

**THE PBG GROUP**



**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR SIX MONTHS ENDED JUNE 30TH 2011**

**WYSOGOTOWO, AUGUST 25TH 2011**

Group name:	<i>PBG Group</i>		
Period covered by the financial statements:	<i>January 1st–June 30th 2011</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

## FINANCIAL HIGHLIGHTS

Item	for the period Jan 1-Jun 30 2011	for the period Jan 1-Jun 30 2010	for the period Jan 1-Dec 31 2010	for the period Jan 1-Jun 30 2011	for the period Jan 1-Jun 30 2010	for the period Jan 1-Dec 31 2010
	PLN			EUR		
<b>Income statement</b>						
Sales revenue	1,456,855	1,180,138	2,740,311	367,216	294,725	684,325
Operating profit/(loss)	115,173	75,170	261,659	29,031	18,773	65,343
Pre-tax profit/(loss)	115,461	74,344	234,440	29,103	18,567	58,546
Net profit/(loss) from continuing operations	98,431	60,797	184,684	24,811	15,183	46,120
Net profit/(loss) attributable to:	98,431	60,797	184,684	24,811	15,183	46,120
- owners of the Parent	97,544	61,156	190,440	24,587	15,273	47,558
- minority interests	887	(359)	(5,756)	224	(90)	(1,437)
Earnings/(loss) per ordinary share (PLN/EUR)	6.82	4.28	13.32	1.72	1.07	3.33
Diluted earnings/(loss) per ordinary share (PLN/EUR)	6.82	4.28	13.32	1.72	1.07	3.33
<b>Statement of cash flows</b>						
Net cash provided by/(used in) operating activities	(376,274)	65,182	433,582	(94,844)	16,278	108,276
Net cash provided by/(used in) investing activities	(65,720)	(260,755)	(529,951)	(16,565)	(65,120)	(132,342)
Net cash provided by/(used in) financing activities	239,624	1,779	144,866	60,400	444	36,177
Net change in cash and cash equivalents	(202,370)	(193,794)	48,497	(51,010)	(48,398)	12,111
PLN/EUR average exchange rate	x	x	x	3.9673	4.0042	4.0044
<b>Balance sheet</b>						
Assets	5,230,445	3,895,181	4,749,518	1,312,006	939,549	1,199,282
Non-current liabilities	1,135,173	550,905	988,313	284,747	132,883	249,555
Current liabilities	2,114,005	1,658,858	1,943,549	530,278	400,130	490,758
Equity attributable to owners of the Parent	1,659,600	1,453,771	1,591,361	416,295	350,661	401,828
Share capital	14,295	14,295	14,295	3,586	3,448	3,610
Number of shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Book value per share (PLN/EUR)	116.10	101.70	111.32	29.12	24.53	28.11
Dividend per share declared or paid (PLN/EUR)	-	-	1.40	-	-	0.35
PLN/EUR exchange rate as at end of period	X	x	x	3.9866	4.1458	3.9603

The above data was translated into the euro in accordance with the following rules:

- The selected items of the income statement and the statement of cash flows for H1 2011, H1 2010 and 2010 were translated at the EUR/PLN exchange rate which is the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period, i.e. EUR 1 = PLN 3.9673, EUR 1 = PLN 4.0042, and EUR 1 = PLN 4.0044, respectively.
- The selected items of the statement of financial position were translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for the balance-sheet date. As at June 30th 2011, the exchange rate was EUR 1 = PLN 3.9866, as at June 30th 2010 it was EUR 1 = PLN 4.1458, and as at December 31st 2010 – EUR 1 = PLN 3.9603.

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

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## I. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	As at	As at	As at
	Jun 30 2011	Jun 30 2010	Dec 31 2010
Assets			
<b>Non-current assets</b>	<b>1,910,966</b>	<b>1,189,328</b>	<b>1,593,684</b>
Goodwill	518,387	317,679	346,882
Intangible assets	45,550	38,928	41,640
Property, plant and equipment	812,385	379,808	665,388
Non-regenerative natural resources	61,707	12,290	36,772
Investment property	382,995	205,592	293,757
Investments in subsidiary undertakings	21,000	10,000	10,000
Investments in associated undertakings	-	61,348	60,325
Investments in joint ventures	10	-	-
Receivables	19,863	16,255	15,831
Loans advanced	5,674	96,739	60,112
Financial derivatives	-	7,708	171
Other non-current financial assets	35,472	35,574	38,643
Deferred tax assets	-	-	-
Non-current accruals and deferrals	7,923	7,407	24,163
<b>Current assets</b>	<b>3,319,479</b>	<b>2,705,853</b>	<b>3,155,834</b>
Inventories	429,962	280,894	293,500
Receivables under construction contracts	802,532	714,717	393,583
Trade and other receivables	1,166,397	868,599	1,327,224
Current income tax receivable	20,874	3,301	7,748
Loans advanced	258,576	344,238	210,492
Derivative financial instruments	6,736	6,756	4,873
Other current financial assets	56,929	1,377	155,265
Cash and cash equivalents	505,841	466,487	708,509
Current accruals and deferrals	71,632	19,484	54,640
Non-current assets classified as held for sale	-	-	-
<b>Total assets</b>	<b>5,230,445</b>	<b>3,895,181</b>	<b>4,749,518</b>

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#### INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
<i>Equity and liabilities</i>			
<b>Equity</b>	<b>1,981,267</b>	<b>1,685,418</b>	<b>1,817,656</b>
<b>Equity attributable to owners of the Parent</b>	<b>1,659,600</b>	<b>1,453,771</b>	<b>1,591,361</b>
Share capital	14,295	14,295	14,295
Treasury shares	-	-	-
Share premium account	733,348	733,348	733,348
Valuation of hedging transactions and foreign exchange gains/(losses) on consolidation	(1,432)	(10,097)	(2,625)
Other equity	745,644	536,642	530,760
Retained earnings	167,745	179,583	315,583
- retained earnings/(deficit)	70,201	118,427	125,143
- net profit/(loss) for current year attributable to owners of the Parent	97,544	61,156	190,440
<b>Non-controlling interests</b>	<b>321,667</b>	<b>231,647</b>	<b>226,295</b>
<b>Liabilities</b>	<b>3,249,178</b>	<b>2,209,763</b>	<b>2,931,862</b>
<b>Non-current liabilities</b>	<b>1,135,173</b>	<b>550,905</b>	<b>988,313</b>
Loans, borrowings and other debt instruments	962,595	455,338	904,894
Finance lease	76,228	10,146	9,122
Financial derivatives	2,446	9,296	412
Other non-current liabilities	40,860	40,875	37,914
Deferred tax liabilities	19,313	8,356	8,023
Liabilities and provisions for employee benefits	11,501	6,309	5,520
Other non-current provisions	15,554	13,197	15,623
Government subsidies	-	-	-
Non-current accruals and deferrals	6,676	7,388	6,805
<b>Current liabilities</b>	<b>2,114,005</b>	<b>1,658,858</b>	<b>1,943,549</b>
Loans, borrowings and other debt instruments	826,786	682,096	523,985
Finance lease	28,406	14,479	10,723
Derivative financial instruments	6,733	36,877	11,265
Trade and other liabilities	1,106,482	768,124	1,193,845
Liabilities under construction contracts	58,374	80,159	89,593
Current income tax payable	1,022	11,481	28,616
Liabilities and provisions under employee benefits	34,871	32,697	29,728
Other current provisions	38,880	27,730	37,900
Government subsidies	-	-	-
Current accruals and deferred income	12,451	5,215	17,894
Liabilities related to non-current assets held for sale	-	-	-
<b>Total equity and liabilities</b>	<b>5,230,445</b>	<b>3,895,181</b>	<b>4,749,518</b>

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### INTERIM CONSOLIDATED INCOME STATEMENT (COST BY FUNCTION)

Item	for the period Jan 1-Jun 30 2011	for the period Jan 1-Jun 30 2010	for the period Jan 1-Dec 31 2010
<i>Continuing operations</i>			
<b>Sales revenue</b>	<b>1,456,855</b>	<b>1,180,138</b>	<b>2,740,311</b>
Revenue from sales of products	8,660	4,420	28,404
Revenue from sales of services	1,439,014	1,170,576	2,698,793
Revenue from sales of goods for resale and materials	9,181	5,142	13,114
<b>Cost of sales</b>	<b>(1,291,123)</b>	<b>(1,037,613)</b>	<b>(2,398,682)</b>
Cost of products sold	(6,062)	(4,386)	(24,883)
Cost of services sold	(1,278,329)	(1,028,331)	(2,361,361)
Cost of goods for resale and materials sold	(6,732)	(4,896)	(12,438)
<b>Gross profit/(loss)</b>	<b>165,732</b>	<b>142,525</b>	<b>341,629</b>
Selling costs	(1,920)	(49)	(73)
General and administrative expenses	(53,719)	(56,981)	(109,096)
Other operating income	15,264	22,452	66,863
Other operating expenses	(5,440)	(29,751)	(33,603)
Share in profit of undertakings consolidated with equity method	(4,744)	(3,026)	(4,061)
Costs of restructuring	-	-	-
<b>Operating profit/(loss)</b>	<b>115,173</b>	<b>75,170</b>	<b>261,659</b>
Finance income	24,456	40,025	59,579
Finance expenses	(40,633)	(43,059)	(89,007)
Valuation of interests in joint ventures	-	-	-
Other gains/(losses) on investments	16,465	2,208	2,209
<b>Pre-tax profit/(loss)</b>	<b>115,461</b>	<b>74,344</b>	<b>234,440</b>
Corporate income tax	(17,030)	(13,547)	(49,756)
<b>Net profit/(loss) from continuing operations</b>	<b>98,431</b>	<b>60,797</b>	<b>184,684</b>
<i>Discontinued operations</i>			
Net loss on discontinued operations	-	-	-
<b>Net profit/(loss)</b>	<b>98,431</b>	<b>60,797</b>	<b>184,684</b>
<b>Net profit/(loss) attributable to:</b>	<b>98,431</b>	<b>60,797</b>	<b>184,684</b>
- owners of the Parent	97,544	61,156	190,440
- minority interests	887	(359)	(5,756)

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#### NET EARNINGS (LOSS) PER ORDINARY SHARE

Item	for the period	for the period	for the period
	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
	1/share	1/share	1/share
Net profit/(loss) from continuing operations	97,544	61,156	190,440
Net profit/(loss) from continuing and discontinued operations	97,544	61,156	190,440
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
<i>from continuing operations</i>			
– basic	6.82	4.28	13.32
– diluted	6.82	4.28	13.32
<i>from continuing and discontinued operations</i>			
– basic	6.82	4.28	13.32
– diluted	6.82	4.28	13.32

#### INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	for the period	for the period	for the period
	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
<b>Net profit/(loss)</b>	<b>98,431</b>	<b>60,797</b>	<b>184,684</b>
<b>Other comprehensive income</b>			
Remeasurement of property, plant and equipment	(1,204)	438	(5,404)
Available-for-sale financial assets:	-	-	-
- income/(loss) disclosed under other comprehensive income in period	-	-	-
- amounts transferred to profit or loss	-	-	-
<b>Cash-flow hedges:</b>			
- income/(loss) disclosed under other comprehensive income in period	1,744	6,975	20,985
- amounts transferred to profit or loss	(1,276)	16,130	29,610
- amounts included in the initial value of hedged items	-	-	-
Foreign currency differences on translation of foreign operations	(2,533)	16,887	3,252
Foreign currency differences transferred to profit or loss – sale of foreign operations	-	-	-
Share in other comprehensive income of undertakings consolidated with equity method	-	-	-
Income tax on items of other comprehensive income	1,117	(7,773)	(7,824)
<b>Other comprehensive income after tax</b>	<b>(2,152)</b>	<b>32,657</b>	<b>40,619</b>
<b>Comprehensive income</b>	<b>96,279</b>	<b>93,454</b>	<b>225,303</b>
<b>Comprehensive income attributable to:</b>			
– owners of the Parent	<b>98,123</b>	<b>82,734</b>	<b>220,980</b>
– minority interests	<b>(1,844)</b>	<b>10,720</b>	<b>4,323</b>



**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST–JUNE 30TH 2011**

Item	Equity attributable to owners of the Parent								Non-controlling interests	Total equity
	Share capital	Treasury shares (-)	Share premium account	Capital on valuation of cash-flow hedges	Foreign currency differences on translation of subsidiaries	Other capitals	Retained earnings	Total		
<b>Balance as at Jan 1 2011</b>	<b>14,295</b>	<b>-</b>	<b>733,348</b>	<b>(13,786)</b>	<b>(1,503)</b>	<b>523,339</b>	<b>349,458</b>	<b>1,605,151</b>	<b>226,295</b>	<b>1,831,446</b>
Changes in accounting policies								-		-
Correction of fundamental errors				12,664		7,421	(33,875)	(13,790)	-	(13,790)
<b>Balance after changes</b>	<b>14,295</b>	<b>-</b>	<b>733,348</b>	<b>(1,122)</b>	<b>(1,503)</b>	<b>530,760</b>	<b>315,583</b>	<b>1,591,361</b>	<b>226,295</b>	<b>1,817,656</b>
<b>Changes in equity in period Jan 1-Jun 30 2011</b>										
Issue of shares	-	-	-	-	-	-	-	-	-	-
Share issue further to option execution (share-based payments)	-	-	-	-	-	-	-	-	-	-
Valuation of options (share-based payment scheme)	-	-	-	-	-	642	-	642	377	1,019
Changes in Group's structure (transactions with non-controlling interests)	-	-	-	-	-	-	-	-	96,059	96,059
Other adjustments				-	-	141	(174)	(33)	780	747
Dividends	-	-	-	-	-	-	(20,013)	(20,013)	-	(20,013)
Allocation of profit/(loss) to equity	-	-	-	-	-	214,715	(225,195)	(10,480)	-	(10,480)
<b>Total transactions with owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,498</b>	<b>(245,382)</b>	<b>(29,884)</b>	<b>97,216</b>	<b>67,332</b>
Net profit for period Jan 1-Jun 30 2011	-	-	-	-	-	-	97,544	97,544	887	98,431
Other comprehensive income after tax for Jan 1–Mar 31 2011	-	-	-	749	444	(614)	-	579	(2,731)	(2,152)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>749</b>	<b>444</b>	<b>(614)</b>	<b>97,544</b>	<b>98,123</b>	<b>(1,844)</b>	<b>96,279</b>
Transfer to retained earnings (sale of remeasured property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
<b>Balance as at Jun 30 2011</b>	<b>14,295</b>	<b>-</b>	<b>733,348</b>	<b>(373)</b>	<b>(1,059)</b>	<b>745,644</b>	<b>167,745</b>	<b>1,659,600</b>	<b>321,667</b>	<b>1,981,267</b>

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Rounding:	All amounts in PLN '000 (unless otherwise stated)		

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST - JUNE 30TH 2010

Item	Equity attributable to owners of the Parent								Non-controlling interests	Total equity
	Share capital	Treasury shares (-)	Share premium account	Capital on valuation of cash-flow hedges	Foreign currency differences on translation of subsidiaries	Other capitals	Retained earnings	Total		
<b>Balance as at Jan 1 2010</b>	<b>14,295</b>	-	<b>733,348</b>	<b>(27,806)</b>	<b>(2,543)</b>	<b>374,229</b>	<b>303,782</b>	<b>1,395,305</b>	<b>228,181</b>	<b>1,623,486</b>
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Correction of fundamental errors	-	-	-	-	-	(87)	(1,531)	(1,618)	(3,046)	(4,664)
<b>Balance after changes</b>	<b>14,295</b>	-	<b>733,348</b>	<b>(27,806)</b>	<b>(2,543)</b>	<b>374,142</b>	<b>302,251</b>	<b>1,393,687</b>	<b>225,135</b>	<b>1,618,822</b>
<b>Changes in equity in period Jan 1 - Jun 30 2010</b>										
Issue of shares	-	-	-	-	-	-	-	-	-	-
Issue of shares following exercise of options (share-based payment scheme)	-	-	-	-	-	-	-	-	-	-
Valuation of options (share-based payment scheme)	-	-	-	-	-	642	-	642	377	1,019
Changes in Group's structure (transactions with non-controlling interests)	-	-	-	(971)	-	(429)	527	(873)	(1,632)	(2,505)
Other adjustments	-	-	-	-	-	1,891	1,803	3,694	(2,953)	741
Dividends	-	-	-	-	-	-	(20,013)	(20,013)	-	(20,013)
Allocation of profit/(loss) to equity	-	-	-	-	-	160,041	(166,141)	(6,100)	-	(6,100)
<b>Total transactions with owners of the parent</b>	-	-	-	<b>(971)</b>	-	<b>162,145</b>	<b>(183,824)</b>	<b>(22,650)</b>	<b>(4,208)</b>	<b>(26,858)</b>
<b>Net profit for period Jan 1-Jun 30 2010</b>	-	-	-	-	-	-	<b>61,156</b>	<b>61,156</b>	<b>(359)</b>	<b>60,797</b>
Other comprehensive income after tax for Jan 1-Jun 30 2010	-	-	-	12,870	8,353	355	-	21,578	11,079	32,657
<b>Total comprehensive income</b>	-	-	-	<b>12,870</b>	<b>8,353</b>	<b>355</b>	<b>61,156</b>	<b>82,734</b>	<b>10,720</b>	<b>93,454</b>
Transfer to retained earnings (sale of remeasured property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
<b>Balance as at Jun 30 2010</b>	<b>14,295</b>	-	<b>733,348</b>	<b>(15,907)</b>	<b>5,810</b>	<b>536,642</b>	<b>179,583</b>	<b>1,453,771</b>	<b>231,647</b>	<b>1,685,418</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1ST–DECEMBER 31ST 2010

Item	Equity attributable to owners of the Parent								Non-controlling interests	Total equity
	Share capital	Treasury shares (-)	Share premium account	Capital on valuation of cash-flow hedges	Foreign currency differences on translation of subsidiaries	Other capitals	Retained earnings	Total		
<b>Balance as at Jan 1 2010</b>	<b>14,295</b>	-	<b>733,348</b>	<b>(27,806)</b>	<b>(2,543)</b>	<b>374,229</b>	<b>303,782</b>	<b>1,395,305</b>	<b>228,181</b>	<b>1,623,486</b>
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Correction of fundamental errors	-	-	-	-	-	(87)	(1,531)	(1,618)	(3,046)	(4,664)
<b>Balance after changes</b>	<b>14,295</b>	-	<b>733,348</b>	<b>(27,806)</b>	<b>(2,543)</b>	<b>374,142</b>	<b>302,251</b>	<b>1,393,687</b>	<b>225,135</b>	<b>1,618,822</b>
<b>Changes in equity in period Jan 1- Dec 31 2010</b>										
Issue of shares	-	-	-	-	-	-	-	-	-	-
Valuation of options (share-based payment scheme)	-	-	-	-	-	1,285	-	1,285	753	2,038
Changes in Group's structure (transactions with non-controlling interests)	-	-	-	(136)	-	(4,048)	690	(3,494)	2,558	(936)
Other adjustments	-	-	-	363	-	11,732	(5,331)	6,764	(6,068)	696
Dividends	-	-	-	-	-	-	(20,013)	(20,013)	-	(20,013)
Allocation of profit/(loss) to equity	-	-	-	-	-	146,260	(152,454)	(6,194)	(406)	(6,600)
<b>Total transactions with owners of the Parent</b>	-	-	-	<b>227</b>	-	<b>155,229</b>	<b>(177,108)</b>	<b>(21,652)</b>	<b>(3,163)</b>	<b>(24,815)</b>
<b>Net profit for period Jan 1-Dec 31 2010</b>	-	-	-	-	-	-	<b>190,440</b>	<b>190,440</b>	<b>(5,756)</b>	<b>184,684</b>
Other comprehensive income after tax for Jan 1-Dec 31 2010	-	-	-	26,457	1,040	1,389	-	28,886	10,079	38,965
<b>Total comprehensive income</b>	-	-	-	<b>26,457</b>	<b>1,040</b>	<b>1,389</b>	<b>190,440</b>	<b>219,326</b>	<b>4,323</b>	<b>223,649</b>
Transfer to retained earnings (sale of remeasured property, plant and equipment)	-	-	-	-	-	-	-	-	-	-
<b>Balance as at Dec 31 2010</b>	<b>14,295</b>	-	<b>733,348</b>	<b>(1,122)</b>	<b>(1,503)</b>	<b>530,760</b>	<b>315,583</b>	<b>1,591,361</b>	<b>226,295</b>	<b>1,817,656</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

### INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
<i>Cash flows from operating activities</i>			
<b>Net profit before income tax</b>	<b>115,461</b>	<b>74,344</b>	<b>234,440</b>
<b>Adjustments:</b>			
Depreciation and impairment losses on property, plant and equipment	21,369	20,775	40,733
Amortisation and impairment losses on intangible assets	4,169	2,952	5,980
Change in fair value of investment property	(305)	(1,586)	(25,685)
Change in fair value of financial assets (liabilities) measured through profit or loss	(5,381)	6,752	(5,882)
Cash flow hedges transferred from equity	(1,804)	16,130	29,476
Impairment losses on financial assets	-	-	13
(Gains) losses on disposal of non-financial non-current assets	512	319	(4,778)
(Gains) losses on disposal of financial assets (other than derivative instruments)	(8,499)	(1,860)	(2,192)
Foreign exchange gains/(losses)	5,100	11,656	(434)
Interest expense	37,742	33,573	70,057
Interest income	(13,757)	(21,731)	(36,458)
Dividend received	-	-	(5)
Share in profit/(loss) of associated undertakings	4,744	3,026	4,060
Other adjustments	6,385	(2,075)	(6,507)
<b>Total adjustments:</b>	<b>50,275</b>	<b>67,931</b>	<b>68,378</b>
Change in inventories	(42,476)	(45,238)	(45,014)
Change in receivables	139,751	226,052	(110,932)
Change in liabilities	(197,929)	(160,579)	106,319
Change in provisions and accruals and deferrals	(29,437)	8,940	(28,053)
Effect of construction contracts	(362,782)	(70,171)	265,483
Other adjustments	-	-	-
<b>Change in working capital</b>	<b>(492,873)</b>	<b>(40,996)</b>	<b>187,803</b>
Gains/(losses) on settlement of derivative instruments	903	(742)	(2,790)
Interest paid on operating activities	(191)	(110)	(160)
Income tax paid	(49,849)	(35,245)	(54,089)
<b>Net cash provided by/(used in) operating activities</b>	<b>(376,274)</b>	<b>65,182</b>	<b>433,582</b>
<i>Cash flows from investing activities</i>			
Acquisition of intangible assets	(1,499)	(1,448)	(6,007)
Disposal of intangible assets	-	-	75
Acquisition of property, plant and equipment	(76,299)	(62,652)	(138,101)
Disposal of property, plant and equipment	35,413	1,164	686
Acquisition of investment property	(15,913)	(55,967)	(125,856)
Disposal of investment property	408	230	900
Acquisition of subsidiary undertakings, net	(116,383)	(66,732)	(122,902)
Disposal of subsidiary undertakings, net	9,280	1,071	1,071
Repayment of loans advanced	23,286	87,702	191,190
Loans advanced	(24,652)	(160,737)	(225,432)

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Item (continued)	for the period Jan 1-Jun 30 2011	for the period Jan 1-Jun 30 2010	for the period Jan 1-Dec 31 2010
Acquisition of other financial assets	(110,375)	(30,643)	(291,000)
Disposal of other financial assets	215,050	29,400	186,400
Government subsidies received	85	-	-
Interest received	6,879	1,784	6,319
Other inflows	-	1,259	1,166
Other investment expenses	(11,000)	(5,186)	(8,465)
Dividend received	-	-	5
<b>Net cash provided by/(used in) investing activities</b>	<b>(65,720)</b>	<b>(260,755)</b>	<b>(529,951)</b>
<i>Cash flows from financing activities</i>			
Net proceeds from issue of shares	-	-	-
Acquisition of treasury shares	-	-	(300)
Proceeds from issue of debt securities	-	-	450,000
Redemption of debt securities	-	-	(125,000)
Interest paid on debt securities	(29,224)	(18,069)	(39,677)
Proceeds from loans and borrowings obtained	478,209	157,962	117,848
Repayment of loans and borrowings	(181,711)	(102,691)	(205,899)
Repayment of finance lease liabilities	(17,178)	(5,440)	(10,024)
Interest paid	(15,861)	(17,057)	(35,054)
Interest received on bank deposits	5,348	7,087	13,024
Other inflows/outflows	41	-	(39)
Dividend paid	-	(20,013)	(20,013)
<b>Net cash provided by/(used in) financing activities</b>	<b>239,624</b>	<b>1,779</b>	<b>144,866</b>
<b>Net change in cash and cash equivalents</b>	<b>(202,370)</b>	<b>(193,794)</b>	<b>48,497</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>708,509</b>	<b>660,281</b>	<b>660,281</b>
Effect of foreign exchange gains/(losses)	(298)	-	(269)
<b>Cash and cash equivalents at end of period</b>	<b>505,841</b>	<b>466,487</b>	<b>708,509</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## II. SUPPLEMENTARY INFORMATION AND NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The parent undertaking of the PBG Group ("the Group") is PBG S.A. ("the Parent Undertaking", "PBG"). The Parent Undertaking was incorporated on January 2nd 2004, by virtue of a Notary Deed of December 1st 2003. The Company may conduct operations in all parts of Poland pursuant to the provisions of the Commercial Companies Code. The Parent Undertaking is entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for Poznań – Nowe Miasto and Wilda, VII Commercial Division of the National Court Register, under KRS No. 0000184508. The Parent Undertaking's Industry Identification Number (REGON) is 631048917. PBG shares are listed on the Warsaw Stock Exchange. The Parent Undertaking's registered office is located at ul. Skórzewska 35 in Wysogotowo near Poznań, 62-081 Przeźmierowo. The Parent Undertaking's registered office is also the Group's principal place of business. On October 1st 2009, a PBG representative office was registered in Ukraine. Its purpose is to conduct research in the Ukrainian market and establish contacts with companies operating in the Ukrainian construction and related services sector.

The core business of the Parent Undertaking is:

- engineering activities and related technical consultancy (according to the Polish Classification of Activities – PKD 71.12 Z).

The business activities conducted by of each subsidiary of the Group are described in detail in the table below.

These interim condensed consolidated financial statements were approved for publication by the Parent Undertaking's Management Board on August 25th 2011.

The duration of the Parent Undertaking and other undertakings of the Group is unlimited.

These interim condensed consolidated financial statements cover the Parent Undertaking and the following subsidiary undertakings:

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
Aprivia S.A. (1)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Construction of roads and motorways PKD 42.11.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	100.00%	100.00%	100.00%
Betpol S.A. (2)	ul. Fordońska 168a, 85-766 Bydgoszcz, POLAND	Construction of roads and motorways PKD 42.11.Z	District Court of Bydgoszcz, XIII Commercial Division of the National Court Register	full subsidiary of Aprivia S.A., consolidated in the consolidated financial statements of Aprivia S.A.	70.00%	70.00%	70.00%

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
Dromost Sp. z o.o. (3)	Żabno 4A, 63-112 Brodnica POLAND	Construction of roads and motorways PKD 42.11.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of Aprivia S.A., consolidated in the consolidated financial statements of Aprivia S.A.	99.99%	87.40%	99.99%
Przedsiębiorstwo Robót Inżynieryjno - Drogowych S.A. (PRID S.A.) (4)	ul. Poznańska 42, 64-300 Nowy Tomyśl, Poland POLAND	Construction of roads and motorways PKD 42.11.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of Aprivia S.A., consolidated in the consolidated financial statements of Aprivia S.A.	100.00%	100.00%	100.00%
PBG Avatia Sp. z o.o. (formerly Avatia Sp. z o.o.) (5)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Reproduction of recorded media PKD 18.20.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	99.90%	99.80%	99.80%
Brokam Sp. z o.o. (6)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	100.00%	100.00%	100.00%
Excan Oil and Gas Engineering Ltd (7)	#201,9637-45 Avenue Edmonton AB T6E 5Z8 CANADA	Intermediation in contract execution, coordination of design and engineering work, general trading activities	CERTIFICATE OF INCORPORATION Edmonton Alberta	full	100.00%	100.00%	100.00%
GasOil Engineering a.s. (8)	Tatranska, 742 Spisska 05934 Teplice SLOVAKIA	Design services, project supervision services	Obchodný register Okresného súdu Prešov (Commercial Register of the District Court of Prešov)	full	62.45%	62.45%	62.45%

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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
Hydrobudowa Polska S.A. (9)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Construction of transmission pipelines and distribution systems PKD 42.21.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	63.05%	63.05%	63.05%
P.R.G. Metro Sp. z o. o. (10)	ul. Wólczyńska 156 01-919 Warszawa POLAND	Construction of transmission pipelines and distribution systems PKD 42.21.Z	District Court for the Capital City of Warsaw of Warsaw, XIII Commercial Division of the National Court Register	full subsidiary of Hydrobudowa Polska S.A., consolidated in the consolidated financial statements of Hydrobudowa Polska S.A.	62.10%	62.10%	62.10%
Hydrobudowa 9 S.A. (11)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Construction of residential and non-residential property PKD 41.20.Z Construction of water projects PKD 42.91.Z Site preparation 43.12.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of Hydrobudowa Polska S.A., consolidated in the consolidated financial statements of Hydrobudowa Polska S.A.	63.05%	63.05%	63.05%
KWG SA (12)	Aleja Wojska Polskiego 129, 70-490 Szczecin POLAND	construction of utility projects for fluids (PKD 42.21.Z), and	District Court of Szczecin, - XI Commercial Division of the National Court Register	full	100.00%	100.00%	100.00%
Metorex Sp. z o. o. (13)	ul. Żwirki i Wigury 17A, 87-100 Toruń Toruń POLAND	Construction of transmission pipelines and distribution systems PKD 42.21.Z	District Court of Toruń - VII Commercial Division of the National Court Register	full	99.56%	99.56%	99.56%
PBG Energia Sp. z o. o. (former PBG Export Sp. z o. o.) (14)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Construction of telecommunications and power lines PKD 42.22.Z	District Court for Kraków – Śródmieście of Kraków, XI Commercial Division of the National Court Register	full	99.95%	99.95%	99.95%



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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
PBG Technologia Sp. z o.o. (formerly Hydrobudowa Polska Konstrukcje Sp. z o.o.) (15)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Manufacture of metal structures and parts of structures PKD 25.11.Z	District Court for Katowice – East of Katowice, VIII Commercial Division of the National Court Register	full	100.00%	100.00%	100.00%
PBG Dom Sp. z o.o. (16)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Construction of residential and non-residential property PKD 41.20.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	100.00%	100.00%	100.00%
PBG Dom Invest X Sp. z o.o. Invest I S.K.A. (formerly PBG Dom Invest I Sp. z o.o.) (17)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Development of building projects PKD 41.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full indirect subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
PBG Dom Invest III Sp. z o.o. (18)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
PBG DOM Invest III Sp. k. Sp. z o.o. (19)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	proportionate subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
PBG Dom Invest IV Sp. z o.o. (20)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
PBG Dom Invest V Sp. z o.o. (21)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
PBG Dom Invest VI Sp. z o.o. (22)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	100.00%
PBG Dom Invest VII Sp. z o.o. (23)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	100.00%
PBG Dom Invest VIII Sp. z o.o. (24)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	100.00%

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
PBG Dom Invest IX Sp. z o.o. (25)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	100.00%
PBG Dom Invest X Sp. z o.o. (26)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full indirect subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	100.00%
Górecka Projekt Sp. z o.o. (27)	ul. Sienkiewicza 22, 60-900 Poznań POLAND	Development of building projects PKD 41.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
PBG DOM INVEST X Sp. z o.o. Złotowska 51 S.K.A. (28)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Construction of residential and non-residential buildings PKD 41.20.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	60.00%	100.00%
City Development Sp. z o.o. (29)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Development of building projects PKD 41.10.Z	District Court for the Capital City of Warsaw of Warsaw, XII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	75.00%	75.00%	75.00%

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
Villa Poznań Sp. z o.o. (30)	ul. Mazowiecka 42, 60-623 Poznań POLAND	Development of building projects PKD 41.10. Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
Quadro House Sp. z o.o. (formerly PBG Dom Management I Sp. z o.o.) (31)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Buying and selling of own real estate PKD 68.10.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
Kino Development Sp. z o.o. (32)	ul. Marszałkowska 80, 00-517 Warszawa POLAND	Development of building projects PKD 41.10. Z	District Court for the Capital City of Warsaw of Warsaw, XII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	100.00%	100.00%
PBGDom Invest Limited (33)	4 Afentrikas, Afentrika Court Office 2 P.C. 6018 Larnaka Cyprus	Holding of securities	No data available	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	100.00%
PBGDom Capital Limited (34)	4 Afentrikas, Afentrika Court Office 2 P.C. 6018 Larnaka Cyprus	Holding of investment assets	No data available	full indirect subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	100.00%

<b>Group name:</b>	<b>PBG Group</b>		
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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
SAMERU Sp. z o.o. (35)	ul. Mazowiecka 42, 60-623 Poznań POLAND	Other financial intermediation PKD 64.19.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full indirect subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	100.00%	-	-
Erigo I Sp. z o.o. (36)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Other financial intermediation PKD 64.19.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	99.00%	-	-
Erigo II Sp. z o.o. (37)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Other financial intermediation PKD 64.19.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	99.00%	-	-
Erigo III Sp. z o.o. (38)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Other financial intermediation PKD 64.19.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	99.00%	-	-
PBG Erigo Finanse Sp. z o.o. (39)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Other financial intermediation PKD 64.19.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	99.00%	-	-

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
PBG Erigo Projekt Sp. z o.o. (40)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Other financial intermediation PKD 64.19.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full subsidiary of PBG Dom Sp. z o.o., consolidated in the consolidated financial statements of PBG	99.00%	-	-
PBG Erigo Fundusz Inwestycyjny Zamknięty (formerly SPATIUM Aktywów Niepublicznych III Fundusz Inwestycyjny Zamknięty) (41)	ul. Mogilska 65, 31-545 Kraków POLAND	n/a	n/a	full	100.00%	-	100.00%
Wschodni Invest Sp. z o.o. (42)	ul. Mazowiecka 42, 60-623 Poznań POLAND	Other financial intermediation PKD 64.19.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	100.00%	100.00%	100.00%
Energopol Ukraina (43)	ul. Kondratiuka 1, 04201 Kiev UKRAINE	Construction and assembly activities	Obolon District State Administration in Kiev	full subsidiary of Wschodni Invest Sp. z o.o., consolidated in the consolidated financial statements of PBG	51.00%	51.00%	51.00%

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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
PBG Ukraina Publiczna Spółka Akcyjna (public company limited by shares) (44)	ul. Kondratiuka 1, 04201 Kiev UKRAINE	Construction of buildings, construction of other structures, assembly and installation of prefabricated structures, assembly of metal structures, organisation of property construction projects, intended for sale or rental; engineering activities.	Obolon District State Administration in Kiev	full	100.00%	100.00%	100.00%
PBG Operator Sp. z o.o. (formerly Revana Sp. z o.o.) (45)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Other credit granting PKD 64.92.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	100.00%	-	100.00%
PBG Bułgaria Sp. z o.o. (46)	Nikołaj Chajtów 2, Sofia 1113, BULGARIA	Industrial activities n.e.c., repair and installation of machinery and equipment	No data available	full	100.00%	-	100.00%
HBP Drogi Sp. z o.o. (47)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	100.00%	-	100.00%
Bathinex Sp. z o.o. (48)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	100.00%	-	100.00%

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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Name	Registered office	Business profile (according to PKD of 2007)	Competent court or other registration authority	Consolidation method	Group's shareholding		
					Jun 30 2011	Jun 30 2010	Dec 31 2010
Strateg Capital Sp. z o.o. (49)	ul. Ratajczaka 19, 61-814 Poznań POLAND	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	80.00%	-	80.00%
AQUA S.A. (50)	ul. Kanclerska 28, 60-327 Poznań POLAND	Engineering activities and related technical consultancy PKD 71.12.Z	District Court for Poznań – Nowe Miasto and Wilda, VIII Commercial Division of the National Court Register	full	81.70%	-	81.70%
PBG Invest 1 Sarl (51)	Boulevard du Prince Henri L-1724 Luxembourg 41,	No data available	No data available	full	100.00%	-	-
PBG Invest 2 Sarl (52)	Boulevard du Prince Henri L-1724 Luxembourg 41,	No data available	No data available	full	100.00%	-	-
PBG Invest 3 Sarl (53)	Boulevard du Prince Henri L-1724 Luxembourg 41,	No data available	No data available	full	100.00%	-	-
Energomontaż-Południe S.A. (54)	ul. Mickiewicza 15, 40-951 Katowice POLAND	Other building installation EKD 4534	District Court for Katowice, Commercial Division of the National Court Register	full	64.84%	25.00%	25.00%

Figures in the table above present the Parent Undertaking's interests in the share capital of the individual companies.

The percentage shares in the share capital of the Group companies are presented in the form of compound interest (percentage share held by PBG, the Parent Undertaking, in a subsidiary undertaking times percentage share of the subsidiary undertaking's interest in its subsidiary undertaking).

This applies to the members of the Hydrobudowa Polska, PBG Dom, Aprivia and Wschodni Invest groups.

1. Aprivia S.A. has been a PBG subsidiary since March 18th 2008 – PBG holds 100% of the share capital of Aprivia S.A. Aprivia S.A. has been the parent undertaking of the Aprivia Group since October 8th 2008.

2. Betpol S.A. has been a subsidiary of Aprivia S.A. since October 8th 2008 – Aprivia S.A. holds 70% of the share capital of Betpol S.A. PBG indirectly holds 70% of the share capital of Betpol S.A.



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3. Dromost Sp. z o.o. has been a subsidiary of Aprivia S.A. since October 8th 2008. As at June 30th 2010, Aprivia S.A. held 87.40% of the share capital of Dromost Sp. z o.o., as at June 30th 2011, the interest was 99.99% of the share capital of Dromost Sp. z o.o. As at March 31st 2011, PBG indirectly held 99.99% of the share capital of Dromost Sp. z o.o.

4. PRID S.A. has been a subsidiary of Aprivia S.A. since October 8th 2008 – Aprivia S.A. holds 100% of the share capital of PRID S.A. PBG indirectly holds 100% of the share capital of PRID S.A.

5. PBG Avatia Sp. z o.o. (formerly Avatia Sp. z o.o.) has been a PBG subsidiary since February 15th 2008 – as at June 30th 2010, PBG held 99.80% of the share capital of PBG Avatia Sp. z o.o., as at June 30th 2011, the interest was 99.90% of the company's share capital.

6. Brokam Sp. z o.o. has been a PBG subsidiary since August 16th 2007 – PBG holds 100% of the share capital of Brokam Sp. z o.o.

7. Excan Oil and Gas Engineering Ltd has been a PBG subsidiary since April 5th 2007 – PBG holds 100% of the share capital of Excan Oil and Gas Engineering Ltd.

8. GasOil Engineering a.s. has been a PBG subsidiary since April 12th 2007 – PBG holds 62.45% of the share capital of GasOil Engineering a.s.

9. Hydrobudowa Polska S.A. is a PBG subsidiary and the parent undertaking of the Hydrobudowa Polska Group. As at June 30th 2011, PBG held 63.05% of the share capital of Hydrobudowa Polska S.A.

10. P.R.G. Metro Sp. z o.o. has been a subsidiary of Hydrobudowa Polska S.A. since September 12th 2008 – as at June 30th 2011, Hydrobudowa Polska S.A. held 98.49% of the share capital of P.R.G. Metro Sp. z o.o. As at June 31st 2010, PBG indirectly held 62.10% of the share capital of P.R.G. Metro Sp. z o.o.

11. Hydrobudowa 9 S.A. has been a subsidiary of Hydrobudowa Polska S.A. since September 30th 2009. Hydrobudowa Polska S.A. holds 100% of the share capital of Hydrobudowa 9 S.A. As at June 30th 2011, PBG indirectly held 63.05% of the share capital of Hydrobudowa 9 S.A.

12. KWG S.A. has been a PBG subsidiary since May 30th 2006 – PBG holds 100% of the share capital of KWG S.A.

13. Metorex Sp. z o.o. has been a PBG subsidiary since January 13th 2005 – PBG holds 99.56% of the share capital of Metorex Sp. z o.o.

14. PBG Energia Sp. z o.o. (formerly PBG Export Sp. z o.o.) has been a PBG subsidiary since April 2nd 2009 – PBG holds 99.95% of the share capital of PBG Energia Sp. z o.o.

15. PBG Technologia Sp. z o.o. (formerly Hydrobudowa Polska Konstrukcje Sp. z o.o.) has been a PBG subsidiary since April 2nd 2009 – PBG holds 100% of the share capital of PBG Technologia Sp. z o.o.

16. PBG Dom Sp. z o.o. has been a PBG subsidiary since April 12th 2007; it is also the parent undertaking of the PBG Dom Group. PBG holds 100.00% of the share capital of PBG Dom Sp. z o.o.

17. PBG Dom Invest X Sp. z o.o. Invest I S.K.A. is an indirect subsidiary of PBG Dom Sp. z o.o. Since March 23rd 2011, when the new legal form of the company, spółka komandytowo-akcyjna (partnership limited by shares), was registered, PBG Dom Invest X Sp. z o.o. has been the company's general partner, while PBG Erigo Fundusz Inwestycyjny Zamknięty (formerly SPATIUM Aktywów Niepublicznych III Fundusz Inwestycyjny Zamknięty) has been its other shareholder. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest X Sp. z o.o. Invest I S.K.A.

18. PBG Dom Invest III Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since January 5th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBG Dom Invest III Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest III Sp. z o.o.

19. PBG Dom Invest III Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since January 5th 2010 – PBG Dom Sp. z o.o. is a limited partner (komandytariusz) in PBG Dom Invest III Sp. z o.o. Sp.k. and holds 50% of its share capital. PBG Dom Invest III Sp. z o.o. is the general partner (komplementariusz) and also holds 50% of PBG Dom Invest III Sp. z o.o. Sp.k.'s share capital. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest III Sp. z o.o. Sp. k.

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20. PBG Dom Invest IV Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since January 5th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBG Dom Invest IV Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest IV Sp. z o.o.

21. PBG Dom Invest V Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since January 5th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBG Dom Invest V Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest V Sp. z o.o.

22. PBG Dom Invest VI Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since September 28th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBG Dom Invest VI Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest VI Sp. z o.o.

23. PBG Dom Invest VII Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since September 28th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBG Dom Invest VII Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest VII Sp. z o.o.

24. PBG Dom Invest VIII Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since September 6th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBG Dom Invest VIII Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest VIII Sp. z o.o.

25. PBG Dom Invest IX Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since September 6th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBG Dom Invest IX Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest IX Sp. z o.o.

26. PBG Dom Invest X Sp. z o.o. has been a subsidiary of PBG Dom Invest VI Sp. z o.o. since December 17th 2010 – PBG Dom Invest VI Sp. z o.o. holds 100% of the share capital of PBG Dom Invest X Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest X Sp. z o.o.

27. Górecka Projekt Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since June 25th 2009 – PBG Dom Sp. z o.o. holds 100% of the share capital of Górecka Projekt Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of Górecka Projekt Sp. z o.o.

28. PBG Dom Invest X Sp. z o.o. Złotowska 51 S.K.A. is an indirect subsidiary of PBG Dom Sp. z o.o. Since April 1st 2011, when the change of the company's legal form from spółka z ograniczoną odpowiedzialnością (limited liability company) to spółka komandytowo-akcyjna (partnership limited by shares), PBG Dom Invest X Sp. z o.o. has been the company's general partner, while PBG Erigo Fundusz Inwestycyjny Zamknięty (formerly SPATIUM Aktywów Niepublicznych III Fundusz Inwestycyjny Zamknięty) has been its other shareholder. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Dom Invest X Sp. z o.o. Złotowska 51 S.K.A.

29. City Development Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since June 9th 2009 – PBG Dom Sp. z o.o. holds 75% of the share capital of City Development Sp. z o.o. As at June 30th 2011, PBG indirectly held 75% of the share capital of City Development Sp. z o.o.

30. Villa Poznań Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since November 3rd 2009 – PBG Dom Sp. z o.o. holds 100% of the share capital of Villa Poznań Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of Villa Poznań Sp. z o.o.

31. Quadro House Sp. z o.o. (formerly PBG Dom Management Sp. z o.o.) has been a subsidiary of PBG Dom Sp. z o.o. since November 17th 2009 – PBG Dom Sp. z o.o. holds 100% of the share capital of Quadro House Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of Quadro House Sp. z o.o.

32. Kino Development Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since November 27th 2009 – PBG Dom Sp. z o.o. holds 100% of the share capital of Kino Development Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of Kino Development Sp. z o.o.

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33. PBGDom Invest Limited Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since November 29th 2010 – PBG Dom Sp. z o.o. holds 100% of the share capital of PBGDom Invest Limited Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBGDom Invest Limited Sp. z o.o.

34. PBGDom Capital Limited Sp. z o.o. has been a subsidiary of PBG Dom Invest VI Sp. z o.o. since November 25th 2010 – PBG Dom Invest VI Sp. z o.o. holds 100% of the share capital of PBGDom Capital Limited Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBGDom Capital Limited Sp. z o.o.

35. SAMERU Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since April 6th 2011 – PBG Dom Sp. z o.o. holds 100% of the share capital of SAMERU Sp. z o.o. As at June 30th 2011, PBG indirectly held 100% of the share capital of SAMERU Sp. z o.o.

36. ERIGO I Sp. z o.o. has been a subsidiary of PBG Dom Invest VI Sp. z o.o. since May 11th 2011 – PBG Dom Invest VI Sp. z o.o. holds 99% of the share capital of ERIGO I Sp. z o.o. As at June 30th 2011, PBG indirectly held 99% of the share capital of ERIGO I Sp. z o.o.

37. ERIGO II Sp. z o.o. has been a subsidiary of PBG Dom Invest VI Sp. z o.o. since May 11th 2011 – PBG Dom Invest VI Sp. z o.o. holds 99% of the share capital of ERIGO II Sp. z o.o. As at June 30th 2011, PBG indirectly held 99% of the share capital of ERIGO II Sp. z o.o.

38. ERIGO III Sp. z o.o. has been a subsidiary of PBG Dom Invest VI Sp. z o.o. since May 11th 2011 – PBG Dom Invest VI Sp. z o.o. holds 99% of the share capital of ERIGO III Sp. z o.o. As at June 30th 2011, PBG indirectly held 99% of the share capital of ERIGO III Sp. z o.o.

39. PBG ERIGO Projekt Sp. z o.o. has been a subsidiary of PBG Dom Invest VI Sp. z o.o. since May 11th 2011 – PBG Dom Invest VI Sp. z o.o. holds 99% of the share capital of PBG ERIGO Projekt Sp. z o.o. As at June 30th 2011, PBG indirectly held 99% of the share capital of PBG ERIGO Projekt Sp. z o.o.

40. PBG ERIGO Finanse Sp. z o.o. has been a subsidiary of PBG Dom Invest VI Sp. z o.o. since May 11th 2011 – PBG Dom Invest VI Sp. z o.o. holds 99% of the share capital of PBG ERIGO Finanse Sp. z o.o. As at June 30th 2011, PBG indirectly held 99% of the share capital of PBG ERIGO Finanse Sp. z o.o.

41. PBG Erigo Fundusz Inwestycyjny Zamknięty (formerly SPATIUM Aktywów Niepublicznych III Fundusz Inwestycyjny Zamknięty ) has been a PBG subsidiary since November 4th 2010 – as at June 30th 2011, PBG held 450 Series A and Series B certificates of the Fund (representing 3.09% of the Fund), while PBGDOM Capital Limited held 14,111 Series B Fund certificates (representing 96.91% of the Fund).

42. Wschodni Invest Sp. z o.o. has been a PBG subsidiary since June 19th 2009; it is also the parent undertaking of the Wschodni Invest Group. As at June 30th 2011, PBG held 100% of the share capital of Wschodni Invest Sp. z o.o.

43. Energopol Ukraina has been a subsidiary of Wschodni Invest Sp. z o.o. since June 19th 2009 – Wschodni Invest Sp. z o.o. holds 51% of the share capital of Energopol Ukraina. As at June 30th 2011, PBG indirectly held 51% of the share capital of Energopol Ukraina.

44. PBG Ukraina Publiczna Spółka Akcyjna (public company limited by shares) has been a PBG subsidiary since October 28th 2009. As at June 30th 2011, PBG held 100% of the share capital of PBG Ukraina Publiczna Spółka Akcyjna.

45. PBG Operator Sp. z o.o. (formerly Revana Sp. z o.o.) has been a PBG subsidiary since August 30th 2010. As at June 30th 2011, PBG held 100% of the share capital of PBG Operator Sp. z o.o.

46. PBG Bułgaria Sp. z o.o. has been a PBG subsidiary since September 27th 2010. As at June 30th 2011, PBG held 100% of the share capital of PBG Bułgaria Sp. z o.o.

47. HBP Drogi Sp. z o.o. (formerly Villalobos Sp. z o.o.) has been a PBG subsidiary since October 5th 2010. As at June 30th 2011, PBG held 100% of the share capital of HBP Drogi Sp. z o.o.

48. Strateg Capital Sp. z o.o. has been a PBG subsidiary since October 13th 2010. As at June 30th 2011, PBG held 80% of the share capital of Strateg Capital Sp. z o.o.

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49. Bathinex Sp. z o.o. has been a PBG subsidiary since October 14th 2010. As at June 30th 2011, PBG held 100% of the share capital of Bathinex Sp. z o.o.

50. AQUA S.A. has been a PBG subsidiary since December 21st 2010. As at June 30th 2011, PBG held 81.70% of the share capital of AQUA S.A.

51. PBG Invest 1 Sarl has been a PBG subsidiary since January 31st 2011. As at June 30th 2011, PBG held 100% of the share capital of PBG Invest 1 Sarl.

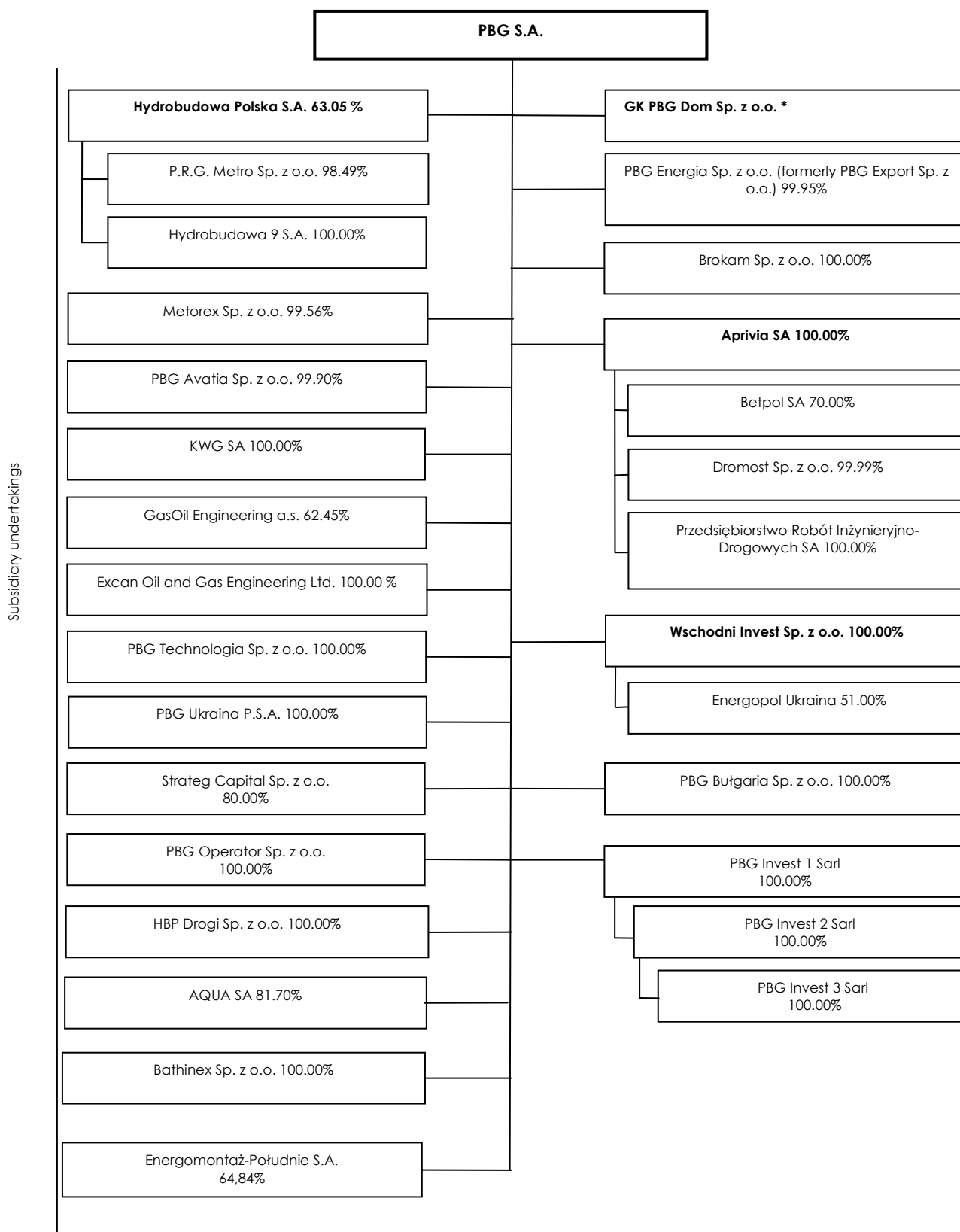
52. PBG Invest 2 Sarl has been a subsidiary of PBG Invest 1 Sarl since January 31st 2011 – PBG Invest 1 Sarl holds 100% of the share capital of PBG Invest 2 Sarl. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Invest 2 Sarl.

53. PBG Invest 3 Sarl has been a subsidiary of PBG Invest 2 Sarl since January 31st 2011 – PBG Invest 2 Sarl holds 100% of the share capital of PBG Invest 3 Sarl. As at June 30th 2011, PBG indirectly held 100% of the share capital of PBG Invest 3 Sarl.

54. Energomontaż-Południe S.A. has been a PBG subsidiary since June 20th 2011 – As at June 30th 2011, PBG held 64.84% of the share capital of Energomontaż-Południe S.A. From February 17th 2010 to June 19th 2011, Energomontaż-Południe S.A. has been an associated undertaking of PBG – PBG held 25% of the share capital of Energomontaż-Południe S.A.

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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

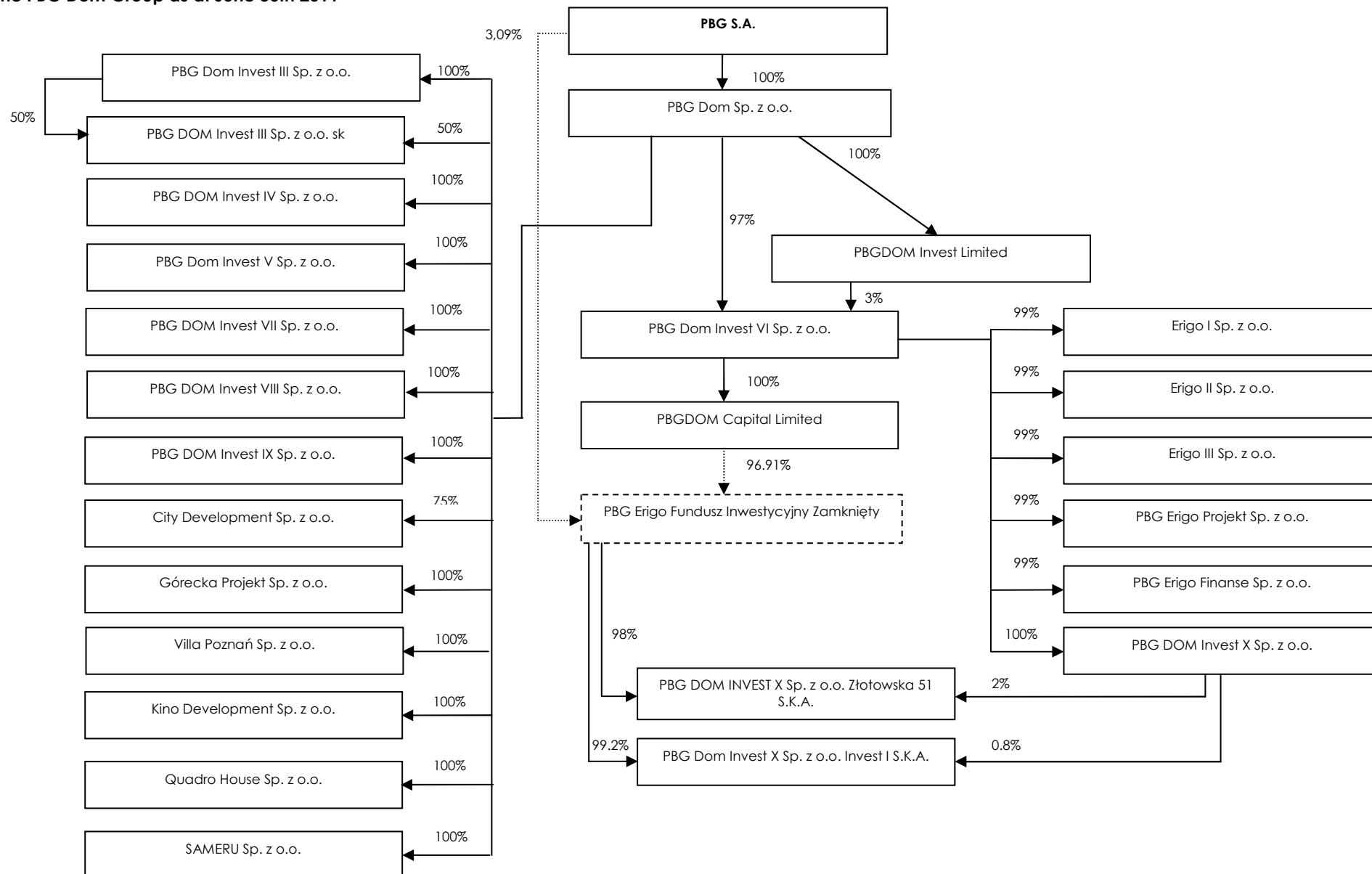
## STRUCTURE OF THE PBG GROUP AS AT JUNE 30TH 2011



\* The structure of the PBG Dom Group is presented below.

Group name:	<b>PBG Group</b>		
Period covered by the financial statements:	<b>January 1st–June 30th 2011</b>	Reporting currency:	<b>Polish złoty (PLN)</b>
Rounding:	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

**The PBG Dom Group as at June 30th 2011**



<b>Group name:</b>	<i>PBG Group</i>		
<b>Period covered by the financial statements:</b>	<i>January 1st–June 30th 2011</i>	<b>Reporting currency:</b>	<i>Polish złoty (PLN)</i>
<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

## **COMPOSITION OF THE PARENT UNDERTAKING'S MANAGEMENT BOARD**

As at the date of approval of these condensed consolidated financial statements for publication, that is August 25th 2011, **the composition of the PBG Management Board** was as follows:

- Jerzy Wiśniewski – President,
- Tomasz Woroch – Vice-President,
- Przemysław Szkudlarczyk – Vice-President,
- Tomasz Tomczak – Vice-President,
- Mariusz Łożyński – Vice-President.

In the period from January 1st 2011 to the date of approval of these interim condensed consolidated financial statements for publication, there were no changes in the composition of the Parent Undertaking's Management Board.

As at the date of approval of these interim condensed consolidated financial statements for publication, that is August 25th 2011, **the composition of the PBG Supervisory Board** was as follows:

- Maciej Bednarkiewicz - Chairperson,
- Małgorzata Wisniewska - Deputy Chair
- Dariusz Sarnowski - Secretary,
- Adam Strzelecki - Member,
- Marcin Wierzbicki – Member.

By the date of preparation of these interim condensed consolidated financial statements, there had been no changes in the composition of the Supervisory Board.

## **2. BASIS FOR THE PREPARATION AND ACCOUNTING POLICIES**

### **2.1. BASIS FOR THE PREPARATION**

These interim condensed consolidated financial statements of the Group cover the period of six months ended June 30th 2011 and have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the European Union and other applicable laws and regulations.

In order to present a more comprehensive picture of the financial position and assets of the Group, these financial statements also comprise details on comparative periods, including the consolidated statement of financial position as at June 30th 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for 2010, although this is not required under IAS 34.

These interim condensed consolidated financial statements do not contain all information disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the 2010 consolidated financial statements of the Group.

The reporting currency of these interim condensed consolidated financial statements is the Polish złoty, and all amounts are expressed in thousands of Polish złoty (unless indicated otherwise).

<b>Group name:</b>	<i>PBG Group</i>		
<b>Period covered by the financial statements:</b>	<i>January 1st–June 30th 2011</i>	<b>Reporting currency:</b>	<i>Polish złoty (PLN)</i>
<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

These interim condensed consolidated financial statements have been prepared on the assumption that the Group companies would continue as going concerns in the foreseeable future. As at the date of approval of these condensed consolidated financial statements for publication, no facts or circumstances exist that would indicate any threat to the Group companies continuing as going concerns.

## **2.2. ACCOUNTING POLICIES**

These interim condensed consolidated financial statements have been prepared in accordance with the accounting policies presented in the last consolidated financial statements of the Group for the year ended December 31st 2010, available at <http://www.pbg-sa.pl/relacje-inwestorskie/raporty-okresowe/skonsolidowany-raport-roczny-2009-r.html>, save for the changes in the Group's accounting policies, effective since January 1st 2011, concerning the measurement of financial assets at fair value through profit or loss, measurement of investments in jointly controlled entities, and disclosure of construction contracts classified in accordance with IAS 31 as "joint ventures", as well as amendments to the IFRS under the Annual Improvements Project 2010.

**The current version of the Group's accounting policies concerning the measurement of investments in jointly controlled entities and disclosure of construction contracts classified in accordance with IAS 31 as "joint ventures" is as follows:**

**Financial assets measured at fair value** through profit or loss include assets which are classified as held for trading or which were designated on initial recognition as ones to be measured at fair value with fair value changes in profit or loss because they met the criteria defined in IAS 39. A financial asset belongs to this category if it was acquired primarily to be sold within a short period of time or if it was designated by the Company upon initial recognition to recognise the assets at fair value through profit or loss. A financial asset or liability may be designated on initial recognition as at fair value through profit or loss only if such designation:

- eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or
- (b) applies to a group of financial instruments which, in accordance with a documented risk management policy or investment strategy, is managed and evaluated on a fair value basis.

This category includes all derivatives disclosed in the balance sheet in a separate item "other financial assets", except hedging derivatives, which are measured in accordance with the requirements of hedge accounting, mainly investment certificates in investment funds. Instruments in this category are measured at fair value, and any effects of revaluation are recognised in the income statement. Gains and losses on revaluation of financial assets are defined as the change in fair value as determined on the basis of prices prevailing on an active market as at the balance-sheet date or – if there is no active market – on the basis of valuation techniques.



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<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

### **Investments in jointly-controlled undertakings**

The Group holds shares in undertakings which under IAS 31 are classified as shares in joint ventures. The standard provides detailed rules for recognising shares in joint ventures, as well as reporting assets, liabilities, revenues and costs of joint ventures in financial statements.

Par. 3 of IAS 31 defines a joint venture as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the division of control over a business defined in the agreement, occurring only if the strategic financial and operating decisions related to the business require a unanimous approval of the controlling parties (shareholders). Investments in jointly-controlled entities are recognised at cost in line with IFRS 7.

If a Group company performs a construction contract and, pursuant to IAS 31, classifies it as a "joint venture" then, in accordance with paragraph 7 of IAS 31, it distinguishes three types of joint ventures, depending on their form and structure:

- Jointly controlled operations

This is the most frequent type of consortium. Its duration is precisely defined and not too long. An association of companies offers to jointly perform a project with a clear division of duties among the consortium members, which perform such duties on their own account. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own liabilities and raises its own finance, which represent its own obligations. The leader chosen from among the consortium members has the powers to sign the contract on behalf of the consortium, and is also in charge of the economic settlements with the principal, including issue of invoices. A simple joint venture arrangement regulates the manner of distribution of the revenue from sales of joint products and of all the jointly incurred expenses among the consortium members. The consortium partners issue invoices to the consortium leader and this way ultimately participate in the profits generated by the joint venture.

The separate financial statements of the individual consortium members account for the assets, liabilities, revenue and expenses in such proportion as corresponds with the agreed division of duties. The consortium members may prepare management accounts in order to assess the performance of the joint venture.

- Jointly controlled assets

This is another form of a joint venture, which involves the joint control by the venturers of the assets contributed to, or acquired for the purpose of, the joint venture, and dedicated to the purposes of the joint venture. The assets are used to obtain benefits for the venturers. Each venturer participates in the project performance by taking a share of the output from the assets and bearing an agreed share of the expenses incurred.

- Jointly controlled entity

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other economic entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

In the case of a number of consortium agreements, the consortium members decide not to establish a new entity but only to appoint one of them (a leader) to represent them in relations with third parties. In such

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a case, even though no separate new entity is established, the economic substance of the role performed by the leader is tantamount to is serving as such a separate entity.

A jointly controlled entity controls the assets of the joint venture, incurs liabilities and expenses and earns income. It may enter into contracts in its own name and raise finance for the purpose of the joint venture activity. Each venturer is entitled to a share of the profits of the jointly controlled entity, although some jointly controlled entities also involve a sharing of the output of the joint venture.

A jointly controlled entity maintains its own accounting records and prepares and presents financial statements in the same way as other entities in conformity with International Financial Reporting Standards.

As at June 30th 2011, the Group performed contracts which it classifies in accordance with IAS 31 as:

- Jointly controlled operations;

Consortium Agreement between PBG (Consortium Leader), Tecnimont SpA, Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ", Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu A.S. (Consortium Partners), and Polskie Górnictwo Naftowe i Gazownictwo SA, for general construction on investment project "Construction of the Surface Installations of the Wierzchowice Underground Gas Storage Facility, phase: 3.5bn nm<sup>3</sup>, sub-phase: 1.2bn nm<sup>3</sup>". The value of the contract is PLN 1,089,000 thousand.

Consortium Agreement between PBG (Consortium Leader), Technip KTI SpA and Thermo Desing Engineering Ltd, for the execution of project "LMG Project – Central Facility, well areas and other infrastructure". The value of the contract is PLN 1,397,000 thousand.

Consortium agreement signed by PBG (leader), and the following consortium partners: Aprivia S.A. (PBG subsidiary), Hydrobudowa Polska S.A.(PBG subsidiary), SRB Civil Engineering Limited of Dublin, Ireland, and John Sisk&Son Limited of Dublin, Ireland;

The agreement provides for the construction of Torun-Stryków A-1 Motorway (Section III Brzezcie-Kowal, from km 168+348 to km 215+850). The value of the contract is PLN 702,768 thousand (VAT exclusive)

Consortium agreement signed by SRB Civil Engineering Limited of Dublin, Ireland (leader), and the following consortium partners: PBG, Aprivia S.A. (PBG subsidiary), Hydrobudowa Polska S.A. (PBG subsidiary), and John Sisk&Son Limited of Dublin, Ireland.

The agreement provides for the construction of Torun-Stryków A-1 Motorway (Section I Czerniewice-Odolion, from km 151+900 to km 163+300; and section II Odolion-Brzezcie, from km 163+300 to km 186+366).

The value of the contract is PLN 765,632 thousand (VAT exclusive)

Consortium agreement between Hydrobudowa Polska S.A, Hydrobudowa 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A., comprising the Leader's group, represented by Hydrobudowa Polska, and Alpine Bau Deutschland AG, Alpine Bau GmbH, Alpine Construction Polska Sp. z o.o., comprising the Co-leader's Group, represented by Alpine Bau Deutschland AG, and the Municipality of Gdańsk, represented by Biuro Inwestycji Euro Gdańsk 2012 Sp. z o.o, for general construction of project "The second stage of construction works on the Baltic Arena Football Stadium in Gdańsk Letnica". The value of the contract is PLN 431,178,241.76 thousand.

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Consortium agreement between Hydrobudowa Polska S.A., PBG comprising the Leader's group, represented by Hydrobudowa Polska, and Alpine Bau GmbH, Alpine Bau Deutschland AG, Alpine Construction Polska Sp. z o.o., comprising the Co-leader's group, and Narodowe Centrum Sportu Sp. z o.o., for general construction of project "Construction works related to the construction of the multi-purpose National Stadium in Warsaw (the "National Stadium"), with auxiliary infrastructure". The value of the contract is PLN 1,263,885,055.68

Consortium agreement between Hydrobudowa Polska S.A. (Consortium Leader), PBG, Aprivia S.A., SIAC Construction Ltd. (Consortium Members) and the State Treasury - General Directorate for National Roads and Motorways, represented by the Rzeszów Branch of the General Directorate for National Roads and Motorways, for general construction of project "Construction of the Krzyż-Dębica Pustynia section of the A-4 Tarnów-Rzeszów motorway, from km 502+797.96 to approximately 537+550". The value of the contract is PLN 1,434,761,270.26

- Jointly controlled entity:

Consortium agreement signed by Alpine Bau GMBH (Consortium Leader), PBG, Aprivia S.A, and Hydrobudowa Polska S.A., for the execution of project "Construction of the Kaczkowo – Korzeńsko section of the S5 Poznań (A-2 – Głuchowo interchange) – Wrocław (A-8 – Widawa interchange) expressway, the Ring Road of Bojanowo and Rawicz". The revenue from the contract is estimated at PLN 777,240 thousand.

- Jointly controlled assets

The Consortium Agreement between Saipem SpA, Techint Sp, Snamprogetti Canada INC, PBG, PBG Export Sp. z o.o. for the execution of project "Delivery of the working design, construction and commissioning of the Liquefied Natural Gas Regasification Terminal in Świnoujście". The value of the contract is PLN 2,209,143 thousand.

Annual Improvements 2010 amended IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 28, IAS 31, IAS 34, and IFRIC 13. The amendments which had an effect on these interim condensed consolidated financial statements were mainly those made to IAS 34 *Interim Financial Reporting*.

The amendments made to IAS 34 concern two aspects. First, the Board streamlined the structure of the standard by dividing the additional information disclosed in interim condensed financial statements into:

- information on significant events and transactions, disclosed based on their significance - the list of such events and transactions is contained in IAS 34.15B and is not exhaustive,
- other information specified in IAS 34.16A.

Second, the list of information on significant events and transactions came to include disclosure concerning financial instruments.

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<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

In these interim condensed consolidated financial statements, the Group complied with the amendments to IAS 34, in particular those concerning disclosures of financial instruments (see Section 10).

### **2.3. UNCERTAINTY OF ESTIMATES**

The preparation of these interim condensed consolidated financial statements requires the Parent Undertaking's Management Board to exercise judgement in making numerous estimates and assumptions, which have an effect on the accounting policies applied and the amounts of assets, liabilities, income and expenditure reported. Actual results may differ from the Management Board's estimates.

Information on estimates and assumptions which have a significant effect on these consolidated financial statements is disclosed in the consolidated financial statements for 2010. Moreover, in these interim condensed consolidated financial statements the Group presented the effect of assumptions made by the Management Board on the estimated amount of revenue under construction contracts (see Section 25) and provisions (see Section 18).

### **2.4. CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES**

Corrections of errors affecting the comparative data for prior periods were included in these condensed consolidated financial statements.

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

### CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES

No.	Item	Item		Effect on retained earnings as at Jun 30 2010	Assets as at Jun 30 2010	Equity and liabilities as at Jun 30 2010
		(+)	(-)			
<b>Corrections affecting the balance sheet total of the consolidated financial statements</b>						
Correction related to provisional settlement of goodwill in prior periods, described in the annual financial statements for the year January 1st–December 31st 2010 The recognition of provisional settlement was related to goodwill on acquisition of Energopol Ukraina.						
1.	Corrections related to settlement of provisional recognition of Energopol Ukraina's goodwill	Goodwill	-	-	2,408	-
1.1	Corrections related to settlement of provisional recognition of Energopol Ukraina's goodwill	-	Non-controlling interests	-	-	(2,397)
1.2.1	Correction of the calculated deferred tax amount resulting from erroneously recognised rate (related to land revaluation to fair value)	Deferred tax liabilities	-	-	-	7,953
1.2.2.	Correction of real property revaluation to fair value	Inventories (goods)	-	-	4,692	-
1.2.3.	Recognition in current year's profit or loss of penalty for failure to properly perform an agreement	Other liabilities	-	-	-	2,176
1.2.4	Deferred tax assets under contractual penalties	Deferred tax assets	-	-	-	(545)
1.3	Correction of the reserve funds resulting from erroneous recognition of land valuation as at the date of acquisition of Energopol Ukraina	-	Reserve funds	-	-	(87)
2.	Correction of a fundamental error arising from recognition in current year's profit or loss of an official tax interpretation with respect to claims awarded in 2009 in connection with a completed construction contract; this ruling necessitated an adjustment of 2009 revenue from sales of services.	Other liabilities	-	-	-	1,758
		-	Retained earnings - Retained earnings/(deficit)	-	-	(1,109)
		-	Non-controlling interests	-	-	(649)
3.	Correction of an error arising from failing to recognise the costs related to sales of apartments in 2009 under the cost of products sold.	Other liabilities	-	-	-	422
		-	Retained earnings/(deficit)	-	-	(422)
4.	Presentation adjustment consisting in the transfer of goodwill attributable to an associated undertaking Energomontaż-Potudnie from "Goodwill" to "Investments in associated undertakings".	Investments in associated undertakings	-	-	12,169	-
		-	Goodwill	-	(12,169)	-

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<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

The Parent Undertaking's Management Board was notified by the associated undertaking Energomontaż-Południe of material errors in the financial statements for 2010. The material errors had a bearing on the financial results of the Energomontaż-Południe Group for 2010 and for previous years. Due to the fact that the restatements made in the consolidated financial statements of the Energomontaż-Południe Group have a material effect on the settlement of the acquisition of the associated undertaking and the valuation of the interest in the company with the equity method, as disclosed in the Group's consolidated financial statements for 2010, the Parent Undertaking's Management Board decided to correct the consolidated financial statements for 2010. The effect of the restatements on the settlement of acquisition of the associated undertaking Energomontaż-Południe as at the acquisition date is presented in Section 20. Below is presented the effect of correction of errors on valuation with the equity method in the period March 1st–June 30th 2010.

5.	Correction of the settlement made in the reporting period March 1st–June 30th 2010, 25% of the financial result attributable to the Energomontaż-Południe Group, which as at the balance-sheet date was an associated undertaking.	-	Investments in associated undertakings	-	(4,430)	
		-	Retained earnings - net profit/(loss) for current year attributable to owners of the Parent	(4,430)	-	(4,430)
6.	Recognition of elimination of the margin on joint construction contracts identified during preparation of the annual consolidated financial statements for 2010. The Company's Management Board eliminated the margin in the consolidated comparative data for the period January 1st–June 30th 2010 ensuring comparability of the presented financial data.	-	Retained earnings - net profit/(loss) for current year attributable to owners of the Parent	(14,723)	-	(14,723)
			Deferred tax assets	-	-	(3,453)
			Receivables under construction contracts	-	-	(18,176)
<b>Total corrections</b>		<b>x</b>	<b>X</b>	<b>(19,153)</b>	<b>(15,506)</b>	<b>(15,506)</b>

No.	Item	Item		Effect on retained earnings as at Dec 31 2010	Assets as at Dec 31 2010	Equity and liabilities as at Dec 31 2010
		(+)	(-)			

**Corrections affecting the balance sheet total of the consolidated financial statements**

Correction of an error arising from failing to recognise in the accounting books for 2010 of reduced scope of works as part of the project "Rainwater discharge from the water intake protection zone areas of Las Gdański and Czyżkówko and extension of the rainwater system in Bydgoszcz, phase 3", executed for Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. under Contract No. ZP-RZ/63/2008 of April 3rd 2008.

The scope of works was reduced under an annex to the contract executed by the company in 2010. Until the preparation of the financial statements for the period January 1st–June 30th 2011, the new management board of the subsidiary undertaking believed that the financial statements for 2010 reflected the actual state of affairs and gave a true and fair view of assets and financial standing of the company. The reduced scope of works as part of the project resulted in reduction of the value of forward contracts executed as part of the adopted hedging policy to the value of the hedged item as well as recognition of a provision for losses on the construction contract. The valuation of the forward contracts used to hedge the contract value, assuming the value at EUR 37m (partially not performed), was recognised in revaluation reserve, while as at December 31st 2010, the contract value was EUR 6m. Therefore, the valuation of forward contracts which should be posted to profit/(loss) is PLN 20,085 thousand (after deferred tax). The correction affects the following items of the financial statements:

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
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1.1	Recognition of a provision for expected losses incurred following execution of an annex to the contract.	Other current provisions	-	-	-	5,607
		-	Retained earnings - net profit/(loss) for current year attributable to owners of the Parent	(5,607)	-	(5,607)
1.2	Introduction of valuation of cash-flow hedges previously recognised under "Valuation of hedging transactions", in connection with the reduced value of the hedged item following execution of an annex to the contract; recognition in profit/(loss) for 2010.	-	Retained earnings - net profit/(loss) for current year attributable to owners of the Parent	(22,119)	-	(22,119)
		-	Valuation of hedging transactions and foreign exchange gains/(losses) on consolidation	-	-	22,119
1.3	Release of a deferred tax asset under hedging instruments disclosed under "Valuation of hedging transactions".	Deferred tax assets	Valuation of hedging transactions and foreign exchange gains/(losses) on consolidation	-	(2,034)	(2,034)
1.4	Release of a deferred tax asset under hedging instruments disclosed under "Valuation of hedging transactions".	-	Retained earnings - net profit/(loss) for current year attributable to owners of the Parent	(705)	-	(705)
		Deferred tax assets	-	-	(705)	-
1.5	Presentation adjustment consisting in recognition on a net basis of deferred tax assets and liabilities, arising from the recognition of the above corrections related to deferred tax.	-	-	-	2,739	2,739
1.6	Correction involving the transfer of valuation reserve from hedging transactions to non-controlling interests.	-	Valuation of hedging transactions and foreign exchange gains/(losses) on consolidation	-	-	(7,421)
		-	Non-controlling interests	-	-	7,421

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1.7	Correction involving the transfer of negative non-controlling interests to reserve funds.	-	Reserve funds	-	-	7,421
		-	Non-controlling interests	-	-	(7,421)
<p>The Parent Undertaking's Management Board was notified by the associated undertaking Energomontaż-Południe of material errors in the financial statements for 2010. The material errors had a bearing on the financial results of the Energomontaż-Południe Group for 2010 and for previous years. Due to the fact that the restatements made in the consolidated financial statements of the Energomontaż-Południe Group have a material effect on the settlement of the acquisition of the associated undertaking and the valuation of the interest in the company with the equity method, as disclosed in the Group's consolidated financial statements for 2010, the Parent Undertaking's Management Board decided to correct the consolidated financial statements for 2010. The effect of the restatements on the settlement of acquisition of the associated undertaking Energomontaż-Południe as at the acquisition date is presented in Section 20. Below is presented the effect of correction of errors on valuation with the equity method in the period March 1st–December 31st 2010.</p>						
2.	Correction of the settlement made in the reporting period March 1st–December 31st 2010, 25% of the financial result attributable to the Energomontaż-Południe Group, which as at the balance-sheet date was an associated undertaking.	-	Investments in associated undertakings	-	(5,444)	-
		-	Retained earnings - net profit/(loss) for current year attributable to owners of the Parent	(5,444)	-	(5,444)
<b>Total corrections</b>		<b>x</b>	<b>X</b>	<b>(33,875)</b>	<b>(5,444)</b>	<b>(5,444)</b>

#### ERROR CORRECTIONS AND CHANGE IN ACCOUNTING POLICIES – ADJUSTMENT OF FINANCIAL STATEMENTS

Item	Jun 30 2010				Dec 31 2010			
	Before	Correction No.	Correction amount	After	Before	Correction No.	Correction amount	After
<i>Assets</i>								
<b>Non-current assets</b>	<b>1,191,350</b>		<b>(2,022)</b>	<b>1,189,328</b>	<b>1,599,128</b>		<b>(5,444)</b>	<b>1,593,684</b>
Goodwill	327,440	1 ; 4	(9,761)	317,679	346,882			346,882
Intangible assets	38,928		-	38,928	41,640			41,640
Property, plant and equipment	379,808		-	379,808	665,388			665,388
Non-regenerative natural resources	12,290		-	12,290	36,772			36,772
Investment property	205,592		-	205,592	293,757			293,757
Investments in subsidiary undertakings	10,000		-	10,000	10,000			10,000
Investments in associated undertakings	53,609	4 ; 5	7,739	61,348	65,769	2	(5,444)	60,325
Investments in joint ventures	-		-	-	-			-
Receivables	16,255		-	16,255	15,831			15,831
Loans advanced	96,739		-	96,739	60,112			60,112
Financial derivatives	7,708		-	7,708	171			171
Other non-current financial assets	35,574		-	35,574	38,643			38,643



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<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

Deferred tax assets	-		-	-	-		-
Non-current accruals and deferred income	7,407		-	7,407	24,163		24,163
<b>Current assets</b>	<b>2,719,337</b>		<b>(13,484)</b>	<b>2,705,853</b>	<b>3,155,834</b>		<b>- 3,155,834</b>
Inventories	276,202	1.2.2	4,692	280,894	293,500		293,500
Receivables under construction contracts	732,893	6	(18,176)	714,717	393,583		393,583
Trade and other receivables	868,599		-	868,599	1,327,224		1,327,224
Current income tax receivable	3,301		-	3,301	7,748		7,748
Loans advanced	344,238		-	344,238	210,492		210,492
Financial derivatives	6,756		-	6,756	4,873		4,873
Other current financial assets	1,377		-	1,377	155,265		155,265
Cash and cash equivalents	466,487		-	466,487	708,509		708,509
Current accruals and deferred income	19,484		-	19,484	54,640		54,640
Non-current assets classified as held for sale	-		-	-	-		-
<b>Total assets</b>	<b>3,910,687</b>		<b>(15,506)</b>	<b>3,895,181</b>	<b>4,754,962</b>		<b>(5,444) 4,749,518</b>
<i>Equity and liabilities</i>							
<b>Equity</b>	<b>1,709,235</b>		<b>(23,817)</b>	<b>1,685,418</b>	<b>1,831,446</b>		<b>(13,790) 1,817,656</b>
<b>Equity attributable to owners of the parent</b>	<b>1,474,542</b>		<b>(20,771)</b>	<b>1,453,771</b>	<b>1,605,151</b>		<b>(13,790) 1,591,361</b>
Share capital	14,295		-	14,295	14,295		- 14,295
Treasury shares	-		-	-	-		- -
Share premium account	733,348		-	733,348	733,348		- 733,348
Valuation of hedging transactions and foreign exchange gains/(losses) on consolidation	(10,097)		-	(10,097)	(15,289)	1.2; 1.3; 1.6	12,664 (2,625)
Other equity	536,729	1.3	(87)	536,642	523,339	1.7	7,421 530,760
Retained earnings	200,267		(20,684)	179,583	349,458		(33,875) 315,583
- retained earnings/(deficit)	119,958	2; 3	(1,531)	118,427	125,143		- 125,143
- net profit/(loss) for current year attributable to owners of the parent	80,309	5;6	(19,153)	61,156	224,315	1.1; 1.2; 1.4; 2	(33,875) 190,440
<b>Non-controlling interests</b>	<b>234,693</b>	<b>1.1; 2</b>	<b>(3,046)</b>	<b>231,647</b>	<b>226,295</b>		<b>- 226,295</b>
<b>Liabilities</b>	<b>2,201,452</b>		<b>8,311</b>	<b>2,209,763</b>	<b>2,923,516</b>		<b>8,346 2,931,862</b>
<b>Non-current liabilities</b>	<b>546,950</b>		<b>3,955</b>	<b>550,905</b>	<b>985,574</b>		<b>2,739 988,313</b>
Loans, borrowings and other debt instruments	455,338		-	455,338	904,894		- 904,894
Finance lease	10,146		-	10,146	9,122		- 9,122
Financial derivatives	9,296		-	9,296	412		- 412

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<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

Other non-current liabilities	40,875		-	40,875	37,914		-	37,914
Deferred tax liabilities	4,401	1.2.1 ; 1.2.4 ; 6	3,955	8,356	5,284	1.3; 1.4	2,739	8,023
Liabilities and provisions under employee benefits	6,309		-	6,309	5,520		-	5,520
Other non-current provisions	13,197		-	13,197	15,623		-	15,623
Government subsidies	-		-	-	-		-	-
Non-current accruals and deferred income	7,388		-	7,388	6,805		-	6,805
<b>Current liabilities</b>	<b>1,654,502</b>		<b>4,356</b>	<b>1,658,858</b>	<b>1,937,942</b>		<b>5,607</b>	<b>1,943,549</b>
Loans, borrowings and other debt instruments	682,096		-	682,096	523,985		-	523,985
Finance lease	14,479		-	14,479	10,723		-	10,723
Derivative financial instruments	36,877		-	36,877	11,265		-	11,265
Trade and other liabilities	763,768	1.2.3; 2; 3	4,356	768,124	1,193,845		-	1,193,845
Liabilities under construction contracts	80,159		-	80,159	89,593		-	89,593
Current income tax payable	11,481		-	11,481	28,616		-	28,616
Liabilities and provisions under employee benefits	32,697		-	32,697	29,728		-	29,728
Other current provisions	27,730		-	27,730	32,293	1.1	5,607	37,900
Government subsidies	-		-	-	-		-	-
Current accruals and deferred income	5,215		-	5,215	17,894		-	17,894
Liabilities related to non-current assets held for sale	-		-	-	-		-	-
<b>Total equity and liabilities</b>	<b>3,910,687</b>		<b>(15,506)</b>	<b>3,895,181</b>	<b>4,754,962</b>		<b>(5,444)</b>	<b>4,749,518</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

INCOME STATEMENT	Jan 1-Jun 30 2010				Jan 1-Dec 31 2010			
	Before	Correction No.	Corrections	After	Before	Correction No.	Corrections	After
<b>Continuing operations</b>								
<b>Sales revenue</b>	<b>1,198,314</b>		<b>(18,176)</b>	<b>1,180,138</b>	<b>2,740,311</b>		-	<b>2,740,311</b>
Revenue from sales of products	4,420		-	4,420	28,404		-	28,404
Revenue from sales of services	1,188,752		(18,176)	1,170,576	2,698,793		-	2,698,793
Revenue from sales of goods for resale and materials	5,142			5,142	13,114		-	13,114
<b>Cost of sales</b>	<b>(1,037,613)</b>		-	<b>(1,037,613)</b>	<b>(2,393,075)</b>		<b>(5,607)</b>	<b>(2,398,682)</b>
Cost of products sold	(4,386)		-	(4,386)	(24,883)			(24,883)
Cost of services sold	(1,028,331)	6	-	(1,028,331)	(2,355,754)	1	(5,607)	(2,361,361)
Cost of goods for resale and materials sold	(4,896)			(4,896)	(12,438)		-	(12,438)
<b>Gross profit/(loss)</b>	<b>160,701</b>		<b>(18,176)</b>	<b>142,525</b>	<b>347,236</b>	1.1	<b>(5,607)</b>	<b>341,629</b>
Selling costs	(49)		-	(49)	(73)		-	(73)
General and administrative expenses	(56,981)		-	(56,981)	(109,096)		-	(109,096)
Other operating income	26,452	Presentation adjustment	(4,000)	22,452	66,863		-	66,863
Other operating expenses	(33,751)	Presentation adjustment	4,000	(29,751)	(33,603)		-	(33,603)
Share in profit of undertakings consolidated with equity method	1,404	5	(4,430)	(3,026)	1,383	2	(5,444)	(4,061)
Costs of restructuring	-		-	-	-		-	-
<b>Operating profit/(loss)</b>	<b>97,776</b>		<b>(22,606)</b>	<b>75,170</b>	<b>272,710</b>		<b>(11,051)</b>	<b>261,659</b>
Finance income	40,025		-	40,025	64,015	Presentation adjustment	(4,436)	59,579
Finance expenses	(43,059)		-	(43,059)	(71,324)	1.2	(17,683)	(89,007)
Other gains/(losses) on investments	2,208		-	2,208	2,209		-	2,209
<b>Pre-tax profit/(loss)</b>	<b>96,950</b>		<b>(22,606)</b>	<b>74,344</b>	<b>267,610</b>		<b>(33,170)</b>	<b>234,440</b>
Corporate income tax	(17,000)	6	3,453	(13,547)	(49,051)	1.4	(705)	(49,756)
<b>Net profit/(loss) from continuing operations</b>	<b>79,950</b>		<b>(19,153)</b>	<b>60,797</b>	<b>218,559</b>	-	<b>(33,875)</b>	<b>184,684</b>
<b>Discontinued operations</b>								
Net profit/(loss) from discontinued operations	-		-	-	-		-	-
<b>Net profit/(loss)</b>	<b>79,950</b>		<b>(19,153)</b>	<b>60,797</b>	<b>218,559</b>		<b>(33,875)</b>	<b>184,684</b>
<b>Net profit/(loss) attributable to:</b>			-				-	-
- owners of the Parent	80,309		(19,153)	61,156	224,315		(33,875)	190,440
- minority interests	(359)		-	(359)	(5,756)		-	(5,756)

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### 3. MATERIAL EVENTS AND TRANSACTIONS

The following material events and transactions occurred in the period covered by these interim condensed consolidated financial statements:

#### **CHANGE IN PBG'S EQUITY INTERESTS IN THE GROUP'S SUBSIDIARIES IN THE REPORTING PERIOD**

##### **Establishment of PBG Invest 1 Sarl**

On January 31st 2011, PBG Invest 1 Sarl was established in Luxembourg. PBG holds 100% of shares in the company.

##### **Establishment of subsidiaries**

On January 31st 2011, PBG Invest 2 Sarl was established in Luxembourg, as a subsidiary of PBG Invest 1 Sarl. PBG Invest 1 Sarl holds 100% of shares in the newly established company.

On January 31st 2011, PBG Invest 3 Sarl was established in Luxembourg, as a subsidiary of PBG Invest 2 Sarl. PBG Invest 2 Sarl holds 100% of shares in the newly established company.

##### **Increase of equity interest in subsidiary undertaking and change of name of subsidiary undertaking**

On June 13th 2011, PBG increased its equity interest in Avatia Sp. z o.o. following execution of an agreement whereby PBG acquired one share with a par value of PLN 50.00. Avatia Sp. z o.o.'s share capital amounts to PLN 50,000.00 and is divided into 1,000 shares with a par value of PLN 50.00 per share. Prior to the share capital increase, PBG held a 99.80% interest in PBG Avatia Sp. z o.o., which increased to 99.90% following the transaction.

On June 21st 2011, the District Court for Poznań – Nowe Miasto and Wilda of Poznań, VIII Commercial Division of the National Court Register, registered a change of the name of a subsidiary company from Avatia Sp. z o.o. to PBG Avatia Sp. z o.o. The change of name does not bring any change to the company's business.

##### **Increased shareholding in Energomontaż-Południe S.A.**

On June 21st 2011, PBG acquired 29,098,518 ordinary bearer shares in Energomontaż-Południe S.A., for PLN 119,303,923.80.

Prior to the increase in shareholding in Energomontaż-Południe S.A., PBG held 17,743,002 shares in Energomontaż-Południe S.A., conferring the right to 17,743,002 votes, or 25.00% of the total vote, at the company's General Shareholders Meeting.

On June 20th 2011, PBG decided to effect a share sale transaction outside of the regulated market, whereby it sold 820,000 shares in Energomontaż-Południe S.A., comprising 1.155% of the company's share capital.

Following the transactions, PBG holds 46,021,520 shares, representing 64.84% of the share capital and total vote at Energomontaż-Południe S.A..

##### **Execution of preliminary agreement for acquisition of Rafako S.A. shares**

On June 27th 2011, the PBG Management Board (the "Issuer") and Elektrim Spółka Akcyjna of Warsaw ("Elektrim") executed a preliminary share sale agreement (the "Agreement") whereby:

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a) the Issuer undertook to acquire (directly or indirectly through the Issuer's subsidiary PBG Invest 1 Sarl of Luxembourg ("PBG Invest 1") – at the Issuer's discretion) 100% of the shares in a limited liability company of Cyprus (the "Acquired Shares" and "SPV1" respectively) which as at the date of execution of the final agreement (the "Closing Date") will hold 34,800,001 shares in Rafako Spółka Akcyjna of Racibórz ("Rafako"), representing 50% of the share capital plus 1 share and the same proportion of the total vote in Rafako ("Rafako Shares");

b) Elektrim undertook that on the Closing Date a limited liability company of Cyprus (its direct subsidiary ("SPV2")) would execute with PBG or PBG Invest 1, as the case may be, the final agreement under which it would sell the Acquired Shares to the Issuer or PBG Invest 1.

The Parties further agreed that, in performance of the Agreement, as at the Closing Date SPV1 would hold Rafako Shares comprising:

- 1) 34,746,440 shares in Rafako, representing 49.92% of its share capital, which as at the date of the Agreement were held by Elektrim, and
- 2) 53,561 shares in Rafako, representing 0.077% of its share capital, which would be acquired by Elektrim or its subsidiary.

Pursuant to the Agreement, the total consideration (the "Acquisition Price") to be paid for the Acquired Shares will amount to: (i) PLN 540,000 thousand; plus (ii) the equivalent of the acquisition price of 53,561 shares in Rafako, referred to in item 2) above, which however will not exceed PLN 840 thousand.

The Acquisition Price may be lowered following completion of the due diligence examination of Rafako and SPV1. If any material circumstances adversely affecting the value of Rafako are identified (as detailed in the Agreement), i.e. a decrease in the value of Rafako's assets or an increase in the value of Rafako's liabilities relative to the information disclosed in the company's financial statements for 2010, or if any material circumstances adversely affecting SPV1 are identified, the Acquisition Price may be reduced by the equivalent of: mandatory provisions for Rafako's liabilities arising out of the above-mentioned material negative circumstances which Rafako did not create despite being obliged to do so, or the material negative circumstances affecting SPV1.

The closing of the transaction, including in particular the conclusion of the final agreement, is subject to the fulfilment of the following conditions precedent:

- Changes to the Elektrim group are made, as specified in the Agreement, which are necessary to execute the transaction, including in particular the acquisition of Rafako Shares by SPV1;
- PBG obtains concentration clearance from the President of the Polish Office of Competition and Consumer Protection or the deadline for issuing a relevant decision by the President of the Polish Office of Competition and Consumer Protection lapses;
- Elektrim submits: (i) an excerpt from the relevant register in which SPV1 is entered, as well as a copy of the currently binding text of SPV1's articles of association, (ii) a deposit certificate in the name of the holder evidencing that the Rafako Shares are registered in SPV1's securities account and are free from any encumbrances and rights of third parties, (iii) a representation to the effect that the Rafako Shares to which the transaction relates and the Acquired Shares are free from any encumbrances, as well as a representation confirming that they are not pledged, (iv) a certificate evidencing SPV1's right to participate in the general shareholders meeting with the voting rights

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incorporated in all of the Rafako Shares held, (v) a confirmation that all of the representations and warranties made are true and complete as at the Closing Date;

- A new member of the Rafako management board, nominated by PBG, is appointed;
- Within a week of having been notified of obtaining the clearance from the President of the Polish Office of Competition and Consumer Protection, Elektrim arranges for convening Rafako's general shareholders meeting with the agenda including at least an item concerning changes in the composition of the supervisory board, and SPV1 takes all steps necessary for it to participate in the general shareholders meeting;
- PBG submits a certificate issued by a financial institution evidencing that PBG has secured the financing necessary to pay the Acquisition Price.

The Parties agreed that the final share sale agreement would be signed within three weeks of obtaining the clearance from the President of the Polish Office of Competition and Consumer Protection.

The Agreement provides for contractual penalties applicable if Elektrim or its subsidiary on the one hand, or PBG or its subsidiary on the other hand, fails to proceed to close the transaction (in particular, fails to execute the final share sale agreement), despite the fact that all the conditions precedent provided for in the Agreement are fulfilled. The amount of the penalty is PLN 100,000,000 (one hundred million złoty), payable by Elektrim or PBG, as the case may be. The Parties are entitled to seek compensation in excess of the contractual penalty amount. The Agreement includes the Issuer's and Elektrim's representations and warranties, including representations concerning SPV1 and Rafako. The Agreement contains provisions concerning liability for breach of the representations and warranties. The transaction described above follows from the Group's strategy to expand its operations on the market of power construction projects.

## **CHANGES AT SECONDARY SUBSIDIARIES IN THE REPORTING PERIOD**

### **Changes in the PBG Dom Group**

In the reporting period, PBG Dom Sp. z o.o. established PBG Dom Invest Limited Sp. z o.o. of Larnaca (a company organised under the laws of Cyprus) with the share capital of EUR 1,000.00. PBG Dom Invest VI Sp. z o.o. established PBG Dom Capital Limited Sp. z o.o. of Larnaca with the share capital of EUR 1,000.00.

On March 7th 2011, a transaction was registered, whereby PBG Dom Sp. z o.o. transferred to PBG Dom Invest VI Sp. z o.o. 200 shares in Złotowska 51 Sp. z o.o. with a par value of PLN 500.00 per share and an aggregate value of PLN 100,000.00, representing 100% of shares in Złotowska 51 Sp. z o.o., as well as 500 shares in PBG Dom Invest I Sp. z o.o. with a par value of PLN 100.00 per share and an aggregate value of PLN 50,000.00, representing 100% of shares in PBG Dom Invest I Sp. z o.o. PBG Dom transferred the ownership title to the shares by way of a non-cash contribution to pay for the new shares with a total value of PLN 150,000.00, issued by PBG Dom Invest VI Sp. z o.o.

In March 2011, PBG Dom Invest VI Sp. z o.o. transferred to PBG Dom Capital Limited Sp. z o.o. (a company organised under the laws of Cyprus) 200 shares in Złotowska 51 Sp. z o.o. with a par value of PLN 500.00 per share and an aggregate value of PLN 100,000.00, representing 100% of shares in Złotowska 51 Sp. z o.o., as

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well as 500 shares in PBG Dom Invest I Sp. z o.o. with a par value of PLN 100.00 per share and an aggregate value of PLN 50,000.00, representing 100% of shares in PBG Dom Invest I Sp. z o.o. PBG Dom Invest VI Sp. z o.o. transferred the ownership title to the shares by way of a non-cash contribution to pay for the new shares with a total value of EUR 9,000.00, issued by PBG Dom Capital Limited Sp. z o.o.

Subsequently, PBG Dom Sp. z o.o. transferred to PBG Dom Invest Limited Sp. z o.o. (a company organised under the laws of Cyprus) 100 shares in PBG Dom Invest VI Sp. z o.o. with a par value of PLN 50 per share, representing 3% of shares in PBG Dom Invest VI Sp. z o.o. PBG Dom Sp. z o.o. transferred the ownership title to the shares by way of a non-cash contribution to pay for the new shares with a total value of EUR 1,000, issued by PBG Dom Invest Limited Sp. z o.o.

In March 2011, PBG Dom Capital Limited sold to PBG Dom Invest X Sp. z o.o. four shares in Złotowska 51 Sp. z o.o., with a par value of PLN 500 per share, and four shares in PBG Dom Invest X Sp. z o.o., with a par value of PLN 100 per share, for a total value of PLN 123,816.

In March 2011, a contribution by PBGDOM Capital Limited of Larnaca (Cyprus) of 98% of shares in Złotowska 51 Sp. z o.o. and 99.2% of shares in PBG Dom Invest I Sp. z o.o. to a private equity fund Spatium Aktywów Niepublicznych III Fundusz Inwestycyjny Zamknięty represented by TRIGON TFI SA of Kraków was registered as payment for fund's investment certificates with a value of PLN 14,122,000.00.

On March 23rd 2011, PBG Dom Invest I Sp. z o.o. was transformed into Spółka Komandytowo Akcyjna (partnership limited by shares) PBG Dom Invest X Sp. z o.o. Invest I S.K.A.

On April 6th 2011, subsidiary undertaking PBG Dom Sp. z o.o. acquired 100% shares in SAMERU Sp. z o.o. The company's share capital amounts to PLN 5,000.00 and is divided into 50 shares with a par value of PLN 100.00 per share. One share carries one vote.

In addition, on May 11th 2011, PBG Dom Invest VI Sp. z o.o., a subsidiary of PBG Dom Sp. z o.o., acquired shares in the following companies:

- 98% shares in ERIGO I Sp. z o.o. of Wysogotowo near Poznań.
- 98% shares in ERIGO II Sp. z o.o. of Wysogotowo near Poznań.
- 98% shares in ERIGO III Sp. z o.o. of Wysogotowo near Poznań.
- 98% shares in PBG ERIGO Finanse Sp. z o.o. of Wysogotowo near Poznań
- 98% shares in PBG ERIGO Projekt Sp. z o.o. of Wysogotowo near Poznań

The share capital of each of these companies amounts to PLN 5,000.00 and is divided into 100 shares with a par value of PLN 50 per share. One share carries one vote.

These companies are SPVs established for the purpose of executing property development projects in the future. The business of the established undertakings is other financial intermediation.

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#### **Disposal of Hydrobudowa 9 S.A.'s subsidiary**

On March 31st 2011, Hydrobudowa 9 S.A. concluded a share sale agreement with COLIMA Sp. z o.o., whereby it sold all 60,000 (sixty thousand) shares in Gdyńska Sp. z o.o. with a par value of PLN 50,00 per share.

#### **Change of name of PBG subsidiary.**

On February 3rd 2011, the District Court for Kraków – Śródmieście of Kraków, XI Commercial Division of the National Court Register, registered the change of company name from PBG Export Sp. z o.o. to PBG Energia Sp. z o.o. The change of the name follows from the change is the company's business profile.

#### **Change of name and form of incorporation of Złotowska 51 Sp. z o.o.**

On April 1st 2011, Złotowska 51 Sp. z o.o. was transformed into Spółka Komandytowo Akcyjna (partnership limited by shares) PBG Dom Invest X Sp. z o.o. Złotowska 51 S.K.A.

### **INVESTMENT PROJECT AGREEMENTS**

#### **Execution of an annex to the PGE Arena Gdańsk football stadium construction contract**

On April 20th 2011, the Management Board of Hydrobudowa Polska S.A. executed an annex to the contract of April 10th 2009 with the Municipality of Gdańsk, represented by Biuro Inwestycji Euro Gdańsk 2012, for the second stage of construction works on the Arena Bałtycka football stadium in Gdańsk Letnica. The annex stipulates April 30th 2011 as the contract completion date.

Extension of the contract completion date was dictated by changes in the scope of works and adverse weather conditions that prohibited the performance of most of the critical works scheduled.

#### **Notice from Polskie LNG of cancellation of the construction of the ORV system under the contract for construction of the LNG terminal in Świnoujście**

On February 10th 2011, the PBG Management Board reported that it received, as a Partner in the Consortium of Saipem S.A. – Techint Compagnia Tecnica Internazionale S.p.A. - Snamprogetti Canada Inc. - PBG - PBG Export Sp. z o.o., from the Consortium Leader - Saipem S.p.A., a notice that Polskie LNG SA cancelled the construction of the ORV system under the contract for construction of the LNG terminal in Świnoujście, concluded with the Consortium on July 15th 2010.

As provided for in the contract, the contract price payable to the Consortium was reduced by PLN 206,070 thousand (VAT-exclusive) upon delivery of a written notice in accordance with the contract. Following the cancellation, the VAT-exclusive contract price was reduced from PLN 2,415,213 thousand to PLN 2,209,143 thousand.

Other provisions of the contract remained unchanged.

#### **Execution of material contract for the delivery of Task 2 under the project involving the construction of a road connection between the Gdańsk Airport and the Port of Gdańsk (the Słowacki Route).**

On March 11th 2011, a consortium led by HYDROBUDOWA POLSKA S.A., comprising PBG, APRIVIA S.A. and OBRASCÓN HUARTE LAIN S.A. (OHL), and the Municipality of Gdańsk executed a contract for road connection between the Gdańsk Airport and the Port of Gdańsk – Trasa Słowackiego – task 2, ulica Potokowa–Aleja Rzeczypospolitej section (total length of 3.32 kilometres). The contract price is PLN 129,300



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thousand VAT-exclusive. OHL will deliver and take responsibility for 50% of the contracted works while the other consortium members, Group member companies, will deliver and take responsibility for the other 50%.

The consortium agreed to complete the works within 20 months of the contract award date.

The performance bond has been set at 10% of the VAT-inclusive contract price.

The total value of contractual penalties may not exceed 10% of the VAT-inclusive contract price. The penalty for a delay on the contract has been set at 0.05% of the VAT-inclusive contract price:

- a) for each day of delay, understood as a period which has lapsed between the scheduled completion time and the actual completion time as specified in the handover certificate,
- b) for each day of delay in the delivery of a milestone on a deadline specified in the Terms of Reference in the amount of 0.05% of the VAT-inclusive contract price.

The payment of contractual penalties, if any, does not release the consortium from its obligation to complete the works or a part thereof within the time frames specified in the contract nor from any other obligation, commitment, responsibility or liability that may arise under the contract. The principal holds the right to pursue a claim for damages on general terms if the value of a damage, if any, exceeds the amount of the contractual penalties.

The contract is considered material based on the equity criterion.

#### **Execution of material contract for construction of sports and entertainment arena in Toruń**

On April 7th 2011, the consortium composed of:

1. Hydrobudowa Polska S.A. – Consortium leader,
2. PBG – Consortium partner,

executed a contract with Municipality of Toruń for construction of a sports and entertainment arena with accompanying infrastructure in Toruń.

The contract value is PLN 99,019 thousand (VAT exclusive).

The consortium agreed to complete the works within 550 calendar days of the contract execution date.

The performance bond has been set at 5% of the VAT-inclusive contract price.

The parties further agreed on the following percentage-based division of work:

- 1) Hydrobudowa Polska S.A. as the consortium leader will deliver 50% of the works under the project and will be responsible for work coordination,
- 2) PBG as a consortium partner will deliver 50% of the scope of work under the project.

#### **Execution of an assembly works contract by Energomontaż-Południe S.A.**

On May 6th 2011, the Management Board of Energomontaż-Południe S.A. reported that Hitachi Power Europe GmbH contracted Energomontaż-Południe S.A. to perform assembly works on the high-pressure section of a boiler at a power plant in Rotterdam, the Netherlands.

The contract value is EUR 3,980 thousand, which is equivalent to approximately PLN 15,800 thousand. The services are to be delivered in the period from June to November 2011.

Including this contract, the Company's order book is estimated at approximately PLN 401,600 thousand (including export contracts with a value of approximately EUR 82,200 thousand).

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### **Execution material subcontract agreement for the A-4 motorway construction project**

On May 26th 2011, the Consortium comprising HYDROBUDOWA POLSKA S.A. (Leader), SIAC Construction Ltd (Co-Leader), PBG (Partner) and Aprivia S.A. (Partner) entered into a subcontract with Dolnośląskie Surowce Skalne S.A. of Warsaw ("Subcontractor") for the construction of mechanically stabilised base, binder course and bituminous road pavement under the project "Construction of the Krzyż-Dębica Pustynia section of the A-4 Tarnów–Rzeszów motorway."

For the performance of the subcontract agreement by July 14th 2012, the Subcontractor will be paid a price which has been provisionally set at PLN 225,895 thousand (VAT exclusive). The final determination of the price will be made upon completion of the works, based on the product of as-built unit quantities and unit prices agreed on by the parties.

The agreement provides for the following contractual penalties:

The Consortium will pay to the Subcontractor contractual penalty equal to 5% of the price of works that have not been performed as at the agreement termination date, if termination is due to a fault of the Consortium. The price of the works will be calculated as the difference between the price (VAT inclusive) and the aggregate of amounts evidenced in the Summaries of Contract Payments (VAT inclusive) as at the termination date.

The Subcontractor will pay the Consortium:

- a) contractual penalty equal to 5% of the subcontract price (VAT inclusive) less the price of performed and accepted works (VAT inclusive), if termination is due to a fault of the Subcontractor;
- b) for each day of delay in the performance of works relative to the deadlines specified in the schedule, 0.05% of the price (VAT inclusive), except for any delay due to adverse weather conditions preventing the progress of work or due to the suspension of work by the Contract Engineer as a result of adverse weather conditions;
- c) for each day of delay in the completion of works under the subcontract, 0.05% of the price (VAT inclusive);
- d) for any failure to timely remedy any defect as required under the Subcontractor's warranty, 0.05% of the price (VAT inclusive) for each day of delay in remedying the defect.

The parties have reserved the right to seek additional compensation in excess of the contractual penalties up to the amount of actually incurred damage.

Hydrobudowa Polska S.A. and Aprivia S.A. are members of the Group.

### **Execution of the Settlement Agreement with Narodowe Centrum Sportu concerning construction of the National Stadium in Warsaw**

On June 14th 2011, the PBG Management Board executed a Settlement Agreement with Narodowe Centrum Sportu acting for and on behalf of the State Treasury, and the Consortium building the multi-purpose National Stadium in Warsaw with auxiliary infrastructure. Under the settlement agreement, Hydrobudowa Polska S.A., which is a member of the Group, became the new Consortium Leader of the Consortium composed of: ALPINE BAU DEUTSCHLAND AG (previously Consortium Leader), ALPINE BAU GmbH (Consortium Partner), ALPINE Construction Polska Sp. z o.o. (Consortium Partner), Hydrobudowa Polska S.A. (previously Consortium Partner), and PBG (Consortium Partner).

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The Parties to the Settlement Agreement agreed that a change of the Contractor's Consortium Leader will not lead to any other changes in relations between the Contractor and the Principal. In particular, all members of the Contractor's Consortium remain jointly and severally responsible for the performance of the agreement.

The new construction schedule for the Stadium under the Settlement Agreement provides for the project to be completed on November 29th 2011.

The Settlement Agreement provides for contractual penalties for untimely performance of the additional milestones:

- for Contractor's delay in performance of any of the additional milestones, not exceeding five calendar days subsequent to the date specified in the schedule - a contractual penalty of PLN 10 thousand for each day of delay,

- for Contractor's delay in performance of any of the additional milestones, exceeding five calendar days subsequent to the date specified in the schedule - a contractual penalty of PLN 100 thousand for the sixth and each consecutive day of delay.

Also, as of the Settlement Agreement date, the contractual penalty payable in the case of termination of the agreement by the Principal due to the Contractor's was changed to 20% of the aggregate net remuneration.

#### **Execution of material agreement by the Group companies with the Municipality of Dąbrowa Górnicza**

On June 27th 2011, Group companies and the Municipality of Dąbrowa Górnicza signed a contract for execution of the project "Construction of the Piekło compressor station, forcing pipeline and water supply infrastructure," with a value of PLN 52,134 thousand (VAT exclusive). Therefore, the total value of agreements executed by the Group with the Municipality of Dąbrowa Górnicza in the last 12 months has exceeded the materiality threshold and amounted to PLN 125,204 thousand (VAT exclusive).

The single highest-value agreement is the contract of September 13th 2010 executed by a consortium comprising KWG S.A. – as the Consortium Leader (since October 19th 2010), Hydrobudowa Polska S.A. – as a Consortium Partner (until October 19th 2010 the Consortium Leader) and Hydrobudowa 9 S.A. – as a Consortium Partner, with a total value of PLN 73,070 thousand (VAT exclusive).

All Consortium members are PBG subsidiaries.

Under the contract, the Consortium is to deliver water supply and sewage infrastructure for the districts of Łęknice, Dziewiąty, Trzydziesty, Korzeniec and Wzgórze Gołonoskie, under the project "Optimisation of water and sewage management in the Municipality of Dąbrowa Górnicza – Phase I", scheduled for completion by October 31st 2013.

#### **AGREEMENTS WITH FINANCIAL INSTITUTIONS**

##### **Execution of annex to the credit facility agreement with Bank Gospodarki Żywnościowej S.A.**

On January 24th 2011, the PBG Management Board executed an annex to the credit facility agreement used to provide liquidity for day-to-day operations, executed on April 27th 2007 by members of the Group (PBG, HYDROBUDOWA POLSKA S.A., HYDROBUDOWA 9 S.A., and APRIVIA S.A.) and Bank Gospodarki Żywnościowej S.A. of Warsaw.

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Under the annex, the amount of the facility was increased from PLN 120m to PLN 125m for the period until November 30th 2011 and the final repayment date for the entire facility was extended to December 30th 2019.

Until November 30th 2011, up to PLN 5m of the credit facility may be used for the purposes of transactions executed with the Borrower under the "Framework agreement defining the terms and conditions of entering into and executing financial market transactions with BGŻ S.A." and/or the "Agreement governing the execution of FX transactions on the terms negotiated between the client and Bank Gospodarki Żywnościowej S.A." within a limit set by the Bank; with the proviso that the maximum maturity of a transaction within the limit may extend to 5 years and for Hydrobudowa Polska S.A., Hydrobudowa 9 S.A., and Aprivia SA - until January 13th 2012. The Bank may enter into financial market transactions until November 30th 2011 at the latest.

As the repayment date was extended, the Group subsidiaries submitted a representation on submission to enforcement for an amount of up to PLN 207m, with the bank being entitled to apply to the court for an enforcement order (klauzula wykonalności) giving effect to the bank's enforceable title (tytuł egzekucyjny) by December 30th 2022.

At the same time, the security consisting in assignment of receivables under the contracts performed by the Group subsidiaries was reduced from 150% to 100% of the utilised Limit.

#### **Annex to Agreement with TUIR Allianz Polska S.A. on Provision of Contract-Related Guarantees**

On February 1st 2011, the PBG Management Board executed an annex to the agreement for the provision of contract guarantees within a renewable limit, executed on June 5th 2007 between Group companies: PBG, Hydrobudowa Polska S.A., Hydrobudowa 9 S.A., and TUIR Allianz Polska S.A.

Under the annex, the period in which TUIR Allianz Polska S.A. is committed to issue contract guarantees (bid bonds, performance bonds, maintenance bonds and advance payment bonds) to the Companies has been extended until December 31st 2011.

Other material terms of the agreement remain unchanged.

#### **Value of the agreement with Ergo Hestia lowered**

On February 17th 2011, the Management Board of Hydrobudowa Polska S.A. reported that Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A. reduced the guarantee facility granted to the member companies of the Group, namely PBG, Hydrobudowa Polska S.A., Hydrobudowa 9 S.A., and to Infra S.A., currently outside the Group. The guarantee facility is provided under the cooperation agreement for the provision of insurer guarantees under an approved limit, dated April 2nd 2008.

Pursuant to the agreement, the facility was reduced from PLN 120,000 thousand to PLN 100,000 thousand.

#### **Annex to agreement with TUIR Euler Hermes S.A. for provision of contract related guarantees**

On February 25th 2011, the PBG Management Board executed an annex to the agreement of September 28th 2007 for provision of contract-related guarantees under a revolving credit facility.

Under the annex, executed between members of the Group (PBG, Hydrobudowa Polska S.A. and Hydrobudowa 9 S.A.) and Towarzystwo Ubezpieczeń Euler Hermes S.A.:

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- 1) the renewable limit under the guarantee facility has been raised from PLN 100,000 thousand to PLN 120,000 thousand,
  - 2) the maximum amount of a single guarantee issued under the limit has been raised from PLN 10,000 thousand to PLN 11,000 thousand,
  - 3) the period for which TUIR Euler Hermes S.A. has committed to provide contract guarantees (bid bonds, performance bonds, maintenance bonds and advance payment bonds) has been extended until December 31st 2011.
- Other material terms and conditions of the agreement remain unchanged.

#### **Annex to the framework credit facility agreement and guarantee agreement with Banco Espirito Santo de Investimento S.A.**

On April 4th 2011, the PBG Management Board executed an annex to the framework agreement of August 20th 2010, concerning various credit facilities, executed between the Group companies, including PBG, Hydrobudowa Polska S.A., Hydrobudowa 9 S.A., and Aprivia S.A., and the Polish Branch of Banco Espirito Santo de Investimento S.A. Pursuant to the annex, PRG Metro Sp. z o.o. became party to the agreement and a guarantor under the guarantees provided by the other Group companies to secure the discharge of obligations under the agreement. Under the annex, a line of credit of up to PLN 200,000 thousand was granted by the Bank to the companies, and the availability period of the lending products was extended until March 28th 2012.

Concurrently, an annex to the guarantee agreement with the Polish Branch of Banco Espirito Santo de Investimento S.A. was executed, whereby the companies made a representation on submission to enforcement for up to PLN 300,000 thousand, including late payment interest accruing from the date of issuing a writ of execution until the date of payment, with the Bank being entitled to request for an enforcement clause be attached to the writ of execution until March 28th 2022. Also, the validity period of the issued guarantee was extended until March 28th 2020.

Other material terms and conditions of the agreement remain unchanged.

#### **OTHER**

##### **Appointment of the auditor**

The PBG Supervisory Board, during a meeting held on March 29th 2011, acting pursuant to Par. 36.2a of the Articles of Association, and having considered the recommendation issued by the Audit Committee, appointed Grant Thornton Frąckowiak Sp. z o.o. as the auditor of the separate financial statements of PBG and consolidated financial statements of the Group for the years 2011, 2012, and 2013.

##### **Disposal of shares in Budownictwo Naftowe Naftomontaż Sp. z o.o.**

On April 7th 2011, the Parent Undertaking PBG executed a share sale agreement with PGNiG Technologie Sp. z o.o., whereby PBG sold all 3,500 of its shares in Budownictwo Naftowe Naftomontaż Sp. z o.o. of Krosno, with a par value of PLN 1,000 per share.

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### **Merger of KRI S.A. and CP Energia S.A.**

On April 7th 2011, the General Shareholders Meeting of CP Energia S.A. approved the merger of KRI S.A. and CP Energia S.A.

The combination was effected by way of contribution of 100% of KRI S.A. shares to CP Energia S.A., as agreed by both companies. The General Shareholders Meeting of CP Energia S.A. resolved to issue new J Series shares in CP Energia S.A. to the existing shareholders of KRI S.A., in exchange for the contribution of shares in KRI S.A.

As a result of the share capital increase, the existing shareholders of KRI S.A. came to hold 65% of votes at the General Shareholders Meeting of CP Energia S.A., including a 12.98% interest held by PBG in the share capital and total vote at the General Shareholders Meeting of CP Energia S.A.

In order to secure further development of the combined company, the Extraordinary General Shareholders Meeting of CP Energia S.A. resolved to increase the company's share capital by way of issue of new Series K shares, with a par value of PLN 1.00 per share, with pre-emptive rights. The proceeds from the issue are expected at PLN 50m. The resolution of the General Shareholders Meeting will become effective following court registration of the contribution shares.

CP Energia S.A. plans to simultaneously introduce J Series shares and K Series shares to trading on the WSE regulated market by December 31st 2011.

### **Letter of Intent regarding cooperation with OHL S.A.**

On April 7th 2011, the PBG Management Board executed a Letter of Intent with Obrascon Huarte Lain S.A. The Letter of Intent provides for a close cooperation between the Parties with a view to fostering development and expansion of their operations in foreign oil and gas markets. The Parties declared their intent to enter into cooperation in the oil and gas sector, including the construction of oil and gas processing units, pipelines, and oil and fuel tanks, first in Mexico, Brazil and other South American countries. The Parties will assess the possibilities of expansion into other South American markets where OHL has been present, such as Mexico, Bolivia, Peru, Ecuador and Columbia, following the assessment of conditions for entry into and provision of services on those markets. Moreover, the Parties declared their intent to enter into cooperation regarding the construction of transport infrastructure, civil engineering and other specialist construction projects in Africa, Russia, Turkmenistan, Uzbekistan and Kazakhstan.

The Letter of Intent will remain in force for 12 months from its execution, and is considered as the continuation of cooperation between PBG and OHL S.A.

### **Information on negotiations with OHL**

On May 12th 2011, the PBG Management Board ("PBG") reported that PBG and OBRASCÓN HUARTE LAIN CONSTRUCCIÓN INTERNACIONAL S.L. ("OHL") made a joint decision to suspend negotiations on the planned disposal by PBG of equity interests in subsidiaries Hydrobudowa Polska S.A. (HYDROBUDOWA) and Aprivia S.A. (APRIVIA).

The share prices of construction companies listed on the WSE have seen a steady decline in recent months (the WIG-Budownictwo index has fallen by around 21% since the mid-September high last year), which has affected the market value of HYDROBUDOWA shares relative to the level prevailing at the start of negotiations with OHL.

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Although the negotiations have been suspended, the parties confirm their intention to complete the planned transaction, which involves the acquisition by OHL of a 51% interest in HYDROBUDOWA and a 50.1% interest in APRIVIA for a total of PLN 506m, including 107,384,807 HYDROBUDOWA shares for PLN 431,000 thousand, and 36,068,525 APRIVIA shares for PLN 75,000 thousand. PBG and OHL intend to continue their negotiations when the market valuation of HYDROBUDOWA shares returns to the level considered by the parties when the negotiations began.

#### **Notification to shareholders of intention to merge Energomontaż-Południe S.A. with subsidiary EP Hotele i Nieruchomości Sp. z o.o.**

On June 2nd 2011, the Management Board of Energomontaż-Południe S.A. of Katowice, reported for the second time its intention to merge Energomontaż-Południe S.A. with EP Hotele i Nieruchomości Sp. zo.o. of Katowice (Target Company, EP Hotele i Nieruchomości).

The merger will be effected through acquisition by Energomontaż of EP Hotele i Nieruchomości, i.e. through transfer of all assets and liabilities of the Target Company to the Acquiring Company, without increasing the Acquiring Company's share capital, that is pursuant to Art. 515.1 of the Commercial Companies Code.

Also, on June 20th 2011, the Management Board of Energomontaż-Południe S.A. presented its rationale for the business combination, indicating that the Perła resort complex in Mrzeżyno was leased, and that it is not economically viable to maintain a subsidiary undertaking to run employee accommodation facilities. Therefore, the Management Board of Energomontaż-Południe S.A. resolved to merge the company with EP Hotele i Nieruchomości Sp. z o.o. The lease of the resort complex is to be continued. Through this transaction, the Issuer intends aims to simplify the Group structure and thus reduce its operating expenses.

#### **Dividend for 2010 paid by PBG**

On June 28th 2011, the Annual General Shareholders Meeting adopted a resolution concerning dividend payment for the financial year 2010:

- a. the 2010 dividend amounts to PLN 20,013,000.00 (twenty million and thirteen thousand),
- b. the dividend per share is PLN 1.40,
- c. the number of eligible shares: 14,295,000 Company shares,
- d. the dividend record date: September 20th 2011,
- e. the dividend payment date: October 6th 2011.

#### **Appointment of the Supervisory Board of PBG**

On June 28th 2011, following the expiry of the term of office of the PBG Supervisory Board, the Annual General Shareholders Meeting adopted Resolution No. 19 concerning the composition of the Supervisory Board and determined it would be composed of five members; and by virtue of Resolution No. 20 appointed the following persons to the Supervisory Board:

- Maciej Bednarkiewicz
- Małgorzata Wiśniewska
- Dariusz Sarnowski
- Adam Strzelecki
- Marcin Wierzbicki

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The composition of the Supervisory Board has not changed.

#### Pledge over Hydrobudowa Polska S.A. shares

On June 29th 2011, PBG entered into an agreement with Polski Bank Przedsiębiorczości S.A. establishing a financial and registered pledge over the shares in Hydrobudowa S.A. The pledge is established over 25,446,429 ordinary bearer shares in Hydrobudowa Polska S.A. in book-entry form, with a par value of PLN 1.00 per share, held by PBG.

The shares were pledged for the benefit of Polski Bank Przedsiębiorczości S.A. to secure a PLN 38,000,000.00 loan advanced by the Bank to PBG under a loan agreement of January 24th 2011. As a security for the loan, PBG established a registered pledge over the shares up the maximum security amount of PLN 57,000 thousand. The financial pledge over the shares is effective over the security period but in any case expires on January 24th 2015 at the latest. The book value of the shares over which the pledge is established is PLN 37,685 thousand. The pledge agreement is subject to disclosure as the value of the pledged shares is higher than the PLN equivalent of EUR 1,000 thousand.

#### 4. EARNINGS PER SHARE

EPS is calculated by dividing net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The employee incentive programme adopted at the Group does not have a dilutive effect on the EPS calculation.

The EPS calculation is presented below:

#### NET EARNINGS (LOSS) PER ORDINARY SHARE

Item	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
<b>Continuing operations</b>			
Net profit/(loss) from continuing operations	97,544	61,156	190,440
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
<b>Basic earnings/(loss) per share from continuing operations (PLN)</b>	<b>6.82</b>	<b>4.28</b>	<b>13.32</b>
<b>Diluted earnings/(loss) per share from continuing operations (PLN)</b>	<b>6.82</b>	<b>4.28</b>	<b>13.32</b>
<b>Continuing and discontinued operations</b>			
Net profit/(loss)	97,544	61,156	190,440
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000
<b>Basic earnings (loss) per share from continuing and discontinued operations (PLN)</b>	<b>6.82</b>	<b>4.28</b>	<b>13.32</b>
<b>Diluted earnings/(loss) per share from all operations (PLN)</b>	<b>6.82</b>	<b>4.28</b>	<b>13.32</b>

#### 5. SEASONALITY OF OPERATIONS

The Group's operations are not subject to material seasonal fluctuations. However, due to the nature of the Group's operations (construction and assembly services), the performance of works may be affected by



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weather conditions. Low temperatures hinder earthworks and assembly, which may significantly affect the Group's sales revenue.

Group's strategy is aimed at securing high single-value contracts. Such contracts help eliminate seasonal changes in sales revenue, also ensuring more balanced stream of revenue throughout the financial year.

## 6. OPERATING SEGMENTS

In distinguishing operating segments, the Management Board of the Parent Undertaking is guided by the product lines, representing the main services and goods provided by the Group. Each segment is managed separately within each product line, given the nature of the Group's services and products, which require different technologies, resources, and execution approaches.

Operating segment is the basic reporting pattern at the Group.

The Group distinguishes the following four main segments:

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

The following areas are identified within individual segments:

- **In the natural gas, crude oil and fuels segment:**
  - surface installations for crude oil and natural gas production
  - installations for liquefying natural gas and for LNG storage and regasification
  - LPG, C5+ separation and storage facilities
  - LNG storage and evaporation facilities
  - underground gas storage facilities
  - desulphurisation units
  - surface infrastructure of underground gas storage facilities
  - crude oil tanks
  - transmission systems for natural gas and crude oil, including pressure reduction and metering stations and metering and billing stations, mixing plants, distribution nodes, compressor stations, etc.
  - fuel terminals
- **In the water segment:**
  - technological and sanitary installations for water supply and sewage systems, including:
    - water pipes
    - sewage systems
    - water mains and trunk sewers
    - water intakes
    - wastewater treatment plants
  - water engineering structures, including:
    - water dams
    - storage reservoirs
    - levees

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- modernisation of water and sewage systems

- **In the residential and industrial construction segment:**

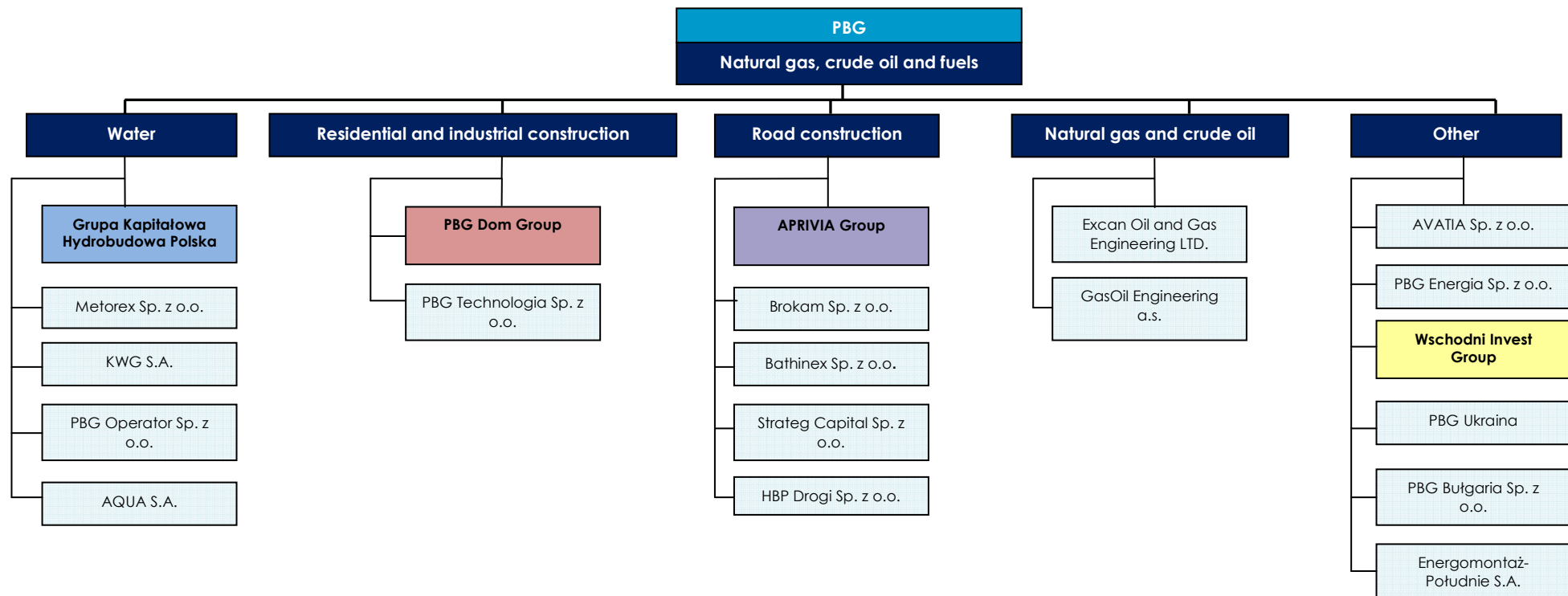
- general construction
- industrial infrastructure
- construction of stadiums
- construction of waste incineration plants

- **In the roads segment:**

- road construction

The Group also distinguishes an additional segment called "Other", under which it recognises revenue on sales of goods for resale and materials, as well as other services which are not allocated to any of the four main segments.

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<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		



<b>Group name:</b>	<b><i>PBG Group</i></b>		
<b>Period covered by the financial statements:</b>	<b><i>January 1st–June 30th 2011</i></b>	<b>Reporting currency:</b>	<b><i>Polish złoty (PLN)</i></b>
<b>Rounding:</b>	<b><i>All amounts in PLN '000 (unless otherwise stated)</i></b>		

The Group presents sales revenue, costs and result (gross margin) by individual segments. Balance sheet assets and equity and liabilities are not presented by business segments given the fact that some of the non-current assets are used in production that is classified in various segments, inventory of materials cannot be allocated to the particular segments, and it is impossible to make a segmental allocation of trade payables and revenue/income and expenses of other operating activity and financing activity.

The table below presents data for the individual operating segments.

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

#### OPERATING SEGMENTS – DATA FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2011

Item	Segments				Other	Consolidated
	natural gas, crude oil and fuels	water	industrial and residential construction	roads		
<i>Financial highlights of operating segments for the period January 1st – June 30th 2011</i>						
<b>Total revenue</b>	<b>455,579</b>	<b>229,227</b>	<b>371,399</b>	<b>377,204</b>	<b>23,446</b>	<b>1,456,855</b>
External sales	455,579	229,227	371,399	377,204	23,446	1,456,855
<b>Total costs and expenses</b>	<b>(366,053)</b>	<b>(191,351)</b>	<b>(353,457)</b>	<b>(362,746)</b>	<b>(17,516)</b>	<b>(1,291,123)</b>
<b>Segment result</b>	<b>89,526</b>	<b>37,876</b>	<b>17,942</b>	<b>14,458</b>	<b>5,930</b>	<b>165,732</b>
Unattributed cost	x	x	x	x	x	(55,639)
Other operating income/expenses	x	x	x	x	x	9,824
Share in profit of undertakings consolidated with equity method	x	x	x	x	x	(4,744)
<b>Operating profit</b>	x	x	x	x	x	<b>115,173</b>
Finance income	x	x	x	x	x	24,456
Finance expenses	x	x	x	x	x	(40,633)
Valuation of interests in joint ventures	x	x	x	x	x	-
Other gains/(losses) on investments	x	x	x	x	x	16,465
<b>Pre-tax profit</b>	x	x	x	x	x	<b>115,461</b>
Income tax	x	x	x	x	x	(17,030)
<b>Net profit</b>	x	x	x	x	x	<b>98,431</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

#### OPERATING SEGMENTS – DATA FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2010

Item	Segments					Other	Consolidated
	natural gas, crude oil and fuels	water	industrial and residential construction	Road construction			
<i>Financial highlights of operating segments for the period January 1st – June 30th 2010</i>							
<b>Total revenue</b>	<b>225,368</b>	<b>301,855</b>	<b>551,906</b>	<b>74,924</b>	<b>26,085</b>	<b>1,180,138</b>	
External sales	225,368	301,855	551,906	74,924	26,085	1,180,138	
Inter-segment sales	-	-	-	-	-	-	
<b>Total costs and expenses</b>	<b>(172,467)</b>	<b>(251,856)</b>	<b>(510,684)</b>	<b>(81,235)</b>	<b>(21,371)</b>	<b>(1,037,613)</b>	
<b>Segment result</b>	<b>52,901</b>	<b>49,999</b>	<b>41,222</b>	<b>(6,311)</b>	<b>4,714</b>	<b>142,525</b>	
Unattributed cost	x	x	x	x	x	(57,030)	
Other operating income/expenses	x	x	x	x	x	(7,299)	
Share in profit of undertakings consolidated with equity method	x	x	x	x	x	(3,026)	
<b>Operating profit</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>75,170</b>	
Finance income	x	x	x	x	x	40,025	
Finance expenses	x	x	x	x	x	(43,059)	
Profit/loss on investments	x	x	x	x	x	2,208	
<b>Pre-tax profit</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>74,344</b>	
Income tax	x	x	x	x	x	(13,547)	
<b>Net profit</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>60,797</b>	

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

#### OPERATING SEGMENTS – DATA FOR THE PERIOD JANUARY 1ST – DECEMBER 31ST 2010

Item	Segments				Other	Consolidated
	natural gas, crude oil and fuels	water	industrial and residential construction	Road construction		
<i>Financial highlights of operating segments for the period January 1st – December 31st 2010</i>						
<b>Total revenue</b>	<b>791,883</b>	<b>644,019</b>	<b>995,284</b>	<b>298,868</b>	<b>10,257</b>	<b>2,740,311</b>
External sales	791,883	644,019	995,284	298,868	10,257	2,740,311
Inter-segment sales	-	-	-	-	-	-
<b>Total costs and expenses</b>	<b>(611,512)</b>	<b>(574,760)</b>	<b>(936,540)</b>	<b>(270,168)</b>	<b>(5,702)</b>	<b>(2,398,682)</b>
<b>Segment result</b>	<b>180,371</b>	<b>69,259</b>	<b>58,744</b>	<b>28,700</b>	<b>4,555</b>	<b>341,629</b>
Unattributed cost	x	x	x	x	x	(109,169)
Other operating income/expenses	x	x	x	x	x	33,260
Share in profit of undertakings consolidated with equity method	x	x	x	x	x	(4,061)
<b>Operating profit</b>	x	x	x	x	x	<b>261,659</b>
Finance income	x	x	x	x	x	59,579
Finance expenses	x	x	x	x	x	(89,007)
Profit/loss on investments	x	x	x	x	x	2,209
<b>Pre-tax profit</b>	x	x	x	x	x	<b>234,440</b>
Income tax	x	x	x	x	x	(49,756)
<b>Net profit</b>	x	x	x	x	x	<b>184,684</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## 7. GOODWILL

The table below presents changes in goodwill in particular reporting periods:

Item	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010	for the period Jan 1–Dec 31 2010
<b>Gross amount</b>			
Balance at beginning of period	355,712	330,253	330,253
Business combinations	171,505	-	29,203
Disposal of subsidiary undertakings (-)	-	(4,049)	(4,049)
Net currency-translation differences on foreign operations	-	-	-
Other adjustments	-	305	305
<b>Gross amount at end of period</b>	<b>527,217</b>	<b>326,509</b>	<b>355,712</b>
<b>Impairment losses</b>			
Balance at beginning of period	8,830	8,830	8,830
Impairment losses recognised as cost in period	-	-	-
Net currency-translation differences on foreign operations	-	-	-
Other changes	-	-	-
<b>Impairment losses at end of period</b>	<b>8,830</b>	<b>8,830</b>	<b>8,830</b>
<b>Goodwill – carrying amount at end of period</b>	<b>518,387</b>	<b>317,679</b>	<b>346,882</b>

### GOODWILL ON BUSINESS COMBINATION

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
ATG Sp. z o.o.	1,606	1,606	1,606
Hydrobudowa Polska S.A.	43,628	43,628	43,628
Hydrobudowa 9 S.A.	176,443	176,443	176,443
PBG Dom Sp. z o.o.	19	19	19
Dromost Sp. z o.o.	625	625	625
Przedsiębiorstwo Robót Inżynierjno Drogowych S.A.	10,050	10,050	10,050
Gas Oil Engineering A.S.	7,226	7,226	7,226
Excan Oil and Gas Engineering Ltd.	160	160	160
Brokam Sp. z o.o.	566	566	566
Bełpol S.A.	31,924	31,924	31,924
PBG DOM INVEST I Sp. z o.o.	1	1	1
PRG Metro Sp. z o.o.	36,767	36,767	36,767
Złotowska 51 Sp. z o.o.	136	136	136
Villa Poznań Sp. z o.o.	173	173	173
City Development Sp. z o.o.	830	830	830
Kino Development Sp. z o.o.	4,739	4,739	4,739
Energopol Ukraina	2,408	2,408	2,408
PBG Ukraina	378	378	378
Bathinex Sp. z o.o.	10,747	-	10,747
Strateg Capital Sp. z o.o.	68	-	68
AQUA S.A.	18,388	-	18,388
Energomontaż-Południe S.A.	171,505	-	-
<b>Net goodwill</b>	<b>518,387</b>	<b>317,679</b>	<b>346,882</b>



Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## 8. INTANGIBLE ASSETS

Intangible assets used by the Group include trademarks, patents, licences, computer software, internally generated intangible assets arising from development work, and other intangible assets. Intangible assets which as at the balance-sheet date were not placed in service are disclosed under "Intangible assets under construction". The item also includes prepayments for intangible assets.

The table below presents acquisitions and disposals as well as impairment losses on intangible assets:

### INTANGIBLE ASSETS

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Trademarks	-	-	-
Patents and licences	25,420	21,053	21,477
Computer software	6,186	7,419	6,798
Costs of development work	-	-	-
Other intangible assets	7,531	7,369	7,386
<b>Net carrying amount</b>	<b>39,137</b>	<b>35,841</b>	<b>35,661</b>
Intangible assets under construction	6,388	3,087	5,954
Prepayments for intangible assets	25	-	25
<b>Total intangible assets</b>	<b>45,550</b>	<b>38,928</b>	<b>41,640</b>
Intangible assets classified as held for sale	-	-	-
<b>Intangible assets</b>	<b>45,550</b>	<b>38,928</b>	<b>41,640</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## CHANGES IN INTANGIBLE ASSETS

Item	Patents and licences	Computer software	Other intangible assets	Intangible assets under construction	Prepayments for intangible assets	TOTAL
for the period Jan 1-Jun 30 2011						
<b>Net carrying amount as at Jan 1 2011</b>	<b>21,477</b>	<b>6,798</b>	<b>7,386</b>	<b>5,954</b>	<b>25</b>	<b>41,640</b>
Increase attributable to inclusion of new subsidiaries	70	29	-	1,558	-	1,657
Increase attributable to business combinations	-	-	-	-	-	-
Increase attributable to acquisition	5,782	686	946	1,974	-	9,388
Increase attributable to reclassification to another asset category	328	-	14	-	-	342
Decrease attributable to disposal of a subsidiary (-)	-	-	-	-	-	-
Decrease attributable to disposal (-)	-	(3)	-	-	-	(3)
Decrease attributable to reclassification to another asset category (-)	-	(342)	-	(3,100)	-	(3,442)
Increase or decrease attributable to revaluation to fair value	-	-	-	-	-	-
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Depreciation (-)	(2,874)	(1,004)	(148)	-	-	(4,026)
Net foreign exchange gains (losses) on restatement of financial statements in presentation currency	(3)	(8)	-	-	-	(11)
Other changes	640	30	(667)	2	-	5
<b>Net carrying amount as at June 30 2011</b>	<b>25,420</b>	<b>6,186</b>	<b>7,531</b>	<b>6,388</b>	<b>25</b>	<b>45,550</b>
for the period Jan 1-Jun 30 2010						
<b>Net carrying amount as at Jan 1 2010</b>	<b>22,066</b>	<b>7,668</b>	<b>638</b>	<b>2,594</b>	<b>-</b>	<b>32,966</b>
Increase attributable to inclusion of new subsidiaries	-	-	-	-	-	-
Increase attributable to business combinations	-	-	-	-	-	-
Increase attributable to acquisition	411	992	7,369	500	-	9,272
Increase attributable to reclassification to another asset category	5	348	-	-	-	353
Decrease attributable to disposal of a subsidiary (-)	-	(296)	-	-	-	(296)
Decrease attributable to disposal (-)	-	(48)	-	-	-	(48)
Decrease attributable to reclassification to another asset category (-)	-	-	(353)	-	-	(353)
Increase or decrease attributable to revaluation to fair value						

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Item (continued)	Patents and licences	Computer software	Other intangible assets	Intangible assets under construction	Prepayments for intangible assets	TOTAL
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Depreciation (-)	(1,428)	(1,239)	(285)	-	-	(2,952)
Net foreign exchange gains (losses) on restatement of financial statements in presentation currency	-	25	-	-	-	25
Other changes	(1)	(31)	-	(7)	-	(39)
<b>Net carrying amount as at June 30 2010</b>	<b>21,053</b>	<b>7,419</b>	<b>7,369</b>	<b>3,087</b>	-	<b>38,928</b>
for the period Jan 1-Dec 31 2010						
<b>Net carrying amount as at Jan 1 2010</b>	<b>22,066</b>	<b>7,668</b>	<b>638</b>	<b>2,594</b>	-	<b>32,966</b>
Increase attributable to inclusion of new subsidiaries	-	-	17	-	25	42
Increase attributable to business combinations	-	-	-	-	-	-
Increase attributable to acquisition	2,091	2,485	7,369	6,309	-	18,254
Increase attributable to reclassification to another asset category	5	348	-	-	-	353
Decrease attributable to disposal of a subsidiary (-)	-	(296)	-	-	-	(296)
Decrease attributable to disposal (-)	(281)	(62)	-	(2,644)	-	(2,987)
Decrease attributable to reclassification to another asset category (-)	-	-	(353)	(33)	-	(386)
Increase or decrease attributable to revaluation to fair value	-	-	-	-	-	-
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Depreciation (-)	(2,405)	(3,290)	(285)	-	-	(5,980)
Net foreign exchange gains (losses) on restatement of financial statements in presentation currency	-	(55)	-	-	-	(55)
Other changes – decrease attributable to entering intangible assets in the records	-	-	-	-	-	-
Other changes	1	-	-	(272)	-	(271)
<b>Net carrying amount as at Dec 31 2010</b>	<b>21,477</b>	<b>6,798</b>	<b>7,386</b>	<b>5,954</b>	<b>25</b>	<b>41,640</b>

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

In H1 2011, the Group acquired intangible assets in the amount of PLN 9,388 thousand (H1 2010: PLN 9,272 thousand, 2010: 18,254 thousand). The above figure does not include intangible assets acquired in business combinations.

In H1 2011, the Group sold intangible assets with a net carrying amount of PLN 3 thousand (H1 2010: PLN 48 thousand, 2010: 2,987 thousand).

The most important intangible asset owned by the Group is a licence covering design, technical and engineering concepts for fitments/fittings systems, and particularly for underground liquid fuel storage tanks, along with relevant patents, know-how and documents confirming practical applications. The carrying amount of the asset as at June 30th 2011 was PLN 13,744 thousand. The remaining amortisation period is 7.5 years.

In addition, the Group owns tangible and intangible assets forming an organised part of business, with a value of PLN 7,500 thousand. The organised part of business included tangible assets (plant and equipment) forming a permanently installed process line, intangible assets (production technology), and human resources related solely to the trenchless sewerage rehabilitation method. Upon the acquisition of the organised part of business, know-how was recognised under other intangible assets, with a carrying amount of PLN 6,658 thousand as at June 30th 2011.

Intangible assets with indefinite useful lives are not used by the Group in its operations.

As at the balance-sheet date, no indication of impairment was identified with respect to intangible assets, hence no impairment losses were recognised.

As at the date of these interim condensed consolidated financial statements, the intangible assets owned by the Group were not pledged as collateral to secure any liabilities of the Group's individual companies.

The Group's liabilities incurred to acquire intangible assets are presented in the table below:

#### **LIABILITIES INCURRED TO ACQUIRE INTANGIBLE ASSETS**

liability	As at	As at	As at
	Jun 30 2011	Dec 31 2010	Jun 30 2010
ORACLE ERP	-	2,455	-
Development strategy	-	-	358
<b>Total liabilities</b>	-	<b>2,455</b>	<b>358</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## 9. PROPERTY, PLANT AND EQUIPMENT

The table below presents acquisitions and disposals as well as impairment losses on property, plant and equipment:

### PROPERTY, PLANT AND EQUIPMENT

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Land	42,021	25,205	23,738
Buildings and structures	201,912	110,939	104,011
Plant and equipment	153,213	115,437	101,503
Vehicles	71,864	61,518	59,889
Other tangible assets	20,816	17,119	17,634
<b>Net carrying amount</b>	<b>489,825</b>	<b>330,218</b>	<b>306,775</b>
Property, plant and equipment under construction	297,549	49,050	324,912
Prepayments for tangible assets	25,010	540	33,701
<b>Total property, plant and equipment</b>	<b>812,385</b>	<b>379,808</b>	<b>665,388</b>
Property, plant and equipment classified as held for sale	-	-	-
<b>Property, plant and equipment</b>	<b>812,385</b>	<b>379,808</b>	<b>665,388</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish zloty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other	Property, plant and equipment under construction	Prepayments for tangible assets	Total
<i>for the period Jan 1-Jun 30 2011</i>								
<b>Net carrying amount as at Jan 1 2011</b>	<b>23,738</b>	<b>104,011</b>	<b>101,503</b>	<b>59,889</b>	<b>17,634</b>	<b>324,912</b>	<b>33,701</b>	<b>665,388</b>
Increase attributable to inclusion of new subsidiaries	7,613	38,540	13,251	9,891	2,907	461	-	72,663
Increase attributable to business combinations	-	-	-	-	-	-	-	-
Increase attributable to acquisition	10,782	62,629	34,565	1,222	1,271	20,816	986	132,272
Increase attributable to construction	-	-	-	-	-	-	-	-
Increase attributable to executed lease agreements	-	-	30,139	5,922	-	-	-	36,061
Increase attributable to reclassification from another asset category	-	-	-	-	2	-	(124)	(122)
Decrease attributable to disposal of a subsidiary (-)	-	-	-	-	-	-	-	-
Decrease attributable to disposal (-)	(117)	(521)	(25,828)	(561)	(6)	(351)	-	(27,384)
Decrease attributable to liquidation (-)	-	-	(136)	(3)	(64)	(47)	(18)	(268)
Decrease attributable to reclassification to another asset category (-)	-	-	(3)	-	-	(48,241)	(9,566)	(57,810)
Increase or decrease attributable to revaluation to fair value	-	-	-	-	-	-	-	-
Impairment losses (-)	-	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-	-
Impairment losses used	-	-	-	-	-	-	-	-
Depreciation (-)	-	(3,087)	(12,173)	(5,074)	(924)	-	-	(21,258)
Net foreign exchange gains (losses) on restatement of financial statements in presentation currency	5	176	-	(1)	(2)	(1)	-	177
Other changes – decrease attributable to first-time recognition of tangible assets	-	-	-	-	-	-	-	-
Other changes	-	164	11,895	578	(2)	-	31	12,666
<b>Net carrying amount as at Jun 30 2011</b>	<b>42,021</b>	<b>201,912</b>	<b>153,213</b>	<b>71,864</b>	<b>20,816</b>	<b>297,549</b>	<b>25,010</b>	<b>812,385</b>

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Item (continued)	Land	Buildings and structures	Plant and equipment	Vehicles	Other	Property, plant and equipment under construction	Prepayments for tangible assets	Total
<i>for the period Jan 1-Jun 30 2010</i>								
<b>Net carrying amount as at Jan 1 2010</b>	<b>26,203</b>	<b>112,148</b>	<b>129,247</b>	<b>59,144</b>	<b>17,349</b>	<b>14,618</b>	<b>9,555</b>	<b>368,264</b>
Increase attributable to inclusion of new subsidiaries	-	-	-	-	-	-	-	-
Increase attributable to business combinations	-	-	-	-	-	-	-	-
Increase attributable to acquisition	38	5	4,306	22,192	1,389	34,098	407	62,435
Increase attributable to construction	-	1,986	-	-	-	106	-	2,092
Increase attributable to executed lease agreements	-	-	272	943	-	-	-	1,215
Increase attributable to reclassification from another asset category	-	-	-	-	20	1,873	-	1,893
Decrease attributable to disposal of a subsidiary (-)	-	(52)	(2,362)	(15,132)	(711)	(3)	(16)	(18,276)
Decrease attributable to disposal (-)	(11)	-	(137)	(610)	(49)	(3)	-	(810)
Decrease attributable to liquidation (-)	-	-	(163)	(203)	(9)	(25)	-	(400)
Decrease attributable to reclassification to another asset category (-)	(857)	(1,261)	-	-	-	(1,893)	(9,403)	(13,414)
Increase or decrease attributable to revaluation to fair value	-	-	-	-	-	-	-	-
Impairment losses (-)	-	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-	-
Impairment losses used	-	-	-	-	-	-	-	-
Depreciation (-)	-	(1,887)	(13,044)	(4,944)	(900)	-	-	(20,775)
Net foreign exchange gains (losses) on restatement of financial statements in presentation currency	7	-	14	251	-	111	-	383
Other changes – decrease attributable to first-time recognition of tangible assets	-	-	-	-	-	-	-	-
Other changes	(175)	-	(2,696)	(123)	30	168	(3)	(2,799)
<b>Net carrying amount as at Jun 30 2010</b>	<b>25,205</b>	<b>110,939</b>	<b>115,437</b>	<b>61,518</b>	<b>17,119</b>	<b>49,050</b>	<b>540</b>	<b>379,808</b>

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Item (continued)	Land	Buildings and structures	Plant and equipment	Vehicles	Other	Property, plant and equipment under construction	Prepayments for tangible assets	Total
<i>for the period Jan 1-Dec 31 2010</i>								
<b>Net carrying amount as at Jan 1 2010</b>	<b>26,203</b>	<b>112,148</b>	<b>129,247</b>	<b>59,144</b>	<b>17,349</b>	<b>14,618</b>	<b>9,555</b>	<b>368,264</b>
Increase attributable to inclusion of new subsidiaries	174	3,145	217	133	57	201,239	6,660	211,625
Increase attributable to business combinations	-	-	-	-	-	-	-	-
Increase attributable to acquisition	1,658	434	10,078	24,658	2,703	132,441	10,064	182,036
Increase attributable to construction	-	27	-	-	-	351	-	378
Increase attributable to executed lease agreements	-	-	310	4,016	-	-	-	4,326
Increase attributable to reclassification from another asset category	31	1,947	211	-	160	3,004	16,953	22,306
Decrease attributable to disposal of a subsidiary (-)	-	(53)	(2,362)	(15,132)	(710)	(3)	(16)	(18,276)
Decrease attributable to disposal (-)	(3,262)	(5,124)	(5,839)	(1,608)	(77)	(3,356)	-	(19,266)
Decrease attributable to liquidation (-)	-	(31)	(5,174)	(478)	(42)	(25)	-	(5,750)
Decrease attributable to reclassification to another asset category (-)	(1,033)	(4,805)	-	(1,021)	-	(22,953)	(9,458)	(39,270)
Increase or decrease attributable to revaluation to fair value	-	-	-	-	-	-	-	-
Impairment losses (-)	-	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-	-	-
Impairment losses used	-	-	-	-	-	-	-	-
Depreciation (-)	-	(3,681)	(25,272)	(9,922)	(1,858)	-	-	(40,733)
Net foreign exchange gains (losses) on restatement of financial statements in presentation currency	(32)	4	3	(16)	11	(439)	-	(469)
Other changes – decrease attributable to first-time recognition of tangible assets	-	-	-	-	-	-	-	-
Other changes	(1)	-	84	115	41	35	(57)	217
<b>Net carrying amount as at Dec 31 2010</b>	<b>23,738</b>	<b>104,011</b>	<b>101,503</b>	<b>59,889</b>	<b>17,634</b>	<b>324,912</b>	<b>33,701</b>	<b>665,388</b>



<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

In H1 2011, the Group acquired property, plant and equipment in the amount of PLN 132,272 thousand (H1 2010: PLN 62,435 thousand, 2010: 182,036 thousand). The above figure does not include property, plant and equipment acquired in business combinations.

In H1 2011, the Group sold property, plant and equipment with a net carrying amount of PLN 27,384 thousand (H1 2010: PLN 810 thousand, 2010: 19,266 thousand).

As at the balance-sheet date, no indication of impairment was identified with respect to property, plant and equipment, hence no impairment losses were recognised.

The Group's liabilities incurred to acquire property, plant and equipment are presented in the table below:

#### LIABILITIES INCURRED TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

Liability	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Developed land in Wysogotowo	-	-	25,000
Parking spaces in Świnoujście	112	-	112
Tunnelling equipment to bore a tunnel under the Wisła river bed	-	-	14,332
Spool piping for tunnels	-	-	189
<b>Total liabilities</b>	<b>112</b>	<b>-</b>	<b>39,633</b>

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Change in fair value of financial assets and liabilities

Comparison of the carrying amount of financial assets and liabilities with their fair value (all financial assets and liabilities, regardless of whether in the consolidated financial statements they are disclosed at amortised cost or fair value):

Class of financial instrument	Jun 30 2011		Jun 30 2010		Dec 31 2010	
	Fair value	carrying amount	Fair value	carrying amount	Fair value	Carrying amount
<b>Assets:</b>						
Loans advanced	264,250	264,250	440,978	440,978	270,604	270,604
Trade and other receivables	937,544	937,544	884,852	884,852	1,210,817	1,210,817
Derivative financial instruments	6,736	6,736	14,464	14,464	5,044	5,044
Debt securities	-	-	-	-	-	-
Shares of listed companies	143	143	134	134	143	143
Shares of non-listed companies	-	-	-	-	-	-
Investment fund units	-	-	-	-	106,902	106,902
Other classes of other financial assets	11,028	11,028	2,206	2,206	2,466	2,466

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

Class of financial instrument (continued)	Jun 30 2011		Jun 30 2010		Dec 31 2010	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents	505,841	505,841	466,487	466,487	708,509	708,509
<b>Liabilities:</b>						
Loans and borrowings	947,511	947,511	630,287	630,287	591,975	591,975
Debt securities	841,870	841,870	507,147	507,147	836,904	836,904
Finance lease	104,634	104,634	24,625	24,625	19,845	19,845
Derivative financial instruments	9,179	9,179	46,173	46,173	11,677	11,677
Trade and other payables	906,945	906,945	804,635	804,635	890,549	890,549

The method used to determine the fair value of financial instruments is presented in the last annual consolidated financial statements of the Group.

### Reclassification of financial assets

The Group did not make any reclassifications of financial assets which would lead to a change of the measurement method for such assets, requiring such assets to be measured at fair value, at cost, or at amortised cost.

## 11. INVESTMENT PROPERTY

Item	for the period	for the period	for the period
	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Dec 31 2010
<b>Amount at beginning of period</b>	<b>293,757</b>	<b>147,838</b>	<b>147,838</b>
Real property acquisitions through business combinations	83,984	-	-
Additions resulting from real property acquisitions	-	51	56,710
Additions resulting from subsequent expenditure recognised in the carrying amount of an asset	10,181	20,437	50,532
Increase resulting from prepayments for investment property acquisitions	-	39,900	39,909
<b>Increase resulting from reclassification from another asset category:</b>	<b>-</b>	<b>2,118</b>	<b>3,431</b>
- from property, plant and equipment (land)	-	857	857
- from property, plant and equipment (buildings and structures)	-	1,261	1,863
- from property, plant and equipment under construction	-	-	711
- from current assets (goods)	-	-	-
Decrease attributable to disposal of a subsidiary (-)	(2,900)	(6,262)	(6,262)
Decrease resulting from disposal of real property (-)	(1,490)	(554)	(845)
<b>Decreases resulting from reclassification into another asset category:</b>	<b>-</b>	<b>-</b>	<b>(17,908)</b>
- to property, plant and equipment (land)	-	-	-
- to property, plant and equipment (buildings and structures)	-	-	-
- to tangible assets under construction	-	-	(955)
- to current assets (goods)	-	-	-
- to prepayments for tangible assets	-	-	(16,953)
Net gains or losses on fair value adjustments	(486)	1,586	25,685

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Item (continued)	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
Investment property measurement recognised under capital reserve	-	438	(5,404)
Net foreign exchange gains (losses) on restatement of financial statements in presentation currency	-	-	-
Other changes	(51)	40	71
<b>Amount at end of period</b>	<b>382,995</b>	<b>205,592</b>	<b>293,757</b>

In the first half of 2011, the Group recorded a marked increase of "Investment property", related to:

- PLN 83,984 thousand on inclusion of Energomontaż S.A. in the Group.
- PLN 4,859 thousand increase in investment expenses related to construction of an A Class office and commercial property building with underground car parks in Poznań at ul. Grójecka 1.

## 12. IMPAIRMENT LOSSES ON ASSETS

### IMPAIRMENT LOSSES ON INVENTORIES

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
<b>Impairment losses at beginning of period</b>	<b>581</b>	<b>301</b>	<b>301</b>
Impairment losses recognised as cost in period	-	-	281
Impairment losses reversal in period (-)	(95)	(7)	(7)
Other changes (net currency translation differences)	-	6	6
<b>Impairment losses at end of period</b>	<b>486</b>	<b>300</b>	<b>581</b>

The Group recognises impairment losses on inventories if it can be reasonably assumed that the cost of acquisition or production of inventories may not be recovered or if the selling price of inventories significantly declines. In particular, the Group recognises impairment losses on inventories which are damaged or if they have become wholly or partially obsolete.

In the period covered by these interim condensed consolidated financial statements, the Group did not recognise any impairment losses on inventories, as there were no indicators of impairment of inventory.

In the period covered by these financial statements, the Group reversed an impairment loss on inventories in the amount of PLN 95 thousand.

Inventories owned by the Group are pledged as collateral to secure the Group's liabilities up to PLN 11,203 thousand.

### INVENTORIES USED TO SECURE LIABILITIES

Item	As at	As at	As at
	Jun 30 2011	Jun 30 2010	Dec 31 2010
Ordinary and deposit mortgage over land for development at ul. Złotowska 51 in Poznań.	-	1,020	-
PKO BP S.A. - loan security	-	-	14,100
Droga Dębińska (road)	11,203	11,203	11,203
<b>Total</b>	<b>11,203</b>	<b>12,223</b>	<b>25,303</b>

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Changes in impairment losses on receivables which were recognised in the period covered by these interim condensed consolidated financial statements are presented in the table below:

### IMPAIRMENT LOSSES ON RECEIVABLES

Item	for the period Jan 1-Jun 30 2011	for the period Jan 1-Jun 30 2010	for the period Jan 1-Dec 31 2010
<b>Impairment losses at beginning of period</b>	<b>41,341</b>	<b>80,446</b>	<b>80,446</b>
Impairment losses attributable to inclusion of new subsidiaries	-	-	-
Impairment losses - decrease attributable to disposal of subsidiaries	-	(172)	(172)
Impairment losses recognised as cost in period	933	6,567	7,361
Reversed impairment losses recognised as revenue in period (-)	(5,816)	(12,049)	(21,477)
Impairment losses used in period (-)	(11,882)	(22,620)	(25,638)
Other changes	-	712	821
<b>Impairment losses at end of period</b>	<b>24,576</b>	<b>52,884</b>	<b>41,341</b>

In accordance with the Group's policy, receivables past due by more than 180 days are tested to identify whether impairment losses should be recognised for them. In principle, the Group recognises impairment losses for full amounts of such past due receivables. On rare occasions, the Group does not recognise impairment losses for receivables from certain debtors which are past due by more than 180 days if a security has been established for such receivable.

In the period covered by these financial statements, the Group recognised an impairment loss on receivables in the amount of PLN 933 thousand. Impairment losses on trade receivables were created owing to the expected difficulties of certain business partners with paying their outstanding balances.

The Group used impairment losses of PLN 11,882 thousand as it received payments from business partners, and reversed PLN 5,816 thousand impairment losses into revenue, since the receivables were not recognised by the bankruptcy administrator, and the bankruptcy proceedings were discontinued.

According to management boards of the Group companies, receivables which are not covered by impairment losses are not considered doubtful.

### 13. SHARE CAPITAL

In the first half of 2011, there were no changes in the Parent Undertaking's share capital. As at June 30th 2011, the share capital amounted to PLN 14,295,000.00 and was divided into 14,295,000 shares with a par value of PLN 1.00 per share.

Details of the issues of the Parent Undertaking shares are presented in the tables below:

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Number of shares	14,295	14,295	14,295
Par value per share	1	1	1
<b>Share capital</b>	<b>14,295</b>	<b>14,295</b>	<b>14,295</b>

#### CHANGES IN SHARE CAPITAL (BY ISSUE)

Shares by series/issue	Par value of series/issue	Number of shares	Issue price (PLN)	Registration date
Share capital as at Jan 1 2010	14,295	14,295,000	X	X
Share capital as at Jun 30 2010	14,295	14,295,000	X	X
Share capital as at Dec 31 2010	14,295	14,295,000	X	X
<b>Share capital as at Jun 30 2011</b>	<b>14,295</b>	<b>14,295,000</b>	X	X

#### SHAREHOLDERS HOLDING AT LEAST 5% OF THE TOTAL VOTE AT THE GENERAL SHAREHOLDERS MEETING AS AT JUNE 30TH 2011

Shareholder	Number of shares	Total par value (PLN)	% of share capital
Jerzy Wiśniewski	3,735,054 shares, including: 3,735,054 series A registered preference shares	3,735,054	26.13%
ING Otwarty Fundusz Emerytalny	1,369,463 ordinary shares	1,369,463	9.58%
Clients of Pioneer Pekao Investment Management S.A.	3,459,824 ordinary shares	3,459,824	19.18%

#### CHANGES IN THE COMPANY'S SHAREHOLDER STRUCTURE

On January 14th 2011, Mr. Jerzy Wiśniewski, a major shareholder in the Company, sold 500,000 series A registered shares in PBG in a transaction executed outside the regulated market.

Prior to the transaction, Mr. Wiśniewski held 4,235,054 registered preference shares in the Company, representing 29.63% of the Company's share capital and conferring the right to exercise 8,470,108 votes at its General Shareholders Meeting, which represented 45.70% of the total vote.

Following the transaction, Mr Wiśniewski holds 3,735,054 registered preference shares in the Company, representing 26.13% of the Company's share capital and conferring the right to exercise 7,470,108 votes at its General Shareholders Meeting, which represent 41.42% of the total vote.

The Company's share capital amounts to PLN 14,295,000.00. The sale of Series A registered shares resulted in expiry of the preference attached to the shares and a decrease in the total number of votes at the Company's General Shareholders Meeting from 18,535,000 to 18,035,000 votes.

<b>Group name:</b>	<i>PBG Group</i>		
<b>Period covered by the financial statements:</b>	<i>January 1st–June 30th 2011</i>	<b>Reporting currency:</b>	<i>Polish złoty (PLN)</i>
<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

#### **Notifications of increase in Pioneer Pekao Investment Management S.A.'s holding of PBG shares**

In the period from January 28th to March 8th 2011, Pioneer Pekao Investment Management S.A. (PPIM) acquired PBG shares, as a result of which:

- on January 28th 2011 its total shareholding in PBG, as regards financial instruments held in the portfolios managed by PPIM as part of its portfolio management services, increased to 15.05% of the total vote at PBG's General Shareholders Meeting;
- on February 4th 2011 the Fund's total shareholding in PBG, as regards shares held in its portfolio managed by PPIM in performance of the investment fund portfolio management services, increased to 15.09% of the total vote at PBG's General Shareholders Meeting;
- on March 2nd 2011 the Fund's total shareholding in PBG, as regards financial instruments held in the portfolios managed by PPIM as part of its portfolio management services, increased to 17.05% of the total vote at PBG's General Shareholders Meeting;
- on March 8th 2011 the Fund's total shareholding in PBG, as regards financial instruments held in the portfolios managed by PPIM as part of its portfolio management services, increased to 17.11% of the total vote at PBG's General Shareholders Meeting.
- on April 21st 2011 the Fund's total shareholding in PBG, as regards financial instruments held in the portfolios managed by PPIM as part of its portfolio management services, increased to 19.18% of the total vote at PBG's General Shareholders Meeting.

#### **Notifications of increase in Pioneer Pekao Investment Management's holding of PBG shares**

In performance of the investment fund portfolio management agreement between Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. and Pioneer Pekao Investment Management (PPIM), on behalf of the following Funds:

1. Pioneer Fundusz Inwestycyjny Otwarty (Pioneer Open-End Investment Fund),
2. Specjalistyczny Fundusz Inwestycyjny Otwarty Telekomunikacji Polskiej (Telekomunikacja Polska Specialised Open-End Investment Fund),
3. Pioneer Zmiennej Alokacji Specjalistyczny Fundusz Inwestycyjny Otwarty (Pioneer Variable Allocation Specialised Open-End Investment Fund),
4. Pioneer Zmiennej Alokacji 2 Specjalistyczny Fundusz Inwestycyjny Otwarty (Pioneer Variable Allocation 2 Specialised Open-End Investment Fund),
5. Pioneer Zmiennej Alokacji 3 Specjalistyczny Fundusz Inwestycyjny Otwarty (Pioneer Variable Allocation 3 Specialised Open-End Investment Fund),
6. Pioneer Zabezpieczony Rynku Polskiego Specjalistyczny Fundusz Inwestycyjny Otwarty (Pioneer Protected Polish Market Specialised Open-End Investment Fund);

in the period from January 28th to March 2nd 2011, PPIM acquired PBG shares, as a result of which:

- on January 28th 2011 the shareholdings held by the above Funds in PBG, as regards shares held in their portfolios managed by PPIM in performance of its investment fund portfolio management services, increased to 15.03% of the total vote at PBG's General Shareholders Meeting;
- on March 2nd 2011 the shareholdings held by the above Funds in PBG, as regards shares held in their portfolios managed by PPIM in performance of its investment fund portfolio management services, increased to 17.07% of the total vote at PBG's General Shareholders Meeting.

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

- on April 21st 2011 the shareholdings held by the above Funds in PBG, as regards shares held in their portfolios managed by PPIM in performance of its investment fund portfolio management services, increased to 19.09% of the total vote at PBG's General Shareholders Meeting.

### CHANGES IN SHAREHOLDINGS SUBSEQUENT TO JUNE 30TH 2011

There were no changes in the Issuer's shareholder structure prior to the date of publication of these interim condensed consolidated financial statements.

### EQUITY ATTRIBUTABLE TO MINORITY INTERESTS

Equity attributable to minority interests represents a portion of net assets of subsidiary companies which is not directly or indirectly owned by shareholders of the Parent Undertaking.

Minority interests presented under the Group's equity relate to the following subsidiary companies:

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
HBP Group	174,854	178,790	173,176
APRIVIA Group	10,878	11,167	10,738
PBG Dom Group	614	644	614
Energopol Ukraina	31,828	39,149	34,068
GasOil Engineering a.s.	2,419	1,897	2,835
Strateg Capital Sp. z o.o.	44	-	33
Aqua S.A.	4,971	-	4,831
Energomontaż-Południe Group	96,059	-	-
<b>Total non-controlling interests</b>	<b>321,667</b>	<b>231,647</b>	<b>226,295</b>

In the period covered by these interim consolidated financial statements, minority interests changed as a result of transactions affecting the Group's structure and settlement of a portion of comprehensive income attributable to minority interests, as presented in the table below:

Item	for the period Jan 1-Jun 30 2011	for the period Jan 1-Jun 30 2010	for the period Jan 1-Dec 31 2010
<b>Minority interests at beginning of period</b>	<b>226,295</b>	<b>225,135</b>	<b>225,135</b>
<b>Change in Group's structure (transactions with non-controlling interests)</b>			
Business combination – initial determination of non-controlling interests (+)	96,059	-	4,864
Disposal of subsidiaries resulting in their exclusion from the Group – settlement of non-controlling interests (-)	-	-	-
Acquisition by the Group of non-controlling interests (-)	-	(1,632)	(2,306)
Disposal by the Group of subsidiary undertakings' equity to non-controlling interests, not resulting in loss of control (+)	-	-	-
<b>Comprehensive income:</b>			
Net profit/(loss) for the period (+/-)	887	(359)	(5,756)
Other comprehensive income for the period (after tax) (+/-)	(2,731)	11,079	10,079

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Other changes	1,157	(2,576)	(5,721)
<b>Balance of non-controlling interests as at end of period</b>	<b>321,667</b>	<b>231,647</b>	<b>226,295</b>

## 14. SHARE-BASED PAYMENTS

### INCENTIVE SCHEME

Under Resolution No. 37/08/2007 dated August 26th 2008, the Supervisory Board of the subsidiary company Hydrobudowa 9 S.A. of Wysogotowo adopted the rules of the Incentive Scheme that set forth the principles of an incentive scheme in Hydrobudowa 9 S.A. introduced pursuant to Resolution No. 24 of the Annual General Shareholders Meeting of Hydrobudowa 9 S.A. dated June 24th 2008 on setting the principles of the company's incentive scheme, and Resolution No. 25 of the Annual General Shareholders Meeting of Hydrobudowa 9 S.A. dated June 24th 2008 on share capital increase by way of an issue of series D shares with pre-emptive rights waived to carry out the incentive scheme and on amendments to the articles of association.

Persons selected at the discretion of the Supervisory Board of Hydrobudowa 9 S.A. from among members of the Management Board and persons specified at the sole discretion of the Supervisory Board or upon request of the Management Board of Hydrobudowa 9 S.A. from among key employees of Hydrobudowa 9 S.A., key employees of the companies from the Group, persons holding positions on the governing bodies of PBG and governing bodies of the companies from the Group are eligible to participate in the scheme.

The scheme will operate until December 31st 2013.

In order to carry out the scheme, Hydrobudowa 9 S.A. issued 692,225 series D shares that were subscribed for by BZ WBK S.A., the custodian bank, and registered by a competent court. The custodian bank concluded with Hydrobudowa Polska S.A. a subscription agreement for 1,755,738 ordinary bearer series L shares of Hydrobudowa Polska S.A. with a par value of PLN 1.00 per share, issued pursuant to Resolution No. 3 of the Extraordinary Shareholders Meeting of Hydrobudowa Polska S.A. dated August 18th 2008, divided into five tranches, of which four tranches of 351,147 series L shares and one tranche of 351,150 series L shares will be offered to eligible persons in 2009, 2010, 2011, 2012, and 2013. The custodian bank made an in-kind contribution of 692,225 series D shares held in Hydrobudowa 9 S.A. to cover those shares.

All of the above series L shares to be allocated to eligible persons will be divided into five tranches, of which there will be four tranches of 351,147 shares and one tranche of 351,150 shares. Shares that will not be acquired under a specific tranche will be offered in the next one.

The series L shares will be offered to eligible persons at PLN 0.14 per share.

The first list of eligible persons was approved by the Supervisory Board of Hydrobudowa 9 S.A. on December 23rd 2008.

Amounts relating to the incentive scheme have been disclosed in the books since 2008. As at June 30th 2011, the value of the scheme was PLN 1,019 thousand (June 30th 2010: PLN 1,019 thousand).



<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Key data and on the share-based payments programme launched in Hydrobudowa 9 S.A. is presented in the table below:

Item	HB9 Incentive Scheme
Granting date (programme launch date)	Aug 26 2008
End date for the eligibility period	Dec 31 2013
End date for possible option exercise	Dec 31 2013
Number of Shares	1,755,738
Share exercise price (PLN)	0.14
Share price as at the granting date (PLN)	5.80

The fair value of shares granted to employees was estimated with the use of the Black-Scholes-Marton model as at the granting date. Lack of additional market conditions affecting the payment profile was the basis for applying an analytical closed model. The applied model is the most frequently used tool to determine the theoretical value of option premium.

Hydrobudowa Polska S.A. intends to continue its growth policy; therefore, the management board will not propose for dividend payments within the next five years. Therefore there has been a zero dividend from shares put in the model.

The expected volatility of the share price (standard deviation) was estimated on the basis of historic prices of Hydrobudowa Polska S.A. shares on the Warsaw Stock Exchange since its debut, i.e. on September 17th 2007 until April 16th 2010.

The average yield of 5-year Treasury bonds at the auction held on July 15th 2009 was assumed as the risk-free interest rate.

## 15. DIVIDENDS

On June 28th 2011, by virtue of Resolution No. 6, the General Shareholders Meeting approved dividend payment for 2010 in the amount of PLN 20,013,000.00, i.e. PLN 1.40 per share. The list of shareholders entitled to receive dividend for financial year 2010 will be set as at September 20th 2011, and the dividend payment date was set to October 6th 2011.

The Company has not paid any interim dividend for 2011 profits.

In the first six months of 2010, the Parent Undertaking paid a dividend from the 2009 profit in the amount of PLN 20,013,000.00, that is PLN 1.40 per share.

## 16. ISSUE AND REDEMPTION OF DEBT SECURITIES

In the first six months of 2011, the Group did not issue or redeem any debt securities.

## 17. EVENTS OF DEFAULT ON CREDIT FACILITIES OR LOANS

In the first six months of 2011, and in the comparative periods, the Group did not default on any of its credit facility or loan agreements.

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## 18. PROVISIONS

Provisions recognised in the condensed consolidated financial statements and their changes in the comparative periods are presented below:

### LIABILITIES AND PROVISIONS FOR LIABILITIES UNDER EMPLOYEE BENEFITS

Item	Non-current liabilities and provisions			Current liabilities and provisions		
	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Wages and salaries payable	-	-	-	12,618	12,115	12,673
Social security contributions payable	-	-	-	12,432	11,291	11,020
Provision for retirement severance payments	4,440	3,234	3,150	1,276	940	834
Provision for length-of-service awards	7,019	3,075	2,367	1,070	175	238
Provision for unused holidays	-	-	-	6,888	7,190	4,277
Other provisions for employee benefits	-	-	-	-	-	-
Other liabilities under employee benefits	42	-	3	586	986	686
<b>Total liabilities and provisions for employee benefits</b>	<b>11,501</b>	<b>6,309</b>	<b>5,520</b>	<b>34,871</b>	<b>32,697</b>	<b>29,728</b>

### CHANGES IN PROVISIONS FOR EMPLOYEE BENEFITS

Item	Provision for retirement severance payments	Provision for length-of-service awards	Provision for unused holidays	Total
<b>for the period Jan 1-Jun 30 2011</b>				
<b>Provisions as at Jan 1 2011</b>	<b>3,984</b>	<b>2,605</b>	<b>4,277</b>	<b>10,866</b>
Increase in provisions recognised as expense in period (new provisions and update of estimates)	520	333	3,704	4,557
Increase in provisions due to revision of estimates	-	-	-	-
Increase in provisions attributable to inclusion of new subsidiaries	1,303	5,667	354	7,324
Decrease in provisions – disposal of subsidiaries	-	-	-	-
Release of provisions recognised as income in the period (-)	(43)	(427)	(1,312)	(1,782)
Use of provisions (-)	(60)	(90)	(131)	(281)
Decrease in provisions due to revision of estimates	(175)	-	(4)	(179)
Other changes in provisions (net currency translation differences)	187	-	-	187
<b>Provisions as at Jun 30 2011, including:</b>	<b>5,716</b>	<b>8,089</b>	<b>6,888</b>	<b>20,693</b>
- non-current provisions	4,440	7,019	-	11,459
- current provisions	1,276	1,070	6,888	9,234
<b>for the period Jan 1-Jun 30 2010</b>				
<b>Provisions as at Jan 1 2010</b>	<b>4,095</b>	<b>3,386</b>	<b>5,182</b>	<b>12,663</b>

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Increase in provisions recognised as expense in period (new provisions and update of estimates)	523	113	4,238	4,874
Increase in provisions due to revision of estimates	-	-	-	-
Increase in provisions attributable to inclusion of new subsidiaries	-	-	-	-
Decrease in provisions – disposal of subsidiaries	(68)	-	(186)	(254)
Release of provisions recognised as income in the period (-)	(114)	-	(338)	(452)
Use of provisions (-)	(377)	(249)	(1,577)	(2,203)
Decrease in provisions due to revision of estimates	(74)	-	-	(74)
Other changes in provisions (net currency translation differences)	189	-	(129)	60
<b>Provisions as at Jun 30 2010, including:</b>	<b>4,174</b>	<b>3,250</b>	<b>7,190</b>	<b>14,614</b>
- non-current provisions	3,234	3,075	-	6,309
- current provisions	940	175	7,190	8,305
<i>Jan 1-Dec 31 2010</i>				
<b>Provisions as at Jan 1 2010</b>	<b>4,095</b>	<b>3,386</b>	<b>5,182</b>	<b>12,663</b>
Increase in provisions recognised as expense in period (new provisions and update of estimates)	1,611	338	2,202	4,151
Increase in provisions due to revision of estimates	-	-	-	-
Increase in provisions attributable to inclusion of new subsidiaries	26	-	96	122
<b>Item (continued)</b>	<b>Provision for retirement severance payments</b>	<b>Provision for length-of-service awards</b>	<b>Provision for unused holidays</b>	<b>Total</b>
Decrease in provisions – disposal of subsidiaries	(68)	-	(186)	(254)
Release of provisions recognised as income in the period (-)	(404)	(73)	(1,030)	(1,507)
Use of provisions (-)	(1,061)	(958)	(447)	(2,466)
Decrease in provisions due to revision of estimates	(340)	(88)	(1,410)	(1,838)
Other changes in provisions (net currency translation differences)	125	-	(130)	(5)
<b>Provisions as at Dec 31 2010, including:</b>	<b>3,984</b>	<b>2,605</b>	<b>4,277</b>	<b>10,866</b>
- non-current provisions	3,150	2,367	-	5,517
- current provisions	834	238	4,277	5,349

#### OTHER PROVISIONS FOR LIABILITIES

Item	Non-current provisions			Current provisions		
	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Provisions for warranties/guarantees	15,167	12,777	15,139	10,262	5,518	5,294
Provision for losses on construction contracts	-	-	-	5,132	53	1,668
Other provisions for liabilities	387	420	484	23,486	22,159	30,938

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

Total other provisions for liabilities, including:	15,554	13,197	15,623	38,880	27,730	37,900
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## CHANGE IN OTHER PROVISIONS FOR LIABILITIES

Item	Provision for warranties given	Provision for losses on construction contracts	Other provisions for liabilities	Total
<b>for the period Jan 1-Jun 30 2011</b>				
<b>Provisions as at Jan 1 2011</b>	<b>20,433</b>	<b>1,668</b>	<b>31,422</b>	<b>53,523</b>
Increase in provisions recognised as expense in period (new provisions and update of estimates)	4,844	2,461	347	7,652
Increase in provisions due to revision of estimates	-	-	-	-
Increase in provisions attributable to inclusion of new subsidiaries	5,119	2,671	4,714	12,504
Decrease in provisions attributable to disposal of subsidiaries	-	-	-	-
Release of provisions recognised as income in the period (-)	(1,361)	(944)	(12,685)	(14,990)
Use of provisions (-)	(3,443)	(724)	(212)	(4,379)
Decrease in provisions due to revision of estimates	36	-	12	48
Other changes in provisions (net currency translation differences)	(199)	-	275	76
<b>Provisions as at Jun 30 2011, including:</b>	<b>25,429</b>	<b>5,132</b>	<b>23,873</b>	<b>54,434</b>
- non-current provisions	15,167	-	387	15,554
- current provisions	10,262	5,132	23,486	38,880
Item (continued)	Provision for warranties/guarantees	Provision for losses on construction contracts	Other provisions for liabilities	Total
<b>for the period Jan 1-Jun 30 2010</b>				
<b>Provisions as at Jan 1 2010</b>	<b>18,860</b>	<b>272</b>	<b>34,086</b>	<b>53,218</b>
Increase in provisions recognised as expense in period (new provisions and update of estimates)	3,079	42	665	3,786
Increase in provisions due to revision of estimates	-	-	-	-
Increase in provisions attributable to inclusion of new subsidiaries	-	-	-	-
Decrease in provisions – disposal of subsidiaries	(2,138)	-	(69)	(2,207)
Release of provisions recognised as income in the period (-)	(533)	-	(8,703)	(9,236)
Use of provisions (-)	(973)	(269)	(3,424)	(4,666)
Decrease in provisions due to revision of estimates	-	-	-	-
Other changes in provisions (net currency translation differences)	-	8	24	32
<b>Provisions as at Jun 30 2010, including:</b>	<b>18,295</b>	<b>53</b>	<b>22,579</b>	<b>40,927</b>
- non-current provisions	12,777	-	420	13,197
- current provisions	5,518	53	22,159	27,730
<b>Jan 1-Dec 31 2010</b>				
<b>Provisions as at Jan 1 2010</b>	<b>18,860</b>	<b>272</b>	<b>34,086</b>	<b>53,218</b>

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

Increase in provisions recognised as expense in period (new provisions and update of estimates)	9,831	2,627	10,285	22,743
Increase in provisions due to revision of estimates	-	-	-	-
Increase in provisions attributable to inclusion of new subsidiaries	19	-	161	180
Decrease in provisions – disposal of subsidiaries	(2,138)	-	(119)	(2,257)
Release of provisions recognised as income in the period (-)	(2,246)	-	(9,500)	(11,746)
Use of provisions (-)	(3,893)	(1,242)	(3,446)	(8,581)
Decrease in provisions due to revision of estimates	-	-	(48)	(48)
Other changes in provisions (net currency translation differences)	-	11	3,	14
<b>Provisions as at Dec 31 2010, including:</b>	<b>20,433</b>	<b>1,668</b>	<b>31,422</b>	<b>53,523</b>
- non-current provisions	15,139	-	484	15,623
- current provisions	5,294	1,668	30,938	37,900

## 19. CONTINGENT LIABILITIES

Contingent liabilities as at the end of the comparative periods are presented below:

### CONTINGENT LIABILITIES UNDER GRANTED GUARANTEES AND SURETIES

Item	IFRS as at Jun 30 2011	IFRS as at Jun 30 2010	IFRS as at Dec 31 2010
<b>To non-consolidated related undertakings:</b>			
Loan and borrowing repayment surety	-	1,300	-
Trade and other payables repayment surety	305	19,448	305
Performance bond sureties	-	-	16,282
<b>Total non-consolidated related undertakings</b>	<b>305</b>	<b>20,748</b>	<b>16,587</b>
<b>To other undertakings:</b>			
Loan and borrowing repayment surety	4,000	28,750	28,250
Trade and other payables repayment surety	308	1,350	1,490
Performance bond sureties	22,175	2,225	2,207
Sureties for existing and future lease agreements	268	594	313
Performance bonds	931,842	685,575	736,655
Guarantees of removal of defects and faults	115,360	72,339	96,716
Bid-bond guarantees	96,462	80,883	34,120
Trade liability repayment guarantee	44,466	11,848	23,780
Advance payment bonds	239,478	130,153	282,236
Retention bonds	4,779	3,736	7,035
Other	1,683	-	373
<b>Total other related undertakings:</b>	<b>1,460,821</b>	<b>1,017,453</b>	<b>1,213,175</b>
<b>Total contingent liabilities</b>	<b>1,461,126</b>	<b>1,038,201</b>	<b>1,229,762</b>

From Q2 2007 onwards, eliminations on consolidation are made in the Group's financial statements for off-balance sheet guarantees and sureties granted to third parties in respect of liabilities of the Parent Undertaking and the consolidated subsidiaries; these eliminations are recognised in the consolidated

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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

financial statements as trade payables, payables under loans or guarantees granted to third parties at the request of the Group companies.

## COURT PROCEEDINGS

The consortium of Energomontaż-Południe S.A., Hydrobudowa Polska S.A., PBG, Hydrobudowa 9 S.A., Alpine Construction Polska Sp. z o.o., PBG Technologia Sp. z o.o. are defendants in a suit brought by Martifer Polska Sp. z o.o. (plaintiff) for payment of PLN 90,753 thousand, along with a motion for security for the claim (the requested security amount is PLN 55,557 thousand). The litigation concerns remuneration for the work performed under a subcontracting agreement between Energomontaż-Południe S.A. (Principal), and a consortium of Martifer Polska Sp. z o.o. and Ocekon Engineering s.r.o. Due to faults in construction works, the Principal terminated the agreement. In a letter of December 17th 2010, the plaintiff filed a suit demanding payment from all consortium members. The hearing of evidence is in progress as at the date of approval these financial statements for publication.

Due to the inability to reliably assess a provision for potential future liabilities, the Management Board did not recognise any such provision.

The PBG Management Board discloses the above information as contingent liability, in line with IAS 86 Par 86.

## 20. BUSINESS COMBINATIONS

Business combinations carried out by the Group in H1 2011, leading to acquisition of control over business undertakings, are described in Section 3 "Change in PBG'S equity interests in the Group's subsidiaries in the reporting period".

By the date of these condensed interim consolidated financial statements, the measurement of the fair value of the acquired assets and liabilities of Energomontaż-Południe S.A. had not been completed. Final estimates will be available within 12 months following the date of acquisition. The following table presents provisional values of identifiable assets and liabilities of the acquired company, disclosed in the interim condensed consolidated financial statements:

Item	Fair value as at acquisition date:
	Energomontaż-Południe S.A.
<b>Assets</b>	
Intangible assets	1,657
Property, plant and equipment	72,663
Deferred tax assets	6,761
Inventories	104,818
Receivables and loans advanced	64,705
Other assets	137,057
Cash	5,164
<b>Total assets</b>	<b>392,825</b>
<b>Liabilities</b>	
Deferred tax liability	14,024

<b>Group name:</b>	<i>PBG Group</i>		
<b>Period covered by the financial statements:</b>	<i>January 1st–June 30th 2011</i>	<b>Reporting currency:</b>	<i>Polish złoty (PLN)</i>
<b>Rounding:</b>	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

Provisions	11,166
Loans and borrowings	54,433
Trade payables	40,012
Other liabilities	164,178
Total liabilities	<b>283,813</b>
<b>Fair value of net assets</b>	<b>109,012</b>
Goodwill (+)/profit (-)	171,504
<b>Payment for acquired company:</b>	<b>280,516</b>
<b>Non-controlling shareholders:</b>	
Non-controlling interests	96,059
<b>Acquiring company:</b>	
Cash	12,900
Equity instruments of the acquiring company	-
Liabilities to previous owners	-
Contingent payment	-
Fair value of investments held prior to acquisition (step acquisition)	65,154
Other	-
Additional costs of acquisition charged to profit or loss of the acquiring company	575

On February 17th 2010, the Parent Undertaking acquired 25% of shares in Energomontaż-Południe S.A., with registered office at ul. Mickiewicza 15, Katowice, which conducts business in the residential and industrial construction segment. The Parent Undertaking effected the acquisition to consolidate the Group's presence on the market and to build up its capabilities as a contractor. The total cost of the combination was PLN 64,375 thousand.

As at February 28th 2010, the Management Board of the Parent Undertaking accounted for the acquisition of the associate based on its best knowledge. As at June 30th 2011, the Management Board of the Parent Undertaking received from Energomontaż-Południe S.A. financial statements prepared as at the date of obtaining control, containing changed data for previous periods in connection with corrections of errors concerning previous periods, made by the Management Board of Energomontaż-Południe. In the opinion of the PBG Management Board, the effect of the change of the associated undertaking's financial statements was significant enough to necessitate a new accounting for the acquisition as at the date of acquisition of the 25% interest in the associated undertaking. The new Goodwill established based on the figures disclosed in the corrected financial statements of the associated undertaking is PLN 28,433 thousand.

The information on significant errors identified in the financial statements of Energomontaż-Południe S.A. also had an effect on the valuation of investments in associates as at June 30th 2010 and December 31st 2010. For a detailed description, see Section 2.4 of these condensed consolidated financial statements.

On June 20th 2011, the Parent Undertaking sold, outside of the regulated market, 820,000 shares in Energomontaż-Południe S.A., representing 1.155% of its share capital, for PLN 2,460 thousand. On June 21st 2011, PBG acquired 29,098,518 ordinary bearer shares in Energomontaż-Południe S.A., for PLN 119,304 thousand.

As a result, Energomontaż-Południe S.A. changed its status from an associated undertaking to a subsidiary undertaking. The fair value of investments in Energomontaż-Południe S.A., held until the date of obtaining control by the Parent Undertaking, was measured at PLN 65,154 thousand, and the gain on the valuation of

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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

the investments amounted to PLN 12,151 thousand and was recognised in the consolidated income statement under "Other gains/(losses) on investments".

The value of non-controlling interests in Energomontaż-Południe S.A., recognised as at the acquisition date at PLN96,059 thousand, was determined as the fair value of equity instruments held by non-controlling shareholders. The non-controlling interests comprised, as at the date of obtaining control by the Parent Undertaking, 24,950,481 shares, including 678,250 treasury shares held by Energomontaż-Południe S.A. The fair value of equity instruments held by non-controlling shareholders was calculated as the product of the number of shares (held by non-controlling shareholders) and the stock exchange price of the shares on the date of obtaining control by the Parent Undertaking.

Goodwill arising on the acquisition of Energomontaż-Południe S.A. results from the synergies expected to arise following the combination of the company's operations with the operations of the Parent Undertaking; it also represents the value of assets which cannot be recognised separately under IAS 38 (staff and their expertise). Goodwill is allocated to cash-generating units and is assigned to the residential and industrial construction segment.

The following elements were taken into account when determining goodwill: the acquiree's net assets of PLN 109,012 thousand, fair value of investments in associates held prior to obtaining control, measured at PLN 65,154 thousand, value of the shareholding giving control to the Parent Undertaking, for which PLN 119,304 thousand was paid, and the fair value of equity instruments held by non-controlling shareholders, in the amount of PLN 96,059 thousand. The provisional fair value determined in this way was PLN 171,504 thousand.

Goodwill on the settlement of the business combination has no effect on assessment of taxable income.

## DISPOSAL OF SUBSIDIARY UNDERTAKINGS

### Disposal of Hydrobudowa 9 S.A.'s subsidiary

On March 31st 2011, Hydrobudowa 9 S.A. (subsidiary) concluded a share sale agreement with COLIMA Sp. z o.o., whereby it sold all 60,000 (sixty thousand) shares in Gdyńska Sp. z o.o. with a par value of PLN 50,00 per share, for a total of PLN 3,957 thousand.

The table below presents the subsidiary's net assets at the time of disposal:

### SALE OF SUBSIDIARY UNDERTAKINGS IN THE PERIOD JAN 1 - JUN 30 2011

Item	Net assets at the time of disposal	Gdyńska Projekt Sp. z o.o.
<b>Assets</b>		
Intangible assets	-	-
Property, plant and equipment	-	-
Investment property	2,900	2,900
Deferred tax assets	39	39
Inventories	-	-
Receivables and loans advanced	99	99
Other assets	112	112



Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

Cash	8	8
<b>Total assets</b>	<b>3,158</b>	<b>3,158</b>
<b>Liabilities</b>		
Deferred tax liability	-	-
Provisions	-	-
Loans and borrowings	-	-
Trade payables	81	81
Other liabilities	34	34
Total liabilities	<b>115</b>	<b>115</b>
<b>Net assets</b>	<b>3,043</b>	<b>3,043</b>
Cash proceeds from disposal	-	-
Cash disposed of together with subsidiary undertaking	8	8
<b>Net proceeds from disposal of subsidiary undertakings</b>	<b>(8)</b>	<b>(8)</b>

## 21. DISCONTINUED OPERATIONS

Not applicable.

## 22. RELATED-PARTY TRANSACTIONS

Related-party transactions within the Group, eliminated in the consolidation process, are presented in separate financial statements of the respective companies.

Related-party transactions disclosed in the condensed consolidated financial statements are presented below.

### RELATED PARTIES – AMOUNTS PAID TO MANAGEMENT PERSONNEL

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
<b>Amounts paid to management personnel</b>			
Current employee benefits	5,636	3,353	5,938
Benefits for employment termination	58	81	82
Post-employment benefits	480	-	-
Share-based payments	-	-	-
Other benefits	32	2	6
<b>Total</b>	<b>6,206</b>	<b>3,436</b>	<b>6,026</b>

### RELATED PARTIES – SALES AND RECEIVABLES

Item	Sales revenue			Receivables		
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010	as at Jun 30 2011	as at June 30 2010	As at Dec 31 2010
<b>Sales to:</b>						
Other related parties	28,906	19,677	156,600	39,907	79,288	203,812
<b>Total</b>	<b>28,906</b>	<b>19,677</b>	<b>156,600</b>	<b>39,907</b>	<b>79,288</b>	<b>203,812</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

#### RELATED PARTIES – PURCHASES AND LIABILITIES

Item	Purchases (costs, assets)			Liabilities		
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010	as at Jun 30 2011	as at June 30 2010	As at Dec 31 2010
<b>Purchases from:</b>						
Other related parties	27,671	43,307	217,255	16,146	29,083	77,360
<b>Total</b>	<b>27,671</b>	<b>43,307</b>	<b>217,255</b>	<b>16,146</b>	<b>29,083</b>	<b>77,360</b>

#### RELATED PARTIES – LOANS ADVANCED

Item	Jun 30 2011		Jun 30 2010		Dec 31 2010	
	Total under agreement	Balance at balance-sheet date	Total under agreement	Balance at balance-sheet date	Total under agreement	Balance at balance-sheet date
<b>Loans advanced to:</b>						
Other related parties	45,103	7,804	116,359	120,059	54,839	98,477
<b>Total</b>	<b>45,103</b>	<b>7,804</b>	<b>116,359</b>	<b>120,059</b>	<b>54,839</b>	<b>98,477</b>

#### RELATED PARTIES – LOANS RECEIVED

Item	Jun 30 2011		Jun 30 2010		Dec 31 2010	
	Total under agreement	Balance at balance-sheet date	Total under agreement	Balance at balance-sheet date	Total under agreement	Balance at balance-sheet date
<b>Loans received from:</b>						
Other related parties	-	-	5,528	6,759	-	320
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,528</b>	<b>6,759</b>	<b>-</b>	<b>320</b>

### 23. REMUNERATION PAID TO MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS

#### REMUNERATION OF MANAGEMENT BOARD MEMBERS FOR HOLDING OFFICE AT PARENT, SUBSIDIARY, JOINTLY-CONTROLLED OR ASSOCIATED UNDERTAKINGS

Item	Parent Undertaking:		Subsidiary and Associated Undertakings:		Total
	Remuneration	Other benefits	Remuneration	Other benefits	
<b>for the period Jan 1-Jun 30 2011</b>					
Jerzy Wiśniewski	900	-	-	-	900
Tomasz Woroch	210	-	-	-	210
Przemysław Szkudlarczyk	210	-	18	-	228
Tomasz Tomczak	210	-	6	-	216
Mariusz Łożyński	180	-	-	-	180
<b>Total</b>	<b>1,710</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>1,734</b>
<b>for the period Jan 1-Jun 30 2010</b>					
Jerzy Wiśniewski	600	-	-	-	600
Tomasz Woroch	210	-	-	-	210
Przemysław Szkudlarczyk	150	-	18	-	168
Tomasz Tomczak	150	-	6	-	156
Mariusz Łożyński	150	-	-	-	150
<b>Total</b>	<b>1,260</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>1,284</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

#### Jan 1-Dec 31 2010

Jerzy Wiśniewski	2,550	-	-	-	2,550
Tomasz Woroch	420	-	-	-	420
Przemysław Szkudlarczyk	320	-	36	-	356
Tomasz Tomczak	320	-	12	-	332
Mariusz Łożyński	310	-	-	-	310
<b>Total</b>	<b>3,920</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>3,968</b>

#### REMUNERATION OF SUPERVISORY BOARD MEMBERS FOR HOLDING OFFICE AT PARENT, SUBSIDIARY, JOINTLY-CONTROLLED OR ASSOCIATED UNDERTAKINGS

Item	Parent Undertaking:		Subsidiary and Associated Undertakings:		Total
	Remuneration	Other benefits	Remuneration	Other benefits	
<b>for the period Jan 1-Jun 30 2011</b>					
Maciej Bednarkiewicz	60	-	-	-	60
Małgorzata Wiśniewska	48	15	121	-	184
Dariusz Sarnowski	30	-	-	-	30
Adam Strzelecki	18	-	-	-	18
Marcin Wierzbicki	18	-	-	-	18
<b>Total</b>	<b>174</b>	<b>15</b>	<b>121</b>	<b>-</b>	<b>310</b>
<b>for the period Jan 1-Jun 30 2011</b>					
Maciej Bednarkiewicz	60	-	-	-	60
Małgorzata Wiśniewska	16	-	104	-	120
Dariusz Sarnowski	22	-	-	-	22
Adam Strzelecki	18	-	-	-	18
Marcin Wierzbicki	6	-	-	-	6
Jacek Kseń *	32	-	-	-	32
Wiesław Lindner **	20	-	-	-	20
<b>Total</b>	<b>174</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>278</b>
<b>Jan 1-Dec 31 2010</b>					
Maciej Bednarkiewicz	120	-	-	-	120
Małgorzata Wiśniewska	64	14	233	1	312
Dariusz Sarnowski	52	-	-	-	52
Adam Strzelecki	36	-	-	-	36
Marcin Wierzbicki	24	-	-	-	24
Jacek Kseń *	32	-	-	-	32
Wiesław Lindner **	20	-	-	-	20
<b>Total</b>	<b>348</b>	<b>14</b>	<b>233</b>	<b>1</b>	<b>596</b>

\* Deputy Chairman of PBG Supervisory Board until April 21st 2010

\*\* Secretary of PBG Supervisory Board until April 21st 2010.

#### AVERAGE HEADCOUNT

Item	for the period Jan 1-Jun 30 2011	for the period Jan 1-Jun 30 2010	for the period Jan 1-Dec 31 2010
White-collar employees	1,756	1,544	1,657
Blue-collar employees	1,481	1,608	1,559
<b>Total</b>	<b>3,237</b>	<b>3,152</b>	<b>3,216</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## STAFF TURNOVER

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
Number of persons employed	419	223	407
Number of persons dismissed	(310)	(280)	(585)
<b>Total</b>	<b>109</b>	<b>(57)</b>	<b>(178)</b>

## 24. EVENTS SUBSEQUENT TO THE BALANCE-SHEET DATE

### **DISPOSAL OF SHARES IN SUBSIDIARY UNDERTAKINGS**

#### **Disposal of shares in Amontex Przedsiębiorstwo Montażowe Sp. z o.o. by Energomontaż-Południe S.A.**

On August 18th 2011, the Management Board of Energomontaż-Południe S.A. (the Issuer, the Company), acting upon approval of the Company's Supervisory Board, entered into an agreement for the disposal of all of its shares in Amontex Przedsiębiorstwo Montażowe Sp. z o.o. (Amontex) to a natural person.

The Company acquired the shares Amontex in 2008 to achieve one of the objectives of the Series C share issue which was to scale-up and diversify the Company's business by acquiring other companies.

The interest in Amontex was sold owing to the company's poor performance in recent years which failed to improve despite the restructuring activities initiated in 2010.

Pursuant to the agreement, the Issuer sold 6,000 shares in Amontex, representing 100% of the company's share capital. Out of the total number of shares, 296 were sold under a condition precedent which is to obtain a consent for the disposal of, and the release of a registered pledge established over, the 296 shares, from a bank in favour of which the pledge was established in the past. The bank's consent does not affect the taking of effect of the agreement with respect to the remaining 5,704 shares.

The selling price of the shares is immaterial given the Issuer's scale of operations (the value of those assets as disclosed in the Issuer's accounts was below 10% of the Issuer's equity).

### **NEW CONTRACTS**

#### **Upgrade and repair of electrostatic precipitator at power unit No. 12 of the Łaziska Power Plant**

On July 14th 2011, Energomontaż-Południe S.A. executed a contract for an upgrade and repair of an electrostatic precipitator at power unit No. 12 of the Łaziska Power Plant for Południowy Koncern Energetyczny S.A. The contract value is PLN 9,300 thousand.

Following the conclusion of this agreement, the total value of agreements executed between the Company and Południowy Koncern Energetyczny S.A. in the last twelve months increased to PLN 22,500 thousand.

The work must be performed over a period of twelve months from the contract date to the signing of the final acceptance protocol.

The value of the Energomontaż-Południe Group's order book is estimated at approximately PLN 417,800 thousand. The Company's order book is estimated at approximately PLN 384,700 thousand (including export contracts with a value of approximately EUR 83,700 thousand).

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## **AGREEMENTS WITH FINANCIAL INSTITUTIONS**

### **Annex to Framework Agreement with ING Bank Śląski S.A.**

On July 26th 2011, the PBG Management Board executed an annex to the framework agreement of September 6th 2007 entered into by ING Bank Śląski S.A. and the companies of the Group:

PBG, Hydrobudowa Polska S.A., PBG Technologia Sp. z o.o., HYDROBUDOWA 9 S.A., AVATIA Sp. z o.o., KWG S.A. and APRIVIA S.A. Pursuant to the agreement, the Group companies may draw funds under a credit facility up to PLN 249,309,600.

The annex extends, until October 13th 2011, the availability period of the credit facility.

Other material terms and conditions of the agreement remain unchanged.

### **Execution of annexes to agreements with Bank Polska Kasa Opieki S.A.**

On August 18th 2011, the PBG Management Board reported execution of annexes to agreements with Bank Polska Kasa Opieki S.A.:

- 1) Under the annex of August 4th 2011 to the agreement for the opening of a credit facility to finance project "Construction of the Krzyż-Dębica Pustynia section of the A-4 Tarnów-Rzeszów motorway, from km 502+797.96 to approximately 537+550" executed by a consortium composed of the Group companies (Hydrobudowa Polska S.A., PBG, APRIVIA S.A.) and SIAC Construction Ltd. , the value of the credit facility was increased to PLN 294,000,000. The facility will include the following banking products: a performance bond facility of up to PLN 44,000,000 and a credit facility up to PLN 250,000,000, under which guarantees and letters of credit may be issued in PLN or EUR, up to a total amount equivalent to PLN 100,000,000. Following the change of the Consortium leader (formerly SIAC Construction Ltd, presently Hydrobudowa Polska S.A.), the parties agreed that for the duration of the entire contract or the term of the credit facility agreement, the Group's share in the Consortium would be no less than 50%, and that no more than PLN 125,000,000 of the credit facility would be used for execution of the part of the contract for which SIAC is responsible.
- 2) On August 8th 2011, PBG executed an annex to the agreement establishing a credit facility for the financing of the project "LMG Project – Central Facility, Well Areas, Pipelines and Other Infrastructure". Pursuant to the annex, the value of the credit facility was reduced to PLN 186,000,000 (the value of the performance bond facility was reduced to PLN 86,000,000 and the value of the credit facility was reduced to PLN 100,000,000). Under the facility, guarantees and letters of credit may be issued in PLN and foreign currencies up to a total amount equivalent to PLN 40,000,000. The other material provisions of the agreement remain unchanged. In connection with the reduction of the value of the credit facility, the value of the surety issued until June 30th 2016 was also reduced to PLN 150,000,000.

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

## **OTHER**

### **Pledge over AQUA S.A. shares**

On July 7th 2011, PBG entered into an agreement with Polski Bank Przedsiębiorczości S.A. establishing a financial and registered pledge over the shares in AQUA S.A. The pledge is established over 710,770 ordinary bearer shares in AQUA S.A. in book-entry form, with a par value of PLN 1.00 per share, held by PBG. The shares were pledged for the benefit of Polski Bank Przedsiębiorczości S.A. to secure a PLN 22,744,640 loan advanced by the Bank to PBG under a loan agreement of January 24th 2015. As a security for the loan, PBG established a registered pledge over the shares up the maximum security amount of PLN 34,116,960.00. The financial pledge over the shares is effective over the security period but in any case expires on January 24th 2015 at the latest. The book value of the shares over which the pledge is established is PLN 22,778,787.82. The share pledge agreement is subject to disclosure as the value of the pledged shares is higher than the PLN equivalent of EUR 1,000,000.

### **Acquisition of shares in CP Energia S.A. by PBG**

On August 2nd 2011, PBG acquired 700,136 shares in CP Energia S.A., representing 1% of the company's share capital and conferring the right to exercise 700,136 votes at its General Shareholders Meeting which represent 1% of the total vote.

Prior to the transaction, PBG held 9,088,491 shares in the company, which represented 12.98% of the company's share capital and conferred the right to 12.98% of the total vote. Following the transaction, PBG holds 9,788,627 shares, which represents 13.98% of the company's share capital and confers the right to 12.98% of the total vote.

### **Acquisition of shares in Rafako S.A.**

In the period from June 28th to August 18th 2011, PBG acquired shares in Rafako S.A. of Racibórz, representing over 5% of the company's share capital, in a transaction executed on the Warsaw Stock Exchange.

As a result of the transaction, PBG acquired 3,500,225 ordinary bearer shares in Rafako S.A., representing 5.03% of the company's share capital and conferring the right to 3,500,225 votes representing 5.03% of the total vote.

Prior to the transaction, PBG did not hold any shares in Rafako S.A.

The Management Board reiterates its intention to acquire more shares in Rafako S.A. over the next twelve months.

## **25. OTHER MATERIAL CHANGES TO ASSETS, LIABILITIES, REVENUES AND COSTS.**

The Group performs long-term construction contracts, the measurement of which as at the balance-sheet date is based on the following estimates by the Management Board of the expected financial performance under the contracts:

The amounts recognised in the consolidated balance sheet result from construction contracts in progress as at the balance-sheet date. Receivables under construction contracts are recognised as the total of

<b>Group name:</b>	<b>PBG Group</b>		
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<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

expenses incurred under the construction contracts increased by profit (or reduced by loss), and reduced by partial invoices issued. The amounts of receivables and payables resulting from construction contracts are presented in the table below:

## CONSTRUCTION CONTRACTS

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Revenue as initially agreed in the contracts	9,638,584	8,848,208	7,708,014
Change	641,394	322,993	344,729
<b>Total contract revenue</b>	<b>10,279,978</b>	<b>9,171,201</b>	<b>8,052,743</b>
Expenses incurred by the balance-sheet date	4,936,818	4,176,381	3,432,146
Costs to complete contract	4,351,288	4,033,452	3,760,726
<b>Estimated total contract costs</b>	<b>9,288,106</b>	<b>8,209,833</b>	<b>7,192,872</b>
<b>Estimated profit</b>	<b>991,872</b>	<b>961,368</b>	<b>859,871</b>
<b>Stage of completion as at the balance-sheet date</b>	53.15%	50.87%	47.72%
Prepayments received as at the balance-sheet date	125,201	75,215	146,478
Prepayments that can be set off with receivables under construction contracts	40,808	2,497	31,820
Retentions total	46,991	29,573	44,643
Expenses incurred by the balance-sheet date related to the contract performance	4,936,536	4,176,381	3,434,087
Profit or loss recognised by the balance-sheet date	641,302	514,314	517,227
<b>Revenue estimated as at the balance-sheet date</b>	<b>5,577,838</b>	<b>4,690,695</b>	<b>3,951,314</b>
Amounts invoiced by the balance-sheet date	4,831,715	4,037,942	3,588,441
<b>Receivables under the contract as at the balance-sheet date</b>	<b>819,826</b>	<b>714,717</b>	<b>425,403</b>
Receivables under the contract payable to the consortium members as at the balance-sheet date	23,514	2,497	-
<b>Receivables under the contract payable to the consortium as a whole as at the balance sheet date, reduced by prepayments that can be set off</b>	<b>802,532</b>	<b>714,717</b>	<b>393,583</b>
<b>Payables under the contract as at the balance-sheet date</b>	<b>58,374</b>	<b>80,159</b>	<b>89,593</b>

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

Prepayments received under construction contracts are recognised as trade payables and, as at June 30th 2010, stood at PLN 125,201 thousand (June 30th 2010: PLN 72,215 thousand).

As at June 30th 2011, retentions under construction contracts total PLN 46,991 (June 30th 2010: PLN 29,573 thousand) and are recognised as payables. Retentions will be released upon acceptance of the work performed.

Amounts in the consolidated financial statements that relate to construction contracts are best estimates by the Parent Undertaking's Management Board, although there is a certain degree of uncertainty as to their actual values, especially in the case of highly complex construction projects, which take several years to complete.

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Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
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## LOANS CONTRACTED BY THE GROUP

The majority of loans contracted by the Group companies bear interest at variable interest rates. The interest rate used most often is based on 1M WIBOR plus margin which depends on the borrower's credit worthiness. In the period June 30th 2010 - June 30th 2011 the loans bore interest at rates ranging from **4.89%** to **6.62%**, with interest payable on a monthly basis.

As at the balance-sheet date, the base interest rates applicable to the loan agreements concluded by the Group companies were as follows:

Reference rate	Jun 30 2011	Jun 30 2010	Dec 31 2010
1M WIBOR	4.62	3.64	3.66
3M WIBOR	4.69	3.87	3.95
6M WIBOR	4.75	4.00	4.16
1M EURIBOR	1.325	0.49	0.78
Promissory note rediscount	4.75	3.75	3.75

Source: Reuters

As at June 30th 2011, the total value of available current-account facilities was PLN 581,000 thousand (June 30th 2010: PLN 388,205 thousand). Of that amount, PLN 416,029 thousand had been drawn by June 30th 2011 (June 30th 2010: PLN 313,083 thousand).

Within the limits obtained, overdraft facilities are renewed for annual periods.

In order to enhance the diversification of financing sources, in November 2007 an agency and dealer agreement was signed with ING Bank Śląski S.A. for arrangement and execution of a bond issue programme for PBG and Hydrobudowa Polska S.A. Under the annex of September 27th 2010, the amount of the programme was increased to PLN 1,000,000 thousand and the agreement's term was extended until December 31st 2015.

Under this programme, on October 22nd 2010, PBG issued the second tranche of bonds (Series D) with a value of PLN 450m, maturing on October 22nd 2013, and redeemed series B bonds with a value of PLN 69m. The debt under the bond issue currently amounts to PLN 825m.

The bonds bear interest at a variable rate based on the 6M WIBOR rate.

Liabilities under the outstanding bonds are secured with sureties under civil law, up to the issue total value, granted by Hydrobudowa Polska S.A., Hydrobudowa 9 S.A. and PBG Technologia Sp. z o.o.



Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## EFFECT OF DERIVATIVES ON THE GROUP'S RESULTS

In the 2011 financial year, PBG and its subsidiaries have hedged financial assets and future currency exposures with hedging transactions involving forward contracts. The hedging transactions concluded as part of the implemented hedging policy, in order to hedge future cash flows on sales revenue (under the existing long-term contracts), cost of sales and future fair value of financial assets. The transactions covered contracts with investors (project sponsors) and suppliers (mainly denominated in EUR and USD).

In H1 2011, the result on derivatives (**both hedging and trading**), as recognised in the separate income statement as at June 30th 2011, was PLN 2,418 thousand, including:

- adjustment to sales revenue of PLN 1,488 thousand,
- PLN 295 thousand reduced cost of sales,
- PLN 635 thousand was recognised under finance income.

The Group uses open positions on the currency market to hedge its euro-denominated cash flows on sales revenue: attributable to 2011 in an amount of EUR 7,767 thousand and those attributable to 2012 and future years in an amount of EUR 9,731 thousand. The relevant transactions were concluded at the weighted average forward exchange rate of PLN 3.56/EUR 1.

According to data provided by the banks, as at June 30th 2011, the fair value of *open hedge positions* for EUR-denominated cash flows was negative at PLN -8,651 thousand.

The Group hedges a portion of its EUR-denominated cash flows (attributable to cost of sales) by holding open currency positions for 2011 in the amount of EUR 14,160 thousand. The relevant transactions were concluded at the weighted average forward exchange rate of PLN 3.94/EUR 1.

According to data provided by the banks, as at June 30th 2011, the carrying amount of *open hedge positions* for EUR-denominated cash flows was PLN 920 thousand.

The Group hedges its USD-denominated cash flows (cost of sales) with open positions on the currency market, in an amount of USD 187 thousand for 2011. The relevant transactions were concluded at the weighted average forward exchange rate of PLN 3.03/USD 1.

According to data provided by the banks, as at June 30th 2011, the carrying amount of *open hedge positions* for USD-denominated cash flows was negative at PLN -45 thousand.

As at June 30th 2011, the fair value **of hedging instruments** was negative at PLN -4,208 thousand, of which PLN -5,773 thousand related to the fair value of cash flow hedges, and PLN 1,565 thousand related to hedges on financial assets.

As at June 30th 2011, the fair value **of instruments held for trading** was positive at PLN 1,763 thousand.

The fair value of open hedge position varies in response to changing market conditions. Accordingly, the final result on those transactions may differ significantly from the valuation presented above.

Hedging contracts are executed in compliance with the Group's strategy for financial risk hedging.

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## NOTES TO SELECTED ITEMS OF THE INCOME STATEMENT

### SALES REVENUE

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
Natural gas, crude oil and fuels	455,579	225,368	791,883
Water	229,227	301,855	644,019
Residential and industrial construction	371,399	551,906	995,284
Road construction	377,204	74,924	298,868
Other	23,446	26,085	10,257
<b>Total sales revenue</b>	<b>1,456,855</b>	<b>1,180,138</b>	<b>2,740,311</b>

### COSTS BY TYPE

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
Depreciation/amortisation	25,284	23,727	46,713
Raw materials and energy used	258,531	195,456	395,385
Contracted services	983,279	745,599	1,777,970
Taxes and charges	6,422	10,149	23,151
Employee benefits	121,618	116,676	249,740
Other costs by type	33,837	19,360	43,555
<b>Costs by type</b>	<b>1,428,971</b>	<b>1,110,967</b>	<b>2,536,514</b>
Goods for resale and materials sold	6,732	4,896	12,438
Change in products, production in progress (-)	(88,629)	(20,780)	(39,710)
Cost of products and services for own needs	(312)	(440)	(1,391)
<b>Cost of products and services sold</b>	<b>1,346,762</b>	<b>1,094,643</b>	<b>2,507,851</b>

### OTHER OPERATING INCOME

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
Gain on disposal of non-financial non-current assets	332	-	4,778
Fair-value measurement of investment property	-	1,890	25,685
Reversals of impairment losses on property, plant and equipment and intangible assets	-	-	-
Reversals of impairment losses on receivables	5,816	12,049	21,468
Reversals of impairment losses on inventories	95	7	7
Reversals of impairment losses on investment property	-	-	-
Release of unused provisions	1,361	533	2,268
Fines and damages received	2,866	1,941	5,013
Subsidies	800	512	1,045
Lease revenue	2,000	4,081	3,157
Past due liabilities written-off	899	274	-
Other income	1,095	1,165	3,442
<b>Total other operating income</b>	<b>15,264</b>	<b>22,452</b>	<b>66,863</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## OTHER OPERATING EXPENSES

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
Loss on disposal of non-financial non-current assets	-	351	-
Fair-value measurement of investment property	486	304	-
Impairment losses on goodwill	-	-	-
Impairment losses on property, plant and equipment and intangible assets	-	-	-
Impairment losses on receivables	933	6,237	6,968
Impairment losses on inventories	-	-	281
Provisions for fines and damages	-	-	1,429
Costs of legal/ court proceedings	157	-	-
Running costs of investments	1,300	-	-
Fines and damages paid	829	18,531	19,292
Donations granted	557	760	1,199
Other expenses	1,178	3,568	4,434
<b>Total other operating expenses</b>	<b>5,440</b>	<b>29,751</b>	<b>33,603</b>

## FINANCE INCOME

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
<b>a) Interest</b>	<b>14,664</b>	<b>24,168</b>	<b>45,899</b>
- on loans advanced	8,353	13,444	28,382
- from banks	5,401	6,439	12,732
- other	910	4,285	4,785
<b>b) Other</b>	<b>21,943</b>	<b>15,857</b>	<b>13,680</b>
- foreign exchange gains	-	15,681	9,270
- losses on discounting long-term receivables	630	16	745
- dividends and other profit distributions receivable	-	-	5
- fees for sureties issued	-	-	3,275
- revenues from financial-market transactions	7,881	-	-
- fair-value measurement of shares in an associated undertaking	-	-	-
Reversals of impairment losses on interest from receivables	-	-	9
- other	1,281	160	376
<b>Total finance income</b>	<b>24,456</b>	<b>40,025</b>	<b>59,579</b>

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

## FINANCE EXPENSES

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
<b>a) Interest and bank fees</b>	<b>35,552</b>	<b>33,593</b>	<b>70,709</b>
- on contracted loans	914	638	761
- interest and fees on bank loans	12,737	16,272	33,218
- on bonds/notes	20,688	15,234	34,414
- other	1,213	1,449	2,316
<b>b) Other finance expenses</b>	<b>5,081</b>	<b>9,466</b>	<b>18,298</b>
- foreign exchange losses	4,278	-	-
- costs of financial-market transactions	-	8,665	17,683
- fees for sureties issued	755	-	-
Impairment losses on interest from receivables	-	330	393
- other	48	471	222
<b>Total finance expenses</b>	<b>40,633</b>	<b>43,059</b>	<b>89,007</b>

## OTHER GAINS/(LOSSES) ON INVESTMENTS

Item	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
<b>a) Gain/loss on investments in related undertakings</b>	<b>16,108</b>	<b>2,208</b>	<b>2,209</b>
- disposal of Gdyńska Projekt Sp. z o.o. (subsidiary)	3,957	-	-
- disposal of Infra S.A. (subsidiary)	-	2,208	2,209
- fair-value measurement of investments in associates (Energomontaż-Południe)	12,151	-	-
<b>b) gain/loss on sale of shares</b>	<b>357</b>	<b>-</b>	<b>-</b>
- disposal of shares in Naftomontaż Sp. z o.o.	465	-	-
- disposal of shares in Energomontaż-Południe S.A.	(108)	-	-
<b>Gain/loss on investments</b>	<b>16,465</b>	<b>2,208</b>	<b>2,209</b>

## 26. OTHER LEGALLY REQUIRED INFORMATION (KEY ITEMS TRANSLATED INTO THE EURO)

In the periods covered by the consolidated financial statements and the comparative consolidated financial information, average and mid-exchange rates quoted by the National Bank of Poland were used to translate the złoty into the euro, and in particular:

a) net revenue from sales of products, goods and materials, operating profit, pre-tax profit, net profit, as well as net cash provided by/(used in) operating activities, net cash provided by/(used in) investing activities, net cash provided by/(used in) financing activities and total net cash flows for H1 2011 were calculated using the average EUR exchange rate based on the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland for the last day of the individual months, **i.e. PLN 3.9673**;

b) net revenue from sales of products, goods and materials, operating profit, pre-tax profit, net profit, as well as net cash provided by/(used in) operating activities, net cash provided

Group name:	PBG Group		
Period covered by the financial statements:	January 1st–June 30th 2011	Reporting currency:	Polish złoty (PLN)
Rounding:	All amounts in PLN '000 (unless otherwise stated)		

by/(used in) investing activities, net cash provided by/(used in) financing activities and total net cash flows for H1 2010 were calculated using the average EUR exchange rate based on the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland for the last day of the individual months, i.e. **PLN 4.0042**;

c) net revenue from sales of products, goods for resale and materials, operating profit, pre-tax profit, net profit, as well as net cash provided by/(used in) operating activities, net cash provided by/(used in) investing activities, net cash provided by/(used in) financing activities and net change in cash and cash equivalents for 2010 were calculated using the average EUR exchange rate based on the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland for the last day of the individual months, i.e. **PLN 4.0044**;

d) total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at June 30th 2011 were calculated using the EUR mid-exchange rate effective for that date (June 30th 2011), i.e. **PLN 3.9866**;

e) total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at June 30th 2010 were calculated using the EUR mid-exchange rate effective for that date (June 30th 2010), i.e. **PLN 4.1458**;

f) total assets, liabilities and provisions for liabilities, non-current liabilities, current liabilities, equity and share capital as at December 31st 2010 were calculated using the EUR mid-exchange rate effective for that date (December 31st 2010), i.e. **PLN 3.9603**.

Item	As at Jun 30 2011	As at Jun 30 2010	As at Dec 31 2010
Exchange rate effective for the last day of the period	3.9866	4.1458	3.9603
Average exchange rate for the period, calculated based on the arithmetic mean of exchange rates effective for the last day of each individual month in a given period	3.9673	4.0042	4.0044
The highest exchange rate in the period	4.0800 – Mar 17 2011	4.1770 – May 7 2010	4,1770 May 7 2010
The lowest exchange rate in the period	3.8403 – Jan 12 2011	3.8356 – Apr 6 2010	3,8356 Apr 6 2010

Key items of the consolidated balance sheet, income statement and statement of cash flows from the consolidated financial statements and the comparable consolidated financial information, translated into the euro:

<b>Group name:</b>	<b>PBG Group</b>		
<b>Period covered by the financial statements:</b>	<b>January 1st–June 30th 2011</b>	<b>Reporting currency:</b>	<b>Polish złoty (PLN)</b>
<b>Rounding:</b>	<b>All amounts in PLN '000 (unless otherwise stated)</b>		

## FINANCIAL HIGHLIGHTS

Item	for the period	for the period	for the period	for the period	for the period	for the period
	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010	Jan 1-Jun 30 2011	Jan 1-Jun 30 2010	Jan 1-Dec 31 2010
	PLN			EUR		
<b>Income statement</b>						
Sales revenue	1,456,855	1,180,138	2,740,311	367,216	294,725	684,325
Operating profit/(loss)	115,173	75,170	261,659	29,031	18,773	65,343
Pre-tax profit/(loss)	115,461	74,344	234,440	29,103	18,567	58,546
Net profit/(loss) from continuing operations	98,431	60,797	184,684	24,811	15,183	46,120
Net profit/(loss) attributable to:	98,431	60,797	184,684	24,811	15,183	46,120
- owners of the Parent	97,544	61,156	190,440	24,587	15,273	47,558
- minority interests	887	(359)	(5,756)	224	(90)	(1,437)
Earnings/(loss) per ordinary share (PLN/EUR)	6.82	4.28	13.32	1.72	1.07	3.33
Diluted earnings/(loss) per ordinary share (PLN/EUR)	6.82	4.28	13.32	1.72	1.07	3.33
PLN/EUR average exchange rate	X	X	X	3.9673	4.0042	4.0044
<b>Statement of cash flows</b>						
Net cash provided by/(used in) operating activities	(376,274)	65,182	433,582	(94,844)	16,278	108,276
Net cash provided by/(used in) investing activities	(65,720)	(260,755)	(529,951)	(16,565)	(65,120)	(132,342)
Net cash provided by/(used in) financing activities	239,624	1,779	144,866	60,400	444	36,177
Net change in cash and cash equivalents	(202,370)	(193,794)	48,497	(51,010)	(48,398)	12,111
PLN/EUR average exchange rate	X	X	X	3.9673	4.0042	4.0044

Item	As at	As at	As at	As at	As at	As at
	Jun 30 2011	Jun 30 2010	Dec 31 2010	Jun 30 2011	Jun 30 2010	Dec 31 2010
	PLN	PLN	PLN	EUR	EUR	EUR
<b>Balance sheet</b>						
Assets	5,230,445	3,895,181	4,749,518	1,312,006	939,549	1,199,282
Non-current liabilities	1,135,175	550,905	988,313	284,747	132,883	249,555
Current liabilities	2,114,005	1,658,858	1,943,549	530,278	400,130	490,758
Equity attributable to owners of the parent	1,659,600	1,453,771	1,591,361	416,295	350,661	401,828
Share capital	14,295	14,295	14,295	3,586	3,448	3,610
Number of shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Diluted weighted average number of ordinary shares	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000	14,295,000
Book value per share (PLN/EUR)	116.10	101.70	111.32	29.12	24.53	28.11
Dividend per share declared or paid (PLN/EUR)	-	-	1.40	-	-	0.35
PLN/EUR exchange rate as at end of period	X	X	X	3.9866	4.1458	3.9603

Group name:	<i>PBG Group</i>		
Period covered by the financial statements:	<i>January 1st–June 30th 2011</i>	Reporting currency:	<i>Polish złoty (PLN)</i>
Rounding:	<i>All amounts in PLN '000 (unless otherwise stated)</i>		

## **SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS**

Jerzy Wiśniewski – President of the Management Board .....

Tomasz Woroch – Vice-President of the Management Board

.....

Przemysław Szkudlarczyk – Vice-President of the Management Board

.....

Tomasz Tomczak – Vice-President of the Management Board

.....

Mariusz Łożyński – Vice-President of the Management Board

.....

Signature of the person responsible for the preparation of the financial statements

Eugenia Bachorz – Proxy – Accounting Services Centre Director .....

Wysogotowo, August 25th 2011