



**REPORT SUPPLEMENTING THE AUDITOR'S OPINION
ON THE FINANCIAL STATEMENT
FOR THE YEAR 2008**

PBG Spółka Akcyjna

1. ABOUT THE COMPANY

PBG Spółka Akcyjna (hereinafter referred to as the Company) was established on 1 December 2003. It was established for an indefinite period. The Company's registered office is in Wysogotowo, at ul. Skórzewska 35.

The Company's core business is as follows:

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

On 2 January 2004 the Company was registered in the register of entrepreneurs of the National Court Register kept by the District Court in Poznań, 21st Commercial Division of the National Court Register under entry no. KRS 0000184508.

The Company's NIP (Tax Identification Number) is 777-21-94-746 and was assigned on 13 May 2004, and REGON (Statistical Identification Number) was assigned on 5 January 2004.

The share capital of the Company as at the last day of the financial year, i.e. 31 December 2008 amounted to PLN 13 430 thousand. Shareholders' equity of the Company as at the same day amounted to PLN 761 202 thousand.

According to the note no. 12 of explanatory information to the balance sheet as at 31st December 2008 the share ownership structure is the following:

Stockholder	Number of stocks	Number of votes	Nominal value of stocks	% of votes
Jerzy Wiśniewski	4 495	8 990	4 495	50.14%
ING Otwarty Fundusz Emerytalny	900	900	900	5.02%
Other stockholders	8 035	8 040	8 035	44.84%
Total	13 430	100%	13 430	100%

In the period from 01 January 2008 to 31 December 2008 and after the balance sheet date, by the present report issuance date, the following changes in the ownership structure occurred in the Company:

- On 10 April 2008, BZ WBK AIB TFI S.A. notified about the reduction of the number of stocks as of 8 April 2008 to a level below the threshold of 5% in the total number of the Company's votes at GMS. After the reduction, BZ WBK MB TFI S.A. holds 882 348 of the Company's stocks, which is 4.93 % of the total number of the Company's votes at GMS;

- On 22 July 2008, ING TFI S.A. notified about the reduction of the number of stocks to a level below the threshold of 5% in the total number of the Company's votes at GMS. After the reduction, ING TFI S.A. holds 881,570 of the Company's stocks, which is 4.92 % of the total number of the Company's votes at GMS;
- On 29 July 2008, BZ WBK AIB TFI S.A. notified about the increase of the number of stocks to a level above the threshold of 5% in the total number of the Company's votes at GMS. After the reduction, BZ WBK MB TFI S.A. holds 899,265 of the Company's stocks, which is 5.02 % of the total number of the Company's votes at GMS;
- On 2 February 2009, BZ WBK AIB TFI S.A. notified about the sale of the Company's stocks, as a result of which the share in the total number of the Company's votes at General Meeting of Stockholders decreased to a level below the threshold of 5%. After the change, BZ WBK MB TFI S.A. holds 4.99% of the total number of votes at the Company's GMS;
- In the period from 6 February 2009 to 2 April 2009 further purchases and sales of the Company's stocks by Funds took place. According to information submitted by the financial statements publishing date on 2 April 2009, as a result of the stock purchase transaction on 27 March 2009 performed by the Funds, the Funds took hold of the Company's stocks which give more than 5% in the total number of votes at the Company's GMS. On 27 March 2000, the Funds held the total of 916,334 stocks of the Company, which is 6.82% of the Company's share capital and gives the entitlement to 916,334 votes, which is 5.11% of the total number of votes at the Company's GMS.

The Company is the holding company of the PBG SA Capital Group. Related parties of the Company were presented in point 1.1.1. of the audited financial statement for financial year ended on 31 December 2008.

As at 27 April 2009, composition of the Company's Board of Directors was as follows:

- Jerzy Wiśniewski – President of the Board of Directors,
- Tomasz Woroch – Vice President of the Board of Directors,
- Przemysław Szkudlarczyk – Vice President of the Board of Directors,
- Tomasz Tomczak – Vice President of the Board of Directors,
- Mariusz Łożyński – Vice President of the Board of Directors,
- Tomasz Latawiec – Member of the Board of Directors.

In the period from 1 January 2008 to 27 April 2009, the following changes were made in the composition of the Board of Directors of the Company:

- On 28 November 2008, at the request of the Company's Board of Directors, the Supervisory Board appointed Mr. Mariusz Łożyński, who previously was a Member of the Board of Directors, as a Vice President of the Board of Directors.

2. FINANCIAL STATEMENT FOR THE PREVIOUS YEAR

The financial statement of the Company for financial year ended 31 December 2007 (previous financial year) was audited by HLB Frąckowiak i Wspólnicy Sp. z o.o. (currently Grant Thornton Frąckowiak Sp. z o.o.) represented by Mr Jan Letkiewicz, certified auditor no. 9530/7106. The auditor made an unqualified opinion about the audited financial statement.

The financial statement of the Company for financial year ended 31 December 2007 was approved by the Annual General Meeting of Stockholders on 18 June 2008. The Stockholders resolved that the net profit for FY07 amounting to PLN 50 097 thousand would be allocated to:

– reserve capital	PLN 44 828 thousand
– covering the losses from previous years	PLN 1 269 thousand
– company social fund	PLN 4 000 thousand

The financial statement of the Company for financial year ended 31 December 2007 (previous financial year) with an opinion of a certified auditor, resolutions of the Annual General Meeting of Stockholders on approval of the financial statement and profit allocation as well as report on the operation of the Company was submitted in the National Court Register on 25 June 2008.

Balance sheet as at 31 December 2007, profit and loss account, statement of changes in equity and cash flow statement for financial year ended on 31 December 2007 (previous financial year) together with an opinion of a certified auditor, resolutions of Stockholders' General Meeting on accepting the financial statement and allocation of profit on 19 December 2008 were published in the Monitor Polski (*Polish Monitor*) B number 2100.

3. Information on entity authorized to audit the financial statement and on the certified auditor

Grant Thornton Frąckowiak Sp. z o.o. with registered office in Poznań, pl. Wiosny Ludów 2 is a statutory auditor entitled to audit financial statements, registered in the list of auditors held by the National Council of Certified Auditors in Poland under entry no. 238.

On behalf of Grant Thornton Frąckowiak Sp. z o.o., the audit of the financial statement of the Company was managed by Jan Letkiewicz, certified auditor no. 9530/7106.

On 13 June 2007, HLB Frąckowiak i Wspólnicy Sp. z o.o. was appointed by the Supervisory Board to audit the financial statement of the Company for the period between 31 December 2007 and 31 December 2008. On 21 August 2008, the entity changed its name into Grant Thornton Frąckowiak Sp. z o.o. The Company's financial statement was audited pursuant to the contract concluded with the Company's Board of Directors on 17 August 2007.

4. Scope and date of the audit

The aim of our audit was to express a written opinion to the report, as to whether the consolidated financial statement for fiscal year ended on 31 December 2008 presents a reliable and clear view, in all material aspects, of the financial condition and assets, as well as the financial result of the Company, in line with the accounting principles (policy), set out in the International Accounting Standards, International Financial Reporting Standards and applicable interpretations announced in regulations of the European Commission and in scope not covered by the Standards, in line with the requirements of the Accounting Act and applicable executive regulations published on its basis.

In audit of individual items of the financial statement and accounting records we applied tests applicable to financial audit. Based on the test results we made conclusions concerning the correctness of audited

items. The audit limited to selected samples was also applied to tax settlements and tax charges, hence there may be discrepancies between our findings and results of potential controls of authorized tax authorities.

Our audit was not aimed to identify and explain events that would have provided, had they happened, enough grounds to commence criminal proceedings by competent authorities. The audit did not cover other issues which would have occurred outside the Company's accounting system but had no impact on the audited financial statement.

The audit of the Company's financial statement for the financial year ended on 31 December 2008 was carried out from 12 November 2008 to 27 April 2009, and in the Company's registered seat from 12 November 2008 to 15 November 2008 and from 9 March 2009 to 13 March 2009.

5. INDEPENDENCE DECLARATION

Grant Thornton Frackowiak Sp. z o.o. and the certified auditor managing the audit meet the requirements specified in article 66, clauses 2 and 3 of the Accounting Act necessary to express an impartial and independent opinion on the audited consolidated financial statement of the Company.

6. AVAILABILITY OF DATA AND STATEMENTS RECEIVED

On 27 April 2009, the Board of Directors of the Company submitted a written statement on the completeness, reliability and accuracy of the audited financial statement, which also confirmed that between the balance sheet date and the end of the audit there had been no events which could significantly impact the financial condition and assets of the Company and require to be disclosed in the audited financial statement. In this statement the Board of Directors of the Company confirmed its responsibility for the approved financial statement and also declared that over the audit period it made available to us all accounting records, financial data, information and other required documents and provided explanations necessary to express an opinion on the audited financial statement.

7. ACCOUNTING SYSTEM

The accounting records of the Company are handled in the Company's registered office with the use of the Oracle E-Business Suite application. The Company possesses current documentation, referred to in art. 10 of the Accounting Act, including the accounting policy (rules). In our view, the accounting policy (principles) employed by the Company and disclosed in the introduction to the financial statement is adjusted to the specific type of Company's business.

The approved closing balance as at 31 December 2007 was correctly posted in accounts as the opening balance as at 1 January 2008.

Our audit did not identify any material faults that would affect financial data and information included in the audited financial statement and referring to:

- documentation of business operations,
- reliability, accuracy and verifiability of accounting records,
- relation of accounting entries to accounting evidence and audited financial statement,
- computer protection of the access to data and data processing system,
- protection of accounting documentation, records and financial statements.

8. BALANCE SHEET

ASSETS (in PLN '000)	31.12.2008	31.12.2007	31.12.2006
FIXED ASSETS	560 298	533 871	319 034
Intangible assets	10 596	8 675	3 533
Goodwill	1 606	1 606	-
Tangible fixed assets	148 116	132 946	106 335
Real estate investments	710	710	-
Investments in subsidiaries	330 226	255 249	185 070
Other long-term financial assets	51 309	125 187	13 140
Long-term receivables	9508	9 094	10 956
Deferred income tax	-	-	-
Long-term prepaid expenses	8 227	404	-
CURRENT ASSETS	780 066	774 738	378 155
Inventories	32 623	21 737	9 298
Long-term contracts	179 287	112 488	92 527
Trade receivables	250 802	216 742	160 451
Short-term income tax receivables	-	-	-
Other short-term receivables	23 462	8 622	7 811
Other short-term financial assets	122 237	79 093	83 390
Cash and cash equivalents	165 905	328 669	20 017
Short-term prepaid expenses	5 750	7 387	4 661
Fixed assets classified as designated for sale	-	-	-
TOTAL ASSETS:	1 340 364	1 308 609	697 189

LIABILITIES (in PLN'000)	31.12.2008	31.12.2007	31.12.2006
SHAREHOLDERS' EQUITY	761 202	720 225	335 055
LONG-TERM LIABILITIES	288 825	234 853	152 761
Long-term credits and loans	65 549	18 803	28 704
Other long-term financial liabilities	201 540	200 047	109 608
Other long-term liabilities	5 072	300	9 078
Provisions from deferred income tax	4 099	3 606	3 081
Provisions for remuneration payable	303	327	175
Other long-term provisions	4 206	2 618	2 115
Governmental subsidies	-	-	-
Accruals and deferred income	8 056	9 152	-
CURRENT LIABILITIES	290 337	353 531	209 373
Short-term credits and loans	108 516	97 154	105 717
Other short-term financial liabilities	17 543	113 372	414
Over-posted building services	4 452	3 768	540
Accounts payable	147 630	109 439	83 567
Current income tax payable	3 548	4 731	1 402
Other short-term liabilities	6 962	22 863	16 644
Provisions for remuneration payable	-	-	-
Other short-term provisions	303	973	964

Governmental subsidies	-	-	-
Accruals and deferred income	1 383	1 231	125
Accounts payable related to fixed assets designated for sale	-	-	-
TOTAL LIABILITIES:	1 340 364	1 308 609	697 189

9. PROFIT AND LOSS ACCOUNT

REVENUES AND EXPENSES (in PLN'000)	2008	2007	2006
CONTINUED OPERATIONS			
Revenues from sales	571 576	459 285	366 567
Operating expenses	465 846	394 461	303 059
Profit (loss) on sales	105 730	64 824	63 508
Cost of goods sold	-	-	-
Overhead costs	36 984	29 586	24 294
Other operating revenues	4 938	16 306	9 898
Other operating costs	1 656	2 306	3 266
Restructuring costs	-	-	-
Operating profit (loss)	72 028	49 238	45 846
Financial revenues	28 189	17 141	12 669
Financial costs	29 155	17 150	14 483
Other profits (losses) from investments	2527	12460	2
Profit (loss) before tax	73 589	61 679	44 030
Income tax	15 120	11 582	10 059
Net profit (loss) from continued operations	58 469	50 097	33 971
DISCONTINUED OPERATIONS			
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss)	58 469	50 097	33 971

10. INFORMATION ON SELECTED ITEMS OF THE FINANCIAL STATEMENT

The structure of assets and liabilities of the Company's balance sheet is presented in the audited financial statement for financial year ended 31 December 2008.

The Company is the holding company of a capital group carrying out building operations in a wide range of specializations. In the examined year, the capital group was restructured and the organization was readjusted accounting for individual industry specializations. The most important change accounted for the contribution in kind of stock of Hydrobudowa 9 PIB S.A., a subsidiary, into another subsidiary – Hydrobudowa Polska S.A. A new company was set up - Aprivia S.A., to which shares and stocks held in road building subsidiaries were contributed. The transactions have been presented correctly in the Company's financial statement without a substantial impact on its view. Information on changes in the

investments in shares and stocks has been presented by the Company in Note no. 4 to the financial statement.

Construction contracts are recognized in line with IAS 11. Revenues from construction contracts are recognized in proportion to the stage of completion of works, provided that reliable estimate of the result on the contract is possible. The stage of completion of works is estimated as the proportion of the costs on account of the works performed until a given moment to the estimated total contract costs. If the contract result cannot be estimated reliably, any revenues related to this contract are recognized only up to the amount of actual incurred costs whose recovery is probable. Information concerning long term contracts of the Company is included in Note no. 7 of explanatory information included in the balance sheet. The Company's Board of Directors disclosed information related to the contract for construction service in total amounts, without breaking into individual contracts, bearing in mind the trade secret.

The revenues and related costs were recorded in accounts in line with the historical cost and matching basis.

The Company's operating activity is financed in part from external financing sources. These include bonds issued and both long and short-term loans. The Company has recognized the liabilities estimate in a correct manner and charged the financial result of the period concerned with all related liabilities. Detailed information on the sources of financing the Company's operations was presented by the Company in Note no. 11 to the financial statement.

The Company applies security policy to the concluded long-term contracts in foreign currency. The forward type fixed-term transactions of purchase and sale of foreign currency are the hedging instrument used here. The strategy and aim of the security is to limit the exchange rate risk related to future cash flows from planned sales or purchases. As at the balance sheet date the Company had open fixed term foreign currency sales transactions at the amount of EUR 20,000 thousand valued at fair value to a negative amount of PLN 15 million, as well as fixed term foreign currency purchase transactions at the amount of CAD 34 million valued at fair value to a positive amount of PLN 14 million. The Company applies hedging instruments. The securing instruments were valued as at the balance sheet date in line with IAS 39 by transferring the fair value of financial instruments to shareholders' equity to realisation of the hedging transaction. The valuation included in this statement of open fixed-term transactions of sales of foreign currency amounted to PLN 12 million.

The Company applies also security policy in respect of the loan interest, in which floating interest rates are changed into fixed interest rates using the IRS financial instrument. Also for this instrument the Company applies security accounting. Balance sheet value of this instrument in the correct amount of PLN 1.5 million was recognized in the equity. Detailed information on the financial instruments and security accounting was presented by the Company in Note no. 9 to the financial statement

11. BASIC DATA AND FINANCIAL RATIOS

The table below presents selected data and financial ratios for years 2007 and 2008, which describe the financial condition of the Company in these periods. All ratios have been calculated based on data included in financial statements of the Company for years ended 31 December 2008 and 31 December 2007.

Ratio	Calculation formula	Ratio value		
		2008	2007	2006

revenues from sales (in PLN'000)		571 576	459 285	366 567
net financial result (in PLN'000)		58 469	50 097	33 971
shareholders' equity (in PLN'000)		761 202	720 225	335 035
total assets (in PLN'000)		1 340 364	1 308 609	697 189
return on assets (ROA) (%)	Net financial result / total assets at period end	4.4	3.8	4.9
return on equity (ROE)(%)	Net financial result / shareholders' equity at period beginning	8.1	15.0	20.0
Return on sales (%)	sales result / revenues from sales of goods and products	18.5	14.1	10.7
Liquidity ratio I (current ratio)	total current assets* / short-term payables*	2.7	2.2	1.8
Liquidity ratio III (cash ratio)	cash resources / short term payables*	0.6	0.9	0.1
receivables turnover ratio (days in receivables)	Receivables from deliveries and services* x 365 days/ revenues from sales of goods and products	160	173	160
payables turnover ratio (days in payables)	Receivables from deliveries and services* X 365 days / (value of sold goods and products + manufacturing costs of products sold)	119	105	101
inventory turnover ratio (days in inventory)	inventory – 365 days/ (value of goods and materials sold + manufacturing costs of products sold)	26	20	11
sustainability of financing	(shareholders' equity + long term provisions + long term liabilities + long term accrued liabilities) / total liabilities	78.3	73.0	70.0
debt to assets ratio (%)	(total liabilities -shareholders' equity) / total liabilities	43.2	45.0	49.1
Inflation ratio:				
Average annual (%)		4.2	2.5	1.0
December to December (%)		3.3	4.0	1.4

* excluding trade payables/ liabilities of over 12 months

12. GOING CONCERN

In Point 2.5 of the examined financial statement of the Company for year ended 31 December 2008, the Board of Directors informed that the said financial statement was drawn assuming going concern of the Company for period of at least 12 months following 31 December 2008 and that there were no circumstances that would indicate any threat to going concern of the Company.

In the course of our audit we found no material indications that the Company may not be able to remain a going concern in the next 12 months following the balance sheet date, i.e. 31 December 2008, due to any intentional or forced discontinuation of operations or significant limitation of its business.

13. ADDITIONAL INFORMATION ABOUT THE ADOPTED ACCOUNTING RULES AND OTHER EXPLANATORY INFORMATION

Notes to the financial statement for fiscal year ended 31 December 2008 have been drawn, in all material aspects, correctly, i.e. in line with the accounting standards (policy) resulting from the International Accounting Standards, International Financial Reporting Standards and related interpretations announced as regulations by the European Commission; and to the extent not covered by the Standards, in line with the provisions of the Accounting Act and its implementing provisions, as well as in compliance with the requirements set out in the Regulation by the Minister of Finance of 19 February 2009 on current and interim information provided by the issuers of securities and conditions of acknowledging information required by the laws of a non-member country as equivalent.

14. REPORT ON THE COMPANY'S BUSINESS

We have analyzed the report of the Board of Directors of the Company on the Company's business for the financial year ended 31 December 2008. Information included in the present statement and taken from the audited consolidated statement for financial year ended 31 December 2008 is in compliance with that report. In its material aspects, the Board of Directors' report on the Company's business meets the requirements of article 49 clause 2 of the Accounting Act and provisions of Regulation by the Minister of Finance of 19 February 2009 on current and interim information submitted by issuers of securities and conditions of acknowledging information required by the laws of a non-member country as equivalent.

15. COMPLIANCE WITH THE LAW

In the written statement, the Board of Directors declared that to the best of their knowledge, the Company complied with all and any regulations of the law whose breach would have a material impact on the audited financial statement.

This report consists of 11 pages.

Jan Letkiewicz
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Certified Auditor No. 9530/7106

Przemysław Kędzia
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Member of the Board of Directors
Grant Thornton Frąckowiak Sp. z o.o.
Poznań, pl. Wiosny Ludów 2

statutory auditor entitled to audit financial statements, registered in the list of auditors held by the National Council of Certified Auditors in Poland under entry no. 238

Certified Auditor No. 9527/7103