



**PBG GROUP'S CONSOLIDATED
FINANCIAL STATEMENT**

INDEPENDENT AUDITOR'S OPINION

Grant Thornton Frąckowiak Sp. z o.o.
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To the shareholders of PGB S.A.:

1. We audited the attached consolidated financial statements of the Group, whose parent undertaking is PGB S.A. (the "Parent Undertaking"), with registered office at ul. Skórzewska 35, Wysogotowo, Poland, which comprised the consolidated statement of financial position as at December 31st 2010, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated statement of cash flows for the period January 1st–December 31st 2010, as well as the notes on the adopted accounting policies and other explanatory notes.

2. The preparation of the consolidated financial statements and the directors' report on the Group's operations in compliance with the applicable laws is the responsibility of the Parent Undertaking's Management Board. The Management and Supervisory Boards of the Parent Undertaking are obliged to ensure that the consolidated financial statements and the directors' report on the Group's operations comply with the requirements stipulated in the Accountancy Act of September 29th 1994 (consolidated text: Dz.U. of 2009 No. 152, item 1223, as amended) (the "Accountancy Act"). The responsibility includes the duty to design, implement and ensure internal controls with respect to the preparation and reliable presentation of the consolidated financial statements, the selection and application of the appropriate accounting policies, and making such accounting estimates as may be reasonable under given circumstances.

3. Our responsibility was to audit the attached consolidated financial statements and give an opinion on whether the statements are correct, that is in compliance with the accounting principles (policies) applied, whether the statements reliably and clearly present all the information that is material to the evaluation of the assets and financial standing of the Group, as well as its financial performance.

We audited the attached consolidated financial statements in accordance with:

- Chapter 7 of the Accountancy Act,
- Polish auditing standards issued by the National Council of Statutory Auditors.

We planned and performed the audit so as to obtain reasonable assurance that the audited consolidated financial statements do not contain any material misstatements. The audit involved an examination, largely on a test basis, of documents and accounting records relevant to the amounts and disclosures in the audited consolidated financial statements. The audit also involved an assessment of the accounting principles (policies) as applied by the related undertakings, significant estimates made by the Parent Undertaking's Management Board, as well as an evaluation of the overall presentation of the consolidated financial statements. We believe that the audit provided us with sufficient evidence to issue an opinion on the consolidated financial statements.

4. We believe that the audited consolidated financial statements, including the amounts and explanations contained therein, in all material respects:

- present fairly and clearly all the information which is material for the assessment of the assets and financial standing of the Group as at December 31st 2010, as well as of its financial performance for the financial year from January 1st to December 31st 2010,
- were prepared correctly, that is in compliance with the accounting principles (policies) stipulated in the International Accounting Standards, International Financial Reporting Standards and interpretations thereto as published in the European Commission's regulations, and to the extent not covered by those Standards, in compliance with the Polish Accountancy Act and the secondary legislation thereto,
- present the data in accordance with the requirements of the Finance Minister's Regulation of February 19th 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2009, No. 33, item 259, as amended),
- comply with the applicable laws as to the form and substance.

5. We examined the Directors' Report on the Group's operations for the period January 1st–December 31st 2010, prepared by the Management Board of the Parent Undertaking. In our opinion, the report is complete and in all material respects satisfies the requirements of Art. 49.2 of the Polish Accountancy Act and of the Finance Minister's Regulation of February 19th 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state. The amounts and explanations contained in the Directors' Report were sourced from and are consistent with the consolidated financial statements audited by us.

Jan Letkiewicz



Qualified Auditor No. 9530

Key auditor acting on behalf of: Grant Thornton Frąckowiak Sp. z o.o.

pl. Wiosny Ludów 2, Poznań, Poland, entity qualified to audit financial statements, Reg. No. 238

Poznań, March 17th 2011

CONSOLIDATED INCOME STATEMENT

Item	for the period Jan 1–Dec 31 2010	for the period Jan 1–Dec 31 2009
Sales revenue	2,740,311	2,572,509
Revenue from sales of products	28,404	20,767
Revenue from sales of services	2,698,793	2,541,514
Revenue from sales of goods for resale and materials	13,114	10,228
Cost of sales	(2,393,075)	(2,182,566)
Cost of products sold	(24,883)	(23,379)
Cost of services sold	(2,355,754)	(2,149,549)
Cost of goods for resale and materials sold	(12,438)	(9,638)
Gross profit/(loss)	347,236	389,943
Selling costs	(73)	-
General and administrative expenses	(109,096)	(109,764)
Other operating income	66,863	31,143
Other operating expenses	(33,603)	(27,006)
Share in profit of undertakings consolidated with equity method	1,383	-
Costs of restructuring	-	-
Operating profit/(loss)	272,710	284,316
Finance income	64,015	30,717
Finance expenses	(71,324)	(58,850)
Valuation of interests in joint ventures	-	-
Other gains/(losses) on investments	2,209	4,265
Pre-tax profit/(loss)	267,610	260,448
Income tax	(49,051)	(40,588)
Net profit/(loss) from continuing operations	218,559	219,860
Net loss on discontinued operations	-	-
Net profit/(loss)	218,559	219,860
Net profit/(loss) attributable to:	218,559	219,860
owners of the Parent	224,315	209,094
minority interests	(5,756)	10,766

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	as at Dec 31 2010	as at Dec 31 2009	as at Dec 31 2008
Non-current assets	1,599,128	1,017,651	901,603
Goodwill	346,882	321,423	315,609
Intangible assets	41,640	32,966	14,820
Property, plant and equipment	665,388	368,264	401,739
Non-regenerative natural resources	36,772	12,290	11,999
Investment property	293,757	147,838	23,672
Investments in subsidiary undertakings	10,000	10,000	27,000
Investments in associated undertakings	65,769	-	-
Investments in joint ventures	-	-	-
Receivables	15,831	14,618	20,593
Loans advanced	60,112	56,035	3,350
Derivative financial instruments	171	8,746	12,916
Other non-current financial assets	38,643	35,575	33,268
Deferred tax assets liabilities	-	-	23,070
Non-current prepayments and accrued income	24,163	9,896	13,567
Current assets	3,155,834	2,997,795	1,939,362
Inventories	293,500	238,386	69,360
Receivables under construction contracts	393,583	721,878	783,930
Trade and other receivables	1,327,224	1,112,173	728,117
Current income tax receivables liabilities	7,748	3,388	978
Loans advanced	210,492	216,446	37,428
Derivative financial instruments	4,873	20,215	1,280
Other current financial assets	155,265	862	13,059
Cash and cash equivalents	708,509	660,281	288,750
Current prepayments and accrued income	54,640	24,166	16,460
Non-current assets held for sale	-	-	-
Total assets	4,754,962	4,015,446	2,840,965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Item	as at Dec 31 2010	as at Dec 31 2009	as at Dec 31 2008
Equity	1,831,446	1 618 822	1,096,074
Equity attributable to owners of the Parent	1,605,151	1,393,687	927,504
Share capital	14,295	14,295	13,430
Treasury shares	-	-	-
Share premium account	733,348	733,348	551,178
Valuation of hedging transactions and foreign exchange gains/(losses) on consolidation	(15,289)	(30,349)	(101,444)
Other equity	523,339	374,142	276,057
Retained earnings	349,458	302,251	188,283
- retained earnings/(deficit)	125,143	93,157	31,952
- net profit (loss) for the year attributable to owners of the Parent	224,315	209,094	156,331
Non-controlling interests	226,295	225,135	168,570
Liabilities	2,923,516	2,396,624	1,744,891
Non-current liabilities	985,574	569,192	410,022
Loans, borrowings and other debt instruments	904,894	476,878	312,850
Finance lease	9,122	16,177	10 387
Derivative financial instruments	412	553	46,610
Other liabilities	37,914	40,110	17,115
Deferred tax liabilities	5,284	7,558	-
Liabilities and provisions for employee benefits	5,520	6,405	5,229
Other non-current provisions	15,623	14,191	9,606
Government subsidies	-	-	-
Non-current prepayments and accrued income	6,805	7,320	8,226
Current liabilities	1,937,942	1,827,432	1,334,869
Loans, borrowings and other debt instruments	523,985	625,308	476,284
Finance lease	10,723	16,507	5 786
Derivative financial instruments	11,265	59,256	188,279
Trade and other liabilities	1,193,845	973,042	522,210
Liabilities under construction contracts	89,593	60,450	14,989
Current income tax payable liabilities	28,616	25,871	21,219

Liabilities and provisions for employee benefits	29,728	24,504	24,358
Other current provisions	32,293	39,027	78,926
Government subsidies	-	-	-
Current prepayments and accrued income	17,894	3,467	2,817
Liabilities under non-current assets held for sale	-	-	-
Total equity and liabilities	4,754,962	4,015,446	2,840,965

NET EARNINGS (LOSS) PER ORDINARY SHARE

Item	for the period Jan 1–Dec 31 2010 1/ akcję	for the period Jan 1–Dec 31 2009 1/ akcję
Net profit/(loss) from continuing operations	224,315	209,094
Net profit/(loss) from continuing and discontinued operations	224,315	209,094
Weighted average number of ordinary shares	14,295,000	13,935,000
Diluted weighted average number of ordinary shares	14,295,000	13,935,000
from continuing operations		
basic	15.69	15.00
diluted	15.69	15.00
from continuing and discontinued operations		
basic	15.69	15.00
diluted	15.69	15.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	for the period Jan 1–Dec 31 2010	for the period Jan 1–Dec 31 2009
Net profit/(loss)	218,559	219,860
Other comprehensive income		
Remeasurement of property, plant and equipment	(5,404)	7,503
Available-for-sale financial assets:	-	-
income/(loss) disclosed under other comprehensive income in period	-	-
amounts transferred to profit or loss	-	-
Cash-flow hedges:		
income/(loss) disclosed under other comprehensive income in period	20,985	5,664
amounts transferred to profit or loss	7,491	114,765
amounts included in the initial value of hedged items	-	-
Foreign currency differences arising on translation of foreign operations	3,252	(10,131)
Foreign currency differences transferred to profit or loss – sale of foreign operations	-	-

Share in other comprehensive income of undertakings valued with equity method	-	-
Income tax on items of other comprehensive income	(5,790)	(21,761)
Other comprehensive income after tax	20,534	96,040
Comprehensive income	239,093	315,900
Comprehensive income attributable to:		
owners of the Parent	234,770	288,504
minority interests	4,323	27,396

CONSOLIDATED STATEMENT OF CASH FLOWS

Item	for the period Jan 1–Dec 31 2010	for the period Jan 1–Dec 31 2010
<i>Cash flows from operating activities</i>		
Profit before tax	267,610	260,448
Adjustments:		
Depreciation and impairment losses on property, plant and equipment	40,733	42,035
Amortisation of and impairment losses on intangible assets	5,980	5,221
Change in fair value of investment property	(25,685)	(9,671)
Change in fair value of financial assets (liabilities) measured through profit or loss	(5,882)	(14,878)
Cash flow hedges transferred from equity	7,357	122,955
Impairment losses on financial assets	13	133
(Gains) losses on disposal of non-financial non-current assets	(4,778)	(137)
(Gains) losses on disposal of financial assets (other than derivative instruments)	(2,192)	-
Foreign exchange gains/(losses)	(434)	(1,922)
Interest expense	70,057	54,366
Interest income	(36,458)	(26,274)
Dividend received	(5)	(2)
Share in profit/(loss) of associated undertakings	(1,384)	-
Other adjustments	(6,507)	11,771
Total adjustments:	40,815	183,597
Change in inventories	(45,014)	(24,233)
Change in receivables	(110,932)	(428,842)
Change in liabilities	106,319	472,429

Change in provisions and accruals and deferrals	(33,660)	(38,304)
Effect of construction contracts	265,483	103,800
Other adjustments		
Change in working capital	182,196	84,850
Gains/(losses) on settlement of derivative instruments	(2,790)	(168,578)
Interest paid on operating activities	(160)	(187)
Income tax paid	(54,089)	(55,070)
Net cash provided by/(used in) operating activities	433,582	305,060
<i>Cash flows from investing activities</i>		
Acquisition of intangible assets	(6,007)	(8,896)
Disposal of intangible assets	75	10
Acquisition of property, plant and equipment	(138,101)	(60,936)
Disposal of property, plant and equipment	686	28,741
Acquisition of investment property	(125,856)	(58,164)
Disposal of investment property	900	-
Acquisition of subsidiary undertakings, net	(122,902)	(46,800)
Disposal of subsidiary undertakings, net	1,071	1,762
Repayment of loans advanced	191,190	14,466
Loans advanced	(225,432)	(235,999)
Acquisition of other financial assets	(291,000)	(11,659)
Disposal of other financial assets	186,400	26 129
Government subsidies received	-	-
Interest received	6,319	8,402
Other inflows	1,166	50
Other investment expenses	(8,465)	(7,674)
Dividend received	5	2
Net cash provided by/(used in) investing activities	(529,951)	(350,566)
<i>Cash flows from financing activities</i>		
Net proceeds from issue of shares	-	181,790
Acquisition of own shares	(300)	-
Proceeds from issue of debt securities	450,000	375,000

Redemption of debt securities	(125,000)	(75,000)
Interest paid on debt securities	(39,677)	(15,601)
Increase in loans and borrowings	117,848	231,144
Repayment of loans and borrowings	(205,899)	(239,749)
Repayment of finance lease liabilities	(10,024)	(12,901)
Interest paid	(35,054)	(39,002)
Interest received on bank deposits	13,024	12,430
Other inflows/outflows	(39)	(1,191)
Dividend paid	(20,013)	-
Net cash provided by/(used in) financing activities	144,866	416,920
Net change in cash and cash equivalents	48,497	371,414
Cash and cash equivalents at beginning of period	660,281	288,750
Effect of foreign exchange gains/(losses)	(269)	117
Cash and cash equivalents at end of period	708,509	660 281

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 arising on translation of subsidiaries	Other capitals	Retained earnings		
Balance as at Jan 1 2010	14,295	-	733,348	(27,806)	(2,543)	374,229	303,782	1,395,305	1,623,486
Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-	(87)	(1,531)	(1,618)	(4,664)
Balance after changes	14,295	-	733,348	(27,806)	(2,543)	374,142	302,251	1,393,687	1,618,822
Changes in equity in period Jan 1–Dec 31 2010									
Issue of shares	-	-	-	-	-	-	-	-	-
Valuation of options (share-based payment scheme)	-	-	-	-	-	1,285	-	1,285	2,038
Changes in Group's structure (transactions with non-controlling interests)	-	-	-	(136)	-	(4,048)	690	(3,494)	(936)
Other adjustments	-	-	-	363	-	11,732	(5,331)	6,764	696
Dividends	-	-	-	-	-	-	(20,013)	(20,013)	(20,013)
Allocation of profit/ (loss) to equity	-	-	-	-	-	146,260	(152,454)	(6,194)	(6,600)
Total transactions with owners of the parent	-	-	-	227	-	155,229	(177,108)	(21,652)	(24,815)
Net profit for period Jan 1–Dec 31 2010	-	-	-	-	-	-	224,315	224,315	218,559
Other comprehensive income after tax for Jan 1–Dec 31 2010	-	-	-	13,793	1,040	(6,032)	-	8,801	18,880
Total comprehensive income	-	-	-	13,793	1,040	(6,032)	224,315	233,116	237,439
Transfer to retained earnings (sale of remeasured property, plant and equipment)	-	-	-	-	-	-	-	-	-
Balance as at Dec 31 2010	14,295	-	733,348	(13,786)	(1,503)	523,339	349,458	1,605,151	1,831,446

APPROVAL FOR PUBLICATION

These consolidated financial statements for the year ended December 31st 2010 (and comparative data) were approved for publication by the Company's Management Board on March 17th 2011.

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

Date	Name	Position	Signature
March 17th 2011	Jerzy Wiśniewski	President of the Management Board	
March 17th 2011	Tomasz Woroch	Vice-President of the Management Board	
March 17th 2011	Przemysław Szkudlarczyk	Vice-President of the Management Board	
March 17th 2011	Tomasz Tomczak	Vice-President of the Management Board	
March 17th 2011	Mariusz Łożyński	Vice-President of the Management Board	

SIGNATURE OF THE PERSON RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Date	Name	Position	Signature
March 17th 2011	Eugenia Bachorz	Proxy Accounting Coordination Director	

The Consolidated Financial statements of the Capital Group PBG for the year 2010 is available at:
<http://www.pbg-sa.pl/en/investor-relations/periodical-reports/consolidated-yearly-report-for-2010.html>