

Fraćkowiak  
Grant Thornton

# Report Supplementing the Auditor's Opinion on the Consolidated Financial Statements for 2009

PBG Group

Audit - Taxes - Outsourcing - Advisory  
Member of Grant Thornton International Ltd

Entity qualified to audit financial statements, reg. No. 238. Company Management Board: Cecylia Pol – President, Tomasz Wróblewski – Vice-President.

Registered office at pl. Wiosny Ludów 2, 61-831 Poznań, Tax ID (NIP): 778-01-62-560, Industry ID (REGON): 632474183, Bank Account #: 18 1750 1019 0000 0000 0098 2229.

Share capital: PLN 497,400, District Court Poznań Nowe Miasto and Wilda in Poznań, VII Commercial Division, KRS No 0000006705.

## 1 Details of the Parent Undertaking

The Parent Undertaking of the Group is PBG Spółka Akcyjna (joint-stock company). The Parent Undertaking was incorporated on December 1st 2003 for unlimited duration. The registered office of the Parent Undertaking is at ul. Skórzewska 35, Wysogotowo, Poland.

Core business of the Parent Undertaking includes:

- service activities incidental to oil and gas extraction,
- manufacture of fabricated metal products, excluding machinery and equipment,
- manufacture of other general purpose machinery,
- manufacture of industrial process control equipment,
- building installation,
- letting of own property.

The scope of the subsidiaries' business covers a broad array of construction trades.

On January 2nd 2004, the Parent Undertaking was entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court in Poznań, VIII Commercial Division of the National Court Register, under KRS No 0000184508.

The Parent Undertaking has a Tax ID (NIP) number 777-21-94-746, assigned to it on May 13th 2004, and Industry ID (REGON) number 631048917, assigned to it on January 5th 2004.

The share capital of the Parent Undertaking as at the end of the financial year, that is December 31st 2009, was PLN 14,295 thousand. The Group's equity as at the aforementioned date was PLN 1,623,485 thousand.

As disclosed in Note 3.10.11 to the consolidated financial statements, as at December 31st 2009 the ownership structure of the Parent Undertaking was as follows:

<b>Shareholder</b>	<b>No of shares (‘000)</b>	<b>No of votes (‘000)</b>	<b>Par value of shares (PLN ‘000)</b>	<b>% of share capital</b>
Jerzy Wiśniewski	4,235	8,470	4,235	29.6%
ING Otwarty Fundusz Emerytalny	1,259	1,259	1,259	8.8%
AVIVA Otwarty Fundusz Emerytalny	1,342	1,342	1,342	9.4%
Pioneer Pekao Investment Management SA's clients	951	951	951	6.7%
Other shareholders	6,508	6,508	6,508	48.2%
<b>Total</b>	<b>14,295</b>	<b>18,530</b>	<b>14,295</b>	<b>100%</b>

Series A shares held by Mr Jerzy Wiśniewski are preference shares. Other Series A shares, totalling 5,000, are held by Ms Małgorzata Wiśniewska and Mr Tomasz Woroch and are also preference shares. The preference is a voting preference, with two votes attached to a single preference share. The other shares are ordinary shares.

In 2009, the Parent Undertaking issued 865 thousand Series G shares, at PLN 220 per share. The issue price of the shares sold totalled PLN 190,300 thousand. PBG SA incurred share issue costs of PLN 7,265 thousand. The share premium account with respect to the sale of Series G shares totalled PLN 182,170 thousand.

As disclosed in the share register of the Parent Undertaking as at March 19th 2010, the following changes to the Parent Undertaking's owners holding more than 5% of the voting rights took place in the period January 1st – December 31st 2009 as well as subsequent to the balance-sheet date and before the issue hereof:

- On August 14th 2009, Mr Jerzy Wiśniewski disposed of 260 thousand shares in PBG SA. The transaction was effected on the Warsaw Stock Exchange as an off-session block transaction. The preference shares were converted into ordinary shares on July 31st 2009 under a Resolution of the Polish National Depository for Securities (KDPW). The shares were admitted to stock-exchange trading on August 7th 2009, under a Resolution of the Stock Exchange's Management Board, and listed on August 14th.
- Following transactions in PBG SA shares effected by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. of Poznań on February 2nd 2009, February 5th 2009, February 9th 2009, February 10th 2009, February 24th 2009, March 27th 2009, and August 4th 2009, the Fund held 786,247 shares in PBG SA, accounting for 5.5% of the Company's share capital and conferring rights to 786,247 votes, or 4.24% of the total vote at PBG SA's General Shareholders Meeting. Prior to the aforementioned transactions, the Fund held 900,438 shares in PBG SA, accounting for 6.70% of PBG SA's share capital and conferring rights to 900,438 votes, or 5.02% of the total vote.
- On July 13th 2009, Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK SA (AVIVA OFE) acquired shares in PBG SA. Prior to the transaction, Aviva OFE held 871,081 shares in PBG SA, accounting for 6.49% of the Company's share capital and conferring rights to 871,081 votes at the General Shareholders Meeting, or 4.86% of the total vote. As a result of the transaction, Aviva OFE held 898,581 shares in the Company, accounting for 6.69% of the Company's share capital and conferring rights to 898,581 votes at the General Shareholders Meeting, or 5.01% of the total vote.
- On October 23th 2009, Pioneer Pekao Investment Management SA (PPIM) acquired shares in PBG SA. Prior to the transaction, PPIM's clients held 913,863 shares in PBG, conferring rights to 913,863 votes at the General Shareholders Meeting and accounting for 6.39% of PBG's share capital, and 4.93% of the total vote at the General Shareholders Meeting. As a result of the transaction, PPIM's clients held 951,182 shares in PBG, conferring rights to 951,182 votes at the General Shareholders Meeting. The shares account for 6.7% of PBG's share capital and 5.13% of the total vote.

There were no changes in the Issuer's shareholder structure in the period from January 1st 2010 to March 19th 2010.

As at March 19th 2010, the Parent Undertaking's Management Board was composed of:

- Jerzy Wiśniewski – President of the Management Board,

PBG Group

- 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 – Vice-President of the Management Board.

In the period from January 1st 2009 to March 19th 2010, the following changes occurred in the composition of the Company's Management Board:

- on September 30th 2009, Mr Tomasz Latawiec submitted to PBG SA's Supervisory Board his resignation from the position of Management Board Member. The resignation was motivated by family reasons.

## 2 Composition of the Group

As at December 31st 2009, the PBG Group comprised subsidiaries (directly and indirectly controlled) as well as joint ventures:

<b>Company name</b>	<b>Consolidation method</b>	<b>Type of opinion on the financial statements</b>	<b>Name of entity auditing the financial statements</b>	<b>Balance-sheet date as at which the financial statements were prepared</b>
Aprivia SA	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
Betpol SA	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
Dromost Sp. z o.o.	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
Przedsiębiorstwo Robót Inżynieryjno-Drogowych SA	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
Avatia Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Brokam Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Excan Oil and Gas Engineering Ltd	full consolidation	no audit requirement	no audit requirement	December 31st 2009
GasOil Engineering a.s.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Hydrobudowa Polska SA	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009

PBG Group

P.R.G. Metro Sp. z o.o.	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
Hydrobudowa 9 SA	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
Gdyńska Projekt Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Górecka Projekt Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Infra SA	full consolidation	unqualified	no audit requirement	December 31st 2009
KWG SA	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
Metorex Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
PBG Export Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
PBG Technologia Sp. z o.o. (formerly Hydrobudowa Polska Konstrukcje Sp. z o.o.)	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	December 31st 2009
PBG Dom Sp. z o.o.	full consolidation	unqualified	DGA Audyt Sp. z o.o.	December 31st 2009
Apartamenty Poznańskie Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
PBG Dom Invest II Sp. z o.o. (formerly Budwil Sp. z o.o.)	full consolidation	no audit requirement	no audit requirement	December 31st 2009
PBG Dom Invest I Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Złotowska 51 Sp. z o.o. (formerly KM Investment Sp. z o.o.)	full consolidation	no audit requirement	no audit requirement	December 31st 2009
City Development Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Villa Poznań Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
PBG Management I Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Kino Development Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Wschodni Invest Sp. z o.o.	full consolidation	no audit requirement	no audit requirement	December 31st 2009
Energopol Ukraina	full consolidation	no audit requirement	no audit requirement	December 31st 2009
PBG Ukraina Publiczna Spółka Akcyjna	full consolidation	no audit requirement	no audit requirement	December 31st 2009

Changes to the list of consolidated companies relative to the previous year and their impact on the consolidated financial statements are discussed in Section 1.4 of the Group's consolidated financial statements for the financial year ended December 31st 2009.

### **3 Consolidated Financial Statements for the Previous Year**

The Groups' consolidated financial statements for the financial year ended December 31st 2008 (previous financial year) were audited by Grant Thornton Frąckowiak Sp. z o.o., represented by qualified auditor Jan Letkiewicz, reg. no 9530/7106. The auditor issued an unqualified opinion on the audited financial statements.

The Group's consolidated financial statements for the financial year ended December 31st 2008 were approved by the General Shareholders Meeting of the Parent Undertaking on June 4th 2009.

The Group's consolidated financial statements for the financial year ended December 31st 2008 (previous financial year), along with the auditor's opinion, the resolution of the General Shareholders Meeting approving the statements, and Directors' Report on the Group's operations were submitted to the National Court Register on June 26th 2009.

The supplementary information comprising the introduction to the consolidated financial statements, the consolidated balance sheet as at December 31st 2008, the consolidated income statement, consolidated statement of changes in equity, and consolidated statement of cash flows for the financial year ended December 31st 2008 (previous financial year), along with the auditor's opinion and the resolution of the General Shareholders Meeting approving the statements, were published in *Monitor Polski B*, No 1578, on September 9th 2009.

### **4 Information on the Auditing Firm and the Qualified Auditor Performing the Audit**

Grant Thornton Frąckowiak Sp. z o.o., registered office at pl. Wiosny Ludów 2, Poznań, Poland, is an entity qualified to audit financial statements, entered in the list maintained by the National Council of Statutory Auditors under Reg. No. 238.

The audit of the Group's consolidated financial statements on behalf of Grant Thornton Frąckowiak Sp. z o.o. was managed by qualified auditor Jan Letkiewicz, reg. No 9530.

Grant Thornton Frąckowiak Sp. z o.o. was appointed by the Parent Undertaking's Supervisory Board to audit the Group's consolidated financial statements for the financial year ended December 31st 2009 on July 21st 2009. The audit was performed under an agreement executed with the Parent Undertaking's Management Board on July 22nd 2009.

### **5 Scope and Dates of the Audit**

The purpose of the audit was to issue a written opinion, along with the report, stating whether the consolidated financial statements for the financial year ended December 31st 2009 present fairly and clearly, in all material respects, the assets, financial standing and financial performance of the Group in accordance with the accounting principles (policies) stipulated in the International Accounting Standards, International Financial Reporting Standards and ©Grant Thornton Frąckowiak Sp. z o.o. All rights reserved.

interpretations thereof as published in the European Commission's regulations, and to the extent not covered by those Standards, in compliance with the Polish Accountancy Act of September 29th 1994 (consolidated text: Dz.U. of 2009, No 152, item 1223, as amended) and the secondary legislation thereto.

When examining the individual items of the consolidated financial statements and the consolidation documentation we applied tests and checks relevant to financial auditing. Our opinion on the correctness of the audited items is derived from those tests and checks.

Matters of no impact on the audited consolidated financial statements were beyond the scope of our audit.

The audit of the Group's consolidated financial statements for the financial year ended December 31st 2009 was conducted from March 8th 2010 to March 19th 2010.

## **6 Independent Opinion**

Grant Thornton Frąckowiak Sp. z o.o. (entity qualified to audit financial statements), members of its management board and supervisory bodies, the network a of which it is a member, as well as the qualified auditor in charge of the audit and other individuals participating in the audit meet the criteria to issue an unbiased and independent opinion on the audited consolidated financial statements of the Group, as stipulated in art. 56 of the Polish Act on qualified auditors and their self-government, entities qualified to audit financial statements and public oversight of May 7th 2009 (Dz.U. No 77, item 649).

## **7 Availability of Data and Representations**

The Parent Undertaking's Management Board submitted to us a representation in writing, dated March 19th 2010, to the effect that the audited consolidated financial statements were complete, reliable and correct, and that between the balance-sheet date and the date of the audit completion no events had taken place that could materially impact the assets and financial standing of the Group, thus requiring disclosure in the consolidated financial statements. The Parent Undertaking's Management Board confirmed their liability for the approved consolidated financial statements and represented that they had made available for the audit all financial statements of the companies covered by consolidation, the consolidation documentation, details and other required documents, and had submitted to us explanations necessary to issue an opinion on the audited consolidated financial statements.

## 8 Consolidated Statement of Financial Position

ASSETS (in PLN '000)	December 31st 2009	December 31st 2008	December 31st 2008
<b>NON-CURRENT ASSETS</b>	<b>1,011,530</b>	<b>901,603</b>	<b>734,779</b>
Goodwill	319,015	315,609	267,426
Intangible assets	32,966	14,820	13,262
Property, plant and equipment	368,264	401,739	306,786
Non-regenerative natural resources	12,290	11,999	27,834
Investment property	144,125	23,672	30,383
Investments in subsidiary undertakings	10,000	27,000	4,000
Investments in associated undertakings	-	-	-
Other non-current financial assets	91,610	36,618	42,797
Non-current receivables under derivative financial instruments	8,746	12,916	15,890
Non-current receivables	14,618	20,593	21,614
Deferred tax assets	-	23,070	-
Non-current prepayments and accrued income	9,896	13,567	4,787
<b>CURRENT ASSETS</b>	<b>2,996,816</b>	<b>1,939,362</b>	<b>1,524,546</b>
Inventories	233,694	69,360	40,145
Receivables under construction contracts	725,591	783,930	439,585
Trade receivables	1,074,424	679,366	534,476
Current income tax receivable	3,388	978	-
Other current receivables	37,749	48,751	43,263
Other current financial assets	217,308	50,487	14,800
Current receivables under derivative financial instruments	20,215	1,280	28,210
Cash and cash equivalents	660,281	288,750	409,342
Current prepayments and accrued income	24,166	16,460	14,725
Non-current assets classified as held for sale	-	-	-
<b>TOTAL ASSETS</b>	<b>4,008,346</b>	<b>2,840,965</b>	<b>2,259,325</b>
EQUITY AND LIABILITIES (PLN '000)	December 31st 2009	December 31st 2008	December 31st 2007
<b>EQUITY</b>	<b>1,623,486</b>	<b>1,096,074</b>	<b>785,220</b>
<b>Equity attributable to owners of the Parent</b>	<b>1,395,305</b>	<b>927,504</b>	<b>750,670</b>
<b>Minority interests</b>	<b>228,181</b>	<b>168,570</b>	<b>34,550</b>
<b>NON-CURRENT LIABILITIES</b>	<b>561,784</b>	<b>410,022</b>	<b>331,739</b>
Non-current loans and borrowings	101,877	112,850	50,033
Non-current liabilities under issue of debt securities and finance lease	391,177	210,386	208,497
Non-current liabilities under derivative financial instruments	553	46,610	-
Other non-current liabilities	40,110	17,115	20,603
Deferred tax liabilities	150	-	18,595
Provisions for liabilities under employee benefits	6,405	5,229	4,184
Other non-current provisions	14,191	9,606	20,675
Government subsidies	-	-	-
Non-current accruals and deferred income	7,320	8,226	9,152

<b>CURRENT LIABILITIES</b>	<b>1,823,076</b>	<b>1,334,869</b>	<b>1,142,366</b>
Current loans and borrowings	493,867	475,147	350,402
Current liabilities under issue of debt securities and finance lease	147,948	6,924	113,856
Current liabilities under derivative financial instruments	59,256	188,279	490
Trade payables	851,290	484,051	454,434
Liabilities under construction contracts	60,450	14,989	19,594
Current income tax payable	25,871	21,219	17,800
Other current liabilities	135,642	55,681	58,118
Provisions for liabilities under employee benefits	6,258	6,836	7,257
Other current provisions	39,027	78,926	118,805
Government subsidies	-	-	-
Current accruals and deferred income	3,467	2,817	1,610
Liabilities under non-current assets held for sale	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,008,346</b>	<b>2,840,965</b>	<b>2,259,325</b>

## 9 Consolidated Income Statement

PLN '000	2009	2008
<b>CONTINUING OPERATIONS</b>		
Sales revenue	<b>2,577,980</b>	<b>2,091,425</b>
Operating expenses	<b>2,295,621</b>	<b>1,866,840</b>
Other operating income	31,143	18,629
Other operating expenses	27,006	19,641
<b>Operating profit / (loss)</b>	<b>286,496</b>	<b>223,573</b>
Finance income	30,717	50,176
Finance expenses	58,850	62,140
Other gains on investments	4,265	2,268
<b>Pre-tax profit / (loss)</b>	<b>262,628</b>	<b>213,877</b>
Income tax	40,588	26,623
<b>Net profit / (loss) from continuing operations</b>	<b>222,040</b>	<b>187,254</b>
<b>DISCONTINUED OPERATIONS</b>		
Net profit / (loss) from discontinued operations	-	-
<b>Net profit / (loss)</b>	<b>222,040</b>	<b>187,254</b>
<b>Net profit / (loss) attributable to:</b>	<b>222,040</b>	<b>187,254</b>
- owners of the Parent	210,625	156,331
- minority interests	11,415	30,923

## 10 Consolidated Statement of Comprehensive Income

PLN '000	2009	2008
<b>Net profit / (loss)</b>	<b>222,040</b>	<b>187,254</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Remeasurement of property, plant and equipment	7,503	
Available-for-sale financial assets		

PBG Group

Cash flow hedges	120,429	-187,585
Foreign currency differences arising on translation of foreign operations	-10,131	666
Foreign currency differences transferred to profit or loss – sale of foreign operations		
Income tax on items of other comprehensive income	-21,761	34,782
<b>Other comprehensive income after tax</b>	<b>96,040</b>	<b>-152,137</b>
<b>Comprehensive income</b>	<b>318,080</b>	<b>35,117</b>
<b>Comprehensive income attributable to:</b>		
- owners of the Parent	290,034	46,128
- minority interests	28,046	-11,011

## 11 Financial Highlights and Ratios

Below are presented selected financial data and ratios for 2007, 2008 and 2009, describing the financial position of the Group in the period. All ratios are calculated based on the data contained in the Group's consolidated financial statements for the years ended December 31st 2009 and December 31st 2008.

Ratio	Formula	Value		
		2009	2008	2007
Sales revenue (PLN '000)		2,577,980	2,091,425	1,406,976
Net profit/ (loss)*		222,040	187,254	119,679
Equity (PLN '000)*		1,623,486	1,096,074	785,220
Total assets (PLN '000)		4,008,346	2,840,965	2,259,325
Return on assets (%)	net profit (loss) / total assets at end of period	5.5%	6.6%	5.3%
Return on equity (%)	net profit (loss) / equity at beginning of period	20.3%	23.8%	31.6%
Gross margin (%)	gross profit (loss) / sales revenue	15.2%	16.0%	15.3%
Current liquidity ratio	total current assets / current liabilities	1.6	1.5	1.3
Cash liquidity ratio	cash / current liabilities	0.4	0.2	0.4
Average collection period (days)	trade receivables x 365 days / revenue from sales of products and goods	152	119	139
Average payment period (days)	trade payables x 365 days / cost of sales	142	101	139
Inventory turnover ratio (days)	inventories x 365 days / cost of sales	39	14	12
Long-term capital to liabilities	(equity + non-current liabilities) / total liabilities	0.5	0.5	0.5

## PBG Group

Debt ratio (%)	(total equity and liabilities – equity) / total equity and liabilities	59%	61%	65%
Inflation rate annualised (%)		3.5	4.2	2.5
December to December (%)		3.5	3.3	4.0

\*Equity comprises equity attributable to owners of the Parent and to minority interests; net profit / (loss) is the net profit / (loss) attributable to owners of the Parent and to minority interests.

## 12 Going Concern

In Section 2.3 of the Group's consolidated financial statements for the year ended December 31st 2009, the Parent Undertaking's Management Board stated that the Parent Undertaking's financial statements, as well as the subsidiaries' financial statements that formed the basis for the preparation of the consolidated financial statements, were prepared on the assumption that the companies would continue as going concerns for a period not shorter than 12 months from December 31st 2009, and that no facts or circumstances are known that would indicate any threat to the Parent Undertaking and the subsidiaries' continuing as going concerns.

No material facts or circumstances were identified in the course of our audit that would make us believe that the Parent Undertaking is unable to continue as a going concern for at least 12 months from the balance-sheet date, that is from December 31st 2009, as a result of a voluntary or compulsory discontinuation or material limitation of the Parent Undertaking's current operations.

## 13 Financial Year

Financial statements of all companies in the Group that formed the basis for the preparation of the consolidated financial statements were prepared as at December 31st 2009 and include financial data for the reporting period January 1st – December 31st 2009.

## 14 Accounting Principles (Policies) and Financial Data Presentation

In Section 3 of the consolidated financial statements for the year ended December 31st 2009, the Parent Undertaking's Management Board described the accounting principles (policies) and methods of presentation of the Group's financial data. In the period for which the consolidated financial statements were prepared, there were no changes to the accounting principles (policies) and the presentation methods.

## **15 Consolidation Goodwill, Excess of the Parent Undertaking's Interest in the Net Fair Value of Assets, Liabilities and Contingent Liabilities of Acquired Companies over Acquisition Cost**

The principles for calculating the consolidation goodwill and for recognising impairment losses on goodwill as well as information required to assess changes to the carrying value of the goodwill in the period January 1st – December 31st 2009 are disclosed in Sections 3.5, 3.9, 3.10.4 and Section 6 of the consolidated financial statements.

The methodology for determining the excess of the Parent Undertaking's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of acquired companies over the acquisition cost, and the amount of such excess recognised for the period January 1st – December 31st 2009, are disclosed in Section 3.5 of the consolidated financial statements.

## **16 Equity**

The equity as disclosed in the consolidated statement of financial position as at December 31st 2009 is consistent with the consolidation documentation. Minority interests as at December 31st 2009 totalled PLN 228,181 thousand. Financial data concerning equity are disclosed in Section 3.10.11 of the consolidated financial statements.

## **17 Consolidation Eliminations**

The following consolidation eliminations made with respect to the consolidated companies:

- mutual settlements (receivables and liabilities),
- intra-Group turnover (revenue and expenses),
- unrealised profits or losses of the consolidated companies included in their assets,
- dividends,

are consistent with the consolidation documentation.

## **18 Disposal of Shares in Subordinated Undertakings**

In the financial year ended December 31st 2009, the Group disposed of shares in two subsidiaries.

On September 30th 2009, Infra SA, a subsidiary, sold its assets. The agreements executed between Infra SA and Invest Ecopap Sp. z o.o. Spółka komandytowa provided for the sale of:

- all shares in PRIS Sp. z o.o. held by Infra SA, that is 897 shares, for the total of PLN 1,650,000.00. The aggregate share capital of PRIS is PLN 175,800 and is divided into 1,758 shares with a par value of PLN 100 per share,
- all shares in Wiertmar Sp. z o.o. held by Infra SA, that is 25,969 shares, for the total of PLN 4,300,000.00. The aggregate share capital of Wiertmar is PLN 2,546,000 and is divided into 50,920 shares with a par value of PLN 50 per share.

The transactions effected by Infra SA followed from the implementation of the PBG Group's organisational strategy.

On November 25th 2009, PBG Dom, a subsidiary, disposed of 46% of its holding of equity instruments in Concept Development BSD 2 Sp. z o.o. of Warsaw, as the condition contained in the investment agreement under which the subsidiary had become a shareholder in Concept Development BSD 2 Sp. z o.o. was not satisfied. The income from the sale of the subsidiary totalled PLN 62,000 and was fully paid in 2009.

The effects of the sale of shares were disclosed in the Group's consolidated financial statements in accordance with the relevant supporting evidence and consolidation documentation.

## **19 Complete and Correct Consolidation Documentation**

Having completed the audit, we believe that the consolidation documentation is, in all material respects, complete and correct, and that it meets material criteria to be met by consolidation documentation, in particular with respect to eliminations under consolidation adjustments.

## **20 Structure of Assets and Equity and Liabilities in the Consolidated Statement of Financial Position**

The structure of the Group's assets and equity and liabilities is disclosed in the consolidated financial statements for the year ended December 31st 2009. The data disclosed in the consolidated financial statements are consistent with the consolidation documentation.

## **21 Items Having an Effect on the Group's Net Profit (Loss)**

The characteristics of items that have an effect on the Group's net profit (loss) are disclosed in the audited consolidated financial statements for the year ended December 31st 2009. The data disclosed in the consolidated financial statements are consistent with the consolidation documentation.

## **22 Notes on the Adopted Accounting Policies and Other Explanatory Notes**

Notes on the adopted accounting policies and other explanatory notes to the consolidated financial statements for the financial year ended December 31st 2009 were prepared in all material respects in accordance with the accounting principles (policies) stipulated in the International Accounting Standards, International Financial Reporting Standards and interpretations thereof as published in the European Commission's regulations, and to the extent not covered by those Standards, in compliance with the Polish Accountancy Act and the secondary legislation thereto, as well as with the requirements of the Finance Minister's Regulation of February 19th 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2009, No. 33, item 259, as amended).

## **23 Report on the Group's Operations**

We have read the Parent Undertaking Directors' Report on the Group's operations for the financial year ended December 31st 2009. The data in the report that are derived from the audited consolidated financial statements for the financial year ended December 31st 2009 are consistent with the statements. The report on the Group's operations meets in all material respects the requirements of Art. 49.2 of the Polish Accountancy Act and of the Finance Minister's Regulation of February 19th 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2009, No. 33, item 259 as amended).

This report contains 14 pages.

Jan Letkiewicz

[illegible signature]

Qualified auditor, reg. no 9530

Grant Thornton Frąckowiak Sp. z o.o.,  
pl. Wiosny Ludów 2, Poznań, Poland,  
entity qualified to audit financial  
statements, registration number 238

Poznań, March 19th 2010.