

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

PBG CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

WYSOGOTOWO, 24 SEPTEMBER 2008

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
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1. GENERAL INFORMATION

1.1. ABOUT THE PARENT COMPANY, ITS CAPITAL GROUP, AND THE CONSOLIDATED FINANCIAL STATEMENT

PBG Capital Group is composed of the parent company PBG SA and its Subsidiaries. The Parent Company of the Capital Group, PBG SA with its registered office in Wysogotowo near Poznań at ul. Skórzewska 35, 62-081 Przeźmierowo, was established on 2 January 2004 by the Notarial Deed drawn up on 1 December 2003. The Company operates in Poland in accordance with the provisions of the Code of Commercial Companies. The parent company is registered in the Register of Entrepreneurs of the National Court Register kept by the Local Court in Poznań – Nowe Miasto/Wilda, VII Commercial Division of the National Court Register, entry no. KRS 0000184508. The Parent Company was assigned the statistical number REGON 631048917.

Core business of the Parent Company includes general construction works in the area of linear facilities: pipelines, power lines, traction lines, telecommunication lines – transmission lines (Polish Classification of Economic Activities PKD 4521C).

This consolidated financial statement was approved for issue by the Board of Directors of the Parent Company on 24 September 2008.

The consolidated financial statement of the Capital Group covers the period from 1 January 2008 to 30 June 2008 and contains comparative data for the period from 1 January 2007 to 30 June 2007 and for the period from 1 January 2007 to 31 December 2007.

Duration of the Parent Company and the Capital Group companies shall be unlimited.

1.1.1. COMPOSITION OF PBG CAPITAL GROUP

PBG Capital Group subsidiaries as at 30 June 2008

Company	Registered office	Core business	Court of appropriate jurisdiction or registry court	Consolidation method	Group's share (in %)		
					30.06. 2008	31.12. 2007	30.06. 2007
Aprivia SA	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Construction of roads and motorways – Polish Classification of Economic Activities – PKD 4211Z	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	100.00%	-	-

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Avatia Sp. z o.o.	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Reproduction of recorded media – PKD 1820Z	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	99.80%	-	-
Bathinex Sp. z o.o.	ul. Skórzewska 35, Wysogotowo 62 – 081 Przeźmierowo POLAND	Quarrying of stone for construction 14 11 Z	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	100.00%	100.00%	-
Betpol SA	ul. Fordońska 168a, 85-766 Bydgoszcz	Construction of roads and motorways PKD 4211Z	Local Court in Bydgoszcz, XIII Commercial Division of the National Court Register	full	70.00%	-	-
Brokam Sp. z o.o.	ul. Skórzewska 35, Wysogotowo 62 – 081 Przeźmierowo POLAND	Quarrying of stone for construction – PKD 14 11 Z	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	100.00%	100.00%	-
Dromost Sp. z o.o.	Żabno 4A, 63-112 Brodnica POLAND	Production, trade and services for specialist road and bridge construction works PKD 45 23A	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	87.40%	87.40%	87.40%
Excan Oil and Gas Engineering Ltd	#201,9637-45 Avenue Edmonton AB T6E 5Z8 CANADA	Agency in contract conclusion, coordination of design and engineering works, trade	CERTIFICATE OF INCORPORATION Edmonton Alberta	full	100.00%	100.00%	-
GasOil Engineering a.s.	Karpatska, 3256/15 Poprad 05801 SLOVAKIA	Design services, investor's supervision services	Obchodne Registr Okresneho Sudu Presov	full	62.45%	62.45%	-
Hydrobudowa 9 PIB SA	ul. Sienkiewicza 9, 60-900 Poznań POLAND	General construction of buildings and civil engineering works, n.e.c. – PKD 4521F	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	69.26%	69.26%	68.47%
Gdyńska Projekt Sp. z o.o. (3)	ul. Sienkiewicza 22, 60-900 Poznań POLAND	Buying and selling of own real estate – PKD 6810Z	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	Subsidiary of Hydrobudowa 9 PIB SA consolidated at the consolidation level of PBG SA	69.26%	-	-

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Hydrobudowa Polska SA (1)	ul. Skórzewska 35, Wysogotowo k. Poznania 62-081 Przeźmierowo POLAND	Construction of transmission pipelines and distribution networks – PKD 2007, and construction of water projects – PKD 45 24B	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	60.69%	76.00%	-
Hydrobudowa Polska Konstrukcje Sp. z o.o. (4)	ul. Żwirki i Wigury 58, 43-190 MIKOŁÓW	Manufacture of metal structures and parts of structures – PKD 25111Z	Local Court in Katowice-Wschód in Katowice, VIII Commercial Division of the National Court Register	full Subsidiary of Hydro - budowa Polska SA consolidated at the level of the consolidated financial statement of Hydrobudowa Polska SA	60.69%	-	-
Infra SA	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Plumbing, heat and air-conditioning installation - PKD 4322Z	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	99.95%	99.95%	99.95%
PRIS Sp. z o.o. (5)	ul. Leona Popielskiego 14, 52-019 Wrocław POLAND	Manufacture of builders' ware of plastic PKD 2523Z	Local Court in Wrocław, VI Commercial Division of the National Court Register	full; subsidiary of Infra SA consolidated at the level of the consolidated financial statement of Infra SA	50.99%	50.99%	-
Wiertmar Sp. z o.o. (6)	Kopanka 13/15, 92-701 ŁÓDŹ POLAND	General construction of buildings – PKD 4521A	Local Court for Łódź-Śródmieście in Łódź, XX Commercial Division of the National Court Register	non-consolidated subsidiary of Infra SA	50.97%	-	-
KWG SA (formerly KB GAZ SA)	ul. Krasickiego 4, 71-333 Szczecin POLAND	General construction works in the area of linear facilities: pipelines, power lines, civil engineering works, n.e.c. – PKD 4521C	Local Court in Szczecin, XI Commercial Division of the National Court Register	full	100.00%	100.00%	100.00%
Metorex Sp. z o.o.	ul. Żwirki i Wigury 17A, 87-100 Toruń POLAND	General construction of buildings and civil engineering works – NACE 4521	Local Court in Toruń, VII Commercial Division of the National Court Register	full	99.56%	99.56%	99.56%
PBG Dom Sp. z o.o.	ul. Skórzewska 35 Wysogotowo k/Poznania 62-081 Przeźmierowo POLAND	General construction of buildings – PKD 4521A	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	100.00%	84.85%	-

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Apartamenty Poznańskie Sp. z o.o. 7.	ul. Pamiątkowa 3/46, 61-512 Poznań POLAND	General construction of buildings – PKD 4521A	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full Subsidiary of PBG Dom Sp. z o.o. consolidated at the consolidation level of PBG SA	51.00%	51.00%	51.00%
Budwil Sp. z o.o. (8)	ul. Mazowiecka 42, 60-623 Poznań POLAND	Development and selling of own real estate	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full Subsidiary of PBG Dom Sp. z o.o. consolidated at the consolidation level of PBG SA	26.01%	-	-
Przedsiębiorstwo Robót Inżynieryjno Drogowych SA	ul. Poznańska 42, 64-300 Nowy Tomyśl POLAND	Construction of roads and railways PKD - 4523A and Construction of highways, roads, airfields and sport facilities – NACE 4523	Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register (2)	full	100.00%	100.00%	-

Percentage share in the Capital Group companies was calculated as follows: % share of the Parent Company PBG in a Subsidiary * % share of this Subsidiary in its subsidiary

1. Hydrobudowa Polska SA with its registered office in Wysogotowo near Poznań, 62-081 Przeźmierowo is an entity established following the merger of the following Companies: Hydrobudowa Włocławek SA with its registered office in Włocławek and Hydrobudowa Śląsk SA with its registered office in Katowice. This merger was based on the take-over of Hydrobudowa Śląsk by Hydrobudowa Włocławek SA and registered on 27 August 2007.

As at 30 June 2007 (before the merger), share of PBG SA in Hydrobudowa Włocławek SA totalled 91.84%, and its share in Hydrobudowa Śląsk SA totalled 58.15%.

2. On 1 January 2008, the Local Court in Poznań, XXI Commercial Division of the National Court Register was divided into three separate organisational units, including the Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register.

3. Gdyńska Projekt Sp. z o.o. has been a subsidiary of Hydrobudowa 9 PIB SA as of 2 April 2008. Hydrobudowa 9 PIB SA holds 100% stake in Gdyńska Projekt Sp. z o.o.

4. Hydrobudowa Polska Konstrukcje Sp. z o.o. has been a subsidiary of Hydrobudowa Polska SA as of 16 May 2008. Hydrobudowa Polska SA holds 100% stake in Hydrobudowa Polska Konstrukcje Sp. z o.o.

5. PRIS SA has been a subsidiary of Infra SA as of 31 August 2007. Infra SA holds 51.02% stake in PRIS SA;

6. Wiertmar Sp. z o. o. has been a subsidiary of Infra SA as of 2 April 2008. Infra SA holds 51.00% stake in Wiertmar Sp. z o. o.

7. Apartamenty Poznańskie Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o. o. as of 27 June 2008. As at 30 June 2007, Apartamenty Poznańskie Sp. z o.o. was a subsidiary of PBG SA - 51% stake, as at 30 June 008 it has been a subsidiary of PBG Dom Sp. z o. o. - 51% stake.

8. Budwil Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. as of 8 April 2008. PBG Dom Sp. z o.o. holds 51% stake in Budwil Sp. z o.o.

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Non-consolidated companies

As the preparation of the opening balance of Wiertmar Sp. z o.o. is still in progress, the Board of Directors of PBG SA decided that results generated by Wiertmar Sp. z o.o. shall not be presented in the consolidated financial statement of PBG S.A. for H1 FY 2008.

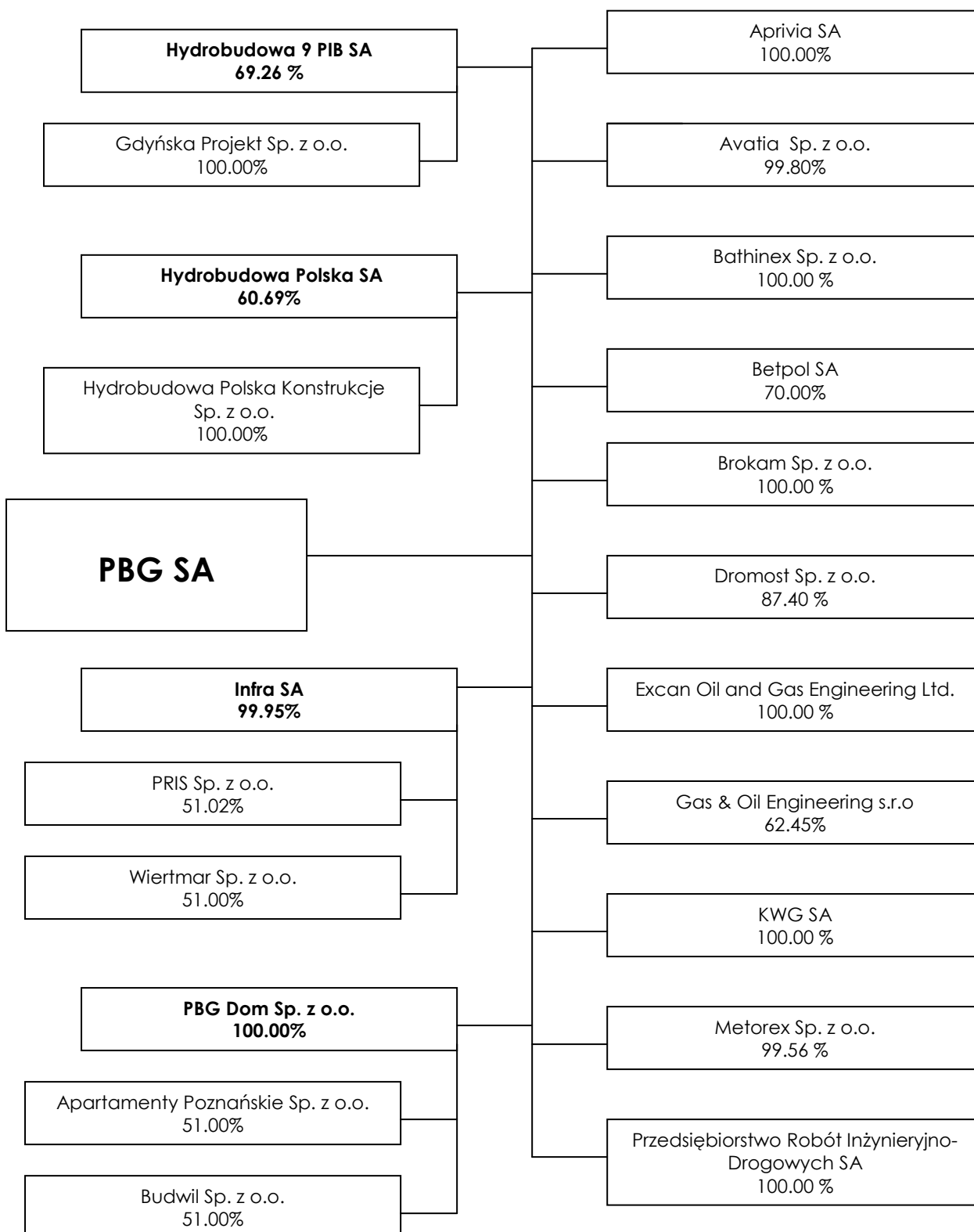
Consolidation of indirect subsidiaries

Hydrobudowa 9 PIB SA has a subsidiary company Gdyńska Projekt Sp. z o.o.. As at 30 June 2008, Hydrobudowa 9 PIB SA does not prepare a consolidated financial statement. Gdyńska Projekt Sp. z o.o. is consolidated at the level of the Parent Company PBG SA.

In addition, PBG Dom Sp. z o.o. has two subsidiaries: Apartamenty Poznańskie Sp. z o.o. and Budwil Sp. z o.o., and does not prepare a consolidated financial statement as at 30 June 2008. These subsidiaries are consolidated at the level of the Parent Company PBG SA.

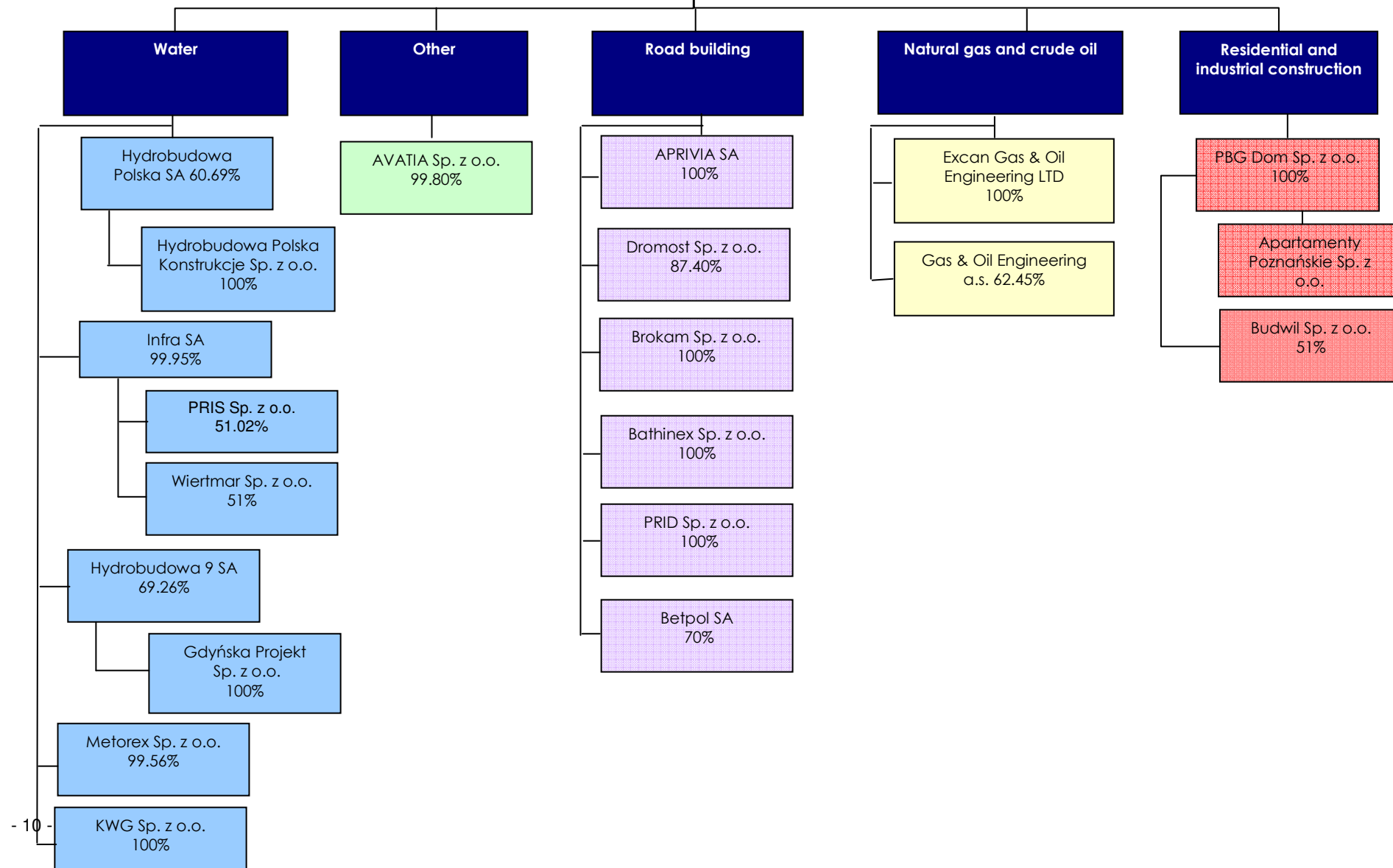
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CAPITAL GROUP STRUCTURE AS AT 30 JUNE 2008



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PBG SA
Natural gas and crude oil



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As at 30 June 2008, the Parent Company's share in the total vote of its subsidiaries is equal to its interest in their share capital. Hydrobudowa 9 PIB SA is an exception; PBG SA holds 69.26% of registered capital and 69.25% of the total vote in Hydrobudowa 9 PIB SA.

In H1 FY08, composition of PBG Capital Group changed as presented below.

Registration of Avatia Sp. z o.o.

On 15 February 2008, the Board of Directors of PBG SA signed a Memorandum of Association with two natural persons. On 29 February 2008, Avatia Sp. z o.o. was registered by the Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register. The Company's registered capital amounts to PLN 50,000.00 and is divided into 1,000 shares of nominal value PLN 50.00 per share. The Company's partners are: PBG SA, who took over 998 shares of the total value of PLN 49,900.00 and two natural persons holding 1 share each. The interest held by PBG SA represents 99.80% of share capital and total vote. The objects of the Company cover IT services, including IT consultancy, implementation of IT systems, data processing, services related to IT and computer technologies, software-related business, sale of ICT hardware, repair and maintenance of hardware and peripheral devices, and IT training. As a new member of PBG Capital Group, Avatia will provide IT support for all entities in the Group. The Company's registered capital was paid in by PBG SA from the Company's own funds.

Acquisition of Betpol SA

On 13 March 2008 the Board of Directors of PBG SA concluded an agreement for the sale of shares with three natural persons, under which PBG SA acquired 14,244,999 registered series A shares of Betpol SA of the nominal per-share value of PLN 1.00. All shares were acquired at the per-share price of PLN 2.90; the amount of PLN 40,246,497.10 was paid within 3 days from the date of signing of the said agreements, and the amount PLN 1,064,000.00 will be paid after the approval of the financial statement for 2008 provided that the Company achieves the forecast results for 2008 i.e. revenues from sale not less than PLN 60,000,000.00 and net profit not less than PLN 60,000,000.00. Shares acquired by PBG SA represent 70% of share capital and total vote. Financing of the Company's acquisition is one of the objectives of share issue and is co-financed with an investment facility. There is no relation between PBG SA, members of the Company's management or supervisory board, and persons selling these shares. The acquired assets are not encumbered with any limited right in property and were classified as material assets, as they represent over 20% of equity of Betpol SA.

The company Betpol was established back in 1990. The Company's core business is mainly in road works. Betpol offers cold recycling with the application of foamed bitumens, as well as milling of asphalt and concrete surfaces. Betpol also manufactures cold mineral-bituminous compounds and ready-mix concrete. In addition, the Company offers demolition services, steel structures, and assembly and construction works, installation, and reinforced concrete works.

The Board of Directors of PBG SA declared that the Company is interested in the future development of Betpol. The incorporation of Betpol in the Capital Group will enhance the Group's potential in the area of road building.

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Registration of Aprivia SA

On 18 March 2008, the Board of Directors of PBG SA concluded a Memorandum of Association of a joint-stock company Aprivia SA with its registered office in Wysogotowo near Poznań. The Company's share capital amounts to PLN 500,000.00 and is divided into 500,000 registered preference series A shares of the nominal value PLN 1.00 per share. PBG SA took over 100% shares of APRIVIA SA.

On 07 April 2008, Aprivia SA was registered by the Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register.

The task of APRIVIA SA will be to strengthen the position of PBG Capital Group in the area of road building, including the conclusion and implementation of contracts and organisation of the financing. Funds for the Company's establishment paid by PBG SA came from proceeds from the issue of shares. In the future, PBG SA may make further investments in the newly-established company.

Reduction of equity interest held in Hydrobudowa Polska SA

On 30 May 2008, the Board of Directors of PBG SA informed that following the registration of share capital increase of Hydrobudowa Polska SA with the issue of series K shares, the interest held by PBG SA in the total number of votes in the Company dropped below 75% and now totals 60.69%.

After the registration of the increased share capital of Hydrobudowa Polska SA, PBG SA holds 105,397,300 of the Company's shares, representing 60.69% of the Company's share capital and carrying 105,397,300 votes at the Company's General Meeting of Shareholders, representing 60.69% of the Company's total vote.

Before the registration of the increased share capital of Hydrobudowa Polska SA, PBG SA held 105,397,300 of the Company's shares, representing 76.00% of the Company's share capital and carrying 105,397,300 votes at the Company's General Meeting of Shareholders, representing 76.00% of the Company's total vote.

Increase of equity interest held in PBG Dom Sp. z o.o.

On 10 June 2008, the Board of Directors of PBG SA acquired 3,572 shares of PBG Dom Sp. z o.o. from Hydrobudowa Polska SA. The interest held by PBG SA represents 100% of share capital and total vote of PBG Dom Sp. z o.o..

The total purchase price was equal to the total nominal value of shares, i.e. PLN 357,200.00.

The registered capital of PBG Dom Sp. z o.o. totals PLN 2,357,200.00. The nominal per-share value is PLN 100,00.00. Before the transaction, PBG S.A. held 20,000 of the Company's shares, which represented 84.85% of its registered capital and 84.85% of the total vote.

Sale of interest held in the company Apartamenty Poznańskie Sp. z o.o.

On 27 June 2008, the Board of Directors of PBG SA concluded an agreement for the sale of shares in Apartamenty Poznańskie Sp. z o.o. to its subsidiary, PBG Dom Sp. z o.o.

PBG SA sold all 255 shares held, of per-share nominal value of PLN 100.00, for the total amount of PLN 2,500,020. The said shares represent 51% of the Company's share capital and 51% of the total vote at the Company's meeting of partners. The said shares were paid up in full by PBG SA, are not encumbered with any rights of third parties, no proceedings have been instituted in relation to these shares, and their book value as recorded in PBG SA accounts is PLN 1,579,893.51.

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As result of this transaction, PBG Dom Sp. z o.o. shall form a Capital Group with Apartamenty Poznańskie Sp. z o.o. and its financial result shall be consolidated as of 1 July 2008. PBG S.A. holds 100% of share capital in PBG Dom Sp. z o.o.

CHANGES IN SUBSIDIARIES

Infra SA

- acquisition of shares in Wiertmar Sp. z o.o.

On 2 April 2008, Infra SA, a subsidiary company of PBG SA, acquired 25.969 shares in Wiertmar Sp. z o.o. with its registered office in Kopanka, of the nominal per-share value of PLN 50.00. The said shares acquired for the total amount of PLN 4,207,774.19 represent 51% of equity of Wiertmar Sp. z o.o.

Wiertmar Sp. z o.o. is a company offering construction services in the area of renovation and monitoring of pipelines and no-dig technologies.

The acquisition of Wiertmar Sp. z o.o. by Infra SA is considered as an investment by PBG SA, and its inclusion in the Capital Group will ensure a base for hydro-technical companies. PBG S.A. has no intention of changing the company's core business. The transaction was financed with own funds of Infra SA.

Hydrobudowa Polska SA

- establishment of Hydrobudowa Polska Konstrukcje Sp. z o.o.

On 16 May 2008, Hydrobudowa Polska SA established a subsidiary company – Hydrobudowa Polska Konstrukcje Sp. z o.o., with its registered office in Mikołów.

Hydrobudowa Polska SA took over all 100 shares of the new company at PLN 500.00 per share of the total value of PLN 50,000.00. The said shares were paid up for in cash.

Hydrobudowa Polska Konstrukcje Sp. z o.o. was established in order to separate the following production and engineering activities from the core business of Hydrobudowa Polska SA:

- a) manufacture and assembly of steel structures,
- b) manufacture and assembly of plant and equipment,
- a) manufacture and assembly of steel tanks,
- d) implementation of all-inclusive installation projects for the industry, in particular for the petrochemical industry.

The Board of Directors of Hydrobudowa Polska SA plans to transfer all tasks and activities connected with the implementation of contracts in these areas to the new subsidiary. Additional funding of the subsidiary will also be required, and components of assets necessary for the proper performance of the production and engineering projects must be transferred from the parent.

On 30 May 2008, the new company Hydrobudowa Polska Konstrukcje Sp. z o.o. was registered by the Local Court Katowice - Wschód in Katowice, VIII Commercial Division of the National Court Register.

- acquisition of shares in PRG Metro Sp. z o.o.

In the period from 26 June 2008 to 28 July 2008, the Board of Directors of Hydrobudowa Polska SA concluded conditional agreements for the acquisition of 465 shares of Przedsiębiorstwo Robót Górniczych Metro Sp. z o.o. with its registered office in Warsaw, at per-share nominal value of PLN 1,000.00, representing 84.55% of the acquiree's share capital.

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Of the remaining 85 shares, 54 shares are held by Members of the Management Board of PRG Metro Sp. z o.o., and 31 shares are held by the Company's shareholders who did not agree to sell them.

Hydrobudowa Polska SA paid PLN 29,590,879.50 for the total of 465 shares of nominal per-share value of PLN 1,000.00, representing 84.55% of the registered capital of P.R.G. Metro Sp. z o.o. Hydrobudowa Polska SA will finance this transaction with its own funds from the issue of series K shares.

On 12 September 2008, Hydrobudowa Polska SA received a decision of the President of the Office for Competition and Consumer Protection authorising the Company to take control over P.R.G. Metro Sp. z o.o., and P. R. G. Metro Sp. z o. o. became a member of Hydrobudowa Polska Capital Group.

The inclusion of PRG Metro Sp. z o.o. to Hydrobudowa Polska SA will strengthen the project implementation potential and increase diversification of business by adding new areas of activity, in particular construction of the underground (subway). Hydrobudowa Polska SA and P.R.G Metro, as the consortium member, is currently participating in a tender for the construction of the Warsaw Underground.

Przedsiębiorstwo Robót Górnicych Metro Sp. z o.o. is one of the General Contractors of tunnels for the Warsaw Underground, and the associated facilities such as ventilation units, junction chambers, micro-tunnels, and underground pedestrian passes. Since 2001, the Company's portfolio has also included water and sewerage services.

Hydrobudowa Polska SA has undertaken to keep the Company's core business as it is and plans its further development in the area of specialist construction works, including construction of tunnels, subway tunnels, and the associated facilities.

Hydrobudowa 9 PIB SA

- establishment of a subsidiary Gdyńska Projekt Sp. z o.o.

On 2 April 2008, Hydrobudowa 9 PIB SA established a subsidiary company Gdyńska Projekt Sp. z o.o. with its registered office in Poznań.

60.000 shares of the new Company of the nominal per-share value of PLN 50,00.00 were paid for with a contribution of perpetual usufruct of land (PLN 2,900,000.00) and with cash contribution (PLN 100,000.00). As a result, Hydrobudowa 9 PIB SA now holds 100% of shares and votes of the new Company.

The Company Gdyńska Projekt Sp. z o.o. is involved in the purchase, sale, rental, and administration of real property (owned or leased) for the Company's own account.

PBG Dom Sp. z o.o.

- acquisition of shares of Apartamenty Poznańskie Sp. z o.o.

On 27 June 2008, following a transaction of sale of shares of Apartamenty Poznańskie Sp. z o.o. by the Board of Directors of PBG SA, the subsidiary company PBG Dom Sp. z o.o. acquired 255 shares previously held by PBG SA of the nominal value PLN 100.00 per share, representing 51% of the Company's share capital and 51% of the total vote at the Company's meeting of partners.

The said shares were acquired for the total amount of PLN 2.500.020,00.

- acquisition of shares in Budwil Sp. z o.o.

On 8 April 2008, the subsidiary company PBG Dom Sp. z o.o. acquired 255 shares in Budwil Sp. z o.o. from natural persons, of the nominal per-share value of PLN 100,00.00. The said shares represent 51% of the Company's share capital and 51% of the total vote at the Company's meeting of partners.

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PBG DOM paid for these shares in cash at the per-share nominal value, i.e. the total of PLN 25.500,00. Budwil Sp. z o.o. is involved in buying, selling and development of own real estate.

1.1.2. MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD OF THE PARENT COMPANY

As at 30 June 2008, composition of the Board of Directors of the Parent Company 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 – Member of the Board of Directors,
- Tomasz Latawiec – Member of the Board of Directors.

Until the date of this consolidated financial statement, composition of the Company's Board of Directors had not change.

As at 30 June 2007, composition of the Company's Supervisory Board was as follows:

- Maciej Bednarkiewicz – Chairman of the Supervisory Board,
- Jacek Kseń – Vice Chairman of the Supervisory Board,
- Wiesław Lindner – Secretary of the Supervisory Board,
- Jacek Krzyżaniak – Member of the Supervisory Board,
- Małgorzata Wiśniewska – Member of the Supervisory Board,
- Dariusz Sarnowski – member of the Supervisory Board,
- Adam Strzelecki – member of the Supervisory Board.

On 12 March 2008, Mirosław Dobrut handed in his resignation from membership in the Supervisory Board of PBG SA, due to a potential conflict of interest related to his membership in the management board of another listed company.

On 1 September 2008, Małgorzata Wiśniewska handed in her resignation from membership in the Supervisory Board of PBG SA, as she became President of the Board of Directors in Infra SA, a subsidiary company of PBG SA.

1.1.3. OTHER INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENT

This consolidated financial statement contains no adjustments resulting from objections raised by the certified auditor who reviewed consolidated financial statements or financial statements covering the reporting periods covered by consolidated financial statement or consolidated comparatives.

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2. BASIS OF THE FINANCIAL STATEMENT, REPORTING CURRENCY, AND APPROXIMATION OF AMOUNTS

2.1. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement of PBG Capital Group, covering the Parent Company and its subsidiaries, was drawn up in accordance with the International Financial Reporting Standards in the scope applied to annual reports, as adopted by the European Union, on the same basis for the current and comparative periods.

2.2. CHANGES IN ADOPTED ACCOUNTING PRINCIPLES

PBG Capital Group introduced a presentation adjustment in relation to the accounting principles adopted in the report for FY 2007.

Cash flow hedges are recognised at fair value taking into account changes in fair value:

- the portion considered an effective hedge is recognised directly in equity,
- the ineffective portion is recognised in profit or loss.

In financial statements published previously, revenues and expenses related to the ineffective portion of a hedge were recognised in financial revenues or expenses in the Profit and Loss Account.

After an analysis conducted with an auditor, a decision was made to change the principles of presentation to ensure the true and fair presentation of economic events in separate and consolidated financial statements.

A specific transaction of purchase/sale of a financial instrument should be matched with a specific business event (project, construction) for the purposes of which it was concluded.

All entries related to financial instruments recognised in profit or loss should be presented in the "operations" part of the P&L Account: under revenues from sales or selling costs, respectively.

Comparative data was adjusted accordingly.

2.3. IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE CAPITAL GROUP'S FINANCIAL STATEMENT

The following standards and interpretations entered into force as of 1 January 2007:

- IFRS 7: Financial Instruments: disclosures,
- Amendments to IAS 1 Presentation of Financial Statements – Equity-related disclosures.

The Capital Group verified new interpretations, standards and amendments to existing standards. New interpretations, standards and amendments to existing standards have no significant effect on the Group's accounting principles (policy).

The following new standards and interpretations have been published by the International Accounting Standards Board (IASB) or International Financial Reporting Standards Interpretation Committee (IFRIC), but have not come into effect yet:

- IAS 23: Borrowing Costs (effective as of 1 January 2009, not yet adopted by the European Union),

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- Amendment to IAS 1: Presentation of Financial Statements (effective as of 1 January 2009, not yet adopted by the European Union),
- IFRS 8: Operating Segments (effective for annual periods beginning on or after 01 January 2009),
- Updated IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009, not yet adopted by the European Union),
- Updated IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009, not yet adopted by the European Union),
- IFRIC Interpretation 11: Group and Treasury Share Transactions (effective for annual periods beginning on or after 01 March 2007),
- IFRIC Interpretation 12: Service Concession Arrangements (effective for annual periods beginning on or after 01 January 2008),
- IFRIC Interpretation 13: Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008),
- IFRIC Interpretation 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008).

According to the Board of Directors of the Parent Company, application of the above standards and interpretations shall have no significant effect on the Group's accounting principles (policy).

2.4. REPORTING CURRENCY AND APPROXIMATION OF AMOUNTS

PLN is the reporting currency of this consolidated financial statement, and all amounts are presented in PLN thousands (unless indicated otherwise). Financial statements of the Capital Group companies were converted to the reporting currency in accordance with the International Accounting Standard 21.

2.5. GOING CONCERN ASSUMPTION

The consolidated financial statement was drawn up based on the assumption that PBG Capital Group companies shall remain going concerns in the foreseeable future. As at the date of approval of this financial statement, there are no circumstances indicating otherwise.

2.6. AVERAGE EXCHANGE RATES OF PLN AND EURO

In the reporting periods covered by this consolidated financial statement and the consolidated comparatives, the Group used average exchange rates of PLN and EURO set by the National Bank of Poland, and in particular:

a) net revenue from sales of products, goods and materials, operating profit, gross profit and net profit, as well as net cash flows from operations, net cash flows from investments, net cash flows from financial activity, and total net cash flows for H1 2007 were calculated based on the average exchange

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rate of EURO – arithmetic average of exchange rates set by the National Bank of Poland as at month end in each month of the period, i.e. PLN 3.4776

b) net revenue from sales of products, goods and materials, operating profit, gross profit and net profit, as well as net cash flows from operations, net cash flows from investments, net cash flows from financial activity, and total net cash flows for H1 2008 were calculated based on the average exchange rate of EURO – arithmetic average of exchange rates set by the National Bank of Poland as at month end in each month of the period, : PLN 3,8486

c) total assets, liabilities and provisions for liabilities, long-term payables, short-term payables, and share capital as at 30 June 2008 were calculated at the average exchange rate of EURO as at 30 June 2008, i.e. : PLN 3,3542

d) total assets, liabilities and provisions for liabilities, long-term payables, short-term payables, and share capital as at 30 June 2007 were calculated at the average exchange rate of EURO as at 30 June 2007, i.e. : PLN 3,7658

Item	30.06.2008	30.06.2007
Exchange rate as at the period end	3.3542	3.7658
Average exchange rate (arithmetic average of exchange rates as at the last day of each month in the period)	3.4776	3.8486
Highest exchange rate in the period	3.6577 on 22.01.2008	3.9385 on 30.01.2007
Lowest exchange rate in the period	3.3542 on 30.06.2008	3.7465 on 04.05.2007

Basic items of the consolidated Balance Sheet, Profit and Loss Account, and Cash Flow Statement of the consolidated financial statement and consolidated comparatives converted into EURO are presented in the table below:

SELECTED FINANCIAL DATA AS AT 30 JUNE 2008

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
	PLN		EUR	
Revenues from sales	826 820	454 301	237 756	118 043
Operating profit (loss)	84 890	42 817	24 411	11 125
Profit (loss) before tax	68 806	56 139	19 785	14 587
Net profit (loss) from continuing operations	63 998	51 001	18 403	13 252
Net profit (loss), of which:	63 998	51 001	18 403	13 252
- shareholders of the Parent Company	49 975	41 567	14 371	10 801
- minority shareholders	14 023	9 434	4 032	2 451
Net cash from operations	(167 897)	(166 793)	(48 280)	(43 339)
Net cash used in investments	(113 921)	(109 221)	(32 759)	(28 379)
Net cash from financial activity	212 223	405 071	61 026	105 252
Net balance of cash and cash equivalents	(69 595)	129 057	(20 012)	33 533
Weighted average number of ordinary shares	13 430 000	12 963 000	13 430 000	12 963 000
Weighted average diluted number of ordinary shares	13 430 000	12 963 000	13 430 000	12 963 000
Profit (loss) per ordinary share (in PLN / EUR)	3.72	3.21	1.07	0.83
Diluted earnings (loss) per ordinary share (in PLN / EUR)	3.72	3.21	1.07	0.83
Average exchange rate of PLN / EUR*	x	x	3.4776	3.8486

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Item	as at 30.06.2008	as at 30.06.2007	as at 30.06.2008	as at 30.06.2007
	PLN		EUR	
Assets	2 545 270	1 712 609	758 831	454 780
Long-term payables	349 639	232 777	104 239	61 813
Short-term payables	1 036 855	754 841	309 121	200 446
Equity	1 158 776	724 991	345 470	192 520
Share capital	13 430	13 430	4 004	3 566
Number of shares	13 430 000	13 430 000	13 430 000	13 430 000
Book value per share - BVPS (in PLN / EURO)	72.37	52.51	21.57	13.94
Dividend per share – declared or paid (in PLN / EURO)	-	-	-	-
PLN / EURO exchange rate as at period end **	x	x	3.3542	3.7658

3. ACCOUNTING PRINCIPLES

The consolidated financial statement was drawn up based on the historical cost principle, with the exception of available-for-sale financial assets, investment property, and derivatives, which are carried at fair value. The carrying amount of the disclosed hedged assets and liabilities is adjusted by the changes in fair value which may be allocated to risks against which these assets and liabilities are hedged.

3.1. GENERAL PRINCIPLES

3.1.1. GOING CONCERN BASIS

Going concern basis refers to the entity's ability to remain a going concern in the foreseeable future with no considerable limitation of the scope of its business, provided that it is in compliance with the law or the actual economic situation. When this assumption is adopted, the historical cost principle (measurement of the assets and their use based on the actual cost incurred) is justified. An entity is no longer considered a going concern in a certain legal situation (liquidation, bankruptcy, transfer, division, or disposal related to impairment of net assets, expiry of the company's Memorandum of Association or a concession or authorisation underlying its business operations) or in a specific economic situation (loss of a significant market, no liquidity, losses incurred, etc.).

If the Company is no longer able to remain a going concern, all its assets will be carried at net realisable value, not higher than their cost of purchase or construction, less amortisation or depreciation and impairment losses. If this is the case, the Company shall establish a provision for the expected additional costs and losses resulting from discontinuation or significant limitation of its business.

3.1.2. ACCRUAL BASIS

Under the accrual method, all business transactions must be recognised in the accounts and the financial statement when incurred, irrespective of their payment date.

3.1.3. MATCHING PRINCIPLE

The principle of matching demands that all expenses which were incurred to generate revenues of a specific period, either directly or indirectly, be recognised in the financial result of this period. Expenses of

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the period include expenses incurred and expenses that will be incurred in the future but in relation to this period.

Relation between expenses and revenues may be either direct (when expenses are directly related to a specific revenue of the period) or indirect (when expenses are related to total revenues and cannot be assigned to any particular revenue in the future). These expenses are charged to financial result of the period when incurred.

3.1.4. PRINCIPLE OF PRUDENCE

The principle of prudence means that assets are measured in a reliable manner, all liabilities are recognised, revenue is recorded only when it is certain, and expenses are recognised when incurred, which means that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions, because the financial statement would not be neutral and reliable.

3.1.5. PRINCIPLE OF CONTINUITY

Principle of continuity ensures formal and accounting consistency, equal length of reporting periods, relation between the closing and opening balance, as well as consistent adoption and application of the methods of measurement of assets and liabilities, classification, presentation and accounting for revenues and expenses, as well as comparability of financial data for the subsequent fiscal years. The adopted principles may be changed at any time effective as of the first day of the reporting year, and the reasons for and effects of these changes on the financial result shall be recognised in Notes to the financial statement; the Company must ensure comparability of data presented in the financial statement drawn up for the year preceding the fiscal year when changes were introduced.

3.1.6. MATERIALITY PRINCIPLE

The materiality principle refers to the presentation of any information in the financial statement which is of significance for the assessment of the Company's assets, financial situation, and financial result. Materiality depends on the amount and type of information assessed in the event of its omission. When deciding whether a given item or items are material, their type and amount must be evaluated jointly.

The materiality principle refers to the presentation of the Company's assets, financial situation, and financial result in its financial statement.

3.1.7. PRINCIPLE OF NON-COMPENSATION

Principle of non-compensation (no-netting principle) means that assets and liabilities may not be offset against each other, except where allowed or required by the IAS.

The following transactions are offset against each other in PBG Capital Group:

- gains or losses on sale of fixed assets, including investments and assets used in operations, are carried in the amount equal to the difference between revenues from sale and the carrying amount of an asset plus selling costs,

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- gains and losses resulting from a group of similar transactions are netted, e.g. foreign exchange gains and losses, or gains or losses from discounting of long-term receivables and payables.

3.1.8. REALITY OVER APPEARANCE PRINCIPLE

Reality over appearance principle means that the financial statement should present information reflecting the economic nature of all events and transactions, not only their legal form.

3.2. CONSOLIDATION

3.2.1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statement includes the separate financial statement of the Parent Company PBG S.A. and statements of subsidiaries controlled by the Parent Company, drawn up as at 30 June 2008. The term "controlled" means that the Parent Company has influence on the financial and operational policy of a subsidiary so as to obtain economic benefits from its activities.

As at the acquisition date (date of taking control), assets and liabilities of a subsidiary are carried at their fair value. Any excess of the acquisition cost (price) over the fair value of acquired identifiable net assets of the subsidiary is recognised as goodwill under assets in the Balance Sheet. If the acquisition cost is lower than fair value of the acquired identifiable net assets of the subsidiary, the difference is recognised as profit in the P&L Account for the period when the acquisition was made. Minority interests are carried at their corresponding fair value of net assets. If minority losses exceed minority interests in subsequent periods, equity of the Parent Company is reduced by the relevant amount.

Any subsidiaries sold during the fiscal year are consolidated from the beginning of this fiscal year until the transaction date. Financial results of entities acquired during the year are recognised in the financial statement as of the acquisition date.

If necessary, financial statements of subsidiaries are adjusted to make sure that accounting principles adopted by the subsidiary are in line with the principles adopted by the Parent Company.

The consolidated financial statement does not include any intercompany transactions, balances, revenues or expenses of related consolidated companies.

3.2.2. INVESTMENTS IN ASSOCIATES

Associates are entities which are not controlled, but significantly influenced by the Parent Company (the Parent Company takes part in defining its financial and operational policy).

Investments in associated companies are accounted for by the equity method of accounting except when classified as held for sale. Under this method, investments in associates are carried at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments.

Any gains or losses arising from transactions between the Capital Group and an associate are not consolidated to the extent of the Group's interest in the associate's equity.

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Any excess of the acquisition cost over fair value of the acquired identifiable net assets of an associate is recognised as goodwill at the acquisition date.

If the acquisition cost is lower than fair value of identifiable net assets of an associate at the acquisition date, the difference is recognised as profit in the P&L Account for the period when acquisition was made.

3.2.3. GOODWILL

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of a subsidiary, jointly-held entity, or associate, as at the acquisition date.

Goodwill is recognised as an element of assets and is tested for impairment at least annually. Any effects of goodwill impairment are immediately charged to the P&L Account and cannot be reversed in subsequent periods.

3.3. SPECIFIC PRINCIPLES OF MEASUREMENT OF ASSETS AND LIABILITIES ADOPTED BY THE CAPITAL GROUP

3.3.1. INTANGIBLE ASSETS

Intangible assets include assets that satisfy the following criteria:

- they are separable (capable of being separated from the entity and sold, transferred, licensed, rented, or exchanged with a third party, either individually or as part of a package with underlying contracts, elements of assets or liabilities), or
- arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity, or from any other title or obligation.

Intangible assets acquired in a separate transaction are initially carried at cost.

Intangible assets acquired in business combination (acquisition of an entity) are carried at cost as at the acquisition date.

After initial recognition, intangible assets are carried at cost (of purchase or generation) less accumulated amortisation and impairment losses.

The useful life of intangible assets, depending on their type, is evaluated and classified as limited or indefinite.

With the exception of development costs, any internally-generated intangible assets are not recognised under assets, and expenses related to their generation are recognised in profit or loss of the period when incurred.

Intangible assets with an indefinite useful life and intangible assets which are not used must be assessed for impairment annually, either individually or at the cash generating unit level. Other intangible assets are annually tested for any indications of their impairment.

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Useful lives of intangible assets are also verified on an annual basis and adjustments are made where applicable, effective as of the beginning of the next fiscal year.

Intangible assets with value not exceeding PLN 2,500.00 are not classified as fixed assets and are charged directly to consumption of materials in the month when put into use.

3.3.1.1. DEVELOPMENT COSTS

Costs of R&D works are recognised in profit or loss when incurred. Outlays made in connection with R&D works under a given project are charged to another period if they are considered recoverable in the future. After initial recognition, a historical cost model is used where assets are subsequently carried at cost less accumulated amortisation and impairment losses. Any outlays charged to the following period are amortised over the expected time when revenues are generated from sale of a given project.

Development costs are tested for impairment annually (if an asset has not been brought into use yet) or more often (if there are any indications during the reporting period that its value may not be recoverable).

3.3.2. TANGIBLE FIXED ASSETS (PROPERTY, PLANT & EQUIPMENT)

Tangible fixed assets (PP&E) are initially carried at cost (of purchase or construction). This cost includes all costs directly related to the purchase and necessary to bring the asset to working condition for its intended use. Costs incurred after the date when an asset is put into use, including costs of maintenance and repairs, are charged to the Profit and Loss Account when incurred.

After initial recognition, Property, Plant & Equipment are carried at cost (of purchase or construction) less accumulated depreciation and impairment losses.

On acquisition, Property, Plant and Equipment are divided into separate items of material value for which specific useful life can be determined. Costs of overhauls and important spare parts and equipment are also included, if used for more than one year.

Depreciation is calculated on a straight-line basis over the estimated useful life of an asset:

Type	Depreciation rate	Period
Land (perpetual usufruct of land)	not depreciated	
Buildings and structures	1.5%– 2.5%	40 – 67 years
Plant and machinery	5%-46%	2 – 20 years
Office equipment	10%–20%	5 – 10 years
Transport vehicles	10%- 46%	2 – 10 years
Computers	10%–40%	2.5 – 10 years
Investments in third-party PP&E	10%	10 years

Depreciation begins in a month when an asset is put into use.

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Capital Group companies own works of art whose residual value was determined at cost (purchase price) and is not depreciated.

If any circumstances during the preparation of the financial statement indicate that the carrying amount of PP&E may not be recoverable, these assets are tested for impairment. If their impairment is probable, and their carrying amount exceeds their recoverable amount, the carrying amount of those assets or cash-generating units to which they belong is reduced to the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. When determining value in use, the estimated future cash flows are discounted to the present value based on the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the asset does not generate cash flows that are largely independent from other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. Impairment losses are recognised as other operating expenses in the P&L Account.

An asset should be removed from the Balance Sheet on disposal or when no future economic benefits are expected from its continuing use. Profits or losses from sale/disposal or discontinued use of PP&E are recognised as a difference between revenues from sale and net value of these assets, and recognised in the P&L Account.

Construction in progress includes PP&E in the process of construction or assembly and is carried at cost (of purchase or construction). Construction in progress is not depreciated until fully completed and brought into use.

If outlays on construction in progress are discontinued, total costs connected with works completed to date are charged to expenses of the period. The investment may be suspended if its continuation in the future periods is intended and justified. Decisions to suspend any investments are taken by the Company's Board of Directors. As at each balance sheet date, outlays on construction in progress are tested for impairment and impairment losses are recognised if necessary.

3.3.2.1. PERPETUAL USUFRUCT OF LAND

Perpetual usufruct of land acquired under an administrative decision is recorded in the Balance Sheet at fair value. Fair value of perpetual usufruct of land is either its market price (if this information is available) or value determined by a property appraiser.

Any surplus of this fair value over costs connected with the acquisition of perpetual usufruct of land under an administrative decision is disclosed in the Balance Sheet under "profit carried forward from previous years".

Perpetual usufruct of land purchased in the secondary market is carried at cost (purchase price) and is not subsequently measured.

Perpetual usufruct of land is not depreciated.

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3.3.3. LEASES

3.3.3.1. GROUP AS A LESSEE

Finance lease contracts that transfer substantially all the risks and rewards of ownership of the leased asset to the Capital Group are recorded in the Balance Sheet at commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Minimum lease payments should be apportioned between the finance charge and the reduction of the outstanding liability (the finance charge to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability). Contingent lease payments are recorded in expenses of the period when incurred.

PP&E used under finance lease contracts should be depreciated based on the same principles as the Group's own PP&E. However, if there is any doubt that the Group shall acquire the ownership title to leased assets before the end of the lease term, leased assets are depreciated over the shorter of the lease term or the estimated life of the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the P&L Account on a straight-line basis over the lease term.

3.3.3.2. GROUP AS A LESSOR

Assets transferred under finance leases are recorded in the Capital Group's Balance Sheet as receivables, at an amount equal to the net investment in the lease. Net investment is a sum of the minimum lease payments payable to the Lessor under the finance lease contract and any unsecured residual value assigned to the Lessor discounted based on the lease interest rate. Financial revenues generated from any leased asset under finance lease are recognised so as to reflect a constant periodic rate of interest on the net lease investment. If the Capital Group companies are manufacturers or intermediaries, gains or losses on sale related to finance lease in a specific period are recognised in the same manner as for regular sales. Costs incurred in connection with negotiations and any other actions taken to sign the lease contract are recognised as an expense when profits on sale are generated.

3.3.4. INVESTMENT PROPERTY

Investment property includes land as well as buildings and structures purchased to gain economic benefits from capital appreciation or any other benefits, e.g. to earn rentals. These assets are not used by the Company.

Any property is classified as an investment when put into use under the Company's decision.

Investment property is initially carried at cost (of purchase or construction) including transaction costs. After initial recognition, investment property is carried at fair value. Gains or losses arising from changes in the fair value of investment property must be recognised in profit or loss for the period in which they arise. Fair value should reflect the actual market conditions and circumstances as of the balance sheet date.

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3.3.5. FIXED (NON-CURRENT) ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as satisfied only when the sale is highly probable within one year after the re-classification and when the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.3.6. INVENTORIES

Inventories of PBG Capital Group companies include:

1. Materials bought for in-house purposes,
 - raw materials and materials used directly in production,
 - intermediate materials,
 - other materials (office consumables, fuel bought by drivers).
2. Bought-in goods for resale.
3. Internally generated or converted products.

Inventories are stated at the lower of cost and net realisable value (NRV). Cost (of purchase or construction) includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Cost (of purchase or construction) is determined in relation to the current and previous year based on the following procedure:

Goods and materials: using the FIFO and weighted average cost formula. Finished goods and work in progress: in the amount of direct labour and material costs plus indirect production costs determined for the standard utilisation of the production capacity, less borrowing costs.

NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Write-downs of tangible elements of current assets related to their impairment or valuation as at the balance sheet date are charged to other operating expenses. If the reason for the write-down of tangible elements of current assets no longer exists, their value is included into other operating revenues.

3.3.7. BORROWING COSTS

Borrowing costs which are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the price of acquisition or cost of production of this asset. Borrowing costs include interest and foreign exchange gains or losses up to the amount of the adjustment of interest expense.

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3.3.8. GOVERNMENT GRANTS

Government grants, including non-monetary grants carried at fair value, are recognised only when there is reasonable assurance that the Capital Group will comply with any conditions attached to the grant and the grant will be received.

If a grant is related to a cost item, it is recognised as income and matched with the related costs, for which it is intended to compensate. A grant relating to an asset is recognised at fair value as deferred income, and subsequently written off to profit and loss as revenue over the reporting periods in proportion to depreciation write-offs made for this asset.

3.3.9. TRADE RECEIVABLES

Trade receivables are recognised and disclosed in amounts initially invoiced, including write-downs. Provision for doubtful receivables is estimated when collection of the entire amount receivable is no longer probable. The Capital Group's payment term of trade receivables is usually from 14 to 90 days.

Receivables are presented in the financial statement as long-term and short-term receivables.

After initial recognition, trade receivables are carried at amortised cost using the effective interest rate method. However, for receivables with maturity within 12 months after the balance sheet date, elements influencing valuation of these receivables at amortised cost are analysed (i.e. interest rate changes, additional cash flows, and other). Based on the results of this analysis, receivables are carried in the amount receivable if the difference between their value at amortised cost and their value in the amount receivable does not have any material impact on the quality of the financial statement.

The Capital Group does not charge any interest on trade receivables. If found justified by the Board of Directors of a given Capital Group company, statutory or contractual interest is charged.

3.3.10. PREPAID EXPENSES AND ACCRUED LIABILITIES

In order to match revenues and the related costs, expenses and revenues connected with individual reporting periods are distinguished. Expenses and costs incurred in advance, i.e. relating to future reporting periods, are presented as prepaid expenses, while accrued liabilities include amounts accounted for in the current period but covered in future reporting periods.

Prepaid expenses and accrued liabilities are written off pro rata temporis or in proportion to the amount of consideration. The timing and method of settlement should be based on the type of costs and the principle of prudence.

Prepaid expenses include outlays directly related to a construction contract and incurred before or during its conclusion, on condition that they can be identified, separated and reliably estimated and that conclusion of the contract is probable. These expenses are included in the costs of this contract in the period when the contract was concluded.

3.3.10.1. PROVISIONS FOR LEAVES NOT TAKEN

The Capital Group creates a provision for costs of cumulative paid leaves which must be covered if employees do not use a (holiday) leave accumulated as at the balance sheet date. Provision for costs of

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cumulative paid leaves is recognised as a liability (accrued liabilities) less any amounts already paid. Provision for costs of cumulative paid leaves is a short-term provision and shall not be discounted.

3.3.11. FINANCIAL INSTRUMENTS

Each contract establishing an element of assets for one party and a financial liability or capital instrument for the other party is classified by the Capital Group as a financial instrument, on condition that the contract concluded between two or more parties has direct economic effects. As part of their core business operations, the Capital Group companies conclude contracts denominated in foreign currencies (mostly in Euro). The currency risk management policy adopted by the Board of Directors is based on the principle of securing future cash flows arising from these contracts to reduce the impact of currency rate variations on the Capital Group companies. Currency risks are mainly hedged based on a natural mechanism, i.e. signing contracts with subcontractors in the contract currency to transfer these currency risks to subcontractors. If it is not possible, currency exposure is hedged on the financial market by using derivatives, currency forward transactions in particular.

The Capital Group classifies financial instruments as:

Financial assets or financial liabilities at fair value through profit and loss – assets and liabilities acquired or incurred mainly for resale or repurchase in the nearest future or as part of a portfolio of specific financial instruments managed jointly and for which the current actual pattern of generation of short-term gains is confirmed;

Held-to-maturity investments – financial assets other than derivatives with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity;

Loans and receivables originated by the entity – financial assets other than derivatives with fixed or determinable payments that are not quoted in an active market;

Available-for-sale financial assets – financial assets not classified as derivatives and classified as available for sale, other than (a) loans and receivables originated by the entity, (b) held-to-maturity investments, and (c) financial assets or financial liabilities at fair value through profit and loss.

3.3.11.1. RECOGNITION AND DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognised in the Capital Group's Balance Sheet as at the date when the Capital Group' becomes a party to a contract for this instrument.

Standard transactions of purchase and sale of financial liabilities are recognised as at [the date of transaction / the date of settlement].

Financial assets are de-recognised from the Balance Sheet when rights to economic benefits and the related risks arising from the contract are exercised or realised, have expired, or waived by the Capital Group.

The Capital Group de-recognises financial liabilities from its Balance Sheet when the liability no longer exists – that is when the contractual obligation was satisfied, waived, or has expired.

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3.3.11.2. MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT THE DATE OF THEIR ESTABLISHMENT

Financial assets and liabilities of the Capital Group are usually carried at fair value of the payment made (in the case of assets) or payment received (liabilities). Transaction costs are included in the initial value of all financial assets and liabilities, except for assets and liabilities at fair value through profit and loss.

3.3.11.3. MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT THE BALANCE SHEET DATE

The Capital Group adopted the following principles of measurement:

- at amortised cost using the effective interest rate: held-to-maturity investments, loans and receivables originated by the Company, as well as other financial liabilities. Valuation may also be based on the amount payable, if the discount effect is immaterial,

- at fair value: financial assets and liabilities at fair value through profit and loss and available-for-sale financial assets.

Effects of the measurement of available-for-sale financial assets are recognised in equity. Effects of the measurement of financial assets and liabilities classified in other categories are recognised in profit or loss.

3.3.11.4. HEDGE ACCOUNTING

Cash flow hedges for cash flows where the planned transaction is highly probable are carried at fair value taking into account changes in fair value:

- the portion considered an effective hedge is recognised directly in equity,
- the ineffective portion is recognised in profit or loss.

Derivative financial instruments used to hedge the fair value of assets and liabilities are carried at fair value. Changes of their fair value are recognized in profit or loss.

3.3.12. BANK CREDITS/LOANS

All interest-bearing bank loans and credits as well as commercial papers are initially recorded at cost equal to fair value of the consideration received less direct borrowing costs.

After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

To determine the amortised cost of borrowings, all costs related to this borrowing as well as discounts or bonuses resulting from the settlement of the obligation are taken into account.

Gains and losses are recognised in profit or loss when the obligation is de-recognised from the Balance Sheet or when a write-down is made.

3.3.13. TRADE PAYABLES

After initial recognition, all payables, with the exception of liabilities at fair value through profit or loss, are carried at amortised cost using the effective interest rate method. However, for payables with

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maturity within 12 months after the balance sheet date, elements influencing the measurement of these payables at amortised cost are analysed (i.e. interest rate changes, additional cash flows, and other). Based on the results of this analysis, payables are carried in the amount payable if the difference between their value at amortised cost and their value in the amount payable does not have any material impact on the quality of the financial statement.

The Capital Group's standard payment terms for trade payables are usually from 14 to 90 days.

Payables are presented in the financial statement as long-term and short-term payables. In addition, payables in respect of related parties and payables in respect of other entities are presented separately.

3.3.14. CONTINGENT LIABILITIES

Contingent liability is defined as:

- a possible obligation arising from past events depending on whether some uncertain future event or events occur(s) which is not fully controlled by the Company, or

- a present obligation arising from past events but not recognised in the financial statement because:

1. it is not probable that the outflow of resources embodying economic benefits will be necessary to fulfil this obligation, or

2. the amount of this liability cannot be measured reliably.

3.3.15. PROVISIONS

Provisions are recognised for the Capital Group's actual (legal or constructive) obligations arising from past events, for which it is probable that an outflow of resources embodying economic benefits will be required, which can be reasonably estimated. Where the Capital Group expects expenses related to the provision to be reimbursed (e.g. under an insurance contract), the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. The expense relating to any provision is presented in the P&L Account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost. Provisions are created also for future liabilities related to the restructuring process, if the Capital Group is under the obligation to carry out restructuring under separate provisions, or if legally binding contracts are concluded for this purpose, and if reliable estimate of their value is possible based on restructuring plans; the respective decision to create a provision is taken by the Board of Directors.

If no restructuring plan is presented in the financial statement, the relevant financial liability is recognised.

Reversal of provisions not used is made as at the date when these provisions are found useless.

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If the liability in respect of which a provision was established actually occurs, such a provision must be used immediately.

3.3.15.1. PROVISIONS FOR WARRANTY SERVICING

These provisions are established under the obligation to provide future services in respect of unknown persons related to the Group's operations, whose amount may be estimated despite the fact that their date is not known. These provisions are estimated based on the probability of occurrence of this liability in the future, as defined by the Board of Directors, based on an analysis of the cost of warranty repairs under the completed construction contracts. Provisions are maintained to the extent that the liability is probable by the date of expiry of rights under the warranty or rights to claim compensation.

3.3.15.2. PROVISIONS FOR THE PLANNED LOSSES ON THE IMPLEMENTED CONSTRUCTION CONTRACTS

If the total contract costs are likely to exceed contract revenues, any expected loss is immediately recognised as an expense. The amount of this loss is determined irrespective of the commencement of works under the contract, the stage of completion of works under the contract, and the amount of the expected profits under contracts other than individual contracts for construction services. The amount of changes in these provisions increases or reduces the Group's operating expenses.

3.3.16. JOINT VENTURES

Revenues from sales are recognised at fair value of payments received or due and represent receivables arising from the ordinary operating activities of an enterprise (sales of products, goods, and services) less discounts, Value-Added Tax and other sale-related taxes (such as the excise tax). Revenues are recognised in the amount of probable economic benefits related to the transaction obtained by the Group, on condition that this amount can be reliably estimated.

3.3.16.1. SALE OF GOODS AND PRODUCTS

Sale of goods and products is recognised when goods and products are delivered and the seller has transferred to the buyer the significant risks and rewards of ownership, and if the amount of revenue can be measured reliably. Revenues from cash flow hedges adjust the amount of revenues from sale of goods and products.

3.3.16.2. PROVISION OF SERVICES

Revenues from services are recognised in proportion to their stage of completion (the percentage-of-completion method), if the amount of the transaction can be reliably estimated. The percentage of service completion is determined as the proportion of works completed as at a given date to total works to be completed. The percentage of service completion is determined as the proportion of costs incurred as at a given date to total estimated transaction costs. If no reliable estimate of the stage of completion is possible, revenue arising from the contract should be recognised only to the extent of the expenses recognised that are recoverable (a "cost-recovery approach"). Revenues from cash flow hedges adjust the amount of revenues from the provision of services.

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3.3.16.3. INTEREST

Revenue from interest is accrued on a time basis in relation to the net carrying amount of the financial asset, using the effective interest rate method.

3.3.16.4. DIVIDENDS

Dividends are recognised when the shareholder's right to receive a dividend is established.

3.3.16.5. REVENUES FROM RENTAL

Revenues from the rental of investment property are recognised on a straight-line basis over the lease term in relation to the concluded contracts.

3.3.17. CURRENCY TRANSACTIONS

Transactions in currencies other than PLN are converted to PLN at the exchange rate in effect as at the transaction date or the exchange rate defined in a forward contract connected with a given transaction.

As at the balance sheet date, monetary items denominated in currencies other than PLN are converted to PLN at the closing price as at period-end (spot exchange rate), i.e. at the rate of the Company's bank from the last listing on the balance sheet date. Non-monetary assets and liabilities carried at historical cost denominated in foreign currencies should be reported using the exchange rate at the date of the transaction. Non-monetary items carried at fair value denominated in foreign currencies should be reported at the rate that existed when the fair values were determined. Foreign exchange gains or losses are recognised in financial revenues or expenses, respectively, or, in cases referred to in the accounting principles (policy), capitalised in the amount of assets, unless these gains or losses arise from the measurement of non-monetary assets and liabilities, in which case changes in fair value are charged directly to equity.

The functional currencies of foreign subsidiaries include the Slovak koruna (SKK) and Canadian dollar (CAD). As at the balance sheet date, assets and liabilities of these foreign subsidiaries are converted into the Group's presentation currency at the exchange rate adopted as at the balance sheet date, and their Profit and Loss Accounts are converted at the weighted average exchange rate for the respective reporting period. The resulting foreign exchange differences are recognised as a separate component of equity. When a foreign subsidiary is sold, the accumulated deferred foreign exchange differences recognised in equity of this subsidiary are recognised in profit or loss.

3.3.18. COSTS OF FUTURE RETIREMENT BENEFITS

The Remuneration Schemes adopted by PBG Capital Group provide that employees of the Group's companies are entitled to long-service awards and retirement severance payments. Long-service awards are paid to employees after a specified number of years of service. Retirement severance payments are paid only once when an employee retires. The amount of retirement severance payments and long-service awards depends on the employee's years of service and average salary. The Capital

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Group companies create a provision for future liabilities related to severance payments and long-service awards to allocate costs to the respective periods they relate to. Under IAS 19, long-service awards (jubilee' benefits) are classified as other long-term employee benefits, whereas retirement severance payments are classified as Post-Employment Defined Benefit Plans. The present value of these liabilities as at each balance sheet date is calculated by an independent actuary or based on the forecast entitlements of this entity. The accrued obligations are equal to discounted payments to be made in the future, taking into account staff rotation, and are related to the period until the balance sheet date. Demographic data and staff rotation information is based on historical data. Actuarial gains and losses are recognised in profit and loss.

3.3.19. TAXES

Obligatory reductions of financial result include current tax and deferred tax. Current tax liabilities are measured based on the tax result (tax base) for the fiscal year. Tax gains (losses) are different from book net gains (losses), as taxable revenues and tax deductible expenses in subsequent years as well as items of revenues and expenses which will never become taxable are eliminated. Tax liabilities are measured based on tax rates adopted for the current fiscal year. Deferred tax is the tax expected to be payable or recoverable in the future on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred income tax provision is established for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Tax assets or liabilities are not recognised if the temporary difference arises from goodwill or initial recognition of another asset or liability in a transaction which does not affect tax result or book result. A deferred income tax liability (provision) is recognised for all temporary differences arising from investments in subsidiaries, associates, and joint ventures, unless the entity is able to control the timing of the reversal of the temporary difference and it is probable that the reversal will not occur in the foreseeable future. The carrying amount of deferred tax assets should be reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future to allow the benefit of part or all of that deferred tax asset to be utilised. Deferred income tax is calculated at tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred income tax is recognised in profit or loss, except to the extent that the tax arises from items recognised directly in equity. If this is the case, deferred tax is also recognised directly in equity.

4. ESTIMATES OF BOARDS OF DIRECTORS OF PBG CAPITAL GROUP COMPANIES

To prepare a financial statement in accordance with the IFRS, the Board of Directors must use professional judgment, estimates and assumptions which have effect on the adopted principles and the presented amounts of assets, liabilities, revenues and expenses. Estimates and the underlying assumptions are based on historical data and various factors considered rational in certain circumstances, and their results can be used as a basis for professional judgment regarding the carrying amount of assets and liabilities which cannot be defined based on any other sources.

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Estimates and the underlying assumptions are verified on an on-going basis. Any changes in accounting estimates are recognised in the period in which they occur if they are related to this period only, or in the current and future periods if they are related to both the current and future periods.

5. CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

Item	Note	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
<i>Assets</i>				
Fixed assets		830 157	717 926	641 673
Intangible assets	1	13 564	13 262	7 436
Goodwill acquired in business combination	2	298 693	267 426	212 665
Tangible fixed assets (Property, Plant & Equipment)	3	355 340	306 786	356 699
Non-renewable natural resources	4	27 834	27 834	-
Investment property	5	27 137	30 383	5 052
Investments in subsidiaries	6	34 207	4 000	-
Investments in associates accounted for using the equity method		-	-	-
Other long-term financial assets	12	49 374	41 834	26 343
- related parties		1 654	98	9 771
- other entities		47 720	41 736	16 572
Long-term receivables	7	19 707	21 614	29 468
- related parties		-	-	-
- other entities		19 707	21 614	29 468
Deferred income tax assets		-	-	-
Long-term prepaid expenses	11	4 301	4 787	4 010
Current assets		1 715 113	1 540 909	1 070 936
Inventories	9	60 769	40 145	36 013
Receivables from contracting parties for works completed under contracts for construction/long-term services	10	582 637	439 585	437 611
- related parties		53 389	29 425	28 943
- other entities		529 248	410 160	408 668
Trade receivables	8	556 484	534 463	315 205
- related parties		28 899	9 806	1 070
- other entities		527 585	524 657	314 135
Current income tax receivables		195	-	1 793
Other short-term receivables	8	52 495	43 276	55 801
- related parties		-	-	-
- other entities		52 495	43 276	55 801
Other short-term financial assets	12	102 208	58 410	29 531
- related parties		-	-	4 011
- other entities		102 208	58 410	25 520
Cash and cash equivalents		340 167	410 305	180 480
Short-term prepaid expenses	13	20 158	14 725	14 502
Non-current assets classified as held for sale		-	-	-
Total assets		2 545 270	2 258 835	1 712 609

Item	Note	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
<i>Liabilities</i>				
Equity		1 158 776	785 220	724 991
Equity of shareholders of the Parent Company		971 864	750 670	705 188
Share capital	15	13 430	13 430	13 430
Treasury shares		-	-	-
Share premium reserve		551 178	551 178	551 178
Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation		21 682	8 759	130
Other reserves		295 858	65 998	87 524

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Retained profit/accumulated loss		89 716	111 305	52 926
- profit (loss) carried forward from previous years		39 741	6 997	11 359
- net profit (loss) for the current year of the Parent Company shareholders		49 975	104 308	41 567
Minority interest		186 912	34 550	19 803
Payables		1 386 494	1 473 615	987 618
Long-term payables		349 639	331 739	232 777
Long-term credits and loans	14	84 249	50 033	65 121
- related parties		-	-	-
- other entities		84 249	50 033	65 121
Other long-term financial payables	14	208 880	208 544	114 472
Other long-term payables	18	17 790	20 556	10 650
- related parties		-	-	-
- other entities		17 790	20 556	10 650
Deferred income tax provision		13 049	18 595	16 676
Provisions for employee benefits	16	4 841	4 184	4 788
Other long-term provisions	17	12 032	20 675	6 102
Government grants		-	-	-
Long-term accruals and deferred income	20	8 798	9 152	14 968
Short-term payables		1 036 855	1 141 876	754 841
Short-term credits and loans	14	368 767	350 402	275 501
- related parties		-	2 306	-
- other entities		368 767	348 096	275 501
Other short-term financial payables	14	5 873	116 260	4 015
Trade payables	19	409 725	387 161	235 114
- related parties		19 453	4 820	-
- other entities		390 272	382 341	235 114
Payables under contract for construction services	10	6 473	19 594	28 271
- related parties		498	4 241	-
- other entities		5 975	15 353	28 271
Deferred income tax liabilities		9 171	17 800	2 406
Other short-term payables	19	117 536	122 987	97 776
- related parties		-	-	-
- other entities		117 536	122 987	97 776
Provisions for employee benefits	16	704	1 120	1 107
Other short-term provisions	17	110 467	118 805	101 136
Government grants		-	-	-
Short-term accruals and deferred income	20	8 139	7 747	9 515
Liabilities related to non-current assets held for sale		-	-	-
Total liabilities		2 545 270	2 258 835	1 712 609

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008 (FUNCTION FORMAT)

Item	Note	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
<i>Continuing operations</i>			
Revenues from sales	22	826 820	454 301
- related parties		7 144	-
Revenues from sale of products		56 796	6 796
Revenues from sale of services		755 725	424 829
Revenues from sale of goods and materials		14 299	22 676
Selling costs	23	(700 199)	(377 590)
- related parties		(15 476)	-
Costs of products sold		(48 149)	(1 369)
Costs of services sold		(638 643)	(359 249)
Costs of goods and materials sold		(13 407)	(16 972)
Gross profit (loss) on sales		126 621	76 711
Costs of sales	23	-	(558)
General administrative expenses	23	(45 319)	(32 081)
Other operating revenues	24	12 393	6 007
Other operating expenses	25	(8 805)	(7 262)
Share in profits of related parties accounted for using the equity method		-	-
Restructuring costs		-	-
Operating profit (loss)		84 890	42 817

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

Financial revenues	26	16 066	9 887
Financial expenses	27	(32 150)	(12 715)
Other profits (losses) from investments	28	-	16 150
Profit (loss) before tax		68 806	56 139
Income tax	29	(4 808)	(5 138)
Net profit (loss) from continuing operations		63 998	51 001
<i>Discontinued operations</i>			-
Net loss from discontinued operations		-	-
Net profit (loss)		63 998	51 001
Net profit (loss), of which:		63 998	51 001
- shareholders of the Parent Company		49 975	41 567
- minority shareholders		14 023	9 434

NET EARNINGS (LOSS) PER ORDINARY SHARE

1. Selected items of assets and liabilities converted to Euro at the exchange rate announced by the President of the National Bank of Poland as at 30 June 2008:

$$\text{EUR 1} = \text{PLN 3.3542}$$

2. Selected items from the Profit and Loss Account for 6 months of 2008 were converted to EURO at the exchange rate calculated as an arithmetic average of exchange rates set by the President of NBP in the past 6 months of 2008:

January	31.01.2008	3.6260
February	29.02.2008	3.5204
March	31.03.2008	3.5258
April	30.04.2008	3.4604
May	30.05.2008	3.3788
June	30.06.2008	3.3542
		20.8656 / 6 = 3.4776 (average exchange rate for 6 months)

Profit for the past 6 months: 49.975

Weighted average number of shares (in thousands) 13.430

a) earnings per share (EPS) in PLN = net profit in PLN '000 / weighted average number of shares for the past 6 months in thousands

$$49.975 / 13.430 = \text{PLN 3.72}$$

b) earnings per ordinary share (EPS) in EUR = EPS in PLN / average exchange rate of EURO for the past 6 months:

$$3.72 / 3.4776 = \text{EUR 1.07 per share}$$

CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008 (INDIRECT METHOD)

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
<i>Cash flow from operations</i>		
Net profit before tax	68 806	56 139
Adjustments:	7 381	(3 402)
Amortisation of intangible assets	1 440	1 048
Goodwill impairment losses	-	-
Impairment losses on tangible fixed assets	-	-
Depreciation of tangible fixed assets	18 368	11 691
Profit (loss) from sale of tangible fixed assets	(344)	675

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

(Profit) loss on sale of available-for-sale (held-for-trading) financial assets	(21 200)	(25 281)
Profit (loss) on valuation of investment property carried at fair value	(234)	-
(Profit) loss on revaluation of fair value of financial assets carried at fair value	(9 601)	(620)
Share in profits (losses) of associates	-	-
Foreign exchange (gains) losses	(16)	26
Interest expense	30 943	14 051
Interest received	(11 973)	(4 992)
Dividends received	(2)	-
Cash flow from operations before changes in working capital	76 187	52 737
Change in inventories	(16 958)	(7 136)
Change in receivables	(174 130)	(115 807)
Change in payables	(5 472)	9 244
Change in provisions, prepaid expenses, accruals and deferred income	(25 087)	(64 422)
Other adjustments	(801)	(34 400)
Cash generated in business operations	(146 261)	(159 784)
Interest paid	(122)	(199)
Income tax paid	(21 514)	(6 810)
Net cash from operations	(167 897)	(166 793)
<i>Cash flow from investments</i>		
Outflows – acquisition of intangible assets	(1 698)	(1 461)
Inflows – sale of intangible assets	-	18
Outflows – acquisition of tangible fixed assets	(47 715)	(53 311)
Inflows – sale of tangible fixed assets	7 633	642
Outflows – acquisition of investment property	(789)	-
Inflows – sale of investment property	-	2 555
Acquisition of held-to-maturity financial assets	(3 000)	(10 918)
Inflows – redemption of held-to-maturity financial assets	-	-
Outflows – acquisition of financial assets available for sale (held for trading)	(417)	(931)
Inflows – sale of financial assets available for sale (held for trading)	6 894	24 062
Outflows – acquisition of available-for-sale financial assets	-	-
Inflows – sale of held-for-trading financial assets	-	-
Outflows – acquisition of subsidiaries (less cash received)	(68 519)	(68 367)
Inflows – sale of subsidiaries	-	-
Other outflows – additional paid-in capital	-	-
Inflows from government grants received	-	1 769
Loans granted	(9 273)	(6 511)
Repayment of loans granted	2 820	2 790
Interest received	141	442
Dividends received	2	-
Other inflows	-	-
Other outflows on investments	-	-
Net cash used in investments	(113 921)	(109 221)
<i>Cash flow from financial activity</i>		
Net inflows – issue of shares	294 326	333 090
Buy-back of treasury shares	-	-
Repayment of bonds	(110 000)	-
Inflows – issue of debt securities	-	-
Repayment of interest on bonds	(8 685)	(2 828)
Redemption of debt securities	-	-
Inflows – credits and loans incurred	140 262	112 544
Repayment of credits and loans	(91 694)	(31 730)
Repayment of interest on credits and loans	(15 536)	(3 592)
Inflows from interest on deposits	6 587	3 454
Repayment of finance lease liabilities	(2 158)	(940)
Interest paid	(81)	(4 927)
Dividends paid out	-	-
Commissions on bank credits and loans	(745)	-
Other outflows	(53)	-
Net cash from financial activity	212 223	405 071
Net balance of cash and cash equivalents	(69 595)	129 057
Opening balance of cash and cash equivalents	410 302	51 652
Change in cash resulting from foreign exchange differences	(353)	116
Closing balance of cash and cash equivalents	340 354	180 825

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD FROM 1 JANUARY 2007 to 30 JUNE 2007

Item	Equity of the Parent Company shareholders				Minority interests	Total equity
	Share capital	Other reserves	Retained profit/accumulated loss	Total		
As at 01.01.2007	12 030	292 519	63 539	368 088	12 079	380 167
Changes in the adopted accounting principles (policy)	-	-	(915)	(915)	-	(915)
Correction of fundamental error	-	(1 328)	1 744	416	-	416
Balance after adjustments	12 030	291 191	64 368	367 589	12 079	379 668
<i>Statement of Changes in Equity for the period from 01.01.2007 to 31.12.2007</i>						
Revaluation gains (losses)	-	311	-	311	-	311
Available-for-sale investments:	-	-	-	-	-	-
- valuation gains (losses) recognised in equity	-	-	-	-	-	-
- recognised in profit (loss) on sales	-	-	-	-	-	-
Cash flow hedges:	-	15 893	-	15 893	-	15 893
- gains (losses) recognised in equity	-	16 458	-	16 458	-	16 458
- gains (losses) recognised in profit or loss of the period	-	(565)	-	(565)	-	(565)
- profits (losses) included in the valuation of the carrying amount of hedged items	-	-	-	-	-	-
Foreign exchange differences – valuation of related parties operating abroad	-	168	-	168	-	168
Tax related to items recognised in equity or transferred from equity	-	(2 837)	-	(2 837)	-	(2 837)
Net profit recognised directly in equity	-	13 535	-	13 535	-	13 535
Net profit for the period from 01.01. 2007 to 31.12.2007	-	-	104 308	104 308	15 371	119 679
Total gains and losses recorded in the period 01.01.2007– 31.12.2007	-	13 535	104 308	117 843	15 371	133 214
Dividends	-	-	-	-	-	-
Share capital issued	1 400	333 090	-	334 490	-	334 490
Presentation adjustments	-	(742)	742	-	-	-
Distribution of financial result	-	48 929	(53 429)	(4 500)	-	(4 500)
Changes in Capital Group structure (acquisitions/disposals)	-	(60 068)	-	(60 068)	(3 923)	(63 991)
Changes in Minority Interests resulting from the negative equity of subsidiaries	-	-	(4 684)	(4 684)	11 023	6 339
As at 31.12.2007	13 430	625 935	111 305	750 670	34 550	785 220
As at 01.01.2008	13 430	627 263	107 303	747 996	34 550	782 546
Correction of fundamental error	-	(1 328)	4 002	2 674	-	2 674
Balance after adjustments	13 430	625 935	111 305	750 670	34 550	785 220
<i>Statement of Changes in Equity for the period from 01.01.2008 to 30.06.2008</i>						
Revaluation gains (losses)	-	-	-	-	-	-
Available-for-sale investments:	-	(234)	-	(234)	-	(234)
- valuation gains recognised in equity	-	-	-	-	-	-
- recognised in profit (loss) on sales	-	(234)	-	(234)	-	(234)
Cash flow hedges:	-	21 231	-	21 231	-	21 231

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

- gains (losses) recognised in equity	-	21 233	-	21 233	-	21 233
- gains (losses) recognised in profit or loss of the period	-	(2)	-	(2)	-	(2)
- profits (losses) included in the valuation of the carrying amount of hedged items	-	-	-	-	-	-
Foreign exchange differences – valuation of related parties operating abroad	-	252	-	252	-	252
Tax related to items recognised in equity or transferred from equity	-	(3 805)	-	(3 805)	-	(3 805)
Net profit recognised directly in equity	-	17 444	-	17 444	-	17 444
Net profit for the period 01.01.2008-30.06.2008	-	-	49 975	49 975	14 021	63 996
Total gains and losses recorded in the period 01.01.2008 – 30.06.2008	-	17 444	49 975	67 419	14 021	81 440
Dividends	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-
Options convertible to shares issued	-	-	-	-	-	-
Changes in Capital Group structure (acquisitions/disposals)	-	155 303	-	155 303	144 727	300 030
Other adjustments	-	4 362	760	5 122	(6 386)	(1 264)
Distribution of financial result	-	65 674	(72 324)	(6 650)	-	(6 650)
As at 30.06.2008	13 430	868 718	89 716	971 864	186 912	1 158 776

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007

Item	Equity of the Parent Company shareholders				Minority interest	Total equity
	Share capital	Other reserves	Retained profit/accumulated loss	Total		
As at 01.01.2007	12 030	292 519	63 539	368 088	12 079	380 167
Changes in the adopted accounting principles (policy)	-	-	(1 268)	(1 268)	-	(1 268)
Correction of fundamental error	-	(1 328)	1 328	-	-	-
Balance after adjustments	12 030	291 191	63 599	366 820	12 079	378 899
<i>Changes in equity in the period 01.01.2007-30.06.2007</i>						
Revaluation gains (losses)	-	-	-	-	-	-
Available-for-sale investments:	-	-	-	-	-	-
- valuation gains (losses) recognised in equity	-	-	-	-	-	-
- recognised in profit (loss) on sales	-	-	-	-	-	-
Cash flow hedges:	-	2 503	-	2 503	611	3 114
- gains (losses) recognised in equity	-	2 845	-	2 845	611	3 456
- gains (losses) recognised in profit or loss of the period	-	517	-	517	-	517
- profits (losses) included in the valuation of the carrying amount of hedged items	-	(859)	-	(859)	-	(859)
Foreign exchange differences – valuation of related parties operating abroad	-	-	-	-	-	-
Tax related to items recognised in equity or transferred from equity	-	(420)	-	(420)	-	(420)
Net profit recognised directly in equity	-	2 083	-	2 083	611	2 694
Net profit for the period from 01.01.2007 to 30.06.2007	-	-	41 567	41 567	9 434	51 001
Total gains and losses recorded in the period 01.01.2007 – 30.06.2007	-	2 083	41 567	43 650	10 045	53 695
Dividends	-	-	-	-	-	-
Share capital issued	1 400	333 090	-	334 490	-	334 490
Presentation adjustments	-	(1 509)	1 509	-	-	-
Distribution of financial result	-	48 929	(53 749)	(4 820)	-	(4 820)
Changes in Capital Group structure (acquisitions/disposals)	-	(34 952)	-	(34 952)	(2 321)	(37 273)
As at 30.06.2007	13 430	638 832	52 926	705 188	19 803	724 991

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

5.1. NOTES TO THE BALANCE SHEET

SEGMENT REPORTING – BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS SEGMENTS

PBG Capital Group has defined a business segment as the primary reporting format, and a geographical segment based on the customer location criterion as the secondary reporting format.

PBG Capital Group and its Parent Company operate in four main segments:

- **natural gas and crude oil,**
- **water,**
- **fuels,**
- **residential and industrial construction,**
- **roads,**
- **other.**

Individual segments cover the following services:

- **Natural gas and crude oil:**
 - overground natural gas and crude oil mining facilities
 - natural gas liquefaction facilities and LNG storage and regasification facilities
 - LPG separation and storage stations, C5+
 - desulphurisation plants
 - overground facilities of underground natural gas depots
 - crude oil tanks
 - natural gas and crude oil transport systems, including:
 - meter and regulator stations, measurement and settlement stations, mixing plants, distribution stations, compressor stations, etc.
 - natural gas distribution
 - LNG transport and facilities
- **Water:**
 - process and sanitary facilities for water and sewerage systems, such as:
 - waterworks
 - sewerage systems
 - water mains and interceptors
 - water intake points
 - wastewater treatment plants
 - hydro-technical facilities, such as:
 - water dams
 - storage reservoirs
 - flood defences (dykes)
 - renovation of waterworks and sewerage systems
- **Fuels:**
 - fuel depots
 - underground gas depots

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

- LNG storage and vaporisation stations

- **Residential and industrial construction:**

- general construction
- industrial infrastructure.

- **Roads:**

- road building.

PBG Capital Group presents its revenues from sales, expenses and result (gross profit margin) broken down into these segments, but does not present its assets and liabilities in the Balance Sheet by segments, as some tangible fixed assets (PP&E) are used in production classified under several different segments and it is not possible to allocate the inventory of materials to individual segments; it is also not possible to allocate trade payables as well as other operating and financial revenues and expenses to specific segments.

Information on business segments is presented in the Table below:

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

BUSINESS SEGMENTS – DATA FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

Item	Business segments					Other	Consolidation adjustments and non-consolidation	Consolidated amount
	Natural gas and crude oil	Water	Fuels	Residential and industrial construction	Roads			
<i>Financial results of business segments for the period from 1 January 2008 to 30 June 2008</i>								
Total revenues	115 683	540 319	74 459	51 731	44 503	90 365	(90 240)	826 820
External sales	115 683	540 319	74 459	51 731	44 503	90 365	(90 240)	826 820
Intersegment sales	-	-	-	-	-	-	-	-
Total expenses	83 392	517 318	55 516	36 493	36 746	57 273	(86 539)	700 199
Segment result	32 291	23 001	18 943	15 238	7 757	33 092	(3 701)	126 621
Expenses not allocated to segments	x	x	x	x	x	x	x	(45 319)
Other operating revenues/expenses	x	x	x	x	x	x	x	3 588
Operating profit	x	x	x	x	x	x	x	84 890
Financial revenues	x	x	x	x	x	x	x	16 066
Financial expenses	x	x	x	x	x	x	x	(32 150)
Share in profits of related parties accounted for using the equity method	x	x	x	x	x	x	x	-
Profit before tax	x	x	x	x	x	x	x	68 806
Income tax	x	x	x	x	x	x	x	(4 808)
Net profit	x	x	x	x	x	x	x	63 998

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

BUSINESS SEGMENTS – DATA FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007

Item	Business segments					Other	Consolidated amount
	Natural gas and crude oil	Water	Fuels	Residential construction	Roads		
<i>Financial results of business segments for the period from 1 January 2007 to 30 June 2007</i>							
Total revenues	44 465	303 096	39 883	18 908	5 033	42 916	454 301
External sales	44 465	303 096	39 883	18 908	5 033	42 916	454 301
Intersegment sales	-	-	-	-	-	-	-
Total expenses	37 814	285 942	14 243	16 876	4 315	18 400	377 590
Segment result	6 651	17 154	25 640	2 032	718	24 516	76 711
Expenses not allocated to segments	x	x	x	x	x	x	(32 639)
Other operating revenues/expenses	x	x	x	x	x	x	(1 255)
Operating profit	x	x	x	x	x	x	42 817
Financial revenues	x	x	x	x	x	x	26 037
Financial expenses	x	x	x	x	x	x	(12 715)
Share in profits of related parties accounted for using the equity method	x	x	x	x	x	x	-
Profit before tax	x	x	x	x	x	x	56 139
Income tax	x	x	x	x	x	x	(5 138)
Net profit	x	x	x	x	x	x	51 001

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 1

INTANGIBLE ASSETS

Item	as at 30.06.2008 total net value, of which:	as at 31.12.2007 total net value, of which:	as at 30.06.2007 total net value, of which:
Trademarks	-	-	-
Patents ad licenses	4 174	1 596	1 610
Software	5 002	5 596	4 117
Development costs	-	-	-
Other intangible assets	1 143	1 423	1 709
Net carrying amount	10 319	8 615	7 436
Intangible assets in progress	3 242	4 595	-
Payments on account of intangible assets	3	52	-
Total intangible assets	13 564	13 262	7 436
Intangible assets classified as held for sale	-	-	-
Intangible assets	13 564	13 262	7 436

CHANGES IN INTANGIBLE ASSETS IN THE PERIOD

Item	Patents and licenses	Software	Other intangible assets	Total
Net carrying amount as at 01.01.2007	938	1 746	1 992	4 676
Increase – inclusion of new entities to the Capital Group	13	2 560	-	2 573
Increase – business combinations	-	-	-	-
Reduction – disposal of a subsidiary (-)	(31)	-	-	(31)
Increase – acquisition	1 422	2 588	1	4 011
Reduction – sale (-)	-	-	-	-
Reduction – liquidation (-)	-	-	-	-
Impairment losses (-)	-	-	-	-
Reversal of write-downs	-	-	-	-
Amortisation (-)	(401)	(1 521)	(570)	(2 492)
Net foreign exchange differences from the conversion of the financial statement to presentation currency	-	-	-	-
Other changes	(345)	223	-	(122)
Net carrying amount as at 31.12.2007	1 596	5 596	1 423	8 615
Net carrying amount as at 01.01.2008	1 596	5 596	1 423	8 615
Increase – inclusion of new entities to the Capital Group	-	-	-	-
Increase – business combinations	-	-	-	-
Reduction – disposal of a subsidiary (-)	-	-	-	-
Increase – acquisition	2 804	362	4	3 170
Reduction – disposal (-)	(10)	-	-	(10)
Reductions and increases from revaluation	-	-	-	-
Impairment losses (-)	-	-	-	-
Reversal of write-downs	-	-	-	-
Amortisation (-)	(312)	(915)	(284)	(1 511)
Net foreign exchange differences from the conversion of the financial statement to presentation currency	-	52	-	52
Other changes	96	(93)	-	3
Net carrying amount as at 30.06.2008	4 174	5 002	1 143	10 319

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

INTANGIBLE ASSETS

Item	Patents and licenses	Software	Other intangible assets	Total
<i>As at 01.01.2008</i>				
Gross carrying amount	2 885	11 286	2 847	17 018
Total accumulated amortisation and write-downs (-)	(1 289)	(5 690)	(1 424)	(8 403)
Net carrying amount	1 596	5 596	1 423	8 615
<i>As at 30.06.2008</i>				
Gross carrying amount	5 883	11 596	2 851	20 330
Total accumulated amortisation and write-downs (-)	(1 709)	(6 594)	(1 708)	(10 011)
Net carrying amount	4 174	5 002	1 143	10 319

As at the date of this annual consolidated financial statement, intangible assets of PBG Capital Group Companies were not used to secure the any liabilities of these Companies.

As at 30 June 2008, gross value of all fully amortised intangible assets still used was PLN 3,500 k.

NOTE 2

GOODWILL ACQUIRED IN BUSINESS COMBINATION

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
ATG Sp. z o.o.	1 606	1 606	1 592
Infra SA	2 354	2 354	2 354
PGS Sp. z o.o.	-	-	2 482
Hydrobudowa Śląsk SA	-	-	60 541
Hydrobudowa Polska SA *	60 541	60 541	-
KWG SA	41	701	3 714
Hydrobudowa 9 PIB SA	176 443	176 443	139 646
PBG Dom Sp. z o.o.	19	19	19
Dromost Sp. z o.o.	625	625	625
Apartamenty Poznańskie Sp. z o.o.	1 692	1 692	1 692
Przedsiębiorstwo Robót Inżynieryjno Drogowych SA	10 050	10 050	-
Gas & Oil Engineering sr.o.	7 226	7 226	-
Excan Oil and Gas Engineering Ltd.	160	160	-
Bathinex Sp. z o.o.	4 312	4 312	-
Brokam Sp. z o.o.	566	566	-
PRIS Sp. z o.o.	1 131	1 131	-
Betpol SA **	31 924	-	-
Budwil Sp. z o.o. ***	3	-	-
Net goodwill	298 693	267 426	212 665

* Hydrobudowa Polska SA is an entity formed based on the merger of two companies: Hydrobudowa Wrocławek SA and Hydrobudowa Śląsk SA.

** Betpol SA has been a subsidiary of PBG SA as of 13 March 2008. PBG SA holds 70% stake in Betpol SA.

*** Budwil Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. as of 8 April 2008. PBG Dom Sp. z o.o. holds 51% stake in Budwil Sp. z o.o.

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

GOODWILL IN THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

Item	Amount
Gross carrying amount as at 01.01.2007	74 757
Increase – acquisitions	202 224
Reduction – disposal of a subsidiary (-)	(1 442)
Increase – adjustments resulting from deferred recognition	36
Reduction– adjustments resulting from deferred recognition (-)	-
Net foreign exchange differences from the conversion of the financial statement to presentation currency	-
Other changes of the carrying amount	15
Gross carrying amount as at 31.12.2007	275 590
Impairment losses as at 01.01.2007	-
Settlement of goodwill recognised in profit or loss	8 164
Other changes	-
Impairment losses as at 31.12.2007	8 164
Gross carrying amount as at 01.01.2008	275 590
Increase – acquisitions	31 927
Reduction – disposal of a subsidiary	-
Increase – adjustments resulting from deferred recognition	-
Reduction– adjustments resulting from deferred recognition (-)	-
Net foreign exchange differences from the conversion of the financial statement to presentation currency	-
Other changes of the carrying amount	-
Gross carrying amount as at 30.06.2008	307 517
Impairment losses as at 01.01.2008	8 164
Settlement of goodwill recognised in profit or loss	660
Other changes	-
Impairment losses as at 30.06.2008	8 824

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

BUSINESS COMBINATIONS IN THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

Item	Acquisition date	% of the acquired equity instruments with voting rights	Cost of business combination	Fair value of the acquiree's net assets taken over by the acquirer	Goodwill acquired in business combination	Surplus of the acquirer's share in the fair value of net assets over the cost of business combination*
Betpol SA *	2008-03-13	70,00%	45 972	14 048	31 924	-
Budwil Sp. z o.o. ****	2008-04-08	51,00%	26	23	3	-
Total					31 927	-

NET REVENUES FROM SALES AND NET RESULT FOR H1 FY08 – DISCLOSURES IN ACCORDANCE WITH IFRS 3, SECTION 70

Item	Net revenues	Net financial result	Revenues not recognised in the Capital Group's financial result by the acquisition date		Revenues recognised in the Capital Group's financial result since the acquisition date		Share in equity
			Net revenues	Net financial result	Net revenues	Net financial result	
Betpol SA *	30 453	3 974	7 128	869	23 325	3 105	70.00%
Avatia Sp. z o.o. **	1 129	87	-	-	1 129	87	99.80%
Aprivia SA ***	-	(29)	-	-	-	(29)	100.00%
Budwil Sp. z o.o. ****	-	(17)	-	(2)	-	(15)	51.00%
Hydrobudowa Polska Konstrukcje Sp. z o.o.*****	-	(1)	-	-	-	(1)	100.00%

* Betpol SA has been a subsidiary of PBG SA as of 13 March 2008. PBG SA holds 70% stake in Betpol SA.

** Avatia Sp. z o.o. has been a subsidiary of PBG SA as of 15 February 2008. PBG SA holds 100% stake in Avatia Sp. z o.o..

*** Aprivia SA has been a subsidiary of PBG SA as of 18 March 2008. PBG SA holds 100% stake in Aprivia SA.

**** Budwil Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. as of 8 April 2008. PBG Dom Sp. z o.o. holds 51% stake in Budwil Sp. z o.o.

*****Hydrobudowa Polska Konstrukcje Sp. z o.o. has been a subsidiary of Hydrobudowa 9 PIB SA as of 16 May 2008. Hydrobudowa 9 PIB SA holds 100% stake in Hydrobudowa Polska Konstrukcje Sp. z o.o.

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 3

TANGIBLE FIXED ASSETS (PROPERTY, PLANT & EQUIPMENT)

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Land	25 945	22 751	33 914
Buildings and structures	92 899	91 866	161 607
Plant and equipment	111 583	92 767	73 685
Transport vehicles	53 495	42 704	35 036
Other PP&E	15 494	12 465	9 168
Net carrying amount	299 416	262 553	313 410
PP&E in construction	53 737	38 768	39 899
Payments on account of PP&E	2 187	5 465	3 390
Total tangible fixed assets	355 340	306 786	356 699
Tangible fixed assets classified as held for sale	-	-	-
Tangible fixed assets (Property, Plant & Equipment)	355 340	306 786	356 699

CHANGES IN PROPERTY, PLANT & EQUIPMENT

Item	Land	Buildings and structures	Plant and equipment	Transport vehicles	Other PP&E	Total
Net carrying amount as at 01.01.2007	11 795	139 939	41 765	26 278	7 641	227 418
Increase – inclusion of new entities to the Capital Group	15 002	11 646	29 414	4 622	637	61 321
Increase – business combinations	-	-	555	234	159	948
Reduction – disposal of a subsidiary (-)	(196)	(75 805)	(1 519)	(1 221)	(175)	(78 916)
Increase – acquisition	3 662	25 746	33 489	22 360	6 362	91 619
Increase – lease contracts	-	-	5 255	210	-	5 465
Reduction – disposal (-)	(2 562)	(8 561)	(1 208)	(3 875)	(15)	(16 221)
Reduction – liquidation (-)	-	(67)	(703)	(169)	(303)	(1 242)
Reductions and increases from revaluation	(4 469)	-	-	-	-	(4 469)
Impairment losses (-)	-	-	-	-	-	-
Reversal of write-downs	-	-	-	-	-	-
Depreciation (-)	-	(2 562)	(14 180)	(5 702)	(1 785)	(24 229)
Net foreign exchange differences from the conversion of the financial statement to presentation currency	-	-	-	-	-	-
Other changes	(481)	1 530	(101)	(33)	(56)	859
Net carrying amount as at 31.12.2007	22 751	91 866	92 767	42 704	12 465	262 553
Net carrying amount as at 01.01.2008	22 751	91 866	92 767	42 704	12 465	262 553
Increase – inclusion of new entities to the Capital Group	722	430	12 316	2 216	259	15 943
Increase – business combinations	-	-	-	-	-	-
Reduction – disposal of a subsidiary (-)	-	-	-	-	-	-
Increase – acquisition	214	30	19 559	13 893	3 325	37 021
Increase – lease contracts	-	-	-	-	-	-
Reduction – disposal (-)	1 554	(969)	(1 582)	(568)	(75)	(1 640)
Reduction – liquidation (-)	-	(376)	(201)	10	(6)	(573)
Reductions and increases from revaluation	-	-	-	-	-	-
Impairment losses (-)	-	-	-	-	-	-
Reversal of write-downs	-	-	-	-	-	-
Depreciation (-)	-	(1 632)	(10 906)	(4 810)	(902)	(18 250)
Net foreign exchange differences from the conversion of the financial statement to presentation currency	16	-	8	35	-	59
Other changes	688	3 550	(378)	15	428	4 303
Net carrying amount as at 30.06.2008	25 945	92 899	111 583	53 495	15 494	299 416

TANGIBLE FIXED ASSETS (PROPERTY, PLANT & EQUIPMENT)

Item	Land	Buildings and	Plant and equipment	Transport vehicles	Other PP&E	Total
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Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

		structures				
<i>As at 01.01.2008</i>						
Gross carrying amount	22 751	97 151	131 263	63 904	20 356	335 425
Total accumulated depreciation and write-downs (-)	-	(5 285)	(38 496)	(21 200)	(7 891)	(72 872)
Net carrying amount	22 751	91 866	92 767	42 704	12 465	262 553
<i>As at 30.06.2008</i>						
Gross carrying amount	25 945	99 699	160 209	78 509	24 196	388 558
Total accumulated depreciation and write-downs (-)	-	(6 800)	(48 626)	(25 014)	(8 702)	(89 142)
Net carrying amount	25 945	92 899	111 583	53 495	15 494	299 416

PP&E WHOSE LEGAL TITLE IS SUBJECT TO LIMITATIONS AND USED TO SECURE LIABILITIES

Liability / limited right of use	Encumbrance	Collateral	Carrying amount
Defects liability bond in TUIR CIGNA SA	registered pledge	plant and equipment	91
Credit facility (guarantee limit) in BRE Bank SA	mortgage	land	722
Credit facility (guarantee limit) in BRE Bank SA	mortgage	buildings and structures	418
Investment facility in BRE Bank SA	registered pledge	plant and equipment	1 316
Credit facility and bank guarantee line in BZ WBK SA	capped mortgage	land	9 711
Credit facility and bank guarantee line in BZ WBK SA	capped mortgage	buildings and structures	10 273
Credit facility in Bank Zachodni WBK SA	registered pledge	plant and equipment	2 163
Credit facility in Bank Zachodni WBK SA	registered pledge	transport vehicles	396
Credit facility in BGŻ SA	registered pledge	plant and equipment	7 598
Credit facility in BGŻ SA	registered pledge	transport vehicles	3 525
Credit facility in BGŻ SA	registered pledge	transport vehicles	6 761
Credit facility in BZ WBK SA	mortgage	land	2 458
Credit facility in DNB Nord SA	mortgage	transport vehicles	471
Credit facility in DNB Nord SA	mortgage	plant and equipment	56
Credit facility in ING Bank Śląski SA	mortgage	plant and equipment	9 513
Credit facility in ING Bank Śląski SA	mortgage	transport vehicles	1 019
Credit facility in Kredyt Bank SA (real property in Mikołów)	mortgage	buildings and structures	7 738
Credit facility in Pekao SA	registered pledge	plant and equipment	12 609
Credit facility in Pekao SA	registered pledge	transport vehicles	2 928
Credit facility in Pekao SA	registered pledge	other PP&E	176
Credit facility in Pekao SA	mortgage	transport vehicles	780
Credit facility in Pekao SA	mortgage	plant and equipment	500
Bank guarantee line in BZ WBK SA	assignment of rights	plant and equipment	5 918
Carrying amount of PP&E subject to the limited right of use or used as a security			87 140

As at 30 June 2008, PBG Capital Group Companies verified the adopted useful lives of PP&E, in accordance with the accounting policy. As at 30 June 2008, gross value of all fully depreciated PP&E still used by the Capital Group Companies was PLN 7,059 k.

OFF-BALANCE SHEET PP&E

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
used based on the contract of lease, rental, or similar agreement, including:	3 513	2 301	1 058
- land used under perpetual usufruct	-	-	-
- operating lease contracts	3 513	2 301	1 058
Total off-balance sheet PP&E	3 513	2 301	1 058

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

In addition, the Group rents or leases other PP&E, mainly real property used for the Group's operations, such as construction site facilities, office spaces, residential units for employees implementing construction contracts away from home, or land used to store equipment, materials, etc.

Costs of use of these assets are recognised in profit or loss.

NOTE 4

NON-RENEWABLE NATURAL RESOURCES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	27 834	-	-
Acquisition – inclusion of new entities to the Capital Group	-	11 999	-
Acquisition – business combination	-	-	-
Increase – acquisition	-	15 835	-
Increase – expenses capitalised	-	-	-
Reduction – sale	-	-	-
Net profits or losses from adjustments of fair value measurement	-	-	-
Net foreign exchange differences from the conversion of the financial statement to presentation currency	-	-	-
Other changes	-	-	-
Closing balance	27 834	27 834	-

Non-renewable natural resources are recognised under assets in Balance Sheets of PBG SA Capital Group subsidiaries. These include:

- undeveloped real property located in Brodziszów, Dolnosląskie Province, where a granodiorite deposit "Brodziszów - Kłośnik Pole B" is situated,
- geological documentation for this granodiorite deposit with geological information contained in the simplified geological documentation,
- rights arising from the ownership of geological documentation for this deposit and rights under a license for the extraction of granodiorite from this deposit,
- agricultural real property not built up, located in Brodziszów and Sulistawie, of the total area of about 27 hectares, where an undeveloped deposit of granodiorite is located (used to produce bituminous compounds, roadbases, and trackbeds).

NOTE 5

INVESTMENT PROPERTY

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	30 383	710	710
Acquisition of property following business combination	-	-	-
Increase – acquisition of property	945	26 301	4 342
Increase – expenses capitalised	-	-	-
Reduction – sale	-	(1 629)	-
Reclassification from tangible fixed assets (land)	(3 550)	5 001	-
Reclassification from tangible fixed assets (buildings and structures)	(465)	-	-
Net profits or losses from adjustments of fair value measurement	-	-	-
Net foreign exchange differences from the conversion of the financial statement to presentation currency	-	-	-
Other changes	(176)	-	-
Closing balance	27 137	30 383	5 052

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 6

INVESTMENTS IN SUBSIDIARIES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2008
Opening balance	4 000	-	-
Increase in the reporting period:	30 207	4 000	-
- business combinations	-	-	-
- reclassification	-	-	-
- other increases (advance payment on account of the acquisition of new companies)	30 207	4 000	-
Reductions in the reporting period:	-	-	-
- disposal of a subsidiary	-	-	-
- reclassification	-	-	-
- other reductions	-	-	-
Foreign exchange differences	-	-	-
Closing balance	34 207	4 000	-

NOTE 7

LONG-TERM RECEIVABLES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Trade receivables	19 549	21 531	30 209
- from Polish customers	19 549	21 531	30 209
- from foreign customers	-	-	-
Other receivables	312	302	-
Write-downs of receivables (-)	(154)	(219)	(741)
Total long-term receivables	19 707	21 614	29 468

WRITE-DOWNS OF LONG-TERM RECEIVABLES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	219	809	809
Write-downs – inclusion of new companies to the Capital Group	-	-	-
Write-downs made in the reporting period	-	-	-
Write-downs reversed in the reporting period (-)	(65)	(114)	-
Write-downs used in the reporting period (-)	-	(9)	(59)
Other changes	-	(467)	(9)
Closing balance	154	219	741

LONG-TERM RECEIVABLES (GROSS) – CURRENCY STRUCTURE

Item	as at 30.06.2008		as at 31.12.2007		as at 30.06.2007	
	in foreign currency	converted to PLN	in foreign currency	converted to PLN	in foreign currency	converted to PLN
a) Polish zloty (PLN)	x	16 990	x	12 769	x	18 429
b) Euro (EUR)	939	2 814	2 692	8 997	3 380	11 780
c) Canadian dollar (CAD)	27	57	27	67	-	-
e) other currencies	-	-	-	-	-	-
		19 861		21 833		30 209

Long-term receivables include mainly retained money as a security for the currently implemented and completed construction works. These amounts do not bear interest. As their payment terms are long, even up to 5 years in some cases, these receivables were discounted. Long-term receivables are discounted

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

using the interest rate WIBOR 1M + 1 percentage point. The discount rate as at 30 June 2008 totalled 7.29%, compared to 6.52% as at 31 December 2007.

Long-term receivables involve relatively high credit risks. The Boards of Directors of the Capital Group Companies are monitoring the financial standing of their debtors on an on-going basis; if the recovery of the entire amount is at risk, a write-down is made.

In this consolidated financial statement, long-term receivables were presented in net amounts after discounting and write-downs.

NOTE 8

SHORT-TERM TRADE RECEIVABLES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Trade receivables	556 484	534 463	315 205
- from Polish customers	559 360	541 374	328 271
- from foreign customers	9 582	6 187	916
Write-downs of trade receivables (-)	(12 458)	(13 098)	(13 982)
Total trade receivables	556 484	534 463	315 205

OTHER SHORT-TERM RECEIVABLES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Payments on account of services	344	13	-
Value-Added Tax	38 218	31 782	37 455
subsidies, customs duties, social security, health insurance and other	3 141	58	2 167
settlements with employees	2 570	272	-
claimed in court	61 507	60 191	60 003
other	8 479	11 598	18 163
Write-downs of other receivables (-)	(61 764)	(60 638)	(61 987)
Total other receivables	52 495	43 276	55 801

WRITE-DOWNS OF SHORT-TERM RECEIVABLES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	73 736	13 600	13 600
Write-downs – inclusion of new companies to the Capital Group	-	60 671	60 245
Write-downs – reduction related to disposals of subsidiaries	-	(349)	-
Write-downs made in the reporting period	10 518	16 457	8 057
Write-downs reversed in the reporting period (-)	(8 374)	(13 347)	(5 144)
Write-downs used in the reporting period (-)	(895)	(2 905)	(613)
Other changes	(763)	(391)	(176)
Closing balance	74 222	73 736	75 969

SHORT-TERM TRADE AND OTHER RECEIVABLES (GROSS) – CURRENCY STRUCTURE

Item	as at 30.06.2008		as at 31.12.2007		as at 30.06.2007	
	in foreign currency	converted to PLN	in foreign currency	converted to PLN	in foreign currency	converted to PLN
a) Polish zloty (PLN)	x	572 212	x	492 534	x	329 783
b) Euro (EUR)	32 249	105 990	42 525	155 065	30 980	114 533
c) Slovak koruna (SKK)	34 366	3 814	34 172	3 643	24	2 645
d) Canadian dollar (CAD)	564	1 185	94	233	-	-
e) other currencies	-	-	-	-	x	14
Total	x	683 201	x	651 475	x	446 975

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

SHORT-TERM RECEIVABLES – AGEING STRUCTURE

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Overdue trade receivables	189 131	102 646	76 836
- up to 1 month	31 292	51 241	19 437
- 1-6 months	135 954	44 796	54 243
- 6 months to 1 year	9 772	5 418	4 609
- over 1 year	19 300	9 023	6 169
- write-downs of overdue receivables (-)	(7 187)	(7 832)	(7 622)
Other overdue short-term receivables	(164)	(283)	694
- up to 1 month	-	77	-
- 1-6 months	132	3	909
- 6 months to 1 year	-	-	13
- over 1 year	60 286	59 746	60 579
- write-downs of overdue receivables (-)	(60 581)	(60 109)	(60 807)
Gross overdue receivables	256 736	170 304	145 959
Write-downs of overdue receivables	(60 299)	(63 961)	(64 460)
Net overdue receivables	188 968	102 363	77 530

SHORT-TERM RECEIVABLES CLAIMED IN COURT

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Trade receivables, of which:	26	-	-
- gross amount of receivables claimed in court	61 507	60 191	60 003
- write-downs of receivables claimed (-)	(61 481)	(60 191)	(60 003)
Other short-term receivables, of which:	-	-	-
- gross amount of receivables claimed in court	-	-	-
- write-downs of receivables claimed (-)	-	-	-
Gross receivables claimed in court	61 507	60 191	60 003
Write-downs of receivables claimed	(61 481)	(60 191)	(60 003)
Net amount of receivables claimed in court	26	-	-

The standard adopted payment term of receivables in the normal course of sales is 14-30 days.

According to Boards of Directors of the Capital Group Companies, the associated risk is contained using an allowance for doubtful accounts .

NOTE 9

INVENTORIES

STRUCTURE OF INVENTORIES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Materials	17 465	13 497	18 262
Work-in-progress	26 240	15 251	4 353
Finished goods	86	28	-
Commodities	9 237	9 050	6 319
Payments on account of deliveries	7 741	2 319	7 079
Total, of which	60 769	40 145	36 013
- carrying amount of inventories carried at fair value less costs to sell	-	-	-
- carrying amount of inventories used to secure liabilities	-	3 000	8 000

INVENTORY WRITE DOWNS

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Amount of inventories expensed in the reporting period	180 526	266 224	58 728
Inventory write-downs expensed in the reporting period	1	124	146
Inventory write-downs reversed in the reporting period	87	454	263

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Inventories are not used to secure any liabilities of the Capital Group Companies, and no agreements on their restricted use were signed.

PBG Capital Group creates inventory write-downs if there is a reasonable doubt that the purchase price or cost of construction/development of inventories may not be recovered, or if their selling prices dropped significantly. In particular, a write-down is made for inventories that were damaged or became partially or totally useless.

As at each balance sheet date, the Capital Group Companies carry out individual reviews of their inventories. When estimating net recoverable value of inventories, their application and usefulness in production and services is mainly taken into account.

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 10

CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

Item	Amount of contract revenues initially defined in the contract	Changes	Total amount of contract revenues	Costs incurred by the balance sheet date	Remaining costs required to complete the contract	Estimated total costs of the contract	Estimated gains	Stage of completion as at the balance sheet date	Amount of advance payments received	Amount of retained money
Contracts for construction services	4 302 787	126 454	4 429 241	2 216 396	1 925 008	4 141 404	287 837	54%	92 894	53 651
Total	4 302 787	126 454	4 429 241	2 216 396	1 925 008	4 141 404	287 837	54%	92 894	53 651

CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 DECEMBER 2007

Item	Amount of contract revenues initially defined in the contract	Changes	Total amount of contract revenues	Costs incurred by the balance sheet date	Remaining costs required to complete the contract	Estimated total costs of the contract	Estimated gains	Stage of completion as at the balance sheet date	Amount of advance payments received	Amount of retained money
Contracts for construction services	4 234 085	46 932	4 281 017	1 880 709	2 120 080	4 000 789	280 228	47%	69 742	60 137
Total	4 234 085	46 932	4 281 017	1 880 709	2 120 080	4 000 789	280 228	47%	69 742	60 137

CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007

Item	Amount of contract revenues initially defined in the contract	Changes	Total amount of contract revenues	Costs incurred by the balance sheet date	Remaining costs required to complete the contract	Estimated total costs of the contract	Estimated gains	Stage of completion as at the balance sheet date	Amount of advance payments received	Amount of retained money
Contracts for construction services	3 689 197	25 427	3 714 624	1 641 986	1 965 052	3 607 038	107 586	46%	72 619	71 912
Total	3 689 197	25 427	3 714 624	1 641 986	1 965 052	3 607 038	107 586	46%	72 619	71 912

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

Item	Costs incurred by 30.06.2008 related to completion of the contract	Gains recognised by 30.06.2008 (-)	Losses recognised by 30.06.2008 (-)	Incurring costs adjusted by the recognised gains and losses	Amounts invoiced by 30.06.2008	Contract receivables as at 30.06.2008	Contract payables as at 30.06.2008
Contracts for construction services	2 216 396	-	36 781	2 253 177	1 688 113	582 637	(6 473)
Total	2 216 396	-	36 781	2 253 177	1 688 113	582 637	(6 473)

CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 DECEMBER 2007

Item	Costs incurred by 31.12.2007 related to completion of the contract	Gains recognised by 31.12.2007 (-)	Losses recognised by 31.12.2007 (-)	Incurring costs adjusted by the recognised gains and losses	Amounts invoiced by 31.12.2007	Contract receivables as at 31.12.2007	Contract payables as at 31.12.2007
Contracts for construction services	1 880 709	-	46 128	1 926 837	1 467 740	439 585	(19 594)
Total	1 880 709	-	46 128	1 926 837	1 467 740	439 585	(19 594)

CONTRACTS FOR CONSTRUCTION SERVICES FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007

Item	Costs incurred by 30.06.2007 related to completion of the contract	Gains recognised by 30.06.2007 (-)	Losses recognised by 30.06.2007 (-)	Incurring costs adjusted by the recognised gains and losses	Amounts invoiced by 30.06.2007	Contract receivables as at 30.06.2007	Contract payables as at 30.06.2007
Contracts for construction services	1 641 986	-	60 516	1 702 502	1 193 110	437 611	(28 271)
Total	1 641 986	-	60 516	1 702 502	1 193 110	437 611	(28 271)

The Board of Directors of PBG SA disclosed information required by IAS 11 (Construction Contracts) in total amounts and not broken down into individual contracts, as this information is a trade secret.

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

As contracts for construction services are accounted for in accordance with IAS 11, and revenues and expenses must be estimated, this area is subject to special supervision by Boards of Directors of PBG Capital Group. Budgets are prepared to the best knowledge and experience of Capital Group Companies. At the preparation and implementation stage of construction projects, all budgets are updated on a regular basis.

When the total expected contract cost exceeds total contract revenues, provisions for the expected losses are established. These provisions are recognised in the P&L Account in the amount of the surplus of costs over revenues when this surplus is disclosed.

Provisions are also established for warranty servicing. These provisions cover the expected costs of repairs and removal of defects in the warranty or guarantee period. Their amount is equal to the estimated costs of repairs in the contract implementation period in proportion to its stage of completion.

NOTE 11

PREPAID EXPENSES

LONG-TERM PREPAID EXPENSES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
a) prepaid expenses, of which:	4 301	4 787	4 010
- insurance policies	1 425	2 039	489
- insurance guarantees	2 277	2 487	3 398
- other (subscriptions, training)	599	261	123
Total	4 301	4 787	4 010

SHORT-TERM PREPAID EXPENSES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
a) prepaid expenses, of which:			
- insurance policies	2 838	3 324	2 739
- guarantees	3 696	2 861	3 437
- Integrated Management System	1	1	16
- costs of two reporting periods – end of period 1/beginning of period 2	16	116	839
- reusable materials accounted for <i>pro rata temporis</i>	1 206	-	-
- other (subscriptions, training)	4 967	1 732	2 269
- costs incurred before the contract conclusion	6 748	4 129	2 013
- costs of share issue	27	499	2 080
- costs in respect of future acquisitions	480	2 063	815
- other	179	-	294
Total	20 158	14 725	14 502

NOTE 12

OTHER FINANCIAL ASSETS

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Financial assets carried at fair value through profit or loss	1 705	1 582	1 217
Held-to-maturity investments	14 275	11 052	11 098
Loans and receivables	21 715	14 622	9 859

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Available-for-sale financial assets	29 280	29 377	13 723
Fair value hedges	-	-	-
Cash flow hedges	84 607	43 611	19 977
Total financial assets	151 582	100 244	55 874
- long-term	49 374	41 834	26 343
-short-term	102 208	58 410	29 531

ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Derivatives	-	-	-
Stock of listed companies	-	-	-
Debt securities	-	-	-
Investment fund share units	-	-	-
Financial assets carried at fair value through profit or loss	1 705	1 582	1 217
Total financial assets carried at fair value through profit or loss	1 705	1 582	1 217
- long-term	-	-	-
-short-term	1 705	1 582	1 217

CHANGE IN FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	1 582	-	-
Acquisitions	-	-	-
Valuation recognised in profit or loss	1 052	1 582	1 217
Impairment losses (-)	-	-	-
Disposal (-)	(929)	-	-
Other changes	-	-	-
Closing balance	1 705	1 582	1 217

DERIVATIVES OTHER THAN HEDGES AS AT 30 JUNE 2008

Transaction type	Conclusion date	Transaction period	Notional amount	Fair value
				Asset
ING BANK ŚLĄSKI SA				
Forward – transaction no. 214850	2007-11-20	10 months	3 709	336
Forward – transaction no. 214851	2007-11-20	10 months	3 709	336
Forward – transaction no. 215184	2007-11-26	13 months	3 742	351
RAIFFEISEN BANK POLSKA SA				
Forward – transaction no. FX 732301691	2007-11-19	10 months	3 714	346
Forward – transaction no. FX 732300989	2007-11-16	11 months	3 703	336
Total			18 577	1 705

HELD-TO-MATURITY INVESTMENTS

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Bonds	-	-	-
Commercial papers	14 275	10 896	10 605
Fixed-term deposits	-	156	493
Total held-to-maturity investments	14 275	11 052	11 098
- long-term	2 999	11 052	11 098
-short-term	11 276	-	-

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

CHANGE IN HELD-TO-MATURITY INVESTMENTS

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	11 052	351	351
Acquisitions	3 000	10 756	10 743
Interest calculated at effective interest rate	380	426	134
Impairment losses (-)	-	-	-
Change of asset category	-	(351)	-
Disposal (-)	(157)	(130)	(-130)
Other changes	-	-	-
Closing balance	14 275	11 052	11 098

PBG SA buys bonds and commercial papers issued by other business entities. In each case, interest is calculated at fixed interest rate. Securities are purchased for a period of 1 to 3 years.

LOANS AND RECEIVABLES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Loan granted to: Bathinex Sp. z o.o.:			
Date: 10.06.2007	-	-	4 011
Loan granted to: Jastarport Sp. z o.o.:			
Date: 30.05.2008	6 039	-	-
Loans granted to: Lubickie Wodociągi Sp. z o.o.:			
Date: 27.12.2004	339	332	353
Date: 20.06.2005	19	19	20
Date: 19.10.2005	97	95	101
Date: 28.11.2006	1 451	1 420	1 511
Loan granted to: PI Czwiertnia Sp. z o.o.:			
Date: 11.09.2007	-	1 020	-
Loans granted to: Piecobiogaz SA:			
Date: 18.07.2007	3 624	3 499	-
Date: 14.09.2007	4 435	4 283	-
Loan granted to: Remaxbud Sp. z o.o.:			
Date: 14.03.2007	1 500	1 500	1 500
Loan granted to a legal person: Koszykarski Klub Sportowy:			
Date: 02.04.2008	153	-	-
Loans granted to: TOSKA Włocławek			
Date: 26.04.2006	87	66	275
Date: 20.06.2006	-	217	-
Loans granted to natural persons	2 289	2 140	2 057
Loans granted to employees	1 680	23	-
Refunds and commissions on loans granted	2	8	31
Total loans and receivables	21 715	14 622	9 859
- long-term	15 353	1 405	1 493
-short-term	6 362	13 217	8 366

CHANGE IN LOANS AND RECEIVABLES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	14 622	5 441	5 441
Increase – inclusion of new companies to the Capital Group	-	8	-
Acquisition – loans granted	9 413	11 234	6 536
Interest calculated at effective interest rate	711	637	213
Impairment losses (-) valuation	-	(66)	(13)
Change of asset category	-	-	(988)
Disposal (-) repayment of loans	(3 023)	(3 179)	(1 952)
Other, of which: loans waived	(8)	-	(24)
Other, of which: reversal of write-downs	-	547	646
Closing balance	21 715	14 622	9 859

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

Transaction type	Conclusion date	Transaction period	Nominal amount	Nominal interest rate	Carrying amount
Loan granted to: Jastarpport Sp. z o.o.	2008-05-30	19 months	6 000	wibor 3M+2%	6 039
Loan granted to: Lubickie Wodociągi Sp. z o.o.	2004-12-27	100 months	332	wibor 1M+2%	339
Loan granted to: Lubickie Wodociągi Sp. z o.o.	2005-06-20	94 months	19	wibor 1M+2%	19
Loan granted to: Lubickie Wodociągi Sp. z o.o.	2005-10-19	90 months	95	wibor 1M+2%	97
Loan granted to: Lubickie Wodociągi Sp. z o.o.	2006-11-28	77 months	1 421	wibor 1M+2%	1 451
Loan granted to: Piecobiogaz SA	2007-07-18	29 months	3 400	wibor 3M+1%	3 624
Loan granted to: Piecobiogaz SA	2007-09-14	28 months	4 200	wibor 3M+1%	4 435
Loan granted to: Remaxbud Sp. z o.o.	2007-03-14	22 months	1 500	wibor 3M+1%	1 500
Loan granted to: TOSKA Włocławek	2006-04-26	23 months	60	wibor 3M+1%	87
Loan granted to a legal person: Koszykarski Klub Sportowy	2008-04-02	5 months	150	wibor 3M+2%	153
Loans granted to natural persons	x	x	2 090	x	2 289
Loans granted to employees	x	x	-	x	1 680
Refunds and commissions on loans granted	x	x	-	x	2
Total:					21 715

CASH FLOW HEDGES AS AT 30.06.2008

Transaction type	Conclusion date	Transaction period	Notional amount	Fair value	
				Assets	Liability
BZ WBK SA					
- Forward transaction	2007-08-21	13 months	3 878	255	-
- Forward transaction	2007-08-21	13 months	3 878	752	-
- Forward transaction	2007-11-19	10 months	3 716	344	-
- Forward transaction	2006-12-08	24 months	1 000	486	-
- Forward transaction	2006-12-08	24 months	1 000	480	-
- Forward transaction	2007-01-26	15 months	351	181	-
- Forward transaction	2007-11-29	10 months	227	68	-
- Forward transaction	2007-11-29	11 months	100	30	-
- Forward transaction	2007-11-29	12 months	423	124	-
- Forward transaction	2007-11-29	13 months	686	200	-
- Forward transaction	2007-11-29	14 months	747	219	-
- Forward transaction	2007-11-29	15 months	462	136	-
- Forward transaction	2007-11-29	16 months	362	107	-
- Forward transaction	2007-11-29	17 months	362	107	-
- Forward transaction	2007-11-29	18 months	262	78	-
- Forward transaction	2007-11-29	19 months	262	78	-
- Forward transaction	2007-07-26	14 months	5 359	635	-
- Forward transaction	2007-08-16	20 months	3 889	475	-
- Forward transaction	2007-11-19	10 months	3 716	344	-
DnB NORD SA					
- Forward transaction	2008-05-28	28 months	17 158	249	-
- Forward transaction	2007-07-26	14 months	2 616	328	-
- Forward transaction	2007-11-26	10 months	3 704	338	-
- Forward transaction	2007-11-26	10 months	3 709	343	-
- Forward transaction	2007-11-26	10 months	3 709	343	-
- Forward transaction	2007-11-26	13 months	3 717	339	-
- Forward transaction	2007-11-26	13 months	3 717	339	-
- Forward transaction	2007-11-16	10 months	3 704	338	-
- Forward transaction	2007-11-16	10 months	3 709	343	-
- Forward transaction	2007-11-07	26 months	2 974	-	838
DZ BANK SA					
- Forward transaction	2007-08-16	13 months	4 235	522	-
- Forward transaction	2007-08-16	16 months	11 211	1 365	-
- Forward transaction	2007-08-16	19 months	4 271	517	-

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

- Forward transaction	2007-08-22	28 months	15 397	1 709	-
- Forward transaction	2007-07-26	14 months	5 929	699	-
- Forward transaction	2007-07-26	14 months	3 845	471	-
- Forward transaction	2007-07-26	14 months	3 845	471	-
ING BANK ŚLĄSKI SA					
- Forward transaction	2008-01-23	11 months	3 694	305	-
- Forward transaction	2008-01-23	11 months	3 694	305	-
- Forward transaction	2008-01-23	11 months	3 694	305	-
BANK MILLENNIUM SA					
- Forward transaction	2007-07-26	14 months	4 209	497	-
- Forward transaction	2007-08-21	13 months	345	45	-
- Forward transaction	2007-11-16	10 months	3 706	334	-
- Forward transaction	2007-11-16	10 months	3 706	334	-
- Forward transaction	2007-11-16	10 months	3 706	334	-
- Forward transaction	2007-11-19	10 months	7 428	683	-
- Forward transaction	2007-07-26	16 months	3 833	440	-
- Forward transaction	2007-07-27	16 months	3 857	463	-
- Forward transaction	2007-08-21	15 months	7 774	985	-
- Forward transaction	2008-04-29	8 months	3 470	88	-
- Forward transaction	2008-04-29	8 months	3 470	88	-
- Forward transaction	2006-11-24	31 months	1 000	465	-
- Forward transaction	2006-11-24	28 months	1 800	854	-
- Forward transaction	2006-11-24	25 months	1 859	892	-
- Forward transaction	2006-11-24	22 months	1 420	696	-
- Forward transaction	2006-11-27	34 months	1 700	759	-
- Forward transaction	2006-11-27	37 months	1 700	741	-
- Forward transaction	2006-11-27	40 months	2 000	862	-
- Forward transaction	2007-01-05	25 months	2 000	1 052	-
- Forward transaction	2007-01-10	25 months	1 000	517	-
- Forward transaction	2007-01-10	25 months	1 000	527	-
- Forward transaction	2007-01-26	25 months	2 500	1 366	-
- Forward transaction	2007-01-30	25 months	2 500	1 381	-
- Forward transaction	2007-08-21	20 months	925	434	-
- Forward transaction	2007-08-21	23 months	2 789	1 280	-
- Forward transaction	2007-08-21	22 months	2 789	1 290	-
- Forward transaction	2007-08-21	21 months	736	343	-
- Forward transaction	2007-08-21	18 months	837	396	-
- Forward transaction	2007-08-21	17 months	235	112	-
- Forward transaction	2007-08-21	19 months	293	139	-
- Forward transaction	2007-08-23	17 months	3 000	1 374	-
- Forward transaction	2006-08-30	25 months	3 754	2 512	-
- Forward transaction	2006-09-12	28 months	6 000	4 008	-
- Forward transaction	2006-09-12	35 months	3 612	2 342	-
- FXSwap	2008-05-16	8 months	1 500	-	1 001
PEKAO SA					
- Forward transaction	2007-05-30	13 months	5 817	730	-
- Forward transaction	2007-05-30	16 months	11 526	1 400	-
- Forward transaction	2007-05-30	19 months	23 082	2 712	-
- Forward transaction	2007-06-13	27 months	17 429	1 928	-
- Forward transaction	2007-06-13	30 months	27 537	2 974	-
- Forward transaction	2007-08-21	13 months	3 884	508	-
- Forward transaction	2007-08-21	18 months	4 680	585	-
- Forward transaction	2007-08-21	19 months	756	96	-
- Forward transaction	2008-01-17	14months	5 507	404	-
- Forward transaction	2008-01-17	20months	6 304	470	-
- Forward transaction	2008-01-17	23months	3 253	237	-
- Forward transaction	2007-07-26	14 months	3 829	455	-
- Forward transaction	2007-07-26	14 months	3 830	456	-
- Forward transaction	2007-07-26	14 months	3 828	454	-
- Forward transaction	2007-11-19	10 months	3 716	344	-
- Forward transaction	2007-11-19	13 months	3 731	341	-
- Forward transaction	2007-11-19	13 months	3 731	341	-
- Forward transaction	2007-11-16	10 months	3 704	332	-
- Forward transaction	2008-01-18	11 months	3 679	291	-
- Forward transaction	2008-01-18	11 months	3 679	291	-
- Forward transaction	2008-01-18	8, 5 m-ca	3 661	289	-

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

PEKAO SA (BPH SA)					
- Forward transaction	2007-08-21	13 months	1 003	485	-
- Forward transaction	2007-08-21	15 months	1 288	613	-
- Forward transaction	2007-08-21	16 months	734	347	-
- Forward transaction	2007-08-21	24 months	2 133	964	-
- Forward transaction	2007-08-21	25 months	1 766	794	-
- Forward transaction	2007-08-21	26 months	1 943	869	-
- Forward transaction	2007-08-21	27 months	2 176	968	-
- Forward transaction	2007-08-21	28 months	2 466	1 091	-
- Forward transaction	2007-08-21	29 months	1 185	522	-
- Forward transaction	2007-08-21	30 months	968	424	-
- Forward transaction	2007-08-21	32 months	1 129	491	-
- Forward transaction	2007-08-21	34 months	829	357	-
- Forward transaction	2007-08-21	37 months	644	273	-
- Forward transaction	2006-08-08	36 months	2 500	1 347	-
- Forward transaction	2006-08-08	33 months	2 000	1 098	-
- Forward transaction	2006-08-08	28 months	2 000	1 114	-
- Option	2006-08-08	24 months	500	220	-
- Option	2006-08-08	25 months	500	217	-
- Option	2006-08-08	26 months	500	214	-
- Option	2006-08-08	28 months	500	210	-
- Option	2006-08-08	28 months	500	208	-
- Option	2006-08-08	30 months	500	205	-
- Option	2006-08-08	31 months	500	202	-
- Option	2006-08-08	32 months	500	200	-
RAIFFEISEN BANK SA					
- Forward transaction	2008-04-04	11 months	546	74	-
- Forward transaction	2008-04-04	12 months	1 662	231	-
- Forward transaction	2008-04-04	13 months	1 662	234	-
- Forward transaction	2008-04-04	14 months	1 432	190	-
- Forward transaction	2008-04-04	16 months	1 662	216	-
- Forward transaction	2008-04-04	17 months	974	127	-
- Forward transaction	2008-04-04	18 months	1 662	223	-
- Forward transaction	2008-04-04	19 months	1 662	221	-
- Forward transaction	2008-04-04	20 months	286	38	-
- Forward transaction	2008-04-04	21 months	1 662	228	-
- Forward transaction	2008-04-04	22 months	744	104	-
- Forward transaction	2008-04-04	23 months	1 662	234	-
- Forward transaction	2008-04-04	24 months	286	41	-
- Forward transaction	2008-04-04	25 months	1 662	243	-
- Forward transaction	2008-04-29	33 months	14 954	1 384	-
- Forward transaction	2008-04-11	23 months	3 522	87	-
- Forward transaction	2008-04-11	23 months	3 522	87	-
- Forward transaction	2008-04-11	23 months	3 522	87	-
- Forward transaction	2008-04-11	23 months	3 522	87	-
- Forward transaction	2008-04-11	23 months	3 522	87	-
- Forward transaction	2008-04-11	23 months	3 522	87	-
- Forward transaction	2008-01-18	8 months	7 320	585	-
- Forward transaction	2008-01-23	9 months	1 291	399	-
- Forward transaction	2008-01-22	10 months	1 859	578	-
- Forward transaction	2008-01-22	11 months	1 757	549	-
- Forward transaction	2008-01-22	12 months	1 757	551	-
- Forward transaction	2008-01-22	13 months	1 731	549	-
- Forward transaction	2008-01-22	14 months	1 833	584	-
- Forward transaction	2008-01-22	15 months	1 740	556	-
- Forward transaction	2008-01-22	16 months	1 719	553	-
- Forward transaction	2008-01-22	17 months	922	298	-
- Forward transaction	2008-01-22	20 months	1 661	549	-
- Forward transaction	2008-01-22	21 months	1 747	582	-
- Forward transaction	2008-01-22	22 months	1 755	589	-
- Forward transaction	2008-01-22	23 months	1 843	622	-
- Forward transaction	2008-01-22	24 months	6 370	2 160	-
Total			496 546	86 446	1 839

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Shares	29 280	29 377	13 723
Other	-	-	-
Total available-for-sale financial assets	29 280	29 377	13 723
- long-term	29 280	29 377	13 723
- short-term	-	-	-

CHANGE IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance	29 377	3 809	3 809
Increase – inclusion of new companies to the Capital Group	-	-	-
Acquisitions	-	3 374	11 520
Measurement recognised in equity	-	-	-
Impairment losses recognised in profit or loss (-)	-	(244)	(244)
Change of asset category	-	23 800	-
Disposal (-)	(97)	(1 362)	(1 362)
Other changes	-	-	-
Closing balance	29 280	29 377	13 723

NOTE 13

CASH AND CASH EQUIVALENTS

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
a) in the Polish currency	306 542	383 210	163 155
- cash	306 110	383 030	163 071
- cash in transit	400	-	74
- interest on deposits	32	180	10
b) in foreign currencies (converted to PLN)	33 625	27 095	17 325
Total	340 167	410 305	180 480

Cash and cash equivalents include cash in hand, cash in banks, and short-term financial assets with maturity not exceeding 3 months. Book value of these assets is equal to their fair value.

As the Capital Groups cooperates mainly with banks with a proven track of record, cash-related risks are reduced to a considerable extent.

NOTE 14

OTHER FINANCIAL PAYABLES AND BORROWINGS (CREDITS AND LOANS) AS AT 30.06.2008

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Credits	452 377	398 129	338 077
Loans	639	2 306	2 545
Finance lease liabilities	12 550	11 310	6 070
Payables under issue of debt securities	202 195	311 043	109 651
Payables related to derivatives (forward contracts)	-	-	-
Other financial payables	8	2 451	2 766
Total financial payables	667 769	725 239	459 109
- long-term	293 129	258 577	179 593
- short-term	374 640	466 662	279 516

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

To ensure better diversification of the financing sources, in November 2007 an agency and dealership agreement was signed with ING Bank Śląski SA for the organisation and management of a three-year bond issue programme for PBG SA and Hydrobudowa Włocławek SA (currently Hydrobudowa Polska SA) for the total nominal amount of PLN 500,000,000.00.

Under this programme, on 12 December 2007 PBG SA issued the first tranche of bearer bonds in the amount of PLN 200,000,000.00. Redemption date was set at 15 November 2010. Interest is paid based on variable WIBOR 6M interest rate.

The objective of bonds issue was to improve the structure of financing by exchanging a short-term debt for a long-term debt, gain funds for acquisitions and investments, and repay the current liability under bonds issued in 2005.

Bonds are secured with civil-law sureties up to the total amount of this issue granted by Hydrobudowa Polska SA, Infra SA and Hydrobudowa 9 PIB SA.

CREDITS AS AT 30.06.2008

Item	Liability amount	Nominal interest rate		Costs
		nominal	effective	
BGŻ SA investment facility, contract no. U/0090614330/0004/2007/4000	4 320	wibor 1M+ bank's margin *	-	130
BGŻ SA investment facility, contract no. U/0090614330/0004/2007/4000	8 333	wibor 1M+ bank's margin *	-	314
BGŻ SA revolving facility, contract no. U 0090614330/0003/2007/4000	39 228	wibor 1M+ bank's margin *	-	807
BGŻ SA revolving facility, contract no. U/0090614330/0003/2007/4000	34 000	wibor 1M+ bank's margin *	-	1 078
BOŚ SA preferential investment facility, contract no. 001/2002/WN-15/OA-NO-PR/O/056	4 486	0.4 x rediscount rate of promissory notes	-	52
BRE Bank SA Oddział Korporacyjny Bydgoszcz investment facility, contract no. 15/039/06/Z/IN	1 031	wibor 1M+ bank's margin *	-	183
BZ WBK Oddział Nowy Tomyśl investment facility, contract no. 1388/616/04/06/00	257	wibor 1M+ bank's margin *	-	13
BZ WBK SA investment facility, contract no. K0003708	11 215	wibor 1M+ bank's margin *	-	514
BZ WBK SA investment facility, contract no. K0003495	3 576	wibor 1M+ bank's margin *	-	135
BZ WBK SA investment facility, contract no. K003424	859	wibor 1M+ bank's margin *	-	36
BZ WBK SA overdraft facility, contract no. 1362/166/03	30 612	wibor 1M+ bank's margin *	-	937
DnB NORD Polska SA investment facility, contract no. 49/2005	269	wibor 1M+ bank's margin *	-	15
DZ Bank Polska SA investment facility, contract no. 2003/KI/0010	2 267	wibor 1M+ bank's margin *	-	135
ING Bank Śląski – working capital facility, framework agreement with the Group dated 06.09.2007	1 010	wibor 1M+ bank's margin *	-	11
ING Bank Śląski SA working capital facility, framework agreement dated 06.09.2007	275	wibor 1M+ bank's margin *	-	2
ING Bank Śląski working capital facility, framework agreement	14 993	wibor 1M+ bank's margin *	-	168
ING Bank Śląski SA investment facility, contract no. 8712005001000249/00	15 382	wibor 1M+ bank's margin *	-	684
ING Bank Śląski SA investment facility, contract no. 8852008001000016/00	9 333	wibor 1M+ bank's margin *	-	202

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

Kredyt Bank investment facility, contract no. 2364780KA24010800	4 831	wibor 1M+ bank's margin *	-	65
Millennium SA overdraft facility, contract no. 2/06	4 076	wibor 1M+ bank's margin *	-	250
PEKAO SA investment facility, contract no. 16/2006	20 041	wibor 1M+ bank's margin *	-	400
PEKAO SA overdraft facility,, contract no. nr 98/811	2 382	wibor 1M+ bank's margin *	-	193
PEKAO SA investment facility DDF/IIPO/2/2008/20510821	18 628	wibor 1M+ bank's margin *	-	726
PEKAO SA investment facility ICKK/IIPO/10032291427/22/2007	5 452	wibor 1M+ bank's margin *	-	115
PEKAO SA investment facility ICKK/IIPO/10032496685/11/2005	184	wibor 1M+ bank's margin *	-	10
PEKAO SA working capital facility, contract no. 26/2006	10 002	wibor 1M+ bank's margin *	-	349
PEKAO SA working capital facility, contract no. ICKK/IIPO/1003644431/10/2005	10 000	wibor 1M+ bank's margin *	-	336
PKO BP SA non-renewable working capital facility, contract no. 202-127/2/1/11/2007	2 766	wibor 1M+ bank's margin *	-	159
Raiffeisen Bank Polska SA revolving facility, contract no. CRD/L/25135/07	15 000	wibor 1M+ bank's margin *	-	504
Raiffeisen Bank SA revolving facility for on-going operations, contract no. CRD/L/25135/07	30 000	wibor 1M+ bank's margin *	-	705
Tatrabanka – credit for the financing of on-going operations, contract no. 1590/2007	2 146	bribor 1M + bank's margin*	-	54
Unicredit Banka - credit for the financing of on-going operations, contract no. 5261584/CORP/06/151	2 287	bribor 1M + bank's margin*	-	87
WesLB Bank Polska SA overdraft facility,	27 106	wibor 1M+ bank's margin *	-	856
West Bank Polska SA short-term credit, KT 1/2007	76 000	wibor 1M+ bank's margin *	-	3 000
WestLB AG London Branch & WestLB Bank Polska SA credit for the financing of on-going operations, contract no. LKWZ 3/2007	40 000	wibor 1M+ bank's margin *	-	1 056
AMEX cards	30			
Total credit facilities	452 377	x	x	15 957

* Prices and bank margins are not disclosed in accordance with the confidentiality clauses contained in contracts concluded with financial institutions.

LOANS AS AT 30.06.2008

Item	Liability amount	Nominal interest rate	Expenses
Loan received from a legal person - DM Developer:			
Date: 09.04.2008	508	Wibor 3M+1.5%	9
Loans received form natural persons			
Date: 14.05.2008	1	9,00%	-
Date: 15.03.2008	130	Wibor 1M+1%	-
Total loans	639	x	9

MATURITY OF CREDITS AND LOANS

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Short-term credits and loans	368 767	350 402	275 501
Long-term credits and loans	84 249	50 033	65 121

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

- payable after 1 to 2 years	63 538	36 512	26 561
- payable after 2 to 5 years	19 776	13 521	38 560
- payable after 5 years	935	-	-
Total credits and loans	453 016	400 435	340 622

CURRENCY STRUCTURE OF CREDITS AND LOANS

Item	as at 30.06.2008		as at 31.12.2008		as at 30.06.2007	
	in foreign currency	in PLN	in foreign currency	in PLN	in foreign currency	in PLN
a) Polish zloty (PLN)	x	448 583	x	395 333	x	340 622
b) Slovak koruna (SKK)	39 940	4 433	47 864	5 102	-	-
Total credits and loans	x	453 016	x	400 435	x	340 622

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

LONG-TERM CREDITS AS AT 30.06.2008

Name and registered office of the financial institution	Contractual amount of the credit / loan		Outstanding amount of credit / loan		Maturity date	Security
	PLN	Foreign currency	PLN	Foreign currency		
BGŻ SA Warsaw	10 000	PLN	5 833	PLN	2010-12-31	<ol style="list-style-type: none"> 1. Registered pledge on the object of the credit agreement, with assignment of rights under its insurance policy. 2. Authorisation to debit current bank accounts of each Borrower in the Bank. 3. Blank promissory notes issued by each Borrower with promissory note agreements.
BGŻ SA Warsaw	2 500	PLN	2 506	PLN	2010-12-31	<ol style="list-style-type: none"> 1. Blank promissory note with a promissory note agreement 2. Registered pledge on the asset. 3. Authorisation to debit the current and future accounts in the Bank.
BOŚ O/Poznań	11 231	PLN	3 209	PLN	2011-12-15	<ol style="list-style-type: none"> 1. Blank promissory note secured by Mr Jerzy Wiśniewski and Mrs Małgorzata Wiśniewska, Mr. Marek Grunt and his spouse, as well as Mr. Tomasz Woroch and his spouse. 2. Guarantee issued by BRE BANK SA branch office in Poznań.
BRE Bank SA Oddział Korporacyjny Bydgoszcz	1 967	PLN	502	PLN	2010-06-30	<ol style="list-style-type: none"> 1. Blank promissory note with a promissory note agreement. 2. Registered pledge on a new drum roller HAMM 3412 used in construction works. 3. Registered pledge on a new high-capacity cold recycler used for soil stabilisation and renovation of damaged road surfaces - Wirtgen WR 2400.
BZ WBK SA Poznań	1 336	PLN	409	PLN	2010-05-28	<ol style="list-style-type: none"> 1. Authorisation to debit bank accounts in the Bank 2. Blank promissory note with a promissory note agreement.
BZ WBK SA Poznań	13 327	PLN	11 215	PLN	2010-07-31	<ol style="list-style-type: none"> 1. Blanket mortgage for the credit amount and capped mortgage for PLN 6 million on real property covered by the credit financing. 2. Civil law surety of PBG SA. 3. Authorisation to debit the current and future accounts in BZ WBK SA. 4. Assignment of receivables from contracts of lease concluded with Hydrobudowa Polska SA.
BZ WBK SA Wrocław	4 000	PLN	3 111	PLN	2012-06-30	<ol style="list-style-type: none"> 1. Registered pledge on plant and machinery financed with the credit facility. 2. Civil law surety of PBG SA with its registered office in Wysogotowo at ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note with promissory note agreement.
ING Bank Śląski SA Katowice	10 000	PLN	7 377	PLN	2013-03-30	<ol style="list-style-type: none"> 1. Capped mortgage in the amount of PLN 13,000,000 on the property located in Wysogotowo, Tarnowo Podgórne municipality, no. KW PO1P/00218712/9. 2. Assignment of rights from the insurance policy of the same property. 3. Authorisation to debit the bank account in ING Bank Śląski SA.
ING Bank Śląski SA Katowice	36 000	PLN	10 789	PLN	2011-12-31	<ol style="list-style-type: none"> 1. Authorisation to debit bank accounts in ING Bank Śląski SA. 2. The first capped mortgage up to PLN 18,000k on the property located in Wysogotowo, Tarnowo Podgórne municipality, no. KW 91.909. 3. The first capped mortgage up to PLN 18,000k on the property located in the Tarnowo Podgórne municipality, plot no. 64/23, no. KW 66.276. 4. Assignment of rights from the insurance policy of the same property. 5. Letter of intent/representation of Mr Jerzy Wisniewski to keep the majority of votes at the AGM of PBG SA. 6. Civil law surety of Hydrobudowa Polska SA and Infra SA.

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Kredyt Bank Warsaw	10 680	PLN	3 051	PLN	2011-12-31	<ol style="list-style-type: none"> 1. Blanket mortgage in the amount of PLN 10,680k on the perpetual usufruct of land and ownership title to buildings and structures located on this land and constituting a separate object of ownership. 2. Capped mortgage up to the amount of PLN 2,670k on the perpetual usufruct of land and ownership title to buildings and structures located on this land and constituting a separate object of ownership. 3. Assignment of rights from the insurance policy of the said property (fire/other fortuitous events). 4. Blank promissory note issued by the Borrower + promissory note agreement.
PEKAO SA Poznań	18 700	PLN	15 895	PLN	2013-09-30	<ol style="list-style-type: none"> 1. Authorisation to debit the Borrower's bank accounts in the Bank. 2. Judgment note (agreement for judgment). 3. Registered pledge on 25,000 shares of PRID SA. 4. Civil law surety of Hydrobudowa Polska SA.
PEKAO SA Poznań	7 000	PLN	3 728	PLN	2011-04-29	<ol style="list-style-type: none"> 1. Blank promissory note with a promissory note agreement. 2. Registered pledge on the financed asset. 3. Authorisation to debit the current and future accounts in PEKAO SA. 4. Judgment note (agreement for judgment) pursuant to Art. 97 section 1 and 2 of the Banking Law of 29 August 1997 pursuant to the Code of Civil Procedure.
PEKAO SA Warsaw	40 000	PLN	16 116	PLN	2012-04-30	<ol style="list-style-type: none"> 1. Registered pledge on the object of the credit agreement, with assignment of rights under its insurance policy. 2. Authorisations to debit the Borrower's current and future accounts in the Bank. 3. Judgment note (agreement for judgment) pursuant to the Code of Civil Procedure. 4. The Borrower's blank promissory note + a promissory note agreement issued by the Borrower, not paid up.
Total			83 741			

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

SHORT-TERM CREDITS AS AT 30.06.2008

Name and registered office of the financial institution	Contractual amount of the credit / loan		Outstanding amount of credit / loan		Maturity date	Security
	PLN	Foreign currency	PLN	Foreign currency		
BGŻ SA Warsaw	10 000	PLN	2 500	PLN	2010-12-31	1. Registered pledge on the object of the credit agreement, with assignment of rights under its insurance policy. 2. Authorisation to debit current bank accounts of each Borrower in the Bank. 3. Blank promissory notes issued by each Borrower with promissory note agreements.
BGŻ SA Warsaw	34 000	PLN	34 000	PLN	2013-05-26	1. Confirmed assignments of receivables from contracts of the minimum value of 150% of the utilised limit. 2. Authorisations to debit the Borrower's current accounts. 3. Blank promissory note. 4. Joint security for the repayment. 5. Joint enforceable title up to PLN 127.5 million valid until 26 March 2017.
BGŻ SA Warsaw	39 000	PLN	39 000	PLN	2008-04-25	1. Confirmed assignment of receivables from contracts implemented by the Borrower of the minimum value of 200% of the utilised limit. 2. Authorisation to debit the current and future accounts in the Bank. 3. Blank promissory note with a promissory note agreement.
BGŻ SA Warsaw	1 805	PLN	1 805	PLN	2009-06-30	1. Blank promissory note with a promissory note agreement. 2. Registered pledge on the financed asset. 3. Authorisation to debit the current and future accounts in the Bank.
BOŚ O/Poznań	11 231	PLN	1 284	PLN	2011-12-15	1. Blank promissory note secured by Mr Jerzy Wiśniewski and Mrs Małgorzata Wiśniewska, Mr. Marek Grunt and his spouse, as well as Mr. Tomasz Woroch and his spouse. 2. Guarantee issued by BRE BANK SA branch office in Poznań.
BRE Bank SA Oddział Korporacyjny Bydgoszcz	1 967	PLN	529	PLN	2010-06-30	1. Blank promissory note with a promissory note agreement. 2. Registered pledge on a new drum roller HAMM 3412 used in construction works. 3. Registered pledge on a new high-capacity cold recycler used for soil stabilisation and renovation of damaged road surfaces - Wirtgen WR 2400.
BZ WBK SA O/Poznań	30 613	PLN	30 613	PLN	2008-10-15	1. Capped mortgage. 2. Assignment of rights under insurance policies of buildings and structures. 3. Authorisation to debit the bank account. 4. Assignment of receivables from contracts.
BZ WBK SA Oddział Nowy Tomyśl	2 000	PLN	257	PLN	2008-12-31	1. Registered pledge on an asphalt paver with assignment of its insurance policy in respect of the Bank.
BZ WBK SA Poznań	1 336	PLN	445	PLN	2010-05-28	1. Authorisation to debit bank accounts in the Bank. 2. Blank promissory note with a promissory note agreement.
BZ WBK SA Wrocław	4 000	PLN	444	PLN	2012-06-30	1. Registered pledge on plant and machinery financed with the credit facility. 2. Civil law surety of PBG SA with its registered office in Wysogotowio at ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note with promissory note agreement.

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

DnB NORD Polska SA Warsaw	2 000	PLN	269	PLN	2008-12-31	<ol style="list-style-type: none"> 1. Registered pledge on transport vehicles owned by PBG SA and financed or refinanced by the Bank. 2. Assignment of receivables in respect of the Bank from the contract of insurance of assets financed or refinanced by the Bank.
DZ BANK SA Poznań	12 000	PLN	2 267	PLN	2009-02-27	<ol style="list-style-type: none"> 1. Blanket mortgage in the amount of PLN 6,000,000 on a built-up property owned by the Borrower, located in Tarnowo Podgórze municipality, registered in the Land and Mortgage Register entry no. KW 136241. 2. Assignment of receivables under the property insurance contract (see 1 above). 3. Promissory note issued by the Borrower + promissory note agreement. 4. Authorisation to debit the Borrower's bank account.
ING Bank Śląski SA	1 000	PLN	1 000	PLN	2008-09-05	<ol style="list-style-type: none"> 1. Authorisation to debit the Borrower's bank account. 2. Corporate guarantee.
ING Bank Śląski SA	1 000	PLN	275	PLN	2008-09-06	<ol style="list-style-type: none"> 1. Authorisation to debit the current and future accounts in ING Bank Śląski SA. 2. Corporate guarantee issued by Borrowers.
ING Bank Śląski SA Katowice	10 000	PLN	1 967	PLN	2013-03-30	<ol style="list-style-type: none"> 1. Capped mortgage up to the amount of PLN 13,000,000 on the property located in Wysogotowo, Tarnowo Podgórze municipality, no. KW PO1P/00218712/9. 2. Assignment of rights from the insurance policy of the same property. 3. Authorisation to debit the bank account in ING Bank Śląski SA.
ING Bank Śląski SA Katowice	36 000	PLN	4 316	PLN	2011-12-31	<ol style="list-style-type: none"> 1. Authorisation to debit bank accounts in ING Bank Śląski SA. 2. The first capped mortgage up to PLN 18,000k on the property located in the Tarnowo Podgórze municipality, no. KW 91.909. 3. The first capped mortgage up to PLN 18,000k on the property located in the Tarnowo Podgórze municipality, plot no. 64/23, no. KW 66.276. 4. Assignment of rights from the insurance policy of the same property. 5. Letter of intent/representation of Mr Jerzy Wisniewski to keep the majority of votes at the AGM of PBG SA. 6. Civil law surety of Hydrobudowa Polska SA and Infra SA.
ING Bank Śląski SA Katowice	15 000	PLN	14 992	PLN	2008-12-20	<ol style="list-style-type: none"> 1. Corporate guarantee.
Kredyt Bank SA Warsaw	10 680	PLN	1 780	PLN	2011-12-31	<ol style="list-style-type: none"> 1. Blanket mortgage in the amount of PLN 10,680k on the perpetual usufruct of land and ownership title to buildings and structures located on this land and constituting a separate object of ownership. 2. Capped mortgage up to the amount of PLN 2,670k on the perpetual usufruct of land and ownership title to buildings and structures located on this land and constituting a separate object of ownership. 3. Assignment of rights from the insurance policy of the said property (fire/other fortuitous events). 4. Blank promissory note issued by the Borrower + promissory note agreement.
Millennium SA Warsaw	9 000	PLN	4 076	PLN	2008-07-31	<ol style="list-style-type: none"> 1. Blank promissory note with a promissory note agreement. 2. Assignment of receivables from contracts whose total outstanding amount represents at least 200% of the limit after at least 1 month following the transaction date, provided that this assignment will relate to the concluded contracts. 3. Authorisation to debit the Borrower's current bank account. 4. Civil law surety of PBG SA. 5. The Borrower's judgment note (agreement for judgment).

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

PEKAO SA Szczecin	3 300	PLN	2 766	PLN	2008-08-30	<ol style="list-style-type: none"> 1. The Company's blank promissory note guaranteed by its Partners. 2. Set-off clause regarding the Borrower's current account in PKO BP SA 1 Oddział w Szczecinie (Branch Office in Szczecin). 3. Capped mortgage up to the amount of PLN 5,000 million on an agricultural property located in Dabrówka, municipality of Dopiewo, plot no. 385 and 386, registered by the Local Court in Poznań, XII Local Land Registry Division, in the Land and Mortgage Register no. KW PO1P/00033218/5 and PO1P/00021778/1.
PEKAO SA Poznań	3 000	PLN	182	PLN	2010-05-11	<ol style="list-style-type: none"> 1. Blank promissory note with a promissory note agreement. 2. Registered pledge on the financed asset. 3. Authorisation to debit the current and future accounts in Bank PEKAO SA. 4. Judgment note (agreement for judgment) pursuant to Art. 97 section 1 and 2 of the Banking Law of 29 August 1997 pursuant to the Code of Civil Procedure.
PEKAO SA Poznań	35 000	PLN	10 000	PLN	2007-04-30	<ol style="list-style-type: none"> 1. Assignment of receivables with a condition precedent from contracts in the minimum amount of 150% of the utilised facility. 2. Authorisations to debit the Borrower's current and future accounts. 3. Written judgment note (agreement for judgment) pursuant to Art. 97 section 1 and 2 of the Banking Law of 29 August 1997, pursuant to the Code of Civil Procedure.
PEKAO SA Poznań	7 000	PLN	1 712	PLN	2011-04-29	<ol style="list-style-type: none"> 1. Blank promissory note with a promissory note agreement. 2. Registered pledge on the financed asset. 3. Authorisation to debit the current and future accounts in PEKAO SA. 4. Judgment note (agreement for judgment) pursuant to Art. 97 section 1 and 2 of the Banking Law of 29 August 1997, pursuant to the Code of Civil Procedure
PEKAO SA Poznań	18 700	PLN	2 805	PLN	2013-09-30	<ol style="list-style-type: none"> 1. Authorisation to debit the Borrower's bank accounts in the Bank. 2. Judgment note (agreement for judgment). 3. Registered pledge on 25.000 shares of PRID SA. 4. Civil law surety of Hydrobudowa Polska SA.
PEKAO SA Warsaw	40 000	PLN	3 922	PLN	2012-04-30	<ol style="list-style-type: none"> 1. Registered pledge on the object of the credit agreement, with assignment of rights under its insurance policy. 2. Authorisations to debit the Borrower's current and future accounts in the Bank. 3. Judgment note (agreement for judgment) pursuant to the Code of Civil Procedure. 4. The Borrower's blank promissory note + a promissory note agreement issued by the Borrower, not paid up.
PEKAO SA Warsaw	10 000	PLN	2 382	PLN	2009-04-30	<ol style="list-style-type: none"> 1. Assignment of receivables from the implemented contracts up to 200% of the Bank's commitment. 2. Civil law surety of PBG SA. 3. Authorisation to debit the Borrower's current accounts in Pekao SA. 4. Judgment note (agreement for judgment).
PEKAO SA Warsaw	10 000	PLN	10 000	PLN	2009-04-30	<ol style="list-style-type: none"> 1. Assignment of receivables from the implemented contracts up to 200% of the Bank's commitment. 2. Civil law surety of PBG SA. 3. Authorisation to debit the Borrower's current accounts in Pekao SA. 4. Judgment note (agreement for judgment).

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

Raiffeisen Bank Polska SA Warsaw	15 000	PLN	15 000	PLN	2008-11-28	1. Blank promissory note with a promissory note agreement. 2. Authorisation to debit the Borrower's bank accounts in the Bank. 3. The Borrower's judgment note (agreement for judgment). 4. Assignment of receivables from the contract.
Raiffeisen Bank Polska SA Warsaw	30 000	PLN	30 000	PLN	2008-09-27	1. Assignment of receivables.
Tatrabanka a.s. Bratislava	3 108	SKK	2 146	SKK	2008-06-30	1. Surety issued by Raiffeisen Bank on behalf of PBG SA in respect of Tatrabanka.
Unicredit Bank a.s. Bratislava	4 107	SKK	2 287	SKK	2009-11-15	1. Guarantee of PEKAO SA issued by PBG SA in respect of Unicredit Bank a.s.
WestLB AG London Branch & WestLB Bank Polska SA	40 000	PLN	40 000	PLN	2008-12-31	1. Guarantee of PBG SA.
WestLB Bank Polska SA Poznań	76 000	PLN	76 000	PLN	2008-09-06	1. Registered pledge on 9,095,591 series A shares and 470,607 series B shares of Hydrobudowa 9 Przedsiębiorstwo Inżynieryjno- Budowlane SA. 2. Judgment note (agreement for judgment) pursuant to Art. 97 section 1 and 2 of the Banking Law of 29 August 1997, pursuant to the Code of Civil Procedure.
WestLB Bank Polska SA Warsaw	33 000	PLN	27 106	PLN	2009-12-18	1. Assignment of the current or future monetary receivables arising from contracts of sale of goods or services or similar agreements, concluded or to be concluded by clients in the course of their ordinary operations, whose nominal value (excluding additional receivables) in the term of this credit agreement represents at least 200% of the credit line utilised. 2. Mutual guarantees of Borrowers approved by the Bank in terms of their format and content.
CREDIT CARDS			30			
INTEREST ACCRUED			263			
ADJUSTMENT (AT EFFECTIVE INTEREST RATE)			216			
Total			368 636			

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

FINANCE LEASE LIABILITIES

Item	as at 30.06.2008		as at 31.12.2007		as at 30.06.2007	
	minimum payments	present value of the minimum payments	minimum payments	present value of the minimum payments	minimum payments	present value of the minimum payments
<i>Future minimum payments under finance lease agreements</i>						
Payable within 1 year	4 487	3 825	3 567	2 812	1 858	1 559
Payable after 1 to 5 years	9 154	8 725	9 248	8 498	4 863	4 511
Payable after 5 years	-	-	-	-	-	-
Future minimum payments under finance lease agreements – total	13 641	12 550	12 815	11 310	6 721	6 070
Financial expenses	1 091	x	1 505	x	651	x
Present minimum value of payments under finance lease agreements	12 550	12 550	11 310	11 310	6 070	6 070

LEASED ASSETS

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
	Asset groups		
Land, buildings and structures	-	-	1 130
Plant and equipment	12 549	9 674	5 513
Transport vehicles	2 199	2 396	909
Other PP&E	4	8	-
Total:	14 752	12 078	7 552

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

FINANCE LEASE AGREEMENTS AS AT 30.06.2008

No	Financing institution	Contract no.	Initial amount	Initial amount (currency)	Currency	Contract validity date	Liabilities as at the end of the reporting period	Short-term portion	Long-term portion
1	BZ WBK Finanse & Leasing SA	WA6/00024/2003	68	68 PLN	PLN	2008-09-15	4	4	-
2	BZ WBK Finanse & Leasing SA	WA9/00022/2003	80	80 PLN	PLN	2008-08-15	4	4	-
3	BZ WBK Finanse & Leasing SA	ZPU/01287/2007	218	218 PLN	PLN	2009-07-15	124	45	79
4	BZ WBK Finanse & Leasing SA	WCA/00023/2007	287	287 PLN	PLN	2010-08-16	201	39	162
5	BZ WBK Leasing SA	ZA3/00014/2004	341	341 PLN	PLN	2009-04-15	61	61	-
6	BZ WBK Leasing SA	ZO7/00034/2006	62	62 PLN	PLN	2009-04-30	16	16	-
7	BZ WBK Leasing SA	ZO7/00036/2006	62	62 PLN	PLN	2009-04-30	16	16	-
8	BZ WBK Leasing SA	ZO7/00071/2006	64	64 PLN	PLN	2009-07-31	19	17	2
9	BZ WBK Leasing SA	ZO7/00072/2006	62	62 PLN	PLN	2009-07-31	21	19	2
10	CAC Leasing	61900235	211	1902 SKK	SKK	2011-02-05	100	17	83
11	Carefleet SA	06101004	47	47 PLN	PLN	2010-06-30	38	6	32
12	Carefleet SA	06101003	40	40 PLN	PLN	2010-06-30	33	3	30
13	Carefleet SA	06101002	40	40 PLN	PLN	2010-06-30	33	3	30
14	Caterpillar Financial Services	OL-023328	253	253 PLN	PLN	2009-11-23	77	51	26
15	Caterpillar Financial Services	OL-023329	537	537 PLN	PLN	2009-11-28	163	109	54
16	ČSOB Leasing	LZF/08/70131	60	543 SKK	SKK	2011-03-04	44	7	37
17	ČSOB Leasing	LZF/08/70130	60	543 SKK	SKK	2011-03-04	44	7	37
18	Daimler Chrysler Financial	107201-L	91	818 SKK	SKK	2008-10-15	9	9	-
19	Daimler Chrysler Financial	107243-L	41	373 SKK	SKK	2008-10-15	4	4	-
20	Daimler Chrysler Financial	107244-L	46	417 SKK	SKK	2008-10-15	5	5	-
21	Daimler Chrysler Financial	SK-107481	46	417 SKK	SKK	2008-12-15	7	7	-
22	Daimler Chrysler Financial	SK-107482	46	417 SKK	SKK	2008-12-15	7	7	-
23	Daimler Chrysler Financial	SK-109050	90	810 SKK	SKK	2010-01-01	44	13	31
24	GTL - Pojazdy Użytkowe Sp. z o.o	3150	181	181 PLN	PLN	2009-10-01	75	56	19
25	Kredyt Lease SA	0415/04/2007/LO	573	573 PLN	PLN	2010-04-20	216	112	104
26	Kredyt Lease SA	0613/05/2007/LO	200	200 PLN	PLN	2010-07-20	90	44	46
27	Kredyt Lease SA	0612/05/2007/LO	259	259 PLN	PLN	2010-07-20	117	56	61
28	Kredyt Lease SA	0847/06/2007/LO	1 533	1 533 PLN	PLN	2010-06-20	953	454	499
29	Kredyt Lease SA	1091/08/2007/LO	169	169 PLN	PLN	2010-08-20	121	39	82
30	Millennium Leasing Sp. z o.o.	K 089779	635	635 PLN	PLN	2010-03-20	509	107	402
31	Millennium Leasing Sp. z o.o.	K 089791	555	555 PLN	PLN	2010-03-20	445	94	351
32	Millennium Leasing Sp. z o.o.	K 089795	269	269 PLN	PLN	2010-03-21	215	45	170
33	Millennium Leasing Sp. z o.o.	K 089794	269	269 PLN	PLN	2010-03-21	215	45	170
34	Millennium Leasing Sp. z o.o.	K 089790	619	619 PLN	PLN	2010-03-22	497	105	392
35	Millennium Leasing Sp. z o.o.	K 089782	539	539 PLN	PLN	2010-03-26	432	91	341
36	Millennium Leasing Sp. z o.o.	K 089783	539	539 PLN	PLN	2010-03-26	432	91	341
37	Millennium Leasing Sp. z o.o.	K 089797	249	249 PLN	PLN	2010-03-27	199	42	157

Capital Group:	Grupa Kapitałowa PBG		
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38	Millennium Leasing Sp. z o.o.	K 089781	539	539 PLN	PLN	2010-03-27	432	91	341
39	Millennium Leasing Sp. z o.o.	K 089780	579	579 PLN	PLN	2010-03-28	465	98	367
40	Millennium Leasing Sp. z o.o.	K 089793	544	544 PLN	PLN	2010-05-27	451	91	360
41	Millennium Leasing Sp. z o.o.	K 089798	269	269 PLN	PLN	2010-07-01	227	45	182
42	Millennium Leasing Sp. z o.o.	K 089799	269	269 PLN	PLN	2010-07-01	231	45	186
43	Millennium Leasing Sp. z o.o.	K 089784	606	606 PLN	PLN	2010-07-02	518	100	418
44	Millennium Leasing Sp. z o.o.	K 089786	514	514 PLN	PLN	2010-07-02	440	85	355
45	Millennium Leasing Sp. z o.o.	K 089787	532	532 PLN	PLN	2010-08-30	463	88	375
46	Millennium Leasing Sp. z o.o.	K 089788	532	532 PLN	PLN	2010-08-30	463	88	375
47	Millennium Leasing Sp. z o.o.	K 089792	608	609 PLN	PLN	2010-09-03	537	100	437
48	Millennium Leasing Sp. z o.o.	K 089789	529	529 PLN	PLN	2010-09-02	467	87	380
49	Millennium Leasing Sp. z o.o.	K 089785	562	562 PLN	PLN	2010-09-24	496	92	404
50	The Ministry of the Treasury	Notarial Deed, Repertory Rep. A. 14073/2003	1 025	1025 PLN	PLN	2009-05-31	128	52	76
51	PEKAO Leasing Sp. z o.o.	36/0222/05S	404	404 PLN	PLN	2008-09-20	38	38	-
52	PEKAO Leasing Sp. z o.o.	36/0223/05S	203	203 PLN	PLN	2008-09-20	12	12	-
53	PEKAO Leasing Sp. z o.o.	36/0119/06	481	481 PLN	PLN	2009-09-21	221	108	113
54	Raiffeisen Leasing Polska SA	442/LF/2005	66	66 PLN	PLN	2008-07-31	2	2	-
55	Raiffeisen Leasing Polska SA	441/LF/2005	66	66 PLN	PLN	2008-07-31	2	2	-
56	Raiffeisen Leasing Polska SA	440/LF/2005	40	40 PLN	PLN	2008-07-31	1	1	-
57	Raiffeisen-Leasing Polska SA	15853J	751	751 PLN	PLN	2009-05-08	259	259	-
58	Raiffeisen-Leasing Polska SA	116413I	412	412 PLN	PLN	2009-05-08	137	137	-
59	Raiffeisen-Leasing Polska SA	J2905V	1 310	1 310 PLN	PLN	2010-05-08	428	226	202
60	UniCredit Leasing	56902612	42	380 SKK	SKK	2010-04-05	22	6	16
61	UniCredit Leasing	56902611	42	380 SKK	SKK	2010-04-06	22	6	16
62	UniCredit Leasing	56902610	47	420 SKK	SKK	2010-04-07	24	6	18
63	UniCredit Leasing	56902609	47	420 SKK	SKK	2010-04-08	24	6	18
64	UniCredit Leasing	56902730	56	502 SKK	SKK	2010-06-05	30	7	23
65	UniCredit Leasing	56902729	56	502 SKK	SKK	2010-06-05	30	7	23
66	UniCredit Leasing	56902714	116	1046 SKK	SKK	2010-06-05	61	14	47
67	UniCredit Leasing	56902817	67	603 SKK	SKK	2010-08-05	40	9	31
68	UniCredit Leasing	56902832	54	489 SKK	SKK	2010-08-05	33	7	26
69	UniCredit Leasing	56902833	54	489 SKK	SKK	2010-08-05	33	7	26
70	UniCredit Leasing	56903031	70	631 SKK	SKK	2011-02-05	50	9	41
71	UniCredit Leasing	56903055	71	640 SKK	SKK	2011-02-05	50	9	41
72	Volkswagen Finančné služby	592584	69	624 SKK	SKK	2010-02-26	30	9	21
73	Volkswagen Finančné služby	592579	69	624 SKK	SKK	2010-02-27	30	9	21
74	Volkswagen Leasing Polska Sp. z o.o.	3870342-5006-00724	89	89 PLN	PLN	2009-12-13	64	18	46
			21 234	x	x	x	12 550	3 825	8 725

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
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Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

In the course of its operations, PBG Capital Group is exposed to various types of financial risks, such as currency risk, liquidity risk, and market risk, including foreign exchange and interest rate changes.

The Capital Group manages all of the following types of risks which may have a significant impact on its business in the future, focusing primarily on the management of market risks, and in particular foreign exchange risk, credit risk, and liquidity risk.

a. credit risk

- Description: to maintain credit limits for the optimum management of working capital.
- Financial strategy: diversification of limits earmarked to finance the Group's current operations.
- Instruments: co-operation based on uniform undertakings (pari passu, material change, negative pledge) confirmed in an unqualified annual opinion of the certified auditor sent directly to all Financial Institutions. Extending the use of various products offered by banks and insurance companies.
- Objectives: flexibility in the utilisation of limits for individual Capital Group companies, products and currencies.
- Management methods: moving the focus (weight) from the Company's financial assessment to the assessment of the contract whose cash flows are considered reliable by Financial Institutions.

b. liquidity risk

- Description: the Capital Group's potential inability to fulfil its obligations.
- How to minimise: close monitoring of cash flows at the level of each contract and adjusting inflows and outflows over time, based on bank limits for the settlement of long business cycles for individual contracts.
- Instruments: analysis sheets for the structure of payables and receivables and adjustment of these variables over time to avoid the risk.
- Management methods: on-going monitoring and analyses of the liquidity threshold and safety margin.

c. interest rate risks

- Description: adverse change in interest rates affecting the Capital Group's financial result.
- How to minimise: define a strategy based on macroeconomic recommendations of 6 banks.
- All liabilities incurred by the Company are based on a variable interest rate with the maximum interest rate variability period up to 3-6 months.

d. currency risk

- Description: risk of unfavourable changes in currency rates resulting in an increase of costs and expenses under the implemented contracts or reduction of revenues and inflows.
- The strategy defines hedging instruments, methods and timing, as well as principles of measurement of hedging instruments. The Company uses hedge accounting. The

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
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Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

available transaction limits fully secure the current and planned portfolio of contracts at the planned exchange rate adopted in the budget for each contract.

- Instruments: forward transactions, NDF
- Management methods: hedging currency risks with the above instruments when contracts are signed, with termination and settlement as at the date of revenue from hedged contract.

NOTE 15

SHARE CAPITAL

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Number of shares	13 430	13 430	13 430
Shares nominal value (PLN / share)	1	1	1
Share capital	13 430	13 430	13 430

SHARE CAPITAL (STRUCTURE) AS AT 30.06.2008

Series / issue	Type of share preference	Type of limitation of rights to shares	Number of shares	Value of series / issue at nominal value	Contribution
series A	voting rights: 2:1	none	4 003 000	4 003	in kind
series A	voting rights: 2:1	none	497 000	497	cash
series A	none	none	1 200 000	1 200	in kind
series B	none	none	1 500 000	1 500	cash
series C	none	none	3 000 000	3 000	cash
series D	none	none	330 000	330	cash
series E	none	none	1 500 000	1 500	cash
series F	none	none	1 400 000	1 400	cash
				13 430	

SHAREHOLDERS HOLDING AT LEAST 5% OF THE TOTAL VOTE AT THE GENERAL MEETING OF SHAREHOLDERS AS AT THE DATE OF SUBMISSION OF THIS INTERIM CONSOLIDATED FINANCIAL STATEMENT

Shareholder	Number of votes	Total nominal value in PLN	% of share capital held	% of votes in the total vote
Jerzy Wiśniewski	4 495 054 shares, of which: 4 495 054 registered preference shares	4 495 054	33.47	50.14
ING Nationale - Nederlanden Polska PTE SA	912 ordinary shares	912 991	6.80%	5.09%
BZWBK AIB TFI SA	899 ordinary shares	899 265	6.70%	5.02%

After the date of submission of the interim financial statement, the following changes in the ownership structure of major blocks of Issuer's shares occurred:

Notification from ING Towarzystwo Funduszy Inwestycyjnych SA

On 25 July 2008, the Board of Directors of PBG SA was notified by ING Towarzystwo Funduszy Inwestycyjnych SA, acting for and on behalf of the following Investment Funds: ING Fundusz Inwestycyjny Otwarty Średnich

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Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

i Małych Spółek, ING Fundusz Inwestycyjny Otwarty Akcji, ING Fundusz Inwestycyjny Otwarty Zrównoważony, ING Fundusz Inwestycyjny Otwarty Stabilnego Wzrostu, ING Specjalistyczny Fundusz Inwestycyjny Otwarty Akcji 2 and ING Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty, that the total number of votes at the AGM of PBG held by all Investment Funds managed by ING Towarzystwo Funduszy Inwestycyjnych SA, dropped below 5% of the total vote

as a result of disposal of PBG shares on 22 July 2008.

Before the change in shareholding structure, Investment Funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. held 932,570 PBG SA shares in total, representing 6.94% of the Company's share capital and carrying 5.20% of votes at the Company's AGM.

As at 22 July 2008, Investment Funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. jointly held 881,570 shares of PBG SA, representing 6.56% of the Company's share capital and carrying 4.92% of votes at the Company's AGM.

As at the date of this notification, Investment Funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. hold 859,112 PBG SA shares, representing 6.40% of the Company's share capital and carrying 4.79% of votes at the Company's AGM.

Notification from BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA

On 31 July 2008, the Board of Directors of PBG SA received "Notification of the acquisition of shares as a result of which the entity has become a holder of shares representing more than 5% of the total vote".

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. acting on behalf of Arka BZ WBK Akcje Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) informed that as a result of acquisitions of shares settled on 29 July 2008, the above Funds became holders of shares representing more than 5% of the total number of votes at the General Meeting of Shareholders of PBG S.A.

Before this transaction, the Funds held 883,265 shares of PBG SA, representing 6.58% in the Company's share capital and carrying 883,265 votes at the General Meeting of Shareholders of PBG SA, which represented 4.93% of the total vote.

Following this transaction, 899,265 shares of PBG SA were registered in securities accounts of the Funds, which represent 6.70% of the Company's share capital. These shares carry 899,265 votes, representing 5.02% share in the total vote at the General Meeting of Shareholders of PBG SA.

CHANGES IN SHARE CAPITAL

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Opening balance share capital	13 430	12 030	12 030
Increase in share capital in the period	-	1 400	1 400
- issue of shares by PBG SA	-	1 400	1 400
Reduction of share capital in the period	-	-	-
- none	-	-	-
Closing balance share capital	13 430	13 430	13 430

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 16

CHANGES IN PROVISIONS FOR EMPLOYEE BENEFITS

Item	Provision for retirement severance payments	Provision for long-service awards	Total
As at 01.01.2007	2 133	2 080	4 213
Increase			
Increase – inclusion of new companies to the Capital Group	613	2 109	2 722
Reduction – disposal of subsidiaries	(11)	-	(11)
Reduction (-)			
Provisions established	711	1 154	1 865
Provisions used (-)	-	-	-
Provisions reversed (-)	(1 302)	(2 183)	(3 485)
Other changes in provisions			-
As at 31.12.2007	2 144	3 160	5 304
As at 01.01.2008	2 144	3 160	5 304
Increase			
Increase – inclusion of new companies to the Capital Group	54	471	525
Reduction – disposal of subsidiaries	-	-	-
Reduction (-)	-	-	-
Provisions established	93	178	271
Provisions used (-)	(226)	(291)	(517)
Provisions reversed (-)	(44)	-	(44)
Other changes in provisions	6		6
As at 30.06.2008, of which:	2 027	3 518	5 545
- long-term provisions	1 631	3 210	4 841
- short-term provisions	396	308	704

NOTE 17

CHANGES IN OTHER PROVISIONS FOR LIABILITIES

Item	Provision for losses	Provision for warranty servicing	Provision for recultivation of a gravel pit	Total
As at 01.01.2007	10 062	4 414	-	14 476
Increase				
Increase – inclusion of new companies to the Capital Group	171 348	3 596	405	175 349
Reduction (-)	-	-	-	-
Provisions established	10 126	4 532	4	14 662
Provisions used (-)	(21 550)	(3 515)	-	(25 065)
Provisions reversed (-)	(39 807)	(299)	-	(40 106)
Other changes in provisions	(346)	510	-	164
As at 31.12.2007	129 833	9 238	409	139 480
As at 01.01.2008	129 833	9 238	409	139 480
Increase				
Increase – inclusion of new companies to the Capital Group	-	358	-	358
Reduction (-)	-	-	-	-
Provisions established	150	2 773	4	2 927
Provisions used (-)	(471)	(1 582)	-	(2 053)
Provisions reversed (-)	(17 442)	(426)	-	(17 868)
Other changes in provisions	(213)	(132)	-	(345)
As at 30.06.2008, of which:	111 857	10 229	413	122 499
- long-term provisions	4 209	7 410	413	12 032
- short-term provisions	107 648	2 819	-	110 467

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 18

LONG-TERM PAYABLES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Trade payables	12 028	12 714	8 256
- in respect of Polish suppliers	12 021	12 706	8 256
- in respect of foreign suppliers	7	8	-
Other long-term payables	5 762	7 842	2 394
- acquisition of real property	5 500	7 500	-
- other	262	342	2 394
Total long-term payables	17 790	20 556	10 650

Long-term payables include mainly retained money as a security for construction works currently implemented by subcontractors. These amounts do not bear interest. As their payment terms are long, even over 5 years in some cases, these payables were discounted. Long-term payables are discounted using the interest rate WIBOR 1M + 1 percentage point. The discount rate as at 31 December 2007 totalled 6.52%, compared to 7.29 as at 30 June 2008.

OTHER LONG-TERM PAYABLES – CURRENCY STRUCTURE

Item	as at 30.06.2008		as at 31.12.2007		as at 30.06.2007	
	in foreign currency	converted to PLN	in foreign currency	converted to PLN	in foreign currency	converted to PLN
a) Polish zloty (PLN)	x	16 277	x	18 586	x	10 032
b) Euro (EUR)	494	1 513	593	1 970	161	618
		17 790		20 556		10 650

NOTE 19

SHORT-TERM TRADE PAYABLES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
- in respect of Polish suppliers	399 072	380 515	231 598
- in respect of foreign suppliers	10 653	6 646	3 516
Total trade payables	409 725	387 161	235 114

OTHER SHORT-TERM PAYABLES

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
Value-Added Tax	1 367	1 946	38
subsidies, customs duties, social security, health insurance and other	21 464	11 773	12 467
salaries	7 155	5 192	4 940
payments on account	55 042	67 273	71 763
- acquisition of real property	16 832	17 485	-
- other	15 676	19 318	8 568
Other payables – total, of which	117 536	122 987	97 776

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

SHORT-TERM TRADE AND OTHER PAYABLES (GROSS) – CURRENCY STRUCTURE

Item	as at 30.06.2008		as at 31.12.2007		as at 30.06.2007	
	in foreign currency	converted to PLN	in foreign currency	converted to PLN	in foreign currency	converted to PLN
a) Polish zloty (PLN)	x	476 463	x	458 329	x	305 386
b) Euro (EUR)	11 440	38 757	11 901	43 922	6 042	23 252
c) United States dollar (USD)	1 657	3 958	1 234	3 188	116	329
d) British pound (GBP)	67	290	-	-	53	299
e) Slovak koruna (SKK)	53 946	5 996	40 695	4 322	30 596	3 507
f) Canadian dollar (CAD)	848	1 793	23	56	45	116
g) other currencies	x	4	x	331	x	1
Total	x	527 261	x	510 148	x	332 890

NOTE 20

ACCRUALS AND DEFERRED INCOME

Item	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
a) provision for holiday leaves	6 436	6 137	6 288
b) provision for balance sheet audits	267	284	257
c) deferred income	9 913	10 274	17 530
d) other	321	204	408
Closing balance accruals and deferred income, of which:	16 937	16 899	24 483
- long-term accruals and deferred income	8 798	9 152	14 968
- short-term accruals and deferred income	8 139	7 747	9 515

NOTE 21

CONTINGENT LIABILITIES UNDER GUARANTEES AND SURETIES GRANTED AS AT 30.06.2008

Liability	Contingent liability	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
SURETIES GRANTED TO OTHER ENTITIES				
surety	loan and credit repayment	9 031	12 438	7 382
surety	repayment of trade payables	3	217	6 783
surety	repayment of contractual guarantees	5 970	-	240
surety	present and future lease agreements	189	155	304
surety	security for a guarantee	217	5 536	217
surety	defects liability bond	-	-	325
TOTAL SURETIES		15 410	18 346	15 251

Liability	Contingent liability	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
GUARANTEES GRANTED TO OTHER ENTITIES				
guarantee	performance bond	404 447	483 879	308 599
guarantee	defects liability bond	23 138	19 756	90 035
guarantee	bid bond	34 873	15 470	15 588
guarantee	repayment of trade payables	23 721	20 753	22 563
guarantee	advance payment guarantee	80 967	94 747	81 072
guarantee	retention money guarantee	3 119	7 429	6 052
TOTAL GUARANTEES		570 265	642 034	523 909

As of Q2 FY 2007, the financial statement of the Capital Group includes non-consolidated off-balance sheet items, guarantees and sureties granted to third parties for liabilities of the parent company and its subsidiaries, which were presented in the consolidated statement as trade and credit liabilities or guarantees granted at the request of the Capital Group companies to third parties.

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

5.2. NOTES TO THE PROFIT AND LOSS ACCOUNT

NOTE 22

REVENUES FROM SALES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
Natural gas and crude oil	110 715	44 465
Water	470 787	303 096
Fuels	74 459	39 883
Residential and industrial construction	51 731	9 976
Roads	37 388	41 726
Other	81 740	15 155
Total revenues from sales	826 820	454 301

NOTE 23

EXPENSES BY TYPE

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
Depreciation and amortisation	19 854	12 685
Consumption of materials and energy	176 237	108 881
Outsourced services	426 793	209 635
Taxes and similar charges	5 606	4 699
Salaries	87 699	53 701
Social security and other benefits	21 333	14 370
Other expenses (by type)	14 158	11 709
Expenses by type	751 680	415 680
Change in inventory, work in progress, and prepaid expenses, accruals and deferred income	(11 476)	(21 978)
Cost of works performed for in-house purposes	(8 093)	(445)
Costs of sales	-	(558)
General administrative expenses	(45 319)	(32 081)
Costs of products and services sold	686 792	360 618

NOTE 24

OTHER OPERATING REVENUES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
a) Gains from sale of non-financial fixed assets	555	-
b) Reversal of write-downs of assets	5 692	2 724
- intangible assets and tangible fixed assets	-	-
- receivables	5 593	2 496
- inventories	87	228
- other	12	-
b) Other, of which:	6 146	3 283
- re-invoicing (recharges)	2 190	1 701
- compensation received under insurance contracts, penalties and fines	2 723	386
- subsidies	430	576
- other	803	620
Other operating revenues – total	12 393	6 007

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 25

OTHER OPERATING EXPENSES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2008
b) Loss from sale of non-financial fixed assets	-	103
b) Write-downs of assets	587	3 466
- intangible assets and tangible fixed assets	-	-
- receivables	587	2 707
- inventories	-	-
- other	-	759
b) Other, of which:	8 218	3 693
- donations	508	441
- re-invoicing (recharges)	2 202	1 701
- compensation received under insurance contracts, penalties and fines	3 093	141
- shortages of current assets beyond the Group's control	151	-
- costs other than tax-deductible costs	899	234
- overdue, waived and uncollectible receivables – written off	481	207
- other	884	969
Other operating expenses – total	8 805	7 262

NOTE 26

FINANCIAL REVENUES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2008
a) Interest	12 829	4 591
- loans granted	707	211
- bank interest	8 848	3 943
- bonds	380	-
- other	2 894	437
b) Other	3 237	5 296
- foreign exchange gains	-	3 232
- Profit from sale of investments	-	-
- discount (long-term settlements)	-	1 546
- dividends and profit sharing	2	-
- measurement of financial instruments other than hedges	3 184	-
- other	51	518
Total financial revenues	16 066	9 887

NOTE 27

FINANCIAL EXPENSES

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2008
a) Bank interest and commissions	27 757	12 266
- loans received	262	180
- interest and commissions on bank credits	15 907	6 165
- bonds	9 849	5 842
- other	1 739	79
b) Other financial expenses	4 393	449
- foreign exchange losses	2 741	-
- loss on the sale of investments	-	-
- discount (long-term settlements)	1 339	-
- other	313	449
Total financial expenses	32 150	12 715

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 28

PROFITS/LOSSES FROM INVESTMENTS

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
a) profits/losses from investments in related parties	-	-
b) profits/losses on sale of shares held	-	16 150
- shares of Mostostal Zabrze SA	-	16 150
Profits/losses from investments	-	16 150

NOTE 29

INCOME TAX

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 30.06.2007
<i>Profit and Loss Account</i>		
Current income tax	14 533	4 165
Current income tax charges	14 533	4 165
Adjustment of current income tax from previous years	-	-
Deferred income tax	(9 725)	973
Connected with the establishment and reversal of temporary differences	(9 725)	973
Connected with the reduction of income tax rates	-	-
Taxation recognised in the Profit and Loss Account	4 808	5 138
<i>Statement of changes in equity</i>		
Current income tax	-	-
Current income tax arising from foreign exchange differences on a loan	-	-
Deferred income tax	3 805	420
Net loss arising from revaluation of cash flow hedges	-	-
Unrealised profit on available-for-sale financial assets	-	-
Net deferred income tax recognised in reserve capital in the first-time adoption of IAS 39	-	-
Net deferred income tax on cash flow hedges accounted for during the fiscal year	3 805	420
Net deferred income tax on available-for-sale financial assets sold during the fiscal year	-	-
Tax gain recognised in equity	3 805	420

RECONCILIATION OF TAX CHARGES AND FINANCIAL RESULT

Description	01.01 – 30.06.2008	01.01 – 30.06.2007
Gross financial result	68 806	56 139
Income tax at the current tax rate in Poland (19 %)	13 073	10 666
Effects of adoption of a different tax rate in country 1	-	-
Effects of adoption of a different tax rate in country 2	-	-
Effect of tax on non-temporary differences between gross result and income tax base	6 474	35
Deductible temporary differences and tax losses resulting in non-recognition of a deferred income tax asset	(14 411)	(878)
Tax losses of the Capital Group companies and other consolidation adjustments	(922)	-
Valuation using the equity method	-	-
Other	594	(4 685)
Tax charge recognised in the Profit and Loss Account	4 808	5 138
Effective tax rate	7%	9%

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

NOTE 30

RELATED PARTY DISCLOSURES

Amounts referring to related parties

(in PLN '000)

Name	Receivables as at 30.06.2008	Payables as at 30.06.2008	Loans received	Payments on account of materials	Revenues in 2008	Expenses in 2008
Jerzy Wiśniewski	610	131	-	-	-	-
P. Piekarski	-	-	1 654	-	-	-
Dwór Smólsk Sp. z o.o.	2 128	292	-	-	-	252
Kancelaria Prawna Andrzej Wilczyński	2 074	-	-	-	-	-
Wiertmar Sp. z o.o.	19 367	16 828	-	57	7 144	15 224
Mazur s.c.	4 720	2 202	-	-	-	-
Total	28 899	19 453	1 654	457	7 144	15 476

6. OTHER STATUTORY DISCLOSURES

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR THEIR FUNCTION HELD IN THE PARENT COMPANY IN THE PERIOD FROM 01.01.2008 TO 30.06.2008

Item	Base salary	Other benefits	Total
<i>Remuneration of members of the Board of Directors</i>			
Jerzy Wiśniewski	287	2	289
Tomasz Woroch	210	2	212
Przemysław Szkudlarczyk	150	2	152
Tomasz Tomczak	150	2	152
Mariusz Łożyński	120	1	121
Tomasz Łatawiec	120	-	120
Total	1 037	9	1 046
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	60	1	61
Wiesław Lindner	30	1	31
Jacek Krzyżaniak	18	1	19
Małgorzata Wiśniewska	18	1	19
Dariusz Sarnowski	18	1	19
Adam Strzelecki	18	1	19
Mirosław Dobrut	18	1	19
Jacek Kseń	48	1	49
Total	228	8	236

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR THEIR FUNCTION HELD IN THE PARENT COMPANY IN THE PERIOD FROM 01.01.2007 TO 30.06.2007

Item	Base salary	Other benefits	Total
<i>Remuneration of members of the Board of Directors</i>			
Jerzy Wiśniewski	300	1	301
Tomasz Woroch	210	1	211
Przemysław Szkudlarczyk	150	300	450
Tomasz Tomczak	150	-	150
Mariusz Łożyński	120	-	120
Total	930	302	1 232
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	60	-	60
Wiesław Lindner	45	-	45

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Jacek Krzyżaniak	28	-	28
Małgorzata Wiśniewska	18	-	18
Dariusz Samowski	18	-	18
Adam Strzelecki	18	-	18
Mirosław Dobrut	18	-	18
Jacek Kseń	8	-	8
Total	213	-	213

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR THEIR FUNCTION HELD IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES IN THE PERIOD FROM 01.01.2008 TO 30.06.2008

Item	Base salary	Other benefits	Total
<i>Remuneration of members of the Board of Directors</i>			
Jerzy Wiśniewski	120	-	120
Tomasz Woroch	148	-	148
Przemysław Szkudlarczyk	39	-	39
Tomasz Tomczak	-	-	-
Mariusz Łożyński	-	-	-
Tomasz Łatawiec	60	-	60
Total	367	-	367
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	-	-	-
Wiesław Lindner	-	-	-
Jacek Krzyżaniak	36	-	36
Małgorzata Wiśniewska	142	-	142
Dariusz Samowski	-	-	-
Adam Strzelecki	-	-	-
Mirosław Dobrut	-	-	-
Jacek Kseń	-	-	-
Total	178	-	178

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR THEIR FUNCTION HELD IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES IN THE PERIOD FROM 01.01.2007 TO 30.06.2007

Item	Base salary	Other benefits	Total
<i>Remuneration of members of the Board of Directors</i>			
Jerzy Wiśniewski	78	-	78
Tomasz Woroch	65	-	65
Przemysław Szkudlarczyk	76	-	76
Tomasz Tomczak	22	-	22
Mariusz Łożyński	-	-	-
Total	241	-	241
<i>Remuneration of the Supervisory Board members</i>			
Maciej Bednarkiewicz	-	-	-
Wiesław Lindner	-	-	-
Jacek Krzyżaniak	16	-	16
Małgorzata Wiśniewska	63	-	63
Dariusz Samowski	-	-	-
Adam Strzelecki	-	-	-
Mirosław Dobrut	-	-	-
Jacek Kseń	-	-	-
Total	79	-	79

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting period:	01.01-30.06.2008
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

AVERAGE EMPLOYMENT

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
White-collar employees	1 696	1 521	1 349
Blue-collar employees	2 004	1 998	1 998
Total	3 700	3 519	3 348

STAFF ROTATION

Item	for the period 01.01 – 30.06.2008	for the period 01.01 – 31.12.2007	for the period 01.01 – 30.06.2007
Recruited	572	1 133	520
Dismissed	430	1 018	451
Total	1 002	2 151	971

ADVANCE PAYMENTS, LOANS, AND GUARANTEES GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

The amount of outstanding advance payments, loans, credits, guarantees, sureties, or any other agreements to provide benefits in respect of the Company, granted by a subsidiary, separately for members of the Board of Directors and Supervisory Board and separately for their spouses, relatives and second degree relations or any persons with whom they have personal relations, totalled PLN 473k as at 30 June 2008. This amount covers advance payments used by members of the Board of Directors in the course of the Group's operations.

SIGNIFICANT EVENTS IN RESPECT OF PREVIOUS FISCAL YEARS PRESENTED IN THE FINANCIAL STATEMENT FOR THE CURRENT PERIOD

No events in respect of previous years were presented in the annual consolidated financial statement of PBG Capital Group.

CHANGES IN ACCOUNTING PRINCIPLES (POLICY) AND METHODS OF PREPARATION OF THE FINANCIAL STATEMENT VS. THE PREVIOUS FINANCIAL YEAR(S), THEIR SOURCES, TYPES, AND FINANCIAL IMPACT ON THE COMPANY'S FINANCIAL STANDING AND ASSET STRUCTURE, LIQUIDITY, FINANCIAL RESULT AND PROFITABILITY

Presentation of results on hedging instruments was changed in this consolidated financial statement.

All entries related to financial instruments recognised in profit or loss should be presented in the "operations" part of the P&L Account: under revenues from sales or selling costs, respectively.

Comparative data was adjusted accordingly.

In addition, changes were introduced in a Subsidiary as corrections of 2007 fundamental error – balance sheet revenues were recognised based on the exchange rate of the advance payment up to the amount of its outstanding balance, and calculated based on the exchange rate as at the date when these payments were received.

Capital Group:	Grupa Kapitałowa PBG		
Reporting period:	01.01-30.06.2008	Reporting currency::	Polish zloty (PLN)
Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

EXPLANATION OF DIFFERENCES VS. THE FINANCIAL STATEMENT AS AT 30 JUNE 2007

Item	as at 30.06.2007 Approved version of the financial statement	as at 30.06.2007 Version presented in comparative data	difference	Note
<i>Assets</i>				
Fixed assets	641 673	641 673	-	
Intangible assets	7 436	7 436	-	
Goodwill acquired in business combination	212 665	212 665	-	
Tangible fixed assets (Property, Plant & Equipment)	356 699	356 699	-	
Investment property	5 052	5 052	-	
Other long-term financial assets	26 343	26 343	-	
Long-term receivables	29 468	29 468	-	
Deferred income tax assets	-	-	-	
Long-term prepaid expenses	4 010	4 010	-	
Current assets	1 055 342	1 070 936	15 594	
Inventories	36 013	36 013	-	
Receivables from contracting parties for works completed under contracts for construction/long-term services	408 974	437 611	28 637	1; 6a
Short-term receivables	385 842	372 799	(13 043)	2
Other short-term financial assets	29 531	29 531	-	
Cash and cash equivalents	180 480	180 480	-	
Short-term prepaid expenses	14 502	14 502	-	
Non-current assets classified as held for sale	-	-	-	
Total assets	1 697 015	1 712 609	15 594	

Item	as at 30.06.2007 Approved version of the financial statement	as at 30.06.2007 Version presented in comparative data	difference	Note
<i>Liabilities</i>				
Equity	725 538	724 991	(547)	
Equity of shareholders of the parent company	705 735	705 188	(547)	
Share capital	13 430	13 430	-	
Treasury shares	-	-	-	
Share premium reserve	602 553	551 178	(51 375)	3
Capital from measurement of hedging transactions	130	130	-	
Other reserves	37 477	87 524	50 047	3; 4
Retained profit/accumulated loss	52 145	52 926	781	
- profit (loss) carried forward from previous years	11 299	11 359	60	4; 5a; 6
- net profit (loss) of the current year	40 846	41 567	721	
Minority interest	19 803	19 803	-	
Liabilities and provisions for liabilities	971 477	987 618	16 141	
Long-term payables	190 243	190 243	-	
Long-term provisions	26 247	27 566	1 319	5b; 5c; 6d
Long-term prepaid expenses	5 123	14 968	9 845	7
Short-term payables	638 807	614 812	(23 995)	2; 6c; 7
Payables under contract for construction services	-	28 271	28 271	1
Short-term provisions	102 513	102 243	(270)	6b
Short-term accruals and deferred income	8 544	9 515	971	7
TOTAL liabilities	1 697 015	1 712 609	15 594	

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Item	as at 30.06.2007 Approved version of the financial statement	as at 30.06.2007 Version presented in comparative data	difference	Note
<i>Continuing operations</i>				
Revenues from sales	449 398	454 301	4 903	6a; 8
Operating expenses	(410 535)	(410 229)	306	6b; 9
Profit (loss) on sales	38 863	44 072	5 209	
Other operating revenues	6 708	6 007	(701)	9
Other operating expenses	(8 031)	(7 262)	769	9
Restructuring costs	-	-	-	
Operating profit (loss)	37 540	42 817	5 277	
Financial revenues (expenses)	1 677	(2 828)	(4 505)	6c; 8
Other profits (losses) from investments	16 150	16 150	-	
Profit (loss) before tax	55 367	56 139	772	
Income tax	(5 087)	(5 138)	(51)	6d
Net profit (loss) from continuing operations	50 280	51 001	721	
<i>Discontinued operations</i>				
Net loss from discontinued operations	-	-	-	
Net profit (loss)	50 280	51 001	721	
Net profit (loss), of which:	50 280	51 001	721	
- shareholders of the parent company	40 846	41 567	721	
- minority shareholders	9 434	9 434	-	

Note 1

Presentation adjustment – over-invoiced revenues were recharged from “Receivables from contracting parties for works completed under contracts for construction” to “Payables under contracts for construction/long-term services” - PLN 28,271 k

Note 2

Presentation adjustment – the balance of VAT receivables and liabilities were disclosed in separate financial statements – PLN 13,043 k

Note 3

Presentation adjustment – recharges within reserve capital and share premium reserve – PLN 51,375 k

Note 4

Presentation adjustment in reserve capital and retained profit/accumulated loss carried forward from previous years:

- a) revaluation of PP&E increasing the retained profit/accumulated loss carried forward from previous years: PLN 1,826k
- b) negative reserve capital recognised in retained profit/accumulated loss carried forward from previous years: PLN 498k

Note 5

Adjustment of last year's result related to the change in the accounting policy in 2007 – estimation of the warranty servicing provision for construction contracts in progress. As a result of this adjustment:

- a) last year's result was reduced: PLN 1,268 k
- b) long-term warranty servicing provision was increased: PLN 1,566k

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting currency::	<i>Polish zloty (PLN)</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

c) deferred income tax provision was reduced: PLN 298k

Note 6

Adjustment increasing this year's result by PLN 721 k resulting from the following transactions:

- a) balance sheet revenues were increased based on the exchange rate as at the date when advance payments were received: PLN 366 k
- b) expenses were reduced following a reduction of provision for planned losses, resulting from a change in the exchange rate of a portion of the outstanding amount: PLN 270 k
- c) balance sheet valuation of payments on account of deliveries was eliminated; as a result, result of the current year increased accordingly: PLN 136 k
- d) provision for deferred income tax was established: PLN 51k

Note 7

Presentation adjustment – grant received as a refund of capital expenditure (PP&E) recharged from "short-term payables" to "accruals and deferred income". The grant was subsequently broken down: PLN 9,845 k was classified as its long-term portion and PLN 971 was classified as its short-term portion.

Note 8

Presentation adjustment – results on hedging instruments (forward contracts) were recharged from financial activity to operations: PLN 4,537

Note 9

Presentation adjustment – expenses and revenues under provisions for employee benefits and for liabilities were recharged from "other operating revenues/expenses" to "cost of services sold": PLN 36 k (balance of PLN 1,070 k in revenues and PLN 1,034 k in expenses).

EXPLANATION OF DIFFERENCES VS. THE FINANCIAL STATEMENT AS AT 31 DECEMBER 2007

Item	as at 31.12.2007 Approved version of the financial statement	as at 31.12.2007 Version presented in comparative data	difference	Note
<i>Assets</i>				
Fixed assets	717 926	717 926	-	
Intangible assets	13 262	13 262	-	
Goodwill acquired in business combination	267 426	267 426	-	
Tangible fixed assets (Property, Plant & Equipment)	307 007	306 786	(221)	1
Non-renewable natural resources	27 834	27 834	-	
Investment property	30 162	30 383	221	1
Investments in subsidiaries	4 000	4 000	-	
Other long-term financial assets	41 834	41 834	-	
Long-term receivables	21 614	21 614	-	
Deferred income tax assets	-	-	-	
Long-term prepaid expenses	4 787	4 787	-	
Current assets	1 571 333	1 540 909	(30 424)	
Inventories	40 145	40 145	-	
Receivables from contracting parties for works completed under contracts for construction/long-term services	445 188	439 585	(5 603)	2
Short-term receivables	602 560	577 739	(24 821)	3
Other short-term financial assets	58 410	58 410	-	

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
Reporting period:	<i>01.01-30.06.2008</i>	Reporting period:	<i>01.01-30.06.2008</i>
Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Cash and cash equivalents	410 305	410 305	-
Short-term prepaid expenses	14 725	14 725	-
Non-current assets classified as held for sale	-	-	-
Total assets	2 289 259	2 258 835	(30 424)

Item	as at 31.12.2007 Approved version of the financial statement	as at 31.12.2007 Version presented in comparative data	difference	Note
<i>LIABILITIES</i>				
Equity	782 546	785 220	2 674	
Equity of shareholders of the parent company	747 996	750 670	2 674	
Share capital	13 430	13 430	-	
Treasury shares	-	-	-	
Share premium reserve	551 178	551 178	-	
Capital from measurement of hedging transactions	8 759	8 759	-	
Other reserves	67 326	65 998	(1 328)	4
Retained profit/accumulated loss	107 303	111 305	4 002	
- profit (loss) carried forward from previous years	5 253	6 997	1 744	4; 5
- net profit (loss) of the current year	102 050	104 308	2 258	2a; 5; 6; 9
Minority interest	34 550	34 550	-	
Liabilities and provisions for liabilities	1 506 713	1 473 615	(33 098)	
Long-term payables	289 033	279 133	(9 900)	7
Long-term provisions	40 987	43 454	2 467	8; 9b
Long-term accruals and deferred income	5	9 152	9 147	7
Short-term payables	1 027 662	994 610	(33 052)	2a; 3; 5; 6; 7
Payables under contract for construction services	19 594	19 594	-	
Short-term provisions	122 656	119 925	(2 731)	8; 9a
Short-term accruals and deferred income	6 776	7 747	971	7
TOTAL liabilities	2 289 259	2 258 835	(30 424)	

Note 1

Presentation adjustment – expenses related to a land owned by a subsidiary were recharged from “Tangible fixed assets” to “Investment property”: PLN 221k

Note 2

The total amount of this adjustment includes:

- adjustment increasing the result of the current year related to the calculation of balance sheet revenues based on the exchange rate as at the date when advance payments were received: PLN 1,505 k
- presentation adjustment – receivables under contracts for construction were balanced with payments on account (advance payments) recorded previously under other short-term payables: PLN 7,108k

Note 3

Presentation adjustment – the balance of VAT receivables and liabilities were disclosed in separate financial statements – PLN 24,821k

Note 4

The amount of this difference totalling PLN 1,358 k includes presentation adjustments within reserve capital and result from previous years related to:

- revaluation of PP&E in the result carried forward from previous years: PLN 1,826k

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b) negative reserve capital recognised in retained profit/accumulated loss carried forward from previous years: PLN 498k

Note 5

Adjustments eliminating the balance sheet valuation of payments on account of deliveries increasing the retained profit/accumulated loss and reducing the balance of other short-term payables:

a) in respect of the previous year: PLN 523k

a) in respect of the current year: PLN 382k

Note 6

Adjustment increasing this year's financial result resulting from the reduction of reduction of provision for planned losses, due to a change in the exchange rate of a portion of the outstanding amount: PLN 371k

Note 7

Presentation adjustment – grant received as a refund of capital expenditure (PP&E) recharged from "short-term payables" to "accruals and deferred income". The grant was subsequently broken down: PLN 9,147 k was classified as its long-term portion and PLN 971 was classified as its short-term portion.

Note 8

Presentation adjustment – a portion of the provision for warranty servicing was recharged from "short-term provisions" to "long-term provisions": PLN 2,492 k

Note 9

Adjustment increasing this year's result resulting from the establishment of a short-term provision for warranty servicing: PLN 132k

As a result of this adjustment, deferred income tax provision was reduced: PLN 25 k.

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Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

Summary and explanation of material differences between data presented in the financial statement and the financial statement for Q2 2008 drawn up and published earlier

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

(in PLN '000)

Item	Q2 2008	H1 2008	difference
<i>Assets</i>			
Fixed assets	830 018	830 157	139
Intangible assets	15 172	13 564	(1 608)
Goodwill acquired in business combination	297 103	298 693	1 590
Tangible fixed assets (Property, Plant & Equipment)	351 991	355 340	3 349
Non-renewable natural resources	27 834	27 834	-
Investment property	30 471	27 137	(3 334)
Investments in subsidiaries	34 208	34 207	(1)
Investments in associates accounted for using the equity method	-	-	-
Other long-term financial assets	49 431	49 374	(57)
Long-term receivables	19 487	19 707	220
Deferred income tax assets	-	-	-
Long-term prepaid expenses	4 321	4 301	(20)
Current assets	1 748 443	1 715 113	(33 330)
Inventories	62 295	60 769	(1 526)
Receivables from contracting parties for works completed under contracts for construction/long-term services	580 734	582 637	1 903
Trade receivables	540 046	556 484	16 438
Current income tax receivables	98	195	97
Other short-term receivables	101 482	52 495	(48 987)
Other short-term financial assets	102 250	102 208	(42)
Cash and cash equivalents	339 331	340 167	836
Short-term prepaid expenses	22 207	20 158	(2 049)
Non-current assets classified as held for sale	-	-	-
Total assets	2 578 461	2 545 270	(33 191)

Item	Q2 2008	H1 2008	difference
<i>Liabilities</i>			
Equity	1 145 387	1 158 776	13 389
Equity of shareholders of the parent company	958 492	971 864	13 372
Share capital	13 430	13 430	-
Treasury shares	-	-	-
Share premium reserve	551 178	551 178	-
Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation	21 682	21 682	-
Other reserves	295 256	295 858	602
Retained profit/accumulated loss	76 946	89 716	12 770
- profit (loss) carried forward from previous years	35 741	39 741	4 000
- net profit (loss) for the current year of the parent company shareholders	41 205	49 975	8 770
Minority interest	186 895	186 912	17
Payables	1 433 074	1 386 494	(46 580)
Long-term payables	367 598	349 639	(17 959)
Long-term credits and loans	83 742	84 249	507
Other long-term financial payables	208 170	208 880	710
Other long-term payables	28 836	17 790	(11 046)
Deferred income tax provision	23 987	13 049	(10 938)
Provisions for employee benefits	4 696	4 841	145
Other long-term provisions	18 163	12 032	(6 131)
Government grants	-	-	-
Long-term accruals and deferred income	4	8 798	8 794
Short-term payables	1 065 476	1 036 855	(28 621)
Short-term credits and loans	368 963	368 767	(196)

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Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Other short-term financial payables	5 844	5 873	29
Trade payables	410 148	409 725	(423)
Payables under contract for construction services	6 456	6 473	17
Deferred income tax liabilities	9 141	9 171	30
Other short-term payables	150 841	117 536	(33 305)
Provisions for employee benefits	643	704	61
Other short-term provisions	104 551	110 467	5 916
Government grants	-	-	-
Short-term accruals and deferred income	8 889	8 139	(750)
Liabilities related to non-current assets held for sale	-	-	-
TOTAL liabilities	2 578 461	2 545 270	(33 191)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008 (FUNCTION FORMAT)

Item	Q2 2008	H1 2008	difference
<i>Continuing operations</i>			
Revenues from sales	824 096	826 820	2 724
- related parties	4 378	7 144	(2 766)
Revenues from sale of products	9 647	56 796	47 149
Revenues from sale of services	800 151	755 725	(44 426)
Revenues from sale of goods and materials	14 298	14 299	1
Selling costs	(699 907)	(700 199)	(292)
- related parties	(10 147)	(15 234)	(5 087)
Costs of products sold	(8 706)	(48 149)	(39 443)
Costs of services sold	(677 794)	(638 643)	39 151
Costs of goods and materials sold	(13 407)	(13 407)	-
Gross profit (loss) on sales	124 189	126 621	2 432
Costs of sales	-	-	-
General administrative expenses	(45 241)	(45 319)	(78)
Other operating revenues	12 243	12 393	150
Other operating expenses	(8 879)	(8 805)	74
Share in profits of related parties accounted for using the equity method	-	-	-
Restructuring costs	-	-	-
Operating profit (loss)	82 312	84 890	2 578
Financial revenues	15 541	16 066	525
Financial expenses	(30 549)	(32 150)	(1 601)
Other profits (losses) from investments	-	-	-
Profit (loss) before tax	67 304	68 806	1 502
Income tax	(15 789)	(4 808)	10 981
Net profit (loss) from continuing operations	51 515	63 998	12 483
<i>Discontinued operations</i>	-	-	-
Net loss from discontinued operations	-	-	-
Net profit (loss)	51 515	63 998	12 483
Net profit (loss), of which:	51 515	63 998	
- shareholders of the Parent Company	41 205	49 975	8 770
- minority shareholders	10 310	14 023	3 713

The main differences between the consolidated financial statement for Q2 2008 and data disclosed in this interim consolidated financial statement are as follows:

1. The following error was adjusted: in the financial statement for Q2 2008, "Payables under contracts for construction services" were set off against "Receivables from contracts for construction services". Receivables and payables under contracts for construction services of related parties were also adjusted.
2. Cash was adjusted by eliminating cash in the Company Social Fund from the Balance Sheet.

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3. In revenues and expenses of related parties, items of related parties that are not members of PBG Capital Group were recognised.
4. Other presentation adjustments were made for revenues and expenses related to hedging instruments.
5. Goodwill on acquisition of a subsidiary was recharged from "intangible assets" to "goodwill acquired in business combination".
6. Adjustment was made to reduce result of the current year. This adjustment resulted from the recharging of expenses related to the establishment of new subsidiaries from "goodwill acquired in business combination" to "financial expenses" in P&L Account.
7. A number of presentation adjustments were made to sort the Capital Group intercompany settlements. Payments on account of deliveries were recharged from "other short-term receivables" to "trade receivables", VAT receivables and liabilities were set off, and short- and long-term portion of intercompany settlements were re-classified. Documents related to receivables and payables of the reporting period and received by the Company after the financial statement for Q2 2008 was drawn up were also recognised.
8. Payments on account of deliveries were recharged from "inventories" to "short-term receivables".
9. An adjustment increasing this year's result was made as deferred income tax asset was recognised up to the amount of the provision.
10. Method of accounting for balance sheet revenues was adjusted: the exchange rate was adopted as at the date when advance payments were received. Revenues were increased accordingly.
11. A presentation adjustment was made to recharge long-term provisions to short-term provisions. In addition, as the estimation methods for provisions were standardised, provisions for warranty servicing and provisions for the expected losses were increased.
12. The amount of a grant received as a refund of capital expenditure (PP&E) was recharged from "short-term payables" to "accruals and deferred income". In addition, this grant was broken down into a long- and short-term portion.
13. Presentation adjustments were made in equity: PP&E was subject to revaluation, and the negative amount of reserve capital was recognised in retained profits/accumulated loss from previous years.

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7. EVENTS AFTER THE BALANCE SHEET DATE

MERGERS, ACQUISITIONS, AND ESTABLISHMENT OF NEW SUBSIDIARIES

Reduction of equity interest held in Hydrobudowa 9 PIB SA

On 24 July 2008, share capital increase of Hydrobudowa 9 PIB SA with the issue of series D shares was registered. As a result, the interest held by PBG SA in the total number of votes of this Company dropped and now totals 67.52%.

After the registration of the increased share capital of Hydrobudowa 9 PIB SA, PBG holds 9,588,331 of the Company's shares, representing 65.96% of the Company's share capital and carrying 18,704,949 votes at the Company's General Meeting of Shareholders, i.e. 67.52% of the Company's total vote.

Before the registration of the increased share capital of Hydrobudowa 9 PIB SA, PBG held 9,588,331 of the Company's shares, representing 69.26% of the Company's share capital and carrying 18,704,949 votes at the Company's General Meeting of Shareholders, i.e. 69.25% of the Company's total vote.

Increase of registered capital of the subsidiary company PBG Dom Sp. z o.o.

On 5 August 2008, the Local Court in Poznań – Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register, registered the increased registered capital of the subsidiary company PBG Dom Sp. z o.o. The Company's registered capital was increased from PLN 2,357,200.00 to PLN 12,357,000.00, i.e. by PLN 10,000,000.00, by creating 100,000 shares of the nominal per-share value of PLN 100.00.

All new shares were taken over by PBG SA, the sole partner of PBG Dom Sp. z o.o. After the increase in registered capital from 123,572 shares, PBG SA may exercise 123,572 votes representing 100% of the total vote.

Termination of a preliminary contract of sale regarding the acquisition of equity interest in the company J.A. Sokół – Melafir Sp. z o.o.

On 22 August 2008, the Board of Directors of PBG SA terminated a preliminary contract of sale concluded on 22 June 2007 by and between PBG SA and a natural person.

The object of this contract was the acquisition of equity interest in the company J.A. Sokół – Melafir Sp. z o.o. with its registered office in Tłumaczów. PBG SA and the Seller had undertaken to conclude the final contract of sale, whereunder the Seller would sell all 500 shares of the company J.A. Sokół – Melafir Sp. z o.o. to PBG SA, free of any encumbrances, for the total price of PLN 32,000,000.00.

The final contract of sale was to be concluded subject to the following conditions precedent:

- results of the audit conducted by PBG SA in the Acquiree must be positive;
- a license to extract melaphyre from the deposit "Tłumaczów - Gardzień" must be brought back into effect and become binding.

On 22 August 2008, PBG SA represented by its authorised representative and the natural person acting as a Party to the said preliminary contract of sale agreed to terminate this contract as no agreement had been reached whether the first condition precedent (positive audit result) was satisfied.

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Acquisition of shares in Dawil Sp. z o.o. by the subsidiary PBG Dom Sp. z o.o.

On 26 August 2008, the subsidiary company PBG Dom Sp. z o.o. acquired shares of Dawil Sp. z o.o. from a natural person. The Company's registered capital amounts to PLN 50,000.00 and is divided into 500 shares of nominal value PLN 100.00 per share. Under this transaction, PBG Dom Sp. z o.o. acquired 500 shares for the total price of PLN 50,000.00, representing 100% in the Company's share capital and total vote.

Dawil Sp. z o.o. is a special-purpose entity established to implement a development project. PBG Dom Sp. z o.o. does not preclude any further investments in the Company's shares. The Company's name is to be changed to PBG Dom Invest I Sp. z o.o.

These assets are considered material as they represent over 20% of shares of the Acquiree.

Establishment of a company Górecka Projekt Sp. z o.o. by the Subsidiary Company Hydrobudowa 9 PIB SA

On 11 September 2008, Hydrobudowa 9 PIB SA established a subsidiary company Górecka Projekt Sp. z o.o. with its registered office in Poznań. The Company's registered capital amounts to PLN 50,000.00 and is divided into 1,000 shares of nominal value PLN 50.00 per share. One share carries one vote. All shares of Górecka Projekt Sp. z o.o. shall be taken over by Hydrobudowa 9 PIB SA and paid up in cash.

Górecka Projekt Sp. z o.o. is a special-purpose entity established to implement a commercial project – construction of an office building. The Company's core business is in construction projects, including the development of residential and non-residential buildings, buying and selling of own real estate, rental and management of real property, as well as consultancy.

In the future, Hydrobudowa 9 PIB SA may increase of the Company's registered capital and pay for new shares with the perpetual usufruct of a real property.

Acquisition of shares in P.R. G. Metro Sp. z o. o. by Hydrobudowa Polska SA

On 12 September 2008, Hydrobudowa Polska SA received a decision of the President of the Office for Competition and Consumer Protection authorising the Company to take control over P.R.G. Metro Sp. z o. o.

With this decision, the second (and last) condition precedent for the acquisition of shares of P. R. G. Metro Sp. z o. o. was satisfied and the Company became a member of Hydrobudowa Polska Capital Group.

Hydrobudowa Polska SA paid PLN 29,590,879.50 for the total of 465 shares of nominal per-share value of PLN 1,000.00, representing 84.55% of the registered capital of P.R.G. Metro Sp. z o.o. Hydrobudowa Polska SA will finance this transaction with its own funds from the issue of series K shares.

The inclusion of PRG Metro Sp. z o.o. to Hydrobudowa Polska will strengthen the project implementation potential and increase diversification of business by adding new areas of activity, in particular construction of the underground (subway).

P. R. G. Metro Sp. z o.o. is one of the General Contractors of tunnels for the Warsaw Underground, and the associated facilities such as ventilation units, junction chambers, micro-tunnels, and underground pedestrian passes. Since 2001, the Company's portfolio has also included water and sewerage services.

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Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

ISSUE OF SHARES AND SALE OR ACQUISITION OF SHARES BY SHAREHOLDERS OF PBG SA

Transactions involving PBG shares

Between 27 August 2008 and 1 September 2008, a Member of the Board of Directors of PBG SA entered into a transaction involving shares of PBG SA. 434 ordinary bearer shares of PBG SA were sold on the stock exchange at the average price of PLN 245.60 per share.

INVESTMENT AGREEMENTS

Material agreement concluded with Zakład Utylizacyjny Spółka z o.o. in Gdańsk

On 6 August 2008, the Consortium of Capital Group Companies (hereinafter referred to as "the Contractor"), i.e. Hydrobudowa Polska SA as Consortium Leader, PBG SA and Hydrobudowa 9 PIB SA as Consortium Partners, in cooperation with Korporacja Budowlana Doraco Sp. z o. o. and Vauche SA with its registered office in France as Consortium Partners, signed a contract with Zakład Utylizacyjny Spółka z o.o. with its registered office in Gdańsk (hereinafter referred to as "the Contracting Party") for the task "Design and construction of waste neutralisation plant in Gdańsk Szadółki, building and engineering works".

This contract covers the design and construction of waste neutralisation plant in accordance with the requirements of BAT (Best Available Technique) based on the existing Waste Removal Plant in Gdańsk – Szadółki, with the supply of process lines for the sorting station and composting plant".

The new Waste Neutralisation Plant will serve the entire area of the City of Gdańsk and municipalities of Żukowo i Kolbudy in terms of municipal waste neutralisation. This contract is part of a larger project "Upgrade of Municipal Waste Management in Gdańsk".

The total net amount of this contract is PLN 299,001,006.00.

This contract shall be implemented within 24 months from the date of signing.

The Parties have agreed on the following share of works:

- Hydrobudowa Polska SA - Consortium Leader and General Contractor shall perform and be responsible for 21% of works under this task;
- PBG SA – Consortium Partner shall perform and be responsible for 16% of works under this task,
- Hydrobudowa 9 PIB Polska SA – Consortium Partner shall perform and be responsible for 21% of works under this task,
- Korporacja Budowlana Doraco Sp. z o. o. – Consortium Partner, shall perform and be responsible for 21% of works under this task,
- Vauche SA – Consortium Partner, shall perform and be responsible for 21% of works under this task.

Contract for the task "LMG Project – the Central Unit, wellsites, pipelines and other"

On 11 August 2008, the Board of Directors of PBG SA as Consortium Leader, together with the Italian company Technip KTI S.P. A. and Canadian company Thermo Design Engineering Ltd. as Consortium Partners, concluded a contract with Polskie Górnictwo Naftowe i Gazownictwo SA (Polish Gas and Oil Company) for General Contractor services under the task "LMG Project – the Central Unit, wellsites, pipelines and other".

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The total gross amount of this contract is PLN 1,704,340,000.00 k (i.e. PLN 1,397,000,000.00 net). The contract shall be performed by the Consortium within 56 months from the date of signing.

The following contractual penalties were agreed:

- in the case of delays in the provision of the required performance bond for the term of this contract, for which PBG is responsible – 0.005% of the agreed gross fee for every day of the delay;
- in the case of delays in the provision of the approved basic design to the Contracting Party, for which PBG is responsible – 0.01% of the agreed gross fee for every day of the delay;
- in the case of delays in the agreed contract performance term, for which PBG is responsible – 0.05% of the agreed gross fee for every day of the delay;
- in the case of delays in the elimination of defects identified upon acceptance of works or during the warranty period, for which PBG is responsible – 0.005% of the agreed gross fee for each day of the delay from the set date of expected elimination of defects;
- in the case of earlier termination of the Contract by the Contracting Party, for reasons attributable to the Contractor – 10% of the agreed gross fee;
- in the case of delays in the provision of the required performance bond for the warranty term, for which PBG is responsible – 0.005% of the agreed gross fee for every day of the delay;
- in the case of non-achievement of the guaranteed performance parameters defined in the functional programme and the Contract after the second test under the warranty - 5% of the agreed gross fee.

The said agreement is considered material based on the criterion of total equity.

In addition, on 11 August 2008, the Board of Directors of PBG SA concluded a material agreement with Technip KTI S.P.A for the performance of works under the task "LMG Project – the Central Unit, wellsites, pipelines and other". As the Consortium Partner, Technip KTI S.P.A. shall provide specialist end-to-end systems, including:

- * amine treatment of sour gas from oil separation and stabilisation,
- * conversion of hydrogen sulphide from sour gases and storage of liquid sulphur,
- * removal of organic sulphur compounds from gas products and LPG,
- * treatment of post-regeneration gas.

PBG SA as the Consortium Leader shall pay PLN 306,084,000.00 net to Technip KTI S.P.A. for the entire scope of works performed.

The Parties agreed that both in the scope covered by the Contract with the Contracting Party, and in all contracts concluded within the Consortium for the task "LMG Project", all terms and conditions of the Contract concluded by PBG SA on behalf of the Consortium with Polskie Górnictwo Naftowe i Gazownictwo S.A. (Polish Oil and Gas Company) shall apply.

The said agreement is considered material based on the criterion of total equity.

Contract for the task "Construction of the Waste Management Plant in Trzebania, municipality of Osieczna"

On 5 September 2008, the Board of Directors of PBG SA concluded a material agreement with Miejski Zakład Oczyszczania SP. z o.o. with its registered office in Leszno. The Contract for the total gross amount of EUR 30,400,518.41 (EUR 24,918,457.71 net) shall be performed by the Consortium of PBG Capital Group

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Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

Companies (Hydrobudowa 9 PIB SA as Consortium Leader, PBG SA and Hydrobudowa Polska SA as Consortium Partners) as well as research and design centres "Ekosystem" Sp. z o. o. with its registered office in Zielona Góra and Ekotab Projekt Sp. z o. o. with its registered office in Poznań. This Contract shall cover the task "Construction of the Waste Management Plant in Trzebania, municipality of Osieczna".

Works under this Contract shall be performed by 30 June 2008 in accordance with the Conditions of Contract for Plant and Design-Build for Electrical and Mechanical Works, as well as Building and Engineering Works Designed by the Contractor.

The following agreed penalties were adopted:

- delay damages: 0.05% of Contract Price for each day of delay, payable in Euro;
- maximum total amount of delay damages: 10% of net Contract Price.

Consortium Members agreed on the following division and settlement of works:

- design works for the total net amount of EUR 1,181,011.05: 90% EKOSYSTEM Sp. z o.o., 10% Ekotab Projekt Sp. z o.o.
- building and engineering works: 75% Hydrobudowa 9 PIB SA, 15% Hydrobudowa Polska SA, 10% PBG SA.

The Contract was considered material based on the criterion of total equity of PBG SA.

AGREEMENTS WITH FINANCIAL INSTITUTIONS

Framework agreement concluded with HDI – Gerling Polska Towarzystwo Ubezpieczeń SA

On 14 July 2008, the Board of Directors of PBG SA and the following subsidiaries: Hydrobudowa Polska SA, Infra SA and Hydrobudowa 9 PIB SA, concluded a framework agreement with HDI-Gerling Polska Towarzystwo Ubezpieczeń SA. The object of the agreement is to determine a guarantee line for contractual guarantees.

Under the said agreement, HDI-Gerling Polska SA shall open a credit line from 14 July 2008 to 14 June 2009 for contractual guarantees granted to all PBG Capital Group Companies. These guarantees include:

- bid bonds – up to 180 days;
- proper performance bonds – up to 36 months;
- defects liability bonds – up to 60 months;
- performance bonds – up to 72 months, and if the contract is financed with EU funds – up to 84 months;
- advance payment guarantees – up to 18 months.

The total maximum amount of HDI-Gerling Polska SA's commitment under guarantees granted as part of the line was set at PLN 80,000,000.00 and it covers all guarantees issued before 14 July 2008.

Twenty blank promissory notes with a promissory note agreement issued by each insurer – five promissory notes per each insurer, each of them guaranteed by other insurers, shall secure the repayment of receivables of HDI-Gerling Polska SA under guarantees granted as part of the credit line and with reference to guarantees granted under the agreement of 19 September 2007.

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Approximation:	unless indicated otherwise, all amounts are in PLN thousands		

Annex to the facility liability limit agreement concluded with Raiffeisen Bank Polska SA

On 25 July 2008, the Board of Directors of PBG SA concluded an annex to the agreement on a facility liability limit of 28 September 2007 with Raiffeisen Bank Polska SA with its registered office in Warsaw. Under the annex, another subsidiary, Aprivia SA., joined PBG S.A. and the following PBG Capital Group companies: Infra SA, Metorex Sp. z o. o., Dromost Sp. z o. o., Hydrobudowa 9 PIB SA, and PRID SA.

The Annex also increased the liability limit facility granted to the Companies, from PLN 75,000,000.00 to PLN 125,000,000.00.

Under the annexed agreement, the Companies are entitled to a facility liability limit up to the total amount of PLN 75,000,000.00 to be used to finance current operations. The Companies may use the limit in the following forms:

- revolving credit facility in PLN, EUR and USD up to PLN 100,000,000.00 until 27 November 2009,
- limit for uncovered letters of credit in PLN or other currency up to PLN 75,000,000.00 until 29 November 2013,
- limit for bank guarantees in PLN or other currency up to PLN 75,000,000.00 until 29 November 2013.

Receivables of Raiffeisen Bank Polska S.A. are secured with:

- 1) Authorisation to charge any receivables and claims of the Bank arising from the Agreement to current accounts of each Borrower in the Bank and other accounts of each Borrower managed by the Bank,
- 2) Judgment note (agreement for judgment) under Art. 97 of the Banking Law (i.e. enforcement proceedings initiated by the Bank on the basis of an enforceable title), up to the total amount of the current debt including interest and other charges, but not exceeding PLN 187,500,000.00.
- 3) Assignment of receivables from the financed contract in the minimum amount of 150% of the utilised limit.

Other provisions of the agreement were not amended.

Financial agreements with PEKAO SA

On 07 August 2008, the Board of Directors of PBG SA concluded financial agreements with Bank PEKAO SA related directly to the signing and performance of the contract "LMG Project – the Central Unit, wellsites, pipelines and other":

1. pursuant to §5 section 1.3 of the Regulation of on current and interim information provided by issuers of securities of 19 October 2005 – agreement for the credit line of PLN 286,000,000.00 for contract financing. This limit will be broken down into the following Bank Product Limits:
 - a) Performance Bond Limit – up to PLN 86,000,000.00,
 - b) Credit Limit – up to PLN 200,000,000.00, of which up to (the equivalent of) PLN 40,000,000.00 denominated in PLN, USD, EUR, CAD, SKK, CZK, NOK, SEK, or DKK for Guarantees or Letters of Credit.

Capital Group:	<i>Grupa Kapitałowa PBG</i>		
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Approximation:	<i>unless indicated otherwise, all amounts are in PLN thousands</i>		

The total amount of the Bank's commitment in Bank Products granted under this agreement must not exceed:

- a) PLN 86,000,000.00 for Performance Bond Limit – in the period starting on the Contract signing date and ending on the date of works acceptance by PGNiG SA,
- b) PLN 100,000,000.00 for Credit Limit in the first quarter as of the Contract signing date,
- c) PLN 200,000,000.00 for Credit Limit in the second quarter as of the Contract signing date, provided that the total amount of the Bank's commitment in the Credit Facility, Performance Bonds, or Letters of Credit shall not exceed the lower of:
 - 75% of the Contract amount defined in the Contract and still to be invoiced, or accepted and invoiced but not paid by PGNiG,
 - 90% of the required working capital defined in the Contract performance schedule and quarterly budget submitted by the Borrower to the Bank.

The Parties agreed as follows:

- a) Performance Bond shall be granted in PLN,
- b) Credit Facility shall be granted in PLN,
- c) Guarantees and Letters of Credit shall be granted in PLN or in currencies specified in documents submitted by the Borrower, but no other than USD, EUR, CAD, SKK, NOK, CZK, SEK, or DKK.

Maturity of each Bank Product shall be agreed on a case-by-case basis pursuant to the Line Agreement and terms and conditions of the Contract, but must not exceed:

- a) the expected Contract performance date,
- b) final payment date,
- c) final repayment date set at 30 June 2013.

The following legal security for Bank Products was established:

- a) assignment of receivables with a condition precedent from the Contract with irrevocable specification of Credit Account,
- b) authorisation to debit the Borrower's current and future accounts in the Bank,
- c) the Borrower's judgment note (agreement for judgment),
- d) surety of the Borrower's subsidiary Hydrobudowa Polska SA together with its judgment note (agreement for judgment).

This agreement was considered material based on the criterion of total equity.

2. pursuant to §5 section 1.7 of the Regulation of on current and interim information provided by issuers of securities of 19 October 2005 – agreement for the Performance Bond up to PLN 85,217,000.00 valid until 30 April 2013, with Polskie Górnictwo Naftowe i Gazownictwo SA as the Beneficiary.

Bank's claims for the reimbursement of sums paid to the Beneficiary shall be secured by: assignment of receivables with a condition precedent from the Contract with irrevocable specification of Credit Account, authorisation to debit the Principal's current and future accounts in the Bank, the Principal's judgment note (agreement for judgment), and surety of the Principal's subsidiary Hydrobudowa Polska SA together with its judgment note (agreement for judgment). PBG SA issued its judgment note (agreement for judgment) and approval for bank's enforceable title covering the amount paid by the Bank to the

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Beneficiary under the Performance Bond as well as outstanding Increased Interest and Commissions and other receivables of the Bank, up to the amount of PLN 129,000,000.00.

Under this agreement, Performance Bond may be used provided that the Principal has undertaken to conclude an agreement for the assignment of receivables from the Contract to the Bank, and that PGNiG SA is duly notified thereof and issues its approval within 60 days after the Bond is used.

3. pursuant to Art. 56 section 5 of Public Offering Act. Considering the Bank's commitment in the Limit granted for Contract financing, this Annex reduced the total value of Bank Products from PLN 147,755,113.25 to the total maximum amount of PLN 92,682,661.91.

The Parties agreed the following maximum amount of limits for Bank Products made available to PBG SA:

- a) Revolving facility in the form of a credit line – up to PLN 20,000,000.00 or its equivalent in EUR or USD at the average exchange rate of the National Bank of Poland,
- b) Investment facility in the form of a credit line up to: PLN 14,182,661.91,
- c) Limit for bank guarantees up to PLN 30,000,000.00,
- d) Limit for derivatives up to PLN 25,000,000.00,
- e) Limit for letters of credit up to PLN 20,000,000.00,
- f) Limit for cards up to PLN 500,000.00.

Other terms and conditions of the said agreement shall remain unchanged.

Bank fees and charges were agreed at arm's length.

Agreement with Towarzystwo Ubezpieczeń i Reasekuracji "WARTA" SA

On 29 August 2008, the Board of Directors of PBG SA concluded a material agreement with Towarzystwo Ubezpieczeń i Reasekuracji "WARTA" SA with its registered office in Warsaw and PBG Capital Group Companies on contract guarantees granted within the specified guarantee limit. PBG SA, Hydrobudowa Polska SA, Hydrobudowa 9 PIB SA, and Infra SA are Parties to this agreement.

Under the said agreement, TUIR "WARTA" SA granted a revolving guarantee limit to Capital Group Companies, within which contract performance bonds shall be granted with the following validity dates:

- a) bid bonds and advance payment guarantees – up to 3 years,
- b) performance bonds – up to 4 years (plus 30 days to release the security),
- c) defects liability bond – up to 5 years (plus 15 days to release the security), provided that the total maximum term of performance bonds related to a single contract (subject to the above limitations) is 6 years. In the case of guarantees related to construction contracts co-financed with the EU funds, concluded in public procurement proceedings, and contracted by public Beneficiaries, this term shall be 7 years (plus 45 days to release the security).

The Parties agreed that the maximum guarantee limit for all Guarantees and Bonds granted under this agreement, as well as other guarantees for which TUIR "WARTA" SA is responsible in the period of this agreement, shall not exceed PLN 150,000,000.00 at any time. The agreement shall be valid until 28 April 2009. The fee payable to TUIR "WARTA" SA for guarantees granted within the limit was agreed at arm's length.

Receivables of TUIR "WARTA" SA related to guarantees granted within the limit are secured by:

- 1) PBG SA corporate guarantee,

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- 2) five blank promissory notes with a promissory note agreement issued by PBG SA and guaranteed by Hydrobudowa Polska SA, Infra SA, and Hydrobudowa 9 PIB SA,
- 3) five blank promissory notes with a promissory note agreement issued by Hydrobudowa Polska SA and guaranteed by PBG SA, Infra SA, and Hydrobudowa 9 PIB SA,
- 4) five blank promissory notes with a promissory note agreement issued by Infra SA and guaranteed by Hydrobudowa Polska SA, PBG SA, and Hydrobudowa 9 PIB SA,
- 5) five blank promissory notes with a promissory note agreement issued by Hydrobudowa 9 PIB SA and guaranteed by Hydrobudowa Polska SA, Infra SA, and PBG SA,
- 6) judgment note (agreement for judgment) issued by all Applicants pursuant to Art. 777 § 1 section 5 of the Code of Civil Proceedings, whereunder each Applicant shall be subject to enforcement proceedings under claims of TUIR "WARTA" SA resulting from guarantees granted upon request of any Applicant acting as Party to the agreement.

No fee shall be charged by the Capital Group Companies for any of the above intercompany sureties.

The Contract was considered material based on the criterion of total equity of PBG SA.

Annex to framework agreement concluded with ING Bank Śląski SA

On 8 September 2008, the Board of Directors of PBG SA concluded Annex no. 5 to the framework agreement concluded on 6 September 2007 by and between ING Bank Śląski SA and PBG Capital Group companies: PBG SA, Hydrobudowa Polska SA, Infra SA, Hydrobudowa 9 PIB SA, Avatia Sp. z o.o. , and PRIS Sp. z o.o. Under the said Annex, the credit limit was increased from PLN 100,000,000.00 to PLN 150,000,000.00.

Borrowers submitted their judgment notes (agreements for judgment) up to PLN 225,000,000.00, and the Bank may apply for an immediate execution of the enforceable title by 5 September 2015.

In addition, a corporate guarantee provided by each Company acting as Party to the agreement was increased from PLN 100,000,000.00 to PLN 150,000,000.00.

These corporate guarantees shall remain in effect until all obligations arising from the Framework Agreement in respect of the Bank have been settled. Corporate guarantees were granted at arm's length. Other provisions of the agreement were not amended.

Surety granted under the framework agreement with Raiffeisen Bank Polska SA

On 27 August 2008, the Board of Directors of PBG SA granted its surety for liabilities of a subsidiary Company Hydrobudowa 9 PIB SA. This surety shall be valid until 31 December 2013, and was granted in relation to the increased security limit of Hydrobudowa 9 PIB SA to Euro 20,000,000.00 under the Framework Agreement on Derivatives and Forward Transactions of 23 June 2008 concluded with Raiffeisen Bank Polska SA.

PBG SA provided its judgment note (agreement for judgment) under Art. 29 of the Banking Law (i.e. enforcement proceedings initiated by the Bank on the basis of an enforceable title), up to the total amount of the current debt including interest and other charges, but not exceeding EUR 30,000,000.00, for any claims of the Bank arising from Transactions concluded under the said Framework Agreement and Additional Agreement.

The amount of fee related to this surety was agreed at arm's length.

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OTHER EVENTS

Authorisation (proxy)

On 25 July 2008, the Board of Directors of PBG SA granted a proxy to Mr. Paweł Buczkowski, Hydrotechnical Construction Director at PBG SA. As the Company's Proxy, Mr. Paweł Buczkowski shall be responsible for the water and hydrotechnical sector and the Company's cooperation in this field with PBG Capital Group Companies, on behalf of the Board of Directors.

Mr Paweł Buczkowski is not involved in any business competitive to PBG SA. He is not listed in the Bankruptcy Register pursuant to the Act on the National Court Register.

Change of the name of statutory auditor of the Group's financial statements

On 25 August 2008, the entity currently authorised to audit financial statements of PBG SA and PBG Capital Group, HLB Frąckowiak i Wspólnicy Sp. z o.o, changed its name. The company's name is now Grant Thornton Frąckowiak Sp. z o.o., and the auditor became the exclusive and official partner of Grant Thornton International in Poland.

As of the same date, the auditor no longer represents HLB International.

Resignation from the Supervisory Board

On 1 September 2008, Mrs Małgorzata Wiśniewska handed in her resignation from the position of Member of the Supervisory Board of PBG SA, as she became President of the Board of Directors in Infra SA, a subsidiary company of PBG SA.

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SIGNATURES OF ALL MEMBERS OF THE BOARD OF DIRECTORS

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 – Member of the Board of Directors

Tomasz Latawiec – Member of the Board of Directors

Signature of a person responsible for the preparation of the financial statement

Eugenia Bachorz – Proxy, Capital Group Accounting Coordination Director

Wysogotowo, 24 September 2008