment by 2% from 15,% to 17,1%.

- increase of gross margin in the segment of industrial and residential construction segment up to 11,7% from 11,6% to 23,3%.
- increase of gross margin in the roads construction segment by 4% from 16,% to 20,7%.
- decrease of gross margin in the water segment by 3,3% from 12,5% to 9,2%.

VIII. INFORMATION ON MATERIAL AGREEMENTS

The agreements concluded in the period included in the statement and after the balance sheet date which are important for the operations of the Capital Group.

Date of agreement conclusion	Parties to the agreement	Subject of agreement	Material conditions
22 nd January of 2008	HBP S.A. – Consortium Leader, AK-Bud Kurant Spółka Jawna – the Consortium Partner and the principal and Poznań Sports and Recreation Centers	The performance of construction works consisting in the construction of the III level of the II stand of the Municipal Stadium situated at ul. Bułgarska in Poznań.	Value of the contract PLN 14 081 965,03 net.
29 th January of 2008	HBP SA – the Consortium Leader - HYDROBUDOWA 9 P.I-B. SA – the Consortium Partner - PBG SA – the Consortium Partner and (the contracting party) principal - Bytomskie Przedsiębiorstwo Komunalne Sp. z o.o.	The execution of the task: "THE IMPROVEMENT OF WASTEWATER MANAGEMENT IN BYTOM COMMUNE 2004/PL/16/C/PE/004) TASK NO 3.	Value of agreement: 3.224.792,31 EUR. The task shall be completed by 30 th June of 2009.
30 th January of 2008	HB 9 SA – the Consortium Leader, HBP SA – the Consortium Partner, PBG SA. – the Consortium Partner and the Contracting Party Karkonoski System Wodociągów i Kanalizacji Sp. z o.o.	The execution of the task: "The construction and modernisation of water and sewerage network in Szklarska Poreba Commune" under the project: "The system of waterworks and sewerage systems in Karkonosze, stage I" financed form the Cohesion Fund	Value of the contract EUR 27.985.089,56 net; The task shall be completed by 31 st of October of 2009.
19 th February of 2008	KWG SA – the Consortium Leader, HBP SA – the Consortium Partner , HB 9 SA – the Consortium Partner, PBG SA – the Consortium Partner, Mr Bogdan Adamczyk conducting economical activity in Szczecin – the Consortium Partner and the Contracting Party - Zakłady Wodociągów i Kanalizacji Sp. z o.o.	The execution of the task: "Optimization and modification of the existing water treatment process in Miedwie Water Treatment Plant".	Value of the contract EUR 8.170.228,29 net; The contracted works shall be completed within 18 months of their commencement.

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

21 st February of 2008	Hydrobudowa Polska SA and the Central Sports Center in Warsaw – a budgetary unit of the Sports Ministry, the Olympic Preparation Center in Szczyrk.	The construction works consisting in the repair of the modernized ski jump "Malinka" in Wista as well as the removal of the consequences of the earth slide and the protection of the slope against further earth slide in the ski jump landing area.	The contracted price was established in the amount of net PLN 7.270.001,56; The works contracted under the above agreement shall be completed by 15 th of September of 2008.
	The annex to the material agreement concluded by HBP S.A. on 22 nd October 2004 with the Central Sports Centre in Warsaw- a budgetary unit of the Sports Ministry, the Olympic Preparation Centre in Szczyrk.	After the repair of the landing area of the ski jump Hydrobudowa Polska SA shall execute the modernization works and related works in the landing area of the ski jump "Malinka" in Wista	Lump remuneration in the amount of PLN 5.269.311,45 PLN gross; The works shall be completed by 15 th September of 2008. Upon consideration of this annex the total amount of remuneration of the company Hydrobudowa Polska S.A. resulting from performance of the contract „Modernization works and related works in the landing area of the ski jump "Malinka" in Wista amounts PLN 35.442.580,38 gross.
5 th March of 2008	HBP SA with the consortium of companies – the contractor and BUG GAZOBUDOWA Sp. z o.o. the Consortium Leader - PP-H Omnix Sp. z o.o. – the Consortium Partner.	The execution of construction works under the contract performed by Hydrobudowa Polska SA.	The contract value PLN18.837.370,01 net; The works which are the subject matter of the contract shall be completed by 31 st August of 2009.
27 th March of 2008	HBP SA – the contracting party and Przedsiębiorstwo Inżynieryjne Budomont 6 Sp. z o.o.	The execution of construction works for the construction facility and 9 complexes of housing, service and trade development in Świnoujście.	The contract value PLN 10.569.171,38 net; The works which are the subject of contract shall be completed by 30 th September of 2009. The total value of agreements concluded during last 12 months with the Company Budomont 6 Sp. z o.o. amounts PLN 17 294 569,27.
28 th March of 2008	PBG SA general contractor of Pomerania Development Sp. z o.o.	The execution of construction and design works for the construction facility and 9 complexes of housing, service and trade development in Świnoujście.	The value of contract up to PLN 190.035.865,22 net.
3 rd April of 2008	HB 9 SA the Consortium Leader, HBP SA and PBG SA the partners and the Contracting Party the company Miejskie Wodociągi i Kanalizacja Sp. z o.o.	The execution of the task "Rainwater discharge from the protection zones of LAS GDANSKI and CZYŻKÓWKO water intakes and extension of the rainwater discharge system in Bydgoszcz"	The value of concluded agreement totals EUR 30.809.573,57 net (PLN 107.263.530,4 net); The agreement will be executed within 31 months of its effective date. PBG SA – the Consortium Partner, shall perform and shall be responsible for 10% of the scope of works related to task completion.

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

9 th April of 2008	PBG SA – the Contracting Party and PIECOBIOGAZ SA	Defining the principles of cooperation in the area of joint implementation of the investment project for construction works	The approximate amount is PLN 100 000 000 PLN, date of completion shall be the 31 st December of 2010 (Within the period of 12 months PBG SA concluded with PIECOBIOGAZ SA the agreements in total amount of PLN 51 583 124,21. The combined value of material agreement shall be PLN 151 583 124,21).
April 16 th of 2008	PBG SA - the Contracting Party and the company "Nairit Plant" CJSC	Comprehensive implementation of the project entitled "Reconstruction and Modernisation of the Nairit CJSC Site", the Main Agreement.	The value of agreement totals 210.000.000,00 USD netto; The date of completion 30 months.
April 18 th of 2008	PBG SA - the Contracting Party and the company "Nairit Plant" CJSC.	The subject matter of the agreement is to hire "Nairit Plant" CJSC as the Subcontractor of PBG SA acting as the Contractor of a part of works related to the execution of the project entitled "Reconstruction and Modernisation of the Nairit CJSC Site".	The estimated value of the agreement shall be 80.000.000,00 USD net. The tasks assigned to the Subcontractor Nairit Plant" CJSC will be implemented in the timescales 20 days shorter than in the schedules provided for in the schedules of Main Agreement.
29 th April of 2008	HBP SA – Consortium Leader, PBG SA – Partner, HB 9 SA – Partner, - the Enterprise of Environment Protection Engineering - Przedsiębiorstwo Inżynierii Ochrony Środowiska „Ekoklar” Sp. z o.o. in Piła – the Partner and the Contracting Party - Gmina Rewal	"The extension and modernisation of the wastewater treatment plant in Pobierowo, Rewal Commune. The order includes the extension and modernisation of the wastewater treatment plant and the acquisition of the water law permit as well as a legally binding use permit.	The value of the concluded agreement totals: 22.947.142,00 PLN net; The agreement shall be executed by 15 December of 2009
20 th June of 2008	Hydrobudowa Polska SA, and the Contracting Party the company Polimex-Mostostal SA	Execution of construction and assembly works connected with performance of the project "Construction of the manufacturing company of terephthalic acid (PTA)" in Włocławek.	The value of concluded agreement shall be PLN 22.942.145,87. The date of completion 31 st October of 2009.
30 th June of 2008	HBP SA – Consortium Leader, HB 9 SA, PBG SA, Hydroprojekt and Contracting Party - Przedsiębiorstwo Wodociągów i Kanalizacji Spółka z o.o. in Starachowice.	"Modernization and development of the sewage treatment plant in Starachowice" – part I.	The value of concluded agreement shall be EURO 13.330.509,40 net; The period of completion is 26 months following the date of signing of the agreement.
6 th August of 2008	HBP S.A – Consortium Leader, PBG SA, HB 9, DORACO, Vauche and the Contracting Party - Zakład Utylizacyjny Spółka z o.o. in Gdańsk.	"Designing and construction of the waste neutralization plant in Gdańsk-Szadółki, construction and assembly works". The order constitutes part of the undertaking named "Modernization of the Municipal Waste Administration in Gdańsk."	The value of concluded agreement shall be PLN 299 001 006,00 net; ; The period of completion is 24 months following the date of signing the agreement Annex: 23 rd February of 2009. The contract amount was decreased by the valued of

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

			project taken over: from the amount PLN 299 001 006,00 net to the amount PLN 298 462 234,75 net.
11 th August of 2008	PBG SA – Consortium Leader, Technip KTI S.P.A., Thermo Design Engineering Ltd. – Partners of the Consortium – the Contracting Party and Polskie Górnictwo Naftowe i Gazownictwo SA – the Polish Gas and Oil Company.	General execution of the investment LMG Project – Main Centre, well-sites, pipelines and other"	The value of concluded agreement shall be PLN 1.397.000.000 PLN net; The period of completion is 56 months from the date of agreement execution.
11 th August of 2008	PBG SA – the Contracting Party and the company Technip KTI S.P.A.	"LMG Project – Main Centre, well-sites, pipelines and other" – complex execution of specialist installations by Technip KTI S.P.A.	Value of the agreement PLN 306 084 000 net.
5 th September of 2008	HB 9 SA Consortium Leader, PBG SA, HBP SA, Prace Badawczo-Rozwojowe "EKOSYSTEM" Sp. z o.o., Ekotab Projekt Sp. z o.o. – Partners – and Contracting Party - Miejski Zakład Oczyszczania Sp. z o.o.	"Construction of the Waste Administration Plant in Trzebania, commune Osieczna".	Value of the agreement Euro 24 918 457,71 net; period of completion until 30 th June of 2010.
19 th November of 2008	PBG SA (Consortium Leader), Tecnimont S.P.A., Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ", Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu A.S. (Partners of the Consortium) – the contractor and the company Polskie Górnictwo Naftowe i Gazownictwo SA	General execution of the investment "Construction of surface part of the underground gas warehouse Wierzchowice 3,5 mld nm3 sub-phase 1,2 mld nm3".	Value of the agreement PLN 1.089.000.000,00 net; Execution - "ready to move in"; Date of completion 18 th November of 2011.
15 th December of 2008	HBP S.A – the Consortium Leader, ALPINE BAU DEUTSCHLAND AG – Partner,, ALPINE BAU GmbH – Partner, ALPINE Construction Polska Sp. z o.o. – Partner, AK-BUD KURANT Spółka jawna" – Partner, PBG S.A. – Partner a zamawiający. - Spółka „Euro Poznań 2012"	„Development of Municipal Stadium at ul. Bułgarska 5/7 in Poznań for the requirements of Euro 2012 within the scope of execution of I and III stand with the roof of the stands I,II and III".	The value of agreement PLN: 398 400 000,00 net.
21 st January of 2009	HBP S.A. and the company Spółka PBG S.A – the Contracting Party	Complex execution of specialist installations of fuels storage, construction of social and technical backstage as well as external networks and underground infrastructure connected with development of crude oil and natural gas depots in the region of Lubiatów, Międzychód and Grotowo.	The value of agreement is PLN 82.500.000,00 PLN net.
12 th February of 2009	PBG SA – the Contracting Party and the company Control Process S.A.	Two agreements concern execution of the task connected with the Project LMG – Main Centre, well-sites, pipelines and other" 1. General execution of well-sites and group centers, including designing, construction and opening of those facilities.	1. The value of agreement PLN 183.955.000 net; 2. The value of agreement PLN 94.610.000 PLN net; Date of completion the 10 April of 2013.

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

		2. General execution of heat and power station – construction and opening of power plant.	
24 th March of 2009	HBPS.A. the contracting party with the subsidiary - HBP KONSTRUKCJE Sp. z o.o.	Execution of the steel construction of the roof on the Municipal Stadium in Poznań at ul. Bułgarska.	The Agreement value shall be PLN 107 664 862,98 net.
10 th April of 2009	HBP S.A – Consortium Leader, - HB 9 S.A. - Partner - ALPINE BAU GmbH – Partner,- ALPINE BAU DEUTSCHLAND AG Oddział Berlin - Partner- ALPINE Construction Polska Sp. z o.o. - Partner and Commune of Gdańsk City – the Contracting Party – represented by the Euro Investment Office Gdańsk 2012 Sp. z o.o.	Execution of the second stage of construction works concerning construction of Baltic Arena – the football stadium in Gdańsk Letnica. Construction of the Baltic Arena – the football stadium in Gdańsk Letnica shall constitute the subject of order.	The Agreement value shall be PLN: 427 700 000,00 PLN net.
April 16 th of 2009	PBG SA – Consortium Leader – the Contracting Party and the company PLYNOSTAV PARDUBICE HOLDING A.S.	The agreements are connected with the contract made by consortium of the following companies of PBG SA (Consortium Leader), Tecnimont S.P.A., Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ" Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu A.S. (Partners of Consortium), and the company PGNiG SA concerning general execution of the investment "Construction of the surface part of the Gas Warehouse Wierzchowice stage 3,5 mld nm ³ sub-stage 1,2 mld nm ³ ".	The Agreement value shall be PLN 84.178.442,00 PLN; Date of completion is 18 th November of 2011.
16 th April of 2009	PBG SA the Consortium Leader – the Contracting Party and the company PLYNOSTAV REGULACE PLYNU A.S.	Designing, supply and assembly of selected installations shall constitute the subject of agreements.	The Agreement value shall be PLN 83.731.000,00; Date of completion is 18 th November of 2011.
27 th April of 2009	HB 9 S.A.- the Consortium Leader, - „Metro” Sp. z o.o.- Consortium Partner, KWG S.A. – the Consortium Partner – the Contracting Party: MPWiK in the capital city of Warsaw S.A.	Construction of sewages transmission system from left-bank of Warsaw to the sewages treatment plant Czajka – stage I	The Agreement value shall be PLN 236. 214.352,34. Date of completion is 31 September of 2010.

The criteria which constitute the basis of acknowledgement of the agreement as material:

The legal basis:

Paragraph 5 item 3 the Resolution on the current and periodical information provided by the issuers of securities as of 19th October of 2005.

Article 56 item 5 of the Public Offering Act – updating of the information

Legal basis:

The Resolution of 19th February of 2009 on current and periodical information provided by the issuers of securities as well as the conditions of acknowledgement as equivalent any information required under the provisions of law of the country which is not a member state.

IX. CHANGES IN THE ORGANIZATIONAL RELATIONS BY THE DATE OF THE SUBMISSION OF THE FINANCIAL STATEMENT

The following changes in organizational relations took place in the period covered by the statement and after the balance sheet date:

date	Subjects of transaction	Type of transaction	Description of the transaction	The goal
15 th February of 2008	PBG S.A. and two individual persons	FORMATION OF THE COMPANY AVATIA SP. Z O.O. The company was registered by the District Court in Poznań on 29 th February of 2008.	The share capital amounts PLN 50.000,00 and shall be divided into 1.000 shares of the nominal value PLN 50,00 each. The company's partners are: PBG S.A., which took up 998 shares of the combined value 49.900,00 and two individual persons one of which holds 1 share. The shares belonging to PBG S.A. constitute 99,80% of the share capital and the total number of votes. Rendering IT services constitutes the subject of Company's activity. The share capital paid in by PBG S.A. was transferred from the own company's funds.	The company AVATIA as a member of the Capital Group PBG shall perform the function of IT support for all Companies of the Group.
13 th March of 2008	PBG SA and three individual persons	ACQUISITION OF THE COMPANY BETPOL SA	PBG S.A. acquired 14.244.999 registered A series shares of the Company BETPOL S.A. Each share of the nominal value of PLN 1. The shares were purchased for the price of PLN 2,90 per share, the amount of PLN 40.246.497,10 was paid within the period of 3 days since signing of the agreements, but the amount PLN 1.064.000,00 will be paid upon approval of the financial statement for 2008. The acquired shares constitute 70% of the Company's share capital and the same amount in the total number of votes. Financing of the acquisition of the Company constitutes a part of the issue targets.	Acquisition of the company BETPOL will support activity of the Group in the area of road construction industry.
18 th March of 2008	PBG SA	FORMATION OF THE COMPANY APRIVIA SA; The company was registered by the District Court in Poznań on 7 th April of 2008.	The Company's share capital amounts PLN 500.000,00. PBG S.A. took up 100% of shares in the Company APRIVIA S.A. and holds 100% in the share capital and the same amount in Company's the votes. The funds for establishment of the Company come from the funds acquired from the issue. The record value in the books of PBG S.A. amounts at the day of company's formation PLN 0,00, but at 13 th October of 2008 it amounted PLN 505.737.	APRIVIA S.A. shall be responsible for strengthening position of the Capital Group PBG in the area of road construction as well as for acquisition and performance of contracts and organization of financing.

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

2 nd April of 2008	Infra SA, - individual person	ACQUISITION OF THE COMPANY WIERTMAR SP. Z O.O.	As the result of two agreements being made the company INFRA S.A. acquired 25.969 shares in the company WIERTMAR Sp. z o.o. of the nominal value PLN 50,00 per each for the total amount PLN 4.207.774,19. The shares purchased from individual person constituted 51% of the capital of the company Wiertmar Sp. z o.o. and the same amount in the votes on the Shareholders' Meeting. The record value of acquired shares amounts in the books of INFRA S.A. PLN 4.207.774. The source of financing of shares purchase are own resources of the company INFRA S.A.	The company Wiertmar renders construction services – renovations and monitoring of pipelines and non-trench technology; Inclusion to the Capital Group was aimed at creation of executive base for the Companies from hydro-technique area.
2 nd April of 2008	Hydrobudowa 9 SA	FORMATION OF THE COMPANY GDYŃSKA PROJEKT SP. Z O.O.	Shares in the new company that is 60.000 units of the value PLN 50 each were covered by the contribution in kind in the form of perpetual usufruct right of the value PLN 2.900.000 and payment of cash in the amount of PLN 100.000. The company Hydrobudowa 9 S.A. holds 100% of votes and shares in the capital of the new company. The subject of activity of the company Gdyńska Projekt Sp. z o.o. shall be purchase, sale, lease and management of property at own account. The record value of the Company Gdyńska Projekt Sp. z o.o. in the books of the company Hydrobudowa 9 amounts PLN 3.000.000.	Formation of the company is a long-term investment connected with performance of development project.
8 th April of 2008	PBG Dom Sp. z o.o., individual persons	ACQUISITION OF THE COMPANY BUDWIL SP. Z O.O.	The company PBG Dom purchased from individual persons 255 shares of the company Budwil Sp. z o.o. of the nominal value PLN 100 each. The purchased shares constitute 51% of the share capital and the same amount of votes on the Shareholders' Meeting. PBG DOM paid for shares the amount of PLN 25.500 in cash. The subject of activity of the Company Budwil Sp. z o.o. is purchase, sale and development of property at own account. The record value of the shares in Budwil Sp. z o.o. amounted in the books of PBG Dom Sp. z o.o. – PLN 26.055.	PBG Dom plans to continue activity of the Company and treats the Company as a long-term investment connected with performance of development project.
16 th May of 2008	Hydrobudowa Polska SA	FORMATION OF THE COMPANY HYDROBUDOWA POLSKA KONSTRUKCJE SP. Z O.O.; Registered by the District Court Katowice – 30th May of 2008	The share capital of the Company amounts PLN 50.000,00 and is divided into 100 shares of the nominal value PLN 500 each. HBP took up all 100 shares. The shares being taken up were covered with pecuniary contribution – in cash. The purpose of formation of the company HBP Konstrukcje Sp. z o.o. was division from the scope of activity of the company Hydrobudowa Polska S.A. the production and assembly activity within the following scope: production and assembly of steel constructions, devices and installations, steel containers, execution of complex installation projects particularly for petrochemical industry.	Assigning the tasks to the company connected with performance of agreements within the scope of production and assembly activity.

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

30 th May of 2008	PBG SA	<p>REDUCTION OF THE SHARE IN THE COMPANY'S CAPITAL HYDROBUDOWA POLSKA SA (from 76% to 60,69%)</p> <p>As the result of registration of the increase of share capital of the company Hydrobudowa Polska</p>	<p>As the result of issue of K series shares and registration of increase of the share capital of the company Hydrobudowa Polska S.A. by the issue of K series shares, the share of PBG S.A. in the general number of votes in the company Hydrobudowa decreased below 75% and amounted 60,69%. Upon registration of increase of the capital HBP S.A., PBG S.A. held 105.397.300 shares of the Company constituting 60,69% of the share capital authorizing to cast 105.397.300 votes on the General Shareholders Meeting which constituted 60,69% of the share in the total number of votes. Prior to registration of the capital increase of HBP S.A., PBG S.A. was authorized to execute 105.397.300 votes on the General Shareholders Meeting which constituted 76,00% of the total number of votes from the held 105.397.300 shares of the Company constituting 76,00% of the company's share capital.</p>	<p>Decrease of the share of PBG in the capital and in the total number of votes in the company Hydrobudowa Polska S.A. took place as the result of conducting public issue of shares by that company.</p>
10 th June of 2008	PBG SA, Hydrobudowa Polska SA, PBG Dom Sp. z o.o.	<p>INCREASE OF THE SHARES BY PBG SA IN THE COMPANY PBG DOM SP. Z O.O. (from 84,85% to 100%)</p> <p>Through acquisition of the shares from the company Hydrobudowa Polska S.A.</p>	<p>Transaction of purchase by PBG S.A. of 3,572 shares in the company PBG Dom Sp. z o.o. from the company HBP S.A. As the result of this transaction the company PBG S.A. holds shares constituting 100% of the share capital authorizing to cast 100% of the total number of votes. The total purchase price was determined in the amount of their nominal value that is PLN 357.200. The share capital of the company PBG Dom Sp. z o.o. amounted PLN 2.357.200. The nominal value of one share amounts PLN100.</p>	<p>Making order in the Capital Group of PBG</p>
26 th June-28 th July of 2008	Hydrobudowa Polska SA, PRG Metro Sp. z o.o.	<p>ACQUISITION OF THE COMPANY PRZEDSIĘBIORSTWO ROBÓT GÓRNICZYCH METRO SP. Z O.O.</p>	<p>The company Hydrobudowa Polska acquired 465 shares of the company PRG Metro of the nominal value PLN 1.000 each, which constitutes in total 84,55% of share in the share capital. The amount of 54 shares remains in possession of the Management Board Members of the company PRG Metro from the remaining 85 shares. The combined value of agreements made has been financed by HBP from the funds coming from the issue of K series shares.</p>	<p>Increase of the executive potential and enabling diversification of the activity areas with new areas connected with construction of tunnels, underground tunnels and facilitates connected therewith.</p>
27 th June of 2008	PBG SA, PBG Dom Sp. z o.o., Apartamenty Poznańskie Sp. z o.o.	<p>ACQUISITION OF THE COMPANY APARTAMANTY POZNAŃSKIE SP. Z O.O. by the company PBG DOM</p>	<p>PBG S.A. sold all 255 shares in the company Apartamenty Poznańskie for the amount of PLN 2.500.020 for the benefit of the company PBG DOM SP. z o.o. The value of each share amounts PLN100. The shares constitute 51% of the Company's share capital and the same number of votes on the Shareholders Meeting. The shares are fully paid up, their record value in the books of PBG S.A. amounted PLN 1.579.893,51. PBG S.A. is an owner of 100% of the share capital of PBG Dom Sp. z o.o.</p>	<p>Making order in the structure of the Capital Group of PBG</p>
5 th August of 2008	PBG SA, PBG Dom Sp. z o.o.	<p>INCREASE OF THE SHARE CAPITAL IN THE COMPANY PBG DOM SP. Z O.O. through taking up additional shares</p>	<p>The share capital of the Company PBG Dom was increased from the amount of PLN 2 357 200 to the amount PLN 12 357 000, that is by the amount PLN 10 000 000 by issue of 100 000 shares of the nominal value PLN 100 per each. Newly issued shares were taken up by the company PBG S.A. remaining the only partner of PBG Dom Sp. z o.o. Upon increase of the share capital PBG S.A. holds 123 572 shares constituting 100% of the share capital of the Company and the same amount in the total number of votes. All new shares were paid and financed from own resources of the company. The record value of the shares in PBG Dom Sp. z o.o. amounted PLN 12.376.179 in the books of PBG S.A.</p>	<p>Provision of the funds for development of the investment activity connected with real estates.</p>

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

22 nd August of 2008	PBG SA, J.A. osoba fizyczna jako - Sokół - Melafir Sp. z o.o.	TERMINATION OF PRELIMINARY AGREEMENT OF SHARES ACQUISITION IN THE COMPANY J.A.SOKÓŁ – MELAFIR SP. Z O.O.	The preliminary sale agreement concluded between PBG S.A and an individual person was terminated. The purchase of shares in the Company J.A.Sokół - MELAFIR Sp. z o.o with its registered seat in Tłumaczowo constituted the subject of agreement. PBG S.A. and the Seller committed mutually to enter into the final sale agreement according to which the Seller shall sell PBG S.A. all shares in the share capital of the Company without any encumbrances for the price of PLN 32.000.000. The shares purchase agreement was to be entered into under the following precedent conditions: upon obtaining positive result of the audit carried out by PBG S.A. and upon renewal and validation of the licence for mining melaphyry from the depot "Tłumaczów – Gardzień".	The parties amicably terminated the contract as the result of lack of agreement within the scope of assessment as to fulfillment of the condition of positive audit.
11 th September of 2008	Hydrobudowa 9 SA	FORMATION ZAWIĄZANIE SPÓŁKI GÓRECJA PROJEKT SP. Z O.O. Registered by the District Court in Poznań – 19 th September of 2008.	Shares in the new company in the amount of 1000 units of the nominal value PLN 50 each were covered with the payment of cash in the amount of PLN 50.000. HB9 S.A. holds 100% of votes and shares in the capital of new company. Execution of the following construction projects shall constitute the subject of activity of the Company: construction of residential and non-residential buildings, purchase and sale of real estates at own account, lease and management of the property, consulting activity.	Formation of the company is a long-term investment connected with execution of development project.
26 th August of 2008 - 12 th September of 2008	PBG Dom Sp. z o.o. - individual person	ACQUISITION OF THE COMPANY DAWIL SP. Z O.O. (presently PBG Dom Invest 1 Sp. z o.o.)	PBG Dom Sp. z o.o. purchased from individual person 250 shares of the company Dawil Sp. z o.o. of the nominal value PLN 100 each for the total amount of PLN 25.000,00. The shares constitute 50% of the share capital and the same amount in the total number of votes. The company PBG DOM paid for the shares in cash in accordance with the nominal value thereof that is the amount of PLN 25.000. The share of PBG Dom in the company Dawil Sp. z o.o. increased up to 100% in the share capital and 100% in the general number of votes as the result of purchase transaction of other 250 shares as at 12 th September of 2008. The share capital of the company Dawil Sp. z o.o. amounts PLN 50.000 and shall be divided into 500 shares of the nominal value 100 PLN each. The company PBG Dom Sp. z o.o. acquired the shares in the Company Dawil Sp. z o.o. from own resources. The record value of the shares in Dawil in the books of PBG Dom Sp. z o.o. increased from PLN 25.180 to PLN 50.360. In August 2008 the change of the company's name Dawil into PBG Dom Invest 1 Sp. z o.o. was registered.	Formation of the company is a long-term investment connected with execution of development project.

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

<p>8th October of 2008</p>	<p>PBG SA, APRIVIA SA</p>	<p>INCREASE OF THE SHARE CAPITAL IN THE COMPANY APRIVIA S.A.</p>	<p>Increase of capital of APRIVIA S.A. was the result of issue of PLN 71.493.065 of the registered B series shares in the form of closed subscription addressed to one shareholder which is PBG S.A. The share capital of APRIVIA S.A. was increased from the amount PLN 500.000 to PLN 71.993.065 and is divided into 500.000 A series shares of the nominal value PLN 1 and 71.493.065 of B series shares of the nominal value PLN 1.</p> <p>Issue value of shares is equal to nominal value of a share and amounts PLN 1 per share. The amount of 143.986.130 votes (that is two votes from one share) results from all registered shares in the amount of 71.993.065.</p> <p>Upon capital increase the company PBG S.A. remains the only shareholder and holds 100% of the share capital and 100% in the total number of votes on the General Shareholders Meeting. The record value of APRIVIA S.A. in the books of PBG S.A. increased from PLN 505.737 to PLN 71.998.802. Series B shares of the company APRIVIA S.A. were taken up by PBG S.A. in exchange of contribution in kind in such manner that:</p> <p>a) 22.379.325 B series shares were taken up for 25.000 shares in the company PRID S.A. with its registered office in Nowy Tomyśl; each share of the nominal value of PLN 20,00 (PBG S.A. held 100% in the share capital and in the books the record value was determined in the amount of PLN 22.379.325,00.</p> <p>b) 45.971.637 of B series shares were taken up for 14.245.000 shares in the company BETPOL S.A. with its registered office in Bydgoszcz), each share of the nominal value PLN 1,00 (PBG S.A. held 70% in the share capital of the Company and its record value was determined in the amount of PLN 45.971.636,00);</p> <p>c) 3.142.103 of B series shares were taken up for 6.000 shares in the company DROMOST Sp. z o.o. with its seat in Żabno; each share of the nominal value PLN 500,00 (PBG S.A. held 87,39% in the Company's share capital and its record value was determined in the amount of PLN 3.142.102,23. However, upon registration of the increase the companies PRID SA, BETPOL SA and Dromost Sp. z o.o. were taken over by APRIVIA S.A. and have the following record value in the books of APRIVIA S.A.</p> <ul style="list-style-type: none"> - PRID S.A. – PLN 22.379.325, APRIVIA S.A holds 100% in the share capital and the same amount in the total number of votes on the General Shareholders Meeting; - BETPOL SA: PLN 45.971.637, APRIVIA S.A. holds 70% in the share capital and the same number of votes on the General Shareholders Meeting; - DROMOST Sp. z o.o.: PLN 3.142.103, APRIVIA S.A. holds 87,39% in the share capital and the same amount in the total number of votes on the General Shareholders Meeting. The Company took up shares in the Companies through issue of 71.493.065 of B series shares. 	<p>Making order in the structure of the Capital Group PBG.</p>
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Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

23 rd December of 2008	PBG SA, Bathinex Sp. z o.o., Ecopap Sp. z o.o.	SALE OF THE SHARES IN THE COMPANY BATHINEX SP. Z O.O.	PBG S.A. sold 50 shares in the subsidiary Bathinex Sp. z o.o., of the nominal value PLN 1.000 each constituting 100% of votes on the General Shareholders Meeting and the same amount in the share capital of the total nominal value PLN 50.000 in the share capital of the Company to the Buyer –the company Ecopap Sp. z o.o. The shares were sold by PBG S.A. for the amount of PLN 5.950.000. The company is a party of the transaction made by PBG S.A. on 31 st July of 2007 consisting in sale by PBG of the shares in the company KRI.	Preparation to the investment project with financial investors.
2 nd April of 2009	PBG SA	FORMATION OF THE COMPANY PBG EXPORT SP. Z O.O.	The share capital of the Company amounts PLN 1 000 000,00 and is divided into 20 000 shares of the nominal value of PLN 50,00 each of the combined value PLN 999 500,00. The shares being taken up were covered with pecuniary contribution – in cash. PBG S.A. holds 99,95% of the share capital and 99,95% in the total number of votes.	Acquisition of orders in the country and abroad as well as supervision over execution thereof.
2 nd April of 2009	PBG SA, Hydrobudowa Polska SA	TAKE OVER OF THE COMPANY HBP KONSTRUKCJE SP. Z O.O. by PBG SA	PBG S.A. acquired from the company HBP S.A. the shares in the company HBP KONSTRUKCJE Sp. z o.o. with its seat in Mikołowo. From the company of the Capital Group – Hydrobudowa Polska S.A. PBG S.A. acquired all 16 100 shares of the nominal value of PLN 500,00 each of the combined value PLN 8 050 000,00, for the price amounting PLN 9 000 000,00. The shares constitute 100% of votes on the General Shareholders Meeting and the same amount in the share capital of the Company HBP KONSTRUKCJE Sp. z o.o.	Making order in the structure of the Capital Group PBG and formation of low-cost companies.
9 th April of 2008	PBG Dom Sp. z o.o., KM Investment Sp. z o.o.	Acquisition of the company KM INVESMENT SP. Z O.O.	PBG Dom Sp. z o.o. took up the material assets in the company KM Investment Sp. z o.o. as the result of capital increase. Increase of capital up to the amount of PLN 125.000 took place on 9 th April of 2009 through adoption of the resolution by the General Shareholders Meeting of KM Investment Sp. z o.o. PBG Dom took up 150 shares of the nominal value 500 PLN per each. The company PBG Dom Sp. z o.o. took up all newly issued shares in the company for the amount PLN 75.000 (the book value of the shares taken up in the accounting books of PBG Dom amounted PLN 76.664). The shares being taken up constitute 60% of the share capital of KM Investment and 60% in the total number of votes. The company KM Investment Sp. z o.o. is in the course of registration by the Court of change of the business name into "Złotowska 51" Sp.z o.o.	Long-term investment aimed at execution of the development project and construction of apartments for sale and lease.

X. BUY-BACK OF TREASURY SHARES

No treasury shares were bought back in the reporting period.

XI. TRANSACTIONS WITH ASSOCIATED PARTIES.

In the discussed period the total value of associated (related) party transactions concluded by PBG Capital Group exceeded the equivalent of EUR 500,000 expressed in the Polish zlotys - PLN. These transactions were routine and they were related to the on-going operations of PBG SA and its subsidiaries; they were also subject to current market conditions. Moreover some of the transactions are related to the agreements in force with Financial Institutions which are secured by guarantees (including mutual guarantees) issued by the entities from PBG CG which are the Parties to specific Agreements. Such approach is congruent with the financing strategy adapted by PBG CG. What is more, PBG SA acting as a holding company which is characterized by the strongest financial position also issues guarantees for the payment of trade liabilities in favour of the companies from PBG CG.

The most frequent types of transaction concluded by the entities from PBG Group are:

- o construction agreements,
- o loan agreements
- o guarantee agreements:
 - related to loan limits,
 - related to guarantee limits,
 - related to specific guarantees, etc.

Business operations of PBG Capital Group are conducted by highly specialized entities whose core businesses correspond to a wide range of services. The objective of the co-operation between the companies which belong to PBG Capital Group is to increase the efficiency of resources used by the entities participating in a transaction and the reduction of risk related to the operations for example by adequate risk allocation. Thanks to adequate risk allocation and the division of responsibilities in the company it is possible to:

- Increase the turnover through long-term planning in the area of resource efficiency and investments and at the same time guarantee stable demand;
- Implement strategic goals of the Capital Group- keeping the position of a leader in relation to specific entities and receiving "monopoly rents" because of such situation; it depends on the organizational structure of the Capital Group which should be able to respond to specific requirements of the market;
- Reduce the risk related to the ongoing operations; the co-operation between related parties reduces or even eliminates the influence of current economic changes on the financial standing of the Capital Group and allows for partial or total independence from such influence.
- Make the offers competitive and in consequence increase the turnover and the profitability of the company;

- Reduce operating costs through the reduction of the production costs and increased resource efficiency;
- Reduce procurement costs and increase the bargaining power in price negotiations;
- Save financial resources as a result of obtaining a guarantee from PBG. There is no doubt that the guarantees issued by related parties in relation to a liability and guarantees for payment of such liability allow for faster execution of a contract; this could result in more effective management of entities within PBG Group and increased resource efficiency.

XII. INFORMATION ON CREDITS CONTRACTED AND LOANS AGREEMENTS

The information on credits contracted and loan agreements concluded in the reporting period are included in explanatory notes to the financial statement in section no. 11.

XIII. LOANS GRANTED.

The information on loans granted in the reporting period are included in explanatory notes to the financial statement in section no. 10

XIV. ALLOCATION OF PROCEEDS FROM THE 3RD ISSUE OF F SERIES SHARES.

The issue of F series shares was carried out in January of 2007.

1. Objectives of the 3rd issue of shares

1. Increasing the value of the working capital of PBG SA and the companies from the Capital Group (the amount of PLN 200- 250 million).
2. The acquisition and recapitalization of companies (the amount of PLN 60- 100 million).
3. Investments in facilities and construction equipment (the amount of PLN 20- 30 million).
4. Expansion into foreign markets including the establishment of a company or a branch office in Norway (the amount of PLN 10- 25 million)
5. The extension and integration of IT systems (the amount of PLN 10- 15 million).

2. The appropriation of the proceeds from the 3rd issue of shares.

As a result of the issue of 1,400,000 series F shares with pre-emption/subscription rights at the selling price of PLN 250.00 per share, the proceeds of PBG S.A. totaled PLN 350 million and they were used for:

1. Financing current operations of the Company and other companies from PBG Capital Group- PLN 160,6 million;
2. The acquisition and recapitalization of companies- PLN 160.3 million, however a number of acquisition was later refinanced from bank loans in the amount of PLN 52 million:
 - **The acquisition of shares in the company Dromost Sp. z o.o.** (PBG SA acquired 6,000 shares at a nominal value of PLN 500 each for the total amount of PLN 3,000,000);
 - **The acquisition of stake through the acquisition of shares of Hydrobudowa 9 PIB S.A.** (PBG S.A. acquired 9,576,222 shares including 9,105,115 series A shares and 471,107 series B shares at a nominal value of 10 grosz each for the total amount of PLN 55,350,563,16);
 - **The acquisition of stake through the acquisition of shares of PRID SA.** (under concluded agreements the company PBG SA acquired 25,000 shares of PRID SA with the total nominal value of PLN 500,000). The company PBG SA acquired the shares for the total amount of PLN 12,500,000, i.e. at a price of PLN 500 per share and it also paid the amount of PLN 9,500,000 as a bonus for the acquisition of controlling interest);
 - **The acquisition of shares of BROKAM Sp. z o.o.** (the company PBG S.A. acquired 11,999 shares of the company BROKAM Sp. z o.o. from the company HEWICO Sp. z o.o. and 1 share from the natural person for the total amount of PLN 12 130 000; the nominal value of the acquired shares is PLN 1,000 each, and they correspond to 100 % of share capital of the company);
 - **The acquisition of shares of the company BATHINEX Sp. z o.o.** (the company PBG S.A. acquired 50 shares of the company BATHINEX Sp. z o.o. from the natural person for the total amount of PLN 4 000 000; the nominal value of the acquired shares is PLN 1,000 each and they correspond to 100 % of share capital of the company);
 - **The acquisition of stake through the acquisition of shares of the company BETPOL SA** (under the concluded agreements the company PBG SA acquired 14,244,999 registered series A shares of the company BETPOL S.A. with a nominal value of PLN 1 each. All shares were acquired at a price of PLN 2.90 per share, however the amount of PLN 40,246,497.10 was paid within 3 days from the conclusion of final sales agreements and the amount of 1,064,000.00 will be paid after the financial statement for the year 2008 has been approved on condition that the Company will have achieved forecast results for the year 2008. The acquired shares constitute 70 % of the share capital of the Company and the same percentage of the total voting power.
 - **Acquisition of additional shares by increase of the share capital in the company PBG Dom Sp. z o.o.** (on the 5th August of 2008 the increase of share capital of the subsidiary PBG Dom Sp. z o.o. was registered by the Court from the amount of PLN 2 357 200 up to the amount of PLN 12 357 000 that is by the amount PLN 10 000 000, through issue of 100 000 shares of the nominal value PLN 100 per each; all newly issued shares were taken up by the company PBG S.A.

3. The purchase of equipment and necessary facilities- PLN 25 million;
4. The establishment of a company in Canada and the acquisition of a Slovakian company- PLN 7 million:
 - **The acquisition of shares through the registration of the company Excan Oil And Gas Engineering Ltd. in Canada** (the founding capital of the company totals 250,000 Canadian dollars).
 - **The acquisition of shares in the company Gas & Oil Engineering sr.o. with its registered seat in Poprad and the increase in its share capital** (the founding capital of the company totals SKK 200,000; under the concluded agreement PBG SA paid the seller the amount of SKK 40,000,000 for the transfer of trading stake in the Slovakian company, i.e. the equivalent of PLN 4,584,000; on 8th August 2007 an increase in the share capital of the company Gas & Oil Engineering sr.o to the amount of SKK 261,000 was registered, as a result of which the share capital was increased by SKK 61,000 (an equivalent of PLN 1,824,827) and the value of stake held by PBG SA in the company Gas & Oil Engineering sr.o increased from SKK 102,000 to SKK 163,000.
 - **Establishment of the representation in Norway;**
 - **Formation of the office in Rome;**
5. The purchase and implementation of the system ERP Oracle and Oracle support systems- PLN 8.7 million, however a part of costs was later refinanced from the bank loan in the amount of PLN 1.3 million;
6. Temporary payment of debt on current account (overdraft facility) under cost optimization; this amount is held at company's disposal and can be used to finance the execution of contracts- PLN 70 million.

XV. EXPLANATION ON DISCREPANCIES BETWEEN THE ACTUAL FINANCIAL RESULTS AND THE FORECAST ONES

PBG Capital group publishes annual financial forecast. The below information is related to the forecast of consolidated financial results for the year 2008 and they show the degree of the implementation of the forecast.

There are no significant discrepancies between the forecast presented in the current report no. 14/2008 in April and the consolidated results of 2008. The forecast of the consolidated financial results for 2008 and subsequent forecast adjustments published by the holding company of the Group- PBG SA in October 2008 as well as in February 2009.

Adjustments of the financial forecast consisted in the adjustment of the net profit "up" and the adjustment of operating profit "up" as well as adjustment of revenues from sales "up". The forecast

message is issued in relation to the following items of profit and loss account: revenues from sales, operating profit and net profit.

The table below presents the forecast and performance of the forecast of the selected items of the consolidated profit and loss account:

Forecast item	Forecast result (in thousands PLN)	The increase of forecast (in thousands PLN)	The increase of forecast (in thousands PLN)	The implementation (in thousands PLN)	Performance of the forecast (in%)
Net revenues from sales	1 924 000	-	2 100 000	2 091 425	99,59%
Operating profit	194 000	-	220 000	225 611	102,55%
Net profit	142 600	157 800	158 000	158 241	100,15%

XVI. THE EVALUATION OF FINANCIAL ASSETS MANAGEMENT

In 2008 the company continued to apply the strategy concerning financing activity of the company PBG S.A. adopted by PBG Capital Group in 2004.

Following the further dynamic development of PBG CG there was an increase in the amount of binding limits. The agreements were signed for financing the contract - "LMG Project – Main Centre, well-sites, pipelines and other" ("Projekt LMG – Ośrodek Centralny, strefy przyodwiertowe, rurociągi i inne") in the total amount 286 million.

The amount of loan and insurance limits granted to PBG SA and to the Capital Group for financing current and investment operations and processing foreign currency transactions exceeded PLN 2 billion and as at the end of 2008 it totaled PLN 2 billion 362 million.

The fact of uniform general conditions of co-operation with Financial Institutions was reflected in yet another positive opinion of an auditor on the concluded agreements and their execution in compliance with corporate finance principles.

The continuation of the financial strategy allowed the Company to:

1. maintain diversification of the sources of financing
2. improve the availability of bank and insurance products offered,
3. standardize products and services offered by PBG Group,

4. reduce level of collaterals of banking limits,
5. relate bank and insurance products to specific contracts in compliance with "the project finance" rules.

Availability, flexibility and standardization of bank products allowed PBG S.A. to relate these products directly to the contract and adjust them to its cash flows, which significantly reduced operating risks of PBG S.A. in the opinion of the Financial Institutions. Controlling principles and monitoring principles adopted by PBG S.A. and the Capital Group and applied by Financial Institutions allowed to automatically settle payables of the companies from contract cash flows.

Risks related to financial resources:

- implementation of contracts up to 4 years with 1 year periods of credit limits,
- prolonged business cycle periods for EU contracts – exceeding standard payment periods adopted by the banks as well as the interest rate risk and the foreign currency risk.

According to the Board of Directors, at present there is no risk of reduced availability of bank limits and insurance limits. Action taken to minimize the risks:

- diversification of financial resources – between banks, insurance companies, brokerage houses, the capital market;
- on-going monitoring of the utilization of resources of PBG Capital Group;
- implementation of procedures in compliance with the Integrated Management Systems in place; assigning specific bank products to specific contracts thanks to which they can be actively controlled by the Financial Institutions.

XVII. FINANCIAL INSTRUMENTS USED BY THE CAPITAL GROUP

Financial instruments used by the Capital Group in the area of:

- 1) price change risks
 - a) Description: the risk of the increase in delivery prices of materials and services provided by subcontractors during contract execution in relation to prices defined in the contract budget.
 - b) How to minimize: contracts with a "stop cost" clause and earlier payment option.

- c) Instruments: hedging fixed cost contracts, delivery in phases, subsequent adjustment and discount. Each contract has its cost estimate with a separate sub-ledger account where all costs are recorded.
 - d) Objectives: to hedge contract profit margins and to reduce similar costs of various contracts on the basis of economies of scale.
 - e) Management methods: analysis of profitability and liquidity for each contract, on-going monitoring.
- 2) credit risks
- a) Description: maintaining credit limits for the purpose of management of working capital.
 - b) Financial strategy: diversification of limits to be used for the financing of on-going operations between 9 banks, in the total amount of PLN 1 billion 490 million including the credits and loans – PLN 1 billion 112,5 million.
 - c) Instruments: co-operation in the area of uniform undertakings (*pari passu*, material change, negative pledge) confirmed in an annual positive opinion of a certified auditor within the above mentioned scope reported directly to all Financial Institutions. The use of increasingly wide range of products offered by banks and insurance companies.
 - d) Objectives: flexibility of the utilization of limits in relation to entities from the Capital Group, products and currencies.
 - e) Management methods: changing focus in relation to crediting from the financial assessment of the Company to the assessment of the contract the cash flows of which are considered reliable by the Financial Institutions.
- 3) liquidity risks
- a) Description: the Company may lose the ability to settle its payables.
 - b) They can be minimized by close monitoring of cash flows of each contract and adjusting inflows and outflows over time including bank limits for the settlement of long business cycles for individual contracts.
 - c) Instruments: analysis sheets of payables and receivables structure and adjustment of these variables over time to avoid the risk.
 - d) Management methods: on-going monitoring and analyses of the liquidity threshold and safety margin.
- 4) interest rate risks
- a) Description: thread of occurring adverse change in interest rates affecting negatively financial results of the Company.
 - b) They can be minimized by applying a strategy based on macroeconomic

recommendations of the banks giving the base to determine the strategy within this scope.

- c) All payables of the company towards financial institutions are based on the variable interest rate with the basic interest rate between one and six months.
 - d) Instruments: transactions of type IRS.
- 5) currency risks
- a) Description: adverse changes in currency exchange rates which may increase costs and expenses of executed contracts or reduce revenues and proceeds.
 - b) The implemented strategy defines hedging instruments, methods and time, as well as principles of pricing of hedging instruments. The Group uses hedge accounting. Available transaction limits secure the current and planned portfolio of contracts at the planned exchange rate adopted in the budget for each contract.
 - c) Instruments: forward transactions, NDF;
 - d) Management methods: hedging currency risks with the above instruments when contracts are signed, with termination and settlement as at the date of profit of a hedged contract.
- 6) Insurance risks
- a) Description: the Company may lose the ability to provide insurance for executed contracts; in addition, the insurance may lose its replacement nature in the event of any *force majeure* if a wrong insurance package is used.
 - b) The insurance strategy aimed at achieving full insurance coverage.
 - c) Instruments: individual ones to each contract to meet specific contract requirements.
 - d) Management methods: centralized management of the insurance portfolio.

XVIII. MAJOR MATERIAL AND CAPITAL INVESTMENTS AND THE EVALUATION OF THE FEASIBILITY OF INSURANCE PLANS

1. Major material and capital investments of PBG Capital Group

Ref no.	Item	Amount (PLN in thousand)
1	Modernization and extension of owned office, storage and workshop facilities	PLN 31 854
2	Heavy construction equipment	PLN 21 048
3	Construction of administration building in Mikołowo	PLN 8 933
4	Means of transport	PLN 8 494

5	License Oracle	PLN 3 446
6	System ERP	PLN 3 075
7	License Nino Ferrari	PLN 1 145
8	License EFFE	PLN 535
9	License Promax	PLN 130

Capital investments of PBG Capital Group in 2008

Ref no.	Item	Amount (in thousands PLN)
1	The acquisition of shares of Betpol S.A.	PLN 45 972
2	The acquisition of shares of PRG Metro Sp. z o.o.	PLN 40 368
3	The acquisition of shares of PBG Dom sp. z o.o.	PLN 10 361
4	The acquisition of shares of Hydrobudowa Polska Konstrukcje Sp. z o.o.	PLN 8 050
5	The acquisition of shares of Wiertmar Sp. z o.o.	PLN 3 208
6	The acquisition of shares of Gdyńska Projekt Sp. z o.o.	PLN 3 000
7	The acquisition of stocks of Aprivia S.A.	PLN 506
8	The acquisition of shares of Avatia Sp. z o.o..	PLN 49,9
9	The acquisition of shares of Strateg Capital	PLN 47
10	The acquisition of shares of Budwil Sp. z o.o.	PLN 25

2. The evaluation of feasibility of investment plans

The funds held by PBG SA which is the holding company of the Capital Group acquired as a result of issue of series F shares (stocks) in January 2007 as well as concluded loan agreements fully hedge planned expenses related to the implementation of investment tasks being carried out and capital investments. Moreover in April 2008 Hydrobudowa Polska SA which is one of subsidiaries issued series K shares. 35,000,000 series K preference shares were offered during this Public Offering. Share issue price was established as PLN 8.80 per share. The proceeds from the issue totaled PLN 308 million. The acquired resources fully hedge the investment plans of this Company. In 2008 planned investments in the area of intangible assets and fixed tangible assets as well as investment real estates in the whole Capital Group shall reach approximately PLN 116 million and the capital investments of the Group shall reach above PLN 96 million. In 2009 expenditures on tangible investments are scheduled on the replacement level. Presently the Group PBG intends to assign approximate amount of PLN 40 million for capital investments.

XIX. THE EVALUATION OF UNUSUAL EVENTS AND FACTORS

THE INFLUENCE OF EXCHANGE RATE HEDGING ON THE RESULTS ACHIEVED BY THE CAPITAL GROUP PBG

In the financial year 2008 the company PBG S.A. and its subsidiaries concluded hedging transactions concerning exclusively future and planned currency exposures with use of standard financial *forward* instruments. The Companies from the Group PBG were not concluding any transactions on financial instruments such as currency options. The hedging transactions were concluded in accordance with the binding hedging policy and concerned the agreements signed with investors and suppliers (denominated mainly in Euro, CAD) and they did not have a speculative nature, because they were made within the scope of conducted hedging policy in order to provide future level of cash flows resulting from income from sales (from long-term construction contracts being carried out) and the the costs of goods sold.

As the result of open positions on the currency market the Capital Group PBG remains secured for the part of cash flows (concerning income from sale) falling for the year 2009 in the amount of Euro 288,14 million (including Euro 132,83 million in the first half of 2009) and for 2010 in the amount of Euro 60,98 million (including Euro 31,48 million in the first half of 2010). Those transactions were concluded at the average weighted forward rate of exchange on the level of 3,55 Euro/PLN. On the basis of data obtained from the banks the balance sheet appraisal of open positions on the forward hedging instruments as at 31st December of 2008 amounted minus PLN 233,35 million, in relation to the occurring secured income and loss of effectiveness of hedging instruments the Company's results included the amount minus PLN 63,32 million, the remaining part that is minus PLN 170,03 million was disclosed in the capital.

However, the result on *future* and *forward* contracts settled in 2008 amounted PLN 6,28 million which was disclosed and posted in the consolidated profit and loss account.

In case of the part of cash flows (concerning cost of goods sold) the Capital Group PBG remains secured by open positions of the currency market for 2009 in the amount of CAD 3,65 million (including CAD (dolar kanadyjski) 1,3 million in the first half of 2009) and for 2010 and the following years in the amount of CAD 30,72 million (including CAD 9,7 million in the first half of 2010). Those transactions were concluded at the average weighted forward rate on the level of CAD/PLN 2,16. On the basis of data obtained from the banks the balance sheet assessment of open positions on forward hedging instruments as at 31st December of 2008 amounted PLN 14,19 million, in relation to occurrence loss of effectiveness of hedging instruments the Group's result included the amount PLN 13,74 million and the remaining part that is PLN 0,45 million was disclosed in the capital. The result on settled forward

contracts in 2008 amounted PLN 0,07 million which was referred and posted in the consolidated profit and loss account.

Simultaneously the Management Board of PBG intends to turn attention on the fact that in relation to high Euro rate of exchange the Capital Group PBG obtains presently higher income in PLN resulting from construction contracts which compensates influence of negative assessments disclosed in the result obtained in 2008.

The currency contracts made or settled by PBG Group are aimed at limitation of negative impact of change of the exchange rate on the operating activity conducted by the company that is hedging of operating margin calculated in the budget of contract.

The hedging contracts are made in accordance with the strategy securing economical activity against exchange risk binding in the PBG Group. Adjustment of the hedging instruments to the planned transactions of hedged contract in consideration of net exposure, offer exchange rate, time horizon, quantity spread of currency income in quarters of the year shall constitute the basis of the strategy. Assuming approach of maximum limitation of the impact of exchange risk on the operating result of the companies in the Group it is assumed that they will apply forward transactions. The Capital Group PBG conducts collaterals accounting which requires conducting measurement of collaterals effectiveness in the particular quarterly periods.

Collateral effectiveness is verified on the basis of the ratio which is the quotient of change of the fair value of the hedging instrument (forward) and change of the fair value of the hedged position (revenue or cost). Change of the instrument value (forward) is posted in the period following the date of conclusion until the balance sheet day. Depending on the value of the above mentioned quotient (ratio) we have the following possibilities:

- a) when it amounts 100% the collateral (hedging) shall be regarded as fully effective and the change of assessment of the hedging instrument is referred to capital – until the moment of execution of the hedged position (income or cost) it does not affect financial result;
- b) if the ratio is included in the range 80%-100% then the hedging is also regarded as effective – accounting presentation of forward is the same as in the item "a" (in the company's capital);
- c) in case the ratio is included in the range from 100% to 125% so called effective part occurs in forward (equivalent 100%), disclosed in the company's capital and ineffective part (over 100% but below 125%), encumbering the company's result;
- d) if the ratio is lower than 80% or higher than 125% - the hedging is regarded as entirely ineffective – the change of assessment of the hedging instrument is referred to the company's result.

At the time of closing of the hedged position (that is obtaining revenue or incurring the cost) one of the two situations take place:

- a) if the instrument was regarded as effective the changes of forward value being posted before will be cross-posted from the capital to the result, and the obtained income in foreign currency is posted in accordance with current exchange rate adjusted by the variance between the current exchange rate as at the date of closing forward and the forward exchange rate. As a consequence income in foreign currency are presented in the profit and loss account in accordance with forward exchange rate (or the exchange rate close to it – if the date of closing forward is not ideally convergent with the date of income acquisition),
- b) if the instrument was ineffective, then losses or profits resulting from change of value thereof shall encumber the company's financial result in advance – before acquisition of the income. The income is posted at the current exchange rate at the time of its existence.

Due to dynamic changes of exchange rates in the fourth quarter of 2008 the part of transactions lost effectiveness (case “b” hereinabove). As the consequence evaluations of the transactions, which lost effectiveness (and which date of completion is scheduled for 2009) had to be posted in the financial result without income from the contract which they concern. In 2009 income will accrue at the current exchange rate, but the negative forward valuation disclosed in 2008 will not affect revenues which could constitute the collateral. Only the inflow resulting from instrument closure will follow.

To sum up: the hedging transactions are aimed at hedging of the margin on contracts in the entire term thereof. The manner of effectiveness measurement presented above and assumed in the hedging policy as well as disclosure of hedging transactions evaluation in accordance with hedging policy (including those ineffective ones) might cause adjournment of hedging effect for the previous period than appearance of hedging item in the result which is revenue.

However, it should be remembered that upon completion of the entire contract the balance is adjusted to the hedging exchange rate. In relation to this if evaluation has negative impact on the financial result in one quarter then in the following quarters this result is “made up” which means that the revenues balance in the entire contract is consistent with the hedging exchange rate.

In order to avoid situation of disclosure hedging effects in another period than disclosure of the hedged position the change of the manner of hedging effectiveness for forward transactions in the Capital Group PBG is planned since 1st January of 2009 which allows to minimize the impact of exchange rate fluctuations on the Company's financial result in particular quarters of a year.

The Management Board wants to emphasize once again that the applied hedging policy ensures certainty of contracts completion with previously assumed margins irrespective of fluctuations of

exchange rates and does not have any influence on the fundamental valuation of the Company. The collaterals applied simultaneously enable to assess precisely that the future profits from contracts and any of the transactions being made does not have a speculative nature. In relation to information appearing recently in media which concern the problem of applying by the company swap transactions on interest rate (so called CIRS) in wide scale, the Management Board wants to notify, that the company PBG S.A. nor any of the companies of the Capital Group were not applying such type of instruments.

XX. THE DESCRIPTION OF RISKS AND THREATS. THE FACTORS WHICH INFLUENCE DEVELOPMENT OF THE CAPITAL GROUP OF PBG S.A.

External factors

1. Competition risk

PBG Capital Group companies operate on the competitive market of specialist construction services in gas, oil, heating, water supply, sewerage, roads and infrastructure sectors. Apart from the price, the key factor behind competitiveness of any company is its experience in the execution of complex, specialist projects, adequate reference, high quality of services, and efficient organization guaranteeing timely performance of contracts in line with planned efficiency.

PBG Capital Group reduces competition risks by:

- Selection of niche products and services;
- Focusing on high quality of services;
- Consistent improvement of qualifications in the area of cutting-edge technologies with the objective to develop a competitive offer and present it on the market;
- Diversification of business areas;
- Forming strategic alliances with well-known foreign companies operating on the Polish and foreign markets. In addition, this risk may be minimized by the Company's decision to gain new markets for its products and services.

2. Economic situation in Poland

In 2008 a cyclic deterioration of the economic growth which we were dealing with in recent years followed month by month. In the entire year dynamics of the Gross Domestic Product decreased by 6,7% in 2007 to 4,8% at the end of 2008. Deteriorating perspectives of the economic growth affected drop of inflation which convinced the Monetary Policy Council to commence the cyclic decrease of interest rates in the fourth quarter of 2008. At the end of a year the reference rate of the National Bank of

Poland amounted 5%, after the following cuts respectively by 25 basic points in November and 75 basic points in December.

The dropping inflation measured by means of CPI rate amounted 3,3% r/r at the end of December of 2008 in comparison to its peak of 4,8% r/r at the end of first half-year of the previous year. It was the result of drop in prices of resources and food.

Achievement of strategic goals of PBG Capital Group and planned financial results is determined by macroeconomic factors, such as: GDP growth, inflation rate, general economic situation in Poland, changes in legislation. Unfavorable changes of macroeconomic indicators may reduce planned revenues or increase operating costs.

Forecasts of the economic situation in Poland for the following months assume decrease of the Gross Domestic Product - GDP. It will be mainly connected with the recession taking place in the United States and in the European Union Zone which is related among other things with hindered access to financing of new investments, decrease of export, increase of unemployment, reduction of consumption and simultaneously the expected further decrease of inflation trend and increase of trade deficit. The effects of economic slow down as well as reduction of materials prices and construction resources as well as access to cheaper labour, sub-contracting companies may result in decrease of activity costs and in consequence the growth of profitability achieved by the Group PBG. However it should be mentioned that decrease of economical activity in Poland will not be as noticeable as in other countries. It is connected first of all with using of the European Union funds designated for Poland, mainly for infrastructure investments, environment protection as well as investments within the scope of the Europe Football Championship in Poland in 2012.

Projects implemented currently are still financed from the Cohesion Fund (the aid from the Cohesion Fund for 2004-2006 totals EUR 4.5 billion).

Furthermore the projects co-financed by the European Union are also initiated the amount of Euro 63 billion was earmarked for Poland from the approved budget of the European Community in 2007-2013.

3. Poland's membership in the European Union

Poland's accession to the structure of EU encouraged international companies providing services similar to those offered by the Capital Group companies to enter the Polish market. This may increase the competition and reduce profit margins. Having won several contracts of considerable value, PBG SA and other PBG Capital Group companies have proved that they are well prepared to compete with foreign companies. Moreover, the opening of European markets may be an opportunity for PBG Capital Group companies to enter brand new markets.

In order to fully benefit from opportunities resulting from Poland's membership in the EU, PBG Capital Group companies are:

- Forming strategic alliances with foreign companies operating on the Polish market to implement joint projects;
- Implementing and developing good management culture;
- Offering high quality of services confirmed by implemented standards, such as PNEN ISO 9001:2001, PN-EN 729-2, AQAP 2110:2003;
- Systematically improving qualifications of their staff, especially in the area of unique cutting-edge technologies, with the objective to develop a competitive offer and ensure its optimum market placement.

Internal factors

1. Unfavorable changes in tax regulations

In Poland, tax regulations related to taxation of business activities are subject to frequent changes. There is a risk of changes in currently binding tax regulations and introduction of less favorable tax regulations for Companies or their customers, which may in turn affect financial results generated by companies, either directly or indirectly.

2. Foreign exchange rates

The entire year 2008 distinguished itself with unpredictable changes on the Polish currency market. The first half was connected with permanent strengthening of the Polish zloty, particularly in relation to dollar and Euro. However, in the second half of a year a deep depreciation of the Polish zloty took place. This situation affected many factors which are not definitely having fundamental grounds in the Polish economy. The risk connected with fluctuations of exchange rates has direct influence also on the companies from PBG Group, because they carry out contracts co-financed by the union funds which are mainly denominated in Euro. Moreover, certain part of the costs is transferred within the scope of contracts performance and the part concerning mainly purchase of equipment is also performed in foreign currencies: EUR and CAD.

The Group minimizes foreign exchange rate risk by using appropriate financial instruments and by transferring a part of the currency risk onto their subcontractors and suppliers of materials and equipment. Similarly, in the case of purchase of foreign machines and equipment of high value which are required for the performance of contracts, the foreign exchange rate risk will also be minimized with

financial instruments available on the market. One of essential groups generating income in the Capital Group PBG are assignments financed from the European Union funds.

In the future, currency risks will be minimized with the expected change in the currency of contracts financed with the EU funds (from EUR to PLN). Some of the new contracts are already denominated in PLN. In the long-term perspective, this risk will be further reduced by Poland's entry into the EURO zone.

3. Sector seasonality risk

The majority of revenues from sales of PBG Group are generated from the operations in the area of construction and installation. Sales generated in these segments are subject to seasonality. The factors which have the greatest influence on the seasonality of sales regardless of the type of a company are presented below:

- weather conditions in winters season which reduce the scope of works in a significant manner. Worse than normal weather conditions which may reduce the revenues of the company can not be excluded.
- investment cycle planning applied by the customers as a result of which the majority of investments are to be completed in the last months of the year.

As a result of the above factors the revenues of the Group are the lowest in the first quarter and there is a significant increase in the revenues in the second half of the year.

4. Risk of losing key staff

The business of PBG and the companies of its Capital Group is based primarily on the knowledge and experience of highly qualified staff, especially the engineers.

There is a potential risk of staff churn involving employees of key importance for the Company's development, which in turn might affect the quality of its services. However, present situation on the labor market has deteriorated significantly; unemployment has increased and the forecasts for the following months do not assume any positive change of this trend which obviously affects limitation of the risk connected with loss of management staff and results in stronger relations of employees with the companies of PBG Group.

The risk connected with loss of the key employees is also minimized by the following factors:

- Well-developed corporate culture thanks to which employees identify with their Company and the Capital Group;
- Development of the incentive-based and loyalty-based remuneration programs;
- Knowledge management and comprehensive training programs.

- Good opportunities for the personal and professional development in dynamically developing companies.

5. Risk related to non-performance of contracts

Construction services agreements contain a number of clauses concerning the adequate and timely performance of the contract and the removal of faults and failures. Under the agreement the company has to provide a guarantee deposit or hedge the contract with a bank guarantee or an insurance guarantee.

The guarantee is usually paid on the day on which the contract is signed and it is cleared after the contract has been executed. The amount of the guarantee depends on the type of a contract. Usually its amount constitutes approximately 10 % of the contract. In the case of non-performance or improper performance of contract signed by PBG SA or any other Capital Group company, there is a risk that its customers may claim contractual penalties or contract termination. To minimize this risk, the Group shall make sure that:

- Contracts are insured (including subcontractors);
- Organization is consistently fine-tuned by: a training program to prepare a group of employees to become certified project managers and extensive use of IT tools in the process of design and management of projects.

6. Dependence on key customers

The Gas and Oil Company is presently the main recipient of services of PBG company of the natural gas and crude oil segment. This is a consequence of performance for that client of two contracts of significant individual value in the approximate amount of PLN 2.5 billion. Those are the biggest contracts which the company PBG S.A. entered into within the scope of investments of the Gas and Oil Company in consideration of historical periods. However, it should be indicated that the strategy of the company PBG concerning the entire Capital Group shall assume performance of the projects of the high individual value which may result in increase of the share in sales for the benefit of one recipient in total revenues. In the previous year as well as up to now the companies of the PBG Group apart from those mentioned above made three important contracts of high individual value. They concern: construction of the waste burning plant (where the Waste Management Plant in Gdańsk is a client) and development of the stadium in Poznań (where Euro Poznań 2012 is a client) as well as construction of stadiums in Gdańsk (where the Investment Office Euro Gdańsk 2012 is a client) in the total amount of PLN 1,125 billion.

In order to limit the risk connected with dependence on the key recipients, the Group PGB is systematically attracting new recipients of services, including the Army and NATO, PKN Orlen, PERN, Naftobazy, OLPP and foreign entities.

In 2008 the share of the biggest customers in revenues from sales of PBG Capital Group has not exceeded between ten and twenty percent.

The Companies plan to further minimize this risk by:

- Diversification of sources of revenues and gaining new customers;
- Execution of contracts financed from EU funds (in particular with local governments as contracting parties).
- Operations on foreign markets.

7. Risk related to on-going operations

Operations of companies, especially works involving running equipment and facilities, may be a potential source of threats, including the possibility of a breakdown causing human or property losses.

The Group counteracts this risk by:

- Providing third party liability insurance coverage for the companies' operations
- Providing state-of art personal protective equipment to employees
- Training and development of staff qualifications;
- On-going control of all facilities and equipment used;
- Regular H&S training and supervision over safety and hygiene rules at work.

XXI. THE STRATEGY OF PBG S.A. AND PBG CAPITAL GROUP

The strategy of the PBG S.A. is focused primarily on systematic, long term maximization of value of the Capital Group through formation of one of the largest construction groups in the Central and Eastern Europe.



This could be achieved through:

- the dynamic increase in the revenues from sales and simultaneous efforts to keep the leading position among the most profitable construction companies with a similar business profile, quoted on the Warsaw Stock Exchange;
- acquisition and execution of profitable contracts of high individual value by using combined potential of all Capital Group companies;
- further diversification of operations by including operations in the area of road construction, industrial facilities, underground car parks, the underground and sports facilities;
- and also expansion into foreign markets.

The actions aimed at accomplishment of the assumed strategy of PBG S.A. and PBG Capital Group shall focus on:

1. Strengthening position in the area of crude oil and natural gas through acquisition and performance of the largest contracts in Poland;

2. Strengthening position in the area of infrastructure and hydro-technique:

This objective can be achieved by:

- consolidation of Hydrobudowa Polska and Hydrobudowa 9;
- extension of activity through performance of the contracts for construction of subway, underground car parks and industrial facilities;
- participation in performance of contracts connected with organization of the Europe Football Championships Euro 2012;

3. Expansion of operations on the road construction market:

This objective can be achieved by:

- investments in road companies and acquisition of contracts of the considerable individual value;
- participation in the projects ensuring access to the aggregate deposits which are indispensable for construction of roads and railways;

4. Expansion into foreign markets. This objective can be achieved by:

- acquisition of contracts for construction of natural gas and crude oil installations of increasing unit value for investors in Norway;
- performance of export contracts in co-operation with the Polish banks;
- commencement of the activity in Ukraine through acquisition of the executive company;
- strategic co-operation with world-wide companies;

5. Optimization of the structure and organization of the Capital Group of PBG in order to decrease the costs of activity.

This objective can be achieved by:

- formation of executive low-costs companies dealing with orders of low unit value;
- transfer of registered offices of the subsidiaries to Wysogotowo where the headquarter of PBG is located and development of other property thereby;

6. Investments in projects connected with infrastructure operating activity, which generate long-term and stable income.

7. Financing collateral of the activity of the companies of PBG Group by:

- searching new and long-term sources of financing (in order to change short-term debts into long-term debts).

Strategy in practice

Performance of the strategic goals shall be possible due to organization of the PBG Capital Group in the particular fields of activity. Development of the Capital Group may be compared the most accurately by following the scheme GK from the previous reporting period and comparing it with the present state.

The organizational chart of the Capital Group presented below (including a percentage share of PBG in the total voting power) reflects the situation as at 31st December of 2008.

The organizational chart of the capital as at the report submission date (including the percentage share of PBG in the total voting power):



ENVIRONMENT PROTECTION AND HYDRO-TECHNIQUE	RENOVATION OF WATERWORKS AND SEWAGE SYSTEMS	ROAD CONSTRUCTION	RESIDENTIAL CONSTRUCTION	FOREIGN OPERATIONS	SUPPORT FOR THE COMPANY FROM CAPITAL GROUP PBG
HYDROBUDOWA POLSKA 61,61%	INFRA 99,95%	APRIVIA 100%	PBG DOM 100%	EXCAN OIL AND GAS ENGINEERING 100%	AVATIA 99,80%
HYDROBUDOWA POLSKA KONSTRUKCJE 100%	PRIS 51,02%	DROMOST 87,40%	Apartamenty Poznańskie 51%	GAS&OIL ENGINEERING 62,45%	
PRG METRO 86,46%	WIERTMAR 51%	PRID 100%	BUDWIL 51%		
HYDROBUDOWA 9 100%		BETPOL 70%	PBG DOM INVEST 1 100%		
GDYŃSKA PROJECT 100%		BROKAM 100%			
GÓRECKA PROJEKT 100%					
KWG 100% METOREX 99,56%					

At the day of report submission the scheme of captal group shall be as follws (percentage share of PBG in votes):



ENVIRONMENT PROTECTION AND HYDRO-TECHNIQUE	RENOVATION OF WATERWORKS AND SEWAGE SYSTEMS	ROAD CONSTRUCTION	RESIDENTIAL CONSTRUCTION	EXECUTIVE COMPANIES	FOREIGN OPERATIONS	SUPPORT FOR THE COMPANY FROM CAPITAL GROUP PBG	
HYDROBUDOWA POLSKA 61,61% PRG Metro 86,46%	INFRA 99,95%	APRIVIA 100%	PBG DOM 100%	PBG TECHNOLOGIA 100%	EXCAN OIL AND GAS ENGINEERING 100%	AVATIA 99,80%	
HYDROBUDOWA 9 100%	PRIS 51,02%	DROMOST 87,40%	Apartamenty Poznańskie 51%		GAS&OIL ENGINEERING 62,45%		
GDYŃSKA PROJECT 100%	WIERTMAR 51%	PRID 100%	BUDWIL 51%		PBG EXPORT 99,95%		
GÓRECKA PROJECT 100%		BETPOL 70%	PBG DOM INVEST 1 100%				
KWG 100%		BROKAM 100%					Złotowska 51 60%
METOREX 99,56%							

An important strategic step was the creation of a strong company operating on the environmental protection and hydrotechnics market through the merger of companies Hydrobudowa Włocławek and Hydrobudowa Śląsk, which took place on 27th August 2007 (until 7th January the company operated under the name Hydrobudowa Włocławek S.A. and currently it operates under the name Hydrobudowa Polska SA). The merger led to the creation to a very competitive entity on the Polish environmental protection market which is capable of winning the most profitable and the most complex contracts co-financed from EU funds and performed within the scope of investments preparing Poland to Euro 2012 (the Europe Football Championship organized in Poland). Until the end of third quarter of 2008 the purchase process of the company Hydrobudowa Polska 9 from its shareholders by the company Hydrobudowa Polska was finished. As the result of this transaction the company Hydrobudowa Polska took up 100% of shares in the company Hydrobudowa 9. This process took place through issue of the shares addressed only to the existing shareholders "9" in exchange of transfer of the entire property of this Company to the company Hydrobudowa Polska.

Moreover in 2007 and 2008 the company PBG S.A. focused on the formation and strengthening the new system of activity which is **the roads construction segment**. Within the scope of this activity GK PBG is intending to deal with performance of contracts connected with construction of local roads of the commune and regional type.

In addition, the company Brokam appeared in the newly established segment which is connected with investment in the aggregate mines.

These companies will be responsible for the provision of raw materials to the companies from the road construction sector and to the the companies from PBG CG. In March 2008 yet another company- Betpol-was included into the road construction segment. This company will back up other companies in the area of contract execution and market reference. The company Aprivia was also formed in March 2008.

APRIVIA S.A. will be responsible for strengthening the position of PBG Capital Group in the area of road construction through activities such as acquisition and execution of contracts and the organization of financing. Roads construction constitutes a new area of activity of PBG Group which is strategically important. The road projects are co-financed by the European Union and constitute additional priority for the government in consideration of Euro 2012 organized in Poland.

Activity of the PBG Group in this segment shall enable further dynamic increase of achieved revenues.

The additional advantage shall constitute possibility to retain margin in PBG Group mainly in the course of performance of contracts for sewage systems construction where replacement works constitute the major part.

Another strategic objective of PBG Capital Group is **foreign markets segment**. PBG has been increasing its engineering potential through the acquisition of foreign companies in order to strengthen the Group in the area of project preparation and project management as well as to facilitate planned expansion into foreign markets. The new area of the Group activity is created thereby. According to the assumed plans and by the date of submission of the report PBG acquired 51% shares in a Slovakian engineering company Gas & Oil Engineering sr. o. and it increased share capital of this company which resulted in increasing PBG's stake to 62.45%. Moreover PBG formed the company Excan Oil And Gas Engineering Ltd. in Canada in co-operation with experienced engineers. PBG is the holder of 100 % of shares in the company. The next strategy element of PBG expansion into foreign markets is entering the Ukraine market through acquisition of the executive company. Acquisition of that company will be finalized in the first half of 2009. Presently it seems that the local market in question will not bring notable benefits to PBG company but in long-term period PBG regards Ukraine market as a very perspective one. Acquisition of Ukraine company shall enable PBG to exist on that market. Gradual acquisition of more quantity of contracts shall have material impact in the context of applying for big contracts in the natural gas, crude oil and water segments, which will be co-financed by the European Union in order to adjust pipelines and waterworks to the standards of Western Europe. Presently the amount of at least Euro 2,5 billion is discussed and it will be decreasing in future. Furthermore, in April 2009 PBG established the company PBG Export. The basic activity of this company consists in acquisition of export contracts and execution thereof. All and any activities mentioned above are aimed at performance of PBG strategy which is focused on the construction of the largest construction and engineering company in the region of Central and Eastern Europe.

Presently, another area of operations of the company is **residential construction**. It is an area, which is not regarded presently by PBG as the strategic sector, but in long-term perspective it may turn out to be a very important activity for the entire Group. The company PBG Dom was established within the scope of the above activity. This company is responsible for the management of real estate owned by the Capital Group and its efficient use or sales.

In the long-term plans PBG intends to extend development activity, but not only in the capacity of construction contractor, but also acting a developer. Presently within the scope of construction of land bank more attractive plots are bought out which will be used for development investments at the moment of change of trends on the residential construction market.

The company PBG Technologie (previously the company conducted activity with the business name Hydrobudowa Konstrukcje) was established within the scope of optimization of the structure and organization of the Capital Group PBG in order to lower the costs of activity in April 2009. The company

will be dealing with performance of smaller contracts and shall focus its services strictly on the executive activity.

Investments in the projects connected with infrastructure operating activity which may ensure the Group long-term and stable income might have significant meaning in the future activity of the Capital Group PBG. The operating practice connected with transfer of natural gas, wind energy and waterworks is concerned here. This direction seems appropriate and promising, because the first offers from the foreign financial investors appeared which are willing to finance projects of the approximate value GBP 200 million within the scope of joint ventures execution.

In the described period not only the holding entity of the Capital Group PBG was active in acquisitions performance. In consideration of fast development and prospective market, the subsidiary company of PBG S.A. – Infra S.A. carried out acquisition as well in order to increase its executive abilities. The company Infra S.A. is building presently its own capital group. This company conducts activity on the environment protection market, but specializes itself mainly in the renovation of already existing waterworks and sewage networks. Those are the services which require application of the modern technology therefore the competition on this market is limited in principle to the foreign competition which affects in turn achievement of attractive margins. In 2007 the renovation segment was extended by the company PRIS, but in 2008 the company Infra purchased shares in the company Wiertmar. Investment in the entities from the Capital Group and increase of executive potential still remains a very important goal for the Management Board of PBG S.A. apart from the above mentioned elements of the performed strategy. In relation to the above - position of the company Infra is strengthened by purchase of shares in PRIS and in the company Wiertmar.

XXII. MAJOR ACHIEVEMENTS IN RESEARCH AND DEVELOPMENT

In the reporting period, PBG Capital Group companies did not record any achievements in the area of R&D which could significantly influence the Group's financial result.

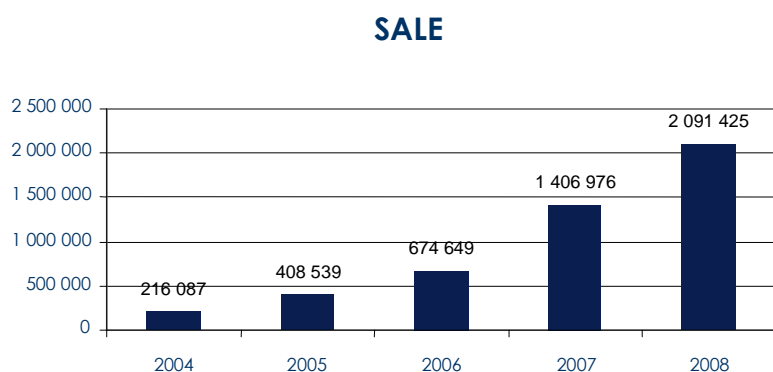
XXIII. CURRENT AND FORECAST FINANCIAL SITUATION

All indicators and financial data are based on the financial statement prepared in compliance with International Accounting Standards.

Revenues from sales

In 2008 the Capital Group achieved in comparison with the analogical period of the previous year the growth of revenue from sale by 48%. The revenues of PBG Group increased from the amount of PLN 1.406.976 thousands in 2007 to PLN 2.091.425 thousands by the end of 2008. Cost of products sold in the analyzed period increased by 47% from the amount of PLN 1.192.005 thousands in 2007 to PLN 1.749.532 thousands in 2008.

Historical values of revenues from sales are presented below (the comparison was prepared for a period of five years):



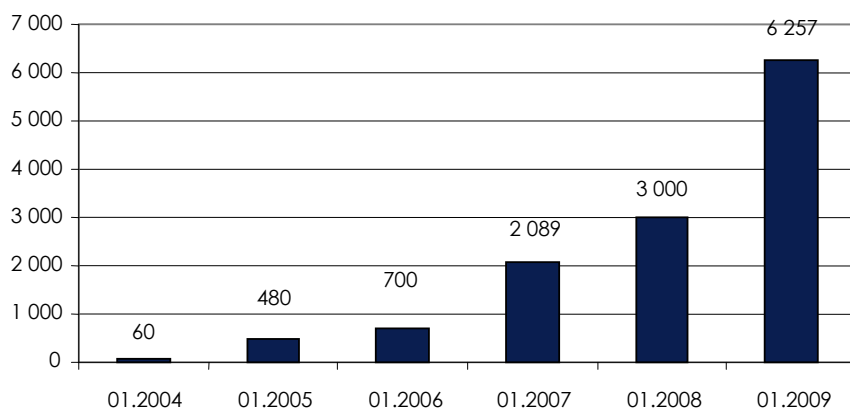
Revenues from the sales of services of PBG Capital Group have been increasing in the last few years. This is the result of the continuous development of the Capital Group achieved through the growth of the organization and the acquisition of companies as well as by winning a significant number of new contracts of important individual value.

The order portfolio of PBG Capital Group

As at 1st January of 2009 the value of the orders portfolio of PBG Capital Group exceeded PLN 6 billion. Contracts from the natural gas and crude oil constituted the greatest share in the orders portfolio of the Group – above 43%; contracts co-financed from the EU funds constituted nearly 27% of the value of orders portfolio, however the industrial construction segment was the third segment in terms of size in which the Group disclosed the contracts for construction of stadiums as well as the contract for construction of the waste treatment plant.

Historical values of order portfolio are presented:

THE VALUE OF ORDER PORTFOLIO



The structure of orders portfolio as at January 1st of 2009

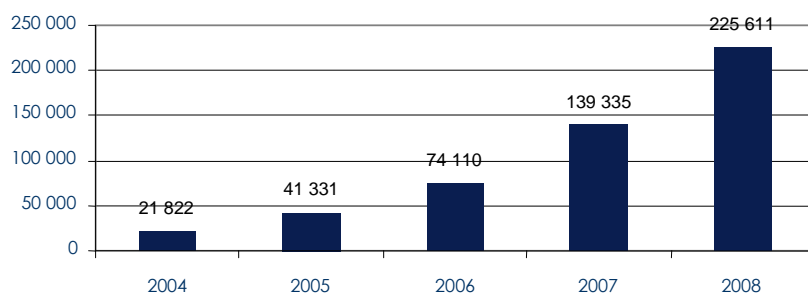
Orders portfolio as at January 1 of 2009	
Natural gas and crude oil	43,4%
Water	26,7%
Water and sewerage infrastructure	23,8%
Hydro-technical construction industry	0,1%
Renovations	2,8%
Industrial and housing construction industry	25,7%
Fueals	3,8%
Roads Construction	0,4%
TOTAL	100%

Operating profit – EBIT

In 2008 the operating profit of PBG Capital Group increased by 62 % in comparison with the analogical period of the previous year 2007. The operating profit of PBG Capital Group increased from the amount of app. PLN 139.335 thousands to the amount of PLN 225.611 thousands.

Historical values of operating profit of PBG Group are presented below (the comparison was prepared for a period of five years):

OPERATING PROFIT - EBIT



PROFITABILITY RATIOS

NAME	CALCULATION FORMULA	2008	2007
Gross profit margin	Gross profit / revenue from sales*100	16.35%	15.28%
Return on sales (ROS)	Gross profit from sales/ revenues from sales*100	11.18%	9.48%
Operating profit margin	Operating profit / revenues from sale*100	10.79%	9.90%
Net profit margin	Net profit/revenues from sales*100	7.57%	7.41%
ROA	Net profit/ total assets *100	5.54%	4.62%
ROE	Net profit / shareholders' equity for the shareholders of the holding company *100	17.05%	13.90%

A slightly higher dynamics of revenues from sales was achieved in 2008 (it equaled 149 %), in comparison to the dynamics of the cost of goods sold, which reached 147 %, which affected positively the amounts of profitability ratios on each level.

Gross profit margin at the end of 2008 reached the level of 16.35% in comparison to 15.28% at the end of 2007, that is, recorded increase by 1,07 percentage points. Return on sales, which at the end of 2008 equaled 11.18% was by 1.7 percentage points higher in comparison to its level at the end of 2007.

The operating profit margin at the end of 2008 equaled 10.79% in comparison to 9.9% at the end of 2007, that it recorded growth by 0,89%.

Net profit margin for 2008 equaled 7.57% and it was the value higher by 0.16 percentage points in comparison with analogical period of the previous year.

ROA at the end of 2008 increased, in comparison to its level at the end of 2007 almost by 1% from 4.62% to 5.54%. This fact was caused mainly by the greater increase of net profit, which was 52%, rather than increase in total assets, which equaled 27%.

ROE ratio for 2008 reached the level of 17,05%, that is, recorded an increase by 3,15 percentage point as compared to the end of previous year.

LIQUIDITY RATIOS

NAME	CALCULATION FORMULA	2008	2007
Current ratio	current assets / short-term payables	1.45	1.35
Working capital (in thousands PLN)	current assets – short-term payables	605,456	399,033
Share of working capital in assets	Working capital/total assets	21.18%	17.67%

In 2008 there was an increase in the current ratio, in comparison to the result at the end of the corresponding period of 2007. Both in 2008 and 2007 the Group would have been able to pay its liabilities in the case of their immediate maturity.

In the period analyzed, there was a considerable, as almost fifty percent increase in the working capital. At the end of 2008 it equaled PLN 605.456 thousand, as compared to PLN 399.033 thousand at the end of 2007.

The share of working capital in the total assets in 2008 amounted 21,18% and was higher by over 3 percentage points as compared to the result recorded at the end of 2007.

TURNOVER RATIOS

NAME	CALCULATION FORMULA	2008	2007
Inventory turnover ratio (days)	Average inventory * 360/ cost of products sold	11	9
Receivables turnover ratio (days)	Average trade receivables * 360/ sales	210	191
Payables turnover ratio (days)	Average trade payables* 360 / cost of products sold	93	87

The inventory and payables turnover ratios in the analyzed period increased in comparison to the corresponding period of the previous year. The receivables turnover ratio (in days) amounted 11 days in the analyzed period of that is two days more than in the analogical period of 2007.

In 2008 the Group settled its payables definitely faster than receivables.

The receivables ratio increased by 19 days, equaling 210 days. The payables ratio decreased by 6 days, equaling 93 days.

The cash conversion cycle, calculated as the result of the inventory turnover ratio (in days) plus receivables turnover ratio (days) and payables turnover ratio (days), equaled 128 days in 2008 in comparison to 113 days in 2007. It means that the company increased the financing of the current assets with equity by another 15 days.

SOLVENCY (DEBT) RATIOS

NAME	CALCULATION FORMULA	2008	2007
Debts ratio	Total debt / total assets	0.61	0.65
Equity to debt ratio	Equity/ total debt	0.53	0.51
Long-term debt	Long-term payables/total assets	0.14	0.15

Short-term debts	Short-term payables/total assets	0.47	0.51
Total assets to fixed capital	Equity for shareholders of holding entity + long-term liabilities/fixed assets	1.46	1.51
Debt to equity ratio	Total debts / equity + reserves	1.71	1.61

In April 2007, in turn, the holding Company in the group carried out the acquisition of the Hydrobudowa 9 SA company, which due to a large loss recorded before the incorporation into GK PBG and through creating a prior reserve for potential losses on contracts in implementation from the old portfolio of orders, recorded a negative capital of over 209 million PLN at the end of 2008.

The consolidation of this company with the results of the whole Capital Group greatly influenced the above ratios. The share of debts in the total capital decreased by 4 percentage points in comparison to the result from the end of 2007, giving 61%.

There was a decrease recorded in the short-term debt ratio which in 2008 reached the level of 47% in comparison to 51% in 2007, that is, recorded a drop by 4%.

However, the value of the long term debt ratio at the end of 2008 amounted 14% and it was the value lower by 1% than in the analogical period of the previous year.

In 2008 equity to debt ratio equaled 53%. It is a better than the Group recorded at the end of 2007 (51%). This means that the Group's debt made is settled in 53% with shareholders' equity.

At the end of 2008 total assets to fixed capital ratio equaled 1.46, in comparison to 1.51 in the corresponding period of the previous year. This means that the Group's fixed assets in 2008 could be financed in 146% with fixed capital.

At the end of 2008 the debt to equity ratio equaled 1.71 in comparison to 1.61 in the corresponding period of the previous year. This means that for every 1 PLN of the shareholders' equity there is corresponding PLN 1.71 from external capital (debt). As it can be seen, the result has deteriorated slightly by PLN 0,1 than it was recorded by the Group in the previous year.

DYNAMICS OF PROFIT AND LOSS ACCOUNT

GK PBG and Loss Account (in PLN '000)	Profit	2008	2007	2008/2007
Net revenues from sales of products, goods and materials		2 091 425	1 406 976	149%
Costs of products, goods and materials sold		1 749 532	1 192 005	147%
Gross profit (loss) on sales		341 893	214 971	159%
Costs of sales		0	399	0%
General administrative expenses		107 997	81 143	133%
Profit on sales		233 896	133 429	175%
Other operating revenues		18 770	18 685	100%
Other operating expenses		27 055	12 779	212%
Operating profit (loss)		225 611	139 335	162%
Financial revenues		50 176	14 521	346%
Financial expenses		62 140	35 661	174%
Profits/losses from investments in related parties		2 268	28 181	0%
Profit (loss) before tax		215 915	146 376	148%
Income tax		25 992	26 697	97%
Net profit		189 923	119 679	159%
- profit of shareholders of the holding company		158 241	104 308	152%
- profit of minority shareholders		31 682	15 371	206%

In 2008 revenues from sales generated by the Capital Group PBG increased by 49% in comparison to the corresponding period in the previous year, whereas the costs of sales increased by 47%. A considerable increase was recorded on each level of financial results from particular Group's activities: gross profit on sales – increase by 59%, profit on sales - increase by nearly 75%, operating profit - increase by 62% and net profit – increase by nearly 52%.

A considerable influence was exerted on the Group's net profit achieved in 2008 by the financial revenue due to realized profits from the following transactions: profit generated by Hydrobudowa Śląsk S.A. (now Hydrobudowa Polska S.A.) from selling shares of Mostostal Zabrze S.A. company; which resulted in achievement of quite high margin on net level in the previous year. The shares mentioned above were taken up by the company Hydrobudowa S.A. within the scope of agreement on exchange of debt into shares.

The share of floating costs in revenues from sale in the described period in comparison to the analogical period of the previous year decreased slightly from 84,7% to 83,7% that is: by 1%. The share of overhead costs in the described period also decreased and amounted 5,2% in comparison to 5,8% which means a drop by 0,6%.

It should be mentioned that the profitability recorded in 2008 by GK PBG was under significant influence of evaluation of forward hedging instruments as well as acquisitions made in 2007 and completion and settlement of old contracts from the portfolio of Hydrobudowa 9.

Description of the other revenues items and operating costs as well as revenues and financial costs

Other operating revenues

In 2008 operating revenues amounted over PLN 18,7 billion including considerable value which constitute revenues obtained from compensations in the amount of PLN 3,6 million as well as release of allowances to reduce accounts receivable in the approximate amount of PLN 6,9 million which were formed in the previous periods. In comparison to the analogical period of the previous year the value of other operating revenues remained practically on the same level.

Other operating costs

Other operating costs amounted above PLN 27 million in 2008 and the growth by 112% was recorded in comparison to the analogical period in the previous year.

Financial revenues

Financial revenues amounted over PLN 50 million in 2008 and constituted growth by 246% as compared to the analogical period of the previous year. The main item in the financial revenues constitute exchange rate differences in the amount of PLN 26,4 million. The next important item constitute banking interests – PLN 15,9 million as well as other interests in the amount of PLN 5,9 million.

Financial costs

The accrued financial costs amounted over PLN 62 million for two quarters and the dynamics thereof was shaping on the level of 174%. Interests and banking commissions constitute the approximate amount of 58,5 million as the most important item in financial costs – which includes interests resulting from banking credits – in the amount of 32,8 as well as interests resulting from bonds in the amount of PLN 17,2 million.

Moreover, costs of financial market transactions also turned out to be the material item. Their value in the financial costs constituted the level of PLN 1,2 million.

STRUCTURE OF ASSETS

Assets (in PLN '000)	2008	% share	2007	% share
FIXED ASSETS	918 184	32.12%	717 926	31.78%
Intangible assets	14 820	0.52%	13 262	0.59%
Goodwill acquired by merger of business entities	322 522	11.28%	267 426	11.84%
Tangible fixed assets	403 749	14.12%	306 786	13.58%
Non-renewable natural resources	11 999	0.42%	27 834	1.23%
Investment property	21 662	0.76%	30 383	1.35%
Investments in subsidiaries	27 000	0.94%	4 000	0.18%
Investments in associates settled on the basis of equity method	0	0.00%	0	0.00%
Other long-term financial assets	48 571	1.70%	41 834	1.85%
- from related parties	27 071	0.95%	98	0.00%
- from other entities	21 500	0.75%	41 736	1.85%
Long-term receivables	20 593	0.72%	21 614	0.96%
- from related parties	60	0.00%	0	0.00%
- from other entities	20 533	0.72%	21 614	0.96%
Deferred income tax assets	23,701	0.83%	0	0.00%
Long-term prepaid expenses (prepayments)	13 567	0.47%	4 787	0.21%
CURRENT ASSETS	1 940 325	67.88%	1 540 909	68.22%
Inventories	69 360	2.43%	40 145	1.78%
Receivables from contracting parties due to works set out in contracts for long-term/construction service.	783 930	27.42%	439 585	19.46%
- from related parties	151 493	5.30%	29 425	1.30%
- from other entities	632 437	22.12%	410 160	18.16%
Trade receivables:	679 366	23.77%	534 476	23.66%
- from related parties	13 526	0.47%	9 806	0.43%
- from other entities	665 840	23.29%	524 670	23.23%
Current income tax receivables	978	0.03%	0	0.00%
Other short-term receivables	48 751	1.71%	43 263	1.92%
- from related parties	0	0.00%	0	0.00%
- from other entities	48 751	1.71%	43 263	1.92%
Other short-term financial assets	51 767	1.81%	58 410	2.59%
- from related parties	0	0.00%	0	0.00%
- from other entities	51 767	1.81%	58 410	2.59%
Cash and cash equivalents	289 713	10.14%	410 305	18.16%
Short-term prepaid expenses	16 460	0.58%	14 725	0.65%
Fixed assets held for sale	0	0.00%	0	0.00%
TOTAL ASSETS	2 858 509	100.00%	2 258 835	100.00%

The structure of assets did not considerably change during the period in question. Fixed assets at the end of 2008 constituted over 32,1% of the total assets and their share decreased by 0,3% against the corresponding period in the previous year. In the same period current assets recorded a slight drop of their share in total assets and constituted nearly 67,9%. The most important element of fixed assets are tangible fixed assets (they constitute approximately 44% of fixed assets).

The second position in fixed assets is held by goodwill acquired by merger of business entities, which constitutes 35% of the former. A considerable increase of the share of this element in the analysed period was caused by realised acquisitions.

The structure of current assets against 2007 changed minimally. The biggest share in current assets in 2008 belonged to trade receivables from contracting parties due to works set out in contracts for long-term/construction service, which constituted 40% of the current assets. Similar, yet a slightly smaller share belonged to short-term receivables constituting 35% of the current assets. The third item in terms of value constitutes cash which corresponds with 15% value of current assets.

DYNAMICS OF ASSETS

Assets (in PLN '000)	2008	2007	2008/2007
FIXED ASSETS	918 184	717 926	127.89%
Intangible assets	14 820	13 262	111.75%
Goodwill acquired by merger of business entities	322 522	267 426	120.60%
Tangible fixed assets	403 749	306 786	131.61%
Non-renewable natural resources	11 999	27 834	43.11%
Investment property	21 662	30 383	71.30%
Investments in subsidiaries	27 000	4 000	675.00%
Investments in associates settled on the basis of equity method	0	0	0,00%
Other long-term financial assets	48 571	41 834	116.10%
- from related parties	27 071	98	27623.47%
- from other entities	21 500	41 736	51.51%
Long-term receivables	20 593	21 614	95.28%
- from related parties	60	0	0,00%
- from other entities	20 533	21 614	95.00%
Deferred income tax assets	23 701	0	0,00%
Long-term prepaid expenses	13 567	4 787	283.41%
CURRENT ASSETS	1 940 325	1 540 909	125.92%
Inventories	69 360	40 145	172.77%
Receivables from the contracting parties due to works set out in contracts for long-term/ construction service.	783 930	439 585	178.33%

- from related parties	151 493	29 425	514.84%
- from other entities	632 437	410 160	154.19%
Trade receivables	679 366	534 476	127.11%
- from related parties	13 526	9 806	137.94%
- from other entities	665 840	524 670	126.91%
Current income tax receivables	978	0	0,00%
Pozostałe należności krótkoterminowe	48 751	43 263	112.69%
- from related parties	0	0	0,00%
- from other entities	48 751	43 263	112.69%
Other short-term financial assets	51 767	58 410	88.63%
- from related parties	0	0	0,00%
- from other entities	51 767	58 410	88.63%
Cash and cash equivalents	289 713	410 305	70.61%
Short-term prepaid expenses	16 460	14 725	111.78%
Fixed assets held for sale	0	0	0,00%
TOTAL ASSETS	2 858 509	2 258 835	126.55%

The balance sheet recorded almost 27% increase against 2007. This fact resulted from a considerable increase of each item of assets. In the period in question fixed assets increased almost by 28%. The greatest increase, both in percentage and value, was recorded in the tangible fixed assets which at the end of 2008 amounted PLN 404 million and it was increase by 31% in comparison with the previous year. The company's goodwill also increased within the scope of merger of the economical entities. The increase in the latter item results from a higher activity in the acquisitions of other enterprises (in 2008, among others, the following enterprises were included in GK PBG:

Betpol, Wiertmar, PRG Metro).

The value of current assets increased by 26% against 2007. The greatest dynamics amongst current assets was recorded in the receivables from the contracting parties due to works set out in contracts for long-term/ construction service and trade receivables as well as inventories.

In terms of value, the highest items among current assets are receivables from contracting parties due to contracts for construction service and short-term receivables. The very visible increase of those two items (in the second case exceeding PLN 100 million and in the first one even PLN 300 million respectively) resulted from the growth of the portfolio of orders held and contracts realised.

STRUCTURE OF LIABILITIES

Liabilities (in PLN '000)	2008	% share	2007	% share
Shareholders' equity	1 113 618	38.96%	785 220	34.76%
Equity of the shareholder of the holding company	928 135	32.47%	750 670	33.23%
Share capital	13 430	0.47%	13 430	0.59%
Shares/ Treasury shares	0	0.00%	0	0.00%

Report of the Board of Directors of PBG S.A. on operations of PBG Capital Group in 2008

Reserve capital from shares sold above share nominal value	551 178	19.28%	551 178	24.40%
Capital from valuation of hedging transactions and foreign exchange differences on consolidation	-101 444	-3.55%	88 759	3.93%
Other capital	274 778	9.61%	65 998	2.92%
Retained financial result	190 193	6.65%	111 305	4.93%
- profit (loss) from previous years	31 952	1.12%	6 997	0.31%
- net profit (loss) of the current year of the parent company shareholders	158 241	5.54%	104 308	4.62%
Minority shares	185 483	6.49%	34 550	1.53%
LIABILITIES	1 744 891	61.04%	1 473 615	65.24%
Long-term liabilities	410 022	14.34%	331 739	14.69%
Long-term credits and loans	112 850	3.95%	50 033	2.21%
- from related parties	0	0.00%	0	0.00%
- from other entities	112 850	3.95%	50 033	2.21%
Other long-term financial payables	256 996	8.99%	208 544	9.23%
Other long-term payables	17 115	0.60%	20 556	0.91%
- from related parties	0	0.00%	0	0.00%
- from other entities	17 115	0.60%	20 556	0.91%
Deferred income tax provision	0	0.00%	18 595	0.82%
Provisions for liabilities related to employee benefits	5 229	0.18%	4 184	0.19%
Other long-term provisions	9 606	0.34%	20 675	0.92%
Government grants	0	0.00%	0	0.00%
Long-term prepaid expenses	8 226	0.29%	9 152	0.41%
Short-term liabilities	1 334 869	46.70%	1 141 876	50.55%
Short-term credits and loans	475 147	16.62%	350 402	15.51%
- od jednostek powiązanych - from related parties	19	0.00%	2 306	0.10%
- from other entities	475 128	16.62%	348 096	15.41%
Other short-term financial payables	196 324	6.87%	116 260	5.15%
Trade payables	486 595	17.02%	387 161	17.14%
- from related parties	1 020	0.04%	4 820	0.21%
- from other entities	485 575	16.99%	382 341	16.93%
Liabilities under construction service contract	14 989	0.52%	19 594	0.87%
- from related parties	1 651	0.06%	4 241	0.19%
- from other entities	13 338	0.47%	15 353	0.68%
Current income tax liabilities	21 219	0.74%	17 800	0.79%
Other short-term payables	52 016	1.82%	122 987	5.44%
- from related parties	0	0.00%	0	0.00%
- from other entities	52 016	1.82%	122 987	5.44%

Provisions for liabilities related to employee benefits	881	0.03%	1 120	0.05%
Other short-term provisions	78 926	2.76%	118 805	5.26%
Government grants	0	0.00%	0	0.00%
Short-term prepaid expenses	8 772	0.31%	7 747	0.34%
Payables related to fixed assets held for sale	0	0.00%	0	0.00%
TOTAL LIABILITIES	2 858 509	100.00%	2 258 835	100.00%

The statement of liabilities does not shows important changes in the structure of sources of assets financing of PBG Group that occurred during the analysed period.

The shareholders' equity constituted 39% of the total liabilities value. The share of long-term liabilities in the balance sheet sum decreased slightly (from approximately 14,7% in 2007 to 14,3% in 2008). The share of short-term liabilities also decreased, constituting at the end of 2008 - 46,7% in comparison to 50,6% in the corresponding period in the previous year. Amongst long-term payables the highest value was recorded by other long-term liabilities, which included bonds issued in December of 2007 by the holding company of the Group for PLN 200 million.

DYNAMICS OF LIABILITES

Liabilities (in PLN '000)	2008	2007	2008/2007
Shareholders' equity	1 113 618	785 220	141.82%
Equity of the shareholder of the holding company	928 135	750 670	123.64%
Share capital	13 430	13 430	100.00%
Shares/ Treasury shares	0	0	0.00%
Reserve capital from shares sold above share nominal value	551 178	551 178	100.00%
Capital from valuation of hedging transactions and foreign exchange differences on consolidation	-101 444	88 759	-114.29%
Other capital	274 778	65 998	416.34%
Retained financial result	190 193	111 305	170.88%
- profit (loss) from previous years	31 952	6 997	456.65%
- net profit (loss) of the current year of the parent company shareholders	158 241	104 308	151.71%
Minority shares	185 483	34 550	536.85%
LIABILITIES	1 744 891	1 473 615	118.41%
Long-term liabilities	410 022	331 739	123.60%
Long-term credits and loans	112 850	50 033	225.55%
- from related parties	0	0	0.00%
- from other entities	112 850	50 033	225.55%
Other long-term financial payables	256 996	208 544	123.23%
Other long-term payables	17 115	20 556	83.26%
- from related parties	0	0	0.00%
- from other entities	17 115	20 556	83.26%
Deferred income tax provision	0	18 595	0.00%

Provisions for liabilities related to employee benefits	5 229	4 184	124.98%
Other long-term provisions	9 606	20 675	46.46%
Government grants	0	0	0.00%
Long-term prepaid expenses	8 226	9152	89.88%
Short-term liabilities	1 334 869	1 141 876	116.90%
Short-term credits and loans	475 147	350 402	135.60%
- od jednostek powiązanych - from related parties	19	2 306	0.82%
- from other entities	475 128	348 096	136.49%
Other short-term financial payables	196 324	116 260	168.87%
Trade payables	486 595	387 161	125.68%
- from related parties	1 020	4 820	21.16%
- from other entities	485 575	382 341	127.00%
Liabilities under construction service contract	14 989	19 594	76.50%
- from related parties	1 651	4 241	38.93%
- from other entities	13 338	15 353	86.88%
Current income tax liabilities	21 219	17 800	119.21%
Other short-term payables	52 016	122 987	42.29%
- from related parties	0	0	0.00%
- from other entities	52 016	122 987	42.29%
Provisions for liabilities related to employee benefits	881	1 120	78.66%
Other short-term provisions	78 926	118 805	66.43%
Government grants	0	0	0.00%
Short-term prepaid expenses	8 772	7 747	113.23%
Payables related to fixed assets held for sale	0	0	0.00%
TOTAL LIABILITIES	2 858 509	2 258 835	126.55%

A higher increase among the liabilities was recorded in the case of shareholders' equity - its value increased by almost 42% and equalled over PLN 1.1 billion, whereas external equity increased by 18,4% and amounted over PLN 1,7 billion.

The following items increased significantly in the foreign capital: other long-term and short-term financial payables, credits and loans as well as trade payables (increase by 26% in comparison to their value at the end of 2008).

The expected financial standing of the Capital Group.

In 2008 the Capital Group plans to maintain the financial ratios at a level securing its stable functioning. Another issue of shares by the holding company, which took place in the 1st quarter of 2007, provided resources for the further development of the GK PBG company. Furthermore in the 1st quarter of 2008 the issue of shares of subsidiary of PBG was carried out that is: the company Hydrobudowa Polska S.A, which is also important with reference to development of the water segment and provision of the funds

for development in this case, because Hydrobudowa Polska performs the leading function in the Group in relation to this market.

Forecast of consolidated financial results for 2008

In the current report no 21/2009 the holding company of GK PBG informed of the forecast of the consolidated financial results for 2008:

Item	Forecasts (in PLN '000)
Net revenues from sales	2 800 000
Operating profit	300 000
Net profit	190 000

The basis provisions and assumptions of the forecast:

- The forecast of the financial results of PBG Capital Group for the year 2009 has been estimated on the basis of contracts the Group has already in its portfolio and on the basis of contracts it plans to conclude and execute in 2009;
- It is assumed that the highest share in the consolidated revenue shall constitute revenues obtained from the environment protection market – 43%, and afterwards from the specialist construction market (including mainly infrastructure projects) – 25%, as well as from the area of natural gas, crude oil and fuels – 24% and the roads construction segments – 8%.
- The forecasted revenues from performance of contracts concerning construction of stadiums in Gdańsk and Warsaw were disclosed only in estimated values, because accurate level thereof will be known upon signing detailed agreements with subcontractors.
- The forecast for 2009 does not consider performance of the contract connected with modernization of the production plant Nairit Plant CJSC in Armenia.
- The impact of the investment performance named "Górecka Project" was considered in the assumptions for 2009.
- It was assumed in the forecasts of financial results that in 2009 any changes will not occur which might have negative influence on the market, on which PBG Group conducts its business activity. According to the requirements of the forecasts it was agreed that foreign exchange rates will be fixed in the entire period of forecast, but the level thereof shall be equal to the average rate of exchange of the National Bank of Poland at 31st December of 2008. Therefore the exchange rates disclosed in the the forecast are presented in the following manner:

- 1 EUR = PLN 4 1724;
- 1 USD = PLN 2 9618;
- 1 CAD = PLN 2 4307;

- In accordance with the change of evaluation of the hedging transaction introduced in the Group PBG at January 1st of 2009 the change of measurement of hedging efficiency was considered in the financial forecast for the applied forward transactions. First of all the purpose thereof shall mean minimalization of the influence of exchange rates fluctuations on the financial results of the companies in particular quarters of a year:
- In accordance with the requirements of the forecast it was agreed that the interests rates will be fixed in the entire period of forecast. The value of indexes of the interest rates of the domestic market of interbanking investments (WIBOR) at 31st December of 2008 was assumed. They were the following:
 - WIBOR 1M = 5,61%;
 - WIBOR 3M = 5,88%;
 - WIBOR 6M = 5,95%;
- It was also assumed that due to specificity of this line of business and high specialization of the services offered by PBG and the companies of its Capital Group the market is not very sensitive to downturn in the economical situation. It should result in maintenance of relatively high demand for services and products which are provided. It is estimated that in the forecast period any material increase of prices as well as any limitations in the access to the production factors should not occur. It allows to conclude that the forecasted profitability ratios are not at risk:
- The forecast of financial results for 2009 was executed in consideration of the new rule of revenues disclosure. It is based on the identification of such revenues and costs on the construction sites acquired and executed in the consortium scheme which fall to execution by the particular partner in the consortium (despite of the consortium leader position). Simultaneously those contracts have the nature of joint ventures. In case when the company as the consortium leader concludes such contract then this company will disclose only such part of revenues and costs in its income and expenditures which is realized by the effort of that company with exclusion of turnover of the consortium partners:
- Influence of the potential acquisitions on the forecasted financial results have not been considered in the assumptions for 2009.

The manners of monitoring and the periods in which the Issuer shall carry out the assessment as well as adjustments of the possibilities to perform forecasts

The forecast will be monitored on the day-today basis by the control of execution of the projected budgets. Alternative changes exceeding at least 10% of the financial results mentioned above will be made available to the public in the course of current report.

XXIV. IMPORTANT OFF-BALANCE SHEET ITEMS BY CONTRACTING PARTY, SUBJECT AND VALUE

Information of the value of off-balance items (guarantees and sureties) is included in the notes to the financial statement under section 19 – contingent liabilities from guarantees and sureties granted as at December 31, 2008.

XXV. CHANGES IN THE COMPANY BASIC MANAGEMENT

In the reporting period, the Capital Group companies of PBG introduced no material changes into the basic management rules.

XXVI. VALUE OF REMUNERATION, AWARDS AND REWARDS PAID TO THE MANAGEMENT AND SUPERVISORS.

1. Remuneration Committee

On the 25th day of June of 2005 the Remuneration Committee was established within the scope of the Supervisory Board which is responsible particularly for:

- general monitoring of practices within the scope of remunerations and the level thereof in the Company
- determination of the employment conditions of the Management Board Members and the management staff of the Company,
- determination of the bonus plan for the financial year.

The Remuneration Committee is convened in accordance with the requirements. However it submits annual statement on its activity at least once in a quarter of a year which constitutes a part of the Statement on the activity of the Supervisory Board submitted to the Shareholders during the Ordinary Shareholders Meeting of PBG S.A.

The Remuneration Committee shall be composed of the following persons:

- Maciej Bednarkiewicz,
- Wiesław Lindner,
- Jacek Krzyżaniak.

2. Motivational Program

The Motivational Program for the management staff and the key employees of PBG Group was introduced under the resolution of the Supervisory Board of PBG S.A. as of 28th day of April of 2004.

Execution of the Program in the particular year is conditioned upon achievement by the Group of the operating profit for the previous financial year disclosed in the consolidated financial statement on the level of at least 75% of the operating profit forecast for the particular year. Failure to achieve minimal level of achievement of of operating profit forecast for the previous year results in default in execution of the Program in the particular year. The amount of operating profit to be achieved by the Capital Group in the particular year shall be determined by the Supervisory Board within the period until 30th June of each year which the forecast concerns.

3. Remunerations of the Supervisory Board Members and the Management Board Members of PBG

S.A.

The amount of remuneration of the Supervisory Board Members was determined under the Resolution of the Extraordinary General Shareholders Meeting of the Company PBG S.A. as of 10th December of 2005. Management Board Members are appointed under the Resolution of the Supervisory Board. They are employed on the basis of employment agreements. In accordance with the Resolution of the Supervisory Board of PBG S.A. the Management Board Members shall be entitled to the basis salary as well as bonuses and additional benefits resulting from the provisions on the remuneration.

REMUNERATIONS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD MEMBERS RESULTING FROM THE POSITION IN THE HOLDING ENTITY IN THE PERIOD FROM JANUARY 1ST TO DECEMBER 31ST OF 2008.

Specification	Basic salary	Other benefits	Total
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Remuneration of the Management Board Members			
Jerzy Wiśniewski	741	-	741
Tomasz Woroch	420	-	420
Przemysław Szkudlarczyk	300	-	300
Tomasz Tomczak	300	-	300
Mariusz Łożyński	245	-	245
Tomasz Łatawiec	240	-	240
Total	2 246	-	2 246

Specification	Basic remuneration	Other benefits	Total
Remunerations of the Supervisory Board Members			
Maciej Bednarkiewicz	120	-	120
Jacek Kseń	96	-	96
Wiesław Lindner	60	-	60
Jacek Krzyżaniak	36	-	36
Małgorzata Wiśniewska	24	-	24
Dariusz Sarnowski	36	-	36
Adam Strzelecki	36	-	36
Mirosław Dobrut	6	-	6
Total	414	-	414

REMUNERATIONS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD MEMBERS RESULTING FROM THE POSITION IN THE SUBSIDIARIES, AFFILIATED AND ASSOCIATED ENTITIES IN THE PERIOD FROM JANUARY 1ST TO DECEMBER 31ST OF 2008.

Specification	Basic remuneration	Other benefits	Total
Remunerations of the Management Board Members			
Jerzy Wiśniewski	190	4	194
Tomasz Woroch	273	5	278
Przemysław Szkudlarczyk	59	-	59
Tomasz Tomczak	-	-	-
Mariusz Łożyński	-	-	-
Tomasz Łatawiec	121	-	121
Total	643	9	652

Specification	Basic remuneration	Other benefits	Total
Remunerations of the Supervisory Board Members			
Maciej Bednarkiewicz	-	-	-
Jacek Kseń	-	-	-

Wiesław Lindner	-	-	-
Jacek Krzyżaniak	72	3	75
Małgorzata Wiśniewska	315	1	316
Dariusz Sarnowski	-	-	-
Adam Strzelecki	-	-	-
Mirostaw Dobrut	-	-	-
Total	387	4	391

XXVII. INFORMATION ON CONTRACTS WHICH MIGHT INFLUENCE THE FUTURE CHANGE OF SHARE OWNERSHIP

As at the reporting date, the Management Board has no information on the contracts which may change the future structure of share ownership.

XXVIII. INFORMATION ON THE AUDITOR OF THE REPORT

The Management Board of PBG S.A. declares, in accordance with the applicable provisions of law, that after scrutinising recommendations presented by the Board of Audit, the Supervisory Board resolved to choose HLB Frackowiak i Wspólnicy Sp. z o.o. with registered office in Poznan (61-831), pl. Wiosny Ludów 2, (updated business name of the auditor is: Grant Thornton Frackowiak Sp. z o.o) entered into the register of entities entitled to examine financial statements kept by the National Chamber of Statutory Auditors under entry 238, as an entity entitled to:

- audit the individual financial statement of PBG S.A. and the consolidated financial statement of PBG Capital Group for 2007 and 2008 (resolution of the Supervisory Board of June 13, 2007);
- review the half-year individual and consolidated financial statements as at June 30, 2007 and June 30, 2008 (resolution of the Supervisory Board of June 13, 2007).

1. Date of the agreement

PBG S.A. concluded an agreement with z HLB Frackowiak i Wspólnicy Sp. z o.o. (updated business name of the auditor is: Grant Thornton Frackowiak Sp. z o.o) on August 17, 2007.

2. Total remuneration

The total remuneration for Grant Thornton Frackowiak Sp. z o.o for the audit of the financial statement of the Company and the consolidated financial statement of PBG Capital Group as at December 31, 2008 equals in net value PLN 82 800.00 The total remuneration for HLB Frackowiak i Wspólnicy Sp. z o.o. for a corresponding audit in the previous year equalled in net value PLN 82 800,00.

3. Remaining agreement value

The remaining fee of Grant Thornton Frąckowiak Sp. z o.o. for delivering future services, defined in the agreement of August 17, 2007 (audit of the financial statements of PBG S.A. and consolidated financial statements of PBG Capital Group for 2008, equals in net value PLN 0,00.

XXIX. AGREEMENTS MADE BETWEEN THE COMPANY AND MANAGEMENT STIPULATING COMPENSATIONS IN CASE LATTER'S RESIGNATION OR DISMISSAL.

As at the reporting date, there have been no agreements signed by PBG S.A. and management which would stipulate any compensations in the case of resignation or dismissal of the latter.

XXX. INFORMATION ON THE EMPLOYEE PROGRAM CONTROL SYSTEM

Companies of PBG Capital Group run no employee programmes.

XXXI. INDICATION OF THE PROCEEDINGS PENDING BEFORE THE COURT, THE AUTHORITY HAVING JURISDICTION FOR THE ARBITRAGE PROCEEDINGS OR PUBLIC ADMINISTRATION AUTHORITY.

The proceedings brought by the company and conducted against the Company PBG S.A. as well as any subsidiaries of the Capital Group PBG shall not exceed the value constituting at least 10% of the shareholders' equity.

XXXII. RESTRICTIONS ON THE TRANSFER OF OWNERSHIP RIGHT TO SECURITIES OF PBG S.A. AND LIMITATIONS AS TO EXERCISING THE VOTING RIGHTS UNDER SHARES OF THE COMPANY.

According to § 11 section 1 of the Company's Articles of Association, the disposal of registered "A" shares shall require the consent of the Management Board.

XXXIII. ADDRESS OF THE COMPANY PBG S.A.

REGISTERED OFFICE OF PBG S.A.:

ul. Skórzewska 35
Wysogotowo n. Poznań
62 – 081 Przeźmierowo
phone.: +48 61 66 51 700
fax: +48 61 66 51 701
www.pbg-sa.pl
e-mail: polska@pbg-sa.pl

CONTACT TO THE PRESS SPOKESMAN:

Jacek Krzyżaniak
phone.: +48 61 66 51 761
mobile: 0 605 470 599
fax: +48 61 66 51 701
e-mail: jacek.krzyzaniak@pbg-sa.pl

CONTACT TO INVESTORS RELATIONS:

Kinga Banaszak – Filipiak
phone.: +48 61 66 51 761
mobile: + 48 691 470 491
e-mail: kinga.banaszak@pbg-sa.pl

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

<p>President of the Management Board</p>	<p>Jerzy Wiśniewski</p>
<p>Vice-President of the Management Board</p>	<p>Tomasz Woroch</p>
<p>Vice-President of the Management Board</p>	<p>Przemysław Szkudlarczyk</p>
<p>Vice-President of the Management Board</p>	<p>Tomasz Tomczak</p>
<p>Vice-President of the Management Board</p>	<p>Mariusz Łożyński</p>

Member of the Management Board	Tomasz Latawiec
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