PBG S.A.

Annual Report
PBG Capital Group

Selected Data		2007	2008	Change% y/y
Revenues	in PLN thous.	1,406,976	2,091,425	+49
EBITDA[1]	in PLN thous.	166,056	270,756	+63
EBIT	in PLN thous.	139,335	225,611	+62
(Profit) loss on revaluation of fair value of financial assets carried at fair value	in PLN thous.	(7,154)	30,839	–
Profit before tax	in PLN thous.	146,376	215,915	+48
Net profit:	in PLN thous.	119,679	189,923	+59
- parent company	in PLN thous.	104,308	158,241	+52
- minority shareholders	in PLN thous.	15,371	31,682	+106
CAPEX[2]	in PLN thous.	147,469	104,906	-29
Employees		3 570	3 908	+9

Balance Sheet Data		2007	2008	Change% y/y
Equity of the shareholder of the Holding Company	in PLN thous.	750,670	928,135	+24
Net debt[3]	in PLN thous.	190,130	498,284	+162
Balance sheet total	in PLN thous.	2,258,835	2,858,509	+27

Stock Exchange Data		2007	2008	Change% y/y
Earnings per share	in PLN	7,77	11,78	+51
Share price at year-end	in PLN	286,10	196,00	-31
Number of shares in trade	in thous.	13,430	13,430	–
Market capitalization at year-end	in PLN thous.	3,842,323	2,632,280	-31

[1]EBIT + Amortization
[2]Outflows - acquisition of: intangible assets + tangible fixed assets
[3](Long- and short-term credit and loans + bonds) – balance of cash and cash equivalents

OUR MISSION

Constant upgrading of the company's value and standards of living in the society by the implementation of new technologies and solutions in the installation industry.

OUR VISION

We want to be one of the best European companies in the installation industry.

THE KEY VALUES MOST IMPORTANT TO US

Quality, efficiency, modernity.

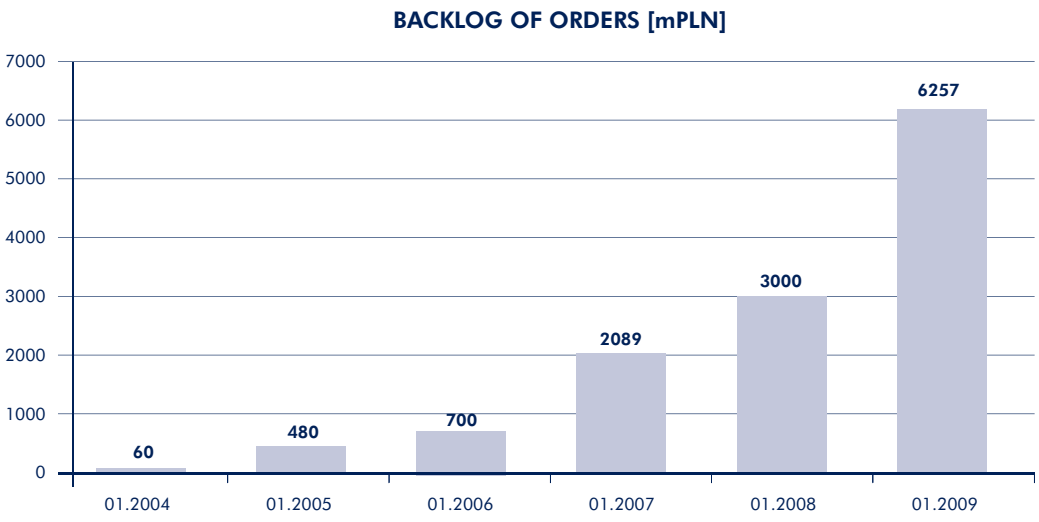
REVENUES +49%

EBIT +62%

NET PROFIT +52%

In year 2008 once again we have achieved targets assumed by US.
We accomplished OUR financial forecasts.
We carried out intended operations.

BACKLOG OF ORDERS +109%



There is an economic slowdown all over the world
and WE
have raised the biggest backlog of orders in the history of the PBG Group,
have secured OUR revenues for another three years.

NET DEBT +162%

We know what to improve.

The good news is:
We forecast next year will be even better!
Our estimates assume growth on each level:

REVENUES +34%

EBIT +33%

NET PROFIT +20%

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I. LETTER TO SHAREHOLDERS

Dear Shareholders, Business Partners, Friends

It is my great pleasure to announce to you that 2008 was the period of further development and dynamic growth of the PBG Capital Group. Despite the world financial crisis, we have realized the forecast published at the beginning of the year and increased in the fourth quarter. We achieved better results, virtually at every level of the profit and loss account, in comparison with 2007. In 2008 revenue on sales reached the record level of PLN 2.091 billion, which constitutes the increase by nearly 50%. Operational revenue was at the level of PLN 225 million, increasing by 62%. Net profit reached the value of PLN 158 million and this is the increase by 52% compared to 2007.

2009 was opened with the biggest order portfolio in the PBG Group history. Its value amounted to over PLN 6 billion, so over twice more than at the beginning of 2007. Therefore, we forecast further dynamic growth of the Capital Group. Due to our efforts concerning the diversification of activity areas in construction branch segments, we are very well prepared for the realization of the strategy assumed by us in the face of current economic situation.

In 2008 we won 2 contracts, in the area of natural gas and crude oil, strategic for our Capital Group. The first one is the construction of LMG crude oil and natural gas mine, the other one is the construction of the underground gas storage in Wierzchowice. These are the biggest in the PBG Capital Group history contracts of the total value of PLN 2.5 billion.

Winning the contract for the construction and modernization of the city stadium in Poznań and signing the contract for the construction of the football stadium in Gdańsk, within the framework of the preparations for the organization of the European Football Championships in 2012 in Poland are definite success. We are also very close to concluding the prestigious contract concerning the construction of the National Stadium

in Warsaw, in the place of the historic Stadion Dziesięciolecia. As it can be observed, our Capital Group will realize the projects of the three stadiums, which will be the arena of EURO 2012, and the construction of which will significantly influence the improvement in the financial results reached by us.

As the PBG Capital group we have entered new areas of activity in industrial construction this year. We managed to win the contract for the construction of waste disposal plant in Gdańsk. For the next few years this will be one of the most perspective and developmental sectors in construction branch as similar plants will be built in many Polish cities.

Road sector will be a significant sector of the PBG Group activity. We want to focus particularly on the local market on which we already reach satisfactory profit margins. We actively exert ourselves for the contracts in this segments, taking part in the tenders of the total value of billions PLN. We hope that we will create backlog of orders, allowing us to dynamically increase revenues in the road construction sector.

The development of the PBG Capital Group in the next years will be based on investments in the crude oil and natural gas area, projects financed with the EU funds and planned investments connected with the organization of European Football Championships EURO 2012 in Poland and Ukraine. Increasing activity on foreign markets is also planned.

I would like to thank you for your trust. I try to realize the assumed strategy consequently, create the Company which is transparent and open to the Shareholders. I am glad that in the atmosphere of the global devaluation of companies on the capital market, the stock price distinguished itself among the industrial averages.

I am convinced that the continuation of further development of the PBG Capital Group will contribute to further increase in the value for Shareholders.

I wish to particularly thank all employees of the PBG Capital Group, for their great engagement and hard everyday work. Without them this success would be impossible.

Jerzy Wiśniewski
the President of the Management Board

Wysogotowo, April 2009

II. Corporate Governance Report

1. CORPORATE GOVERNANCE AT PBG SA

Principles of Corporate Governance include formal and informal rules of operations, being aimed at regulating relationships between all entities which participate in the life of the Company – with shareholders, investors, recipients, suppliers, the managing staff and employees. Applying all its rules should be a priority matter for every company. It is like this in case of PBG SA. Thanks to that the Company is more credible and transparent.

Rules and the clarity of the information are deciding about the success in the business. Reducing the risk associated with investing in securities of the company is a purpose of good practice. In Poland principles of Corporate Governance were collected in the document "Good Practices of the Companies Listed on the Warsaw Stock Exchange" and for the first time authorities of the Warsaw Stock Exchange published them in September of 2002. The document determined elements of business ethics which listed companies should follow in their everyday activity. Next edition of principles - " Good practices of the Companies Listed on the Warsaw Stock Exchange 2005" - were in effect from the beginning of year 2005 until the end of 2007.

Document being in effect at present - „ Good Practices of the Companies Listed on the WSE" came into effect with the day January 1, 2008. It is recognized as the guide of Corporate Governance principles for companies which want to build good, long-term relations with shareholders.

The PBG SA company adopted principles of the Corporate Governance published in the document „Good Practices of the Companies Listed on the WSE". In accordance with the duty „comply or explain" the PBG SA Management Board is declaring that in 2008 it obeyed all principles arising out of this document.

The report concerning the Corporate Governance is an integral part of the annual report.

Meaning of declarations with the commentary of the Company concerning each principle of the Corporate Governance and report concerning applying principles of Corporate Governance in the PBG for year 2008 the Company placed under the following Internet address:

http://www.pbg-sa.pl/en/investor-relations/corporate-governance/wse-corporate-governance.html

2. MEMBERS AND COMMITTEES OF THE SUPERVISORY BOARD

SUPERVISORY BOARD MEMBERS

The term of office of the Supervisory Board members is one year, and their remuneration is determined by the General Meeting of Shareholders. The Supervisory Board shall exercise permanent supervision over the Company's operations in all areas of its business activity. In particular, the task of the Supervisory Board is to analyse the Company's financial statement and the Management Board's report on the Company's operations in terms of their compliance with the underlying accounts and documents and the actual state of affairs, to analyse the Management Board's proposals of the distribution of profit or offset of loss, as well as to submit the annual report on the results of this analysis to the General Meeting of Shareholders.

The Supervisory Board is obliged to carry out permanent supervision over activity of the Company in all fields of its activity. The Supervisory Board submits brief assessment of the Company's condition every year which is agreed in the course of the Supervisory Board Meeting convened before the Ordinary General Shareholders Meeting.

The role, duties and Regulations of the Supervisory Board are defined in a formal document. The Supervisory Board shall perform its duties jointly, but has assigned part of its competencies to the specific persons or committees presented below.

The Supervisory Board member should have the due wisdom and experience and be able to devote the essential amount of the time for performing its duties. High qualifications and the professional experience of Supervisory Board members are a premise enabling the objectivity and the independence for its for members in expressing opinions and judgements.

MEMBERS OF THE SUPERVISORY BOARD

MACIEJ BEDNARKIEWICZ Chairman of the Supervisory Board	From 2004 Chairman of the PBG S.A. Supervisory Board. Graduate at the University of Warsaw - Faculty of Law and Administration. Lawyer since 1969. In 1989 and later on in 1992 Chairman of the Principal Legal Advice. Runs an individual law firm. From 2004 unlimited partner at Law Firm Maciej Bednarkiewicz, Andrzej Wilczyński and Associates limited partnership in Warsaw. In years 1989-1991 Member of the Parliament of Republic of Poland. In 1991 and later on in 1997 judge at the Polish Tribunal of State. Member of the administrative, management and supervisory organs. 1993-2001 member of the BIG Bank S.A. Supervisory Board. From 1998 Chairman of the Bank Millenium S.A. Supervisory Board. From 1999 Secretary of the PZU SA Supervisory Board. From 2003 member of the Techmex SA Supervisory Board.
JACEK KSEŃ Vice-chairman of the Supervisory Board	Vice-chairman of the PBG SA Supervisory Board. Graduate at University of Economics – Faculty of International Trade, Ph.D at Warsaw School of Economics – Faculty of International Financial Markets. Career: 1975-1978 Trade Bank, operator of exchange markets; 1978-1996 lived in France – worked in 3 banks in the Treasury Departments. Achieved managerial positions. Since 1996 back in Poland and position of Bank WBK President, since 2001(merger with Bank Zachodni) till 2007 President of the BZWBK. Currently Chairman of the PLL LOT Supervisory Board and Sygnity, Vice-chairman of the PBG SA and Orbis Supervisory Board.
WIESŁAW LINDNER Secretary of the Supervisory Board	Secretary of the PBG SA Supervisory Board. Graduate at University of Economics in Poznan. Career: 1955 Wielkopolskie Okręgowe Zakłady Gazownictwa w Poznaniu (later PGNiG SA In Warsaw – Branch Wielkopolski Zakład Gazownictwa w Poznaniu, for 31 years position of economic department manager. Later on economic vice-director. In years 1987-1988 – worked In PGNiG SA in Warsaw as advisor of direktor. Since 1991 til 1997 head accountant at Zakłady Naprawy Gazomierzy in Poznan. Member of the ATG Sp. z o.o. Supervisory Board In the period from September 1999 to December 1999. In the PBG SA Supervisory Board since 2004.
JACEK KRZYŻANIAK Member of the Supervisory Board	Member of the PBG SA Supervisory Board. In years 1992-1995 student at University of Agriculture in Poznań – Faculty of Agricultural Economics. Career: in year 1998 director at Europe XXI Foundation. From 1998 to 2000 connected with WIL Lobbying Sp. z o.o., member of the board and general director, 1999-President of the Board. In 2003 started job as Board Assistant in Technologie Gazowe Piecobiogaz Sp, z o.o. (now PBG SA). Since 2004 manages Investor Relations Department in PBG SA. In 2007 took function of Company's Spokesperson. Form Tyree years form 1999 to 2002 member of the Polish Capital Fund SA Supervisory Board. 2004-2006 member of the PC Guard SA Supervisory Board. From 2005-2007 in the HBW SA Supervisory Board. In the PBG SA Supervisory Board since 2004.

MAŁGORZATA WIŚNIEWSKA Member of the Supervisory Board till 31.08.2008	Member of the PBG SA Supervisory Board. Graduate at University of Technology in Poznan – Faculty of Civil Engineering. Completed MBA Executive Master of Business Administration studies and Program for Improving Managerial Skills - Canadian International Management Institute. Postgraduate in the field of: management and public relations at Financial Faculty of Poznan School of Banking. Career: for 15 years held position of President of the Board in Poznan Educational Association. 1984-1991 designer assistant at Agricultural Industrialized Construction Enterprise in Poznań. From 1998 connected with Technologie Gazowe Piecobiogaz Sp. z o.o. (now PBG SA), which she was co-founding. Till 2004 she was: Quality Systems Director, Public Relations Director and member of the Board. In years 2004-2006 vice-president of the Board at PBG SA. Member of the Supervisory Boards at KRI SA, HBP SA, INFRA SA, APRIVIA SA, Hydrobudowa 9 SA. In PBG Supervisory Board from 2006.
MIROSŁAW DOBRUT Member of the Supervisory Board till 12.03.2008	1974 – Graduate at the Częstochowa University - Faculty of Electric Engineering, Speciality of Electrical Power Engineering. 1995 - Ministry of Industry and Trade – member of the Supervisory Board. 1997 - Managers Training Foundation in Gdańsk – Managerial Trainings for Top Management. Career: 2003 – President of the Board at The Chamber of Natural Gas Industry. 1997-2002 member of the Board at EuRoPol Gaz SA in Warsaw. 1974-1997 at PGNiG SA- Pomeranian Gas District in Gdańsk on positions: 1989-1997 director of the Pomeranian Gas District in Gdańsk, 1987-1989 Chief of the Production District, 1985-1986 Chief of Motion Securing Department, 1981-1984 Chief of Electric Department, 1974-1980 trainee – technical design reader. Member of Supervisory Boards in PGNiG SA, 1994-2002 Gazomintaż SA, 1993-1997 Supergaz Sp. z o.o., 1993-1997 INVESTGAS Sp. z o.o.
DARIUSZ SARNOWSKI Member of the Supervisory Board	From2005 member of the PBG SA Supervisory Board. Graduate at the University of Economics in Poznan. Has qualifications of chartered auditor who can examine financial statements. From 1996 connected with W. Frąckowiak and Partners Sp. z o.o. company, till 1997 assistant at Consulting Department, next – assistant at Audit Department. 1998 – inspector in Capital Markets Consulting Department at WBK SA. Next year became manager/consultant at Trade Institute – Reemtsma Poland SA. In 2000 at BDO Poland Sp, z o.o. as an assistant in Audit Department. From 2000 to 2003 connected with HLB Frąckowiak and Partners Sp. z o.o. company where he worked as an assistant in Audit Department, senior In Audit Department and director of Audit Department. From 2004 partner of Sarnowski & Wiśniewski Audit Company Sp. z o.o.. Member of administrative, management and supervisory organs. In years 2003-2004 – vice-president of the Board at Audit Services DGA Sp. z o.o.. From 2004 President of the Board at Sarnowski & Wiśniewski Audit Company Sp. z o.o. Was in Supervisory Boards of: MOSTOSTAL Poznań SA, Browary Polskie BROK - STRZELEC SA, NZOZ "Szpital w Puszczykowie" Sp. z o.o., Swarzędz SA.
ADAM STRZELECKI Member of the Supervisory Board	From 2004 member of the PBG SA Supervisory Board. Graduate at the Nicolas Copernicus University in Torun, Faculty of Law and Administration. Ph.D in law sciences. Postgraduate at the Warsaw University – Faculty of Banking. From 1997 connected with University of Humanities and Economies in Włocławek, lecturer position and later on position of pro-dean of Administration Faculty, vice-chancellor of Organization and Development, Dean of Administration Faculty, now lecturer. From 1994 lecturer at Toruń Higher School. From October 2007 lecturer at Higher School of Safety and Security Services in Warsaw. Career: from 1966 to 1969 reader in P.P. Municipal Retail Trade in Chełmno. In years 1969-1972 auditor at Presiding Board of Poviat National Council in Chełmno. From 1972 to 1975 credit inspector at Agricultural Bank in Chełmno. In 1975 came to NBP in Chełmno and to 1977 was head accountant. Another 11 years director of NBP Department in Lipno. 1988-1993 – director of NBP Department - Voivodeship Department. For another 3 years director of Department of Polish Investment Bank in Włocławek. In 1996 at Credit Bank SA in Włocławek, to 2003 worked as director of the department. From 1995 to 2005 partner at Zakład Doskonalenia Zawodowego Sp. z o.o. n Włocławek - for 10 years, from 1995 member of the Supervisory Board. From 1997 to 2005 and from December of 2007 till now – member of the Board at Vocational Education Centre. In years 2002-2004 – member of the HBP SA Supervisory Board.

At the 31st December of 2008 the Supervisory Board of PBG SA was composed of six members.

The Supervisory Board Member in the composition mentioned above was appointed on 23rd May of 2007 by the Ordinary General Shareholders Meeting to perform its function during the next term of office. In the period mentioned above that is in March of 2008, Mr. Mirosław Dobrut resigned from the function of the Supervisory Board Member of PBG SA. Potential conflict of interest connected with undertaking employment in the management bodies of other stock exchange company constituted justification of the submitted resignation. The next change in the Supervisory Board of PBG SA concerned resignation from performing function by Mrs. Małgorzata Wiśniewska as of 1st September of 2008. The resignation was justified by taking up position of the President of the Management Board in the subsidiary of PBG SA – the INFRA SA company.

Term of office of the Supervisory Board appointed in May of 2007 expired at the day of holding Ordinary General Shareholders Meeting and approval of financial statement of the Company for the year 2007. On the 18th day of June of 2008 the Ordinary General Shareholders Meeting of the PBG company granted the vote of approval to all members of the Supervisory Board mentioned above and decided to appoint them again to the Supervisory Board of PBG. In the present term of office the Supervisory Board consisted of seven members, but at the day of the financial statement submission the Supervisory Board consisted of six members.

COMMITTEES OF THE SUPERVISORY BOARD

The following Committees are conducting activity at the Supervisory Board of PBG SA:

- Audit Committee,
- Remuneration Committee.

The Audit Committee shall be composed of the following persons:

- Jacek Kseń,
- Dariusz Sarnowski.

The Audit Committee shall be convened according to the requirements, however at least once in a quarter of the year. The Audit Committee shall be responsible for the following issues, including without limitation:

- assessment of the scope of independence of the elected expert auditor and providing advise to the Supervisory Board with respect to election of the expert auditor, as well as conditions of agreement with him and the amount of his salary. Detailed statement of reasons shall be required in case of election by the Supervisory Board of other entity performing function of expert auditor than that which was recommended.
- analysis and assessment of the relations and dependence occurring in the Company and also in the Supervisory Board and Management Board of the Company with respect to conflicts of interest which occur or are possible to disclose and undertaking any actions aimed at elimination of that phenomenon as well as providing as effective communication as practicable between the expert auditor and the Supervisory Board.
- review of the quarterly, half-yearly and annual financial statements of the members of entities constituting part of the capital group of the Company, as well as quarterly, half-yearly and annual consolidated financial statements of the Company's capital group.

The Audit Committee shall be convened in accordance with the requirements, at least once in the quarter of a year.

The Remuneration Committee shall consist of:

- Maciej Bednarkiewicz;
- Wiesław Lindner;
- Jacek Krzyżaniak.

The Remunerations Committee shall be composed of at least two persons and should be responsible for the following issues:

- general monitoring of practices within the scope of salaries and their level in the Company;
- determination of the employment conditions of the Management Board Members and management staff of the Company;
- setting forth the plan of bonuses for the financial year.

The Remunerations Committee shall be convened in accordance with the requirements at least once in a quarter of the year.

SUPERVISORY BOARD, CODES OF CONDUCT

Supervisory Board conducts activity on the basis of Commercial Companies Code, the Memorandum of Association and the Supervisory Board By-Laws.

Supervisory Board consists of at least five members appointed by the General Shareholders Meeting in the secret ballot for the period of one year, whereas mandates of the Supervisory Board Members shall expire only as at the day of holding General Shareholders Meeting approving financial statement for the last entire financial year on the position of the Supervisory Board Member. The number of Supervisory Board Members shall be agreed each time by the General Shareholders Meeting. Supervisory Board Members may be elected once again. At least half of the Supervisory Board Members shall consist of independent members that is the persons complying with the following pre-conditions:

A member of the Supervisory Board is considered independent if he/she is not:

- an employee of the Company nor Associated Entity;
- a member of the supervisory and managing authorities of the Associated Entity;
- a shareholder holding at least 5% of votes on the General Shareholders Meeting of the Company or General Shareholders Meeting of the Associated (Related) Entity;
- a member of the supervising and managing authorities or an employee of the entity holding at least 5% of votes on the General Shareholders Meeting or General Shareholders Meeting of the Associated Entity;
- an ascendant, descendant, spouse, siblings or parents of the spouse or the person remaining in the adoption relationship towards any persons mentioned in the preceding subparagraphs.

Terms and conditions mentioned above must be complied with through the entire term of mandate.

The following issues shall require approval of the Supervisory Board:

- acquisition of the enterprise or organized part thereof;
- establishment and liquidation of the Company's branches in the domestic country and abroad;
- assumption of responsibility for somebody's obligations (sureties, guarantees, bill sureties) exceeding the sum constituting the amount of the Company's share capital subject to the provision that assumption of responsibility for obligations of the companies from the capital group of the Company shall not require approval of the Supervisory Board;
- dealing with competitive business by the Management Board Members and participation in competitive companies as the partner of unlimited company or member of the authorities;
- acquisition, take up, sale and resignation from the pre-emptive right of shares or stocks with the exception of stocks of public companies in the amount not exceeding 1% (one percent) of the total number thereof;
- advance payment for the benefit of the shareholders as part of the dividend provided at the end of financial year;
- contribution of any benefits by the Company except for the allowances resulting from the employment relationship for the Management Board Members of the Company;
- making material contract by the Company or its subsidiary with the associated entity of the Company (except for making agreements with the companies of the Capital Group of the Company), the Supervisory Board Member or the Management Board Member and the entities associated with the above entities;

- purchase or sale of the property, perpetual usufruct or share in the real estate;
- election of an expert auditor;
- representation of the Company in the agreements and disputes between the Company and the Management Board Members;
- approval of the Management Board By-Laws;
- appointment and dismissal of the Management Board Members;
- provision of the opinion on the matters presented by the Management Board.

DESCRIPTION OF THE RULES OF MAKING AMENDMENTS IN THE MEMORANDUM OF ASSOCIATION OR THE ARTICLES OF ASSOCIATION OF THE ISSUER'S COMPANY.

The amendment of the Memorandum of Association of the Company shall require:

- resolution of the General Shareholders Meeting adopted by the majority of 3⁄4 votes cast (Article 415 of the Commercial Companies Code), in the form of the Notary's Deed (the resolution concerning material amendment of the objects of the Company's activity shall require be adopted by the majority of 2/3 votes (Article 416 of the Commercial Companies Code));
- entry to the National Court Register (Article 430 of the Commercial Companies Code).

3. REPORT OF THE SUPERVISORY BOARD

REPORT ON OPERATIONS BY THE SUPERVISORY BOARD OF PBG SA IN 2008

The third term in office of the Supervisory Board of PBG SA composed of: Maciej Bednarkiewicz, Jacek Krzyżaniak, Wiesław Lindner, Adam Strzelecki, Dariusz Sarnowski, Małgorzata Wiśniewska and runs from 18th June 2008. On 1 September 2008 Mrs. Małgorzata Wiśniewska submitted a resignation from the function of a Member of the PBG SA Supervisory Board.

The Supervisory Board ensures control and supervision over the Company's running activities in all areas of its operation. In 2008, the Supervisory Board held 11 sessions at which 34 resolutions were adopted, concerning such matters as:

- consent to set up companies;
- consent to acquire companies;
- consent to sell companies;
- evaluating the financial statements of the Company for 2007, the Board of Directors' report on the Company's business in 2007 and the request of the Board of Directors on distribution of profit;
- evaluating the consolidated financial statements of the PBG Capital Group for 2007 and the report on the operations of the PBG Capital Group in 2007;
- determining the list of people authorized to acquire „D" shares within the Incentive Scheme in 2008,
- approving the report on operations of the Supervisory Board in 2007;
- liquidation of branches;
- changes in the Board of Directors.

The Supervisory Board watched over the Company's situation and gave opinions of running issues and planned operations. In the reporting period, the Supervisory Board obtained regularly information from the Board of Directors on the Company's financial standing, projects executed by the Company and cooperation with business partners.

When performing its duties, the Supervisory Board obtained information necessary for these duties from documents, information, presentations and explanations provided by the Board of Directors and – when it was required – by the Company's employees or experts on sessions of the Supervisory Board.

The Supervisory Board confirms that cooperation with the Board of Directors of PBG SA ran smoothly. The Board of Directors presented reliably the information concerning all organizational and financial aspects of the Company's operations. Documentation presented by the Board of Directors was complete and correctly prepared. The Board of Directors notified the Supervisory Board about issues falling within the competences of the Supervisory Board on a regular basis.

The Supervisory Board worked smoothly and efficiently, with all its Members participating.

Detailed description of actions taken by the Supervisory Board is presented in the minutes of sessions located in the Company's registered office.

All sessions were convened in compliance with the By-laws of the Supervisory Board, thus the Supervisory Board was capable of adopting valid resolution at each session.

CONCISE EVALUATION OF THE COMPANY'S STANDING IN 2008 MADE BY THE SUPERVISORY BOARD OF PBG SA

The previous 2008 year was, in the opinion of the Supervisory Board, another year that abounded in numerous very important events in the life of PBG SA. Due to the consequently realized strategy, prudence in execution of various projects and accuracy of decisions, the Company managed to achieve assumed operational targets and satisfy the financial forecasts. We believe that the Company recognizes well the occurring risks and can reduce them effectively, which in the current situation is a very important element of conducting business operations. In our opinion the greatest successes of 2008 include: building historically the greatest backlog of orders that secures the incomes in a three-year perspective (despite the economic slow-down), securing the sources of the contract financing (in view of the financial crisis) and expanding the scope of operations into new, attractive markets related to the infrastructural construction. All this provides grounds for further continuation of the Company's dynamic development.

The above words are confirmed at best by the financial results yielded by the Company. At the end of 2008 revenues of PBG amounted at PLN 571.5 million and mean a 24% growth when compared to the previous year. The operating profit grew by as much as 46% and amounted at over PLN 72 million. The net profit achieved the level of nearly PLN 58,5 million and was higher by 17%. Equally satisfactory financial results were obtained by the entire PBG Capital Group, whose consolidated revenues reached the level of PLN 2.091 billion and the net profit exceeded PLN 158 million.

In the context of the previous 2008 year and the years to come, it is worth mentioning that for its backlog of orders the PBG Capital Group won two historically greatest contracts: for construction of the LMG Crude Oil Plant and for construction of the Underground Gas Storage in Wierzchowice for the total value of PLN 2.5 billion. Moreover, the Company won the contract for rebuilding of the Municipal Stadium in Poznań at the value of nearly PLN 400 million, which is the first of three contracts related to the construction and modernisation of stadiums at the total amount of PLN 2 billion.

In 2008, the investment operations in the financial area covered foremost the acquisition of companies in the road construction sector, which is related to the PBG Group's preparation to execution of contracts pertaining to Poland's preparations to the organization of EURO 2012. Moreover, the major emphasis was put on ordering the structure of PBG Capital Group, which is performed by means of forming capital groups within the areas of operations of individual companies within the PBG Group, by increasing the share capital of Hydrobudowa Polska through transfer of Hydrobudowa 9 to the assets of Hydrobudowa Polska, and by increasing the share capital of Aprivia through the acquisition of: Dromost, PRID and Betpol. The position of PBG Dom was strengthened as well by including some more special purpose vehicles preparing designs in the real estates area in the PBG Dom Group.

The Supervisory Board of PBG SA watched carefully how the Company functioned and the Company's Board of Directors operated, and if it realized consistently the strategy assumed for the Company. The Supervisory Board evaluates the Company's operations and the Board of Directors' work as positive ones and leading to an increase of the Company's value for the Shareholders.

Supervisory Board

Wysogotowo, 21 May 2009.

4. MANAGEMENT BOARD OF THE PBG

MEMBERS OF THE MANAGEMENT BOARD

Standing from the left:
Vice-president of the Board Tomasz Woroch,
Vice-president of the Board
Przemysław Szkudlarczyk,
Vice-president of the Board Tomasz Tomczak,
Vice-president of the Board Mariusz Łożyński,
Member of the Board Tomasz Latawiec,
President of the Board Jerzy Wiśniewski.

Present term of office of the Management Board shall lapse on the 10th day of May of 2009. In accordance with paragraph 37 item 7 of the Statute (Memorandum of Association) of PBG SA, mandates of the Management Board Members expire at the day of holding the General Shareholders Meeting approving financial statement for the last full financial year of performing function of the Management Board Member.

The scope of competences of the Management Board includes any matters of the Company not reserved for competence of the General Shareholders Meeting or the Supervisory Board. The duties and Management Board By-Laws shall be defined in the formal document, which precise the function of Management Board. Particular Management Board Members manage areas of the Company's activity entrusted to them and their work is coordinated by the President of the Management Board.

MANAGEMENT BOARD PERSONNEL

STRATEGY AND DEVELOPMENT **JERZY WIŚNIEWSKI** Founder of the Company, President of the Board	Graduate at Poznan University of Technology – Civil Engineering Department. Completed MBA Executive Master of Business Administration Studies and Program for Improving Managerial Skills conducted by Canadian International Management Institute. He is entitled to seating himself in supervisory boards of companies of the Treasury.
ENVIRONMENTAL PROTECTION **TOMASZ WOROCH** Vice-president of the Board	Graduate at Adam Mickiewicz University in Poznan – Philosophy and AGH University of Science and Technology in Cracow – Faculty of Mining and Geoengineering. Completed MBA Executive Master of Business Administration Studies and Program for Improving Managerial Skills conducted by Canadian International Management Institute. He is entitled to seating himself in supervisory boards of companies of the Treasury.
ECONOMY & FINANCE **PRZEMYSŁAW SZKUDLARCZYK** Vice-president of the Board	Graduate at Poznan University of Technology – Faculty of Working Machines and Transportation and post-graduate studies – Faculty of Gas Engineering. Completed MBA Executive Master of Business Administration Studies and Program for Improving Managerial Skills conducted by Canadian International Management Institute. He is entitled to seating himself in supervisory boards of companies of the Treasury.
NATURAL GAS, CRUDE OIL & FUELS **TOMASZ TOMCZAK** Vice-president of the Board	Graduate at Poznan University of Technology – Faculty of Working Machines and Transportation and AGH University of Science and Technology in Cracow – Faculty of Drilling, Oil and Gas. Completed Program for Improving Managerial Skills conducted by Canadian International Management Institute.
TENDERING AND WINNING OVER **MARIUSZ ŁOŻYŃSKI** Vice-president of the Board	Graduate at Poznan University of Technology – Civil Engineering Department

RENOVATIONS **TOMASZ LATAWIEC** Member of the Board	Graduate at Warsaw University of Technology – Civil Engineering Department

Management Board in the composition mentioned above, despite of Tomasz Latawiec, was appointed on 10th March of 2006 by the Supervisory Board of PBG SA to perform its function in the following term of office. However, Mr. Tomasz Latawiec was appointed to perform function of the Management Board Member by the resolution of the Supervisory Board of PBG SA adopted on the 3rd October of 2007. The following changes in the Management Board of PBG SA have been made by the Supervisory Board on 28th November of 2008 which took decision upon application of the Management Board on appointment of Mr. Mariusz Łożyński – who has been Management Board Member heretofore for the position of Vice-President of the Company's Management Board. Application was filed in connection with the changes of responsibility within the scope of the Company's Management Board, resulting from making in the previous year the biggest contracts in the history of the Company within the scope of crude oil and natural gas. Vice-President of the Management Board Mr. Tomasz Tomczak being responsible until now for the entire area connected with production shall bear responsibility for contracts acquired for execution (construction of LMG crude oil plant and construction of underground gas storage in Wierzchowice). Mr. Mariusz Łożyński shall be additionally responsible for acquisition of orders in the PBG Capital Group and performance of contracts in hydro-technical and renovation areas apart from supervision over acquisition of contracts in the country and abroad.

DESCRIPTION OF THE RULES CONCERNING APPOINTMENT AND DISMISSAL OF THE MANAGING PERSONS AND THEIR RIGHTS IN PARTICULAR THE RIGHT TO TAKE DECISION ON THE ISSUE OR REDEMPTION OF SHARES.

Management Board conducts activity on the basis of the Commercial Companies Code, the Statute (Memorandum of Association) and Management Board By-Laws. The Management Board is body of the Issuer which competences shall include all matters which are not reserved by the Commercial Companies Code or Memorandum of Association of the Issuer for other bodies of the Issuer.

In accordance with presently effective provisions of the Issuer's Statute (paragraph 37) the Management Board of the Issuer consists of several persons including the President of Management Board and one to four Vice-Presidents of the Management Board and maximally three Management Board Members appointed and dismissed by the Supervisory Board. The Supervisory Board appoints the President of Management Board and than other Vice-Presidents and Management Board Members upon his application.
Only natural person may be a Management Board Member having full legal capacity to perform acts in law.

Two Vice-Presidents of the Management Board acting jointly shall be authorized to represent the Company or Vice-President and Management Board Member acting jointly or Vice-President with the Commercial Proxy or Management Board Member with the Commercial Proxy. President of the Management Board represents the company individually. The Management Board of the Company may grant power of attorney to act on behalf of the Company. The powers of attorney may be general, or special – and authorize to perform actions of special type as well as there are powers of attorney for personal care and to carry out particular actions.

Management Board may grant commercial proxy rights. Approval of all the Management Board Members shall be required to establish the commercial proxy. Each individual Management Board Member shall be authorized to dismiss the commercial proxy.

Management Board shall define the strategy and consider interest of the Company, as well as main goals of the Company's activity and submit them to the Supervisory Board and then it shall be responsible for implementation and performance of those goals. The Management Board shall care of the transparency

and effectiveness of management system of the Company and process of conduct of the Company's matters in accordance with the provisions of law and good practice.

Management Board Members are appointed, dismissed and suspended in exercise of their activity by the Supervisory Board in accordance with the rules defined in the Commercial Companies Code and the Memorandum of Association. Proposals of candidates for Management Board Members shall be presented by the President of the Management Board. The Supervisory Board makes agreements with the Management Board Members and terminates thereof, whereas the agreements are signed on behalf of the Supervisory Board by the Chairman or Vice-Chairman of the Supervisory Board. Other actions connected with the employment relation of the Management Board Member are carried out in the same course.

The Supervisory Board shall establish remuneration of the Management Board Members in consideration of motivational nature of this remuneration aimed at ensuring effective management of the Company.

Mandate of the Management Board Member shall expire:

- at the time of his dismissal from the Management Board;
- as of the day of holding the General Shareholders Meeting approving financial statement for the last entire financial year on the position of the Management Board Member;
- at the time of death;
- at the date of resignation.

In case of resignation from the function of the Management Board Member, this resignation should be delivered to the Supervisory Board with the copy addressed to the Management Board.

Management Board Member shall not undertake the following activities without approval of the Supervisory Board:

- to deal with business being competitive in relation to the Company;
- to participate in the competitive company as the partner of civil partnership, general partnership or member of the capital company body or to participate in other competitive legal person as member of the body;
- to participate in the competitive capital company in case of holding at least 10% of shares or stocks therein or the right to appoint at least one Management Board Member.

Any actions exceeding ordinary management shall require resolution of the Management Board. Resolution of the Management Board shall be required in the following cases, including without limitation:

- decisions concerning material investment projects and the manner of financing thereof;
- definition of the strategic plans of the company's development and establishment of financial goals of the Company;
- determination of the organizational structure of the Company;
- establishment of the by-laws and other internal normative acts of the Company,
- determination of the internal division of competences between Management Board Members;
- agreement of the assumptions of the salary and human resources policy, including assumptions to motivational plans.

Except for cases, referred to hereinabove particular Management Board Members are responsible for independent conduct of the Company's cases resulting from division of duties.

Should any impediments occur in the course of fulfilment of the duties by the Management Board Member he is obliged to notify the Management Board forthwith that execution of his duties is impossible. President of the Management Board shall decide whose of the remaining Management Board Members shall perform those duties as a deputy.

5. REMUNERATION REPORT

REMUNERATIONS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD MEMBERS

The amount of remuneration of the Supervisory Board members was determined under the Resolution of the Extraordinary Genaral Shareholders Meeting of the Company PBG SA as of 10th December of 2005. The value of the remuneration is made conditional from individual duties and from areas of the responsibility entrusted to individual members of the Management Board and of the Supervisory Board.

Management Board members are appointed under the Resolution of the Supervisory Board. They are employed on the basis of employment agreements. In accordance with the Resolution of the Supervisory Board of PBG SA the Management Board members shall be entitled to the basis salary as well as bonuses and additional benefits resulting from the provisions on the remuneration.

REMUNERATIONS OF THE MANAGEMENT BOARD MEMBERS RESULTING FROM THE POSITION IN THE HOLDING ENTITY

Remunerations of the Management Board Members [tPLN]	01.01 – 31.12.2008			01.01 - 31.12.2007		
	Basic salary	Other benefits	Total	Basic salary	Other benefits	Total
Jerzy Wiśniewski	741	–	741	600	–	600
Tomasz Woroch	420	–	420	420	–	420
Przemysław Szkudlarczyk	300	–	300	300	300	600
Tomasz Tomczak	300	–	300	300	–	300
Mariusz Łożyński	245	–	245	240	–	240
Tomasz Latawiec	240	–	240	58	–	58
Total	**2 246**	**–**	**2 246**	**1918**	**300**	**2218**

REMUNERATIONS OF THE SUPERVISORY BOARD MEMBERS RESULTING FROM THE POSITION IN THE HOLDING ENTITY

Remunerations of the Supervisory Board Members [tPLN]	01.01 – 31.12.2008			01.01 - 31.12.2007		
	Basic salary	Other benefits	Total	Basic salary	Other benefits	Total
Maciej Bednarkiewicz	120	–	120	120	–	120
Jacek Kseń	96	–	96	56	–	56
Wiesław Lindner	60	–	60	75	–	75
Jacek Krzyżaniak	36	–	36	46	–	46
Małgorzata Wiśniewska	24	–	24	36	–	36
Dariusz Sarnowski	36	–	36	36	–	36
Adam Strzelecki	36	–	36	36	–	36
Mirosław Dobrut	6	–	6	36	–	36
Total	**414**	**–**	**414**	**441**	**–**	**441**

REMUNERATIONS OF THE MANAGEMENT BOARD MEMBERS RESULTING FROM THE POSITION IN THE SUBSIDIARIES, AFFILIATED AND ASSOCIATED ENTITES

Remunerations of the Management Board Members [tPLN]	01.01 – 31.12.2008			01.01 - 31.12.2007		
	Basic salary	Other benefits	Total	Basic salary	Other benefits	Total
Jerzy Wiśniewski	190	4	194	143	40	183
Tomasz Woroch	273	5	278	326	–	326
Przemysław Szkudlarczyk	59	–	59	207	1	208
Tomasz Tomczak	–	–	–	21	–	21
Mariusz Łożyński	–	–	–	–	–	–
Tomasz Latawiec	121	–	121	360	–	360
Total	**643**	**9**	**652**	**1057**	**41**	**1098**

REMUNERATIONS OF THE SUPERVISORY BOARD RESULTING FROM THE POSITION IN THE SUBSIDIARIES, AFFILIATED AND ASSOCIATED ENTITES

Remunerations of the Supervisory Board Members [tPLN]	01.01 – 31.12.2008			01.01 - 31.12.2007		
	Basic salary	Other benefits	Total	Basic salary	Other benefits	Total
Maciej Bednarkiewicz	–	–	–	–	–	–
Jacek Kseń	–	–	–	–	–	–
Wiesław Lindner	–	–	–	–	–	–
Jacek Krzyżaniak	72	3	75	21	12	33
Małgorzata Wiśniewska	315	1	316	221	1	222
Dariusz Sarnowski	–	–	–	–	–	–
Adam Strzelecki	–	–	–	–	–	–
Mirosław Dobrut	–	–	–	–	–	–
Total	**387**	**4**	**391**	**242**	**13**	**255**

6. RISK REPORT

RISK AND EXTERNAL THREATS

Competition risk

PBG Capital Group companies operate on the competitive market of specialist construction services in gas, oil, heating, water supply, sewerage, roads and infrastructure sectors. Apart from the price, the key factor behind competitiveness of any company is its experience in the execution of complex, specialist projects, adequate reference, high quality of services, and efficient organization guaranteeing timely performance of contracts in line with planned efficiency.

PBG Capital Group reduces competition risks by:

- selection of niche products and services;
- focusing on high quality of services;
- consistent improvement of qualifications in the area of cutting-edge technologies with the objective to develop a competitive offer and present it on the market;
- diversification of business areas;
- forming strategic alliances with well-known foreign companies operating on the Polish and foreign markets. In addition, this risk may be minimized by the Company's decision to gain new markets for its products and services.

Economic situation in Poland

In 2008 a cyclic deterioration of the economic growth which we were dealing with in recent years followed month by month. In the entire year dynamics of the Gross Domestic Product decreased by 6,7% in 2007 to 4,8% at the end of 2008. Deteriorating perspectives of the economic growth affected drop of inflation which convinced the Monetary Policy Council to commence the cyclic decrease of interest rates in the fourth quarter of 2008 . At the end of a year the reference rate of the National Bank of Poland amounted 5%, after the following cuts respectively by 25 basic points in November and 75 basic points in December. The dropping inflation measured by means of CPI rate amounted 3,3% y/y at the end of December of 2008 in comparison to its peak of 4,8% y/y at the end of first half-year of the previous year. It was the result of drop in prices of resources and food.

Achievement of strategic goals of the PBG Capital Group and planned financial results is determined by macroeconomic factors, such as: GDP growth, inflation rate, general economic situation in Poland, changes in legislation. Unfavourable changes of macroeconomic indicators may reduce planned revenues or increase operating costs.

Forecasts of the economic situation in Poland for the following months assume decrease of the Gross Domestic Product - GDP. It will be mainly connected with the recession taking place in the United States and in the European Union Zone which is related among other things with hindered access to financing of new investments, decrease of export, increase of unemployment, reduction of consumption and simultaneously the expected further decrease of inflation trend and increase of trade deficit. The effects of economic slow down as well as reduction of materials prices and construction resources as well as access to cheaper labour, sub-contracting companies may result in decrease of activity costs and in consequence the growth of profitability achieved by the PBG Group. However it should be mentioned that decrease of economical activity in Poland will not be as noticeable as in other countries. It is connected first of all with using of the European Union funds designated for Poland, mainly for infrastructure investments, environment protection as well as investments within the scope of the European Football Championship in Poland in 2012.

Projects implemented currently are still financed from the Cohesion Fund (the aid from the Cohesion Fund for 2004-2006 totals EUR 4.5 billion).
Furthermore the projects co-financed by the European Union are also initiated the amount of Euro 63 billion was earmarked for Poland from the approved budget of the European Community in 2007-2013.

Poland's membership in the European Union

Poland's accession to the structure of EU encouraged international companies providing services similar to those offered by the Capital Group companies to enter the Polish market. This may increase the competition and reduce profit margins.

Having won several contracts of considerable value, PBG SA and other companies from the PBG Capital Group have proved that they are well prepared to compete with foreign companies. Moreover, the opening of European markets may be an opportunity for the PBG Capital Group companies to enter brand new markets.

In order to fully benefit from opportunities resulting from Poland's membership in the EU, PBG Capital Group companies are:

- forming strategic alliances with foreign companies operating on the Polish market to implement joint projects;
- implementing and developing good management culture;
- offering high quality of services confirmed by implemented standards, such as PNEN ISO 9001:2001, PN-EN 729-2, AQAP 2110:2003;
- systematically improving qualifications of their staff, especially in the area of unique cutting-edge technologies, with the objective to develop a competitive offer and ensure its optimum market placement.

RISK AND INTERNAL THREATS

Unfavourable changes in tax regulations

In Poland, tax regulations related to taxation of business activities are subject to frequent changes. There is a risk of changes in currently binding tax regulations and introduction of less favourable tax regulations for Companies or their customers, which may in turn affect financial results generated by companies, either directly or indirectly.

Foreign exchange rates

The entire year 2008 distinguished itself with unpredictable changes on the Polish currency market. The first half was connected with permanent strengthening of the Polish zloty, particularly in relation to dollar and euro. However, in the second half of a year a deep depreciation of the Polish zloty took place. This situation affected many factors which are not definitely having fundamental grounds in the Polish economy. The risk connected with fluctuations of exchange rates has direct influence also on the companies from the PBG Group, because they carry out contracts co-financed by the EU funds which are mainly denominated in euro. Moreover, certain part of the costs is transferred within the scope of contracts performance and the part concerning mainly purchase of equipment is also performed in foreign currencies: EUR and CAD. The Group minimizes foreign exchange rate risk by using appropriate financial instruments and by transferring a part of the currency risk onto their subcontractors and suppliers of materials and equipment. Similarly, in the case of purchase of foreign machines and equipment of high value which are required for the performance of contracts, the foreign exchange rate risk will also be minimized with financial instruments available on the market.

One of essential groups generating income in the PBG Capital Group are assignments financed from the European Union funds. In the future, currency risks will be minimized with the expected change in the currency of contracts financed with the EU funds (from EUR to PLN). Some of the new contracts are already denominated in PLN.

In the long-term perspective, this risk will be further reduced by Poland's entry into the EURO zone.

Sector seasonality risk

The majority of revenues form sales of the PBG Group are generated from the operations in the area of construction and installation. Sales generated in these segments are subject to seasonality.

The factors which have the greatest influence on the seasonality of sales regardless of the type of a company are presented below:

- weather conditions in winters season which reduce the scope of works in a significant manner. Worse than normal weather conditions which may reduce the revenues of the company can not be excluded.
- investment cycle planning applied by the customers as a result of which the majority of investments are to be completed in the last months of the year.

As a result of the above factors the revenues of the Group are the lowest in the first quarter and there is a significant increase in the revenues in the second half of the year.

Risk of losing key staff

The business of PBG and the companies of its Capital Group is based primarily on the knowledge and experience of highly qualified staff, especially the engineers.
There is a potential risk of staff outflow involving employees of key importance for the Company's development, which in turn might affect the quality of its services. However, present situation on the labour market has deteriorated significantly; unemployment has increased and the forecasts for the following months do not assume any positive change of this trend which obviously affects limitation of the risk connected with loss of management staff and results in stronger relations of employees with the companies of the PBG Group.

The risk connected with loss of the key employees is also minimized by the following factors:

- well-developed corporate culture thanks to which employees identify with their Company and the Capital Group;
- development of the incentive-based and loyalty-based remuneration programs;
- knowledge management and comprehensive training programs;
- good opportunities for the personal and professional development in dynamically developing companies.

Risk related to non-performance of contracts

Construction services agreements contain a number of clauses concerning the adequate and timely performance of the contract and the removal of faults and failures. Under the agreement the company has to provide a guarantee deposit or hedge the contract with a bank guarantee or an insurance guarantee.

The guarantee is usually paid on the day on which the contract is signed and it is cleared after the contract has been executed. The amount of the guarantee depends on the type of a contract. Usually its amount constitutes approximately 10 % of the contract. In the case of non-performance or improper performance of contract signed by PBG SA or any other Capital Group company, there is a risk that its customers may claim contractual penalties or contract termination.

To minimize this risk, the Group shall make sure that:

- contracts are insured (including subcontractors);
- organization is consistently fine-tuned by: a training program to prepare a group of employees to become certified project managers and extensive use of IT tools in the process of design and management of projects.

Dependence on key customers

The Polish Gas and Oil Company (PGNiG) is presently the main recipient of services of PBG company of the natural gas and crude oil segment. This is a consequence of performance for that client of two contracts of significant individual value in the approximate amount of PLN 2.5 billion. Those are the biggest contracts which the PBG SA company entered into within the scope of investments of the PGNiG in consideration of historical periods. However, it should be indicated that the strategy of the PBG company concerning the entire Capital Group shall assume performance of the projects of the high individual value which may result in increase of the share in sales for the benefit of one recipient in total revenues. In the previous year as well as up to now the companies of the PBG Group apart from those mentioned above made three important contracts of high individual value. They concern: construction of the waste disposal plant (where the Waste Management Plant in Gdańsk is a client) and development of the stadium in Poznań (where Euro Poznań 2012 is a client) as well as construction of stadiums in Gdańsk (where the Investment Office Euro Gdańsk 2012 is a client) in the total amount of PLN 1,125 billion. In order to limit the risk connected with dependence on the key recipients, the PGB Group is systematically attracting new recipients of services, including the Army and NATO, PKN Orlen, PERN, Naftobazy, OLPP and foreign entities.

In 2008 the share of the biggest customers in revenues from sales of the PBG Capital Group has not exceeded between ten and twenty percent.

The Companies plan to further minimize this risk by:

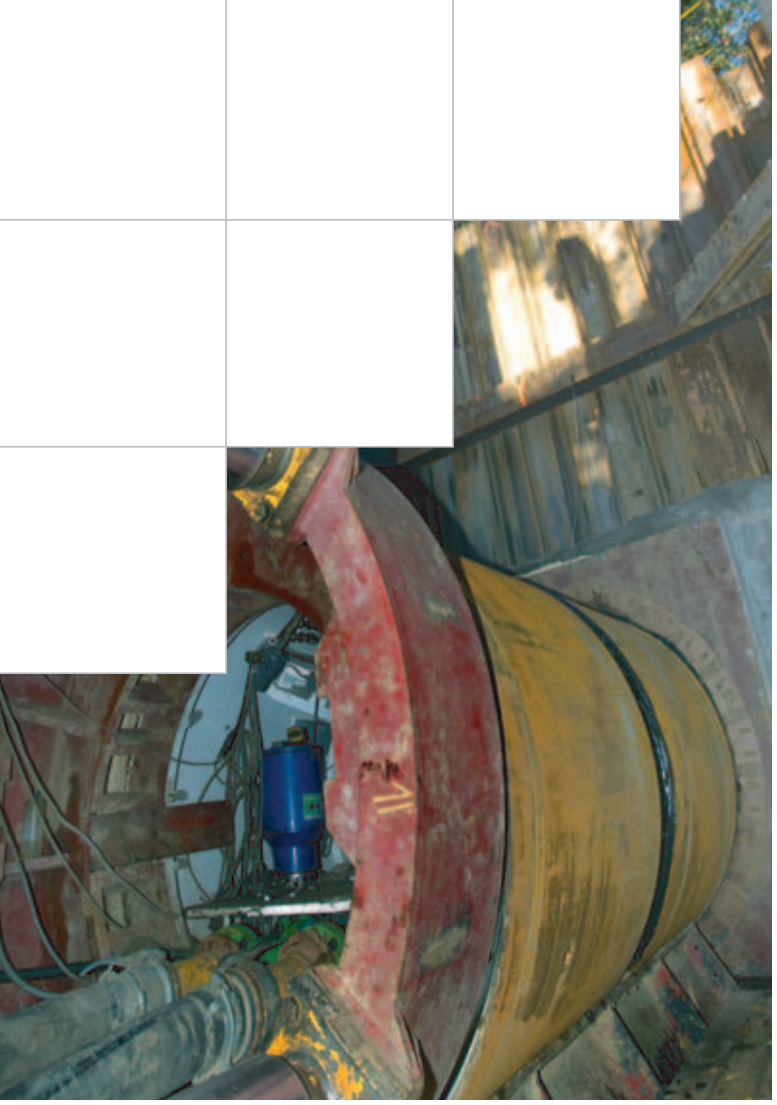
- diversification of sources of revenues and gaining new customers;
- execution of contracts financed from EU funds (in particular with local governments as contracting parties);
- operations on foreign markets.

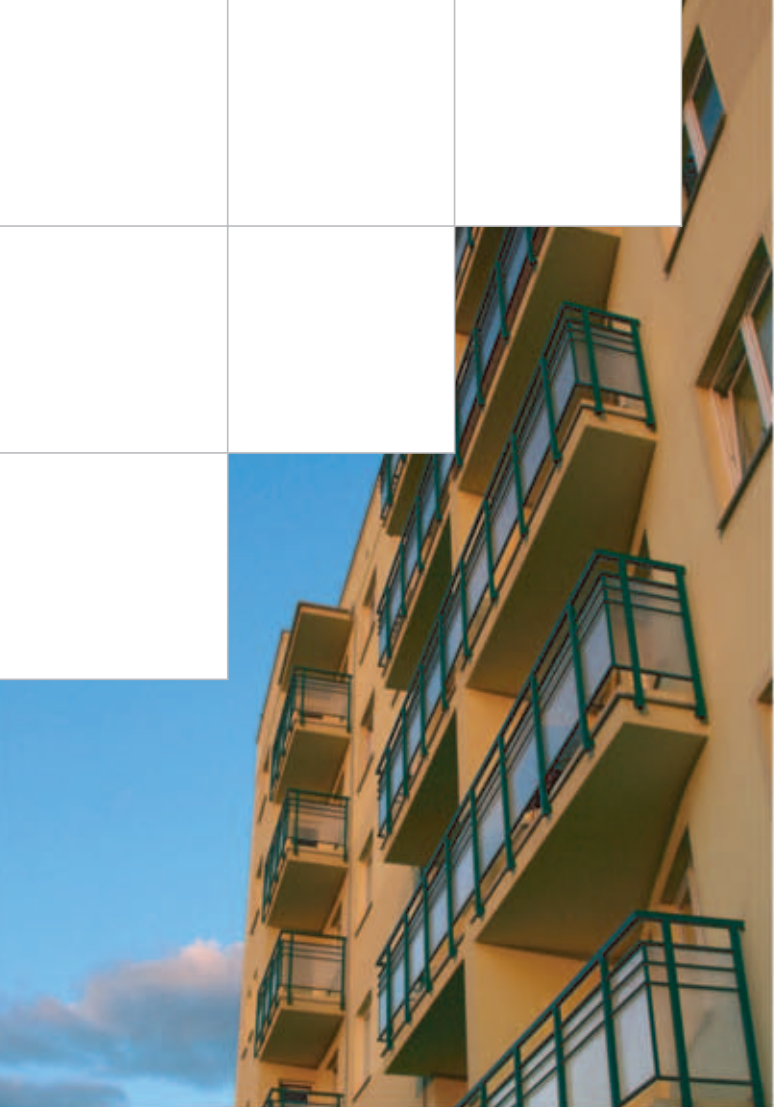
Risk related to on-going operations

Operations of companies, especially works involving running equipment and facilities, may be a potential source of threats, including the possibility of a breakdown causing human or property losses.

The Group counteracts this risk by:

- providing third party liability insurance coverage for the companies' operations;
- providing state-of art personal protective equipment to employees;
- training and development of staff qualifications;
- on-going control of all facilities and equipment used;
- regular H&S training and supervision over safety and hygiene rules at work.





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III. The Company

1. INTERVIEW WITH JERZY WIŚNIEWSKI, CEO

How many last year's targets were implemented by you?

We have successfully achieved the most important ones. We have gained the biggest in the history of the Company gas contracts for which we had been preparing ourselves for many, many years. Besides, we have entered sport infrastructure market by signing contract for modernization of stadium in Poznań which opened us a path for another significant stadium contracts. In the backlog of orders of the Group there has appeared contract related to construction of municipal sorting plant. All above caused that at the end of the year 2008 backlog of orders has exceeded PLN 6 bn which enabled us to forecast significant growth of our financial results in the year 2009. We have also been able to put in order structure of the Group. The most important changes are acquisition of 100% shares in Hydrobudowa 9 by Hydrobudowa Polska and bringing shares of our road construction companies to Aprivia company which is the leader in this segment. Once again we did not disappoint expectations of the market and we have fulfilled forecast of our financial results. What is more, we have been able to increase it twice during the year.

So how was it possible to reach significant growths in revenues and profits in year 2008, to keep, and even to employ more people during the economic slowdown?

Our Capital Group was, and still is, in that good situation that first of all it has secured its revenues by signing numerous contracts. Secondly, it is active on markets related to specialist construction where competition is very limited and investment projects are still being executed. This is why we really have a lot of things to do. Remunerations system based on motivational programs introduced by us either on the highest managerial level or in contract management let us avoid rotation of employees and keep those the most precious for the Group. We have been working for years to improve our efficiency. The crisis let us expect improvement of efficiency but not worsen conditions of work.

What can PBG shareholders expect in the coming years? How long do you think the crisis will last?

Shareholder do not need to worry about further growth of the PBG Capital Group. We have very interesting investment projects in our sleeve and ideas related to further dynamic growth. We want to enter new attractive markets which will secure growth of our revenues in the future. Such market will be for sure construction services for energy market. Considering the crisis in Poland I am a big optimist and I think we will defend ourselves against it in the best way in our region. But I think mostly about my sector because it is the one I know the best. In short time there will be plenty of road construction projects and surplus of executive potential which emerged from slowdown in housing estate market will immediately come to roads. Every crisis has its end, hasn't it?

2. STRATEGY AND BUSINESS MODEL

BUSINESS MODEL

Business model of the PBG Capital Group is based on experience in specialist construction services. Group systematically increase its revenues and profits by entering new markets and activities in niche segments where competition is very limited because of essential qualifications and references. Operating and strategic management of the PBG Capital Group is made easier because of simple structure where responsibility for each sector of activity is taken by the Leading Company which is responsible for gaining new contracts, widening services, organizing financing and consolidation of other entities. Providing services of the PBG Capital Group take place through execution of some parts of work (those the most technologically advanced) within its own workforce and subcontracting easy works to proven subcontractors. Such model allows for execution of contracts according to set schedule and with assumed budget. Execution of specialist construction works and focussing its activity on niche markets cause that PBG Capital Group achieve one of the highest margins among companies from construction sector listed on the Warsaw Stock Exchange.

STRATEGY

THE STRATEGY OF THE PBG S.A. IS FOCUSED PRIMARILY ON SYSTEMATIC, LONG TERM MAXIMIZATION OF VALUE OF THE CAPITAL GROUP THROUGH FORMATION OF ONE OF THE LARGEST CONSTRUCTION GROUPS IN THE CENTRAL AND EASTERN EUROPE.

This could be achieved through:

- the dynamic increase in the revenues from sales and simultaneous efforts to keep the leading position among the most profitable construction companies with a similar business profile, quoted on the Warsaw Stock Exchange;
- acquisition and execution of profitable contracts of high individual value by using combined potential of all Capital Group companies;
- further diversification of operations by including operations in the area of road construction, industrial facilities, underground car parks, the underground and sports facilities;
- expansion into foreign markets.

THE ACTIONS AIMED AT ACCOMPLISHMENT OF THE ASSUMED STRATEGY OF THE PBG SA AND THE PBG CAPITAL GROUP SHALL FOCUS ON:

1. **Strengthening position in the area of crude oil and natural gas through acquisition and performance of the largest contracts in poland;**
2. **Strengthening position in the area of infrastructure and hydro-technique:**

This objective can be achieved by:

- consolidation of Hydrobudowa Polska and Hydrobudowa 9;
- extension of activity through performance of the contracts for construction of subway, underground car parks and industrial facilities;
- participation in performance of contracts connected with organization of the European Football Championships Euro 2012;

3. **Expansion of operations on the road construction market:**
This objective can be achieved by:
- investments in road companies and acquisition of contracts of the considerable individual value;
- participation in the projects ensuring access to the aggregate deposits which are indispensable for construction of roads and railways;

4. **Expansion into foreign markets.**
This objective can be achieved by:
- acquisition of contracts for construction of natural gas and crude oil installations of increasing unit value for investors in Norway;
- performance of export contracts in co-operation with the Polish banks;
- commencement of the activity in Ukraine through acquisition of the executive company;
- strategic co-operation with world-wide companies;

5. **Optimization of the structure and organization of the PBG Capital Group in order to decrease the costs of activity.**
This objective can be achieved by:
- formation of executive low-costs companies dealing with orders of low unit value;
- transfer of registered offices of the subsidiaries to Wysogotowo where the headquarter of PBG is located and development of other property thereby;

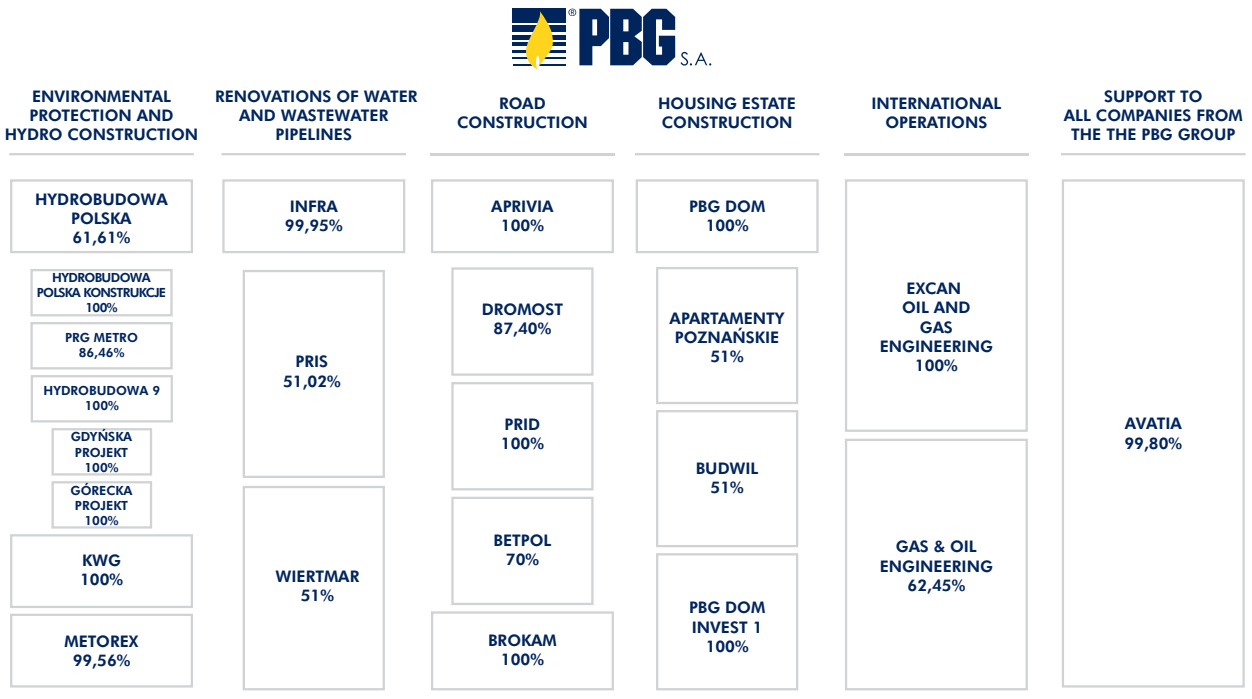
6. **Investments in projects connected with infrastructure operating activity, which generate long-term and stable income.**

7. **Financing collateral of the activity of the companies from the PBG Group by:**
- searching new and long-term sources of financing (in order to change short-term debts into long-term debts).

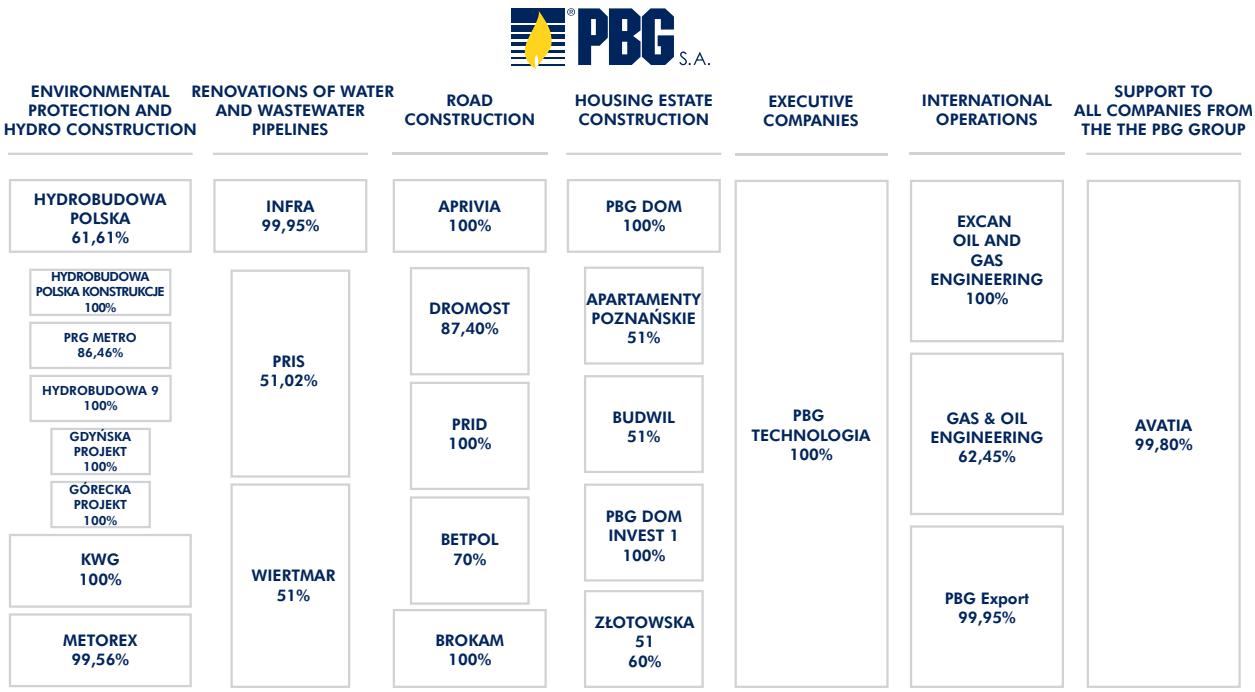
STRATEGY IN PRACTICE

Performance of the strategic goals shall be possible due to organization of the PBG Capital Group in the particular fields of activity. Development of the Capital Group may be compared the most accurately by following the scheme of CG from the previous reporting period and comparing it with the present state.

THE ORGANIZATIONAL CHART OF THE PBG CAPITAL GROUP PRESENTED BELOW (INCLUDING A PERCENTAGE SHARE OF PBG IN THE TOTAL VOTING POWER) REFLECTS THE SITUATION AS AT 31ST DECEMBER OF 2008.



AT THE DAY OF REPORT SUBMISSION THE SCHEME OF PBG CAPITAL GROUP SHALL BE AS FOLLOWS (PERCENTAGE SHARE OF PBG IN VOTES):



An important strategic step was the creation of strong company operating on the environmental protection and hydro construction market through the merger of companies Hydrobudowa Włocławek and Hydrobudowa Śląsk, which took place on 27th August 2007 (until 7th January the company operated under the name Hydrobudowa Włocławek SA and currently it operates under the name Hydrobudowa Polska SA). The merger led to the creation of a very competitive entity on the Polish environmental protection market which is capable of winning the most profitable and the most complex contracts co-financed from EU funds and performed within the scope of investments preparing Poland to Euro 2012 (the European Football Championship organized in Poland). Until the end of third quarter of 2008 the purchase process of the Hydrobudowa Polska 9 company from its shareholders by the Hydrobudowa Polska company was finished. As the result of this transaction the Hydrobudowa Polska company took up 100% of shares in the Hydrobudowa 9 company. This process took place through issue of the shares addressed only to the existing shareholders of "9" in exchange of transfer of the entire property of this Company to the company Hydrobudowa Polska company.

Moreover in 2007 and 2008 the PBG SA company focused on the formation and strengthening the new system of activity which is **the roads construction segment.** Within the scope of this activity the PBG CG is intending to deal with performance of contracts connected with construction of local roads of the communal and regional type.

In addition, the Brokam company appeared in the newly established segment which is connected with investment in the aggregate mines.

These companies will be responsible for the provision of raw materials to the companies from the road construction sector and to the companies from the PBG CG. In March 2008 yet another company – Betpol - was included into the road construction segment. This company will back up other companies in the area of contract execution and market reference. The Aprivia company was also formed in March 2008.

APRIVIA SA is responsible for strengthening the position of the PBG Capital Group in the area of road construction through activities such as acquisition and execution of contracts and the organization of financing. Roads construction constitutes a new area of activity of the PBG Group which is strategically important. The road projects are co-financed by the European Union and constitute additional priority for the government in consideration of Euro 2012 organized in Poland.

Activity of the PBG Group in this segment shall enable further dynamic increase of achieved revenues.

The additional advantage shall constitute possibility to retain margin in the PBG Group mainly in the course of performance of contracts for sewage systems construction where replacement works constitute the major part.

Another strategic objective of the PBG Capital Group is **international operations segment.** PBG has been increasing its engineering potential through the acquisition of foreign companies in order to strengthen the Group in the area of project preparation and project management as well as to facilitate planned expansion into foreign markets. The new area of the Group's activity is created thereby. According to the assumed plans and by the date of submission of the report PBG acquired 51% shares in a Slovakian engineering company Gas Oil Engineering a.s. and it increased share capital of this company which resulted in increasing PBG's stake to 62.45%. Moreover PBG formed the Excan Oil And Gas Engineering Ltd. company in Canada in co-operation with experienced engineers. PBG is the holder of 100 % of shares in the company. The next strategy element of the PBG expansion into foreign markets is entering the Ukrainian market through acquisition of the executive company. Acquisition of that company will be finalized in the first half of 2009. Presently it seems that the local market in question will not bring notable benefits to PBG company but in long-term period PBG regards Ukrainian market as a very perspective one. Acquisition of Ukrainian company shall enable PBG to exist on that market. Gradual acquisition of more quantity of contracts shall have material impact in the context of applying for big contracts in the natural gas, crude oil and water segments, which will be co-financed by the European Union in order to adjust pipelines and waterworks to the standards of Western Europe. Presently the amount of at least EUR 2,5 billion is discussed and it will be decreasing in future. Furthermore, in April 2009 PBG established the company PBG Export. The basic activity of this company consists in acquisition of export contracts and execution thereof. All and any activities mentioned above are aimed at performance of PBG strategy which is focused on the construction of the largest construction and engineering company in the region of Central and Eastern Europe.

Presently, another area of operations of the company is **housing estate construction.** It is an area, which is not regarded presently by PBG as the strategic sector, but in long-term perspective it may turn out to be a very important activity for the entire Group. The PBG Dom company was established within the scope of the above activity. This company is responsible for the management of real estates owned by the Capital Group and its efficient use or sales.

In the long-term plans PBG intends to extend development activity, but not only in the capacity of construction contractor, but also acting as a developer. Presently within the scope of construction of land bank more attractive plots are bought out which will be used for development investments at the moment of change of trends on the housing estate construction market.

The PBG Technologia company (previously the company conducted activity with the business name Hydrobudowa Polska Konstrukcje) was established in April 2009 within the scope of optimization of the structure and organization of the PBG Capital Group in order to lower the costs of activity. The company will be dealing with performance of smaller contracts and shall focus its services strictly on the executive activity.

Investments in the projects connected with infrastructure operating activity which may ensure the Group long-term and stable income might have significant meaning in the future activity of the PBG Capital Group. The operating practice connected with transfer of natural gas, wind energy and waterworks is concerned here. This direction seems appropriate and promising, because the first offers from the foreign financial investors appeared and they are willing to finance projects of the approximate value GBP 200 million within the scope of joint ventures execution.

In the described period not only the holding entity of the PBG Capital Group was active in acquisitions performance. In consideration of fast development and perspective market, the subsidiary of PBG SA – Infra SA carried out acquisition as well in order to increase its executive abilities. The Infra SA company is building presently its own capital group. This company conducts activity on the environmental protection market, but specializes itself mainly in the renovation of already existing water and sewage systems. Those are the services which require application of the modern technology therefore the competition on this market is limited

in principle to the foreign competition which affects in turn achievement of attractive margins. In 2007 the renovation segment was extended by the company PRIS, but in 2008 the Infra company purchased shares in the Wiertmar company.

Investments in the entities from the Capital Group and increase of executive potential still remains a very important goal for the Management Board of PBG SA apart from the above mentioned elements of the performed strategy. In relation to the above - position of the Infra company is strengthened by purchase of shares in PRIS and Wiertmar companies.

3. MARKET PERSPECTIVES

NATURAL GAS SEGMENT

Natural gas sector in Poland has huge perspectives which are related to the introduction of Poland's energy policy assumptions. It assumes realization of investments which purpose is to increase Poland's energy safety and to create an infrastructure able to allow for realization of assumptions of European Union directives. It has an influence on increasing demand for services offered by the PBG Capital Group.

Basic market conditions in the area of natural gas are:

1. **1."Poland's energy safety policy until 2025". It assumes an increase in natural gas share as an ecological fuel in primary energy sources through its adaptation in professional power industry and supporting investments in the area of construction of gas systems for cities and municipalities.**

- In countries of EU members natural gas constitutes basic source of energy. An average sales of gas there per one inhabitant is approximately 1 200m^3/year and its share in primary energy sources constitutes approximately 22%. It is estimated that this share may reach a level of 33% in year 2020 and 37% in year 2030. In Poland these indicators are respectively on the level of 300m^3/year and 11%. It means that usage of natural gas per one inhabitant in Poland constitutes only one fourth of EU average;
- Increasing share of natural gas in primary energy sources is connected with investments in modernization and construction of heat sources and extension of transport and distribution gas systems. Potential in this field is huge because gasified areas constitute only 43% of Poland's whole area and about 250 cities do not possess network gas at all:
  - In GAZ-SYSTEM investment plans for years 2007-2013 there is:
    Construction of gas pipelines in Northern and Western Poland (Świnoujście-Szczecin, Szczecin-Lwówek, Włocławek-Gdynia, Szczecin-Gdańsk) and another gas pipelines like: Jeleniów-Dziwiszów, Taczalin-Radakowice, Radakowice-Gałów, Polkowice-Żary;
- PGNiG SA as a leading gas supplier in Poland assumes intensive actions connected with bringing into cultivation non gasified areas (so called "white spots").

2. **Diversification of gas sources for Poland through increase in domestic output, construction of new international connections and planned import of compressed (CNG) or liquefied gas (LNG) in years 2010 – 2015 (about 2,5 bn to 7,5 bn m^3/year):**

- Documented natural gas resources in Poland are estimated at the level of about 112 bn m^3 (counted as a high methane gas). It is located in the south-west part of the country and in 98% belongs to PGNiG. By yearly usage at the level of about 5,5 bn m^3 it will be enough gas for another 20 years (source: PGNiG prospectus). According to facts mentioned above there are investment plans for development of gas transportation system and bringing into cultivation new deposits. Apart from PGNiG there are some new entities which start running their businesses in Poland in the field of natural gas deposists searching. One of them is **Aurealian Gas & Oil** which is going to invest in years 2008 – 2014 about EUR 300 mln for bringing into cultivation natural gas deposits near Poznań;

- PPGNiG forecasts that yearly output of natural gas will increase in the following years to reach the level of 6,2 bn m^3 (4,3 bn m^3 in 2005) inter alia through an increase in domestic output capabilities to 4,5 bn m^3/year. Estimated growth of output will be connected with investments from PGNiG side for development and bringing deposits into cultivation in mid-term perspective either in Poland or abroad where there are plans related to natural gas and crude oil output from foreign deposits in 2011. Target is that after year 2015 it has to be at least 1,5 bn m^3 of gas yearly coming from so called "equity gas" on the Norwegian Continental Shelf:

- **Investments connected with deposits in Norway for about PLN 3,2 bn;**
- **Bringing into cultivation natural gas and crude oil deposits in Norway for about PLN 650 mln.** *(source: www.pgnig.pl)*

3. Securing Poland's energy safety through increasing the capacity of gas storage and extension of underground gas storages:

- According to the Minister of Economy act dated April 20, 1998 on size, way of storing and control of fuels reserves in energy companies which produce electric or heat energy or mine and distribute gas fuels (Dz. U. Nr 53, poz. 332) Polish Government has adopted, as of January 25, 2002, document called: "Information on Country's energy safety situation". It assumes inter alia creating conditions for storing reserves of natural gas fulfilling 90-days sales size:
  - PGNiG plans to increase during another few years capacity of underground gas storages from 1,5 bn m^3 at present to at least 5 bn m^3. Such big significant extension of storage base will cost the Company about PLN 1,4 bn,
  - Securing appropriate storage capacities for needs of PGNiG clients and for needs of an act on obligatory reserves through increasing storage capacities, mainly in the area of high methane natural gas by about 2 bn m^3 to total capacity of about 3,8 bn m^3 in year 2015;
- For realization of "PGNiG Capital Group strategy in the perspective of year 2015" PGNiG is going to spend about PLN 25-32 bn;
- Equally important will be announced investment of GAZ-SYSTEM company related to the construction of an onshore LNG terminal in Świnoujście worth EUR 0,5 bn.

There are a lot of companies which are interested in Polish perspective gas market and which have been present there for years operating through their agencies, subsidiaries or joint-venture. In the nearest future these entities, next to PGNiG, can become crucial recipients of services offered by the PBG Capital Group and demand created by them can have an influence on dynamic growth of revenues of entities from the sector where the PBG Capital Group is operating.

According to the information given by PGNiG SA in years 2009-2015 the PGNiG Group is going to spend about PLN 30 bn for investments. Investment plans of GAZ-SYSTEM for years 2007-2013 are estimated at the level of PLN 5 bn.

CRUDE OIL AND FUELS SEGMENT

In the area of crude oil, position of the PBG Capital Group is related to the investment plans of PKN ORLEN SA, LOTOS SA, NATO, OLPP, PERN "Przyjaźń" SA and other entities active in the fuel segment.

Main factors of crude oil and fuels market development are:

- Lotos SA investment plans for years 2009-2012 – about PLN 6,15 bn including "10+ Program" (increasing crude oil processing capacity from 6 mln tons up to 10,5 mln tons; increasing level of crude oil conversion);
- NATO investments in Poland worth PLN 2 bn including fuel storage depots – PLN 0,7 bn;

- plans of construction of crude oil pipelines: Adamów – Płock i Odessa – Brody.

Currently PERN "Przyjaźń" SA concentrates its plans mainly on raw materials infrastructure development. It is being done via two different directions.

Eastern direction – there is a construction of the third line of the Adamów – Płock crude oil pipeline in progress. New pipeline will let adapt capacity of Polish pipelines to current possibilities of transfer via northern part of the "Przyjańźń" pipeline. Investment in "Przyjaźń" pipeline is a company's reaction to growing demand for Russian crude oil. Poland is one of the major export routes of this resource. New pipeline, apart from important matters related to the energetic safety of the country, will additionally enable further development of the transit services of the crude oil via Poland.

Southern direction – PERN "Przyjaźń" SA in cooperation with Ukrainian Uktransnafta continues works heading to the construction of Brody – Płock pipeline which will enable supplies of Caspian crude oil to the refineries located in Central and Western Europe. There are initial assumptions that Brody – Płock pipeline will enable transport of even up to 25 mln tons of Caspian crude oil yearly.

Pipelines in Europe

source: www.pern.com.pl

ENVIRONMENTAL PROTECTION AND HYDRO CONSTRUCTION SEGMENT

One of the main factors causing development of this sector is money from the European Union. It is estimated that in the frameworks of "2007-2013 Infrastructure & Environmental Operational Program" value of investments for hydro construction will constitute at least EUR 4,8 bn. This amount of money is going to be even higher due to an input of investors (at the level of about 20% of each planned investment).
Source: www.funduszestrukturalne.gov.pl
EU funds beneficiaries are mainly local governments. Gaining funds by them will result in growth of demand for services offered by the PBG Capital Group.
Principal priority of Structural Funds in the scope of environmental protection is flood safety improvement. There are planned such investments as:

- increasing capacity of reservoirs in Poland which means abilities to store water by about 2 bn m^3 to reach the level of about 3,3 bn m^3 including Racibórz reservoir worth PLN 650 mln;
- modernisation of about 1000 km of levees;
- rivers regulation in the length of 4000 km including Świna and Żuławy river worth PLN 550 mln.

According to the Ministry of the Environment estimates, total value of works connected with hydro engineering infrastructure will reach over PLN 23 bn until year 2020. This amount includes either new investments or modernization of exploited facilities. One of the most important investments is "ODRA 2006 Program" (estimated total cost of main investments is over EUR 0.52 bn). Aim of the program is inter alia construction of flood safety systems, removing flood damages and energetic usage of rivers. Money for investments will come partially from European Union Structural Funds.

According to the financial plan of Ministry of the Environment, in years 2002-2016 there will be almost PLN 3,1 bn spent on flood safety facilities. Reconstruction and modernization of levees will cost PLN 364,5 mln.
The biggest projects being constructed right now and which are going to be done are:

- construction and modernization of levees for Kędzierzyn Koźle, Brzeg, Oława, Brzeg Dolny, Nowa Sól, Krosno Odrzańskie and Słubice;
- construction and modernization of levees for Wrocław, Opole, Racibórz and Nysa;
- construction of water barrage in Malczyce near Wrocław (estimated cost is PLN 400 mln);
- construction of polder in Katowice (estimated cost is PLN 170 mln);
- construction of reservoir on the Prosna river;
- construction of reservoir in Racibórz (estimated cost is PLN 500 mln);
- construction of dam in Chrościce in Dobrzeń municipality (estimated cost is PLN 60 mln);
- construction of flood safety systems in Lwówek Śląski (estimated cost is over PLN 20 mln).

One of the key documents related to the investments from the area of environmental protection is, approved by European Commission on December 7, 2007 "2007-2013 Infrastructure & Environmental Operational Program". It is crowning of many months works over preparation of the biggest program in the European Union history. This program – according to the National Strategic Reference Framework (NSRF) for years 2007-2013 – constitute one of the operational programs being basic tool for reaching aims established in the NSRF by using EU Structural Funds.
Principal aim of the program is to improve investment attractiveness of Poland and its regions through technical infrastructure development with protection and improvement inter alia condition of environment and developing territorial cohesion. It means that also inflow of EU structural funds contributes to expenditures on technical infrastructure where the PBG Capital Group specializes. Especially when it comes to financing of construction of water and sewage systems and waste water treatment plants. To picture an influence of funds coming from EU funds on size of revenues of the water construction sector it is necessary to point out that in years 2000-2003 Poland has been given EUR 0,7 bn for financing investments in the area of environmental protection and hydro engineering. Total amount of money to use in years 2004-2006 has reached EUR 4,2 bn. Whereas total amount of financial funds engaged into realization of "2007-2013 Infrastructure & Environmental Operational Program" will come to EUR 37,6 bn from which EU input will be EUR 27,9 bn and domestic input will be EUR 9,7 bn (including investments in environmental protection worth EUR 5 bn).
Source: www.funduszestrukturalne.gov.pl

Program, according to the National Strategic Reference Framework (NSRF) approved on May 7, 2007 by European Commission constitute one of the operational programs being basic tool for achieving aims established in NSRF by using EU Structural Funds. "2007-2013 Infrastructure & Environmental Operational Program" is also an important tool for realization of renewed Lisbon Strategy and expenses on priority EU aims constitute in the frameworks of the program 66,23% of all expenditures from EU funds.
Source: Infrastructure & Environmental Operational Program, document approved by European Commission on December 7, 2007; National Cohesion Strategy, Ministry of Regional Development, Warsaw, September 7, 2007

INDUSTRIAL CONSTRUCTION MARKET AND ROAD CONSTRUCTION MARKET

In the development of these markets crucial meaning will have investments connected with organization in Poland European Football Championships – EURO 2012. Total estimated value of investments in Poland and in Ukraine will come to EUR 38 bn, from which about 60% will be projects implemented in Poland. For investments connected with modernization and construction of stadiums there is EUR 2,9 bn. For modernization, extension and construction of airports in following cities: Warsaw, Poznań, Wrocław, Gdańsk, Katowice, Cracow, Szczecin and Rzeszów expenditures can reach even EUR 396 mln which will come from EU budget

plus EUR 370 mln financed by the local governments of cities mentioned above. Organization of EURO 2012 will definitely has an influence on speeding up investments related to the construction of roads where there is going to be spent even PLN 120 bn for it.

Moreover, very important investment can be construction of second line of Undergroung in Warsaw – estimated level of expenditures for the investment is between EUR 1-1,2 bn.

Key projects for the PBG Capital Group cuold be construction of waste disposal plants in the largest Polish cities. Only for waste disposal plants in Poznań, Cracow, Olsztyn and Szczecin there is going to be spent PLN 2 bn.

In the frameworks of investment plans connected with organization of EURO 2012, Poland is going to be granted EUR 19 bn from EU funds for construction of roads and railways.

4. BUSINESS ACTIVITY IN DISTINGUISHED SEGMENTS

The offer of the Companies belonging to the PBG Capital Group comprises the complex work realization including the branch of design, mechanics, building, as well as automation and measurements in the following fields:

- installations to extract, process, transfer and store natural gas, crude oil and fuels
- engineering in the field of environmental protection, hydraulic engineering and renovation of water and sewage systems
- industrial and large volume buildings construction
- road construction

We introduce new environment friendly technologies. We constantly increase executive potential. We are able to perform the biggest construction projects in Poland and to participate in international undertakings thanks to our financial potential. We manage our budgets with full awareness and build trust of financial institutions.
Foundation of our success is knowledge and experience of highly skilled and trained engineering and production staff. Matrix teams management enable us elastic reaction to requirements of the Client and to changing conditions during projects execution.
We are in the forefront in many work types such as ground works, construction, roads, technological, installations, electrical, industry automation and cathode protection.

Currently PBG Capital Group operates in the five main segments:

- natural gas and crude oil;
- water;
- fuels;
- industrial and housing estate construction;
- roads.

4.1. NATURAL GAS AND CRUDE OIL SEGMENT

We introduced to the Polish market the hermetic method of working on active gas pipelines made by T.D Williamson. We organize complex underground gas depositories. We were the first in Poland to design and make the installation of re-gasification of liquefied gas (LNG). The apparatus are used in gas heating installations of cities and communes, as well as by industrial receivers. We design and prepare the systems of cogeneration and CNG and LCNG installations.

We were the first in Poland to design and build an automatic natural gas mine in the general investment realization.

As far as natural gas is concerned, we design and build:

- glycol installations for gas drying;
- molecular sieves;
- amino installations;
- gas liquefaction installation LNG;
- mercury removal systems;
- hydrogen sulphide removal systems;
- nitrogen removal systems;
- installations to fractionate LPG and C5+;
- re-gasification stations LNG;
- reductive-measurement stations and measuring-settlement stations;
- gas mixing stations and distribution centres on the flow network;
- transmission pipelines together with accompanying facilities;
- compressors and others.

We use devised technologies and gained experience while building natural gas mines for the construction of crude oil mines. In 2003, we built the first in the company's history automatic crude oil mine.

In 2005, in response to ever increasing requirements in environmental protection , we were the first in Poland to devise the system for thorough purification of cereal waters. Next year we prepared and introduced the underground oil warming system, whose aim was to make it easier to extract crude oil.

We design and make the following installations connected with oil:

- double-phase separation;
- three-phase separation;
- stabilization;
- chlorides removal;
- sulphur removal;
- hydrogen sulphide removal;
- mercaptan removal.

We also offer:

- shop prefabrication of steel constructions of refinery furnaces together with an assembly;
- repairs and modernizations of refinery plants.

COMPANIES FROM THE PBG CAPITAL GROUP OPERATING IN THE NATURAL GAS AND CRUDE OIL AREA

PBG SA

PBG SA offers specialist services in the area of end-to–end systems and facilities for natural gas, crude oil and fuels. The company is either the main contractor or a subcontractor responsible for the design, construction, upgrade, service and maintenance in the following areas: MINING of natural gas and crude oil, TRANSMISSION of natural gas and crude oil, STORAGE of natural gas, fuel, LNG, LPG, C5+, CNG.

Excan Oil and Gas Engineering LTD.

An engineering company operating in the area of design and provision of equipment for the construction of natural gas and crude oil systems; Excan Gas and Oil was registered on 5th April 2007 in Alberta province in Canada.

GasOil Engineering A.S.

GasOil is an engineering company operating in the area of design and implementation of projects on the international market. The company's offer includes preparation of the analyses and studies, designs, financial analysis, project management, "turn-key" supplies and supervision over the tasks in the areas of natural gas and crude oil; the registered seat of the company is located in Poprad in Slovakia.

SALES

Operations of the PBG Capital Group focus mainly on the Polish market. Not without a purpose for presence on international markets was joining in the structures of the PBG Capital Group the GasOil Engineering company which sales its services on the international markets such as Germany, Czech Republic, Israel or Ghana. Currently, also PBG is executing its first foreign contracts for Kanfa Aragon from Norway and Gas Naturale from Pakistan. The biggest receivers of the Group's services in this segment are PGNiG and Gaz-System.

Revenues	Year 2008 (in PLN thous.)	Year 2007 (in PLN thous.)	Change (in PLN thous.)	Change (in %)
Natural gas and crude oil (extract, transfer, distribution)	258 071	160 455	97 616	61%

Share of natural gas and crude oil in net revenues from sales in 2008 totalled 12.3 % and increased almost by one (1) percentage point in relation to the previous year. Natural gas and crude oil segment is the basic area of operations of PBG SA which is a leader in this sector on the Polish market. In relation to signing in August of 2008 historically the largest contract of this segment that is the contract for construction of crude oil plant for the Polish Gas and Oil Company SA in the net amount of PLN 1,4 bn and the contract of slightly lower value for construction of the underground gas storage in Wierzchowice in the amount of PLN 1,1 bn, PBG expects considerable increase of income from sales from the natural gas and crude oil sector in the following years. Those are the most important projects being conducted by the PBG Capital Group.

4.2. WATER SEGMENT

We build installations which aim is to decrease the pollution of water, soil and air, and therefore, we significantly influence the improvement of natural environment conditions. We carry out the whole investments of hydraulic engineering constructions, structures of environment protection and water-sewage system.

We have appropriate equipment, financing and staff to gain and execute on our own even the largest undertakings. We are in the forefront of system renovation services market.

We make use of the latest technologies of renewal installation, without the necessity to dig up, conservation and repair of underground pipeline infrastructure.

We completely prepare such environment protection structures as:

WATER:

- water treatment stations;
- water mains and supply systems;
- renewal of water supply systems;
- automation and measurements;
- electrical installations;
- designing;
- anti-corrosion protection.

SEWAGE:

- sewage treatment system;
- collectors and sewage systems;
- renewal of sewage systems;
- automation and measurements;
- designing;
- electrical installations.

WASTE:

- waste management plants;
- waste dump sites;
- reclamation;
- automation and measurements;
- designing;
- electrical installations.

We completely build such hydraulic engineering constructions as:

- hydraulic engineering reservoirs (dry and wet, fire-fighting, agricultural);
- river regulation;
- damming constructions, water levels;
- locks;
- hydroelectric power stations;
- communication structures.

COMPANIES FROM THE PBG CAPITAL GROUP OPERATING IN THE WATER AREA

Hydrobudowa Polska SA

Company specializes in the end-to-end construction and investment servicing of engineering, hydro-technical, environmental protection, and water and sewerage systems.

Hydrobudowa 9 SA

The core business of the company are hydro engineering, environmental protection, road and residential construction systems.

Przedsiębiorstwo Inżynieryjne „Metorex" Sp. z o.o.

The company offers construction services, such as construction of waterworks, sewerage systems, heating and gas pipelines, land improvement for hydro-engineering structures, wastewater treatment plants, as well as surfaces of roads and squares.

Infra SA

Business activities of the company concentrate on services in the area of sanitary engineering and environmental protection; the company uses different methods of renovation of waterworks, sewerage, and technological systems.

KWG SA

The company specializes in investments in infrastructures related to the environmental protection, such as: waterworks and sewerage systems, pumping stations and wastewater treatment plants , low-, medium and high-pressure gas supply systems, as well as meter and regulator stations and gas boiler houses.

PRIS Sp. z o.o.

The company operates in the area of renovation and monitoring of pipelines and trenchless technologies. Purchase of its shares by the Infra SA company strengthened the PBG Capital Group in the area of renovation of existing waterworks and sewerage systems.

Wiertmar Sp. z o.o.

The company offers services in the area of renovation and monitoring of pipelines and trenchless technologies. The objective of inclusion of Wiertmar into the PBG Capital Group was to back-up the Companies operating in the hydro-technical area and especially the Infra company in the area of renovation of existing waterworks and sewerage systems.

SALES

Sales market of the services from the water segment includes whole Poland which is a result of gaining contracts from different kinds of entities in strictly specified locations indicated by an investor. Main Group's investors are local government entities and economic entities running business within water-sewage management, including economic entities which belong to municipalities and local government entities.

Revenues	Year 2008 (in PLN thous.)	Year 2007 (in PLN thous.)	Change (in PLN thous.)	Change (in %)
water (hydro engineering, environmental protection, renovations)	1 130 317	781 821	348 496	45%

Water segment is a very dynamic segment of the Group's operations which had the greatest share in total sales (in 2008 revenues from that segment totalled 54% of total revenues from sales in comparison to 55,6% in 2007). Contracts performed in this segment are co-financed by the European Union; the value of each contract is quite high and they are related to the investments in such areas as environmental protection and hydro-technology. The investment budget for Poland approved for years 2007-2013 provides EUR 63 bn for the investments related to: infrastructure, environmental protection and hydro engineering which allows to assume that that this market will remain attractive in the following years. Hydrobudowa Polska and Hydrobudowa 9 are leading companies in the water segment of the PBG Group.

4.3. FUELS SEGMENT

We accomplish investments in the form of general execution that consists in both the construction of new buildings, as well as the modernization of existing storage stations together with accompanying infrastructure. While repairing the storage reservoirs, we also work on structures being in operation.
Following an order received from NATO we modernize and develop the existing storage reservoirs of solid fuels (MPS), as well as deliver and build underground storage reservoirs in military bases throughout Poland.
The execution of designs in the field of military building is connected with access to secret information, which requires a special permission. We are among very few who satisfy the Investor's expectations in this scope.

We completely prepare:

- building and execution designs;
- ground and underground installations;
- transmission and storage technologies;
- technological installation of petrol vapour recycling;
- distribution and unloading installations;
- dosing installation of concern additives to fuels;
- safety and monitoring installation;
- sanitary installation;
- power infrastructure and akp;
- container generating sets and emergency power supply systems;
- control and supervision installations;
- complete fire systems;
- elements of railway infrastructure (tracks, sidings);
- tight trays;
- steel constructions;
- anti-corrosion protection;
- concrete and asphalt roads and fields.

COMPANIES FROM THE PBG CAPITAL GROUP OPERATING IN THE FUELS AREAS

Leading role in this segment performs the PBG company.

SALES

Sales market of services from the segment of fuels includes whole country area. It is related to gaining contracts from different kinds of entities and executing them in places shown by an investor.

Revenues	Year 2008 (in PLN thous.)	Year 2007 (in PLN thous.)	Change (in PLN thous.)	Change (in %)
fuels (fuels storage)	170 038	192 225	-22 187	-12%

Investment projects implemented in the segment of fuels are related to fuel storage (fuel depots and storage facilities). Share of the discussed segment in net revenues from sales reached 8,1% and was lower by 5,6% in comparison to the analogical period of the previous year.

The main buyers of services in this segment are: the Investment Department of NATO, PKN Orlen and OLPP Sp. z o.o.. In this segment the most important project carried out since the beginning of 2007 is the contract for execution of investment connected with delivery and execution of underground storage reservoirs. The total value of the agreement is nearly PLN 280 mln (at the time of signing agreement its value amounted approximately PLN 255 mln). Acquisition of the contract with NATO and increasing demand for such services could lead to the increase in revenues in this segment in the future.

4.4. INDUSTRIAL AND HOUSING ESTATE CONSTRUCTION SEGMENT

We accomplish works in the housing, industry and sport sectors. We construct public utilities, offices, trade and commercial structures. Our property development services include structures on the basis of our own lands and building structures. We carry out an activity connected with land purchase and development. We offer our customers finished and separate private accommodations, as well as other premises together with a share in land and housing parts of the building.

In the scope of large volume and industrial buildings we carry out:

- formal and legal agreements;
- land levelling;
- land drainage;
- staking;
- foundations;
- fields;
- concrete and steel constructions;
- provision of all technological media to structures;
- electric networks;
- central heating and ventilation;
- ventilation, air-conditioning and heating systems.

Moreover, we:

- build housing and trade centres;
- design new concepts of development;
- deal with the property management and trade;
- put the property legal status in order;
- organise formal and legal structures of property development projects.

COMPANIES FROM THE PBG CAPITAL GROUP OPERATING IN THE INDUSTRIAL CONSTRUCTION AREA

Construction of sport arenas - Hydrobudowa Polska, PBG
Construction of waste disposal plants - Hydrobudowa Polska, Hydrobudowa 9

PRG Metro Sp. z o.o.

The company is one of the general contractors of Warsaw underground tunnels and accompanying facilities such as subway routes/track fan units chambers, junction cells, underpasses, micro-tunnels. The company extended its activity on the water and sewerages market. The PRG Metro company strengthened executive potential of the Hydrobudowa Polska SA company and enabled it diversification of the areas of activity, including entering into entirely new markets connected for instance with construction of underground.

COMPANIES FROM THE PBG CAPITAL GROUP OPERATING IN THE HOUSING ESTATE AREA

PBG Dom Sp. z o.o.

The company operates in the area of real estate development (the construction of a housing estate in Lusówko near Poznań). It also manages real estates and lands owned by all companies from the PBG Capital Group.

Apartamenty Poznańskie Sp. z o.o.

The company operates in the area of construction and real estate development.

Gdyńska Projekt Sp. z o.o.

The purchase, sale, lease and management of real estates constitutes the subject of activity of the Gdyńska Projekt Sp. z o.o. company. The company conducts construction and development activity.

Budwil Sp. z o.o.

The purchase, sale and development of real estates at own account constitutes the subject of activity of the Budwil Sp. z o.o. company. The company conducts construction and development activity.

Górecka Projekt Sp. z o.o.

The company conducts construction and development activity.

PBG DOM INVEST I Sp. z o.o. (previously Dawil Sp. z o.o.)

The company conducts construction and development activity.

Złotowska 51 Sp. z o.o. (previously KM Investment Sp. z o.o.)

Construction of apartments for sale and lease constitutes the subject of activity of the Złotowska 51 Sp. z o.o.company. Investment in the Złotowska 51 Sp. z o.o. company was aimed at common performance of the development project.

SALES

Services in the field of industrial and residential construction are being executed in whole Poland.

Revenues	Year 2008 (in PLN thous,)	Year 2007 (in PLN thous,)	Change (in PLN thous,)	Change (in %)
Industrial construction and housing estate (construction, infrastructure for industrial facilities)	195 491	116 152	79 339	68%

Share of the industrial construction and housing estate segment in net revenues from sales in 2008 reached 9,3% which is the amount higher by 1% in comparison to year 2007. In relation to new perspectives occurring on this market concerning mainly infrastructure investments, such as: construction of stadiums or waste disposal plants in the largest cities in Poland significant increase of revenues from the industrial construction segment may be expected in the following years. Presently the most important projects carried out within the scope of discussed segment are as follows: contract for construction of stadium in Poznań in the amount of nearly PLN 400 mln, the contract for the construction of waste disposal plant in the approximate amount of PLN 300 mln and the contract for construction of stadium in Gdańsk in the amount of PLN 427 mln.

4.5. ROAD CONSTRUCTION SEGMENT

We do the works connected with road, bridge and tunnel constructions. We have our bituminous mass factory and laboratory which controls the production.
We produce mineral-bituminous masses of highest standards which are intended for roads of high level of traffic. We produce bituminous masses for cold built-in. We have modern, fully-automated concrete facilities and an aggregate mine.

In the range of road, bridge and tunnel construction we offer:

- road and street construction and modernization in various functional categories;
- complex road works, including:
  - earthwork,
  - sewage system,
  - culverts,
  - all kinds of foundations,
  - bituminous and concrete surface works,
- bridge works;
- tunnel construction, including:
  - underground tunnels,
  - road tunnels,
  - railway tunnels,
  - tunnels for pedestrians,
  - ventilation tunnels,
- bituminous mass production;
- concrete production;
- production of mineral-bituminous mixtures;
- cold recycling of roads and fields;
- soil stabilization and homogenization;
- surface milling;
- recycling of the building rubble;
- equipment and transport services.

COMPANIES FROM THE PBG CAPITAL GROUP OPERATING IN THE AREA OF ROAD CONSTRUCTION

APRIVIA SA

The APRVIA company is responsible for the consolidation of companies from the road construction sector and strengthening the position of the PBG Capital Group in the area of road construction, including the acquisition and execution of contracts and the organization of financing activities.

Dromost Sp. z o.o.

The company offers construction services in the area of transport facilities and produces bituminous masses.

PRID SA

The company is the contractor of road, bridge and engineering works including ground works, the construction of sewerage systems and bases as well as oil stabilization and surface works, both bituminous and concrete ones. The company also owns a Bituminous Mass Works with a research laboratory.

BETPOL SA

The Company's scope of business includes mainly road works, such as: foamed bitumen cold recycling or milling asphalt and concrete surfaces. Betpol also produces cold asphalt and bitumen mix and ready mix concrete. Moreover, it produces steel constructions and it offers demolition, assembly and construction services as well as installation services including reinforced concrete works. The inclusion of BETPOL into the Capital Group strengthened the activities of the Group in the area of road construction.

BROKAM Sp. z o.o.

The company owns the land and license for aggregate production. The company will back-up the Companies from the PBG Capital Group operating in the segment of road construction by providing construction materials.

SALES

Companies from the road construction area operate mainly on the local markets and its surroundings (which is Bydgoszcz, Nowy Tomyśl and Poznań). Currently, these companies bid for tenders in whole country.

Revenues	Year 2008 (in PLN thous,)	Year 2007 (in PLN thous,)	Change (in PLN thous,)	Change (in %)
roads (road construction)	140 794	31 205	109 589	351%

The share of above segments in net revenues from sales in 2008 reached in total 6,7% and increased by 4-percent in relation to the previous year. Revenues in comparison to the end of year 2007 increased over three times and reached almost PLN 141 mln from PLN 31 mln. Year 2008 was mainly a year of road companies consolidation, introducing organizational changes, restructuring and raising capital of entities which joined the PBG Capital Group.

Moreover, there are three another companies in the PBG Capital Group which operate in different areas not mentioned above.

EXECUTIVE COMPANIES

PBG technologia **PBG Technologia Sp. z o.o.(previously Hydrobudowa Polska Konstrukcje Sp. z o.o.)**

The company is conducting production and assembly activity within the scope of: manufacture and assembly of steel constructions, production and assembly of devices and installations, production and assembly of steel containers, execution of complex installations projects for industry and particularly for petrochemical industry. This company will be dealing in future with strictly executive activity within the scope of construction services.

GAINING AND EXECUTION OF FOREIGN CONTRACTS AREA

PBG Export Sp. z.o.o.

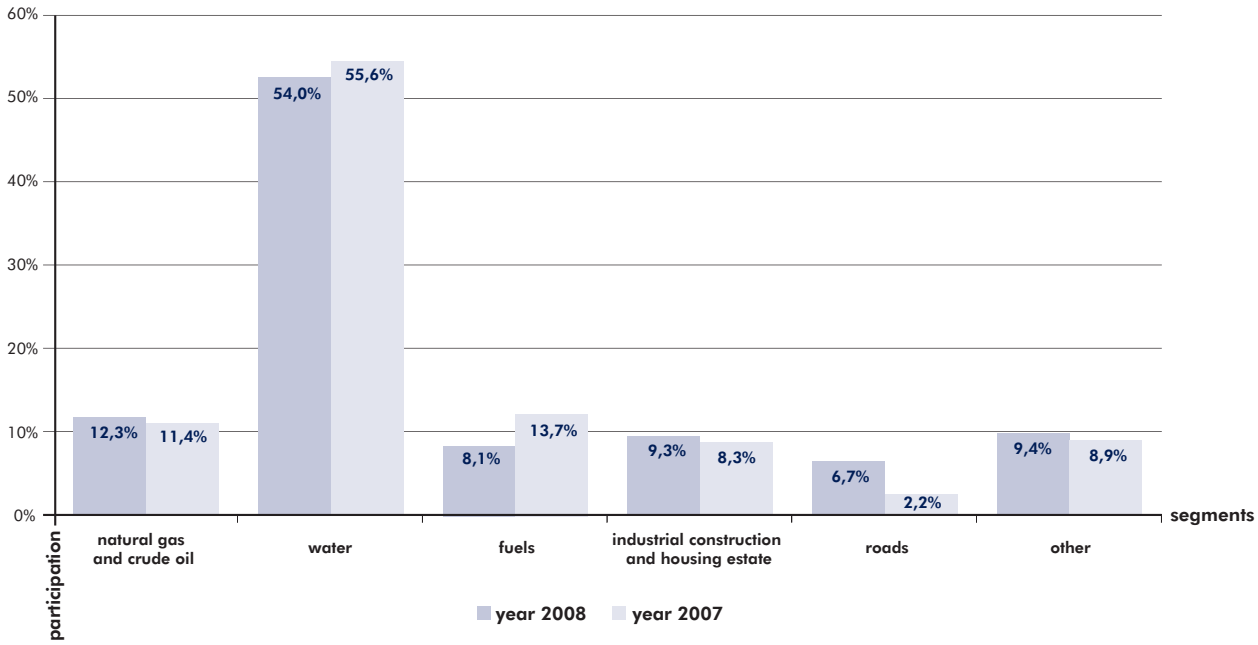
The PBG Export company was established for the purpose of acquiring orders in the country and abroad as well as for supervision over their performance.

SUPPORT TO ALL COMPANIES FROM THE PBG CAPITAL GROUP

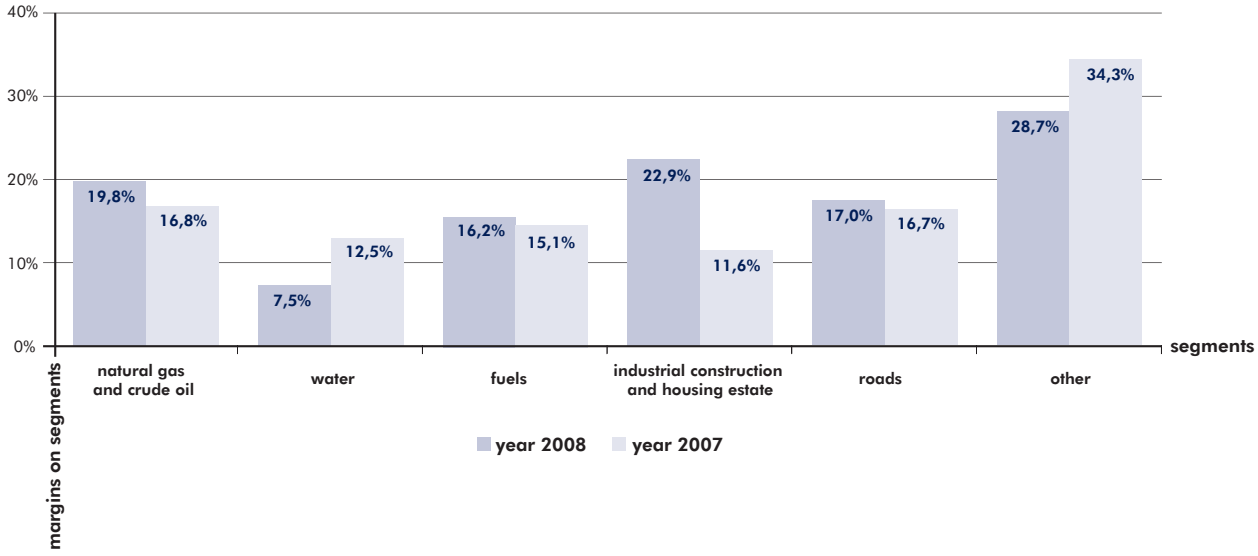
AVATIA GRUPA PBG **AVATIA Sp. z o.o.**

The core business of the company is the provision of IT services, including: IT consultancy, IT systems implementation, data processing, as well as services related to IT and computer technologies. AVATIA as a member of the PBG Capital Group offers support in the IT area to all Companies within the Group.

PARTICIPATION OF SEGMENTS OF THE PBG CAPITAL GROUP ACTIVITY IN REVENUES IN YEAR 2008



FORMATION OF GROSS MARGIN ON SALES IN SEGMENTS OF THE PBG CAPITAL GROUP ACTIVITY IN YEAR 2008



5. EMPLOYEES

In 1994 in the "garage", there has been founded family company named Piecobiogaz (TODAY'S PBG), employing 7 people. Currently Company is at the head of the PBG Capital Group, employing nearly four thousand people. They are involved in realization of big and complicated projects, increasing value of the companies and taking care of high level of given services and supplies.

In the business activity the PBG Capital Group makes its way towards high ethical standards, creating partnership relations with clients, social-economic environment and employees. In contacts with other entities, clients and in interpersonal relations, employees of the Company make their way towards such rules as: professionalism, responsibility, reliability, credibility and honest competition.

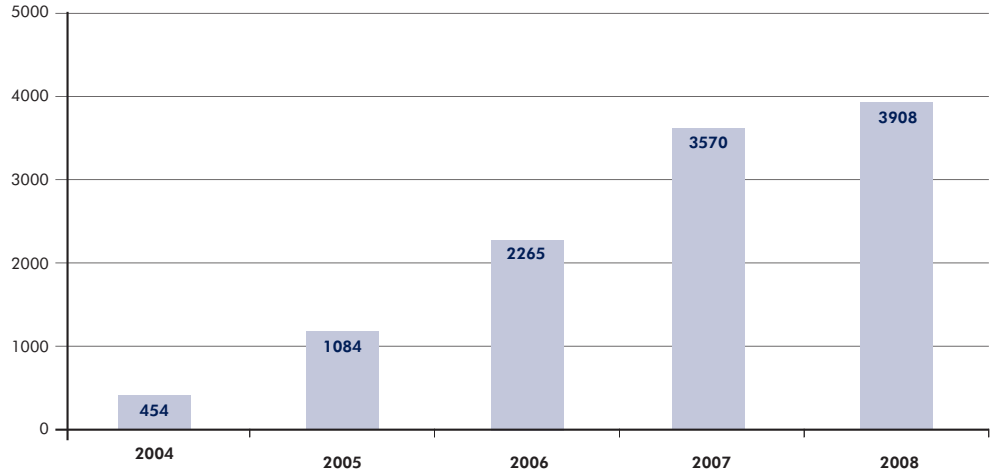
The strongest side of the PBG Capital Group is experience, education and ambition of employees. Each of them is prepared to take full responsibility for tasks entrusted to them. Unique organizational culture and family atmosphere create awareness of influence of each of US on achieved successes of the Group.

The Group effectively communicates their employees what are expectations towards them and what aims are meant to be accomplished. OUR employees in a reliable way execute responsibilities entrusted to them and maintain good relations with clients and partners. All above lead to a systematic creation of positive effigy of the Group in its surrounding either internal or external.

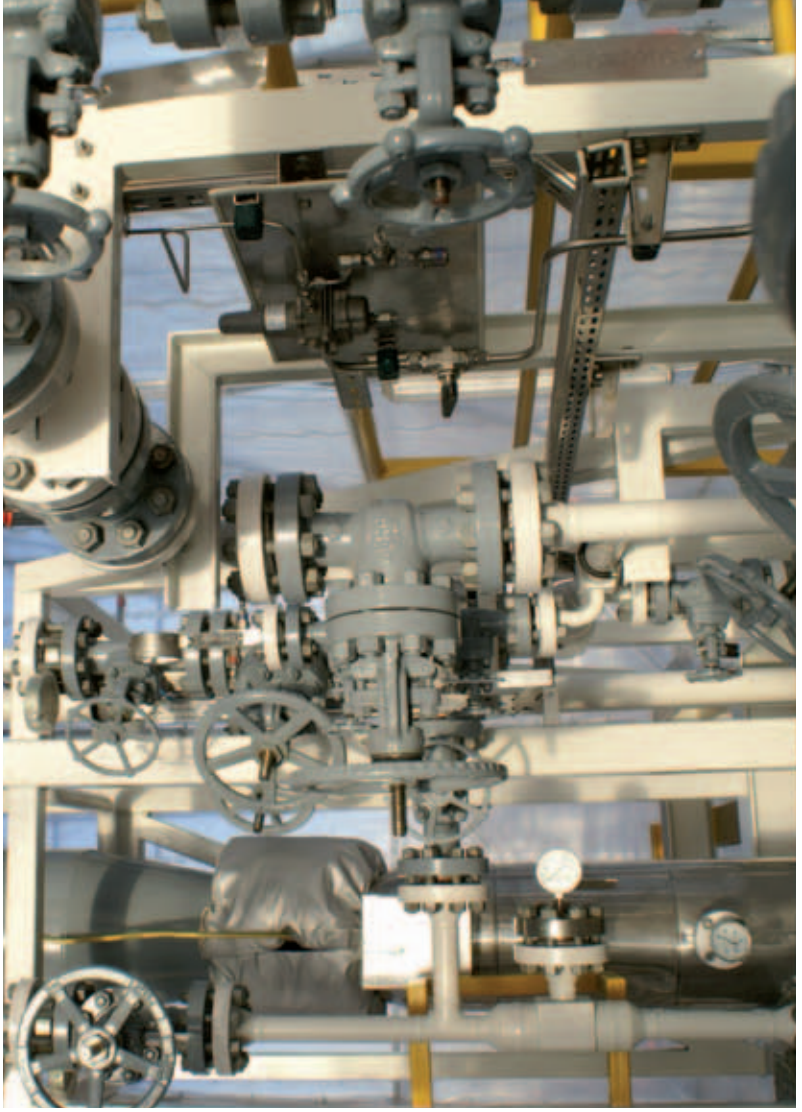
One of the principal assumptions of the human resources management policy in the Group is sustain development and improvement of employees what give them a chance for professional development and, as a consequence, possibility of promotion. Regardless of the level in the organization hierarchy , employees have equal access to the system of trainings. Employer meets needs of the employee and give him opportunity to raise his qualifications according to requirements of the taken position and according to perspectives of further professional development.

For top management and key employees of the PBG Capital Group there has been introduced Motivation Program which is an addition to the remuneration system. The condition of Program execution at the given year is reaching by the PBG Capital Group operating profit for the recent fiscal year, shown in consolidated financial statement, examined by an independent auditor and approved by AGM of the PBG SA company at the level of at least 75% of the operating profit forecast for the year examination has concerned. In 2008 in the frameworks of the Program there have been given 12 500 D series bearer shares of the PBG company.

EMPLOYMENT AT YEAR-END (5 years comparison)



The PBG Group is characterised by regular, dynamic growth of employment. At the end of year 2008 there was 3908 employees which means almost 10% increase in comparison to year 2007 (3570 people).



IV. Year 2008

1. THE PBG SUCCESS STORY

Success

1994 founding Piecobiogaz s.c. company

1995 introducing new product: reducing station "Piecobiogaz" – first projects for PGNiG

1996 purchasing and introducing American technology T.D. Williamson, first works on active gas pipelines

1997 founding Technologie Gazowe Piecobiogaz Sp. z o.o. company

1998 purchasing and introducing non digging method of pipelines renovation Compact Pipe

1998 gaining EN – PN ISO 9001:1996 certificate

1999 construction of the first in Poland automatic natural gas plant Banikowo-1

2000 realization of the first gasification and heating of cities and municipalities program

2001 construction, as a General Investment Contractor, the biggest in Poland automatic Natural Gas Plant in Kościan

2002 construction of the LPG separation and storing station - Władysławowo

2002 purchasing first shares packet of Hydrobudowa Włocławek SA

2002 gaining PN-EN 729-2 certificate

2003 construction of the first in the history of the company Crude Oil Plant – Sławoborze, Dzieduszyce

2004 changing legal form and name from Technologie Gazowe Piecobiogaz Sp. z o.o. for PBG SA

2004 July 2, IPO – debut of the PBG SA company on the Warsaw Stock Exchange (amount of gained capital – PLN 96 mln)

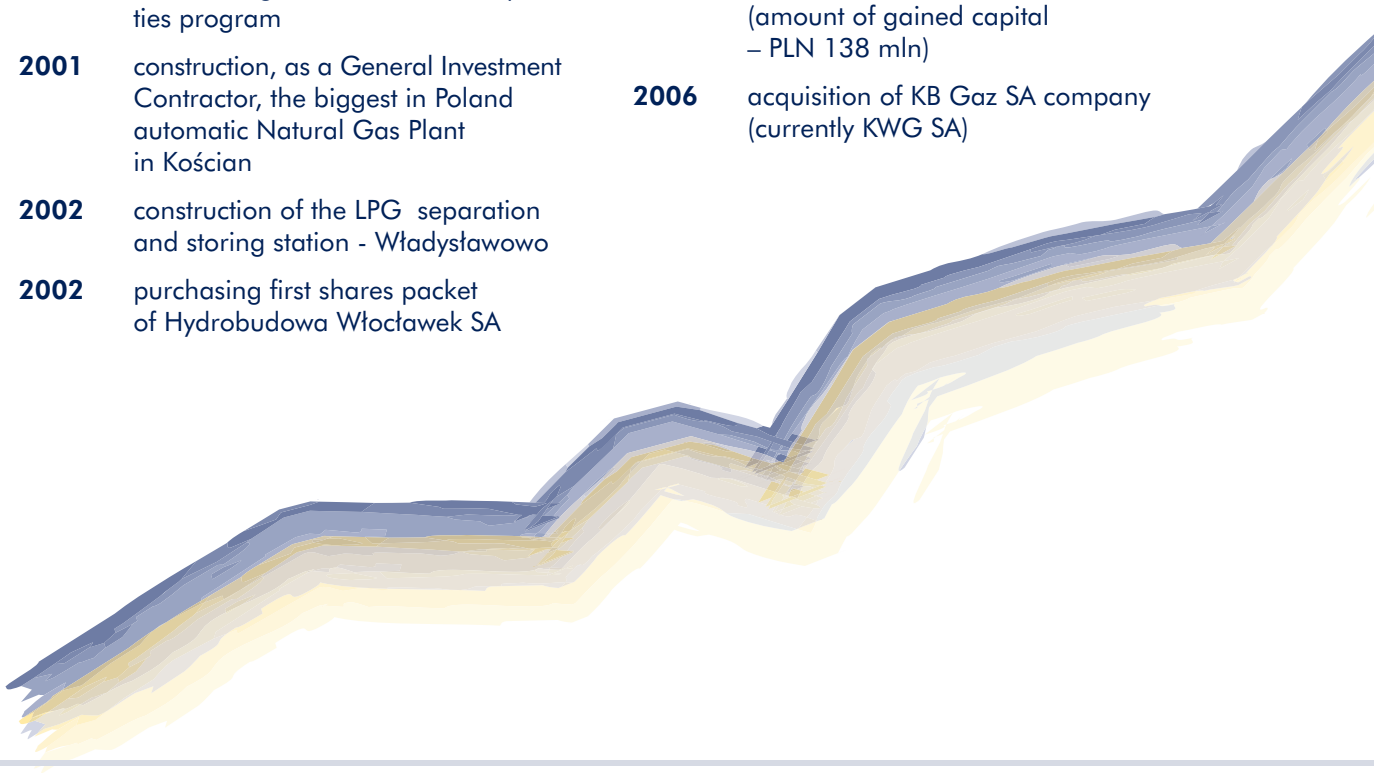
2005 purchasing shares in Metorex Sp. z o.o. company and in Infra Sp z o.o. (currently Infra SA)

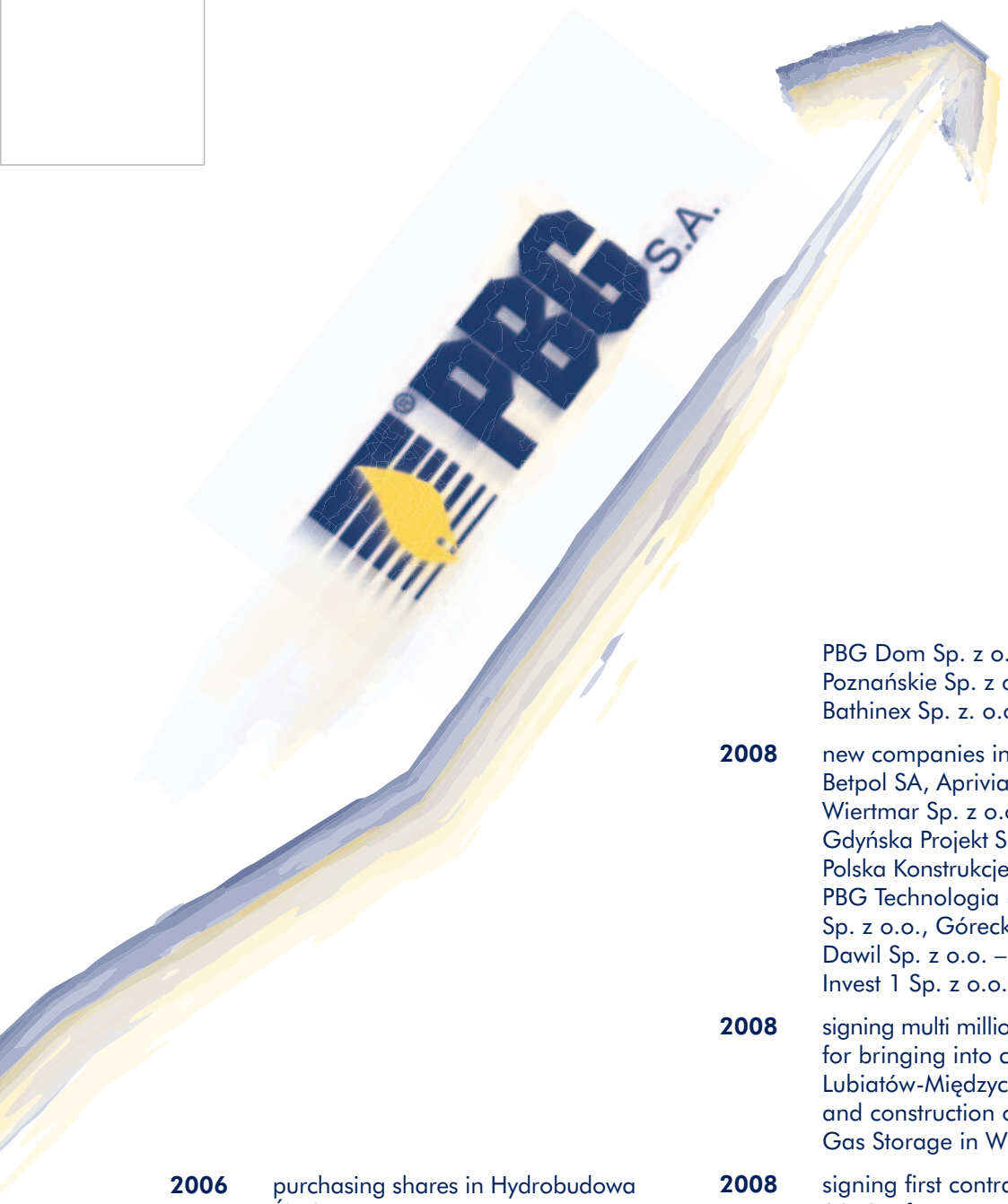
2005 taking possession of the control packet of shares in Hydrobudowa Włocławek SA company

2005 first contracts for PKN ORLEN

2006 January, SPO of PBG SA shares (amount of gained capital – PLN 138 mln)

2006 acquisition of KB Gaz SA company (currently KWG SA)





2006 purchasing shares in Hydrobudowa Śląsk SA company

2007 January, SPO of PBG SA shares (amount of gained capital – PLN 350 mln)

2007 merging Hydrobudowa Włocławek SA and Hydrobudowa Śląsk SA and forming one of the largest entities operating on the environmental protection and hydro engineering market (currently the Company is named Hydrobudowa Polska SA)

2007 new companies in the PBG CG (Hydrobudowa 9 SA, GasOil Engineering AS, Excan Oil&Gas Engineering LTD, Przedsiębiorstwo Drogowo-Mostowe Dromost Sp. z o.o., PRID SA, PBG Dom Sp. z o.o., Apartamenty Poznańskie Sp. z o.o., Brokam Sp. z o.o., Bathinex Sp. z. o.o., PRIS Sp. z o.o.)

2008 new companies in the PBG CG: Betpol SA, Aprivia SA, Avatia Sp. z o.o., Wiertmar Sp. z o.o., Budwil Sp. z o.o., Gdyńska Projekt Sp. z o.o., Hydrobudowa Polska Konstrukcje Sp. z o.o. – (currently PBG Technologia Sp. z o.o.), PRG Metro Sp. z o.o., Górecka Projekt Sp. z o.o., Dawil Sp. z o.o. – (currently PBG Dom Invest 1 Sp. z o.o.)

2008 signing multi million contracts with PGNiG: for bringing into cultivation deposits Lubiatów-Międzychód-Grotów (LMG) and construction of the Underground Gas Storage in Wierzchowice

2008 signing first contract related to the EURO 2012 – for construction of Municipal Stadium in Poznań

2009 enlarging PBG CG by another companies: PBG Export Sp. z o.o., KM Investment Sp. z o.o. (currently Złotowska 51 Sp. z o.o.) and PBG Technologia Sp. z o.o.

2009 gaining contract related to the construction of stadium for EURO 2012: BALTIC ARENA Stadium in Gdańsk

Time

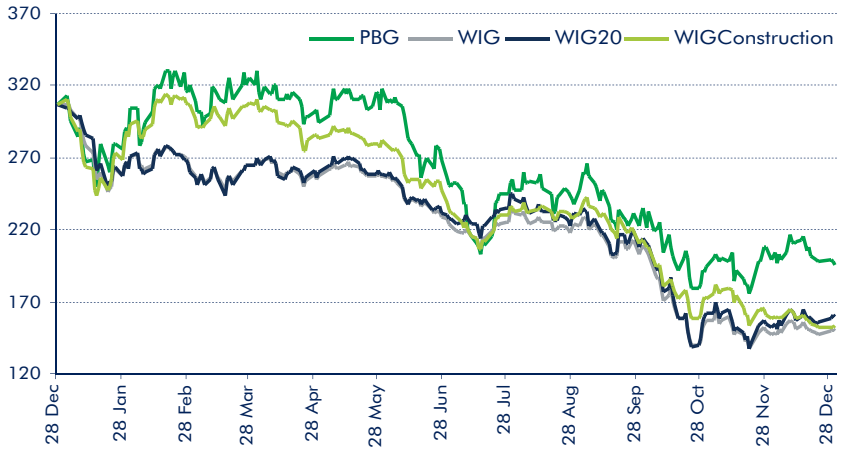
2. THE PBG SHARES AND SHAREHOLDERS

HISTORY OF THE PBG SA ON THE CAPITAL MARKET

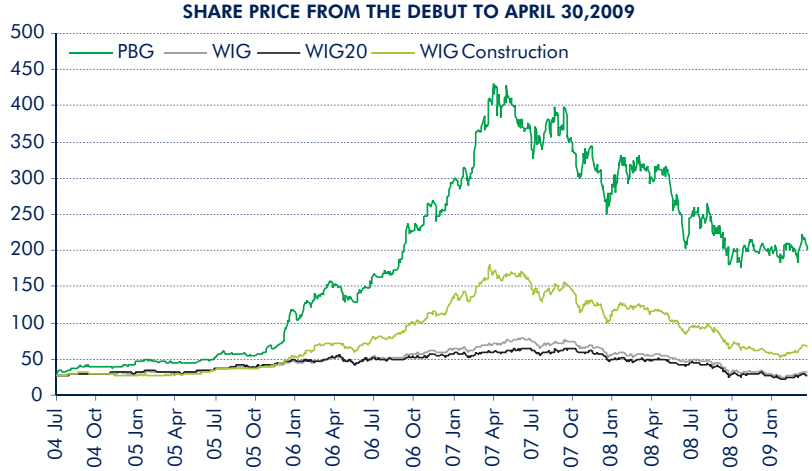
- IPO – issue price of PLN 32 per share (June 2004)
- Debut price on the WSE – PLN 35 (July 2, 2004)
- SPO – issue price of PLN 92 per share (January 2006)
- SPO – issue price of PLN 250 per share (January 2007)
- Maximum share price – PLN 430 per share (April 30, 2007)
- Current market price – PLN 206 per share (April 30, 2009)
- Market cap – PLN 2,767 bn (April 30, 2009)
- MSCI EM Index - as of June 1, 2007, the company has been listed on the emerging market index of Europe, The Middle East and Africa
- WIG 20 Index - as of June 18, 2007, the company has been listed on the index of the 20 biggest and most liquid companies on the WSE – BLUE CHIPS

PRICE OF THE PBG SA COMPANY SHARES FROM THE DAY OF THE DEBUT ON THE WARSAW STOCK EXCHANGE

SHARE PRICE FROM JANUARY 1, 2008 TO DECEMBER 31, 2008



SHARE PRICE FROM THE DEBUT TO APRIL 30,2009



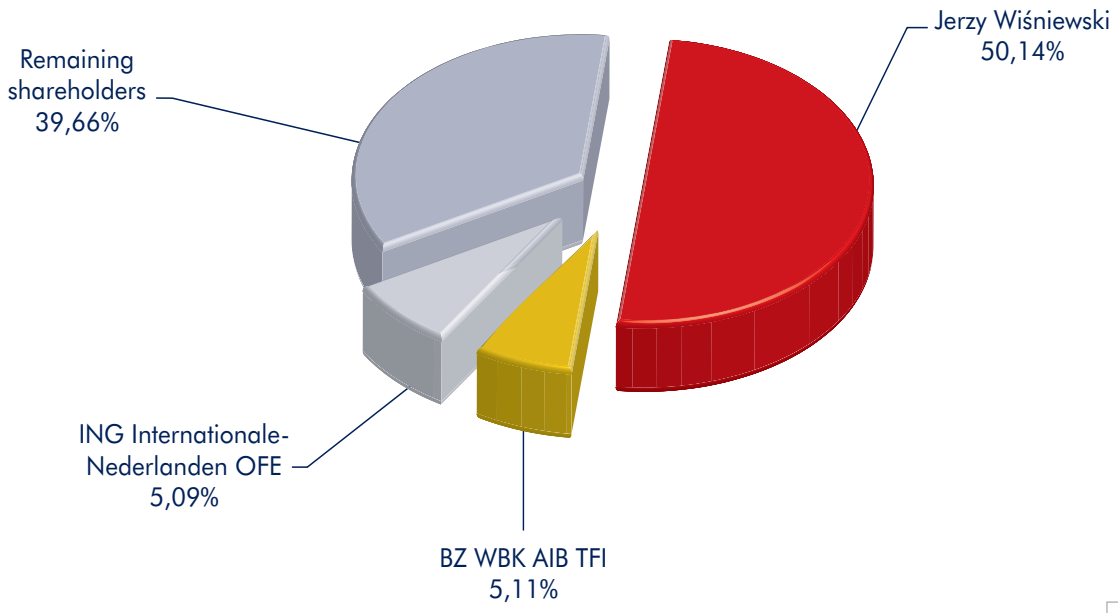
KEY DATA PER SHARE

Key data per share		2008	2007	Change % y/y
Earnings	in PLN	11,78	7,77	+51%
Equity	in PLN	69,11	55,90	+24%
Share price high	in PLN	331,00	430,00	-23%
Share price low	in PLN	175,30	253,40	-31%
Share price at year-end	in PLN	196,00	286,1	-31%
P/E ratio high		28,10	54,43	-48%
P/E ratio low		14,88	32,08	-54%
P/E ratio at year-end		16,64	36,21	-54%
Number of shares		13 430 000	13 430 000	0%
Number of shares in trade		8 917 500	8 905 000	+0.1%
Market capitalization at year-end	in PLN thous.	2,632,280	3,842,323	-31%
Average daily stock exchange volume		24 309	17 767	+37%

SHAREHOLDER STRUCTURE

Initial capital of the Company is PLN 13 430 000 and is divided into 4 500 000 privileged registered shares and 8 930 000 ordinary bearer shares. Nominal value of the privileged shares and ordinary shares is PLN 1,00 each. One privileged share gives two votes at the Annual General Meeting. Nearly 99,9% of privileged shares is in possession of Mr. Jerzy Wiśniewski who is the founder of the PBG company, its major shareholder and simultaneously performs the role of the President of the Board.

SHAREHOLDERS (in votes)



As of December 31, 2008				
Shareholder	Number of shares	Total nominal value (PLN)	Share in the capital (%)	Share in votes (%)
Jerzy Wiśniewski	4.495.054 shares, including: 4.495.054 privileged registered shares	4.495.054	33,47%	50,14%
BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA	899.265 ordinary shares	916.334	6,70%	5,02%

Stan aktualny				
Shareholder	Number of shares	Total nominal value (PLN)	Share in the capital (%)	Share in votes (%)
Jerzy Wiśniewski	4.495.054 shares, including: 4.495.054 privileged registered shares	4.495.054	33,47%	50,14%
BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA	916.334 ordinary shares	916.334	6,82%	5,11%
ING Nationale - Nederlanden Polska PTE SA	912.991 ordinary shares	912.991	6,80%	5,09%

INVESTOR RELATIONS

Activity connected with running investor relations has high priority in the PBG SA company. Investor Relations Department reports directly to the Chief Executive Officer and Chief Financial Officer. Major aim of IR is to establish open communication platform with investors and shareholders of the PBG SA in order to guarantee as easy access to the information as possible. The Company communicates with the market complying with transparency rules.

In year 2008 representatives of the PBG SA have participated in numerous meetings with investors and in conferences throughout Europe and USA. The Management Board and Investor Relations team met hundreds of investors personally and discussed the Company as well as its strategy in conference calls and video meetings. Moreover, the PBG website represents an important communication medium and provides many information on the company for every interested person as well as enables downloading annual reports, periodic and current reports, financial calendar, information on Annual General Meeting and analysts' recommendations.

Our efforts to continually improve Investor Relations has been again honoured by the financial society with awarded prizes. In WarsawScan 2009 research conducted by NBS Public Relations company among analysts and people managing the biggest financial institutions in the country, PBG company has been awarded prize for the company which has the biggest fondness of investors and media, and also prize for the best communication with investors. In the same research, President of the Board and founder of the PBG SA, Mr. Jerzy Wiśniewski, has been acknowledged as the most appreciated chief of the listed company.

There are 12 institutions which analyze and cover PBG: CitiGroup Investment Research Dom Maklerski Banku Handlowego SA, UniCredit CAiB Poland SA, IDM SA, Millennium DM SA, DI BRE BANK SA, Banco Espirito Santo SA, Ipopema Securities SA, Wood & Company Financial Services AS, ING Securities SA, DM BZ WBK SA, Erste Securities Polska SA, Deutsche Bank Securities SA

INFORMATION ON THE COMPANY AND THE PBG SA SHARES:

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Shareholder's Telephone	+48 (0) 61 66 51 761 +48 (0) 61 66 46 423
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E-mail	jacek.krzyzaniak@pbg-sa.pl kinga.banaszak@pbg-sa.pl
Website	www.pbg-sa.pl
WSE	PBG
Reuters	PBGG.WA
Bloomberg	PBG PW
ISIN	PLPBG0000029

3. HIGHLIGHTS 2008

JANUARY

- Conclusion of reference agreement on the reconstruction of the stadium in Poznań with Poznański Ośrodek Sportu i Rekreacji. The value of the agreement amounts to PLN 14 mln net
- Conclusion of reference agreement with Bytomskie Przedsiębiorstwo Komunalne Sp. z o.o. for the realization of the task called "IMPROVEMENT IN WATER-SEWAGE MANAGEMENT ON THE TERRITORY OF THE COMMUNITY OF BYTOM". The concluded agreement is worth EUR 3,2 mln net
- Conclusion of reference agreement with Karkonoski System Wodociągów Sp. z o.o. for the project - "Construction and modernization of water-pipe network and sewerage system in the community of Szklarska Poręba". The concluded agreement is worth EUR 28 net

FEBRUARY

- Establishing an IT company under the name of AVATIA Sp. z o.o.
- Signing an agreement with Zakłady Wodociągów i Kanalizacji Sp. z o.o. (pipelines and sewage system plant) for the realization of the task called "Performance of works optimizing and modifying the existing process of water purification in Water Purification Plant Miedwie". The concluded agreement is worth: EUR 8,2 mln net
- Conclusion of reference agreement with Ośrodek Przygotowań Olimpijskich in Szczyrk for modernization works of Malinka ski-jump. The concluded agreement is worth: PLN 7,3 mln net.

MARCH

- Acquisition of shares in BETPOL SA
- Establishing a joint stock company under the name of APRIVIA SA

APRIL

- Acquisition of material assets by a subsidiary Infra SA in WIERTMAR Sp. z o.o.
- Establishing a subsidiary of HYDROBUDOWA 9 SA company under the name of GDYNSKA PROJEKT Sp. z o.o.
- Conclusion of a material agreement with Miejskie Wodociągi i Kanalizacja Sp. z o. o. in Bydgoszcz for extension of sewage system in Bydgoszcz. The concluded agreement is worth: EUR 30,8 mln net
- Acquisition of material assets by a subsidiary PBG DOM Sp z o.o. in BUDWIL Sp. z o.o.
- Conclusion of material agreement with "Nairit Plant" CJSC from Republic of Armenia for reconstruction and modernization of the Nairit CJSC Site". The concluded agreement is worth: USD 210 mln net
- Conclusion of the reference agreement with the community of Rewal together with Przedsiębiorstwo Inżynierii Ochrony Środowiska "Ekoklar" Sp. z o.o. for the task called "Development and modernization of sewage treatment plant in Pobierowo, community of Rewal". The concluded agreement is worth: PLN 23 mln net
- Successful end of public offer of shares issue of the K series by Hydrobudowa Polska SA, (company offered 35,000,000 K series shares, price for K series shares was determined for the amount of 8,80 PLN. HBP gained PLN 308 mln and assured resources for continuation of further expansion.

MAY

- Formation of the affiliated company HYDROBUDOWA POLSKA KONSTRUKCJE Sp. z o.o.
- Decrease of capital by PBG SA in Hydrobudowa Polska SA as a result of the registration of increasing the share capital of the company

JUNE

- Increasing share capital up to 100% of the total number of votes by PBG SA in PBG Dom Sp. z o.o.
- Conclusion of the reference agreement with the Company Polimex-Mostostal S.A. - works are connected with the realization of the project called "Construction of the terephthalic acid production plant" in Włocławek. The concluded agreement is worth PLN 23 mln net
- Acquisition of material assets by a subsidiary Hydrobudowa Polska SA in PRG METRO Sp. z o.o. Conclusion of the agreement on the sale of shares in Apartamenty Poznańskie Sp. z o.o. to its subsidiary, PBG Dom Sp. z o.o.
- Conclusion of the reference contract with Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. in Starachowice for modernization and development of sewage treatment plant in Starachowice

AUGUST

- Conclusion of the reference agreement with Zakład Utylizacyjne Spółka z o.o. in Gdańsk for the designing and construction of waste utilization plant in Gdańsk Szadółki, construction-assembly works. The value of the concluded agreement amounts to: PLN 299 mln net
- Conclusion of a material agreement with PGNiG SA for the realization of the LMG Project - Main Centre, wellsites, pipelines and other. The total contract value is PLN 1 bn 397 mln net

SEPTEMBER

- Conclusion of a material agreement with Miejski Zakad Oczyszczania Sp. z o.o. for waste neutralization plant in Trzebania. The concluded contract is worth EUR 24.9 net
- Establishing by a subsidiary HYDROBUDOWA 9 SA a company under the name of GÓRECKA PROJEKT Sp. z o.o.
- Increasing share capital up to 100% of the total number of votes by PBG DOM Sp. z o.o. in DAWIL Sp. z o.o.

OCTOBER

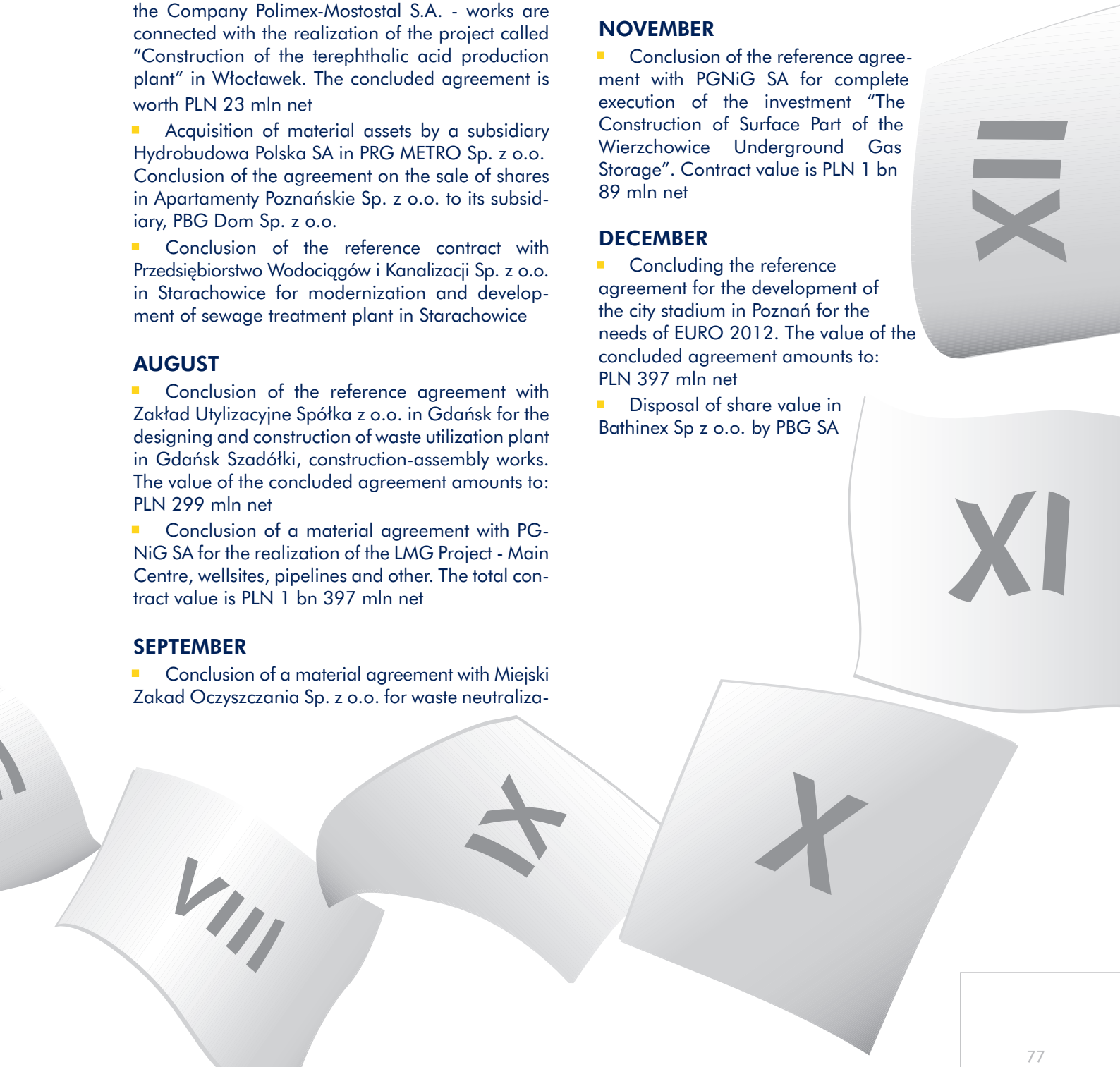
- Increasing share capital of APRIVIA SA subsidiary

NOVEMBER

- Conclusion of the reference agreement with PGNiG SA for complete execution of the investment "The Construction of Surface Part of the Wierzchowice Underground Gas Storage". Contract value is PLN 1 bn 89 mln net

DECEMBER

- Concluding the reference agreement for the development of the city stadium in Poznań for the needs of EURO 2012. The value of the concluded agreement amounts to: PLN 397 mln net
- Disposal of share value in Bathinex Sp z o.o. by PBG SA



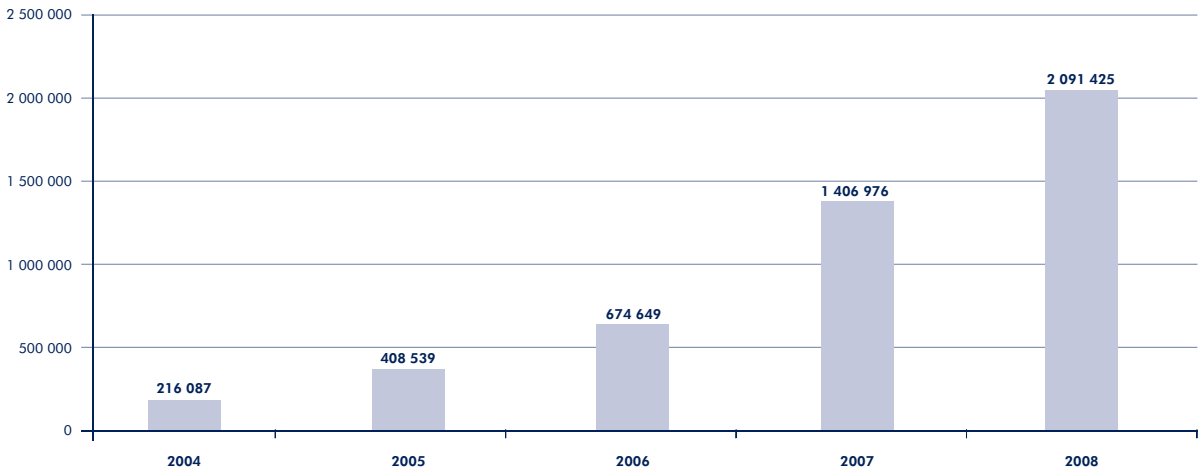
4. FINANCIAL REVIEW

Year 2008 abounded in many occurrences which had a significant influence on either financial or property situation in the PBG Capital Group. Once again, the PBG Group ended year with the best results in its history. Continually a significant influence on the Group's financial condition had its parent company which also achieved record-breaking results increasing net profit by PLN 8,4 mln to the level of over PLN 58 mln and increasing revenues to PLN 571,5 mln which is over 24% more than in a previous year. Reaching such positive results would not be possible without signing profitable contracts and accomplishment of forecasted budgets.

REVENUES FROM SALES

In 2008 the Capital Group achieved in comparison with the analogical period of the previous year the growth of revenues by 48%. The revenues of PBG Group increased from the amount of PLN 1.406.976 thousands in 2007 to PLN 2.091.425 thousands by the end of 2008. Cost of products sold in the analyzed period increased by 47% from the amount of PLN 1.192.005 thousands in 2007 to PLN 1.749.532 thousands in 2008.

HISTORICAL VALUES OF REVENUES FROM SALES OF THE PBG GROUP ARE PRESENTED BELOW
(the comparison was prepared for a period of five years)

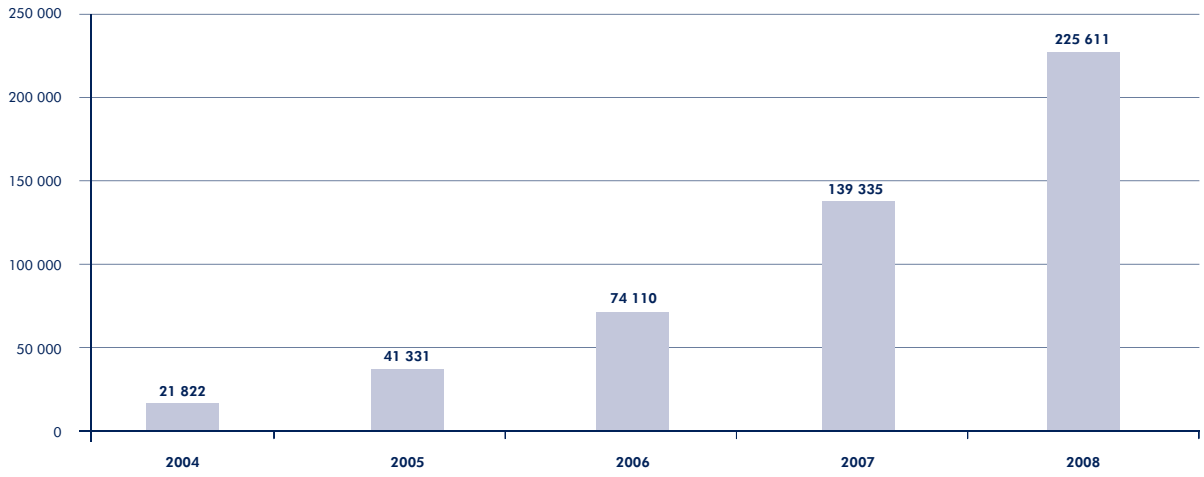


Revenues from the sales of services of the PBG Capital Group have been increasing in the last few years. This is the result of the continuous development of the Capital Group achieved through the growth of the organization and the acquisition of companies as well as by winning a significant number of new contracts of important individual value.

OPERATING PROFIT – EBIT

In 2008 the operating profit of the PBG Capital Group increased by 62 % in comparison with the analogical period of the previous year 2007. Operating profit of the PBG Capital Group increased from the amount of app. PLN 139.335 thousands to the amount of PLN 225.611 thousands.

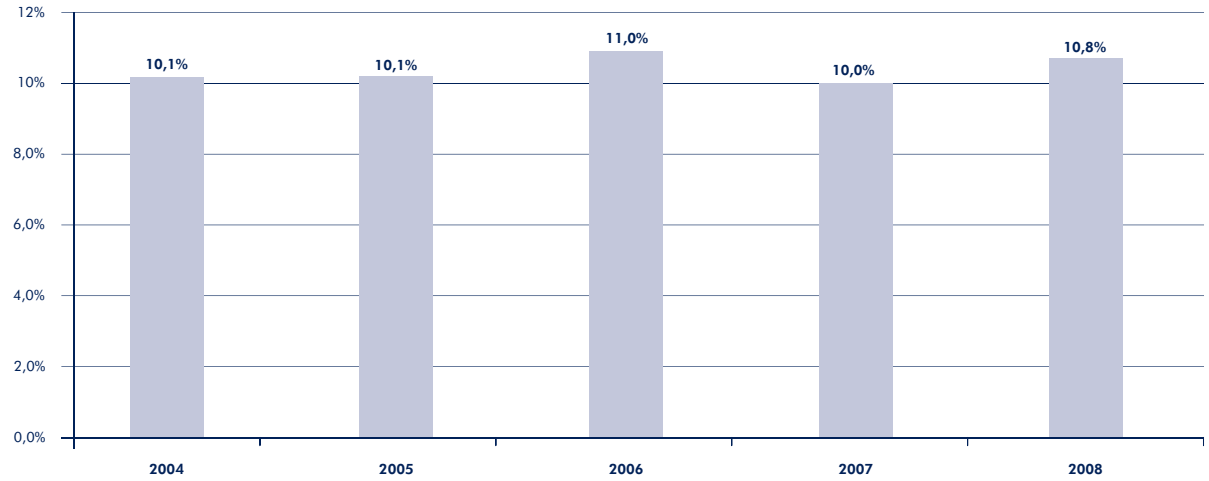
HISTORICAL VALUES OF OPERATING PROFIT OF THE PBG GROUP ARE PRESENTED BELOW
(the comparison was prepared for a period of five years)



OPERATING MARGIN

In year 2008 the PBG Capital Group has reached growth of operating margin by 0,8% in comparison to year 2007. Opearting margin increased from 10,0% to 10,8%.

HISTORICAL VALUES OF OPERATING MARGIN OF THE PBG GROUP ARE PRESENTED
(the comparison was prepared for a period of five years)



CHANGES IN THE AREA OF SALES MARKETS

In the reporting period, revenues (according to IAS) from different areas of business of the PBG Capital Group companies were generated mainly on the Polish market in the following amounts:

Revenues	2008 (in PLN thous.)	2007 (in PLN thous.)	Change (in PLN thous.)	Change (in %)
crude oil and natural gas (transmission, distribution and extract)	258 071	160 455	97 616	61%
water (hydro engineering, environmental protection and renovations)	1 130 317	781 821	348 496	45%
fuels (storing fuels)	170 038	192 225	-22 187	-12%
Industrial and residential construction (construction, infrastructure for industrial facilities)	195 491	116 152	79 339	68%
roads (road construction)	140 794	31 205	109 589	351%
other (sale of goods, materials and products and other services)	196 714	125 118	71 596	57%
Total revenues from sales	2 091 425	1 406 976	684 449	49%

The changes in the area of sales market are the consequence of the implementation of a strategy consisting in the acquisition of highly specialist contracts in terms of technology, expansion on environmental protection market co-financed from EU Funds and extension of the activity on the roads construction market and infrastructural investments.

Operations of the PBG Capital Group focus mainly on the Polish market and the Group considers this market the most important one due to the significant inflow of EU funds and related investments as well as scheduled investments connected with installations for production of liquefied natural gas and the entire additional infrastructure (pumping stations/gas compressor stations, pipelines and other) and due to investments carried out within the scope of organization in Poland European Football Championship EURO 2012. The actions are taken, however, in order to enter foreign markets in the future and especially the sectors of natural gas and crude oil. In 2006 the PBG company acting as a subcontractor of the company Pall Poland Sp. z o.o. performed the first contract for a final foreign investor, the Latvian company Latvijas Gaze Akciju Sabiedriba. The contact was performed in Latvia. The value of the contract was EUR 5.22 mln. The contract is the first step of PBG towards the foreign markets. Moreover, the PBG company took steps towards the expansion into the Norwegian market. In March of 2007 PBG concluded the first agreement with the Norwegian company Kanfa Aragon AS for the production of glycol revitalization system for gas drying. The value of the contract was EUR 1.125 mln. The transaction was considered material, since it created prospects for PBG to win new contracts in Norway. PBG received another foreign order from the above mentioned company in August 2007. The order consisted in the production of packages for glycol revitalization to be used on platforms located in the costal areas of the Great Britain as well as the supply of booster pumps used together with packages for glycol revitalization. The net value of the contract totaled nearly EUR 3 mln. Moreover in February 2007 PBG company accepted a number of orders from the company Gas Naturale' (Pvt.) Ltd. company with its registered office in Punjab, Pakistan. The total value of orders is USD 5.5 mln. The first order consisted in the preparation by PBG of the design works for natural gas liquefaction system. The second order consisted in the supply of materials and technological units for natural gas liquefaction system. The transaction was material as it created additional prospects for PBG SA to win new export contracts.

DYNAMICS OF PROFIT AND LOSS ACCOUNT

PBG CG Profit and Loss Account (in PLN thousands)	2008	2007	2008/2007
Net revenues from sales of products, goods and materials	2,091,425	1,406,976	149%
Costs of products, goods and materials sold	1,749,532	1,192,005	147%
Gross profit (loss) on sales	**341,893**	**214,971**	**159%**
Costs of sales	0	399	0%
General administrative expenses	107,997	81,143	133%
Profit on sales	**233,896**	**133,429**	**175%**
Other operating revenues	18,770	18,685	100%
Other operating expenses	27,055	12,779	212%
Operating profit (loss)	**225,611**	**139,335**	**162%**
Financial revenues	50,176	14,521	346%
Financial expenses	62,140	35,661	174%
Profits/losses from investments in related parties	2,268	28,181	0%
Profit (loss) before tax	**215,915**	**146,376**	**148%**
Income tax	25,992	26,697	97%
Net profit:	**189,923**	**119,679**	**159%**
- profit of the parent company	**158,241**	**104,308**	**152%**
- profit of the minority shareholders	31,682	15,371	206%

In 2008 revenues from sales generated by the PBG Capital Group increased by 49% in comparison to the corresponding period in the previous year, whereas the costs of sales increased by 47%.
A considerable increase was recorded on each level of financial results from particular Group's activities: gross profit on sales – increase by 59%, profit on sales - increase by nearly 75%, operating profit - increase by 62% and net profit – increase by nearly 52%.

A considerable influence was exerted on the Group's net profit achieved in 2008 by the financial revenue due to realized profits from the following transactions: profit generated by Hydrobudowa Ślask SA (now Hydrobudowa Polska SA) from selling shares of Mostostal Zabrze SA company; which resulted in achievement of quite high margin on net level in the previous year. The shares mentioned above were taken up by the Hydrobudowa SA company within the scope of agreement on exchange of debt into shares.

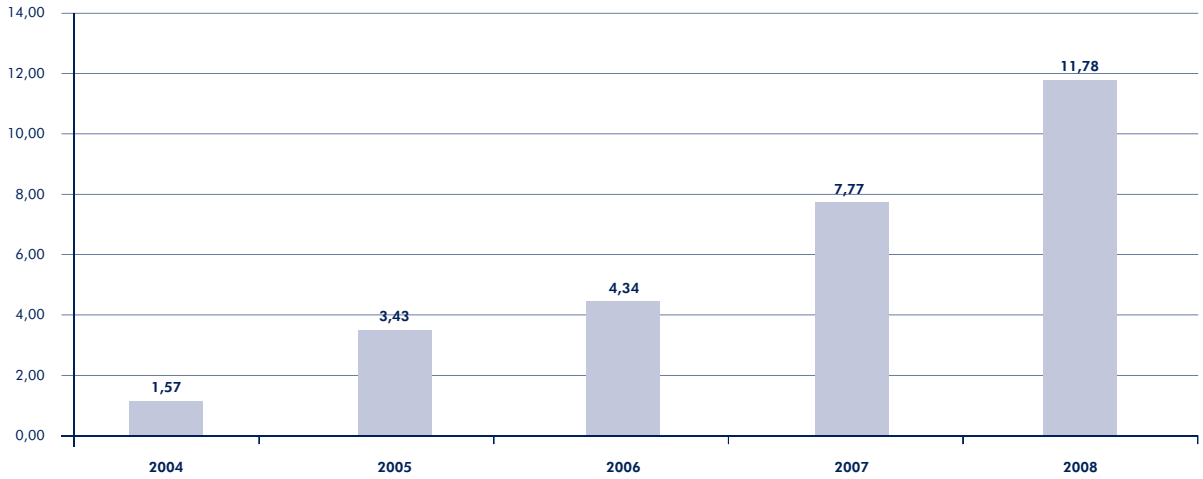
The share of floating costs in revenues from sale in the described period in comparison to the analogical period of the previous year decreased slightly from 84,7% to 83,7% that is: by 1%. The share of overhead costs in the described period also decreased and amounted 5,2% in comparison to 5,8% which means a drop by 0,6%.

It should be mentioned that the profitability recorded in 2008 by the PBG CG was under significant influence of evaluation of simple forward hedging instruments as well as acquisitions made in 2007 and completion and settlement of old contracts from the portfolio of Hydrobudowa 9.

EARNINGS PER SHARE (EPS)

In year 2008 EPS ratio has increased by 52% in comparison to the year 2007 and came to PLN 11,78 from PLN 7,77 in the previus year.

HISTORICAL VALUES OF THE EPS RATIO OF THE PBG GROUP ARE PRESENTED BELOW
(the comparison was prepared for a period of five years)



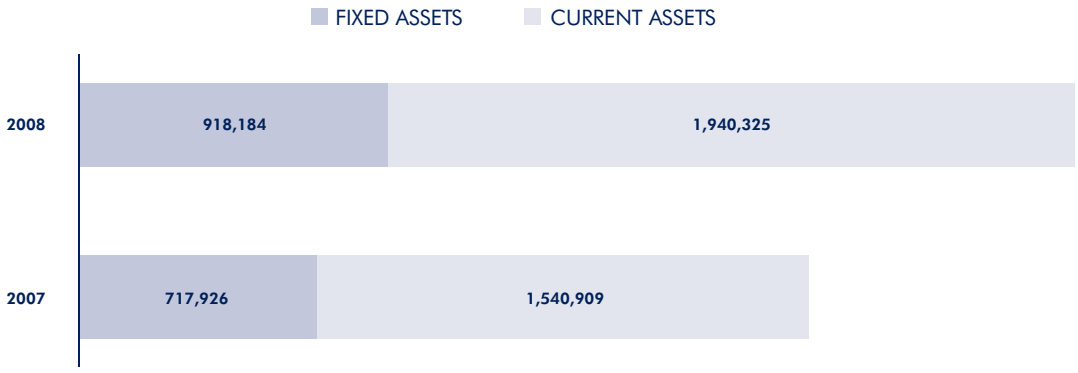
ASSETS

The structure of assets did not considerably change during the period in question. Fixed assets at the end of 2008 constituted over 32,1% of the total assets and their share decreased by 0,3% against the corresponding period in the previous year. In the same period current assets recorded a slight drop of their share in total assets and constituted nearly 67,9%. The most important element of fixed assets are tangible fixed assets (they constitute approximately 44% of fixed assets).

The second position in fixed assets is held by goodwill acquired by merger of business entities, which constitutes 35% of the former. A considerable increase of the share of this element in the analysed period was caused by realised acquisitions.

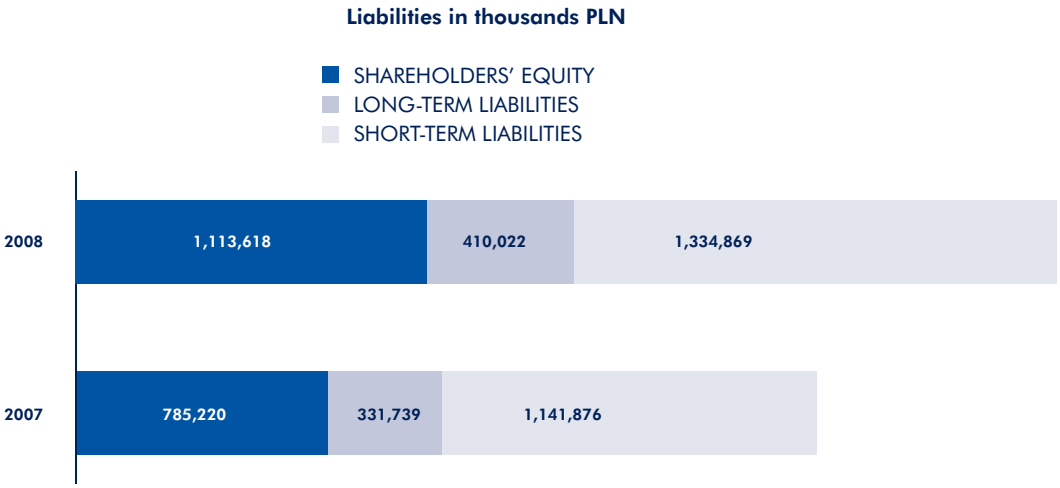
The structure of current assets against 2007 changed minimally. The biggest share in current assets in 2008 belonged to trade receivables from contracting parties due to works set out in contracts for long-term/ construction service, which constituted 40% of the current assets. Similar, yet a slightly smaller share belonged to short-term receivables constituting 35% of the current assets. The third item in terms of value constitutes cash which corresponds with 15% value of current assets.

Assets in thousands PLN



LIABILITIES

The statement of liabilities does not show important changes in the structure of sources of assets financing of PBG Group that occurred during the analysed period. The shareholders' equity constituted 39% of the total liabilities value. The share of long-term liabilities in the balance sheet sum decreased slightly (from approximately 14,7% in 2007 to 14,3% in 2008). The share of short-term liabilities also decreased, constituting at the end of 2008 - 46,7% in comparison to 50,6% in the corresponding period in the previous year. Amongst long-term payables the highest value was recorded by other long-term liabilities which included bonds issued in December of 2007 by the holding company of the Group for PLN 200 mln.



NET DEBT

	2008 in PLN thous.	2007 in PLN thous.	Change y/y in %
Long-term credits and loans	112,850	50,033	+126
Short-term credits and loans	475,147	350,402	+36
Bonds	200,000	200,000	0
- Closing balance of cash	289,713	410,305	-29
Net debt	**498,284**	**190,130**	**+162**

Net debt as of December 31, 2008 amounted PLN 498,3 mln and increased by 162% in comparison to its value from the end of year 2007. It consists of PLN 112,8 mln of long-term credits and loans, over PLN 475 mln of short-term credits and loans and PLN 200 mln of bonds issued by the parent company of the Group at the end of year 2007. From above amounts we subtract closing balance of cash which at the end of year 2008 amounted almost PLN 290 mln. Rising net debt is an effect of ploughing large amounts of money to the operational activity of the Group and financing from them contracts being executed. It is also an effect of still growing backlog of orders and significant share of projects co-financed by EU which require significant own capital employed.

DYNAMICS OF ASSETS

Assets (in thousands PLN)	2008	2007	2008/2007
FIXED ASSETS	**918,184**	**717,926**	**127.89%**
Intangible assets	14,820	13,262	111.75%
Goodwill acquired by merger of business entities	322,522	267,426	120.60%
Tangible fixed assets	403,749	306,786	131.61%
Other long-term financial assets	48,571	41,834	116.10%
CURRENT ASSETS	**1,940,325**	**1,540,909**	**125.92%**
Inventories	69,360	40,145	172.77%
Receivables from contracting parties due to works set out in contracts for long-term / construction service	783,930	439,585	178.33%
Short-term trade receivables	679,366	534,476	127.11%
Other short-term receivables	48,751	43,263	112.69%
Other short-term financial assets	51,767	58,410	88.63%
Closing balance of cash and cash equivalents	289,713	410,305	70.61%
TOTAL ASSETS	**2,858,509**	**2,258,835**	**126.55%**

The balance sheet recorded almost 27% increase against year 2007. This fact resulted from a considerable increase of each item of assets. In the period in question fixed assets increased almost by 28%. The greatest increase, both in percentage and value, was recorded in the tangible fixed assets which at the end of 2008 amounted PLN 404 mln and it was increase by 31% in comparison with the previous year. The company's goodwill also increased within the scope of merger of the economical entities. The increase in the latter item results from a higher activity in the acquisitions of other enterprises (in 2008, among others, the following enterprises were included in the PBG CG: Betpol, Wiertmar, PRG Metro).

The value of current assets increased by 26% against 2007. The greatest dynamics amongst current assets was recorded in the receivables from the contracting parties due to works set out in contracts for long-term construction service and trade receivables as well as inventories.

In terms of value, the highest items among current assets are receivables from contracting parties due to contracts for construction service and short-term receivables. The very visible increase of these two items (in the second case exceeding PLN 100 mln and in the first one even PLN 300 million respectively) resulted from the growth of the backlog of orders held and contracts realised.

DYNAMICS OF LIABILITIES

Liabilities (in thousands PLN)	2008	2007	2008/2007
EQUITY	**1,113,618**	**785,220**	**141.82%**
Equity of the shareholder of the parent company	**928,135**	**750,670**	**123.64%**
Share capital	13,430	13,430	100.00%
Reserve capital from shares sold above share nominal value	551,178	551,178	100.00%
LIABILITIES	**1,744,891**	**1,473,615**	**118.41%**
LONG-TERM LIABILITIES	**410,022**	**331,739**	**123.60%**
Long-term credits and loans	112,850	50,033	225.55%
Other long-term financial payables	256,996	208,544	123.23%
SHORT-TERM LIABILITIES	**1,334,869**	**1,141,876**	**116.90%**
Short-term credits and loans	475,147	350,402	135.60%
Other short-term financial payables	196,324	116,260	168.87%
Short-term trade payables	486,595	387,161	125.68%
TOTAL LIABILITIES	**2,858,509**	**2,258,835**	**126.55%**

A higher increase among the liabilities was recorded in the case of shareholders' equity - its value increased by almost 42% and equalled over PLN 1.1 bn, whereas external equity increased by 18,4% and amounted over PLN 1,7 bn. The following items increased significantly in the foreign capital: other long-term and short-term financial payables, credits and loans as well as trade payables (increase by 26% in comparison to their value at the end of 2008).

CASH FLOW

	2008 in PLN thous.	2007 in PLN thous.
Net cash from operations	-262,881	-117,647
Net cash used in investments	-174,856	-178,941
Net cash flows from financial activity	315,220	655,464
Closing balance of cash and cash equivalents	289,713	410,305

In cash flow for year 2008 there have been similar tendencies as in previous year. Net cash from operations in 2008 generated negative value (almost PLN 263 mln), net cash used in investments – also negative value (almost PLN 175 mln), net cash flows from financial activity marked positive value (over PLN 315 mln), closing balance of cash and cash equivalents amounted nearly PLN 290 mln and it was over PLN 120 mln less than in the previous year.

Observed economic situation implies that the PBG Capital Group develop itself very dynamically and retain this phase of development. The reason of negative operating cash flow is fact that in the Group's backlog of orders there are long-term contracts co-financed by EU which require involving large amounts of the Company's resources.

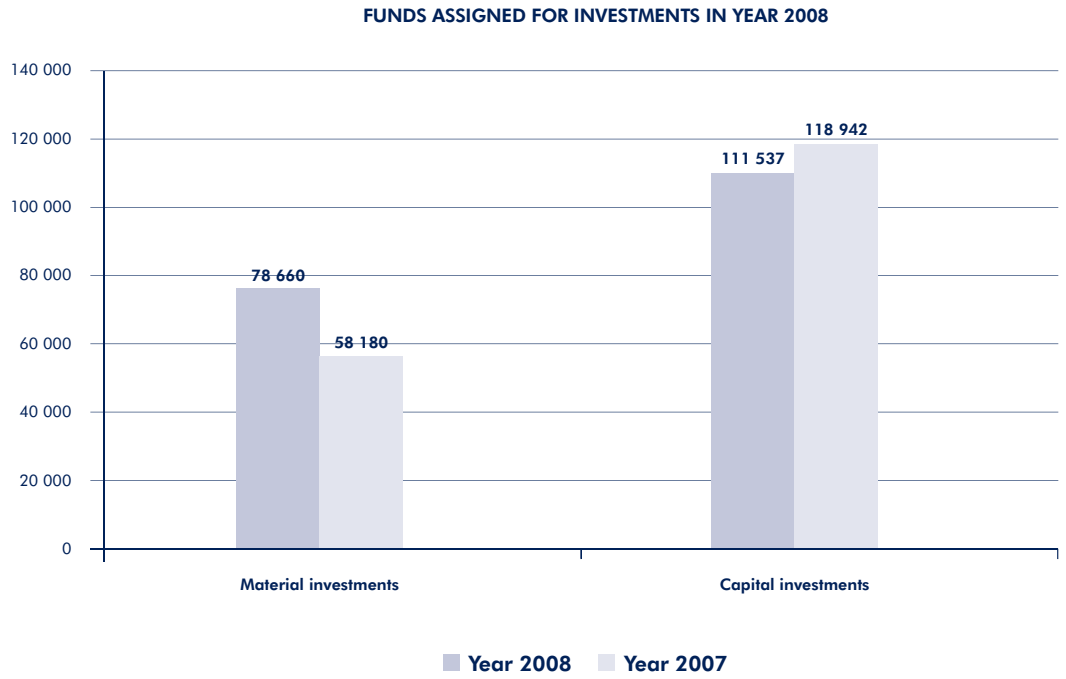
INVESTMENTS

Capital investments

In year 2008 companies from the PBG Capital Group as a result of acquisition acquired shares in four entities like Betpol, PRG Metro or Wiertmar. Each of the acquired companies is in possession of special references and competences to perform contracts on the markets which the PBG Group's interested in. Moreover, there have been four companies called into being like Aprivia and Hydrobudowa Polska Konstrukcje (currently PBG Technologia). What is more, PBG has increased share capital in one of its subsidiaries - PBG DOM company.

Material investments

In year 2008 the PBG Capital Group invested mainly in extension of machines park and warehouses. Part of the funds has been also spent on modernization and extension of already possessed or construction of new office buildings. Investments in specialist construction equipment and transport equipment amounted over PLN 29,5 mln in total.



In year 2009 expenses on material investments are planned at the restitution level, for capital investments the PBG Capital Group is going to spend at this moment about PLN 40 mln.

MAJOR MATERIAL INVESTMENTS OF THE PBG CAPITAL GROUP IN 2008

No.	Item	Amount (in PLN thous.)
1.	Modernization and extension of owned office, storage and workshop facilities	31 854
2.	Heavy construction equipment	21 048
3.	Construction of administration building in Mikołowo	8 933
4.	Means of transport	8 494
5.	License Oracle	3 446
6.	System ERP	3 075
7.	License Nino Ferrari	1 145
8.	License EFFE	535
9.	License Promax	130

MAJOR CAPITAL INVESTMENTS OF THE PBG CAPITAL GROUP IN 2008

No.	Item	Amount (in PLN thous.)
1.	The acquisition of shares of Betpol S.A.	45 972
2.	The acquisition of shares of PRG Metro Sp. z o.o.	40 368
3.	The acquisition of shares of PBG Dom sp. z o.o.	10 361
4.	The acquisition of shares of Hydrobudowa Polska Konstrukcje Sp. z o.o.	8 050
5.	The acquisition of shares of Wiertmar Sp. z o.o.	3 208
6.	The acquisition of shares of Gdyńska Projekt Sp. z o.o.	3 000
7.	The acquisition of stocks of Aprivia S.A.	506
8.	The acquisition of shares of Avatia Sp. z o.o..	49,9
9.	The acquisition of shares of Strateg Capital	47
10.	The acquisition of shares of Budwil Sp. z o.o.	25

PROFITABILITY RATIOS

	2008	2007
ROA	5,5%	4,6%
ROE	17,0%	13,9%

ROA ratio in year 2008 increased in the comparison to year 2007 by almost 1%, from 4,6% to 5,5%. It means that each PLN 100 of assets involved in business activity gives PLN 5.5 of net profit.

ROE ratio in year 2008 reached 17,0% which is 3,1% more than in the previous year. It means that each PLN 100 of equity invested in the Group's wealth gives PLN 17 of net profit.

FORECAST OF CONSOLIDATED FINANCIAL RESULTS FOR 2009

Item	Forecast (in PLN thous.)
Net revenues from sales	2 800 000
Operating profit	300 000
Net profit	190 000

Exact assumptions concerning financial forecast for year 2009 can be viewed on the Company's web-site in current report number 21/2009.

5. INTERVIEW WITH PRZEMYSŁAW SZKUDLARCZYK, CFO

The whole world is talking about the crisis on financial markets – has PBG suffered any problems in access to credits and loans enabling financing?

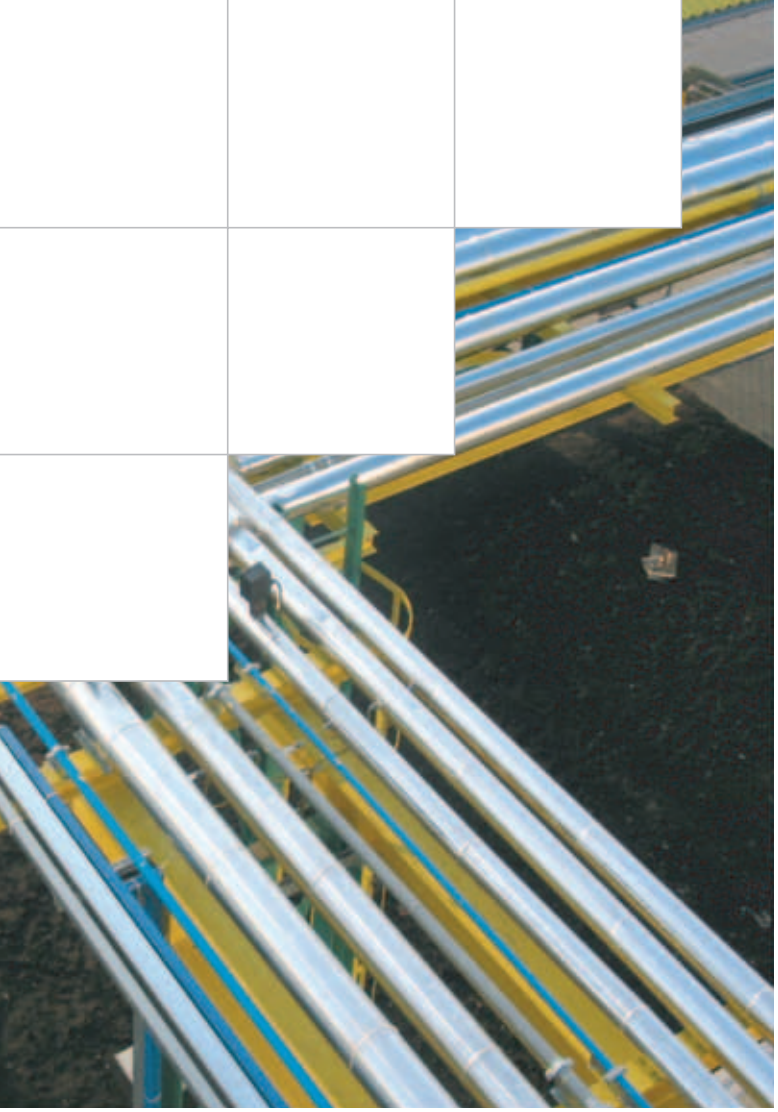
Ensuring access to financing Group's current activity has been our concern "from always". To achieve that aim we have been cooperating with the biggest financial institutions in Poland for many years. We are a reliable and trusted client for them with the highest backlog of orders in our history in the area of strategic for Poland infrastructural investments and that is why we could guarantee for ourselves without any problems access either to credits or other financial instruments. At the end of year 2008 amount of bank and credit limits assigned to the PBG Capital Group for financing current and investment activity and also for handling transactions of the foreign exchange market exceeded PLN 2,3 bn. It enables us to tender for the biggest contracts in Poland and to secure realization of the current backlog of orders.

On the one hand you say that the Company has secured its financing, but on the other hand PBG wants to gain additional funds from shares or bonds convertible to shares issue. What would the Company do with these funds?

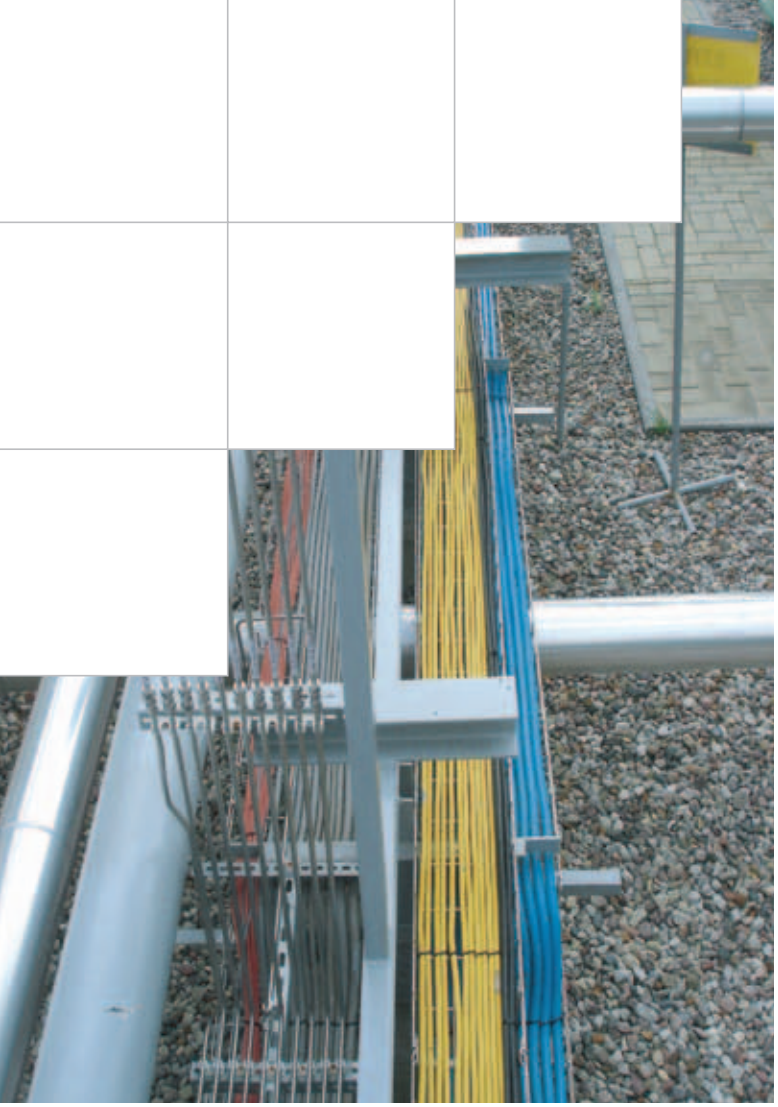
We want to secure funds for further development, I mean potential acquisitions. Currently we are negotiating acquisitions with companies from the energy sector. This market seems to be very perspective. We are convinced that acquisition targets will be completed in year 2009 and this requires significant financial resources from us. We are also planning acquisitions of foreign companies. Moreover, we are executing an investment related to the construction of one of the biggest queries in the country which is essential for roads and railways construction.

PBG Capital Group's net debt has increased significantly in the recent year. Can you explain why it has happened and how the situation in year 2009 will look?

Indeed, net debt amount compared to one from the previous year increased over 160% and reached almost PLN 500 mln. The reason was dynamic growth of backlog of orders value and its structure. At the beginning of the year 2008 practically 80% of the backlog constituted contracts co-financed from European Union funds which require from the contractor large amounts of resources involved in the first stages of the executed contract. At the end of year 2009 we want our net debt to stay at the similar and not higher level as it was in year 2008. It is possible due to favourable change in the structure of our backlog of orders where significantly increased share of contracts requiring smaller amounts of working capital, e.g. in the area of natural gas and crude oil and construction of stadiums.



PLATAN GALERIA



V. PBG Capital Group Consolidated Financial Statements

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Frąckowiak Grant Thornton

THE OPINION OF THE INDEPENDENT CHARTERED AUDITOR

For PBG S.A. Shareholders

1. We have conducted the audit of the attached consolidated financial statements of the Capital Group in which PBG S.A. is the dominating entity (Dominating Company) with its seat in Wysogotowo, ul. Skórzewska 35, comprising:
   - consolidated balance sheet prepared for this 31st December 2008, which on the side of assets and liabilities demonstrates the amount of PLN 2,858,509 thousand
   - profit and loss account for the period from 1st January 2008 to 31st December 2008 demonstrating net profit in the amount of PLN 189,923 thousand,
   - the statement of changes in the equity, demonstrating the increase in equity in the period from 1st January 2008 to 31st December 2008 with the amount of PLN 328,398 thousand,
   - consolidated cash flow account demonstrating the decrease in the balance of monetary resources in the period from this 1st January 2008 to 31st December 2008 with the amount of PLN 122,517 thousand,
   - additional information on the accepted accounting principles and other explanatory information.

2. The Management Board of the Dominating Company is responsible for the preparation and reliable presentation of the financial statements, pursuant to the accepted accounting principle. The duties connected with this include the design, implementation and ensuring internal control connected with the preparation and reliable presentation of financial statements, selection and the application of relevant accounting principle and making, justified in given circumstances, accounting estimates.

Our task was conducting the audit of the attached consolidated financial statements and expressing the opinion, based on the audit, if the financial statements were correct, which means in accordance with the applied principles (policy) of accounting, if they presented all the information significant for the assessment of the material and financial standing and the financial result of the Capital Group in a reliable and clear way and if they were prepared on the basis of correctly run accounting books.

3. The audit of the attached consolidated financial statements was conducted pursuant to the provisions of:
   - the provisions of chapter 7 of the Act of 29th September 1994 on accounting (single text: Dz. U. of 2002 no. 76, item 694 as amended) (The Act),
   - standards for practising the profession of a chartered auditor, issued by the national Chamber of Chartered Auditors in Poland.

We planned and conducted the audit in such a way as to obtain enough certainty that the audited financial statements did not contain any significant irregularities. The audit consisted in the verification – to a large extent by random method – of the documents and book records confirming the amounts and information included in the audited financial statements. The audit also included the assessment of the accounting principles (policy) applied by affiliated entities, significant estimates conducted by the Management Board of the Dominating Company as well as the assessment of the general presentation of the consolidated financial statements. We think that the audit conducted by us provided enough evidence to express an opinion on the consolidated financial statements.

4. We conducted the audit of the consolidated financial statements of the Capital Group for the previous accounting year, closed on 31st December 2007, last year. We issued the opinion with no reservations on those consolidated financial statements.

5. In our opinion the audited consolidated financial statements, including the numerical data and verbal explanations:
   - present all the information significant for the assessment of the material and financial standing of the Capital Group as for 31st December 2008 as well as its financial result for the accounting year from 1st January 2008 to 31st December 2008, in a reliable and clear way
   - they were prepared, in all significant aspects, correctly, meaning pursuant to the principles (policy) of accounting, resulting from the International Accounting Standards, International Financial Reporting Standards and the interpretations connected with them, announced in the form of the regulations of the European Commission, and in the scope not settled in these standards – pursuant to the requirements of the Act on accounting and the executive regulations issued on the basis of this act and pursuant to the correctly run account books,
   - present the data pursuant to the requirements of the Regulation of the Minster of Finance of 19th February 2009 on current and periodical information transferred by the issuers of securities and the conditions of finding the information required by legal regulations of the country not being a member state equally important (Dz. U. of 2009, no. 33, item 259),
   - they are in compliance with the legal regulations influencing the contents of the consolidated financial statements.

6. We have familiarized ourselves with the statement on the Capital Group activity for the period from 1st January 2008 to 31st December 2008, prepared by the Management Board of the Dominating Company. In our opinion this statement meets the significant requirements of the art. 49 section 2 of the Act on accounting and the provisions of the regulations of the Minister of Finance of 19th February 2009 on current and periodical information transferred by the issuers of securities and the conditions of finding the information required by legal regulations of the country not being a member state equally important. The amounts and information coming from the consolidated financial statements audited by us, included in this statement on activity, are in compliance with the consolidated financial statements.

Jan Letkiewicz

Chartered Auditor
No. 9530/7106

Przemysław Kędzia

The Member of the Management Board
of Grant Thornton Frąckowiak Sp. z o.o.,
Poznań, pl. Wiosny Ludów 2,
Entity authorized to conduct audits of the financial statements, entered in the list of entities authorized to conduct audits of the financial statements under the number 238
Chartered Auditor no. 9527/7103.

Poznań, this 27th April 2009

1. GENERAL INFORMATION

1.1. INFORMATION ABOUT THE HOLDING COMPANY AND ITS CAPITAL GROUP AND THE CONSOLIDATED FINANCIAL STATEMENT

The PBG Capital Group consists of the Holding Company PBG SA and its subsidiaries. The Holding Company, PBG SA Capital Group with its registered seat in Wysogotowo near Poznań, at ul. Skórzewska 35, 62-081 Przeźmierowo, was established on 2 January 2004 by the Notarial Deed drawn up on 1 December 2003. The Company operates in Poland as per provisions of the Code of Commercial Companies. The Holding Company is registered in the National Court Register maintained by the District Court in Poznań - Nowe Miasto i Wilda in Poznań, 7th Commercial Division of the National Court Register under the No. KRS 0000184508. The Holding Company was given a statistical number REGON 631048917.

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

These consolidated financial statements were signed by the Board of the Holding Company on 27 April 2009.

Consolidated Financial Statement of the Capital Group diligently demonstrates the Capital Group financial standing as per 31 December 2008 and 31 December 2007, results of its operation within 12 months ended on 31 December 2008 and 31 December 2007 and the cash flow within 12 months ended on 31 December 2008 and 31 December 2007.

Duration of the Holding Company and the Capital Group entities shall be unlimited.

COMPOSITION OF THE CAPITAL GROUP

SUBSIDIARIES OF THE PBG CAPITAL GROUP AS OF 31.12.2008

Entity name	Registered office	Core business	Competent court or other register body	Consolidation method	Group's share of capital	
					31/12/2008	31/12/2007
Aprivia SA (1)	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Constructing of roads and motorways PKD 4211Z	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full	100,00%	–
Betpol SA (2)	ul. Fordońska 168a, 85-766 Bydgoszcz	Constructing of roads and motorways PKD 4211Z	District Court in Bydgoszcz, 13th Commercial Division of the National Court Register	full Subsidiary of Aprivia SA consolidated in the consolidated statements of Aprivia SA	70,00%	–
Dromost Sp. z o.o. (3)	Żabno 4A, 63-112 Brodnica POLAND	Manufacturing, trading and providing of services referring to specialist road and bridge constructions PKD 45 23A	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full Subsidiary of Aprivia SA consolidated in the consolidated statements of Aprivia SA	87,40%	87,40%
Przedsiębiorstwo Robót Inżynieryjno-Drogowych SA (4)	ul. Poznańska 42, 64-300 Nowy Tomyśl POLAND	Construction of motor vehicle roads and rail roads PKD 45 23 A, construction of motorways, airports and sports facilities EKD 4523	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full Subsidiary of Aprivia SA consolidated in the consolidated statements of Aprivia SA	100,00%	100,00%
Avatia Sp. z o.o.	ul. Skórzewska 35, 62-081 Przeźmierowo POLAND	Reproduction of recorded data carriers PKD 1820Z	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full	99,80%	–
Brokam Sp. z o.o.	ul. Skórzewska 35, Wysogotowo 62 – 081 Przeźmierowo POLAND	Mining of decorative and construction stone PKD 1411Z	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full	100,00%	100,00%
Excan Oil and Gas Engineering Ltd.	#201,9637-45 Avenue Edmonton AB T6E 5Z8 CANADA	Contract mediation coordination of design and engineering works, trading agency	CERTIFICATE OF INCORPORATION Edmonton Alberta	full	100,00%	100,00%
GasOil Engineering a.s.	Karpatska, 3256/15 Poprad 05801 SLOVAKIA	Designing and representative services	Obchodne Registr Okresneho Sudu Presov	full	62,45%	62,45%
Hydrobudowa Polska SA	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Construction works referring to pipelines and distribution networks (PKD2007) and construction of other water engineering facilities (PKD 4524B)	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full	61,61%	76,00%
Hydrobudowa Polska Konstrukcje Sp. z o.o. (5)	ul. Żwirki i Wigury 58, 43-190 MIKOŁÓW	Manufacturing of metal constructions PKD 25111Z	District Court for Katowice Wschód, 8th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa Polska SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61,61%	–

P.R.G. Metro Sp. z o.o. (6)	ul. Wólczyńska 156 01-919 Warszawa	Other specialist construction works not classified elsewhere PKD 4399Z	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa Polska SA consolidated in the consolidated statements of Hydrobudowa Polska SA	52,09%	–
Hydrobudowa 9 SA (7)	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Civil engineering works not classified elsewhere PKD 4521F	District Court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa Polska SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61,61%	69,26%
Gdyńska Projekt Sp. z o.o. (8)	ul. Sienkiewicza 22, 60-900 Poznań POLAND	Purchase and sale of real estate on the own account PKD 6810Z	District Court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full Subsidiary of Hydrobudowa 9 SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61,61%	–
Górecka Projekt Sp. z o.o. (9)	ul. Sienkiewicza 22, 60-900 Poznań POLAND	Erecting of buildings PKD 4110Z as well as maintaining and sale of buildings on the own account PKD 7011Z	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Registerl	full Subsidiary of Hydrobudowa 9 SA consolidated in the consolidated statements of Hydrobudowa Polska SA	61,61%	–
Infra SA	ul. Skórzewska 35, Wysogotowo 62-081 Przeźmierowo POLAND	Performing of water supply and sewage, heating, gas supply and air conditioning installations PKD 4322Z	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full	99,95%	99,95%
PRIS Sp. z o.o. (10)	ul. Leona Popielskiego 14, 52-019 Wrocław POLAND	Manufacturing of plastic products for construction industry PKD 2523Z	District Court in Wrocław, 6th Commercial Division of the National Court Register	full Subsidiary of Infra SA consolidated in the consolidated statements of Infra SA	50,99%	50,99%
Wiertmar Sp. z o.o. (11)	Kopanka 13/15, 92-701 Łódź POLAND	Performing of civil engineering works concerning erecting of buildings PKD 4521A	District Court for Łódź Śródmieście, 20th Commercial Division of the National Court Register	full Subsidiary of Infra SA consolidated in the consolidated statements of Infra SA	50,97%	–
KWG SA (dawniej KB GAZ SA)	Aleja Wojska Polskiego129, 70-490 Szczecin POLAND	Performing of civil engineering works concerning linear facilities: pipelines, power lines, overland engineering not classified elsewhere PKD 4521C	District Court in Szczecin, 11th Commercial Division of the National Court Register	full	100,00%	100,00%
Metorex Sp. z o.o.	ul. Żwirki i Wigury 17A, 87-100 Toruń POLAND	Civil engineering EKD 4521	District Court in Toruń, 7th Commercial Division of the National Court Register	full	99,56%	99,56%
PBG Dom Sp. z o.o.	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Performing of civil engineering works concerning erecting of buildings PKD 4521A	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full	100,00%	84,85%
Apartamenty Poznańskie Sp. z o.o. (12)	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Performing of civil engineering works concerning erecting of buildings PKD 4521A	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full Subsidiary of PBG Dom Sp z o.o. consolidated in the consolidated statements of PBG SA	51,00%	51,00%

Budwil Sp. z o.o. (13)	ul. Mazowiecka 42, 60-623 Poznań POLAND	Maintenance and sale of real estate on the own account PKD 7011 Z	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full Subsidiary of PBG Dom Sp z o.o. consolidated in the consolidated statements of PBG SA	51,00%	–
PBG Dom Invest I Sp. z o.o. (dawniej Dawil Sp. z o.o.) (14)	ul. Skórzewska 35, Wysogotowo near Poznań 62-081 Przeźmierowo POLAND	Erecting of buildings PKD 4110Z as well as maintaining and sale of buildings on the own account PKD 7011Z	District court Poznań Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register	full Subsidiary of PBG Dom Sp z o.o. consolidated in the consolidated statements of PBG SA	100,00%	–

Values in this table indicate share of the Holding Company in capitals of its subsidiaries. Percentage share in the capital of the PBG Group was presented as a compound percentage (percentage share of the PBG SA Holding Company in a subsidiary * percentage of the subsidiary in its subsidiary).

This refers to companies of the following Capital Groups: Hydrobudowa Polska, Infra, PBG Dom and Aprivia.

1 Aprivia SA has been the Holding Company in the APRIVIA Capital Group since 8 October 2008. The Capital Group consists of the following entities: Betpol SA, Dromost Sp. z o.o. and PRID SA. PBG SA holds 100 shares in the capital of Aprivia SA.

2 Betpol SA has been a subsidiary of Aprivia SA since 8 October 2008 – Aprivia SA holds 70% shares in the capital of Betpol SA.

3 Dromost Sp. z o.o. has been a subsidiary of Aprivia SA since 8 October 2008 – Aprivia SA holds 87.40 % shares in the capital of Dromost Sp. z o.o. As per 31 December 2007, Dromost Sp. z o.o. was a direct subsidiary of PBG SA – PBG SA held 87.40% shares in the capital of Dromost Sp. z o.o.

4 PRID SA has been a subsidiary of Aprivia SA since 8 October 2008 – Aprivia SA holds 100% shares in the capital of PRID SA. As per 31 December 2007, PRID SA was a direct subsidiary of PBG SA – PBG SA held 100 % shares in the capital of PRID SA.

5 Hydrobudowa Polska Konstrukcje Sp. z o.o. has been a subsidiary of Hydrobudowa Polska SA since 16 May 2008 – Hydrobudowa Polska SA holds 100% shares in the capital of Hydrobudowa Polska Konstrukcje Sp. z o.o.

6 P.R.G. Metro Sp. z o.o. has been a subsidiary of Hydrobudowa Polska SA since 12 September 2008 – Hydrobudowa Polska SA holds 84.55% shares in the capital of P.R.G. Metro Sp. z o.o.

7 Hydrobudowa 9 SA has been a subsidiary of Hydrobudowa Polska SA since 30 September 2008. As per 31 December 2007, Hydrobudowa 9 SA was a direct subsidiary of PBG SA - 68.47% share in the capital, as per 31 December 2008 it is a direct subsidiary of Hydrobudowa Polska SA - 100% share in capital.

8 Gdyńska Projekt Sp. z o.o. has been a subsidiary of Hydrobudowa 9 SA since 2 April 2008 – Hydrobudowa 9 SA holds 100% shares in the capital of Gdyńska Projekt Sp. z o.o.

9 Górecka Projekt Sp. z o.o. has been a subsidiary of Hydrobudowa 9 SA since 11 September 2008 – Hydrobudowa 9 SA holds 100% shares in the capital of Górecka Projekt Sp. z o.o.

10 PRIS SA has been a subsidiary of Infra SA since 31 August 2007 – Infra SA holds 51.02% shares in the capital of PRIS SA.

11 Wiertmar Sp. z o.o. has been a subsidiary of Infra SA since 2 April 2008 – Infra SA holds 51% shares in the capital of Wiertmar Sp. z o.o.

12 Apartamenty Poznańskie Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 27 June 2008. As per 31 December 2007, Apartamenty Poznańskie Sp. z o.o. was a subsidiary of PBG SA - 51% share in the capital, as per 31 December 2008 it is a subsidiary of PBG Dom sp. z o.o. - 51% share in capital.

13 Budwil Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 8 April 2008 – PBG Dom Sp. z o.o. holds 51% shares in the capital of Budwil Sp. z o.o.

14 PBG Dom Invest I Sp. z o.o. (former Dawil sp. z o.o.) has been a subsidiary of PBG Dom Sp. z o.o. since 26 August 2008 – PBG Dom Sp. z o.o. holds 100% shares in the capital of PBG Dom Invest I Sp. z o.o.

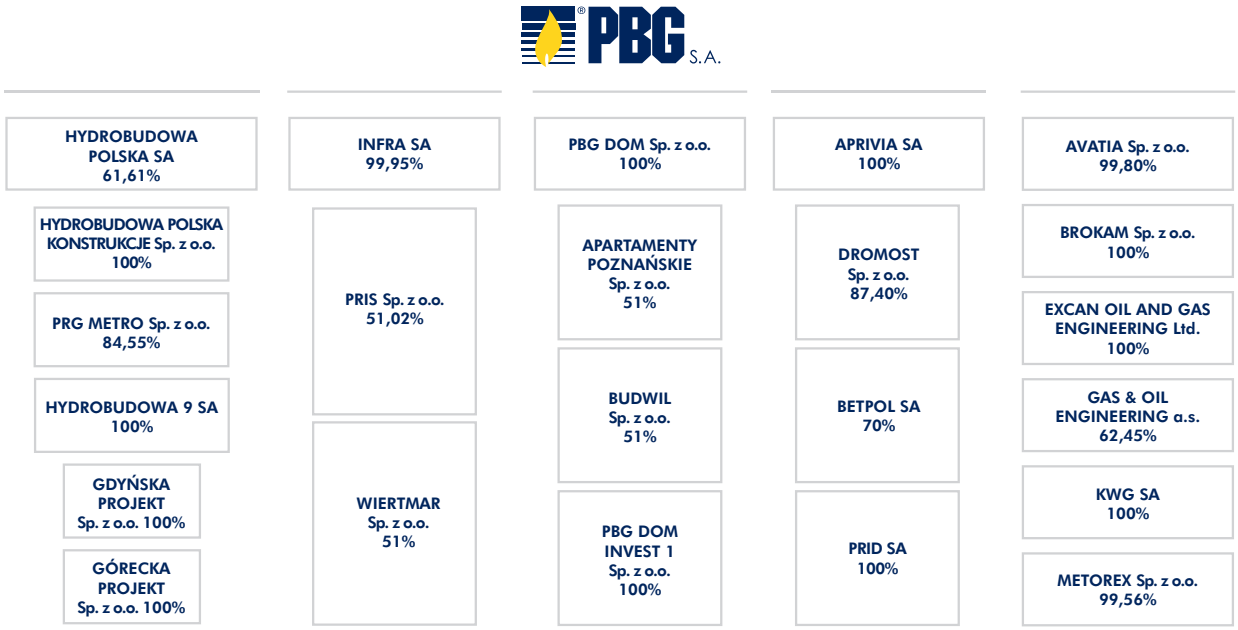
CONSOLIDATION OF THE II LEVEL SUBSIDIARIES

Hydrobudowa Polska SA holds the following subsidiaries: Hydrobudowa Polska Konstrukcje Sp. z o.o., P.R.G. Metro Sp. z o.o. and Hydrobudowa 9 SA. The latter holds the following subsidiaries: Gdyńska Projekt Sp. z o.o. and Górecka Projekt Sp. z o.o. As per 31 December 2008, Hydrobudowa 9 SA does not make a consolidated financial statements. All companies in the Hydrobudowa Polska Capital Group are consolidated by their Holding Company i.e. Hydrobudowa Polska SA.

Moreover, Aprivia SA holds the following subsidiaries: Betpol SA, Dromost SA and Przedsiębiorstwo Robót Inżynieryjno – Drogowych SA and as per 31 December 2008 it does not make consolidated financial statements. Consolidation of theses companies is made by the consolidated statements of Aprivia Capital Group.

PBG Dom Sp. z o.o. also holds subsidiaries which are as follows: Apartamenty Poznańskie Sp. z o.o., Budwil Sp. z o.o. and PBG Dom Invest I Sp. z o.o and as per 31 December 2008 it does not make consolidated financial statements. Consolidation of theses companies is made by their Holding Company i.e. PBG SA.

STRUCTURE OF THE CAPITAL GROUP AS OF 31 DECEMBER 2008



In 2008 in the PBG Capital Group occurred some changes which have been described below.

INCREASE IN THE SHARE OF THE HOLDING COMPANY PBG SA IN CAPITALS OF THE SUBSIDIARIES WITHIN THE REPORTING PERIOD

Incorporation of Avatia Sp. z o.o.

On 15 February 2008 the Board of PBG SA and two individuals made articles of incorporation. Incorporation of the company named Avatia Sp. z o.o. took place on 29 February 2008. The company's share capital amounts to PLN 50,000.00 and is divided into 1,000 shares, each with nominal value of PLN 50.00. The company shareholders are: PBG SA which took 998 shares of total value of PLN 49,900.00 and two individuals, each of them taking 1 share. Shares held by PBG SA make 99.80% of the share capital and total number of votes. The company core business is providing of IT services including: IT guidance, implementing of IT systems, data processing, providing of software and hardware technologies, programming, sale of telecommunication and IT equipment, repair and maintenance of IT equipment including peripherals, IT trainings. Avatia as a member of the PBG Capital Group is to be an IT support for all Group companies. Share capital of the company paid up by PBG SA origins from the company own funds.

Acquisition of Betpol SA shares

On 13 March 2008 the Board of PBG SA made contracts with three individuals pursuant to which PBG SA took 14,244,999 inscribed shares of the A series of Betpol SA each with nominal value of PLN 1.00. All shares were purchased at the price of PLN 2.90 each, nevertheless the amount of PLN 1,064,000.00 is due upon approval of the 2008 financial statements and providing the company achieves in 2008 the forecast results i.e. sale income of at least PLN 60,000,000.00 and net profit of at least PLN 6,000,000.00. Acquired shares constitute 70% of the company share capital and the same share of votes. Financing of the shares acquisition is a part of the issuance objectives and it is co-financed by an investment credit. Between PBG SA, company management/supervisors and the sellers there are no relations. Purchased assets are not encumbered with limited property rights.

Betpol was established in 1990. It mainly operates in the road construction business. It offers cold recycling with oxidised bitumen. It also provides services of asphalt and concrete milling. Betpol also manufactures cold bitumen mixtures and concrete. Moreover it provides demolishing services, manufactures steel structures and performs construction and installation works.

The PBG Board declared to keep interest in supporting further development of the company. Incorporating of Betpol SA into the Capital Group will reinforce the Group operations concerning construction of roads.

Incorporation of Aprivia SA

On 18 March 2008 the Board of PBG SA signed the articles of incorporation of the company named Aprivia SA with its seat in Wysogotowo near Poznań. The company's share capital amounts to PLN 500,000.00 and is divided into 500,000 inscribed shares of the A series with the vote preference, each with nominal value of PLN 1.00. PBG SA took 100% shares in Aprivia SA.
Registering of Aprivia SA took place on 7 April 2008.

Aprivia SA will be responsible for strengthening of the PBG Capital Group position in road construction business including sourcing and performing of contracts and providing of their financing. Funds required for the company establishing and paid by PBG are sourced from the company issuance activity. PBG SA does not exclude increasing of the financial engagement in the newly established company.

Increase of the share capital of Hydrobudowa Polska SA

On 30 May 2008 the Board of PBG SA announced that due to registration of the share capital increase in its subsidiary of Hydrobudowa Polska SA by K series shares, share of PBG SA in the total number of votes in that company decreased below 75% and currently amounts to 60.69%.

Following the registration of Hydrobudowa Polska SA share capital increase, PBG SA held 105,397,300 shares of the company constituting 60.69% of the company share capital and giving 105,397,300 votes at the General Meeting of Shareholders which was 60.69% of the total amount of the votes in Hydrobudowa Polska SA.

Prior the registration of Hydrobudowa Polska SA share capital increase, PBG SA had held 105,397,300 shares of the company constituting 76.00% of the company share capital and giving 105,397,300 votes at the General Meeting of Shareholders which had been 76.00% of the total amount of the votes in Hydrobudowa Polska SA.

On 30 September 2008 there was registered Hydrobudowa Polska SA share capital increase from PLN 173,673,200.00 to PLN 210,558,445.

The share capital increase was result of issuance of 36,885,245 shares of the L series with the nominal value PLN 1.00 each. The L series shares issued in a private subscription were offered to all shareholders (including PBG SA). All L series shares were taken in return for non-cash payment in form of 14,536,685 fully paid shares of Hydrobudowa 9 SA with the face value PLN 0.10 each and with total nominal value of PLN 1,453,668.50 which is 100% shares of Hydrobudowa 9 SA.

Following the Hydrobudowa Polska share capital increase, the share of PBG SA increased from 60.69% to 61.61% and Hydrobudowa 9 SA was incorporated into Hydrobudowa Polska Capital Group.

Increase of share in PBG Dom Sp. z o.o.

On 10 June 2008, the Board of PBG SA purchased from Hydrobudowa Polska SA 3,572 shares in PBG Dom Sp. z o.o. PBG SA currently holds 100% shares in the share capital of that company and 100% total number of votes.

Total purchase price of the PBG Dom shares represents their total nominal value and amount to PLN 357,200.00.

PBG Dom Sp. z o.o. share capital amounts to PLN 2,357,200.00. Nominal value of one share amounts to PLN 100.00. Prior the deal was effected, PBG possessed 20,000 shares of the company constituting 84.85% of both the share capital and total number of votes.

Increase of share capital in PBG Dom Sp. z o.o.

On 5 August 2008 there was registered increase in the share capital of PBG Dom Sp. z o.o. The company's share capital was increased from PLN 2,357,200.00 to PLN 12,357,000.00 by creating of 100,000 shares with the nominal value PLN 100.00 each.

All new shares were taken over by PBG SA remaining the only shareholder of PBG Dom Sp. z o.o. Following the increase of the share capital from 123,572 shares the company is entitled to 123,572 votes which is 100% of the total number of shares.

DECREASE IN THE SHARE OF THE HOLDING COMPANY OF PBG SA IN CAPITALS OF THE SUBSIDIARIES WITHIN THE REPORTING PERIOD

Sale of Apartamenty Poznańskie Sp. z o.o. shares

On 27 June 2008 the Board of PBG SA concluded a sale contract to dispose shares in Apartamenty Poznańskie Sp z o.o. to PBG Dom Sp. z o.o.

PBG SA sold for PLN 2,500,020.00 all of 255 possessed by PBG SA shares with nominal value of PLN 100.00 each which constitute 51% of the company share capital and the same number of votes at the meeting of shareholders. Sold shares were fully paid up by PBG SA, they are not encumbered with any third party rights, are subject to no proceedings and their book value in PBG SA records amounted to PLN 1,579,893.51.

Therefore, PBG Dom Sp. z o.o. and Apartamenty Poznańskie have been a capital group since 1 July 2008.

Decrease of share in the capital of Hydrobudowa 9 SA

On 24 July 2008 there was registered increase in the share capital of Hydrobudowa 9 SA. The increase results from issuance of the D series shares which caused decrease of the total share of PBG SA in the company votes which currently amounts to 67.52%.

Following registration of Hydrobudowa 9 share capital increase PBG SA holds 9,588,311 shares which is 65.96% of the total number of shares.

Before registration of Hydrobudowa 9 SA share capital increase, PBG SA had held 9,588,331 shares of the company constituting 69.26% of the company share capital and giving 18,704,949 votes at the General Meeting of Shareholders which was 69.25% of the total amount of votes.

Disposal of shares in BATHINEX Sp. z o.o.

On 23 December 2008 the Board of PBG SA concluded a sale/purchase agreement with Ecopap Sp. z o.o. The agreement referred to PBG's disposal of 50 shares in Bathinex Sp. z o.o. with the nominal value of PLN 1,000.00 each giving 100% votes at the General Meeting of Shareholders and constituting the same share in the company capital. Shares nominal value in total amounted to PLN 50,000.00. The shares were sold by PBG SA for the amount of PLN 5,950,000.00.

Despite disposal of Bathinex Sp. z o.o., companies of the PBG Capital Group operating in road construction business have guaranteed access to road aggregates.

OTHER CHANGES

Termination of the preliminary agreement concerning acquisition of shares in J.A. Sokół – Melafir Sp. z o.o.

On 22 August 2008, the Board of PBG SA terminated the preliminary sale agreement concluded on 22 June 2007 between PBG SA and an individual person.

Termination of the preliminary agreement concerned acquisition of shares in J.A. Sokół – Melafir Sp. z o.o. of Tłumaczowo. PBG SA and the Seller mutually agreed to conclude the final sale agreement by virtue of which the Seller would sell to PBG all shares (i.e. 500 shares) of J.A. Sokół – Melafir Sp. z o.o. which were to be free from any encumbrances, the sale price was agreed to be PLN 32,000,000.00.

The share purchase agreement was to be concluded under the following conditions precedent:

- the audit in the company to be purchased shall give positive results;
- the concession for melaphyre mining in "Tłumaczów-Gardzień" deposits shall be restores and become legally binding.

On 22 August 2008, PBG SA through their proxy and the individual involved agreed to terminate the agreement due to incompatibility in assessment if the condition referring to positive results of the audit was met.

CHANGES IN SUBSIDIARIES

Infra SA
Acquiring Wiertmar Sp. z o.o. shares

On 2 April 2008 Infra SA acquired 25,969 shares with nominal value PLN 50.00 each of Wiertmar Sp. z o.o. with its seat in Kopanka. Shares purchased for the total amount of PLN 4,207,774.19 constitute 51% of Wiertmar Sp. z o.o. share capital.

Wiertmar Sp. z o.o. provides construction services concerning modernisation and monitoring of pipelines and excavation free technologies.

PBG SA treats purchase of Wiertmar Sp. z o.o. by Infra SA as an investment and its incorporation into

the PBG Capital Group can be recognized as support for other companies operating in the hydro-technology business. No changes in the profile of Wiertmar Sp. z o.o. are planned by PBG SA. Infra SA own funds were used to finance the acquisition.

Hydrobudowa Polska SA
Incorporation of Hydrobudowa Polska Konstrukcje Sp. z o.o.

On 16 May 2008 Hydrobudowa Polska SA established a subsidiary of Hydrobudowa Polska Konstrukcje Sp. z o.o. with its seat in Mikołów.
Hydrobudowa Polska SA took all 100 shares valued at PLN 500.00 each and with the total value of PLN 50,000.00. The shares were paid up in cash.

The aim of establishing Hydrobudowa Polska Konstrukcje Sp. z o.o. is to separate from Hydrobudowa Polska SA the following:

- manufacturing and installation of steel structures;
- manufacturing and installation of appliances and installations;
- manufacturing and installation of steel containers;
- turn key industrial projects in particular for oil processing industry.

The Board of Hydrobudowa Polska SA plans to pass to this subsidiary all the tasks concerning contracts referring to these bisinesses. Additionally, it will be necessary to increase the company's capital and transfer to it all these assets which are necessary to run the business properly.

Incorporation of the new company of Hydrobudowa Polska Konstrukcje Sp. z o.o. by the District Court for Katowice - Wschód in Katowice, 8th Commercial Division of the National Court Register happenedon 30 May 2008.

Acquiring P.R.G. Metro Sp. z o.o. shares

Between 26 June 2008 and 28 July 2008, the Board of Hydrobudowa Polska Sp. z o.o. concluded contingent purchase agreements of 465 shares of Przedsiębiorstwo Robót Górniczych Metro Sp. z o.o. with its seat in Warsaw, each of them with the nominal value of PLN 1,000.00 which constitute in total 84.55% of the share capital of the company involved.

Of the balance 85 shares, 54 shares remain with the members of P.R.G. Metro Sp. z o.o. Board and 31 shares are held by those company shareholders who did not intend to dispose them.

Hydrobudowa Polska SA spent in total PLN 29,590,879.50 to acquire 465 shares with the nominal value PLN 1,000.00 each which constitute 84.55% in P.R.G. Metro Sp. z o.o. share capital. The deal with Hydrobudowa Polska SA was fully financed by own funds sourced from issuance of the K series shares.

On 12 September 2008 Hydrobudowa Polska SA received decision of the President of the Office of Competition and Consumer Protection (UOKiK) giving their consent to take control over P.R.G. Metro Sp. z o.o., therefore P.R.G. Metro Sp. z o.o. was incorporated into the Hydrobudowa Polska Capital Group.
Incorporation of P.R.G. Metro Sp. z o.o. into Hydrobudowa Polska SA is going to increase the potential and allow to diversify operations into new areas especially concerning construction of the underground railway. Currently, Hydrobudowa Polska SA as a consortium member with P.R.G. Metro bids in the tender for construction of the Warsaw underground railway.

Przedsiębiorstwo Robót Górniczych Metro Sp. z o.o. is one of the general contractors for the Warsaw underground railway tunnels and supporting facilities e.g. route ventilation centres, crossover chamber, underground passages and microtunnels. In 2001 the company extended its scope and currently operates also in water supply and sewage business.

Hydrobudowa Polska SA undertook to keep the current profile of the company and expects its further development in the business concerning specialist construction works including making of tunnels, underground railway tunnels and their supporting facilities.

Incorporation of Hydrobudowa 9 SA into the Hydrobudowa Polska Capital Group

On 30 September 2008 the District Court for Poznań Nowe Miasto i Wilda in Poznań, 8th Commercial Division of the National Court Register registered increase of the share capital of Hydrobudowa Polska SA from PLN 173,673,200.00 to PLN 210,558,445.

The share capital increase was a result of issuance of 36,885,245 shares of the L series with the nominal value PLN 1.00 each. The L series shares issued in a private subscription were offered to all shareholders (including PBG SA). All the L series shares were taken in return for non-cash payment in form 14,536,685 fully paid shares of Hydrobudowa 9 SA with the face value PLN 0.10 each and with total nominal value of PLN 1,453,668.50 which is 100% shares of Hydrobudowa 9 SA.

Following the Hydrobudowa Polska share capital increase, the share of PBG SA increased from 60.69% to 61.61% and Hydrobudowa 9 SA was incorporated into Hydrobudowa Polska Capital Group.
Therefore, results of Hydrobudowa 9 SA will be indirectly consolidated with the results of the PBG SA Capital Group through 100% consolidation with the results of Hydrobudowa Polska SA.

Hydrobudowa 9 SA
Incorporation of Gdyńska Projekt Sp. z o.o.

On 2 April 2008 Hydrobudowa 9 SA established a subsidiary of Gdyńska Projekt Sp. z o.o. with its seat in Poznań.
60,000 shares in the new established company with the nominal value of PLN 50.00 each were covered by a contribution of the perpetual usufruct of the land valued at PLN 2,900,000.00 and a cash payment of PLN 100,000.00. Hydrobudowa 9 SA holds 100% votes and shares in the newly established company.

The core business of Gdyńska Projekt Sp. z o.o. is sale, purchase, leasing and management of real estate (own or leased) on their own account.

Establishing Górecka Projekt Sp. z o.o.

On 11 September 2008 Hydrobudowa 9 SA established a subsidiary of Górecka Projekt Sp. z o.o. with its seat in Poznań. The company's share capital amounts to PLN 50,000.00 and is divided into 1,000 shares, each with nominal value of PLN 50.00. Each share is one vote. 100% of shares in the capital of Górecka Projekt Sp. z o.o. will be taken by Hydrobudowa 9 and paid up in cash.

Górecka Projekt Sp. z o.o. is a fixed purpose company established to construct the office building. The company core business is erecting of residential and non-residential buildings, purchase and sale of real estate on their own account, tenancy of real estate and real estate consultancy.

In the future, Hydrobudowa 9 SA does not exclude increasing Górecka Projekt Sp. z o.o. capital and covering shares with a perpetual usufruct of a real estate.

PBG Dom Sp. z o.o.
Acquiring Apartamenty Poznańskie Sp. z o.o. shares

On 27 June 2008, resulting from the operation of sale of the shares in Apartamenty Poznańskie Sp. z o.o. carried out by the Board of PBG SA, PBG Dom Sp. z o.o. became a holder of 255 shares previously held by PBG SA nominal value of which amounted to PLN 100.00 each and representing 51% of the share capital of the company and the same number of votes at the meeting of shareholders.
These shares were purchased for the total amount of PLN 2,500,020.00.

Acquiring Budwil Sp. z o.o. shares

On 8 April 2008 PBG Dom Sp. z o.o. acquired from some individuals 255 shares of Budwil Sp. z o.o. nominal value of which amounted to PLN 100.00 each. Acquired shares constitute 51% of the company share capital and the same number of votes at the general meeting of shareholders.
PBG Dom paid cash for the nominal value of the shares i.e. the amount of PLN 25,500.00
The core business of Budwil Sp. z o.o. is to purchase, sale and maintain real estate on their own account.

Acquiring Dawil Sp. z o.o. shares

On 26 August PBG Dom Sp. z o.o. acquired from an individual person shares of Dawil Sp. z o.o. Dawil's share capital amounts to PLN 50,000.00 and is divided into 500 shares each with nominal value of PLN 100.00. Through this operation, for the total amount of PLN 50,000.00 PBG Dom Sp. z o.o. acquired 500 shares constituting 100% share capital of the company and the same number of votes.

Dawil Sp. z o.o. has not been in business so far and it is a fixed purpose company established to carry out a development project. PBG Dom Sp. z o.o. does not exclude further investments in the company shares. On 24 October 2008 the company name was changed from Dawil Sp. z o.o. to Invest I Sp. z o.o.

Aprivia SA
Increase of the Aprivia SA share capital and establishing of Aprivia Capital Group

On 8 October 2008 there was registered increase of the share capital of Aprivia SA.
Increase of the Aprivia SA share capital results from issuance of 71,493,065 inscribed shares of the B series offered in the closed subscription to the only shareholder i.e. PBG SA.

After the increase registration, the share capital of Aprivia SA increased from PLN 500,000.00 to PLN 71,993,065.00 and it is divided into 500,000 shares of the A series with the nominal value of PLN 1.00 and 71,493,065 shares of the B series with the nominal value of PLN 1.00. Issue value of the shares equals to their nominal value and amounts to PLN 1.00 per share. All 71,993,065 inscribed shares make 143,986,130 votes (i.e. 2 votes per each share). In return for Aprivia SA shares, PBG SA contributed shares of other subsidiaries.

After the capital increase, PBG SA remains the only shareholder of the company and holds 100% of the share capital as well as 100% votes at the general meeting of shareholders. The company value in the PBG SA books increased from PLN 505,737.00 to 71,998,802.00.
The B series shares of Aprivia SA were taken by PBG SA in return for the cash payment in the following manner:

- 22,379,325 of the B series shares will be taken for 25,000 shares of PRID SA based in Nowy Tomyśl, each share with nominal value of PLN 20.00 (PBG SA held 100% shares in the capital and in the books the company was valued at PLN 22,379,325.00);
- 45,971,637 of the B series shares will be taken for 14,245,000 shares of Betpol SA based in Bydgoszcz, each share with nominal value of PLN 1.00 (PBG SA held 70% shares in the capital and in the books the company was valued for PLN 45,971,636.00);
- 3,142,103 of the B series shares will be taken for 6,000 shares of Dromost Sp. z o.o. based in Żabno, each share with nominal value of PLN 500.00 (PBG SA held 87.40% shares in the capital and in the books the company was valued at PLN 3,142,102.23).

Following the increase registration PRID SA, Betpol SA and Dromost Sp. z o.o. were taken by Aprivia SA and their value in Aprivia SA books is as follows:

- PRID SA: PLN 22,379,325.00 - Aprivia SA holds 100% shares in the capital and the same number of votes at the general meeting of shareholders;
- - Betpol SA: PLN 45,971,637.00 - Aprivia SA holds 70% shares in the capital and the same number of votes at the general meeting of shareholders;
- Dromost Sp. z o.o.: PLN 3,142,103.00 - Aprivia SA holds 87.40% shares in the capital and the same number of votes at the general meeting of shareholders.

PBG SA was a Holding Company for Aprivia SA, however, as soon as the capital increase was registered, Aprivia SA became a Holding Company for the companies shares of which were contributed to it and which were excluded from the PBG SA direct assets. Aprivia SA does not intend to change profiles of the taken companies and treats them as a long term investment. The shares in the mentioned companies were taken as a result of issuance of 71,493,065 shares of the B series.

COMPOSITION OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD OF THE HOLDING COMPANY

As per 31 December 2008 the following individuals made up the company Board of Directors:

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

On 28 November 2008, the Supervisory Board upon request of the Board of Directors made a decision to assign the function of the Vice President of the Board of Director to Mr. Mariusz Łożyński who previously worked as the Member of the Board of Directors.
Until the date of these financial statements, the make up of the Board of Directors was not changed.
As per 31 December 2008 the following individuals made up the company Supervisory Board:

- Maciej Bednarkiewicz – Chairman of the Supervisory Board;
- Jacek Kseń – Deputy Chairman of the Supervisory Board;
- Wiesław Lindner – Secretary of the Supervisory Board;
- Jacek Krzyżaniak – Member of the Supervisory Board;
- Dariusz Sarnowski – Member of the Supervisory Board;
- Adam Strzelecki – Member of the Supervisory Board.

On 12 March 2008 the PBG SA Board of Directors was delivered resignation of Mr. Mirosław Dobrut of his function of the PBG SA Supervisory Board member. Mr. Mirosław Dobrut justified his decision by potential conflict of interest which could arise due to his employment in the management of other stock exchange listed company.

On 1 September 2008 the PBG SA Board of Directors was notified about Ms. Małgorzata Wiśniewska's resignation of her function of the PBG SA Supervisory Board member. Resignation of Ms. Małgorzata Wiśniewska is due to assignment to her the position of the President of the Board of Directors in the PBG SA subsidiary of Infra SA.

OTHER INFORMATION REFERRING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amendments resulting from objections raised in the opinions issued by entities entitled to audit consolidated financial statements or financial statements for the years covered by these consolidated financial statements and reference consolidated financial data were not introduced.

2. INFORMATION ABOUT BASIS FOR THE FINANCIAL STATEMENTS, THEIR CURRENCY AND LEVELS OF APPROXIMATION

2.1. BASIS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the PBG Capital Group, covering the Holding Company and its subsidiaries, has been drawn up as per the International Financial Reporting Standards (IFRS) approved by the European Union and applicable on 31 December 2008.

These consolidated financial statements meet all IFRS requirements adopted by the European Union and reliably present financial condition of the Group as per 31 December 2008, its financial result and cash flow for the period between 1 January 2008 and 31 December 2008 including the reference data.

The financial statements were made pursuant to the historical cost principle, with the exception of investment estates, derivative financial instruments and financial assets available for sale which were carried at fair value.

For all matters not settled in the IAC/IFRS, the Capital Group applies the following regulations:

- Act on accounting of 29 September 1994 (unified text - Dz. U. of 2002, No. 76, item 694 as amended);
- Ordinance of the Minister of Finance of 12 December 2001 on detailed rules for financial instruments approval, valuation method, range of disclosing and presentation method (Dz. U. of 2001, No. 149, item 1674);
- Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regard financial information in prospectuses and the form, referencing and publication of these prospectuses as well as publication of advertisements;
- Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information disclosed by issuers of securities and acknowledging equivalent information required by regulations of the non member states (Dz.U. of 2009, No. 33, item 259).

2.2. STATEMENT OF THE BOARD

Pursuant to the Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information disclosed by issuers of securities, the Board of PBG SA declares that to their best knowledge these financial statements and the reference data are made in line with the accounting standards binding for the PBG Capital Group, they truly, reliably and clearly reflect financial conditions of the Group and its financial result and that the Board report includes real image of the Capital Group development, achievements and condition including basic risks and hazards.

For these financial statements there were applied accounting rules consistent with the International Financial Reporting Standards which were approved by the European Union and its range corresponds to the requirements of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information disclosed by issuers of securities (Dz. U. No. 33, item 259) and covers the period between 1 January 2008 and 31 December 2008 and the reference period between 1 January and 31 December 2007.

The Board of PBG SA declares that the entity entitled to audit financial statements who audited the consolidated financial statements was selected pursuant to the applicable legal regulations and that mentioned entity as well as chartered auditors conducting the audit met requirements guaranteeing issuance of an objective and independent opinion pursuant to applicable legal regulations.

Pursuant to the corporate governance passed by the PBG SA Board, the chartered auditor was selected by the Supervisory Board in their resolution No. 6 of 13 June 2007 on selection of the chartered auditor.

The Supervisory Board made this decision willing to guarantee full independence and objectivity of both the choice and the chartered auditor operations.

2.3. INFLUENCE OF NEW STANDARDS AND INTERPRETATIONS ON THE CAPITAL GROUP'S FINANCIAL STATEMENTS

APPLICATION OF A STANDARD OR INTERPRETATION BEFORE THEIR EFFECTIVE DATE

The PBG Capital Group did not choose to use new standards and interpretations, which have already been published and approved by the European Union but which become effective after the balance-sheet day.

INFLUENCE OF NEW STANDARDS AND INTERPRETATIONS ON THE CAPITAL GROUP'S FINANCIAL STATEMENTS

As per 31 December 2008, there were published new standards and interpretations to the IFRS referring to:

- Amendment to IFRS 2 "Share-based payment" - effective date 1 January 2009. The standard amendment is going to affect the Capital Group financial statements;
- Updated IFRS 3 "Business combinations" and IAC 27 "consolidated and separate financial statements" – effective date 1 July 2009. The standard amendments consist in the new approach to:
  - company value and the minority interest – company value is total price paid and the fair value of the minority interest less net assets of the taken over entity, further share purchases following taking the control (they do not affect the company value);
  - The standard amendment is not going to affect the Capital Group financial statements;
- IFRS 8 "Operating segments" - effective date 1 January 2009. The Capital Group does expects the new standard to significantly affect presentation and disclosure of information about operating segments in financial statements concerning following periods;
- Amendments of the IAC 14 "Segments reporting". It is applicable if amendments to the IAS 1 were applied earlier. The standard amendment is going to affect the Capital Group financial statements;
- Updated IAS 1 "Presentation of financial statements" - effective date 1 January 2009. Updated standard includes some important changes:
  - new names of the statements;
  - full statement on the company result supplementing currently required profit and loss account includes also reporting of the result which was included directly into the capital.

The financial statements include also the company financial standing (balance sheet) as per the beginning of the first reference period (i.e. 3 balance sheets) if the statements include flashback of the accounting policy or assets classification change.

The Capital Group does not expect the standard amendment to affect figures presented in the statements.

- Updated IAS 23 "Borrowing costs" - effective date 1 January 2009. The Capital Group expects the amendment to affect accounting rules, however, this affect is going to be limited, as so far the company has applied the alternative approach i.e. it included borrowing costs in fixed assets. The new reading of the IAS 23 referring to activating of the borrowing costs is going to be applied by the Capital Group only to new contracts and operation made 1 January 2009 on. The Capital Group expects that the amendment of the IAS 23 is mostly going to affect presentation of borrowing costs in the profit and loss account, as some costs currently revealed in the financial dealings will now be transferred to operation;

- Amendments in the IAS 32 "Financial instruments presentation" and IAS 1 "Presentation of financial statements" - Puttable instruments and obligations arising on liquidation - effective date 1 January 2009. The standard amendment is not going to affect the company financial statements;
- Amendment IFRS 1 "First-time adaptation of the IFRS" and IAS 27 "Consolidated and separate financial statements". The amendment is applicable to periods beginning on 1 January 2009 on. The standard amendment is going to affect the Capital Group financial statements;
- Amendments 5, 7 in the IFRS, 1, 8, 10, 16, 18, 19, 20, 23, 27, 28, 29, 31, 36, 38, 40, 41 in the IAS implemented by the IASB as a part of the "Annual improvements project". The amendments are applicable since 1 January 2009 on;
- Amendments in the IAS 39 "Financial instruments: recognition and measurement". The amendment is applicable since 1 January 2009 on. The amendment is not applicable to the Capital Group;
- Amendments in the IFRS 7 "Financial instruments: disclosures". The amendment is applicable since 1 January 2009 on. The amendment is not applicable to the Capital Group;
- Amendments in the IFRS 1 "First-time adaptation of the IFRS". The amendment is applicable since 1 July 2009 on. Changes in the standard reading layout. The amendment is not applicable to the Capital Group;
- New interpretation of the IFRIC 13 "Customer loyalty programmes". Applicable since 1 January 2009 on. The amendment is not applicable to the Capital Group;
- Interpretation of the IFRIC 15 "Agreements for the construction of the real estate". Applicable since 1 January 2009 on. The Capital Group applies rules consistent with the introduced interpretation, therefore the amendment is not going to affect the financial statements;
- New interpretation of the IFRIC 16 "Hedges of net investment in foreign operation". Applicable since 1 October 2009 on. The amendment is not applicable to the Capital Group;
- New interpretation of the IFRIC 17 "Distributions of non-cash assets to owners". The amendment is applicable since 1 July 2009 on. The amendment is not applicable to the Capital Group.

The Board of the Holding Company is continuously monitoring new standards and interpretations and is continuously analysing their influence on the financial statements.

2.4. CURRENCY AND LEVEL OF ADOPTED APPROXIMATION

The currency used in this consolidated financial statement is Polish zloty which is the operating currency and the presentation currency, and all amounts are presented in PLN thousands (unless otherwise specified).

Financial statements of the foreign entities for the purposes of the financial statements are translated into Polish currency applying rules of the International Accounting Standard No. 21 i.e. as follows:

- assets and liabilities of each presented balance sheet applying the fixing rate of the balance-sheet day;
- items included in the profit and loss account applying the rate which is an arithmetic averageof average rates fixed by the National Bank of Poland (NBP) on the last day of each month of the reporting period. Exchange rate differences resulting from such a translation are included directly in the equity capital as exchange rate differences of the consolidation.

2.5. GOING CONCERN ASSUMPTION

These consolidated financial statements was drawn up based on the assumption that the PBG Capital Group entities shall remain a going concern in the foreseeable future. As at the date of approval hereof, there are no circumstances indicating otherwise.

2.6. AVERAGE EXCHANGE RATES IN RELATION TO EUR

For the period covered by the financial statements and reference data, an average exchange rates of PLN vs. EURO, set by the National Bank of Poland were used, in particular:

- net profits from sales of products, goods and materials, operating profit, gross profit and net profit, as well as net cash flow from operations, net cash flow from investments, net cash flow from financial activity, and total net cash flow for two quarters 2008 have been calculated based on the average exchange rate of EURO – arithmetic average of exchange rates set by the National Bank of Poland as at the last day of each month, i.e. : PLN 3.5321;
- net profits from sales of products, goods and materials, operating profit, gross profit and net profit, as well as net cash flow from operations, net cash flow from investments, net cash flow from financial activity, and total net cash flow for two quarters 2007 have been calculated based on the average exchange rate of EURO – arithmetic average of exchange rates set by the National Bank of Poland as at the last day of each month, i.e. : PLN 3.7768;
- total assets, liabilities and provisions for liabilities, long-term payables, shareholders' equity and share capital as at 31 December 2008 have been calculated based on the average exchange rate of EURO as at that date i.e. 31 December 2008 i.e. : PLN 4.1724;
- total assets, liabilities and provisions for liabilities, long-term payables, shareholders' equity and share capital as at 31 December 2007 have been calculated based on the average exchange rate of EURO as at that date i.e. 31 December 2007 i.e.: PLN 3.5820.

Item	31/12/2008	31/12/2007
Exchange rate as of the last day of the period	4.1724	3.5820
Average exchange rate (arithmetic average of exchange rates as of the last day of each month in the period)	3.5321	3.7768
The highest exchange rate in the period	4.1848 as of 29/12/2008	3.9385 as of 30/01/2007
The lowest exchange rate in the period	3.2026 as of 31/07.2008	3.5699 as of 11/12/2007

Basic items of the balance sheet, profit and loss account and cash flow statement from the consolidated financial statements and reference consolidated data translated into EURO.

SELECTED FINANCIAL DATA AS OF 31 DECEMBER 2008

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
	PLN		EUR	
Revenue from sales	2 091 425	1 406 976	592 119	372 531
Operating profit (loss)	225 611	139 335	63 874	36 892

Profit (loss) before tax	215 915	146 376	61 129	38 757
Net profit (loss) from discontinued operations	189 923	119 679	53 771	31 688
Net profit (loss), including	189 923	119 679	53 771	31 688
- profit of shareholders of the Holding Company	158 241	104 308	44 801	27 618
- profit of minority shareholders	31 682	15 371	8 970	4 070
Net cash from operations	(262 881)	(117 647)	(74 426)	(31 150)
Net cash used in investments	174 856)	(178 941)	(49 505)	(47 379)
Net cash flows from financial activity	315 220	655 464	89 244	173 550
Net cash flow and cash equivalent balance	(122 517)	358 876	(34 687)	95 021
Weighted average number of ordinary shares	13 430 000	13 197 000	13 430 000	13 197 000
Weighted average diluted number of ordinary shares	13 430 000	13 197 000	13 430 000	13 197 000
Profit (loss) per ordinary share (in PLN/EUR)	11,78	7,90	3,34	2,09
Diluted profit (loss) per ordinary share (in PLN / EUR)	11,78	7,90	3,34	2,09
Average PLN / EUR exchange rate			3,5321	3,7768

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
	PLN		EUR	
Assets	2 858 509	2 258 835	685 099	630 607
Long-term liabilities	410 022	331 739	98 270	92 613

Short-term liabilities	1 334 869	1 141 876	319 928	318 782
Equity	1 113 618	785 220	266 901	219 213
Share capital	13 430	13 430	3 219	3 749
Number of shares	13 430 000	13 430 000	13 430 000	13 430 000
Book value per share - BVPS (in PLN / EURO)	69,11	55,90	16,56	15,60
Dividend per share – declared or paid (in PLN / EUR)	–	–	–	–
PLN / EUR exchange rate at period end			4,1724	3,5820

3. ACCOUNTING PRINCIPLES

The consolidated financial statements were made pursuant to the historical cost principle, with the exception of investment estates, derivative financial instruments and financial assets available for sale which are carried at fair value. The balance sheet value of secured assets and liabilities is amended including changes of the fair value which may be assigned to the risk against which these assets and liabilities are secured.

3.1. GENERAL PRINCIPLES

CONTENT OVER FORM PRINCIPLE

Content over form principle means that the financial statements should present the information reflecting economic content of events and transactions and not only their legal form.

3.2. CONSOLIDATION

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Holding Company of PBG SA and statements of subsidiaries controlled by the Holding Company, drawn up as at 31 December 2008. The term "controlled" is meant as an influence on the financial and operational policy of a subsidiary so as to obtain benefits from its activities.

As at the acquisition date (date of taking control), assets and liabilities of a subsidiary are carried at their fair value. Any excess of the acquisition cost over the fair value of acquired identifiable net assets of the subsidiary is recognised as goodwill under assets in the balance sheet. Should the purchase price be lower than the fair value of identifiable taken over net assets of the subsidiary, the difference is recognised as a profit in the profit and loss account of period in which the acquisition occurred. Minority interests are carried at their corresponding fair value of net assets. Should minority losses exceed minority interests in subsequent periods, equity of the holding company is reduced by the relevant amount.

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

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

The consolidated financial statements do not include any intercompany transactions, balances, revenues or expenses of related consolidated entities.

INVESTMENTS IN ASSOCIATES

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

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

All profits and losses resulting from transactions made by the Capital Group and an associate are subject to non-consolidation in accordance with the share of the group in the capital of the associate.

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

Should the purchase price be lower than the fair value of identifiable taken over net assets of the associate, the difference is excluded from the balance sheet value of the investment and is included in the profit and loss account of period in which the acquisition occurred.

GOODWILL

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

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

3.3. DETAILED PRINCIPLES OF ASSETS AND LIABILITIES VALUATION EMPLOYED IN THE PBG CAPITAL GROUP

INTANGIBLE ASSETS

Intangible assets include assets that satisfy the following criteria:

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

Initial recognition of intangible assets is valued at purchase or production cost. The purchase price includes the price paid for asset (i.e. the amount due to the seller reduced by the deductible taxes (VAT and the excise), public charges (in case of import) and expenditures directly bound with the purchase and adjusting of the asset for use accordingly to its planned purposes. Discounts granted by the seller and other reduction alike decrease purchase price of the asset.

If an intangible asset is purchased in exchange for capital market instruments of the company making the financial statements, the purchase price of the asset equals to the fair value of issued capital market instruments which equals to the fair value of the specific asset.

Production cost of an intangible asset includes all costs incurred by the entity within the period of production or adjustment thereof incurred up to the date the asset use begins (or up to the balance-sheet day if the asset is not used yet) including non-deductible VAT and excise.

The PBR Capital Group chose to apply an alternative solution approved in the IAS 23. Pursuant to the alternative approach, borrowing costs - interest which can be directly attributed to the purchase, construction or production of the asset are included into the purchase price or production cost of the specific asset.

At least on the balance-sheet day, the intangible assets are priced as per the purchase or production price less amortization and impairment write-downs.

For calculation of intangible assets impairment write-downs there is applicable the same method as for fixed assets.

Intangible assets depreciation write-downs are calculated dividing their original value by the period of their anticipated economical usefulness. Amortization is applicable beginning on the first day of the month in which the intangible assets use begun. The depreciation ceases at the end of the month in which accumulated amortization equals the original value or in which the intangible asset was intended for liquidation, sold or shortage thereof was discovered.

Intangible assets amortization write-downs are made linearly with the following periods applied:

Item	Annual depreciation
computer software	20 – 50%
other property rights	20 – 50%

Correctness of the amortization rates applied to separate intangible assets is verified at least once a year. All changes resulting from modification of the depreciation rates affect (as a change of assessed figures) amendments of depreciation write-downs made in the current FY and following FYs.

Intangible assets with undefined period of use and those which are not yet in use (in progress) undergo annual verification for eventual loss of value either individually or at the cash generating unit level. Other intangible assets should be annually reviewed for any circumstances which could indicate their impairment. Eventual impairment write-down is accounted for in the profit and loss account.

Intangible assets with a value of up to PLN 2,500 are not regarded as fixed assets and are written off costs of consumption of materials in the month of putting the assets to use.

Apart from development works, internally-generated intangible assets are not recognised in assets and their manufacturing costs are recognised in P&L account for the year in which the expenditure is incurred.

An asset may be removed from the balance sheet on disposal or when no future economic benefits are expected from its continued use. Profits or losses from sales / liquidation or ceasing to use the intangible assets are determined as the difference between revenues from sales and net value of these intangible assets and included in the profit and loss account.

Effected advance payments associated with purchase of intangible assets are covered by financial statements of the companies of the PBG Capital Group in the balance sheet section of intangible assets.

COSTS OF RESEARCH AND DEVELOPMENT WORKS

Costs of research works are recognised directly in the profit and loss account when they are incurred. Expenses for development works made under an undertaking are transferred to the next period if it can be determined that they can be recovered in future. After initial recognition of expenses on development works a historic cost model is applied which requires assets to be carried at cost of purchase depreciation and aggregated impairment write-downs. All expenditures transferred to next period are depreciated over the expected period of generating revenues from sale of the undertaking.

The costs of development works are annually examined for potential impairment if an asset has not been put to use or more frequently if in the entire reporting period an indication is identified that the balance sheet value may not be recoverable.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially recorded at the cost of purchase or production. Purchase price is increased by all costs directly related to the purchase and necessary to bring the asset to working condition for its intended use. Costs incurred after the date when the fixed assets was put into use, including costs of mainte-

nance and repairs, are charged to the profit and loss account as they are incurred.

On acquisition, fixed assets are divided into separate items of material value for which separate useful life can be determined. They also include the costs of overhauls and vital spare parts as well as equipment if they are used for the period of more than one year.

After initial recognition, fixed assets are recorded at purchase or production cost less depreciation and total impairment losses.

Depreciation is carried out on a straight-line basis over the estimated useful period of an asset, which for individual groups of assets is the following:

Type	Depreciation rate
Land (perpetual usufruct of land)	not depreciated
Buildings and structures	1,5% – 2,5%
Machinery and equipment	5% – 46%
Office equipment	10% – 20%
Transport vehicles	10% – 46%
Computers	10% – 40%
Investments in fixed assets owned by third parties	10%

Depreciation starts in the month when the fixed asset is accepted for use.

Correctness of the applied depreciation rates is periodically verified (annually) causing amendments of depreciation write-downs in following years.

The Capital Group companies possess pieces of art residual value of which was assumed to equal their purchase price, value of fixed assets is not depreciated.

While drawing up the financial statements, if any circumstances indicate that the carrying amount of tangible fixed assets may not be recoverable, these assets are reviewed for impairment. If their impairment is probable, and their carrying amount exceeds their recoverable amount, the carrying amount of those assets or cash-generating unit to which they belong is reduced to the recoverable amount. The recoverable value is the higher of an asset's following value: fair value less costs of sale or usable value. When determining usable value, the estimated future cash flows are discounted to the present value based on the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the asset does not generate cash inflows that are largely independent from other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the P&L account in the item "other operational costs".

A tangible fixed asset may be removed from the balance sheet on disposal or when no future economic benefits are expected from its continued use. Profits or losses from sales / liquidation or ceasing to use the fixed assets are determined as the difference between revenues from sales and net value of these fixed assets and included in the profit and loss account.

Investment initiated relate to fixed assets in progress or construction and are recorded at purchase or production price. Construction in progress is not depreciated until fully completed and brought into use.

In the case of lasting discontinuation of investing on construction in progress, the total amount of the costs incurred related with the works carried out so far are included in the period costs. Investment suspension is acceptable in case of justified intention to continue the investments in later periods. Investment suspension is made upon decision of the company Board. As at each balance sheet day investments on fixed assets in progress are analysed in terms of value loss and the necessity to make possible impairment losses.

Effected advance payments associated with purchase of tangible fixed assets are covered by financial statements of the companies of the PBG Capital Group in the balance sheet section of tangible fixed assets.

PERPETUAL USUFRUCT OF LAND

Perpetual usufruct of land purchased as a result of administrative decision is recorded in the balance sheet at fair value. Fair value of the right is determined as one of the two values – market value of the right if the company is aware thereof or the value as assessed by an expert.

The excess of the fair value assessed in this way over the costs incurred for the purchase of the perpetual usufruct of land as a result of an administrative decision is recorded under assets as from profit brought forward from previous years.

Perpetual usufruct of land purchased on the secondary market is valued according to the purchase price and is not revaluated.
Perpetual usufruct of land is not depreciated.

LEASES

THE CAPITAL GROUP AS A LESSEE

Finance lease agreements that transfer substantially all the risks and rewards of ownership of the leased asset to the Group are recorded in the balance sheet at commencement of the lease term at the lower of the following values: fair value of the leased fixed asset or present value of the minimum lease payments. Minimum lease payments should be apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability Conditional lease payments are recorded in the period when the costs were incurred.

Fixed assets used under finance lease agreements are depreciated on the basis of the same rules as applicable for the Capital Group's own assets. However, if it is not certain if the Capital Group is going to obtain the ownership title before the end of the lease, an asset is depreciated throughout a shorter of the following lease terms: estimated life of the asset or lease term.

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

THE CAPITAL GROUP AS A LESSOR

Assets transferred under finance leases are recorded by the Capital Group in the balance sheet as receivables, at the amount equal to the net investment in the lease. Net investment is a sum of minimum lessor's due lease payments arising from the finance lease or a possible unguaranteed final value attributed to the lessor discounted by the lease interest rate. Financial revenues arising from including a given asset transferred under lease agreement are recorded so as to reflect a stable interim rate of return for net lease investment. Companies of the Capital Group which are producers or intermediaries, record profits and losses from sale in a given period in relation to finance lease in line with the rules for standard sale adopted by the company. The costs in-

curred in relation with negotiations and activities aimed at concluding a lease agreement are recorded as costs as at obtaining profit from sale. Receivables related to the lease are recognised in the item of "other receivables".

INVESTMENT PROPERTY

Investment property include lands, buildings and constructions purchased to gain economic benefits based on the increase of their value or other benefits e.g. obtaining benefits from lease rents. These assets are not used by the company.

Including a property as investment is carried out when it is opened for use on the basis of the Board's decision.

Investment property is initially recognised as at the purchase price or production price, including transaction costs. After initial recognition, an investment property is carried at fair value. Gains or losses resulting from changes in fair value of an investment property are recognised in the P&L account for the period in which they are generated. Fair value of an investment property is reflected in market conditions as at balance sheet day.

NON-RENEWABLE NATURAL RESOURCES

Non-renewable natural resources assets are initially recorded at the cost of purchase or production. Purchase price is increased by all costs directly related to the purchase and necessary to bring the asset to working condition for its intended use.

Costs incurred after the date the non-renewable natural resources have been included in the books are recorded in the profit and loss account when they are incurred.

After initial recognition non-renewable natural resources are recorded at purchase or production cost less amortisation and total impairment losses.

Depreciation is calculated naturally.

While drawing up the financial statements, if any circumstances indicate that the carrying value of non-renewable natural resources may not be recoverable, these assets are reviewed for impairment. If their impairment is probable, and their carrying amount exceeds their recoverable amount, the carrying amount of those assets or cash-generating unit to which they belong is reduced to the recoverable amount. The recoverable value is the higher of an asset's following two values: fair value less costs of sale or usable value. When determining value in use, the estimated future cash flows are discounted to the present value based on the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the asset does not generate cash inflows that are largely independent from other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the P&L account in the item "other operational costs".

An asset may be removed from the balance sheet on disposal or when no future economic benefits are expected from its continued use. Profits or losses from sales / liquidation or ceasing to use the non-renewable natural resources are determined as the difference between revenues from sales and net value of these assets and included in the profit and loss account.

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

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

Fixed assets (and groups of net assets held for sale) classified as held for sale are valuated at lower of the two values: balance value or fair value less costs of sale.

INVENTORIES

Inventories in the companies of the PBG Capital Group include:

- Materials purchased for own purposes:
  - raw materials and materials for production;
  - indirect materials;
  - other materials (office equipment, fuel purchased directly by drivers).
- Goods purchased and held for trading;
- Generated or processed products.

In the PBG Capita Group **direct and indirect materials** within the FY are recorded in purchase or sale price. Outgoing direct and indirect materials is recorded at weighted average prices and FIFO.

The purchase price may be used as the price of acquisition providing the costs incurred along the material purchase are insignificant compared to the purchase price.

The price of acquisition includes also storage costs necessary in the production process.

Goods within the FY are recorded in acquisition or purchase price. Outgoing of goods is carried out pursuant to FIFO prices. Land and property intended for sale is treated as goods.

Finished products, semi-finished products and products in progress are priced as per real costs incurred to produce these finished products.

In case of land development activities all expenditures related to the task are activated in inventories as work in progress.

The price of acquisition or cost of production include all purchase costs, processing costs and other costs incurred in relation to transferring of inventories to their current place and condition. The entity includes borrowing costs to the purchase price or production cost.

Purchase costs include purchase price, import duties and other taxes (other than those which may be refunded by the IRS to the company) and costs of transport, loading, unloading and other costs directly attributable to sourcing of finished products, materials and services.

When calculating the purchase costs, discounts and other alike items are respectively deducted.

Pricing of inventories as per the balance-sheet day is carried out at acquisition price, purchase price or production cost not exceeding their net sale price (net value possible to obtain).

Net price possible to achieve is the difference between the estimated selling price achieved in normal business operation and completion costs and estimated costs necessary to carry out the sale.

Costs of borrowing (if they are significant and if the financing period and inventory maintenance in long term) including credit and loan interest, discount, premiums, costs related with concluding of the credit or loan agreement and exchange rate differences referring from costs of financing increase value of the current assets regardless relationship between the financing sources and assets.

Revaluation write-downs of tangible current assets related to their impairment or valuation as at the balance sheet day are charged into other operational expenses. If the reason for the revaluation write-down of tangible elements of current assets no longer exists, their value is included into other operating revenues. In particular, the following are circumstances indicating the need to make revaluation write-down:

- loss of the inventory functional value (damage, expiry date);
- inventory quantity exceeds needs and the company selling abilities;
- low inventory turnover;
- loss of the market value due to lower sale prices used by competitors.

As at the balance sheet day, the companies of the PBG Capital Group make aging analysis of inventories with division into inventory groups and calculate applicable revaluation write-down value.

BORROWING COSTS

Pursuant to the IAS 23, the PBG Capital Group applies alternative approach to borrowing costs. Pursuant to the alternative approach Financing costs that can directly included in purchase, construction or production of adjusted element of assets are activated as a part of purchase price or production cost of this asset. Borrowing costs include interest and exchange rate gains of losses up to the amount of the adjustment of interest cost.

GRANTS

Grants, including non-cash grants represented in fair value are included only if it is certain that the Capital Group fulfils the requirements related with a given grant and a given grant is retained.

If a grant is related to a cost item, it is recognised as income and matched with the related costs, for which it is intended to compensate. If a grant is related to an asset, then its fair value is recognised in revenues of future periods and it is subsequently included in profit and loss proportionally to the depreciation write-downs made for that defined asset.

RECEIVABLES

Trade receivables and other receivables are recognised and disclosed at amounts initially invoiced. After initial recognition of the receivables they are valued at the depreciated cost applying an effective interest rate including receivable revaluation write-downs. Revaluation write-down of doubtful receivables is determined when the recovery of the entire receivables amount lost its probability. Write-downs revaluating receivables balance sheet value are made, among others, for the following:

- overdue receivables or receivables which are not overdue which, however, are very probable to be unrecoverable, in particular receivables overdue over 180 days unpaid in 100%.
- Impairment write-downs is included in other operational costs.

Trade receivables which become due within a time shorter than 12 months since their origin are not subject to discounting. Due dates of the Capital Group's trade receivables are usually 14 to 90 days.

Receivables which are due within a time longer than 12 months from the balance-sheet day are recorded in long tern assets. The short-term assets include receivables with the due date up to 12 months from the balance-sheet day.

Trade receivables of the Capital Group usually are not burden with interest on defaults. If, however, the Board finds it justified contractual interest may be imposed.

Effected advance payments associated with future services are covered by financial statements of the companies of the PBG Capital Group in the balance sheet section of short-term trade receivables.

PREPAID EXPENSES

In order to maintain commensuration of revenues and costs they are divided into costs and revenues for individual reporting periods. Expenses and costs incurred in advance, that is related with future periods, are represented within active prepaid expenses whereas passive prepaid expenses of costs include the amounts included in the current period although they will be covered in the future reporting period.

Write-offs of active and passive prepaid expenses are made gradually in line with the set period of time or their amount. The timing and method of calculation depend on the type of expenses to be settled and are based on the principle of prudence.

The range of typical expenses settled in time includes in particular to:

- paid in advance subscription for the press;
- property insurance fees;
- leasing costs (leasing fees);
- charge for occupation of road lanes;
- charges for guarantees provided by financial institutions;
- expenses made in relation with construction contracts before their concluding.

Passive prepaid expenses include probable value of liabilities attributable to current reporting period, among others, resulting from the following:

- services provided to the company by its contractors if the liability can be reliably estimated e.g. provisions for financial statements audit;
- obligation to perform future services referred to current operation value of which can be estimated although the date of the obligation remains unknown.

PROVISIONS FOR HOLIDAY LEAVES NOT TAKEN

The PBG Capital Group shall create provisions for accumulated costs of pay holiday, that will have to be incurred if staff members do not use their right that has accrued as at the balance sheet day. Provisions for holiday leave not taken are calculated basing on actual number of days of holiday leave which were not taken in the current period plus number of days of holiday leave which was not taken in previous periods. The provision for accumulated pay leaves are included as passive prepaid expenses after deducting amounts already paid. The provision for accumulated cost of pay leave is a short-term provision which is not discounted.

PREPAID INCOMES

Prepaid incomes in the PBG Capital Group include, first of all, cash received to finance purchase of fixed assets in progress and intangible assets settled along with depreciation write-downs of fixed assets financed from those sources.

FINANCIAL INSTRUMENTS

Each contract establishing an element of assets for one party and a financial liability or capital instrument for another party is classified by the Company as a financial instrument, on condition that the contract concluded between two or more parties results in direct economic effect. As part of their core business operations, the Capital Group companies conclude contracts denominated in foreign currencies (mostly in Euro).

The currency risk management policy adopted by the Board is based on the principle of securing future cash flows arising from these contracts to reduce the impact of exchange rate variations on the Capital Group companies. Currency risks are mainly hedged based on a natural mechanism, i.e. signing contracts with subcontractors in the contract currency to transfer these currency risks to subcontractors. If it is not possible, currency exposure is hedged on the financial market by using derivatives, currency forward transactions in particular.
The Capital Group classifies financial instruments as:
Elements of financial assets and liabilities valued at fair value through profit and loss account. - assets and liabilities acquired or incurred mainly for sale or purchase in the foreseeable future or a part of a portfolio of specific financial instruments managed in total and for which there is a confirmation of current and actual pattern of generating short-term profits;
Investments held to maturity - financial assets which are not derivatives, with fixed or possible to be fixed payments and with fixed maturity that the Capital Group has the positive intention and ability to hold to maturity;
Loans and receivables – financial assets which are not derivatives, with fixed or possible to be fixed payments which are not quoted on an active market;
Financial instruments available for sale – financial assets which are not derivatives, assigned for sale or which are not (a) loans and receivables, (b) investments held to maturity, or (c) financial assets valued at fair value through financial result.

INCLUSIONS AND EXCLUSIONS OF FINANCIAL ASSETS AND LIABILITIES

Elements of financial assets or liabilities are recognised in the balance sheet if the Capital Group becomes a party to this instrument.

Standardised transactions of purchase and sale of financial assets and liabilities are recorded as at the day of concluding of the transaction.

Elements of financial assets are excluded from the balance sheet if contractual rights to economic benefits and risk have been executed, have terminated or if the Capital Group has waived the right to them.

The Capital Group excludes financial liabilities from the balance sheet if the liability has expired, i.e. when the obligation referred to in the contract has been fulfilled, redeemed and or has expired.

VALUATION OF FINANCIAL INSTRUMENTS AS AT THE DATE OF ESTABLISHMENT

The Company values financial assets and liabilities at cost as at the purchase date, i.e. at fair value of the payment made (in the case of an element of assets) or payment received (element of liabilities). The Capital Group includes the transaction costs into the initial value of estimation of all financial assets and liabilities, except for assets and liabilities category valued at fair value through profit and loss account.

VALUATION OF FINANCIAL INSTRUMENTS AS AT BALANCE SHEET DAY

The PBG Capital Group values:

- at depreciated cost including effective interest rate: investments held to maturity, loans and receivables as well as other financial liabilities. Valuation may also be based on the amount due, if the discount effect is immaterial,
- at fair value: financial assets and liabilities from categories valued at fair value through profit and loss account and financial assets category held for trading.

The results of valuation of financial assets held for trading are recognised in equity. The results of valuation of financial assets and liabilities classified in other categories are recognised in profit and loss account.

HEDGE ACCOUNTING

Derivatives hedging cash flows with height probable planned transaction are recognised at fair value taking into account the changes in value:

- in part recognised as an effective hedge – directly in equity;
- in part recognised as ineffective one - presented in the profit and loss account.

Derivatives securing fair value of assets and liabilities are recognised at fair value. Changes of their fair value are recognized in the profit and loss account.

CEASING TO APPLY RULES OF ACCOUNTING OF HEDGING

The Group ceases to apply rules of accounting of hedging of cash flows if:

- the hedging instrument expires, is sold, terminated or executed. In such a case cumulated profits or losses related to the hedging instrument charged directly to equity are indicated separately in the entity as long as the planned transaction is made;
- the hedging is not meeting any more requirements defined for accounting of hedging. In such a case cumulated profits or losses related to the hedging instrument charged directly to equity as long as the planned transaction is made;
- planned transaction is not expected to be made, therefore all cumulated profits and losses related to the hedging instrument charged directly to equity are indicated in the profit and loss account.

EQUITY

Equity is in included in the books as divided by its type and pursuant to legal regulations and the company's articles of association.
The PBG Capital Group equity includes the following:

- **share capital** of the Holding Company - carried at the nominal value, in the amount pursuant to the company articles of association and entry to the national court register;
- **reserve from the valuation of hedging transactions** - carried at fair value of the instruments hedging future cash flows in the effective part of the hedging;
- **reserve capital from shares sold above share nominal value** - it is created of the excess of the share issue price above their nominal value less costs of issue. Costs of shares issue incurred at the incorporation of the joint-stock company or increase of the share capital reduce company capital raised on the share issue above their nominal value to the value of the excess of the issue value above the nominal value of the shares;
- **other capitals**;
- **retained financial result** includes: amounts resulting from the profit division, retained result from the previous years, financial result of the current year, errors of the previous periods.

Minority capitals are separate item in the entity.

BANK CREDITS

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

After the initial recognition, credits, loans and commercial papers are measured at amortised purchase cost using the effective interest rate method.

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

Profits and losses are recognised in the P&L account when the liability is removed from the balance sheet, and in the case if calculating the write-down.

LIABILITIES

After initial estimation all liabilities, except for the liabilities valued at fair value on the basis of profit and loss account are estimated measured at adjusted purchase price based on effective interest rate. However, liabilities with maturity longer than 12 months after the balance sheet day are not discounted.

The payment terms of the Capital Group's trade receivables is usually 14 to 90 days.

The liabilities are presented as short-term and long-term liabilities in the financial statements. Liabilities due to related parties and other entities are presented separately.

Advance payments received from business partners for services to be provided are included in the financial statements of the PBG Capital Group i the balance sheet item of short-term trade receivables.

CONTINGENT LIABILITIES

Contingent liability is:

- a possible obligation due to past events whose occurrence will be witnessed only in the case of occurrence or non-occurrence of one or more uncertain future events, beyond the Company's control, or
- current liability as a result of past events but not included in the statement as:
  - it is not probable to spend resources including economic benefits in order to fulfil obligations, or
  - the costs of obligations cannot be estimated in a reliable way.

PROVISIONS

Provisions are recognised for the Capital Group's actual (legal or constructive) obligations arising from past events, for which it is probable that an outflow economic benefits will be required, which can be reasonably estimated. Where the Group expects expenses related to the provision to be reimbursed (e.g. under an insurance contract), the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. The expense relating to any provision is presented in the P&L account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as external financial costs.

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

Liability in respect of which a provision was established require immediate use of this provision.

PROVISIONS FOR WARRANTY REPAIRS

Warranty repairs arise from the providing of future services related with current operations to unknown persons, value of which can be estimated although the date of the obligation remains unknown. Provisions are estimated on the basis of the degree of probability of liability occurrence in the future as assessed by the Board of Directors on the basis of costs analysis of warranty repairs from executed construction service contract. Provisions for warranty repairs are charged to the costs of the long-term contract basing on the progress

of direct costs. Costs referred to the provisions for warranty repairs do not increase the base of the contract progress base. In the Capital Group, provisions for warranty repairs are made separately for each contract. They are kept in the same probability level of occurrence until the day the warranty or repair claims expire.

Where the provision or a part thereof is not used (after its term expires) it is resolved to other operating revenues.

Depending on the expiry date, they are presented in the balance sheet as long-term or short-term provisions.

PROVISIONS FOR PLANNED LOSSES FROM EXECUTED CONSTRUCTION CONTRACTS

Should it be probable that the total costs under the contract exceed total expected revenues under the contract, the expected loss is immediately recognised as cost. The amount of loss is specified irrespective of the fact of commencing the works under contract, works progress, amounts of expected profits under contracts which are not single construction service contracts. The value of the change in provisions for planned losses increases or decreases the costs of operational activity.

JOINT VENTURES

Revenues are carried in the same value as it is probable that the Capital Group is going to achieve economic profits attributable to a given transaction and where the revenue amount can be reliably estimated.

The company as a partner of a consortium established to provide construction services indicates that part of revenues and costs which is attributable to it as a consortium partner where the contract with other entities taking part in the consortium is indicated as a join venture.

Join venture are featured as follows:

- two or more partners are bound by contractual provisions;
- means of control are set up in the contractual provisions.

Contractual provisions made in writing should indicate the following issues:

- range of operation;
- term of the contract;
- definition of the supervisory body over the join venture;
- defining of voting by the partners of the venture;
- distribution among the partners of the venture production, revenues, costs and results;
- contractual provision may not assign sole control over the venture to one of the partners.

SALE OF GOODS AND PRODUCTS

Sale of goods and products is recognised when the goods and products have been transferred to the buyer the significant risks and rewards of ownership and the amount of revenue can be measured reliably. Revenues from executing the cash flow hedging instruments change the value of revenues from sale of goods and products.

CONSTRUCTION SERVICES CONTRACTS

Construction service contract is a contract subject of which is erecting of a part of assets or a set of assets which are related to each other or interdependent as far as their design or technology is concerned or due to their function or final aim or way of use.

Result of the construction service contract is estimated basing on the revenues and costs related to the construction contract carried as revenues or costs respectively to the progress of the contract as at the balance-sheet day. Progress of the contract is estimated basing on the proportion of costs incurred for works executed up to the given day compared to estimated total costs of the contract. In the incurred costs there are included only those costs of the contract which reflect progress of works.

Value of the receivables due from construction contracts (expressed in currencies other than Polish zloty) attributable to to-be-invoiced part as at the balance-sheet day is carried at the bid exchange rate of the company's leading bank on the balance-sheet day. In case of received advance payment in foreign currency resulting from a construction service contract, receivables resulting from a construction service contract as at the balance-sheet day are carried including the received advance payment. Value of revenues from construction service contracts attributable to the to-be-invoiced part (indicated in liabilities) as at the balance sheet day is carried with the exchange rate as at the invoice day applying the FIFO method.

Overinvoiced part of revenues which may occur when estimating the revenue included in the financial statements is indicated separately indicated in the balance under "liabilities resulting from construction service contract".
Contractual value of the foreign currency contracts for purposes of estimating the provisions for losses and presentation of revenues from construction service contracts is defined using invoiced part expressed in Polish zloty and to-be-invoiced part expressed in the foreign currency translated with the average exchange rate of the National Bank of Poland as at the balance-sheet day.

Revenues from executing the cash flow hedging instruments change the value of revenues from provided services.

INTEREST

Revenue from interest is accrued on a time basis up to the net carrying amount of the financial asset in line with the effective interest rate.

DIVIDENDS

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

RENTAL REVENUES

Revenues from rental of investment properties are accrued on a straight-line basis over the rental term vs. concluded contracts.

COSTS

The PBG Capital Group books cost pursuant to the principle of commensuration of revenues and costs and the prudence principle.

Selling cost as at the balance-sheet day is amended with the change of fair value of financial instruments hedging cash flows if the transaction becomes ineffective or if the hedged position is closed.

Calculation of costs is kept separately for cost centres and cost types and the calculation option is the principal method of reporting costs in the profit and loss account.

Total cost of sold products, goods and materials consists of:

- cost of production of sold products;
- cost of production of sold services;
- value of sold goods and materials;

- general administrative expenses.

Moreover, to costs of the reporting periods affecting the financial result are also included other operational costs related indirectly with the operation activity, in particular:

- loss on disposed tangible fixed assets and intangible assets;
- donations made;
- provisions made for disputable issues, fines and compensations as well as other cost indirectly related to operation activity;

as well as **financial costs** related to financing of the Capital Group operations, in particular:

- interest on checking account credit line;
- interest on short and long-term credits, loans and other financing sources including discounting of liabilities;
- net exchange rate losses.

FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than PLN are converted to PLN at the exchange rate in effect as at the transaction date or the exchange rate specified in the accompanying "forward" contract for each transaction.

As at the balance sheet date liabilities denominated in foreign currencies are converted to PLN at the fixing exchange rate as at the end of the reporting period (spot rate) i.e. in line with the company's leading bank exchange rate from the first rate of the reporting day. Non-monetary items expressed in foreign currencies are carried at historical cost of the transaction day. Profits and losses resulting from conversion of currencies are transferred directly into the profit and loss account, in the cases specified by the accounting rules (policy), capitalised at assets value, except for monetary items hedging exchange rates risk which are carried directly in the capital pursuant to principles of accounting of hedges of cash flows.

The foreign currency used in subsidiaries is Slovak crown (SKK) and Canadian dollar (CAD). As at the balance sheet day assets and liabilities of foreign subsidiaries are calculated into the currency of the Capital Group's presentation at the exchange rate as of the balance sheet day and the profit and loss accounts are calculated at weighted average exchange rate for a given fiscal year. Exchange rate differences resulting from such a translation are included directly in the equity capital as a separate part thereof. In the case of disposal of a foreign subsidiary, accumulated deferred exchange rate differences included in the equity, referring to an individual foreign subsidiary, are recognised in the profit and loss account.

COSTS OF FUTURE RETIREMENT BENEFITS

The Company Remuneration Schemes provide that employees of the Group's companies are entitled to long-service awards and retirement severance payments. Long-service awards are paid to employees after a specified number of years of service. Retirement severance payments are paid only once when an employee retires. The amount of retirement severance payments and long-service awards depends on the employee's years of service and their average salary. The companies of the PBG Capital Group create a provision for future liabilities related to severance payments and long-service awards to allocate costs to the respective periods they relate to. Under IAS 19, long-service awards (jubilee' benefits) are classified as other long-term employee benefits, whereas retirement severance payments are classified as Post-Employment Defined Benefit Plans. Current value of these liabilities as at each balance sheet is determined by an independent actuary or with forecasted rights of the entity. The accrued obligations are equal to discounted payments to be made in the future, taking into account staff rotation, and are related to the period until the balance sheet date. Demographic data and staff rotation information is based on historical data. Actuarial profits and losses are recognised in the profit and loss account.

TAXES

Obligatory reductions of financial result include: current tax and deferred tax. Current tax is calculated based on the tax result (tax base) of the given fiscal year. Tax profit (loss) differs from the net book profit (loss) due to exclusion of taxable revenues and tax deductible costs in future years and untaxable costs and revenues. Due tax is calculated based on tax rates binding in the given fiscal year. Deferred tax is calculated employing the balance sheet method as tax to be paid or returned in future based of differences between the balance sheet values of assets and liabilities and corresponding tax values used to determine the tax base. Provision for deferred tax is established with regard to all taxable positive temporary differences, and asset due to deferred tax is recognised up to the amount by which the future tax profits may be reduced by recognised negative temporary differences. Item of assets or tax liability does not arise if the temporary difference is caused due to goodwill or initial recognition of other asset or liability in transaction which affects neither the tax nor the book result. Provision for deferred income is recognised with regard to temporary tax differences arising under investments in subsidiaries and affiliates and joint ventures, unless the entity can control the moment of reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future. The value of asset due to deferred tax is subject to analysis as at each balance sheet day, and should expected future tax results be not sufficient for the asset or its part, the asset is written off. Deferred tax is determined based on tax rates that will be binding when the assets' item is realised or the liability becomes mature. Deferred tax is included in the profit and loss account, except for cases when it applies to items recognised directly in shareholders' equity. In the latter case the deferred income is also settled directly into shareholders' equity.

4. ESTIMATIONS OF BOARDS OF DIRECTORS OF THE PBG CAPITAL GROUP COMPANIES

Preparing financial statements in line with the IFRS requires professional judgements, estimations and assumptions to be made by the Board of Directors. These assumptions affect adopted principles and presented value of assets and liabilities as well as revenues and costs. Estimations and the related assumptions are based on historic experience and other factors that are regarded as rational in certain circumstances and their results give rise to professional judgement as to the balance value of assets and liabilities that does not directly result from other sources.

Estimations and the related assumptions are verified regularly. The change in accounting estimations is recognised in the period in which they were modified if it concerns only the period or future and current periods if they concern both current and future periods.

5. CHANGE OF PRINCIPLES, CHANGE OF ESTIMATIONS, ERRORS OF PREVIOUS YEARS

Change of accounting principles (policies) are implemented in case of:

- change of accounting legal regulations if it makes that the impact of information included in the financial statements referring to transaction, other events or conditions on the financial standing, financial result or cash flows is more reliable.

In case of change in the accounting policy it is assumed that new accounting principles have always been applied. Amendments including associated ones are indicated as amendments to equity in the item of profit/loss from the previous years. To provide comparability of data it is necessary to implement required amendments of financial statements (reference data) referring to previous years in such a way that these statements also include amendments of the accounting principles.

Elements of the financial statements determined by estimation are subject to verification if circumstances for the estimations change or if new information occurs or more experience is gained.

Amendments resulting from rectifying of significant errors made in previous periods are charged to equity in the item of profit/loss from previous years. Making financial statements it is necessary to assume that the error was rectified in the period in which it was made. It means that the correction amount referring to the previous reporting period should be included in the profit and loss account of that period.

6. SEPARATE VALUATION OF ASSETS AND LIABILITIES PRINCIPLE

The principle of separate valuation means that assets and liabilities may not be compensated unless the IAC require or allow such compensations.

Revenues and costs may be compensated only if:

- the IAC require or allow to do so;
- profits, losses and costs related thereto resulting from the same or similar transactions or events are insignificant.

In the Capital Group the following transactions are presented as compensated:

- profits and losses made on sale of fixed assets including investments and assets used for operation activity, they are carried as a difference between revenues achieved on sale and the balance sheet value of the asset in question plus costs of sale;
- expenses related to the provision which by virtue of the contract are refunded by a third party (e.g. warranty provided by the supplier) are compensated with the applicable amount to be refunded;
- assets and provisions for deferred income tax are carried as the excess of the asset or the provision,
- advance payments received for works resulting from construction service contracts are compensated with due revenues resulting from these contracts providing the contracts assumes compensations;
- profits and losses of a group of similar transactions are carried as a net amount e.g. profits and losses on exchange rate differences or profits and losses on valuation of financial instruments classified as held for trade and hedging instruments included in the financial result, profits and losses on long-term settlements;
- receivables and liabilities on input and output VAT settlement referring to future periods.

7. CASH FLOW

Cash flow is made with the indirect method.

8. EARNINGS PER SHARE

Earnings per share is calculated dividing the net profit achieved in a given period which is due to shareholders holding ordinary shares by the weighted average number of shares in the given period.

Diluted earning per share for each period is calculated by dividing of the net profit in a given period including eventual amendments of the profit resulting from change of potential ordinary shares into ordinary shares by amended weighted average number of ordinary shares.

9. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET STATEMENT FOR THE PERIOD BETWEEN 1ST JANUARY AND 31ST DECEMBER 2008

Item	Note	as of 31/12/2008	as of 31/12/2007
Assets			
Fixed assets		**918 184**	**717 926**
Intangible assets	1	14 820	13 262
Goodwill acquired by merger of business entities	2	332 522	267 426
Tangible fixed assets (PP&E)	3	403 749	306 786
Non-renewable natural resources	4	11 999	27 834
Investment property	5	21 662	30 383
Investments in subsidiaries	6	27 000	4 000
Investments in associates settled based on the equity method		–	–
Other long-term financial assets	12	48 571	41 834
- from related parties		27 071	98
- due from other entities		21 500	41 736
Long-term receivables	7	20 593	21 614
- from related parties		–	–
- due from other entities		20 593	21 614
Deferred income tax assets	30	23 701	–
Long-term prepaid expenses	11	13 567	4 787
Current assets		**1 940 325**	**1 540 909**
Inventories	9	69 360	40 145
Receivables from contracting parties due to works set out in contracts for long-term / construction service	10	783 930	439 585
- from related parties		–	–
- due from other entities		783 930	439 585
Short-term trade receivables	**8**	**679 366**	**534 476**
- from related parties		11 147	9 806
- due from other entities		668 219	524 670
Current income tax receivables		978	–
Other short-term receivables	**8**	**48 751**	**43 263**
- from related parties		–	–

- due from other entities		48 751	43 263
Other short-term financial assets	12	51 767	58 410
- from related parties		–	–
- due from other entities		51 767	58 410
Cash and cash equivalents		289 713	410 305
Short-term prepaid expenses	11	16 460	14 725
Current assets held for sale		–	–
Total assets		**2 858 509**	**2 258 835**

Item	Note	as of 31/12/2008	as of 31/12/2007
Liabilities			
Equity		**1 113 618**	**785 220**
Equity of the shareholder of the Holding Company		**928 135**	**750 670**
Share capital	**15**	**13 430**	**13 430**
Shares		**–**	**–**
Reserve capital from shares sold above share nominal value		551 178	551 178
Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation		(101 444)	8 759
Other capital		274 778	65 998
Retained financial result		**190 193**	**111 305**
- profit (loss) from previous years		31 952	6 997
- net profit (loss) of the Holding Company shareholders		158 241	104 308
Minority shares		**185 483**	**34 550**
Liabilities		**1 744 891**	**1 473 615**
Long-term liabilities		**410 022**	**331 739**
Long-term credits and loans	14	112 850	50 033
- from related parties		–	–
- due from other entities		112 850	50 033
Other long-term financial payables	14	256 996	208 544
Other long-term payables	18	17 115	20 556
- from related parties		–	–
- due from other entities		17 115	20 556

Deferred income tax provision	30	–	18 595
Provisions for liabilities related to employee benefits	16	5 229	4 184
Other long-term provisions	17	9 606	20 675
Government grants		–	–
Long-term prepaid expenses	20	8 226	9 152
Short-term liabilities		**1 334 869**	**1 141 876**
Short-term credits and loans	14	475 147	350 402
- from related parties		–	2 306
- due from other entities		475 147	348 096
Other short-term financial payables	14	196 324	116 260
Short-term trade payables	19	486 595	454 434
- from related parties		–	4 820
- due from other entities		486 595	449 614
Liabilities under construction service contract		14 989	19 594
- from related parties		–	–
- due from other entities		14 989	19 594
Current income tax liabilities		21 219	17 800
Other short-term payables	**19**	**52 016**	**55 714**
- from related parties		–	–
- due from other entities		52 016	55 714
Provisions for liabilities related to employee benefits	16	881	1 120
Other short-term provisions	17	78 926	118 805
Government grants		–	–
Short-term prepaid expenses	20	8 772	7 747
Payables related to fixed assets held for sale		–	–
Total liabilities		**2 858 509**	**2 258 835**

THE PROFIT AND LOSS ACCOUNT COVERING THE PERIOD BETWEEN 1ST JANUARY AND 31ST DECEMBER 2008 (FUNCTION FORMAT)

Item	Note	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
Continued operations			
Revenue from sales	**22**	**2 091 425**	**1 406 976**
Revenues from sales of products		21 741	4 687
Revenues from sale of services		2 012 270	1 357 249
Revenues from sales of goods and materials		57 414	45 040
Selling costs	**23**	**(1 749 532)**	**(1 192 005)**
Costs of products sold		(20 790)	(4 686)
Costs of services sold		(1 675 364)	(1 148 632)
Costs of goods and materials sold		(53 378)	(38 687)
Gross profit (loss) on sales		**341 893**	**214 971**
Costs of sales	23	–	(399)
General administrative expenses	23	(107 997)	(81 143)
Other operating revenue	24	18 770	18 685
Other operating expenses	25	(27 055)	(12 779)
Share in profits of related parties settled based on the equity method		–	–
Restructuring costs		–	–
Operating profit (loss)		**225 611**	**139 335**
Financial revenues	26	50 176	14 521
Financial expenses	27	(62 140)	(35 661)
Other profits (losses) from investments	28	2 268	28 181
Profit (loss) before tax		**215 915**	**146 376**
Income tax	29	(25 992)	(26 697)
Net profit (loss) from discontinued operations		**189 923**	**119 679**
Discontinued operations		–	–
Net loss from discontinued operations		–	–
Net profit (loss)		**189 923**	**119 679**
Net profit (loss), including:		**189 923**	**119 679**
- profit of shareholders of the Holding Company		**158 241**	**104 308**
- profit of minority shareholders		**31 682**	**15 371**

NET EARNINGS (LOSS) PER ORDINARY SHARE

Selected items of assets and liabilities converted into EUR at the exchange rate published by the President of the National Bank of Poland as of 31 December 2008:

1 EUR = PLN 4.1724

book value per share (BVPS) (in PLN) = shareholders' equity in PLN '000 (as of 31/12/2008) / number of shares (in thousands) as of 31/12/2008

928,135 / 13,430 = **PLN 69.11**

book value per share (BVPS) (in EUR) = shareholders' equity in EUR'000 EUR (as of 31/12/2008) / number of shares (in thousands) as of 31/12//2008:

222,446 / 13,430 = **EUR 16.56**

diluted number of shares as of 31/12/2008 – 13,430 k shares

diluted book value per share in PLN = shareholders' equity in PLN'000 (as of 31.12.2008) / diluted number of shares in thousands

928,135 / 13,430 = **PLN 69.11**

diluted book value per share (BVPS) (in EUR) = shareholders' equity in EUR'000 (as of 31/12/2008) / diluted number of shares in thousands:

222,446 / 13,430 = **EUR 16.56**

Selected items from the profit and loss account for 12 months of 2008 were converted to EURO at the exchange rate calculated as an arithmetic average of exchange rates set by the President of the NBP of past 12 months of 2008:

January	31.01.2008 r.	3,6260
February	29.02.2008 r.	3,5204
March	31.03.2008 r.	3,5258
April	30.04.2008 r.	3,4604
May	30.05.2008 r.	3,3788
June	30.06.2008 r.	3,3542
July	31.07.2008 r.	3,2026
August	29.08.2008 r.	3,3460
September	30.09.2008 r.	3,4083
October	31.10.2008 r.	3,6330
November	28.11.2008 r.	3,7572
December	31.12.2008 r.	4,1724
		42.3851 / 12 = 3.5321 (average exchange rate for 12 months)
Profit for previous 12 months:		**158.241**
Average weighted number of shares in thousand:		13.430

profit per share (EPS) = net profit as of 31/12/2008 in PLN thousand / average weighted number of shares for the past 12 months in thousand

158,241 / 13,430 = **PLN 11.78**

earnings per ordinary share (EPS) in EUR = earnings in PLN / average exchange rate of EURO for the last 12 months:

11.78 / 3.5321 = **EUR3,34 / share**

CASH FLOW STATEMENT FOR THE PERIOD BETWEEN 01/01 AND 31/12/2008 (INDIRECT METHOD)

Item	for the period from 01/01 to 31.12.08	for the period from 01/01 to 31/12/2007
Cash flow from operations		
Net profit before tax	**215 915**	**146 376**
Adjustments:	**122 660**	**(4 948)**
Depreciation of intangible assets	3 384	2 492
Goodwill impairment write-downs	–	–
Impairment write-downs of tangible fixed assets	761	1
Amortisation of the value of property, plant & equipment	41 761	24 229
Profit (loss) from sale of tangible fixed assets	(1 022)	(1 602)
Profit (loss) from sale of financial assets available for sale (held for sale)	6 698	(44 310)
Profit (loss) from valuation of real estate investments carried at fair value	–	–
Profit (loss) on revaluation of fair value of financial assets carried at fair value	30 839	(7 154)
Share in profits (losses) of associates	–	–
Foreign exchange gains (losses)	205	360
Costs of interest	62 744	32 046
Interest received	(22 706)	(10 982)
Dividends received	(4)	(28)
Cash from operations before changes in working capital	**338 575**	**141 428**
Change in inventories	(28 793)	(8 509)
Change in receivables	(572 263)	(402 646)
Change in payables	144 000	231 602
Change in provisions, accruals and deferred income	(106 848)	(65 576)
Other adjustments	(4 685)	(919)
Cash generated in the course of business operations	**(230 014)**	**(104 620)**
Interest paid	(531)	(503)
Income tax paid	(32 336)	(12 524)
Net cash from operations	**(262 881)**	**(117 647)**
Net cash from operations		
Outflows – acquisition of intangible assets	(6 924)	(10 910)
Inflows – sale of intangible assets	–	–
Outflows – acquisition of tangible fixed assets	(97 982)	(136 559)

Inflows – sale of tangible fixed assets.	2 851	15 641
Outflows – acquisition of investment properties	(10 882)	(27 783)
Inflows – sale of investment properties	21 474	19 004
Outflows – acquisition of financial assets held till maturity	(5 000)	–
Inflows – sale of financial assets held till maturity	1 000	–
Outflows – acquisition of financial assets available for sale (held for sale)	(7 824)	(17 362)
Inflows – sale of financial assets held for trading (held for sale)	41 836	40 254
Outflows – acquisition of subsidiaries (less cash received)	(96 217)	(84 272)
Inflows – sale of subsidiaries	2 500	28 500
Other expenses – capital contribution	–	–
Inflows from government grants received	–	1 769
Loans granted	(23 446)	(11 930)
Repayment of loans granted	3 285	4 094
Interest received	596	585
Dividends received	4	28
Other inflows	–	–
Other outflows on investments	(127)	–
Net cash used in investments	**(174 856)**	**(178 941)**
Cash flow from financial activity		
Cash flow from financial activity	292 227	333 090
Acquisition of own shares	–	–
Inflows – issue of debt securities	–	200 000
Repayment of bonds	(110 000)	–
Repayment of interest on bonds	(16 766)	(5 992)
Redemption of debt securities	–	–
Inflows – credits and loans incurred	289 694	290 734
Repayment of credits and loans	(109 134)	(146 410)
Repayment of interest on credits and loans	(36 715)	(17 428)
Inflows from interest on deposits	13 909	7 223
Repayment of finance lease liabilities	(5 986)	(2 166)
Interest paid	(1 613)	(385)
Dividends paid out	–	(1 934)

Commission on credits	(244)	(1 031)
Other expenses	(153)	(237)
Net cash flows from financial activity	**315 220**	**655 464**
Net cash flow and cash equivalent balance	**(122 517)**	**358 876**
Opening balance of cash and cash equivalents	**410 305**	**51 310**
Change due to FX rate discrepancies	1925	119
Closing balance of cash and cash equivalents	**289 713**	**410 305**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 01/01/2008 AND 31/12/2007

Item	Equity of the shareholder of the Holding Company				Minority shares	Total equity
	Share capital	Other capital	Retained financial result	Total		
Balance as of 01/01/2008	**13 430**	**625 935**	**111 305**	**750 670**	**34 550**	**785 220**
Correction of fundamental error						–
Balance after changes	**13 430**	**625 935**	**111 305**	**750 670**	**34 550**	**785 220**
Changes in shareholders' equity between 01/01 and 31/12/2008						
Revaluation gains (losses)	–	(650)	650	–	–	–
Investments available for sale:	–	(234)	–	(234)	–	(234)
- valuation of profits (loss) charged to shareholders' equity	–	–	–	–	–	–
- transferred to profit (loss) on sales	–	(234)	–	(234)	–	(234)
Cash flow hedging instruments:	–	(187 403)	–	(187 403)	–	(187 403)
- profits (loss) charged to shareholders' equity	–	(183 293)	–	(183 293)	–	(183 293)
- profits (losses) charged to the financial result of the period	–	(4 110)	–	(4 110)	–	(4 110)
- profits (losses) included in the valuation of balance sheet value of hedged items	–	–	–	–	–	–
Foreign exchange differences related to valuation of foreign units	–	820	–	820	–	820
Tax related to items presented in capital or transferred from capital	–	34 604	–	34 604	–	34 604
Net profit presented directly under shareholders' equity	**–**	**(152 863)**	**650**	**(152 213)**	**–**	**(152 213)**
Net profit for the period between 01/01 and 31/12/2008	–	–	158 241	158 241	31 684	189 925
Total profits and losses included between 01/01 and 31/12/2008	**–**	**(152 863)**	**158 891**	**6 028**	**31 684**	**37 712**
Dividends	–	–	–	–	–	–
Share capital issued	–	–	–	–	–	–
Bonds convertible to shares issued	–	–	–	–	–	–
Changes in Capital Group structure (acquisitions/sale)	–	163 413	(3 252)	160 161	138 596	298 757

Transfer of negative part of the hedging transactions in the minority interest	–	41 934	–	41 934	(41 934)	–
Transfer to the reserve capital due to negative minority interests in subsidiaries	–	(22 695)	–	(22 695)	22 695	–
Adjusted presentation between capitals	–	4 280	(4 280)	–	–	–
Distibution of financial result	–	(1 313)	–	(1 313)	(109)	(1 422)
Other adjustments	–	65 820	(72 470)	(6 650)	–	(6 650)
Balance as of 31/12/2008	**13 430**	**724 511**	**190 194**	**928 135**	**185 482**	**1 113 617**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 01/01 AND 31/12/2007

Item	Equity of the shareholder of the Holding Company				Minority shares	Total equity
	Share capital	Other capital	Retained financial result	Total		
Balance as of 01/01.2007	**12 030**	**291 191**	**64 867**	**368 088**	**12 079**	**380 167**
Changes in adopted accounting principles (policy)	**–**	**–**	**(915)**	**(915)**	**–**	**(915)**
Correction of fundamental error	**–**	**–**	**2 674**	**2 674**	**–**	**2 674**
Balance after changes	**12 030**	**291 191**	**66 626**	**369 847**	**12 079**	**381 926**
Changes in shareholders' equity between 01/01 and 31/12/2007						
Revaluation gains (losses)	–	311	–	311	–	311
Investments available for sale:	–	–	–	–	–	–
-valuation of profits (loss) charged to shareholders' equity	–	–	–	–	–	–
- transferred to profit (loss) on sales	–	–	–	–	–	–
Cash flow hedging instruments:	–	15 893	–	15 893	–	15 893
- profits (loss) charged to shareholders' equity	–	16 458	–	16 458	–	16 458
- profits (losses) charged to the financial result of the period	–	(565)	–	(565)	–	(565)
- profits (losses) included in the valuation of balance sheet value of hedged items	–	–	–	–	–	–
Foreign exchange differences related to valuation of foreign units	–	168	–	168	–	168

Tax related to items presented in capital or transferred from capital	–	(2 837)	–	(2 837)	–	(2 837)
Net profit presented directly under shareholders' equity	**–**	**13 535**	**–**	**13 535**	**–**	**13 535**
Net profit for the period between 01/01 and 31/12/2007	–	–	102 050	102 050	15 371	117 421
Total profits and losses included between 01/01 and 31/12/2007	**–**	**13 535**	**102 050**	**115 585**	**15 371**	**130 956**
Dividends	–	–	–	–	–	–
Share capital issued	1 400	333 090	–	334 490	–	334 490
Adjusted presentation between capitals	–	(742)	742	–	–	–
Distribution of financial result	–	48 929	(53 429)	(4 500)	–	(4 500)
Changes in Capital Group structure (acquisitions/sale)	–	(60 068)	–	(60 068)	(3 923)	(63 991)
Changes in minority interests due to negative equity in subsidiaries	–	–	(4 684)	(4 684)	11 023	6 339
Balance as of 31/12/2007	**13 430**	**625 935**	**111 305**	**750 670**	**34 550**	**785 220**

9.1. NOTES TO THE BALANCE SHEET

SEGMENT REPORTING – BUSINESS AND GEOGRAPHICAL

BUSINESS SEGMENTS

In the PBG Capital Group the business segment was adopted as the basic reporting formula and geographical segment is based on the location of customers on a supplementary basis.

The PBG Capital Group and its Holding Company distinguishes five main segments, within which it carries out its operational activity:

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

Within individual segments there can be identifed the following scope of services:

Natural gas and crude oil:

- natural gas and crude oil on-ground mining facilities;
- natural gas liquefying, storing and non-gasification of LNG facilities;
- LPG separation and storage stations, C5+;
- desulphurisation installations;
- natural gas underground storage facilities;
- desulphurisation installations;
- on-ground installations of natural gas underground storage facilities;
- crude oil tanks;
- transmission systems of natural gas and crude oil, including:
  pressure reduction and measurement stations, measurement and settlement stations, mixing sta tions, distribution mains, compressor stations etc.

Water:

- process and sanitary facilities for sewage and water supply systems, such as:
  - water supply systems;
  - sewage systems;
  - water supply mains and collectors;
  - water intakes;
  - sewage treatment plants;
- hydrotechnical facilities, such as:
  - water dams;
  - storage reservoirs;
  - flood banks;
- modernization of sewage and water supply systems.

Fuels:

- fuel storehouses;

Construction of residential and industrial facilities:

- civil engineering;
- industrial infrastructure;
- construction of sport stadiums;
- construction of incinerating plants.

Roads:

- construction of roads.

Additionally, the PBG Capital Group has also the operating segment named "other" which includes revenues on sale of goods and materials, other services which cannot be qualified to any of five main segments, etc.

The Capital Group presents revenues from sales, costs and result (gross margin) divided into the above-mentioned segments. However, it does not present assets and liabilities of the balance sheets broken down into segments of operation due to the fact that some fixed assets are used for production in more than one segments and it is not possible to allocate stocks of goods to individual segments and to allocate trade payables and costs of other activities and financial operations to segments.

The information about individual business segments is presented in table below.

INDUSTRY REPORTING – DATA FOR THE PERIOD BETWEEN 01/01 and 31/12.2008

Item	Business segments							
	natural gas and crude oil	water	fuels	residential and industrial building engineering	roads	Other	Consolidation exclusions	Consolidated value
Financial results of business segments for the period between 01/01 and 31/12/2008								
Total revenues	**267 721**	**1 376 801**	**180 089**	**199 227**	**172 107**	**201 057**	**(305 577)**	**2 091 425**
Outside sale	267 721	1 376 801	180 089	199 227	172 107	201 057	(305 577)	2 091 425
Intersegment sales	–	–	–	–	–	–	–	–
Total costs	**(214 686)**	**(1 272 883)**	**(150 997)**	**(153 654)**	**(142 928)**	**(143 442)**	**329 058**	**(1 749 532)**
Intersegment sales	**53 035**	**103 918**	**29 092**	**45 573**	**29 179**	**57 615**	**23 481**	**341 893**
Not assigned costs								(107 997)
Other operational revenue and costs								(8 285)
Operating profit								**225 611**
Financial revenues								50 176
Financial expenses								(62 140)
Share in profits of related parties settled based on the equity method								–
Profits/losses from investments								2 268
Profit before tax								**215 915**
Income tax								(25 992)
Net profit								**189 923**

INDUSTRY REPORTING – DATA FOR THE PERIOD BETWEEN 01/01 and 31/12.2007

Item	Business segments						Consolidation exclusions	Consolidated value
	natural gas and crude oil	water	fuels	residential and industrial building engineering	roads	Other		
Financial results of business segments for the period between 01/01 and 31.12.07								
Total revenues	**164 752**	**956 859**	**192 225**	**116 152**	**41 726**	**125 873**	**(190 611)**	**1 406 976**
Outside sale	164 752	956 859	192 225	116 152	41 726	125 873	(190 611)	1 406 976
Intersegment sales	–	–	–	–	–	–	–	–
Total costs	**(137 825)**	**(859 183)**	**(163 195)**	**(102 627)**	**(36 519)**	**(82 902)**	**190 246**	**(1 192 005)**
Intersegment sales	**26 927**	**97 676**	**29 030**	**13 525**	**5 207**	**42 971**	**(365)**	**214 971**
Not assigned costs								(81 542)
Other operational revenue and costs								5 906
Operating profit								**139 335**
Financial revenues								14 521
Financial expenses								(35 661)
Share in profits of related parties settled based on the equity method								–
Profits/losses from investments								28 181
Profit before tax								**146 376**
Income tax								(26 697)
Net profit								**119 679**

NOTE NO. 1

INTANGIBLE ASSETS

Item	as of 31/12/2008 total net including:	as of 31.12.2007 total net including:
Trademarks	–	–
Patents and licenses	6 120	1 596
Patents ad licenses	7 634	5 596
Costs of development works	–	–
Other intangible assets	859	1 423
Net balance sheet value	**14 613**	**8 615**
Intangible assets under construction	207	4 595
Advance payments for intangible assets	–	52
Total intangible assets	**14 820**	**13 262**
Intangible assets classified as intended for sale	–	–
Intangible assets	**14 820**	**13 262**

CHANGES IN INTANGIBLE ASSETS IN THE REPORTING PERIOD

Item	Patents and licenses	Patents ad licenses	Other intangible assets	Total
Net balance sheet value as of 1.01.2007	**938**	**1 746**	**1 992**	**4 676**
Increase from including new companies in the Capital Group	–	2 560	–	2 560
Increase from merging business entities	13	–	–	13
Reductions from sale of subsidiary (-)	(31)	–	–	(31)
Increase from purchase	1 422	2 588	1	4 011
Reductions from sale (-)	–	–	–	–
Reductions from liquidation (-)	–	–	–	–
Impairment write-downs	–	–	–	–
Reversal of revaluation write-downs	–	–	–	–
Depreciation (-)	(401)	(1 521)	(570)	(2 492)
Exchange rate differences from recalculating financial statements into presentation currency	–	–	–	–
Other changes	(345)	223	–	(122)
Net balance sheet value as of 31/12/2007	**1 596**	**5 596**	**1 423**	**8 615**
Intangible assets under construction and advance payments therefore	–	–	–	4 647
Total net balance sheet value as of 31/12/2007	**1 596**	**5 596**	**1 423**	**13 262**
Net balance sheet value as of 01/01/2008	**1 596**	**5 596**	**1 423**	**8 615**
Increase from including new companies in the Capital Group	18	–	–	18
Increase from merging business entities	–	–	–	–

Reductions from sale of subsidiary (-)	–	–	–	–
Increase from purchase	5 178	3 871	5	9 054
Reductions from sale (-)	(73)	–	–	(73)
Reductions and increases from revaluation	–	7	–	7
Impairment write-downs	–	–	–	–
Reversal of revaluation write-downs	–	–	–	–
Depreciation (-)	(694)	(2 121)	(569)	(3 384)
Exchange rate differences from recalculating financial statements into presentation currency	–	377	–	377
Other changes	95	(96)	–	(1)
Net balance sheet value as of 31.12.08	**6 120**	**7 634**	**859**	**14 613**
Intangible assets under construction and advance payments therefore	–	–	–	207
Total net balance sheet value as of 31.12.08	**6 120**	**7 634**	**859**	**14 820**

INTANGIBLE ASSETS AS OF 31 DECEMBER 2008

Item	Patents and licenses	Patents ad licenses	Costs of development works	Other intangible assets	Total
As of 01/01/2008					
Gross balance sheet value	2 885	11 286	67	2 847	17 085
Total amount of current redemption and depreciation write-offs (-)	(1 289)	(5 690)	(67)	(1 424)	(8 470)
Net balance sheet value	**1 596**	**5 596**	**–**	**1 423**	**8 615**
Intangible assets under construction and advance payments therefore	–	–	–	–	4 647
Total net balance sheet value	**1 596**	**5 596**	**–**	**1 423**	**13 262**
As of 31/12/08					
Gross balance sheet value	8 232	15 553	67	2 866	26 718
Total amount of current redemption and depreciation write-offs (-)	(2 112)	(7 919)	(67)	(2 007)	(12 105)
Net balance sheet value	**6 120**	**7 634**	**–**	**859**	**14 613**
Intangible assets under construction and advance payments therefore	–	–	–	–	207
Total net balance sheet value	**6 120**	**7 634**	**–**	**859**	**14 820**

As of 31 December 2008 the PBG Capital Group entities, in line with the accounting policy, verified the adopted useful periods of intangible fixed assets.
The gross value of all fully depreciated intangible assets continuously held by the company was as follows:

- PLN 5,968 thousand as at 31December 2008;
- PLN 4,806 thousand as at 31December 2007.

These are mainly intangible assets which in line with the Capital Group accounting policy are depreciated once due to their low value.

Depreciation of intangible assets used for providing services and manufacturing is carried in the profit and loss account as own cost of sold services and amounted to:

- PLN 867 thousand as at 31December 2008;
- PLN 651 thousand as at 31December 2007.

Depreciation of other intangible assets is included in administrative expenses and amounted to:

- PLN 2,517 thousand as at 31December 2008;
- PLN 1,841 thousand as at 31December 2007.

As at the balance sheet day there occurred no circumstances which could cause loss of value of intangible assets therefore the Capital Group did not make depreciation write-downs.

As at the day of making the consolidated financial statements, intangible assets of companies of the PBG Capital Group were not recognised hedging of the companies liabilities.

NOTE NO.2

GOODWILL ACQUIRED BY MERGER OF BUSINESS ENTITIES

Item	as of 31/12/2008	as of 31/12/2007
ATG Sp. z o.o.	1 606	1 606
Infra SA	2 354	2 354
Hydrobudowa Polska SA *	60 541	60 541
KWG SA	–	701
Hydrobudowa 9 SA	176 443	176 443
PBG DOM Sp. z o.o.	19	19
Dromost Sp. z o.o.	625	625
Apartamenty Poznańskie Sp. z o.o.	1 692	1 692
Przedsiębiorstwo Robót Inżynieryjno-Drogowych SA	10 050	10 050
Gas Oil Engineering A.S.	7 226	7 226
Excan Oil and Gas Engineering Ltd.	160	160
Bathinex Sp. z o.o.	–	4 312
Brokam Sp. z o.o.	566	566
PRIS Sp. z o.o.	1 131	1 131
Betpol SA	31 924	–
Budwil Sp. z o.o.	3	–
PBG DOM Invest I Sp. z o.o.	1	–
Wiertmar Sp. z o.o.	1 433	–
P.R.G. Metro Sp. z o.o.	36 748	–
Goodwill (net)	**332 522**	**267 426**

* Hydrobudowa Polska SA is an entity which was established following the merger of the following companies: Hydrobudowa Włocławek SA and Hydrobudowa Sląsk SA

GOODWILL OF THE COMPANY BETWEEN 01/01/2007 AND 31/12/2007

Item	Value
Net balance sheet value as of 01/01/2006	**74 757**
Increase from acquiring business entity	202 224
Reductions from sale of subsidiary (-)	(1 442)
Increase from adjustments from later recognition	36
Reduction from adjustments from later recognition (-)	–
Exchange rate differences from recalculating financial statements into presentation currency	–
Other changes of balance value	15
Net balance sheet value as of 01/01/2007	**275 590**
Reduction of the goodwill as of 01/01/2007	**2 768**
Goodwill referenced to the profit and loss account	5 396
Other changes	–
Reduction of the goodwill as of 01/01/2007	**8 164**
Net balance sheet value as of 01/01/2008	**275 590**
Increase from acquiring business entity	70 109
Reductions from sale of subsidiary (-)	(4 312)
Increase from adjustments from later recognition	–
Reduction from adjustments from later recognition (-)	–
Exchange rate differences from recalculating financial statements into presentation currency	–
Other changes of balance value	(35)
Net balance sheet value as of 31.12.08	**341 352**
Reduction of the goodwill as of 01/01/2008	**8 164**
Goodwill referenced to the profit and loss account	666
Other changes	–
Reduction of the goodwill as of 31.12.08	**8 830**

Within the reporting period the PBG Capital Group acquired some entities. Costs of acquiring of all the companies were higher than the net fair value of the acquired assets. The following are the most significant goodwill values: goodwill resulting from acquiring of Betpol SA amounting to PLN 31,294 thousand and goodwill resulting from acquiring of P.R.G. Metro Sp. z o.o. amounting to PLN 36,748 thousand.

Pursuant to the accounting policy, as at 31 December 2008 impairment of all mentioned goodwill values was tested. As no impairment was disclosed, revaluation write-downs were not necessary.

Goodwill referenced to the profit and loss account refers to the goodwill of KWG SA. Acquiring of KWG created value of PLN 8,830 thousand which concerned the construction service contract concluded by the company. Goodwill value was written off own costs of sales proportionally to costs originating from the contract concluded by KWG SA.

As at 31 December 2008 goodwill of KWG SA equals 0 (zero).

MERGERS CARRIED OUT IN THE PERIOD FROM 01/01 TO 31/12/2008

Item	Acquisition date	Share of acquired capital instruments with the voting right	Cost of merging	Net fair value of assets of the acquiree per acquirer	Goodwill acquired by merger of business entities	Excess of the acquirer share in fair value of net assets over merging cost*
Betpol SA	13/03/2008	70,00%	45 972	14 048	31 924	–
Wiertmar Sp. z o.o.	02/04/2008	50,97%	4 208	2 775	1 433	–
Budwil Sp. z o.o.	08/04/2008	51,00%	26	23	3	–
PBG DOM Invest I Sp. z o.o.	26/08/2008	100,00%	51	50	1	–
P.R.G. Metro Sp. z o.o.	12/09/2008	52,09%	35 404	(1 344)	36 748	–
Total value					**70 109**	**–**

NET REVENUES FROM SALES AND NET FINANCIAL RESULT FOR 2008 – disclosed in line with IFRS 3, item 70

Item	Net revenues	Net financial result	Until the acquisition date not included in the financial result of the Capital Group		As of the acquisition date included in the financial result of the Capital Group		Share in equity
			Net revenues	Net financial result	Net revenues	Net financial result	
Betpol SA (1)	76 403	9 503	7 129	869	69 274	8 634	70,00%
Budwil Sp. z o.o. (2)	–	(106)	–	(2)	–	(104)	51,00%
Wiertmar Sp. z o.o. (3)	30 656	(438)	4 000	(836)	26 657	398	50,97%
PBG DOM Invest I Sp. z o.o. (4)	–	(169)	–	–	–	(169)	100,00%
P.R.G. Metro Sp. z o.o. (5)	69 338	(9 811)	54 588	(16 710)	14 750	6 899	100,00%

(1) Betpol SA since 13 March 2008 was a subsidiary of PBG SA - 70% of the share in equity of Betpol SA, and since 8 October 2008 it has been a subsidiary of Aprivia SA - 70% of the share in the equity of Betpol SA.

(2) Budwil Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 8 April 2008 – PBG Dom Sp. z o.o. holds 51% shares in the capital of Budwil Sp. z o.o.

(3) Wiertmar Sp. z o.o. has been a subsidiary of Infra SA since 2 April 2008 – Infra SA holds 51% shares in the capital of Wiertmar Sp. z o.o.

(4) PBG Dom Invest I Sp. z o.o. has been a subsidiary of PBG Dom Sp. z o.o. since 26 August 2008 – PBG Dom Sp. z o.o. holds 100% shares in the capital of PBG Dom Invest I.

(5) P.R.G. Metro Sp. z o.o. has been a subsidiary of Hydrobudowa Polska SA since 12 September 2008 – Hydrobudowa Polska SA holds 84.55% shares in the capital of P.R.G. Metro Sp. z o.o.

NOTE NO. 3

TANGIBLE FIXED ASSETS

Item	as of 31/12/2008	as of 31/12/2007
Land	31 112	22 751
Buildings and structures	132 612	91 866
Plant and machines	124 420	92 767
Transport vehicles	68 765	42 704
Other fixed assets	16 820	12 465
Net balance sheet value	**373 729**	**262 553**
Tangible fixed assets under construction	26 768	38 768
Prepayments for fixed assets	3 252	5 465
Total tangible fixed assets (PP&E)	**403 749**	**306 786**
Current assets held for sale	–	–
Tangible fixed assets (PP&E)	**403 749**	**306 786**

CHANGES IN TANGIBLE FIXED ASSETS

Item	Land	Buildings and structures	Machinery and equipment	Transport vehicles	Other fixed assets	Total
Net balance sheet value as of 01/01/2007	**11 795**	**139 939**	**41 765**	**26 278**	**7 641**	**227 418**
Increase from including New companies in the Capital Group	15 002	11 646	29 414	4 622	637	61 321
Increase from merging business entities	–	–	555	234	159	948
Reductions from sale of subsidiary (-)	(196)	(75 805)	(1 519)	(1 221)	(175)	(78 916)
Increase from purchase	3 662	25 746	33 489	22 360	6 362	91 619
Increase from leasing agreements	–	–	5 255	210	–	5 465
Reductions from sale (-)	(2 562)	(8 561)	(1 208)	(3 875)	(15)	(16 221)
Reductions from liquidation (-)	–	(67)	(703)	(169)	(303)	(1 242)

Reductions and increases from revaluation	(4 469)	–	–	–	–	(4 469)
Impairment write-downs	–	–	–	–	–	–
Reversal of revaluation write-downs	–	–	–	–	–	–
Depreciation (-)	–	(2 562)	(14 180)	(5 702)	(1 785)	(24 229)
Exchange rate differences from recalculating financial statements into presentation currency	–	–	–	–	–	–
Other changes	(481)	1 530	(101)	(33)	(56)	859
Net balance sheet value as of 31/12/2007	**22 751**	**91 866**	**92 767**	**42 704**	**12 465**	**262 553**
Tangible fixed assets under construction and prepayments therefore	–	–	–	–	–	44 233
Total net balance sheet value as of 31/12/2007	**22 751**	**91 866**	**92 767**	**42 704**	**12 465**	**306 786**
Net balance sheet value as of 01.01.08	**22 751**	**91 866**	**92 767**	**42 704**	**12 465**	**262 553**
Increase from including new companies in the Capital Group	6 857	3 349	17 690	5 288	2 281	35 465
Increase from merging business entities	–	–	–	–	–	–
Reductions from sale of subsidiary (-)	–	–	(50)	–	–	(50)
Increase from purchase	2 850	45 388	37 162	30 585	6 387	122 373
Increase from leasing agreements	–	–	2 639	3 498	–	6 137
Reductions from sale (-)	(701)	(965)	(1 333)	(1 772)	(137)	(4 908)
Reductions from liquidation (-)	–	(862)	(563)	(524)	(1 221)	(3 170)
Reductions and increases from revaluation	107	–	(28)	(21)	(4)	54
Impairment write-downs	–	–	–	–	–	–
Reversal of revaluation write-downs	–	–	–	–	–	–
Depreciation (-)	–	(4 849)	(23 577)	(10 939)	(2 396)	(41 761)
Exchange rate differences from recalculating financial statements into presentation currency	120	–	118	258	–	496
Other changes	(872)	(1 315)	(405)	(313)	(555)	(3 460)
Net balance sheet value as of 31/12/08	**31 112**	**132 612**	**124 420**	**68 765**	**16 820**	**373 729**
Tangible fixed assets under construction and prepayments therefore	–	–	–	–	–	30 020
Total net balance sheet value as of 31.12.08	**31 112**	**132 612**	**124 420**	**68 765**	**16 820**	**403 749**

TANGIBLE FIXED ASSETS

Item	Land	Buildings and structures	Machinery and equipment	Transport vehicles	Other fixed assets	Total
As of 01/01/2008						
Gross balance sheet value	22 751	97 151	131 263	63 904	20 356	335 425
Total amount of current redemption and depreciation write-offs (-)	–	(5 285)	(38 496)	(21 200)	(7 891)	(72 872)
Net balance sheet value	**22 751**	**91 866**	**92 767**	**42 704**	**12 465**	**262 553**
Tangible fixed assets under construction and prepayments therefore	–	–	–	–	–	44 233
Total net balance sheet value	**22 751**	**91 866**	**92 767**	**42 704**	**12 465**	**306 786**
As of 31/12/08						
Gross balance sheet value	31 112	142 177	182 532	100 062	26 783	482 666
Total amount of current redemption and depreciation write-offs (-)	–	(9 565)	(58 112)	(31 297)	(9 963)	(108 937)
Net balance sheet value	**31 112**	**132 612**	**124 421**	**68 765**	**16 820**	**373 729**
Tangible fixed assets under construction and prepayments therefore	–	–	–	–	–	30 020
Total net balance sheet value	**31 112**	**132 612**	**124 421**	**68 765**	**16 820**	**403 749**

TANGIBLE FIXED ASSETS WITH LIMITED LEGAL TITLE AND WHICH SERVE AS GUARANTEES OF LIABILITIES

Type of liability/limitation in disposal	Type of liability	Subject of liability	Balance sheet value
Credit in BRE Bank SA	Mortgage	Land	722
Credit in BRE Bank SA	Mortgage	Buildings and structures	400
Credit in BRE Bank SA	Registered pledge	Plant and machines	2 478
Credit in BZ WBK SA	Mortgage	Land	10 361
Credit in BZ WBK SA	Mortgage	Buildings and structures	23 770
Credit in BZ WBK SA	Registered pledge	Plant and machines	8 998
Credit in BZ WBK SA	Registered pledge	Transport vehicles	396
Credit in BZ WBK SA	Registered pledge	Other fixed assets	66
Credit in Kredyt Bank SA	Mortgage	Buildings and structures	17 842
Credit in Pekao SA	Registered pledge	Plant and machines	15 206
Credit in Pekao SA	Registered pledge	Transport vehicles	5 378
Credit in Pekao SA	Registered pledge	Other fixed assets	155
Credit in BGŻ SA	Registered pledge	Plant and machines	5 965
Credit in BGŻ SA	Registered pledge	Transport vehicles	9 543
Credit in Pekao SA	Registered pledge	Transport vehicles	4 399
Credit in Pekao SA	Registered pledge	Plant and machines	12 189
Credit in DZ BANK SA	Mortgage	Buildings and structures	10 148

Credit in ING Bank Śląski SA	Mortgage	Buildings and structures	56 013
Defects liability bond TUiR CIGNA SA	Registered pledge	Plant and machines	11
State Treasury	Mortgage	Land, buildings and structures	615
Balance sheet value of tangible fixed assets with limited disposal or serving as guarantee of liabilities			**184 655**

As at 31 December 2008 the PBG S.A. Capital Group, in line with the accounting policy, verified the adopted useful periods of tangible fixed assets. The gross value of all fully depreciated tangible fixed assets still in operation of the entities of the PBG Capital Group was:

- PLN 12,528 thousand as at 31 December 2008;
- PLN 9,481 thousand as at 31 December 2007.

These are mainly tangible fixed assets which in line with the Capital Group accounting policy are depreciated once due to their low value.

Depreciation of tangible fixed assets used for providing services is carried in the profit and loss account as own cost of sold services and amounted to:

- PLN 33,959 thousand as at 31 December 2008;
- PLN 18,891 thousand as at 31 December 2007.

Depreciation of other tangible fixed assets is included in administrative expenses and amounted to:

- PLN 7,802 thousand as at 31 December 2008;
- PLN 5,338 thousand as at 31 December 2007.

As at the balance sheet day there occurred no circumstances which could cause loss of value of tangible fixed assets therefore the Capital Group did not make depreciation write-downs.

OFF-BALANCE SHEET FIXED ASSETS

Item	as of 31/12/2008	as of 31/12/2007
used by virtue of a tenancy agreement or other agreement including a leasing agreement including:	3 513	2 301
- land used under perpetual usufruct	–	–
- operating lease agreements	3 513	2 301
Total off-balance sheet fixed assets	**3 513**	**2 301**

Additionally the group rents or hires also other tangible fixed assets, mainly real estate used for operation of the entity e.g. construction camps, offices, apartments for staff members operating away from they regular places of residence, land properties used to store equipment, materials, etc.

Costs of use of those assets are included in the profit and loss account.

NOTE NO. 4

NON-RENEWABLE NATURAL RESOURCES

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/2007
Value as for the beginning of the period	**27 834**	**–**
Acquiring from including new companies in the Capital Group	–	11 999
Acquiring from merger of entities	–	–
Increase from purchase	–	15 835
Increase following activated further investments	–	–
Reductions from disposal	(15 835)	–
Net amount of profits and losses following adjustments of fair value	–	–
Exchange rate differences from recalculating financial statements into presentation currency	–	–
Other changes	–	–
Value as for the end of the period	**11 999**	**27 834**

Non-renewable natural resources are assets carried in balance sheets of the PBG Capital Group subsidiaries. They include the following:

- Property right of undeveloped land of the total area of 3.7128 ha situated in the districtof Ząbkowice Śląskie, precinct Brodziszów for which District Court in Ząbkowice Śląskie, 5th Division of Land and Mortgage keeps the registers of KW No. 54175, KW No. 54742, KW No. 57132;
- Property right of undeveloped land of the total area of 24.4944 ha situated in the district of Ząbkowice Śląskie, precinct Brodziszów for which District Court in Ząbkowice Śląskie, 5th Division of Land and Mortgage keeps the registers of KW No. 51040, KW No. 40975, KW No. 48153;
- Simplified geological documentation (category C - granodiorite deposits of Brodziszów – Kłośnik, field A, approved by the decision of the governor of the Wałbrzych Province No. 252/98 of 12/10/1998) and geological documentation of granodiorite deposit of the C category ("Brodziszów – Kłośnik, field A" approved by the decision of the governor of the Province of Dolny Śląsk No. 1/2000 of 14/01/2000);
- Geological documentation of granodiorite deposit ("Brodziszów – Kłośnik, field B" approved by the decision of the governor of the Province of Dolny Śląsk No. 2/2001 of 09/04/2001) including geological information included in the simplified (category C1 - granodiorite deposit - Brodziszów - Kłośnik, field B" approved by the decision of the governor of the Province of Dolny Śląsk No. 2/2001 of 09/04/2001);
- Rights resulting from ownership of the geological documentation concerning these deposits and rights resulting for concession from mining granodiorite from these deposits.

As at the day of making these financial statements, the Holding Company sold one of the subsidiaries which held in its assets aforementioned resources, therefore value of non-renewable resources in the assets of the PBG Capital Group decreased.

These are as follows:

- Property right of undeveloped land of the total area of 24.4944 ha situated in the district of Ząbkowice Śląskie, precinct Brodziszów for which District Court in Ząbkowice Śląskie, 5th Division of Land and Mortgage keeps the registers of KW No. 51040, KW No. 40975, KW No. 48153;
- Simplified geological documentation (category C - granodiorite deposits of Brodziszów – Kłośnik, field A, approved by the governor of the Wałbrzych Province No. 252/98 of 12/10/1998) and geological documentation of granodiorite deposit of the C category ("Brodziszów – Kłośnik, field A" approved by the

governor of the Province of Dolny Śląsk No. 1/2000 of 14/01/2000);
- Rights resulting from the aforementioned documentation.

NOTE NO. 5

INVESTMENT PROPERTY

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/2007
Value as for the beginning of the period	**30 383**	**710**
Purchasing real estate following mergers	–	–
Increase from purchase of real estate	5 071	26 301
Increase following activated further investments	–	–
Increase from reclassification from another category of assets:	**11 960**	**5 001**
- from tangible fixed assets (land)	1 690	5 001
- from tangible fixed assets (buildings and structures)	4 875	–
- from tangible fixed assets under construction	525	–
- from current assets (goods)	4 870	–
Reductions from disposal	**–**	**(1 629)**
Decrease from reclassification to another category of assets:	**(26 071)**	**–**
- to tangible fixed assets (land)	(466)	–
- to tangible fixed assets (buildings and structures)	(3 618)	–
- to tangible fixed assets under construction	–	–
- to current assets (goods)	(21 987)	–
Other changes	**319**	**–**
Value as for the end of the period	**21 662**	**30 383**

In the balance sheet item of investment property, the PBG Capital Group presents only buildings and structures acquired so as to obtain benefits based on the increase of their value or other benefits e.g. revenues from lease rents. Therefore, as at 31/12/2008 all subsidiaries analysed this item of assets and shifted some properties to right items of the balance sheet pursuant to the aim of each property.

Companies of the Capital Group did not make revaluation write downs as at 31/12/2008 as investment properties are carried in their market value.
The following are investment properties:

- perpetual usufruct of the land in Poznań at ul. Górecka valued at PLN 1,821 thousand;
- undeveloped land in Dąbrowa valued at PLN 4,866 thousand;
- land property situated in Mikołów at ul. Żwirki i Wigury developed with the shop house and office building valued at PLN 5,481 thousand;
- land property in Włocławek valued at PLN 1,609 thousand;
- undeveloped land in Krzeptów valued at PLN 1,996 thousand;
- perpetual usufruct of the land in Poznań at ul. Gdyńska developed with an industrial premises, valued at PLN 2,900 thousand.

Land properties are held by the companies to obtain revenues on increase of their value, whereas, the developed land property situated in Mikołów is leased to the subsidiary of Hydrobudowa Polska Konstrukcje Sp. z o.o. and the lease rent is the revenue obtained on the property.

NOTE NO. 6

INVESTMENTS IN SUBSIDIARIES

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/2007
As for the beginning of the period	**4 000**	**–**
Increase in the reporting period following:	**27 000**	**4 000**
- mergers	–	–
- re-classification	–	–
- other increase	27 000	4 000
Decrease in the reporting period following:	**(4 000)**	**–**
- sale of subsidiary	–	–
- re-classification	(4 000)	–
- other decrease	–	–
Exchange rate differences	**–**	**–**
As for the end of the period	**27 000**	**4 000**

Above value includes advance payment for purchase of the company shares.

NOTE NO. 7

LONG-TERM RECEIVABLES

Item	as of 31/12/2008	as of 31/12/2007
Trade receivables (gross)	**18 662**	**19 580**
- receivables from domestic customers	18 662	19 580
- receivables from foreign customers	–	–
Other receivables (gross)	**2 092**	**2 253**
- from leasing agreements	1 849	1 951
- other	243	302
Receivables revaluation write-downs (-)	(161)	(219)
Total long-term receivables	**20 593**	**21 614**

LONG-TERM RECEIVABLES REVALUATION WRITE-DOWNS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	**219**	**809**
Write-downs - including new companies into the Capital Group	–	–
Write-downs - including new companies into the Capital Group	53	–
Write-downs reversed during the reporting period (-)	(111)	(114)
Write-downs used during the reporting period (-)	–	(9)
Other changes	–	(467)
As for the end of the period	**161**	**219**

LONG-TERM RECEIVABLES (GROSS) - CURRENCY STRUCTURE

Item	as of 31/12/2008		as of 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	12 338	x	12 769
b) euro (EUR)	2 054	8 350	2 692	8 997
c) Canadian dollar (CAD)	27	66	27	67
d) other currencies	–	–	–	–
		20 754		**21 833**

Long term receivables include mainly guarantee retention resulting from conducted and completed construction works. These amounts are not interest yielding. Due to long due dates, in some cases even up to 5 years these values were discounted. Long-term receivables are discounted at WIBOR 1M + 1 percentage point. As at 31/12/2008 discount rate was 6.61% whereas as at 31/12/2007 it was 6.52%.

Long-term receivables bear relatively high credit risk. Boards of the Capital Group companies currently monitor situation of debtors and if recovery of the full amount is at risk, revaluation write downs are introduced.

In this financial statements, long-term receivables are presented as net discounted amounts including revaluation write downs.

Long term receivables include receivables for financial leasing, as pursuant to provisions of the Capital Group policy assets under financial leasing are carried in the balance sheet as receivables equal to the net value of the investment.

Gross balance sheet value of receivables resulting from financial leasing as at 31 December 2008 amounted to PLN 2,505 thousand, including short term ones amounting to PLN 313 thousand.

The financial leasing agreement refers to perpetual usufruct of the land property situated in Szczecin and property right of the office building development thereon.

NOTE NO. 8

SHORT-TERM TRADE RECEIVABLES

Item	as of 31/12/2008	as of 31/12/2007
Trade receivables (gross)	**710 344**	**572 784**
- receivables from domestic customers	696 327	566 597
- receivables from foreign customers	14 017	6 187
Revaluation write-downs of trade receivables (-)	(30 978)	(38 308)
Total trade receivables	**679 366**	**534 476**

OTHER SHORT-TERM RECEIVABLES

Item	as of 31/12/2008	as of 31/12/2007
Total other receivables (gross)	**94 136**	**78 691**
due under VAT	27 004	31 782
due to grants, duties, social and health insurance and other considerations	291	58
settlements with employees	1 420	272
claimed in court	45 224	34 981
other	20 197	11 598
Other receivables revaluation write-downs (-)	(45 385)	(35 428)
Total other receivables (net)	**48 751**	**43 263**

SHORT-TERM RECEIVABLES REVALUATION WRITE-DOWNS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	**73 736**	**13 600**
Write-downs - including new companies into the Capital Group	1 741	60 671
Write-downs – reductions from sale of subsidiaries	–	(349)
Write-downs - including new companies into the Capital Group	15 913	16 457
Write-downs reversed during the reporting period (-)	(14 509)	(13 347)
Write-downs used during the reporting period (-)	(180)	(2 905)
Other changes	(338)	(391)
As for the end of the period	**76 363**	**73 736**

Pursuant to the policy of the Capital Group (paragraph 3.3.10), its companies make write offs reassessing 100% value of all receivables which are overdue above 180 days. As at 31 December 2008 overdue receivables amounted to PLN 79,361 thousand. The companies made revaluation write offs amounting PLN 76,363 thousand, the balance value were receivables from subsidiaries for which revaluation write offs were not made.

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

Item	as of 31.12.08		as of 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	641 597	x	492 534
b) euro (EUR)	39 206	153 929	42 525	155 065
c) American dollar (USD)	893	2 057	–	–
d) Swiss frank (CHF)	20	42	–	–
e) Pound sterling (GBP)	3	12	–	–
f) Slovak crown (SKK)	28 282	3 916	34 172	3 643
g) Canadian dollar (CAD)	1 217	2 927	94	233
h) other currencies	–	–	–	–
Total	**x**	**804 480**	**x**	**651 475**

SHORT-TERM RECEIVABLES – OVERDUE STRUCTURE

Item	as of 31/12/2008	as of 31/12/2007
Overdue trade receivables	**246 069**	**102 646**
- up to 1 month	63 927	51 241
- over 1 month up to 6 months	141 180	44 796
- over 6 months up to 1 year	38 038	5 418
- over 1 year	33 635	34 233
- overdue receivables revaluation write-downs (-)	(30 711)	(33 042)
Other overdue short-term receivables	**614**	**(283)**
- up to 1 month	58	77
- over 1 month up to 6 months	48	3
- over 6 months up to 1 year	–	–
- over 1 year	45 726	34 536
- overdue receivables revaluation write-downs (-)	(45 218)	(34 899)
Gross overdue receivables	**322 612**	**170 304**
Overdue receivables revaluation write-downs (-)	(75 929)	(67 941)
Net overdue receivables	**246 683**	**102 363**

SHORT-TERM RECEIVABLES CLAIMED IN COURT

Item	as of 31/12/2008	as of 31/12/2007
Trade receivables, including:	–	–
- gross value of receivables claimed in court	16 080	25 210
- revaluation write-downs of doubtful receivables (-)	(16 080)	(25 210)
Other short-term receivables, including:	–	–
- gross value of receivables claimed in court	45 224	34 981
- revaluation write-downs of doubtful receivables (-)	(45 224)	(34 981)
Gross receivables claimed in court	**61 304**	**60 191**
Revaluation write-downs of doubtful receivables	**(61 304)**	**(60 191)**
Net value of receivables claimed in court	–	–

The adopted period for receivables settlement normal for natural sale process is 14-30 days.

According to Boards of Directors of the Capital Group companies the risk of receivables is reflected by revaluation write-downs into doubtful receivables.

NOTE NO. 9

INVENTORY

STRUCTURE OF INVENTORY

Item	as of 31/12/2008	as of 31/12/2007
Materials	25 173	13 497
Production in progress	31 921	15 251
Finished goods	22	28
Commodities	4 189	9 050
Advance payments for deliveries	8 055	2 319
Total inventory, including:	**69 360**	**40 145**
- balance sheet inventory value presented in fair value less costs of sale	–	–
- balance sheet inventory value serving as guarantees of liabilities	–	3 000

INVENTORY WRITE-DOWNS

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/07
Value of inventories included as cost in the period	335 473	266 224
Inventory write-downs included as cost in the period	–	124
Inventory write-downs reversed in the period	100	454

Inventories do not serve as a guarantee of liabilities of the PBG Capital Group companies, no agreements limiting their disposal have been concluded, either.

The PBG Capital Group make inventory revaluation write downs if there occurs a justified assumption that the purchase price or production cost of the inventory may not be recovered or if their sale prices significantly decreased. In particular write downs are made for inventory which was damaged or lost partially/fully its usefulness.

Companies of the Capital Group for each balance sheet day make an individual valuation of the inventory. Estimating the net inventory value which is possible to recover it is taken into account, first of all, its intended use and usefulness for manufacturing processes or providing of services.

As at the balance sheet day there occurred no circumstances which could cause loss of value of the inventory therefore the Capital Group companies did not make depreciation writes-down.

NOTE NO. 10

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2008

Item	Revenues as originally defined in the agreement	Amendments	Total revenues from the agreement	Agreement costs incurred up to the balance sheet day	Costs due until the agreement implementation	Estimated total costs of the agreement	Estimated profit	Progress of the agreement as of the balance sheet day	Advance payments received	Amounts retained
Construction service contracts	7 150 364	158 941	7 309 305	3 041 367	3 298 208	6 339 575	969 730	48%	77 979	39 397
Total	**7 150 364**	**158 941**	**7 309 305**	**3 041 367**	**3 298 208**	**6 339 575**	**969 730**	**x**	**77 979**	**39 397**

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2007

Item	Revenues as originally defined in the agreement	Amendments	Total revenues from the agreement	Agreement costs incurred up to the balance sheet day	Costs due until the agreement implementation	Estimated total costs of the agreement	Estimated profit	Progress of the agreement as of the balance sheet day	Advance payments received	Amounts retained
Construction service contracts	4 234 085	46 932	4 281 017	1 880 709	2 120 080	4 000 789	280 228	47%	69 742	60 137
Total	**4 234 085**	**46 932**	**4 281 017**	**1 880 709**	**2 120 080**	**4 000 789**	**280 228**	**47%**	**69 742**	**60 137**

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2008

Item	Costs of implementing of the agreement incurred up to 31/12/2008	Profits up to 31/12/2008 (-)	Losses up to 31/12/2008	Costs incurred and corrected by profits and losses	Invoiced amounts up to 31/12/2008	Receivables under agreement as of 31/12/2008	Liabilities under agreement as of 31/12/2008
Construction service contracts	3 041 367	(1 816)	1 776	3 041 327	2 496 889	783 930	14 989
Total	**3 041 367**	**(1 816)**	**1 776**	**3 041 327**	**2 496 889**	**783 930**	**14 989**

CONSTRUCTION SERVICE CONTRACTS FOR THE PERIOD BETWEEN 01/01 AND 31/12/2007

Item	Costs of implementing of the agreement incurred up to 31/12/2007	Profits up to 31/12/2007 (-)	Losses up to 31/12/2007	Costs incurred and corrected by profits and losses	Invoiced amounts up to 31.12.07	Receivables under agreement as of 31.12.07	Liabilities under agreement as of 31.12.07
Construction service contracts	1 880 709	–	46 128	1 926 837	1 467 740	439 585	19 594
Total	**1 880 709**	**–**	**46 128**	**1 926 837**	**1 467 740**	**439 585**	**19 594**

The Board of Directors of the Holding Company PBG SA disclosed the information required by the IAS 11 (construction service contracts) in total amounts, without breaking into individual contracts, bearing in mind the trade secret.

Due to the fact that construction service contracts are carried pursuant to the IAS 11, therefore, revenues and costs are subject to estimations, it is the area which is under particular supervision carried out by the boards of directors of the PBG Group companies. Budgets are made to the best knowledge and experience of the companies. In the process of drawing up and implementing of the construction projects, all budgets are periodically updated.

If expected total contractual costs exceed total revenues there are made provisions to cover expected losses. These provisions are included into the profit and loss ststemenr in the amount of excess of costs above revenues at the time they are revealed.

Additionally, there are made provisions for providing of guarantee services. These are provisions for expected costs of repairs to be incurred between completing of the agreement and expiry of the warranty period. These provisions are made in the amount of estimated costs of repairs during the implementing of the agreement, proportionally to the agreement progress.

In 2008, the Board of the Holding Company concluded two consortium agreements in which it operates as the leader and which are join ventures. If the company as a leader of the consortium treats the agreement between the investor and the consortium as a construction service contract, settlement of long term agreements is based on revenue and cost budgets for the part of the agreement implemented by the company and value of costs accepted from other parties of the consortium and revenue invoices issued to the investor and concerning works completed by other parties of the consortium are not included in the company profit and loss account.

Agreements which pursuant to the IAS 31 were treated as a joint venture of the consortium partners:

- Contract for construction of the LMG mine amounting to PLN 1,397,000 thousand will be included in the company turnover in the amount of PLN 1,090,916 thousand.
- Contract for construction of the LMG Wierzchowice amounting to PLN 1,089,000 thousand will be included in the company turnover in the amount of PLN 462,000 thousand.

NOTE NO. 11

ACCRUALS AND DEFERRED INCOME

Item	as of 31/12/2008	as of 31/12/2007
a) active prepayments of costs including:	**26 064**	**12 820**
- insurance policies	13 790	5 363
- guarantees	8 612	5 348
- costs related with the turn of reporting periods	235	116
- other (subscriptions, training)	1 733	1 993
- repeated use materials settled in time	1 694	–
b) other prepayments and accrued income including:	**3 963**	**6 691**
- costs incurred before the conclusion of a construction contract	2 188	4 129
- costs of share issue	–	499
- costs of further acquisition of companies	1 115	2 063
- other	660	–
Total prepayments and accrued income	**30 027**	**19 511**
- long-term	13 567	4 787
- short-term	16 460	14 725

In 2008 value of accruals and deferred income increased nearly by 54% compared to 2007. The most significant increase is revealed in "insurance policies" and "guarantees". It is due to insurance of: construction and installation risks as well as guarantees of two main contracts being under implementation by the Holding Company:

- Construction of the on-ground part of PMG Wierzchowice (contract term 19/11/2008 and 18/11/2011)
- Project of LMG – Ośrodek Centralny, wellbore areas, pipelines and other facilities (contract term 11/08/2008 and 30/04/2013)

NOTE NO. 12

OTHER FINANCIAL ASSETS

Item	as of 31/12/2008	as of 31/12/2007
Financial assets carried at fair value through profit or loss account	–	1 582
Investments held to maturity	15 732	11 052
Loans and receivables	40 778	14 622
Financial assets available for sale	29 633	29 377
Fair value hedging instruments	–	–
Cash flow hedging instruments	14 195	43 611
Total financial assets	**100 338**	**100 244**
- long-term	48 571	41 834
- short-term	51 767	58 410

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS ACCOUNT

Item	as of 31/12/2008	as of 31/12/2007
Trade derivatives	–	–
Shares of listed companies	–	–
Debt securities	–	–
Investment funds shares	–	–
Financial assets carried at fair value through profit or loss account	–	1 582
Total financial assets carried at fair value through profit or loss account	**–**	**1 582**
- long-term	–	–
- short-term	–	1 582

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

Item	for the period from 01/01 to 31/12/08	for the period from 01/01 to 31/12/07
As for the beginning of the period	**1 582**	**–**
Acquisitions	–	–
Valuation transferred to profit and loss account	–	1 582
Impairment write-downs (-)	–	–
Disposal (-)	(1 582)	–
As for the end of the period	**–**	**1 582**

INVESTMENTS HELD TO MATURITY

Item	as of 31/12/2008	as of 31/12/2007
Bonds	–	–
Debentures	15 732	10 896
Bank deposits	–	156
Total investments held to maturity	**15 732**	**11 052**
- long-term	3 000	11 052
- short-term	12 732	–

Type of transaction	Date of purchase	Term	Nominal amount	Nominal interest	Balance sheet value
Purchase of inscribed debentures of Ćwiertnia Sp. z o.o.	2007-04-05	24 m-ce	10 470	5,67%	11 499
Purchase of inscribed debentures of Poner Sp. z o.o.	2008-02-21	36 m-cy	3 000	8,09%	3 208
Purchase of inscribed debentures of Bathinex Sp. z o.o.	2008-06-11	15 m-cy	1 000	8,64%	1 025
Total					**15 732**

CHANGE OF INVESTMENTS HELD TO MATURITY

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	**11 052**	**351**
Acquisitions	5 000	10 756
Interest calculated by effective interest rate	885	426
Impairment write-downs (-)	–	–
Change of asset category	–	(351)
Disposal (-)	(1 205)	(130)
Other changes	–	–
As for the end of the period	**15 732**	**11 052**

PBG SA purchases bonds and inscribed debentures issued by other entities. In each case interest is calculated by fixed interest rate. These securities are held for one to three years.

LOANS AND RECEIVABLES

Item	as of 31/12/2008	as of 31/12/2007
Loan granted to: Anta Development Sp. z o.o.:		
of 15/12/2008	502	–
Loans granted to: Bathinex Sp. z o.o.:		
of 10/06/2007	4 495	–
of 07/01/2008	376	–
of 22/07/2008	2 074	–
of 15/12/2008	1 506	–
Loans granted to: Jastarport Sp. z o.o.:		
of 30/05/2008	6 289	–
Loans granted to: Lubickie Wodociągi Sp. z o.o.:		
of 27/12/2004	318	332
of 20/06/2005	–	19
of 19/10/2005	16	95
of 28/11/2006	1 363	1 420
Loan granted to: PI Ćwiertnia Sp. z o.o.:		
of 11/09/2007	–	1 020
Loans granted to: Piecobiogaz SA:		
of 18/07/2007	3 748	3 499
of 14/09/2007	4 589	4 283
Loan granted to: PBG Basket SA:		
of 01/12/2008	302	–

Loan granted to: Remaxbud Sp. z o.o.:		
of 14/03/2007	1 500	1 500
Loan granted to: Strateg Capital Sp. z o.o.:		
of 13/11/2008	3 140	–
Loans granted to: TOSKA Włocławek:		
of 26/04/2006	3	66
of 20/06/2006	–	217
Loan granted to: M&W Bartosz Jankowski:		
of 23/09/2008	175	–
Loan granted to: WAMAR S.C:		
of 03/10/2008	6 082	–
Loans granted to individuals	4 248	2 140
Loans granted to staff members	52	23
Refunds and commission on individual item	–	8
Total loans and receivables	**40 778**	**14 622**
- long-term	3 314	1 405
- short-term	37 464	13 217

CHANGE IN LOANS AND RECEIVABLES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	**14 622**	**5 441**
Increase – including new companies into the Capital Group	**–**	8
Purchase – granting loans	**23 447**	11 234
Interest calculated by effective interest rate	**2 108**	637
Impairment write-downs (-) valuation	**93**	(66)
impairment write-downs (-) valuation	**4 190**	–
Disposal (-) loan repayment	**(3 733)**	(3 179)
Other changes, including: reversal of write-downs	**51**	547
As for the end of the period	**40 778**	**14 622**

Loans granted as at 31 December 2008 amounted PLN 40,778 thousand. In 2008 value of receivables resulting from loans granted increased by almost 180% compared to the previous year.

Value of loans granted in 2008 amounted to PLN 23,447 thousand whereas in 2007 it was PLN 11,234 thousand. It is due to new credit agreements concluded.

As at 31 December 2008, the most significant in value is the loan granted to Jastarport Sp. z o.o. balance value of which is PLN 6,289 thousand which is 15.42% of total value of loans granted.

Change in loans is due to recalculation of the loan granted to Bathinex Sp. z o.o. which was reclassified from loans granted to subsidiaries to loans granted to other entities. Disclosure of the loan was due to disposal as at 23 December 2008 shares of the subsidiary which in 2007 was granted loans amounting to PLN 4,050 thousand. The balance sheet value of these loans as at 31 December 2007 amounted to PLN 4,190 thousand and due to the company disposal the receivables were reclassified from "granted to subsid-

iaries" to "granted to other entities" which caused increased value of granted loans.

An average interest of loans granted between 2007 and 2008 is WIBOR 3M/WIBOR 1M + margin or it is fixed and amounts to 10% p.a.

LOANS AS OF 31/12/2008

Type of transaction	Date of purchase	Term	Nominal amount	Interest nominal	Balance sheet value
Granting loan to Lubickie Wodociągi Sp. z o.o.	2004-12-27	49 M	318	WIBOR 1M+2%	318
Granting loan to Lubickie Wodociągi Sp. z o.o.:	2005-10-19	51 M	16	WIBOR 1M+2%	16
Granting loan to TOSKA Włocławek	2006-04-26	29 M	60	WIBOR 3M+1%	3
Granting loan to Lubickie Wodociągi Sp. z o.o.	2006-11-28	77 M	1 363	WIBOR 1M+2%	1 363
Granting loan to Remaxbud Sp. z o.o.	2007-03-14	34 M	1 500	WIBOR 3M+1%	1 500
Granting loan to Bathinex Sp. z o.o.	2007-06-10	31 M	4 050	10,00%	4 495
Granting loan to Piecobiogaz SA	2007-07-18	29 M	3 400	WIBOR 3M+1%	3 748
Granting loan to Piecobiogaz SA	2007-09-14	28 M	4 200	WIBOR 3M+1%	4 589
Granting loan to Bathinex Sp. z o.o.	2008-01-07	24 M	350	10,00%	376
Granting loan to Jastarport Sp. z o.o.	2008-05-30	19 M	6 000	WIBOR 3M+2%	6 289
Granting loan to Bathinex Sp. z o.o.	2008-07-22	17 M	2 000	10,00%	2 074
Granting loan to M&W Bartosz Jankowski	2008-09-23	24 M	172	WIBOR 1M+1%	175
Granting loan to WAMAR S.C	2008-10-03	14 M	6 000	8,89%	6 082
Granting loan to Strateg Capital Sp. z o.o.	2008-11-13	14 M	3 090	10,00%	3 140
Granting loan to PBG Basket SA	2008-12-01	7 M	300	WIBOR 1M+1%	302
Granting loan to Anta Development Sp. z o.o.	2008-12-15	12 M	500	WIBOR 3M+2%	502
Granting loan to Bathinex Sp. z o.o.	2008-12-15	12 M	1 500	10,00%	1 506
Granting loans to individuals	x	x	5 090	x	4 248
Granting loans to staff members	x	x	87	x	52
Total					**40 778**

CASH FLOW HEDGING DERIVATIVES AS OF 31/12/ 2008

Type of transaction	Base amount	Fair value Assets	Hedged risk
PEKAO SA			
FORWARD – purchase hedge	74 136	14 195	exchange rate risks
Total purchase hedge	**74 136**	**14 195**	**15 732**

Cash flow hedging derivatives are described below the table referring to cash flow hedging instruments.

FINANCIAL ASSETS AVAILABLE FOR SALE

Item	as of 31/12/2008	as of 31/12/2007
Shares	29 633	29 377
Debt securities	–	–
Total financial assets available for sale	**29 633**	**29 377**
- long-term	29 341	29 377
- short-term	292	–

CHANGE IN FINANCIAL ASSETS AVAILABLE FOR SALE

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
As for the beginning of the period	**29 377**	**3 809**
Increase – including new companies into the Capital Group	**–**	**–**
Acquisitions	63	3 374
Valuation transferred to equity	–	–
Impairment write downs transferred to profit and loss account (-)	290	(244)
Change of asset category	–	23 800
Disposal (-)	(358)	(1 362)
Other changes	261	–
As for the end of the period	**29 633**	**29 377**

In financial assets available for sale there are indicated the following items:

- shares of KRI SA valued at PLN 25,315 thousand;
- shares of Naftomontaż Sp. z o.o. valued at PLN 3,500 thousand;
- shares of Remaxbud Sp. z o.o. valued at PLN 421 thousand;
- shares of Lubickie Wodociągi Sp. z o.o. valued at PLN 30 thousand;
- shares of Strateg Capital Sp. z o.o. valued at PLN 47 thousand;
- shares of Centrozap SA valued at PLN 290 thousand (valued at market rate basing on the Warsaw Stock Exchange listing);
- shares of Drogowa Trasa Średnicowa SA valued at PLN 22 thousand;
- shares of Konsorcjum Autostrada "Śląsk" valued at PLN 4 thousand.

As at the balance sheet day, the Board of the Holding Company analysed value impairment of all financial assets available for sale. Basing on discounted cash flow forecasts of each of the companies it was revealed that as at 31 December 2008 revaluation write-downs due to value impairment had been unnecessary.

NOTE NO. 13

CASH AND CASH EQUIVALENTS

Item	as of 31/12/2008	as of 31/12/2007
a) in Polish currency	**242 366**	**383 210**
- cash	237 665	383 030
- transit cash	4 478	–
- interest on deposit	223	180
b) in foreign currencies (translated into PLN)	**47 347**	**27 095**
Total	**289 713**	**410 305**

Cash and cash equivalents mean cash in bank and in hand and short term deposits of initial maturity period not exceeding three months. Book value of these assets represents their fair value.
Due to the cooperation of the Capital Group with prime banks the risk related with allocating cash is significantly limited

NOTE NO. 14

OTHER FINANCIAL LIABILITIES INCLUDING CREDITS AND LOANS

Item	as of 31/12/2008	as of 31/12/2007
Credits	587 322	398 129
Loans	675	2 306
Finance lease liabilities	16 173	11 310
Liabilities under issue of debt securities	201 137	311 043
Liabilities under derivatives (Forward contracts, IRS)	234 889	–
Other financial liabilities	1 121	2 451
Total financial liabilities	**1 041 317**	**725 239**
- long-term	369 846	258 577
- short-term	671 471	466 662

Most credits taken out by companies of the Capital Group have variable interest rate. In most cases it is interest rate based on WIBOR 1M plus credit margin value of which depends on credit rating of the debtor. Interest rate of the credits taken was between 6.46 and 7.11% with interest payable monthly.

BASE INTEREST RATES USED IN CREDIT AGREEMENTS CONCLUDED BY COMPANIES OF THE PBG CAPITAL GROUP ON THE BALANCE SHEET DAY WERE AS FOLLOWS:

% value	31/12/2008	31/12/2007
WIBOR 1M	5,61	5,52
WIBOR 3M	5,88	5,68
WIBOR 6M	5,95	5,99
EURIBOR 1M	2,6	4,29
discounting notes	5,25	5,25

Pursuant to concluded agreements, total value of credit lines granted in the current account as at 31 December 2008 amounted to PLN 302,601 thousand, whereas as at 31 December 2007 it amounted to PLN 236,883 thousand. Of these credit lines the amount borrowed as at 31 December 2008 was PLN 136,952 thousand whereas as at 31 December 2007 it was PLN 102,513 thousand.

Credit lines in current accounts are renewable annually.

In order to increase the diversification of financing sources, in November 2007 the agency and dealer agreement was concluded for organising and implementing a three-year programme of bonds issue for PBG SA and Hydrobudowa Włocławek S.A. (currently Hydrobudowa Polska SA) by ING Bank Śląski SA with a total nominal value of PLN 500,000,000.00.

Within the above mentioned programme, on 12 December 2007 PBG SA issued the first tranche of bearer bonds totalling PLN 200,000,000.00. Redemption date was set for 15 November 2010, interest is payable according to variable rate based on WIBOR 6M.

The bonds issue was intended to improvef financing structure by means of changing a short-term debt into a long-term debt, gaining funds for acquisitions and property investments and payment of a current liability with regard to bonds issued in 2005.

The bonds are secured with civil law guarantees up to the full issue value provided by Hydrobudowa Polska SA, Infra SA and Hydrobudowa 9 SA.

To hedge the variable interest rate risk, the Holding Company uses IRS hedging instruments.

Pursuant to the credit line agrement for financing of capital investment, the PBG SA Holding Company was obliged to limit interest rate risk. To meet the bank requirements, on 23 July 2008 the company made an IRS operation covering 50% of the outstanding credit value with the maturity on 31 December 2013.

The IRS operations mean change of interest payable by variable WIBOR 1M rate into interest payable by fix interest rate

For this transaction which is to hedge a part of interest rate based cash flow risks, the Holding Company applies cash flow accounting.

CASH FLOW HEDGING DERIVATIVES AS OF 31/12/ 2008

cash flow hedging derivatives as of 31/12/ 2008	Base amount	Fair value Liability	Hedged risk
BGŻ SA			
FORWARD – sale hedge	26 962	6 565	exchange rate risks
BZ WBK SA			
FORWARD – sale hedge	80 089	19 411	exchange rate risks
DnB NORD SA			
FORWARD – sale hedge	80 089	18 074	exchange rate risks
DZ BANK POLSKA SA			
FORWARD – sale hedge	60 500	9 768	exchange rate risks
ING BANK ŚLĄSKI SA			
FORWARD – sale hedge	167 620	32 417	exchange rate risks
MILLENNIUM SA			
FORWARD – sale hedge	157 760	23 366	exchange rate risks
PEKAO SA			
FORWARD – sale hedge	263 648	40 319	exchange rate risks
IRS operations no. IRS 07382711	26 455	1 540	interest rate risk
RAIFFEISEN BANK SA			
FORWARD – sale hedge	362 662	71 615	exchange rate risks
WestLB Polska SA			
FORWARD – sale hedge	41 296	11 815	exchange rate risks
Total sale hedge	**1 240 626**	**233 349**	
Total IRS	**26 455**	**1 540**	
Total	**1 267 081**	**234 889**	

INFLUENCE OF EXCHANGE RATE HADGES ON RESUALTS ACHIEVED BY THE PBG CAPITAL GROUP

In the FY 2008 the PBG Capital Group and its subsidiaries made hedging transactions referring only to future, planned exchange rate exposes applying thereto a standard forward instrument. Companies of the PBG Capital Group did not use any currency option instruments. Transactions made were pursuant to the adopted hedging policy, were applied to agreements made with customers and suppliers (mainly denominated in EUR and CAD) and they were not of speculative nature as they were made to guarantee future level of cash flows resulting from revenue on sale (resulting from long-term construction contracts) and selling costs.

Due to open positions in the foreign exchange market, a part of the PBG Capital Group cash flow is hedged (revenues on sale) i.e. the amount of EUR 288.14 million due in 2009 (EUR 132.83 of which is due in the first hallf of 2209) and the amount of EUR 60.09 million due in 2010 (EUR 31.48 million of which is due in the first half of 2010). These transactions were made with an average weighted forward rate of 3.55 EUR/PLN. Pursuant to data received from banks, balance sheet valuation of the open positions in forward hedging instruments as at 31 December 2008 amounted to PLN minus 233.35 million, due to occurrence of hedging revenues and due to loss of hedging instrument efficieny, in the Group result there was included the amount of PLN 63.32 million, balance of PLN minus 170.03 was included in the equity. The result of completed (settled) future contracts in 2008 amouted to PLN 6.28 million which was referenced and booked in the consolidated profit and loss account.

Some parts of the cash flows (selling cost) of the PBG Capital Group are hedged with open foreign exchange positions amounting to CAD 3.65 million (CAD 1.3 million of which in the first half of 2009), for 2010 and following years open positions amount to CAD 30.72 million (CAD 9.7 million of which in the first year of 2010). These transactions were made with an average weighted forward rate of 2.16 CAD/PLN. Pursuant to data received from banks, balance sheet valuation of the open positions in forward hedging instruments as at 31 December 2008 amounted to PLN 14.19 million, due to loss of hedging instrument efficieny, in the Group result there was included the amount of PLN 13.74 million, balance of PLN 0.45 was included in the equity. The result of completed (settled) future contracts in 2008 amouted to PLN 0.07 million which was referenced and booked in the consolidated profit and loss account.

LOANS AS OF 31/12/2008

Loans as of 31/12/2008	Liability amount	Nominal interest rate	Costs
A loan from a legal entity	656	WIBOR 3M+1,5%	26
Loans from an individual	19	9,00%	18
Total loans	**675**	**x**	**44**

MATURITY STRUCTURE OF LOANS AND CREDITS

Item	as of 31/12/2008	as of 31/12/2007
Short term credits and loans	475 147	350 402
Long term credits and loans	112 850	50 033
- paid over 1 – 2 years	73 265	36 512
- paid over 2 – 5 years	39 585	13 521
- paid over 5 years	–	–
Total credits and loans	**587 997**	**400 435**

CREDIT CURRENCY STRUCTURE

Item	as of 31/12/2008 value in currency	as of 31/12/2008 value in PLN	as of 31/12/2007 value in currency	as of 31/12/2007 value in PLN
a) Polish zloty (PLN)	x	578 852	x	395 333
b) euro (EUR)	500	2 132	–	–
c) Slovak crown (SKK)	50 635	7 013	47 864	5 102
Total credits and loans	**x**	**587 997**	**x**	**400 435**

LONG-TERM CREDITS AS OF 31/12/2008

Company name and seat	Contracted amount of the credit /loan		Amount of the credit /loan due to be paid		Maturity date	Guarantees
	PLN	Currency	PLN	Currency		
BGŻ SA Warszawa	10 000	PLN	3 327	PLN	2010-12-31	1. Registered pledge on the crediting object with the transfer of rights from the insurance policy of the registered pledge. 2. A power of attorney to manage each borrower current accounts kept with the bank. 3. Own blank promissory notes issued by each borrower together with promissory declarations.
BGŻ SA Warszawa	1 528	PLN	1 669	PLN	2010-12-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts in the lending bank.
BGŻ SA Warszawa	392	PLN	410	PLN	2011-12-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts in the lending bank.
BOŚ Poznań Branch	11 231	PLN	2 567	PLN	2011-12-15	1. Blank promissory note secured by Mr Jerzy Wisniewski and Mrs Małgorzata Wisniewska, Mr Marek Grunt and his spouse and Mr Tomasz Woroch and his spouse. 2. Bank guarantee of BRE BANK SA, Poznań Branch.
BZ WBK SA Poznań	1 336	PLN	186	PLN	2010-05-28	1. Power of attorney for bank accounts kept with the Bank. 2. Blank promissory note together with a promissory declaration
BZ WBK SA Poznań	13 327	PLN	11 131	PLN	2010-07-31	1. Authorisation to debit the Borrower's accounts. 2. Ordinary mortgage totalling the credited amount and complete real estate mortgage totalling PLN 6 million for real estate which is the subject to crediting. 3. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 4. Transfer of receivables resulting from tenancy agreements made with Hydrobudowa Śląsk related to the real estate.
BZ WBK SA Wrocław	4 000	PLN	2 222	PLN	2012-06-30	1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with a promissory declaration.
BZ WBK SA Wrocław	5 000	PLN	3 889	PLN	2013-06-30	1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with a promissory declaration.
ING Bank Śląski SA Katowice	10 000	PLN	6 393	PLN	2013-03-30	1. Real estate mortgage of PLN 13,000,000 on the Real estate located in Wysogotowo, Tarnowo Podgórne District, Land and Mortgage Register PO1P/00218712/9. 2. Transfer of rights from the insurance policy of the said real estate. 3. Power of attorney for the bank account kept with ING Bank Śląski SA.
ING Bank Śląski SA Katowice	36 000	PLN	8 632	PLN	2011-12-31	1. Power of attorney for bank accounts kept with ING Bank Śląski SA. 2. First real estate mortgage of up to PLN 18,000 on a real estate located in Wysogotowo, Tarnowo Podgórne District, Land and Mortgage Register 91.909. 3. First real estate mortgage of up to PLN 18,000 on a real estate located in Wysogotowo, Tarnowo Podgórne District, plot No. 64/23, Land and Mortgage Register 66.276. 4. Transfer of rights from the insurance policy of the said real estate. 5. Letter of intention/declaration of Mr Jerzy Wisniewski to keep the majority of votes at the PBG SA General Meeting of Shareholders. 6. Civil law guarantee of companies: Hydrobudowa Polska SA and Infra SA.

Kredyt Bank Warszawa	10 680	PLN	7 120	PLN	2011-12-31	1. Mortgage of PLN 10,683 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being an ownership separate from the land. 2. Mortgage of PLN 2,670 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being a separate ownership from the land. 3. Transfer of rights from the fire and other incidental risk insurance agreement of the said real estate. 4. Blank promissory note issued by the borrower together with a promissory declaration.
PEKAO SA Poznań	18 700	PLN	14 025	PLN	2013-09-30	1. Power of attorney for bank accounts of the borrower kept with the Bank. 2. Representations about submission to enforcement. 3. Registered pledge on 25,000 shares of PRID SA. 4. Civil law guarantee of Hydrobudowa Polska SA.
PEKAO SA Poznań	34 210	PLN	27 368	PLN	2013-12-31	1. Power of attorney for bank accounts of the borrower kept with the Bank. 2. Representations about submission to enforcement. 3. Registered pledge on 14,244,999 shares of Betpol SA. 4. Civil law guarantee of Hydrobudowa Polska SA.
PEKAO SA Poznań	14 000	PLN	6 378	PLN	2013-12-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts kept with PEKAO SA Bank. 4. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Warszawa	40 000	PLN	16 897	PLN	2012-04-30	1. Registered pledge on the financing object with the transfer of rights from the insurance agreement. 2. A power of attorney to manage current and future accounts of the borrower in the bank. 3. Written representation of the borrower on voluntary submission to enforcements proceeding in line with the provisions of the Civil Proceedings Code. 4. Blank promissory note of the borrower together with promissory declaration issued thereby.
EFFECTIVE ADJUSTMENT			(20)			
Total			**112 194**			

SHORT-TERM CREDITS AS OF 31/12/2008

Company name and seat	Contracted amount of the credit /loan		Amount of the credit /loan due to be paid		Maturity date	Guarantees
	PLN	Currency	PLN	Currency		
BGŻ SA Warszawa	10 000	PLN	3 333	PLN	2010-12-31	1. Registered pledge on the crediting object with the transfer of rights from the insurance policy of the registered pledge subject. 2. A power of attorney to manage each borrower current account kept with the bank. 3. Own blank promissory notes issued by each borrower together with a promissory declarations.
BGŻ SA Warszawa	34 000	PLN	34 000	PLN	2009-06-26	1. Confirmed transfer of receivables from the contracts implemented by the borrower amounting to at least 200% of the used limit. 2. Authorisation to debit the borrower current accounts. 3. Blank promissory note.
BGŻ SA Warszawa	39 000	PLN	39 000	PLN	2009-06-26	1. Confirmed transfer of receivables from the contracts implemented by the Borrower amounting to at least 200% of the used limit. 2. A power of attorney to manage current and future accounts in the lending bank 3. Blank promissory note together with a promissory declaration.
BGŻ SA Warszawa	1 667	PLN	1 667	PLN	2010-12-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on the financial asset. 3. A power of attorney to manage current and future accounts in the lending bank
BGŻ SA Warszawa	188	PLN	188	PLN	2010-11-31	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on the financial asset. 3. A power of attorney to manage current and future accounts in the lending bank
BOŚ O/PŃ Poznań	11 231	PLN	1 284	PLN	2011-12-15	1. Blank promissory note secured by Mr Jerzy Wisniewski and Mrs Małgorzata Wisniewska, Mr Marek Grunt and his spouse and Mr Tomasz Woroch and his spouse. 2. Bank guarantee of BRE BANK SA, Poznań Branch.
BZ WBK SA Poznań	1 336	PLN	445	PLN	2010-05-28	1. Power of attorney for bank accounts kept with the Bank. 2. Blank promissory note together with a promissory declaration.
BZ WBK SA Wrocław	4 000	PLN	889	PLN	2012-06-30	1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with a promissory declarations.
BZ WBK SA Wrocław	30 600	PLN	20 758	PLN	2012-10-15	1. Authorisation to debit the borrower's account. 2. Transfer of receivables from the B-0106 Tychy contract. 3. Civil law guarantee of PBG SA and Hydrobudowa Polska SA. 4. Blank promissory note. 5. Real estate mortgage
BZ WBK SA Wrocław	30 000	PLN	337	PLN	2009-10-15	1. Authorisation to debit the borrower current accounts. 2. Transfer of current and future financial liabilities amount of which constitutes at least 150% of the used credit. 3. Blank promissory notes. 4. Guarantee of PBG SA and Hydrobudowa 9 SA.
BZ WBK SA Wrocław	5 000	PLN	1 111	PLN	2013-06-30	1. Registered pledge on the equipment and the devices bought from the credit funds 2. Civil law guarantee of PBG S.A. seated in Wysogotowo, ul. Skórzewska 35, 62-081 Przeźmierowo. 3. Blank promissory note together with promissory declarations.
DnB NORD Polska SA Warszawa	60 000	PLN	37 109	PLN	2009-12-31	1. Authorisation to the receivables transfer agreement. 2. Mutual guarantee of contract receivables amounting to at least 150% of the used limit. 3. Authorisation to debit the borrower's current account.

DZ BANK Poznań	12 000	PLN	567	PLN	2009-02-27	1. Real estate mortgage of PLN 6,000,000 on the developed real estate held by the borrower located in Tarnowo Podgórne District, Land and Mortgage Register 136241. 2. Transfer of receivables under the property insurance contract (see item 1). 3. Blank promissory note issued by the borrower together with a promissory declaration. 4. Authorisation to debit the bank account.
DZ Bank Polska SA Warszawa	24 500	PLN	5 586	PLN	2009-06-30	1. Own blank promissory note issued by PBG SA and confirmed by Hydrobudowa Polska SA. 2. Own blank promissory note issued by Hydrobudowa Polska SA together with a promissory declaration confirmed by PBG SA. 3. Transfer in favour of the bank of receivables of all the borrowers resulting from trade agreements/contracts amounting minimum to 150% of the used limit. 4. Representations about submission to enforcement.
ING Bank Śląski SA	1 000	PLN	1 013	PLN	2009-09-05	1. Authorisation to debit the bank account. 2. Corporate guarantee.
ING Bank Śląski SA Katowice	10 000	PLN	1 967	PLN	2013-03-30	1. Real estate mortgage of PLN 13,000,000 on the real estate located in Wysogotowo, Tarnowo Podgórne District, Land and Mortgage Register PO1P/00218712/9. 2. Transfer of rights from the insurance policy of the said real estate. 3. Power of attorney for bank accounts kept with ING Bank Śląski SA.
ING Bank Śląski SA Katowice	36 000	PLN	4 316	PLN	2011-12-31	1. Power of attorney for bank accounts kept with ING Bank Śląski SA. 2. First real estate mortgage of up to PLN 18,000 thousand on a real estate located in Wysogotowo, Tarnowo Podgórne District, Land and mortgage Register 91.909. 3. First real estate mortgage of up to PLN 18,000 thousand on a real estate located in Wysogotowo, Tarnowo Podgórne District, plot No. 64/23, Land and Mortgage Register 66.276. 4. Transfer of rights from the insurance policy of the said real estate. 5. Letter of intention/declaration of Mr Jerzy Wisniewski to keep the majority of votes at the PBG SA General Meeting of Shareholders. 6. Civil law guarantee of companies: Hydrobudowa Polska SA and Infra SA.
ING Bank Śląski SA Katowice	1 000	PLN	113	PLN	2009-09-05	1. Authorisation to debit the bank account. 2. Corporate guarantee.
ING Bank Śląski SA Katowice	30 000	PLN	31 456	PLN	2009-09-05	1. Representations about submission to enforcement. 2. Corporate guarantees.
Kredyt Bank SA Warszawa	10 680	PLN	3 560	PLN	2011-12-31	1. Mortgage of PLN 10,680 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being a separate ownership from the land. 2. Mortgage of PLN 2,670 thousand for the perpetual usufruct of the land and ownership of the buildings and structures developed on this land and being a separate ownership from the land. 3. Transfer of rights from the fire and other incidental risk insurance agreement of the said real estate. 4. Blank promissory note issued by the borrower together with a promissory declaration.
Millennium SA Warszawa	9 000	PLN	8 364	PLN	2009-07-30	1. Blank promissory note together with a promissory declaration. 2. Transfer of contractual receivables total amount of which calculated as contractual value due to pay will be at lease 200% of the limit in the period of at least one month since completing of the transaction, providing the transfer refers to the concluded contracts. 3. Power of attorney to debit the current bank account of the borrower. 4. Civil law guarantee of PBG SA. 5. Representation of the borrower about submission to enforcement.

Millennium SA Warszawa	25 000	PLN	3 795	PLN	2009-06-10	1. Transfer of receivables amounting to at least 150% of the used credit limit. 2. Blank promissory note. 3. Representations about submission to enforcement. 4. Cross reference guarantee. 5. Authorisation to debit the borrower accounts.
PEKAO SA Poznań	34 210	PLN	6 842	PLN	2013-12-31	1. Power of attorney for bank accounts of the borrower kept with the Bank. 2. Representations about submission to enforcement. 3. Registered pledge on 14,244,999 shares of Betpol SA. 4. Civil law guarantee of Hydrobudowa Polska SA.
PEKAO SA Poznań	14 000	PLN	3 281	PLN	2012-04-30	1. Blank promissory note together with promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts kept with PEKAO SA Bank. 4. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Poznań	18 700	PLN	3 740	PLN	2013-09-30	1. Power of attorney for bank accounts of the borrower kept with the Bank. 2. Representations about submission to enforcement. 3. Registered pledge on 25,000 shares of PRID SA. 4. Civil law guarantee of Hydrobudowa Polska SA.
PEKAO SA Poznań	3 000	PLN	134	PLN	2010-05-11	1. Blank promissory note together with a promissory declaration. 2. Registered pledge on financial asset. 3. A power of attorney to manage current and future accounts kept with PEKAO SA Bank. 4. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Poznań	35 000	PLN	10 000	PLN	2009-04-30	1. Transfer of receivables under a condition precedent for contracts amounting to at least 150% of currently used credit. 2. A power of attorney to debit current and future bank accounts of the borrower. 3. Written declaration of the borrower pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
PEKAO SA Warszawa	40 000	PLN	6 893	PLN	2012-04-30	1. Registered pledge on the financing object with the transfer of rights from the insurance agreement. 2. A power of attorney to manage current and future accounts of the borrower in the bank. 3. Written representation of the borrower on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code. 4. Blank promissory note of the borrower together with promissory declaration issued thereby.
PEKAO SA Warszawa	10 000	PLN	5 993	PLN	2009-04-30	1. Transfer of receivables and implemented contracts of up to 200% bank's share. 2. Civil law guarantee of PBG SA of Poznań. 3. Power of attorney for borrower's current bank accounts kept with Pekao SA. 4. Representations about submission to enforcement.
PEKAO SA Warszawa	10 000	PLN	10 000	PLN	2009-04-30	1. Transfer of receivables and implemented contracts of up to 200% bank's share. 2. Civil law guarantee of PBG SA of Poznań. 3. Power of attorney for borrower's current bank accounts kept with Pekao SA. 4. Representations about submission to enforcement.
Raiffeisen Bank Polska SA Warszawa	60 000 2 132	PLN 500 EUR	47 500 2 132	PLN 500 EUR	2012-11-30	1. Authorisation to debit the borrower's account. 2. Transfer of receivables from the B-0005 Bydgoszcz contract.
Raiffeisen Bank Polska SA Warszawa	3 000	PLN	3 000	PLN	2009-11-30	1. Power of attorney to debit the current bank account and other bank accounts of the borrower. 2. Transfer of receivables from the financed contract confirmed by the borrower.

Raiffeisen Bank Polska SA Warszawa	23 000	PLN	23 000	PLN	2009-11-27	1. Blank promissory note together with a promissory declaration. 2. Authorisation to debit the borrower bank accounts. 3. Representation of the borrower about submission to enforcement. 4. Transfer of contractual receivables.
Unicredit Bank a.s. Bratislava	7 013	50 635 SKK	7 013	50 635 SKK	2009-11-15	1. Guarantee of PEKAO SA issued by PBG SA in favour of Unicredit Banka a.s.
WestLB Bank Polska SA Poznań	76 000	PLN	76 000	PLN	2009-01-31	1. Registered pledge for 9,095,591 A series shares and 470,607 B series shares of Hydrobudowa 9 SA. 2. Declaration pursuant to art. 97 (1) and (2) of the Bank Law of 29 August 1997 on voluntary submission to enforcement proceeding in line with the provisions of the Civil Proceedings Code.
WestLB Bank Polska SA Warszawa	40 000	PLN	40 000	PLN	2011-01-31	1. Guarantee of PBG SA. 2. Representations about submission to enforcement.
WestLB Bank Polska SA Warszawa	33 000	PLN	27 910	PLN	2009-12-18	1. Transfer of existing and future cash receivables arising from contracts for sale of goods or services or of similar nature concluded or to be concluded by customers in relation with the business activity, whose nominal value, excluding receivables from additional services, within the term of the credit contract will not be lower than 200% of the amount used in the credit line. 2. Mutual borrowers' guarantees in the form and content as accepted by the Bank.
CREDIT CARDS			21			
INTEREST INCURRED			906			
CURRENT ACCOUNT OVERDRAFT			15			
EFFECTIVE ADJUSTMENT			(110)			
Total			**475 128**			

FINANCE LEASE LIABILITIES

Item	as of 31/12/2008		as of 31/12/2007	
	minimum payments	current value of minimum payments	minimum payments	current value of minimum payments
Future minimum payments under finance lease agreements				
Due up to 1 year	6 647	5 786	3 567	2 812
Due from 1 to 5 years	10 924	10 387	9 248	8 498
Due over 5 years	–	–	–	–
Total future minimum payments under finance lease agreements	**17 571**	**16 173**	**12 815**	**11 310**
Financial expenses	1 398	x	1 505	x
Current value of minimum payments under finance lease agreements	**16 173**	**16 173**	**11 310**	**11 310**

LEASED ASSETS

Item	as of 31/12/2008	as of 31/12/2007
	Asset groups	
Land, buildings and structures	–	–
Plant and machines	12 297	9 674
Transport vehicles	5 563	2 396
Other fixed assets	--	8
Total:	**17 861**	**12 078**

Figures in the table are specifies for assets groups as in the fixed assets register. Therefore, there are indicated net values of fixed assets covered by finance leasing agreements.

LEASING AGREEMENTS AS OF 31/12/2008

No.	Financing Party	Agreement number	Initial value	Initial value in foreign currency	Currency symbol	Agreement termination date	Liability value as of the end of the reporting period	Short-term part	Long-term part
1	BZ WBK Finanse & Leasing SA	ZPU/01287/2007	218	PLN 218	PLN	2009-07-15	84	84	–
2	BZ WBK Finanse & Leasing SA	WC4/00023/2007	287	PLN 287	PLN	2010-08-16	162	83	79
3	BZ WBK Leasing SA	ZA3/00014/2004	341	PLN 341	PLN	2009-04-15	25	25	–
4	BZ WBK Leasing SA	ZA1/00004/2008	80	PLN 80	PLN	2011-07-20	70	25	45
5	BZ WBK Leasing SA	ZS2/00116/2008	96	PLN 96	PLN	2011-11-29	91	32	59
6	BZ WBK Leasing SA	ZS2/00117/2008	96	PLN 96	PLN	2011-11-29	91	32	59
7	BZ WBK Leasing SA	ZS2/00118/2008	96	PLN 96	PLN	2011-11-29	91	32	59
8	BZ WBK Leasing SA	ZS2/00119/2008	96	PLN 96	PLN	2011-11-29	91	32	59
9	BZ WBK Leasing SA	ZS2/00120/2008	96	PLN 96	PLN	2011-11-29	91	32	59
10	BZ WBK Leasing SA	ZS2/00121/2008	96	PLN 96	PLN	2011-11-29	91	32	59
11	BZ WBK Leasing SA	ZS2/00126/2008	96	PLN 96	PLN	2011-11-29	91	32	59
12	BZ WBK Leasing SA	ZS2/00122/2008	39	PLN 39	PLN	2011-08-29	33	11	22
13	BZ WBK Leasing SA	ZS2/00123/2008	39	PLN 39	PLN	2011-08-29	35	12	23
14	BZ WBK Leasing SA	ZS2/00124/2008	39	PLN 39	PLN	2011-08-29	35	12	23
15	BZ WBK Leasing SA	ZS2/00125/2008	39	PLN 39	PLN	2011-08-29	35	12	23
16	BZ WBK Leasing SA	ZS2/00127/2008	39	PLN 39	PLN	2011-08-29	35	12	23
17	BZ WBK Leasing SA	ZO7/00034/2006	62	PLN 62	PLN	2009-04-30	7	7	–
18	BZ WBK Leasing SA	ZO7/00036/2006	62	PLN 62	PLN	2009-04-30	7	7	–
19	BZ WBK Leasing SA	ZO7/00071/2006	64	PLN 64	PLN	2009-07-31	11	11	–
20	BZ WBK Leasing SA	ZO7/00072/2006	62	PLN 62	PLN	2009-07-31	12	12	–

21	CAC Leasing	61900235	263	SKK 1 902	SKK	2011-02-05	104	45	59
22	Carefleet SA - Wrocław	06101004	46	PLN 46	PLN	2010-06-30	34	8	26
23	Carefleet SA - Wrocław	06101003	40	PLN 40	PLN	2010-06-30	29	7	22
24	Carefleet SA - Wrocław	06101002	40	PLN 40	PLN	2010-06-30	29	7	22
25	Caterpillar Financial Services	OL-023328	253	PLN 253	PLN	2009-11-23	52	52	–
26	Caterpillar Financial Services	OL-023329	537	PLN 537	PLN	2009-11-28	109	109	–
27	ČSOB Leasing	LZF/08/70131	75	SKK 543	SKK	2011-03-04	46	19	27
28	ČSOB Leasing	LZF/08/70130	75	SKK 543	SKK	2011-03-04	46	18	28
29	Daimler Chrysler Financial	SK-109050	112	SKK810	SKK	2010-01-01	38	35	3
30	GTL – Pojazdy Użytkowe Sp. z o.o	3150	181	EUR 36	EUR	2009-10-01	34	34	–
31	Handlowy – Leasing Sp. z o.o.	ULO/10424/ZMK	2 639	PLN 2 639	PLN	2011-04-30	1 746	775	971
32	Kredyt Lease SA	0415/04/2007/LO	573	PLN 573	PLN	2010-04-20	161	115	46
33	Kredyt Lease SA	0613/05/2007/LO	200	PLN 200	PLN	2010-07-20	66	40	26
34	Kredyt Lease SA	0612/05/2007/LO	259	PLN 259	PLN	2010-07-20	86	51	35
35	Kredyt Lease SA	0847/06/2007/LO	1 533	PLN 1 533	PLN	2010-06-20	732	467	265
36	Kredyt Lease SA	1091/08/2007/LO	169	PLN 169	PLN	2010-08-20	103	40	63
37	Man Finanse Services Poland Sp. z o.o.	L0000000628	281	PLN 281	PLN	2013-10-31	250	45	205
38	Man Finanse Services Poland Sp. z o.o.	L0000000630	281	PLN 281	PLN	2013-10-31	250	45	205
39	Man Finanse Services Poland Sp. z o.o.	L0000000631	281	PLN 281	PLN	2013-10-31	250	45	205
40	Man Finanse Services Poland Sp. z o.o.	L0000000632	281	PLN 281	PLN	2013-10-31	250	45	205
41	Man Finanse Services Poland Sp. z o.o.	L0000000633	281	PLN 281	PLN	2013-10-31	250	45	205
42	Man Finanse Services Poland Sp. z o.o.	L0000000634	281	PLN 281	PLN	2013-10-31	249	44	205
43	Man Finanse Services Poland Sp. z o.o.	L0000000635	282	PLN 282	PLN	2013-10-31	249	44	205
44	Man Finanse Services Poland Sp. z o.o.	L0000000636	282	PLN 282	PLN	2013-10-31	249	43	206

45	Millennium Leasing Sp. z o.o.	078240	114	PLN 114	PLN	2010-05-31	33	21	12
46	Millennium Leasing Sp. z o.o.	069670	632	PLN 632	PLN	2010-02-28	174	143	31
47	Millennium Leasing Sp. z o.o.	K 089779	635	PLN 635	PLN	2010-03-20	456	110	346
48	Millennium Leasing Sp. z o.o.	K 089791	555	PLN 555	PLN	2010-03-20	399	96	303
49	Millennium Leasing Sp. z o.o.	K 089795	269	PLN 269	PLN	2010-03-21	193	47	146
50	Millennium Leasing Sp. z o.o.	K 089794	269	PLN 269	PLN	2010-03-21	193	47	146
51	Millennium Leasing Sp. z o.o.	K 089790	620	PLN 620	PLN	2010-03-22	444	107	337
52	Millennium Leasing Sp. z o.o.	K 089782	539	PLN 539	PLN	2010-03-26	388	94	294
53	Millennium Leasing Sp. z o.o.	K 089783	539	PLN 539	PLN	2010-03-26	388	94	294
54	Millennium Leasing Sp. z o.o.	K 089797	249	PLN 249	PLN	2010-03-27	179	43	136
55	Millennium Leasing Sp. z o.o.	K 089781	539	PLN 539	PLN	2010-03-27	388	94	294
56	Millennium Leasing Sp. z o.o.	K 089780	579	PLN 579	PLN	2010-03-28	416	100	316
57	Millennium Leasing Sp. z o.o.	K 089793	544	PLN 544	PLN	2010-05-27	405	93	312
58	Millennium Leasing Sp. z o.o.	K 089798	269	PLN 269	PLN	2010-07-01	204	46	158
59	Millennium Leasing Sp. z o.o.	K 089799	269	PLN 269	PLN	2010-07-01	208	46	162
60	Millennium Leasing Sp. z o.o.	K 089784	606	PLN 606	PLN	2010-07-02	469	103	366
61	Millennium Leasing Sp. z o.o.	K 089786	514	PLN 514	PLN	2010-07-02	398	88	310
62	Millennium Leasing Sp. z o.o.	K 089787	532	PLN 532	PLN	2010-08-30	419	90	329
63	Millennium Leasing Sp. z o.o.	K 089788	532	PLN 532	PLN	2010-08-30	419	90	329
64	Millennium Leasing Sp. z o.o.	K 089792	608	PLN 608	PLN	2010-09-03	488	103	385
65	Millennium Leasing Sp. z o.o.	K 089789	529	PLN 529	PLN	2010-09-02	424	89	335
66	Millennium Leasing Sp. z o.o.	K 089785	562	PLN 562	PLN	2010-09-24	451	95	356
67	Ministerstwo Skarbu Państwa – Warszawa	Rep. A. 14073/2003	1 025	PLN 1 025	PLN	2009-09-30	77	77	–
68	PEKAO Leasing Sp. z o.o.	36/0119/06	481	PLN 481	PLN	2009-09-21	168	168	–

69	Raiffeisen-Leasing Polska SA	I5853J	751	PLN 751	PLN	2009-05-08	132	132	–
70	Raiffeisen-Leasing Polska SA	I16413I	412	PLN 412	PLN	2009-05-08	66	66	–
71	Raiffeisen-Leasing Polska SA	J2905V	1 310	PLN 1 310	PLN	2010-05-08	309	242	67
72	UniCredit Leasing	76903374	263	EUR 1 898	EUR	2011-11-05	268	86	182
73	UniCredit Leasing	56903374	49	SKK 354	SKK	2011-10-05	49	16	33
74	UniCredit Leasing	56903373	49	SKK 354	SKK	2011-10-05	49	16	33
75	UniCredit Leasing	56903261	54	SKK 389	SKK	2011-07-05	54	20	34
76	UniCredit Leasing	56902612	53	SKK 380	SKK	2010-04-05	20	15	5
77	UniCredit Leasing	56902611	53	SKK 380	SKK	2010-04-06	20	15	5
78	UniCredit Leasing	56902610	58	SKK 420	SKK	2010-04-07	22	16	6
79	UniCredit Leasing	56902609	58	SKK 420	SKK	2010-04-08	22	16	6
80	UniCredit Leasing	56902730	70	SKK 502	SKK	2010-06-05	29	19	10
81	UniCredit Leasing	56902729	70	SKK 502	SKK	2010-06-05	29	19	10
82	UniCredit Leasing	56902714	145	SKK 1 046	SKK	2010-06-05	58	38	20
83	UniCredit Leasing	56902817	84	SKK 603	SKK	2010-08-05	39	23	16
84	UniCredit Leasing	56902832	68	SKK 489	SKK	2010-08-05	31	18	13
85	UniCredit Leasing	56902833	68	SKK 489	SKK	2010-08-05	32	19	13
86	UniCredit Leasing	56903031	87	SKK 631	SKK	2011-02-05	52	23	29
87	UniCredit Leasing	56903055	89	SKK 640	SKK	2011-02-05	53	23	30
88	Volkswagen Finančné služby	592584	86	SKK 624	SKK	2010-02-26	26	24	2
89	Volkswagen Finančné služby	592579	86	SKK 624	SKK	2010-02-27	26	24	2
90	Volkswagen Leasing Polska Sp. z o.o.	3870342-5006-00724	89	PLN 89	PLN	2009-12-13	56	56	–
			27 351	**x**	**x**	**x**	**15 823**	**5 725**	**10 098**

RISK MANAGEMENT IN THE PBG CAPITAL GROUP

The activity of the PBG Capital Group is prone to different financial risks – credit risk, liquidity and market risk including exchange rate risk and interest rate fluctuations.

The PBG Capital Group manages all the financial risks described below which can have a significant influence on its operation in the future focusing on market risk management, particularly exchange rate risk, credit risk and liquidity risk.

credit risk

- Objective: maintaining credit limits for turnover capital service;
- Financial strategy: diversification of limits for financing current operation;
- Instruments: cooperating within uniform liabilities („pari passu", „material change", „negative pledge") confirmed in an annual auditor's opinion within the above mentioned scope directly for all Financial Institutions. Taking advantage of wider and wider selection of products offered by banks and insurance companies;
- Objectives: flexibility in using the limits for the Capital Group entities, products and currencies;
- Management methods: transferring the credit weight from the financial assessment of the Company to contract assessment whose flow are credible for Financial Institutions.

liquidity risk

- Objective: risk of loosing the ability to mange liabilities of the Capital Group;
- Minimizing the flows from each contract by close monitoring and adjusting the stream of revenues and expenses in time, supported by bank limits while accounting long trade cycles for individual contract;
- Instruments: sheets of structure analyses of receivables and liabilities and temporary adjustment of these variables in order to avoid the risk;
- Management methods: permanent monitoring and analyses in the area of fluidity limit and security margin.

interest rate risk

- Objective: risk of unfavourable change of interest rates with negative influence of the Capital Group's financial result;
- Minimizing with the use of macroeconomic recommendations of banks, giving rise to specification of strategy within this area;
- All liabilities of the company to financial institutions are based on variable interest rate with the base rate within one to six month period;
- Instruments: IRS transactions (detailed description under the note 13: Other financial liabilities including credits and loans).

exchange rate risks

- Objective: risk of unfavourable change of exchange rate resulting in increasing the costs and expenses of implemented contracts or decreasing revenues and inflows;
- The introduced strategy of hedging specifies the instruments, methods and the period of hedging and the rules for hedging valuation. The Company follows hedge accounting. The available transaction limits secure the current and planned portfolio of contracts with respect to planned and foreseen exchange rate adopted in the budget of each contract;
- Instruments: forward transactions, NDF;
- Management methods: securing exchange rates while concluding the contracts with the use of the above-mentioned instruments with termination and accounting on the day of revenue execution from the hedged contract (detailed description under the note: cash flow hedging derivatives as at 31/12/ 2008).

Interest rate risk

The group is exposed to the risk of interest rate impacted cash flow changes resulting from loans granted, bank deposits held and credit/loans liabilities and financial leases based on variable interest rate. It holds a derivative open to hedge a part of cash flow imposed to interest rate risk described in the Note No. 14 for which it applies cash flow hedging accounting. The most significantly the Group is exposed to the risk of WIBOR changes.

The Group holds also fixed rate instruments which are valuated in the balance sheet as at the adjusted purchase price with the effective interest rate method.

Analysis of interest rate sensitivity

Influence of significant interest rates changes affecting cash flow on the gross financial result and the equity due to cash flow hedging accounting.

2008				
Influence on the gross financial result (PLN thousand)				
Interest rate	Interest rate increase by assumed value	Total affect	Interest rate decrease by assumed value	Total affect
WIBOR	+ 100 base points	-6 444,30	- 100 base points	6 444,30
EURIBOR	+ 200 base points	948,74	- 200 base points	-948,74
WIBOR	+ 100 base points	-38,69	- 100 base points	38,69
Total		**-5 534,25**		**5 534,25**

2008				
Influence of the hedging accounting on the equity (PLN thousand)				
Interest rate	Interest rate increase by assumed value	Total affect	Interest rate decrease by assumed value	Total affect
WIBOR	+ 100 base points	**264,55**	- 100 base points	**-264,55**

This interest rate change is calculated basing on interest rate fluctuation within the year.

The Group holds fixed rate instruments which are valuated in the balance sheet as at the adjusted purchase price with the effective interest rate method.

Sensitivity of financial instruments to interest rate risk is calculated as a product of the interest rate sensitive balance sheet positions and applicable interest rate change.

Exchange rate risks

The Capital Group is also exposed to exchange rate risk resulting from short-term receivables and liabilities as well as cash held. The most significantly the Group is exposed to the risk of EUR/PLN and CAD/PLN changes.

Analysis of exchange rate sensitivity

Influence of financial instruments on gross financial result and equity due to application of hedging accounting due to changes of interest rates of significant currencies to PLN.

2008				
Influence of financial instruments on the gross financial result (PLN thousand)				
Pair of currencies	Rate increase	Total affect	Rate decrease	Total affect
EUR/PLN	+ 8,0%	-14 551,46	- 8,0%	14 551,46
CAD/PLN	+12,0%	9 495,44	-12,0%	-9 495,44
USD/PLN	+12,0%	28,69	-12,0%	-28,69
Total		**-5 027,33**		**5 027,33**

2008				
Influence of the financial instruments on the equity due to hedging accounting (PLN thousand)				
Pair of currencies	Rate increase	Total affect	Rate decrease	Total affect
EUR/PLN	+ 8,0%	-85 281,10	- 8,0%	85 281,10
CAD/PLN	+12,0%	318,71	-12,0%	-318,71
Total		**-84 962,39**		**84 962,39**

Sensitivity of financial instruments to exchange rate risk is calculated as a difference between the primary balance sheet value of the financial instruments (excluding derivatives) and their potential balance sheet value with the increased or decreased market factors i.e. EUR/PLN, CAD/PLN and USD/PLN. In case of derivatives (acting as hedging instruments in hedging accounting of cash flow) there was tested influence of exchange rate changes on fair value with constant interest rates.

NOTE NO. 15

SHARE CAPITAL

Equity (assigned to the shareholders of the Holding Company).

In 2008 there occurred no changes in the share capital of the Holding Company. As at 31 December 2008 the share capital amounted to PLN 13,430,000 and was divided into 13,430,000 shares with nominal value of PLN 1.00.

4,500,000 shares of the A series are vote privileged inscribed shares, each share gives 2 votes at the General Meeting of Shareholders. Other shares are common shares and each of them gives one vote at the General Meeting of Shareholders.

SHARE CAPITAL STRUCTURE AS OF 31/12/2008

Series/issue	Type of the privilege	Type of limitations	Number of shares	Series. Issue nominal value	Coverage type
A series	vote privilege 2:1	none	4 003 000	4 003	contribution in-kind
A series	vote privilege 2:1	none	497 000	497	cash
A series	none	none	1 200 000	1 200	contribution in-kind
B series	none	none	1 500 000	1 500	cash
C series	none	none	3 000 000	3 000	cash
D series	none	none	330 000	330	cash
E series	none	none	1 500 000	1 500	cash
F series	none	none	1 400 000	1 400	cash
				13 430	

LIST OF SHAREHOLDERS HOLDING AT LEAST 5% OF THE TOTAL VOTE AT THE GENERAL MEETING OF SHAREHOLDERS

Shareholder	Number	Total nominal value (PLN)	Share in the share capital (%)	Share in total number of votes
Jerzy Wiśniewski	4.495.054 shares, of which: 4.495.054 inscribed shares	4.495.054	33,47	50,14
BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA	916,334 ordinary shares	916.334	6,82	5,11
ING Nationale Nederlanden Polska PTE SA	912,991 ordinary shares	912.991	6,80	5,09

CHANGES IN SHARE CAPITAL AFTER 31 DECEMBER 2008

Until publication of the annual financial statements there occurred the following changes in the shareholders structure of the issuer:

Notification from BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA

On 2 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) sold PBG SA shares. As a result of the transaction shares held by the Funds gave them less than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 4.99% of votes.

Before the sale, the Funds held 900,438 shares of PBG SA which constituted 6.70% of the company share capital and which guaranteed 900,438 votes which constituted 5.02% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. 2 February 2009 the Funds held 895,438 shares of PBG SA constituting 6.67% of the company share capital and giving 895,438 votes which constituted 4.99% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 5 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań

acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) purchased PBG SA shares. As a result of the transaction shares held by the Funds gave them more than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 5.001% of votes.

Before the purchase, the Funds held 894,458 shares of PBG SA which constituted 6.660% of the company share capital and which guaranteed 894,458 votes which constituted 4.989% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. on 5 February 2009 the Funds held 896,653 shares of PBG SA constituting 6.676% of the company share capital and giving 896,653 votes which constituted 5.001% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 5 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) sold PBG SA shares. As a result of the transaction shares held by the Funds gave them less than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 4.972% of votes.

Before the sale, the Funds held 896,653 shares of PBG SA which constituted 6.676% of the company share capital and which guaranteed 896,653 votes which constituted 5.001% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. 9 February 2009 the Funds held 891,469 shares of PBG SA constituting 6.638% of the company share capital and giving 891,469 votes which constituted 4.972% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 10 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) purchased PBG SA shares. As a result of the transaction shares held by the Funds gave them more than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 5.022% of votes.

Before the purchase, the Funds held 891,469 shares of PBG SA which constituted 6.638% of the company share capital and which guaranteed 891,469 votes which constituted 4.972% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On the sale day i.e. on 10 February 2009 the Funds held 900,469 shares of PBG SA constituting 6.705% of the company share capital and giving 900,469 votes which constituted 5.022% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 24 February 2009 BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) sold PBG SA shares. As a result of the transaction shares held by the Funds give them less than 5% of votes at the General Meeting of Shareholders of PBG SA i.e. 4.948% of votes.

Before the sale, the Funds held 902,212 shares of PBG SA which constituted 6.718% of the company share capital and which guaranteed 902,212 votes which constituted 5.032% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On 24 February 2009 the Funds held in total 887,210 shares of PBG SA constituting 6.606% of the company share capital and giving 887,210 votes which constituted 4.948% of the total number of shares at the General Meeting of Shareholders of PBG SA.

On 27 March 2009 BZWBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its seat in Poznań acting on behalf of Arka BZ WBK Akcji Fundusz Inwestycyjny Otwarty, Arka BZ WBK Rozwoju Nowej Europy Fundusz Inwestycyjny Otwarty, Arka BZ WBK Zrównoważony Fundusz Inwestycyjny Otwarty and Lukas Fundusz Inwestycyjny Otwarty (hereinafter referred to as the Funds) purchased PBG SA shares. As a result of the transaction, the Funds became holders of shares giving more than 5% of the total number of votes at the General Meeting of Shareholders of PBG SA.

Before the purchase, the Funds held 896,334 shares of PBG SA which constituted 6.67% of the company share capital and which guaranteed 896,334 votes which constituted 4.999% of the total number of votes at the General Meeting of Shareholders of PBG SA.

On 27 February 2009 the Funds held in total 916,334 shares of PBG SA constituting 6.82% of the company share capital and giving 916,334 votes which constituted 5.11% of the total number of shares at the General Meeting of Shareholders of PBG SA.

Reserve from shares issuance above their nominal value results from the excess of the issue price above their nominal value when issuing shares of the B, C, D, E and F series and as at 31 December 2008 amounted to PLN 551.178 thousand.

Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation as at 31 December amounted to PLN (101,444) thousand and included:

- balance of valuation of the derivatives meeting requirements of the hedging accounting of cash flow i.e. effective part of the hedging - the amount of PLN (102,264) thousand
- exchange rate differences on recalculating of financial statements of the subsidiaries - the amount of PLN 820 thousand.

INCENTIVE SCHEME

The Supervisory Board of Hydrobudowa 9 SA with its seat in Poznań passed the resolution No. 37/08/2007 of 26 August 2008 – Regulation of the Incentive Scheme which defines rules for the incentive scheme in Hydrobudowa 9 SA implemented with the resolution No. 24 of the General Meeting of Shareholders of Hydrobudowa 9 SA of 24 June 2008 on defining of rules of the incentive scheme and the resolution No. 25 of the General Meeting of Shareholders of Hydrobudowa 9 SA of 24 June 2008 on increase of the company share capital by issuance of the D series shares excluding pre-emptive right for current shareholders in order to implement incentive scheme and change of the articles of association.

Individuals qualifying for the incentive scheme are those indicated at the sole discretion of the Supervisory Board of Hydrobudowa 9 SA of members of the Board and persons indicated at the sole discretion of the Supervisory Board independently or upon request of the Board of Hydrobudowa 9 SA of the key staff members of Hydrobudowa 9 SA, key staff members of the PBG Capital Group companies, officers of the PBG SA bodies and officers of the bodies of the PBG Capital Group companies.

The scheme will be implemented until 31 December 2013.

To implement the scheme, Hydrobudowa 9 SA issued 692,225 D series shares, which have been taken by the escrow agent – BZ WBK SA and registered by the competent court.

The escrow agent has concluded an agreement with Hydrobudowa Polska SA to take 1,755,738 bearer ordinary shares of the L series of Hydrobudowa Polska SA with the nominal value of PLN 1.00 each

issued pursuant to the resolution No. 3 of the Extraordinary Meeting of Shareholders of Hydrobudowa Polska SA of 18 August 2008 divided into five tranches, four of which including 351,147 of the L series shares each and one tranche including 351,150 L series shares which will be offered to Qualified Persons in the years of 2009, 2010, 2011, 2012, 2013. To cover value of the shares, the escrow agent i.e. BZ WBK SA provided contribution in-kind of 692,225 D series shares of Hydrobudowa 9 SA.

All aforementioned shares intended for Qualified Persons will be divided into five tranches, four of which with 351,147 shares each and one tranche with 351,159 shares. Shares which will not be taken in a given tranche will be offered in the next tranche.

Sale price of the L series shares intended for Qualified Persons is fixed at PLN 0.14.

The first list of persons qualified was passed by the Supervisory Board of Hydrobudowa 9 SA on 23 December 2008. The scheme is valuated as at 31/12/2008 at PLN 1,019 thousand.

Figures resulting from the incentive scheme will be included in the 2009 books.

Equity of the minority shareholders

Equity of the minority shareholders includes some net assets of subsidiaries which are not directly or indirectly in the possession of the Holding Company.

EQUITY OF THE MINORITY SHAREHOLDERS BY COMPANIES

Item	as of 31/12/2008	as of 31/12/ 2007
HBP Capital Group	170 458	32 684
INFRA Capital Group	4 249	1 250
APRIVA Capital Group	9 701	522
GasOil Engineering a.s.	1 074	–
PBG Dom Sp. z o.o.	–	94
Total	**185 482**	**34 550**

NOTE NO. 16

CHANGE OF EMPLOYEE BENEFIT PROVISIONS

Item	provisions for pension benefits	provision for staff long service benefits	Total
Provision as of 01/01/2007	**2 133**	**2 080**	**4 213**
Increase of provision			
Increase of provision– including new companies into the Capital Group	613	2 109	2 722
Created provision	711	1 154	1 865
Reduction of provision (-)			
Reduction of provision – subsidiary sale	(11)	–	(11)

Used provision (-)	–	–	–
Reversed provision (-)	(1 302)	(2 183)	(3 485)
Other changes in provision	–	–	–
Provision as of 31/12/2007	**2 144**	**3 160**	**5 304**
Provision as of 01/01/2008	**2 144**	**3 160**	**5 304**
Increase of provision			
Increase of provision– including new companies into the Capital Group	229	471	700
Created provision	731	265	996
Reduction of provision (-)	–	–	–
Reduction of provision – subsidiary sale	–	–	–
Used provision (-)	(658)	(468)	(1 126)
Reversed provision (-)	(38)	–	(38)
Other changes in provision	203	71	274
Provision as of 31/12/2008 including:	**2 611**	**3 499**	**6 110**
- long-term provisions	2 042	3 187	5 229
- short-term provisions	569	312	881

Please see general description of the employment benefits in the item 3.3. Detailed principles of assets and liabilities valuation employed in the PBG Capital Group (Cost of future retirement benefits).

NOTE NO. 17

CHANGE OF OTHER PROVISIONS FOR LIABILITIES

Item	Provision for losses	Provision for guarantee service	Provision for gravel pit recultivation	Other provisions for costs	Total
Provision as of 01/01/2007	**10 062**	**4 414**	**–**	**–**	**14 476**
Increase of provision					
Increase of provision– including new companies into the Capital Group	171 348	3 596	405	–	175 349
Created provision	10 126	4 532	4	–	14 662
Reduction of provision (-)					
Used provision (-)	(21 550)	(3 515)	–	–	(25 065)
Reversed provision (-)	(39 807)	(299)	–	–	(40 106)
Other changes in provision	(346)	510	–	–	164
Provision as of 31.12.07	**129 833**	**9 238**	**409**	**–**	**139 480**

Provision as of 01/01/2008	**129 833**	**9 238**	**409**	**–**	**139 480**
Increase of provision					
Increase of provision– including new companies into the Capital Group	3 273	1 255	–	177	4 705
Created provision	6 522	6 019	17	12 683	25 241
Reduction of provision (-)					
Used provision (-)	(15 957)	(1 858)	–	(94)	(17 909)
Reversed provision (-)	(62 048)	(1 051)	(60)	–	(63 159)
Other changes in provision	174		–	–	174
Provision as of 31/12/2008 including:	**61 797**	**13 603**	**366**	**12 766**	**88 532**
- long-term provisions	–	9 240	366	–	9 606
- short-term provisions	61 797	4 363	–	12 766	78 926

The Group creates provisions as described in the item 3.3. Detailed principles of assets and liabilities valuation employed in the PBG Capital Group (Provision)

Provision for losses was reduced due to:

- used provision in the Rybnik contract due to implementing of the settlement provisions – amount of PLN 15,957 thousand;
- reversed provisions amounting to PLN 62,048 thousand which include:
  - reverse of provision for contractual losses – PLN 44,321 thousand;
  - reverse of provision in job named "Modernisation of ZPW "Na Grobli"" – PLN 9,620 thousand;
  - reverse of provision in job named "Modernisation of the Sewage Treatment Plant in Łyna" – PLN 4,678 thousand;
  - partial reverse of provision in job named "Sewage Treatment Plant KUCHARY" – PLN 3,105 thousand.

Provision for losses was increased due to:

- increase of provision resulting from the Euro exchange rate increase in job named "Construction of Sewage System in Rybnik" – PLN 6,522 thousand;
- creation of provision amounting to PLN 926 thousand due to disputes with the companies of Rembud, Varitex, Saint-Inż.

PROVISION FOR SERVICE

Provision for guarantee service is another important element in the PBG Capital Group financial statements. It increased compared to 2007 by 47%. It is mainly due to the fact that all Capital Group member companies were obliged to create provisions for guarantee service if their contracts which oblige them to do so.

NOTE NO. 18

LONG-TERM LIABILITIES

Item	as of 31/12/2008	as of 31/12/2007
Short-term trade liabilities	**12 075**	**12 714**
- liabilities in respect to domestic suppliers	11 996	12 706
- liabilities in respect to foreign suppliers	79	8
Other long-term liabilities	**5 040**	**7 842**
- liabilities under property purchase	–	7 500
- other	5 040	342
Total long-term liabilities	**17 115**	**20 556**

Long term liabilities include mainly guarantee retention resulting from guarantee of works performed by subcontractors. These amounts are not interest yielding. Due to long due dates, in some cases even up to 5 years these values were discounted. Long-term liabilities are discounted at WIBOR 1M + 1 percentage point. As at 31/12/2007 discount rate was 6.52% whereas as at 31/12/2008 it was 5.61%.

In 2008 other long-term liabilities increased which is due to increased liabilities in favour of insurance companies because of new construction service agreements sourced by the PBG Capital Group which are going to be completed in the long term perspective.

OTHER LONG-TERM LIABILITIES - CURRENCY STRUCTURE

Item	as of 31/12/2008		as of 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	17 089	x	18 586
b) euro (EUR)	7	26	593	1 970
c) other currencies	–	–	–	–
		17 115		**20 556**

NOTE NO. 19

SHORT-TERM TRADE LIABILITIES

Item	as of 31/12/2008	as of 31/12/2007
- liabilities in respect to domestic suppliers	471 277	447 788
- liabilities in respect to foreign suppliers	15 318	6 646
Total trade liabilities	**486 595**	**454 434**

OTHER SHORT-TERM LIABILITIES

Item	as of 31/12/2008	as of 31/12/2007
due under VAT	22 740	1 946
due to grants, duties, social and health insurance and other considerations	13 440	11 773
payroll	8 427	5 192
due under property purchase	–	17 485
due under other investment purchase	–	18 332
other	7 409	986
Total other liabilities	**52 016**	**55 714**

SHORT-TERM TRADE LIABILITIES AND OTHER SHORT TERM LIABILITIES (GROSS) - CURRENCY STRUCTURE

Item	as of 31/12/.2008		as of 31/12/2007	
	in currency	translated into PLN	in currency	translated into PLN
a) Polish zloty (PLN)	x	473 564	x	458 329
b) euro (EUR)	13 886	57 316	11 901	43 922
c) American dollar (USD)	1 516	3 776	1 234	3 188
d) Slovak crown (SKK)	17 286	2 394	40 695	4 322
e) Canadian dollar (CAD)	1 092	1 196	23	56
f) other currencies	–	365	–	331
Total	x	**538 611**	**x**	**510 148**

NOTE NO. 20

PASSIVE PREPAID EXPENSES

Item	as of 31/12/2008	as of 31/12/2007
a) provision for holiday leave	5 955	6 137
b) provision for balance sheet audits	497	284
c) revenues from future periods	9 546	10 274
d) costs of share issue	904	–
e) other	96	204
Closing balance of prepaid expenses, including:	**16 998**	**16 899**
- long-term expenses	8 226	9 152
- short-term expenses	8 772	7 747

The PBG Capital Group in the item of revenues of future periods reveals grants received between 2004 and 2006 within the UE scheme "Operational Programme – Improvement of Competitiveness of the Enterprise" to cover new fixed assets increasing competitiveness of the Capital Group. This amount is a subject to monthly write down under other operational incomes in the amount of depreciation of the fixed assets covered within the scheme.

NOTE NO. 21

CONTINGENT LIABILITIES FROM GUARANTIES GRANTED AS OF 31/12/2007

Liability type	Title of contingent liability	as of 31/12/2008	as of 31/12/2007
SURETIES GRANTED TO OTHER ENTITIES			
surety	credit/loan repayment	41 144	52 438
surety	trade liabilities repayment	20 396	217
surety	contractual guarantees	7 664	5 536
surety	current and future leasing agreements	–	155
TOTAL SURETIES		**69 204**	**58 346**

Significant change of sureties as at 31 December 2008 compared to the previous year results, first of all from, increase of surety of trade liabilities repayment granted by Hydrobudowa 9 SA to KAN-GAZ Sp. z o.o. which is a subcontractor for contracts carried out by Hydrobudowa 9 SA.

Liability type	Title of contingent liability	as of 31/12/2008	as of 31/12/2007
GUARANTEES GRANTED TO OTHER ENTITIES			
guarantee	for proper contract execution	636 453	483 879
guarantee	defects liability bond	26 740	19 756
guarantee	bid bond	10 427	15 470
guarantee	trade liabilities payment	12 316	20 753
guarantee	advance payment guarantee	98 424	94 747
guarantee	retained amounts	2 139	7 429
TOTAL GUARANTEES		**786 499**	**642 034**

Starting Q2 2007 in the financial statements of the Capital Group there are made consolidation exclusions in the off balance sheet items referring to sureties and guarantees made to third parties for liabilities of the Holding Company and liabilities of capital related subsidiaries included in the consolidation, which liabilities were indicated in the consolidated statements as trade, credit or guarantee receivables granted on behalf of the Capital Group companies to third parties.

9.2. NOTES TO THE PROFIT AND LOSS ACCOUNT

NOTE NO. 22

REVENUE FROM SALES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
natural gas and crude oil	258 071	160 455
water	1 130 316	781 821
fuels	170 038	192 225
residential and industrial building engineering	195 491	116 152
roads	140 793	31 205
other	196 716	125 118
Total revenue from sales	**2 091 425**	**1 406 976**

REVENUES BY THE COUNTRY OF THE PAYEE

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
- domestic customers	2 063 322	1 390 763
- foreign customers	28 103	16 213
Total revenue from sales	**2 091 425**	**1 406 976**

NOTE NO. 23

COSTS BY TYPE

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
Depreciation	45 145	26 721
Materials and energy consumption	364 178	305 628
External services	1 175 871	742 852
Taxes and charges	11 910	9 005
Payroll	184 578	142 214
Social security and other benefits	39 706	34 429
Other costs by type	31 749	32 088
Costs by type	**1 853 137**	**1 292 937**
Change in inventory, products under construction and prepaid expenses	(36 320)	(48 332)
Cost of services for in-house purposes	(12 666)	(9 745)
Costs of sales	–	(399)
General administrative expenses	(107 997)	(81 143)
Costs of products and services sold	**1 696 154**	**1 153 318**

COSTS BY THE COUNTRY OF THE SUPPLIER

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
- domestic supplier	1 701 880	1 157 366
- foreign suppliers	47 652	34 639
Total selling costs	**1 749 532**	**1 192 005**

NOTE NO. 24

OTHER OPERATIONAL INCOMES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Profit on sold non-financial fixed assets	**410**	**1 522**
b) Assets revaluation write-downs of	**6 888**	**4 865**
- receivables	6 885	3 888
- inventory	–	632
- other	3	345
c) Other, including:	**11 472**	**12 298**
- re-invoiced costs	428	–
- compensation received under insurance contracts, fines and penalties	3 604	2 836
- grants	1 130	1 378
- fixed assets revealed in inventory	–	5 693
- rental, lease	1 219	1 805
- reversed provision for guarantee repairs	587	355
- court fees repaid	772	–
- remitted, stale liabilities and reimbursements	639	–
- other	3 093	231
Total other operating revenue	**18 770**	**18 685**

NOTE NO. 25

OTHER OPERATIONAL COSTS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Loss on sold non-financial fixed assets	**–**	**–**
b) revaluation write-downs of the following assets	**8 251**	**6 048**
- tangible fixed assets and intangible assets	–	–
- receivables	7 406	5 599
- inventory	53	318
- other	792	131

c) Other, including:	**18 804**	**6 731**
- donation	1 309	925
- re-invoiced costs	141	–
- compensation paid under insurance contracts, fines and penalties	11 690	4 358
- no fault shortages of working assets	256	99
- costs other than tax-deductible costs	855	476
- overdue, redeemed and non-collectible written down receivables	279	873
- losses (wash over, floods) and losses in transportation vehicles	2 026	–
- net value of liquidated transport vehicles	607	–
- provision for subcontractor claims	966	–
- other	675	–
Total other operating costs	**27 055**	**12 779**

NOTE NO. 26

FINANCIAL INCOMES

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Interest	**21 810**	**8 965**
- from loans granted	2 110	658
- bank	15 933	6 826
- from bonds	1 718	608
- other	2 049	873
b) Other interest	**28 366**	**5 556**
- positive exchange rate differences	26 387	–
- discount (long-term transactions)	104	2 222
- from dividends and shares in profits	4	28
- from financial instruments	–	1 757
- guarantee commission	1 312	1 520
- other	559	29
Total financial incomes	**50 176**	**14 521**

NOTE NO. 27

FINANCIAL COSTS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) Bank fees and interest	**58 482**	**29 877**
- under loans granted	859	40
- interest and commission from bank loans	38 173	20 539
- under bonds	17 192	7 556
- other	2 258	1 742
b) Other financial costs	**3 658**	**5 784**
- negative exchange rate differences	–	3 775
- under financial instruments	1 217	–
- capital increase and bonds issue	124	–
- other	2 317	2 009
Total financial costs	**62 140**	**35 661**

NOTE NO. 28

PROFITS/LOSSES FROM INVESTMENTS

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
a) profits/losses from investments in related parties	**2 268**	**12 031**
- sale of KRI SA	–	11 818
- sale of PGS Sp. z o.o.	–	213
- sale of Bathinex Sp. z o.o.	2 268	–
b) profits/losses on sold shares	**–**	**16 150**
- shares of Mostostal Zabrze SA	–	16 150
Profits/losses from investments	**2 268**	**28 181**

NOTE NO. 29

INCOME TAX

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
Profit and loss account		
Current income tax	**35 190**	**26 499**
Current income tax liabilities	35 190	26 499
Settlement of previous years current income tax	–	–
Deferred income tax	**(9 198)**	**198**

Income tax on creation and reversal of temporary differences	(9 198)	198
Income tax due to tax rate decrease	–	–
Tax liabilities indicated in the profit and loss account	**25 992**	**26 697**
Statement of changes in the equity		
Current income tax	–	–
Current income tax on foreign exchange differences born on the loan	–	–
Deferred income tax	**(34 604)**	**2 837**
Net rate on revaluation of cash flow hedging	–	–
Unrealised profit on financial assets available for sale	–	–
Deferred net income tax included in the spare capital on first applying of the IMS 39.	–	–
Deferred net income tax on cash flow hedging settled within the financial year.	(34 604)	2 837
Deferred net income tax on financial assets available for sale sold within the financial year.	–	–
Financial benefit included in the equity	**(34 604)**	**2 837**

The difference between the amount of tax revealed in the profit and loss account and the amount calculated with the rate applicable to profit before tax results from the following items.

SETTLEMENT OF TAX LIABILITY WITH THE RESULT

Item	from 01/01 to 31/12/2008	from 01/01 to 31/12/2007
Gross financial result	**215 915**	**146 376**
Income tax calculated with the applicable domestic rate (19%)	41 024	27 811
Result of using other rate in the state 1	–	–
Result of using other rate in the state 2	–	–
Influence of tax on permanent differences between the gross result and the tax basis	2 572	1 893
Negative temporary differences and tax losses due to which the asset for the deferred tax was not recognised and additional losses	(17 604)	(3 007)
Tax losses of the Capital Group member companies and other consolidation corrections	–	–
Valuation with the equity method	–	–
Tax liabilities indicated in the profit and loss account	**25 992**	**26 697**
Effective tax rate	**12%**	**18%**

The PBG Capital Group is not a tax capital group. Due to the fact that member companies are independent entities deferred tax assets and deferred tax provision must be calculated individually for each company.

As a result, the consolidated balance includes deferred tax.

- assets amounting to PLN 197,873 thousand as at 31/12/2008;
- deferred tax provision amounting to PLN 174,172 thousand as of 31/12/2008.

NOTE NO. 30

DEFERRED INCOME TAX

Item	Balance sheet		Profit and loss account	
	as of 31/12/2008	as of 31/12/2007	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
Provision from deferred income tax				
- revenues from unrealized interest from receivables	498	669	(184)	292
- revenues from financial assets estimated according to corrected purchase price (with the use of effective interest rate) - securities	279	–	219	(36)
- revenues from unrealized interest from receivables	115	9	107	(85)
- revenues from unrealized interest from deposits and own funds	41	34	7	20
- balance sheet revenues of the current period - next in terms of taxation	155 171	79 129	80 572	18 214
- difference between net balance and tax-based value of own fixed assets	9 837	9 562	(589)	3 174
- difference between net balance and tax-based value of own fixed assets in operational leasing	1 003	253	78	(183)
- value of estimation of financial instruments or investment properties presented at fair value (through capital)	606	2 875	–	–
- value of estimation of financial instruments or investment properties presented at fair value (through profit and loss account)	3 875	5 507	(1 615)	(3 724)
- liabilities due to credits estimated according to corrected purchase price (with the use of effective interest rate) - securities	931	437	508	94
- unrealized positive exchange rate differences	1 066	53	996	(1 005)
- discount of long-term transactions	374	430	(69)	(156)
- other	376	287	475	(967)
Gross provision from deferred income tax	**174 172**	**99 245**	**80 505**	**15 638**

Item	Balance sheet		Profit and loss account	
	as of 31/12/2008	as of 31/12/2007	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
Deferred income tax assets				
- employee pension costs	972	975	(30)	(629)
- unused Holiday leave costs	1 182	1 123	(82)	270
- costs of guarantee service	5 370	3 233	2 067	1 774
- costs of remuneration not paid during the reporting period	2 538	1 007	1 488	(147)
- costs of unpaid interest on loans	524	631	(133)	377
- costs of unpaid interest on liabilities	476	531	(179)	202
- liabilities due to credits estimated according to corrected purchase price (with the use of effective interest rate) - securities	48	33	(22)	(6)
- value of estimation of financial instruments or investment properties presented at fair value (through capital)	30 795	78	–	–

- value of estimation of financial instruments or investment properties presented at fair value (through capital)	13 827	514	13 447	175
- costs of balance sheet receivables	127 469	67 381	67 269	14 470
- receivables revaluation write-down	4 087	2 083	2 322	493
- unrealized negative exchange rate differences	1 687	941	806	(754)
- audit costs	77	44	25	
- discount of long-term transactions	276	428	(124)	47
- tax loss	169	–	(78)	(86)
- other	8 376	1 648	2 927	(746)
Gross deferred income tax assets	**197 873**	**80 650**	**89 703**	**15 440**
Deferred income tax liabilities	**x**	**x**	**(9 198)**	**198**
Net deferred income tax provision	**–**	**18 595**	**x**	**x**
Net deferred income tax assets	**23 701**	**–**	**x**	**x**

NOTE NO. 31

Information on related parties

Results of operations between entities included in the consolidated financial statements were eliminated. Transactions between the Holding Company and the subsidiaries were revealed in the individual financial statements of PBG SA (Holding Company).
Transactions with related entities are carried out applying normal market rules nature and conditions of which result from current operating situation.

INFORMATION ON RELATED PARTIES IN PLN '000

Related party	Receivables as of 31/12/2008	Liabilities as of 31/12/2008	Financial assets	Loans received	Financial liabilities (securities	Income on sale in 2007	Acquisition in 2008	Financial income in 2008	Financial costs in 2008
PBG SA (Holding Company)	21 694	70 144	69 046	–	–	23 264	136 082	12 449	3 620
EXCLUDED TRANSACTIONS WITH CONSOLIDATED ENTITIES									
APRIVIA Capital group	7 296	399	–	–	5 461	18 880	647	18	351
AVATIA Sp. z o.o.	459	2	–	–	–	2 815	259	–	2
Brokam Sp. z o.o.	–	–	–	525	–	–	4	–	10
Excan Oil and Gas Engineering Ltd.	–	–	–	–	–	3 030	–	–	–
GasOil Engineering a.s.	–	–	–	–	–	1 040	21	–	–
GK Hydrobudowa Polska	109 658	24 328	–	–	–	127 680	59 344	4 069	9 122
GK Infra	21 808	59 064	–	–	8 702	55 584	43 241	553	1 847
GK PBG Dom	–	110	–	4 081	25 296	1 531	39	–	1 319
KWG SA	25	561	–	–	24 981	75	101	–	2 181
Metorex Sp. z o.o.	2 304	6 645	–	–	–	11 654	8 799	36	8
Total	**163 244**	**161 253**	**69 046**	**4 606**	**64 440**	**245 553**	**248 537**	**17 125**	**18 460**
TRANSACTIONS WITH UNCONSOLIDATED CAPITAL RELATED ENTITIES									
KRI SA	11 147	–	–	–	–	–	–	–	–
Total	**11 147**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TRANSACTIONS WITH PERSONALLY RELATED ENTITIES									
Total	**176 940**	**11 618**	**23 579**	**711**	**–**	**60 113**	**9 657**	**1 257**	**–**

10. OTHER INFORMATION AS REQUIRED BY LAW

REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN A HOLDING COMPANY BETWEEN 01/01 TO 31/12/2008

Item	Basic remuneration	Other benefits	Total
Remuneration of the Board of Directors members			
Jerzy Wiśniewski	741	–	741
Tomasz Woroch	420	–	420
Przemysław Szkudlarczyk	300	–	300
Tomasz Tomczak	300	–	300
Mariusz Łożyński	245	–	245
Tomasz Latawiec	240	–	240
Total	**2 246**	**–**	**2 246**
Remuneration of the Supervisory Board members			
Maciej Bednarkiewicz	120	–	120
Jacek Kseń	96	–	96
Wiesław Lindner	60	–	60
Jacek Krzyżaniak	36	–	36
Małgorzata Wiśniewska	24	–	24
Dariusz Sarnowski	36	–	36
Adam Strzelecki	36	–	36
Mirosław Dobrut	6	–	6
Total	**414**	**–**	**414**

REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN A HOLDING COMPANY BETWEEN 01/01 TO 31/12/2007

Item	Basic remuneration	Other benefits	Razem
Remuneration of the Board of Directors members			
Jerzy Wiśniewski	600	–	600
Tomasz Woroch	420	–	420
Przemysław Szkudlarczyk	300	300	600
Tomasz Tomczak	300	–	300
Mariusz Łożyński	240	–	240
Tomasz Latawiec	58	–	58

Total	**1 918**	**300**	**2 218**
Remuneration of the Supervisory Board members			
Maciej Bednarkiewicz	120	–	120
Wiesław Lindner	75	–	75
Jacek Krzyżaniak	46	–	46
Małgorzata Wiśniewska	36	–	36
Dariusz Sarnowski	36	–	36
Adam Strzelecki	36	–	36
Mirosław Dobrut	36	–	36
Jacek Kseń	56	–	56
Total	**441**	**–**	**441**

REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN SUBSIDIARIES, RELATED PARTIES AND AFFILIATES BETWEEN 01/01 TO 31/12/2008

Item	Basic remuneration	Other benefits	Total
Remuneration of the Board of Directors members			
Jerzy Wiśniewski	190	4	194
Tomasz Woroch	273	5	278
Przemysław Szkudlarczyk	59	–	59
Tomasz Tomczak	–	–	–
Mariusz Łożyński	–		–
Tomasz Latawiec	121	–	121
Total	**643**	**9**	**652**
Remuneration of the Supervisory Board members			
Maciej Bednarkiewicz	–	–	–
Jacek Kseń	–	–	–
Wiesław Lindner	–	–	–
Jacek Krzyżaniak	72	3	75
Małgorzata Wiśniewska	315	1	316
Dariusz Sarnowski	–	–	–
Adam Strzelecki	–	–	–
Mirosław Dobrut	–	–	–
Total	**387**	**4**	**391**

REMUNERATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD FOR PERFORMING THEIR FUNCTIONS IN SUBSIDIARIES, RELATED PARTIES AND AFFILIATES BETWEEN 01/01 TO 31/12/2007

Item	Basic remuneration	Other benefits	Total
Remuneration of the Board of Directors members			
Jerzy Wiśniewski	143	40	183
Tomasz Woroch	326	–	326
Przemysław Szkudlarczyk	207	1	208
Tomasz Tomczak	21	–	21
Mariusz Łożyński	–	–	–
Tomasz Latawiec	360	–	360
Total	**1 057**	**41**	**1 098**
Remuneration of the Supervisory Board members			
Maciej Bednarkiewicz	–	–	–
Wiesław Lindner	–	–	–
Jacek Krzyżaniak	21	12	33
Małgorzata Wiśniewska	221	1	222
Dariusz Sarnowski	–	–	–
Adam Strzelecki	–	–	–
Mirosław Dobrut	–	–	–
Jacek Kseń	–	–	–
Total	**242**	**13**	**255**

AVERAGE EMPLOYMENT

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
White collars	1 781	1 521
Blue collars	2 196	1 998
Total	**3 977**	**3 519**

STAFF TURNOVER

Item	for the period from 01/01 to 31/12/2008	for the period from 01/01 to 31/12/2007
New hires	944	1 133
Dismissed	(1 072)	(1 018)
Total	**(128)**	**115**

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

Unpaid advance payments, guarantees, sureties or other contractual liabilities to be paid to the company, provided by a subsidiary separately to the managing and supervising staff and separately to their spouses and relatives up to the second degree of affinity and to other persons with whom they are personally related amounted as at 21 December 2008 PLN 312 thousand . The are advance payments used by members of the Board when undertaking their operational activities.

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

There are no material events concerning previous years presented in the financial statement for the current reporting period in the PBG Capital Group.

11. CHANGES IN RELEVANT ACCOUNTING RULES (POLICY)

CHANGES IN RELEVANT ACCOUNTING RULES (POLICY) AND THE METHODS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT VS. THE PREVIOUS FISCAL YEAR(S), THEIR REASONS, TITLES AND FINANCIAL IMPACT ON THE COMPANY'S FINANCIAL STANDING, LIQUIDITY AND FINANCIAL RESULT.

Change of presentation of figures concerning hedging instruments.

In this financial statements there was changes the way in which results of the hedging instruments are presented.
All records concerning financial instruments charged to the profit and loss account are presented in its operational part respectively in the item revenues on sale or selling costs.
Pursuant to this rule appropriate reference data was also adjusted.
The change is described in details in the item 3. Accounting principles (General principles).

Revenues and costs of joint ventures.

The Capital Group selected construction contracts which meet conditions to qualify them to joint ventures pursuant IAS 31.
Joint ventures are featured as follows:

- two or more partners are bound with contractual provisions;
- contractual provisions introduce performing of the control.

Contractual undertakings made in writing should include the following:

- scope of action;
- duration of the agreement;
- indication of the join venture managing body;
- distribution of the partners voting rights;
- distribution of the join venture results: Production, revenues, costs, profits/losses;
- contractual provision may not assign individual control to one of the partners.

The companies reveal only their share in costs and revenues from sold products or services which are generated by the joint venture.

Having analysed the consortium agreements leaded by the companies it was decided that none of the consortium agreements valid in the reporting period does not meet conditions to be qualified as a joint venture. Due to this fact, introduced change of the accounting policy did not affect this financial statements.

Change of presentation of cash exchange rate differences in the cash flow.

Cash flow statement includes change of presentation of cash exchange rate differences. So far the subsidiary used the ruled that exchange rate differences on valuation of cash are excluded from cash flow as a non-cash item. Due to this approach cash in the cash flow statement and balance sheet was different by the valuation amount.

Change of settlement of balance sheet receivables

Additionally, in the subsidiary there were introduced some changes recognised as amendments of the 2007 fundamental error i.e. balance sheet revenues were carried at the advance payment exchange rate up to the advance payment value and balance sheet revenues were calculated to include the rate as at the day of receiving of the advance payment.

DESCRIPTION OF DIFFERENCES IN THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

Item	as of 31/12/2007 Version of the financial statements to be approved	as of 31/12/2007 Reference data	difference	Note
Assets				
Fixed assets	**717 926**	**717 926**	**–**	
Intangible assets	13 262	13 262	–	
Goodwill acquired by merger of business entities	267 426	267 426	–	
Tangible fixed assets (PP&E)	307 007	306 786	(221)	1
Non-renewable natural resources	27 834	27 834	–	
Investment property	30 162	30 383	221	1
Investments in subsidiaries	4 000	4 000	–	
Other long-term financial assets	41 834	41 834	–	
Long-term receivables	21 614	21 614	–	
Deferred income tax assets	–	–	–	
Long-term prepaid expenses	4 787	4 787	–	
Current assets	**1 571 333**	**1 540 909**	**(30 424)**	
Inventories	40 145	40 145	–	
Receivables from contracting parties due to works set out in contracts for long-term / construction service	445 188	439 585	(5 603)	2
Short-term receivables	602 560	577 739	(24 821)	3
Other short-term financial assets	58 410	58 410	–	

Cash and cash equivalents	410 305	410 305	–	
Short-term prepaid expenses	14 725	14 725	–	
Current assets held for sale	–	–	–	
Total assets	**2 289 259**	**2 258 835**	**(30 424)**	

Item	as of 31/12/2007 Version of the financial statements to be approved	as of 31/12/2007 Reference data	difference	Note
LIABILITIES				
Equity	**782 546**	**785 220**	**2 674**	
Equity of the shareholder of the Holding Company	**747 996**	**750 670**	**2 674**	
Share capital	13 430	13 430	–	
Shares	–	–	–	
Reserve capital from shares sold above share nominal value	551 178	551 178	–	
Evaluation of protective instruments	8 759	8 759	–	
Other capital	67 326	65 998	(1 328)	4
Retained financial result	107 303	111 305	4 002	
- profit (loss) from previous years	5 253	6 997	1 744	4; 5a
- This year net profit (loss)	102 050	104 308	2 258	2a; 5b; 6; 9
Minority shares	34 550	34 550	–	
Creditors and provisions for creditors	**1 506 713**	**1 473 615**	**(33 098)**	
Long-term credits and loans	50 033	50 033	–	
Long-term liabilities	239 000	229 100	(9 900)	7
Long-term provisions	40 987	43 454	2 467	8; 9b
Long-term prepaid expenses	5	9 152	9 147	7
Short-term credits and loans	350 402	350 402	–	
Short-term liabilities	677 260	644 208	(33 052)	2b; 3; 5; 7
Liabilities under construction service contract	19 594	19 594	–	
Short-term provisions	122 656	119 925	(2 731)	6; 8; 9a
Short-term prepaid expenses	6 776	7 747	971	7
Total liabilities	**2 289 259**	**2 258 835**	**(30 424)**	

Item	31/12/2007 Version of the financial statements to be approved	31/12/2007 Reference data	difference	Note
Continued operations				
Revenue from sales	1 376 752	1 406 976	30 224	2a; 5b; 6; 10a
Selling costs	(1 191 733)	(1 192 005)	(272)	5b
Gross profit (loss) on sales	**185 019**	**214 971**	**29 952**	
Costs of sales	(399)	(399)	–	
General administrative expenses	(79 568)	(81 143)	(1 575)	10b
Other operating revenue	19 106	18 685	(421)	10b
Other operating expenses	(14 775)	(12 779)	1 996	10b
Share in profits of related parties settled based on the equity method	–	–	–	
Restructuring costs	–	–	–	
Operating profit (loss)	**109 383**	**139 335**	**29 952**	
Financial revenues	42 215	14 521	(27 694)	10a
Financial expenses	(35 661)	(35 661)	–	
Other profits (losses) from investments	28 181	28 181	–	
Profit (loss) before tax	**144 118**	**146 376**	**2 258**	
Income tax	(26 697)	(26 697)	–	
Net profit (loss) from discontinued operations	**117 421**	**119 679**	**2 258**	
Discontinued operations				
Net loss from discontinued operations	–	–	–	
Net profit (loss)	**117 421**	**119 679**	**2 258**	
Net profit (loss), including:	**117 421**	**119 679**	**2 258**	
- profit of shareholders of the Holding Company	102 050	104 308	2 258	
- profit of minority shareholders	15 371	15 371	–	

Note 1

Presentation amendment consisting in shifting of expenses related to the land in possession of the subsidiary from tangible fixed assets to investment properties - PLN 22 thousand.

Note 2

Amendment reducing receivables from customers due to works set out in the construction service agreement – PLN 5,603 thousand, including:

- amendment increasing the current year result related to calculation of balance sheet revenues including the exchange rate as at the day of receiving of the advance payment - PLN 1,505 thousand.

- presentation amendment – booking of the per saldo receivables resulting from the construction service agreement and advance payments which so far have been carried in other short-term liabilities – PLN 7,108 thousand.

Note 3

Presentation amendment – booking per saldo in the individual financial statements of receivables and liabilities concerning VAT – PLN 24,821 thousand.

Note 4

Amendment reducing reserve capital resulting from reassessment of fixed assets in the previous years result – PLN 1,328 thousand.

Note 5

Amendment intended to eliminate balance sheet valuation of advance payments received related to supplies and increasing undistributed result and reducing other short-term liabilities.

- referring to the previous year result – PLN 523 thousand
- referring to the current year result – PLN 382 thousand

Note 6

Amendment increasing the financial result of the current year resulting from decrease of the provision due to planned losses caused by change of the exchange rate applicable to a part of the amount due – PLN 371 thousand.

Note 7

Presentation amendment consisting in shifting of the grant received as a refunding of expenses of fixes assets purchase from the short-term liabilities to prepaid expenses. Within the amendment the grant was divided and PLN 9,147 thousand was qualified as a long-term part whereas PLN 971 thousand was qualified as a short-term part.

Note 8

Presentation amendment consisting in shifting of a part of provision for guarantee service from the short-term provision to long-term provision – PLN 2,492 thousand.

Note 9

Amendment reducing result of the current year resulting from making of the short-term provision fir guarantee service – PLN 132 thousand.
Due to this amount, the deferred income tax provision was decreased - PLN 25 thousand.

Note 10

Presentation amendments in the profit and loss account:

- shifting of the valuation of forward financial instruments from financial operations to operational activities resulting from assigning of financial instruments to contracts which they are to hedge – PLN 27,694 thousand.
- other presentation amendments within general administrative expenses and other operational revenues/costs resulting form changing of previous consolidation amendments.

PRESENTATION AND DESCRIPTION OF SIGNIFICANT DIFFERENCES BETWEEN DATA REVEALED IN THE FINANCIAL STATEMENTS AND PREVIOUSLY MADE AND PUBLISHED FINANCIAL STATEMENTS FOR Q1 OF FY 2008.

CONSOLIDATED BALANCE SHEET AS OF 31/12/2008 PLN '000

Item	Q4 2008	FY 2008	difference between the financial statements	note
Assets				
Fixed assets	**909 349**	**918 184**	**8 835**	
Intangible assets	14 613	14 820	207	1
Goodwill acquired by merger of business entities	333 067	332 522	(545)	2
Tangible fixed assets (PP&E)	411 529	403 749	(7 780)	3, 4
Non-renewable natural resources	11 999	11 999	–	
Investment property	14 572	21 662	7 090	3
Investment in subsidiaries	27 000	27 000	–	
Investments in associates settled based on the equity method	–	–	–	
Other long-term financial assets	35 657	48 571	12 914	5
Long-term receivables	21 503	20 593	(910)	7
Deferred income tax assets	25 843	23 701	(2 142)	
Long-term prepaid expenses	13 566	13 567	1	
Current assets	**1 947 638**	**1 940 325**	**(7 313)**	
Inventories	69 266	69 360	94	6
Receivables from contracting parties due to works set out in contracts for long-term / construction service	777 826	783 930	6 104	7
Short-term trade receivables	681 941	679 366	(2 575)	7
Current income tax receivables	660	978	318	
Other short-term receivables	42 489	48 751	6 262	7
Other short-term financial assets	64 682	51 767	(12 915)	5
Cash and cash equivalents	289 687	289 713	26	8
Short-term prepaid expenses	21 087	16 460	(4 627)	9
Current assets held for sale	–	–	–	
Total assets	**2 856 987**	**2 858 509**	**1 522**	

Item	Q4 2008	FY 2008	difference between the financial statements	Nota
Liabilities				
Equity	**1 114 573**	**1 113 618**	**(955)**	

Equity of the shareholder of the Holding Company	**1 010 879**	**928 135**	**(82 744)**	
Share capital	13 430	13 430	–	
Shares	–	–	–	
Reserve capital from shares sold above share nominal value	551 178	551 178	–	
Reserve from the valuation of hedging transactions and foreign exchange differences on consolidation	(105 123)	(101 444)	3 679	14
Other capital	353 626	274 778	(78 848)	14
Retained financial result	197 768	190 193	(7 575)	14
- profit (loss) from previous years	39 729	31 952	(7 777)	14
- net profit (loss) of the Holding Company shareholders	158 039	158 241	202	
Minority shares	**103 694**	**185 483**	**81 789**	**14**
Liabilities	**1 742 414**	**1 744 891**	**2 477**	
Long-term liabilities	**364 760**	**410 022**	**45 262**	
Long-term credits and loans	112 850	112 850	–	
Other long-term financial payables	210 232	256 996	46 764	12
Other long-term payables	17 023	17 115	92	7
Deferred income tax provision	–	–	–	
Provisions for liabilities related to employee benefits	4 903	5 229	326	10
Other long-term provisions	11 572	9 606	(1 966)	11
Government grants	–	–	–	
Long-term prepaid expenses	8 180	8 226	46	13
Short-term liabilities	**1 377 654**	**1 334 869**	**(42 785)**	
Short-term credits and loans	474 386	475 147	761	12
Other short-term financial payables	243 450	196 324	(47 126)	12
Short-term trade payables	497 185	486 595	(10 590)	7
Liabilities under construction service contract	15 409	14 989	(420)	7
Current income tax liabilities	22 905	21 219	(1 686)	7
Current income tax liabilities	40 836	52 016	11 180	7
Provisions for liabilities related to employee benefits	1 054	881	(173)	10
Other short-term provisions	73 826	78 926	5 100	11
Government grants	–	–	–	
Short-term prepaid expenses	8 603	8 772	169	13
Payables related to fixed assets held for sale	–	–	–	
Total liabilities	**2 856 987**	**2 858 509**	**1 522**	

1

Amendment reducing the net value of intangible assets

Total value of the amendment – PLN 207 thousand, including:

- Presentation amendment consisting in shifting of an asset under construction from tangible fixed assets to intangible assets – PLN 204 thousand;
- increase of value of intangible assets resulting from decreased depreciation caused by change of the useful economic life – PLN 3 thousand.

2

Amendment of the goodwill resulting from changes made in the financial statements made as at the purchase date of the companies acquired in 2008.

Total value of the amendment – PLN 545 thousand, including:

- decrease of the PRG Metro goodwill – PLN -410 thousand;
- decrease of the Wiertmar goodwill – PLN -135 thousand.

3

Presentation amendment consisting in reclassification from tangible fixed assets to investment properties of the properties which are not used for own purposes.

Total value of the amendment – PLN 7,090 thousand, including:

- decrease: land – PLN 1,690 thousand;
- decrease: buildings and structures – PLN 4,875 thousand;
- decrease: fixed assets under construction – PLN 525 thousand.

4

Other amendments reducing value of tangible fixed assets

Total value of the amendment – PLN 690 thousand, including:

- reduction resulting from making of the revaluation write-down of a fixed asset under construction – PLN -759 thousand;
- Presentation amendment consisting in shifting of an asset under construction from tangible fixed assets to intangible assets– PLN -204 thousand;
- other amendments reducing net value of fixed assets including ones resulting from decrease of the depreciation caused by changed of the useful economic life of fixed assets – PLN 273 thousand.

5

Presentation amendment resulting form dividing of forward hedging instruments made by the maturity date and consisting in shifting of a part of these instruments from short-term financial assets to long-term financial assets – **PLN 12,915 thousand**.

6

Amendment increasing total inventory value to **PLN 94 thousand, including:**

- presentation amendment consisting in shifting of some advance payments to receivables – PLN 30 thousand;
- amendment increasing inventory made pursuant to quantities of materials not yet used – PLN 123 thousand.

7

Amendments reducing trade receivables/liabilities and other receivables/liabilities which are to organise settlements within the Capital Group.

- presentation amendments consisting in shifting between trade receivables/liabilities and construction service agreement receivables/liabilities;
- change of construction service agreement receivables/liabilities resulting from changes in settlement

of contracts caused by increased costs;

- presentation amendments consisting in booking per saldo VAT receivables and liabilities;
- presentation amendments consisting in shifting of settlements between long and short-term part;
- including of documents which referred to receivables and liabilities of the reporting period which however were delivered to the company after the Q4 2008 financial statements were completed.

8

Amendments increasing cash value resulting from change in valuation of cash in other currencies – PLN 26 thousand.

9

Amendment changing value of active short-term accruals.

Total value of the amendment – PLN 4,627 thousand, including:

- decrease resulting from including in the 2008 result of invoices previously qualified as a prepaid cost due to the fact that they referred to turn of the reporting period – PLN 3,692 thousand;
- decrease resulting from including in the 2008 previously activated costs related with lost tenders which were born before concluding of the construction contract – PLN -977 thousand;
- other amendments increasing active accruals resulting from documents concerning 2008 and which were delivered to the Capital Group after the Q4 2008 financial statements were completed – PLN 42 thousand.

10

Change of employee benefits provisions – PLN 153 thousand, including:

- increase of the provisions resulting from date verification following valuation of the actuary – PLN 76 thousand;
- making of provisions for pension benefits – PLN 77 thousand.

11

Change of other liability provisions – PLN 3,134 thousand,

Due to verifying of warranty and guarantee conditions applicable to construction contracts, the provision for guarantee service was decreased by PLN 750 thousand and the provision foe losses was decreased by PLN 4,086 thousand.

Additionally, there was made provision for other costs amounting to PLN 7,970 thousand.

Moreover, the provisions were requalified either to short or long-term part.

12

Change of other financial liabilities

- presentation amendment resulting form dividing of some forward and IRS hedging instruments made by the maturity date and consisting in shifting of a part of these instruments from short-term financial liabilities to long-term financial liabilities – PLN 46,610 thousand;
- presentation amendment of other financial liabilities, including shifting of liabilities under financial leasing between long and short-term part – PLN 154 thousand.

13

Change of passive short-term accruals resulting, among others, from making of the provision for holiday leave and reverse of the provision for balance sheet audits - PLN 215 thousand.

14

Change of the capital from valuation of the hedging transactions resulting from amended valuation of forwards and other presentation changes in the equity structure due to the Holding Company and changes of minority shares caused by changed presentation of capital amendments carried out during consolidation.

THE PROFIT AND LOSS ACCOUNT COVERING THE PERIOD BETWEEN 01/01 AND 31/12/2008 (MULTIPLE STEP VARIANT FORMAT)

Item	Q4 2008	FY 2008	Difference between the financial statements
Continued operations			
Revenue from sales	**2 089 325**	**2 091 425**	**2 100**
Selling costs	**(1 751 217)**	**(1 749 532)**	**1 685**
Gross profit (loss) on sales	**338 108**	**341 893**	**3 785**
Costs of sales	–	–	–
General administrative expenses	(106 845)	(107 997)	(1 152)
Other operating revenue	18 054	18 770	716
Other operating expenses	(25 902)	(27 055)	(1 153)
Share in profits of related parties settled based on the equity method	–	–	–
Restructuring costs	–	–	–
Operating profit (loss)	**223 415**	**225 611**	**2 196**
Financial revenues	49 288	50 176	888
Financial expenses	(61 423)	(62 140)	(717)
Other profits (losses) from investments	2 254	2 268	14
Profit (loss) before tax	**213 534**	**215 915**	**2 381**
Income tax	(25 793)	(25 992)	(199)
Net profit (loss) from discontinued operations	**187 741**	**189 923**	**2 182**
Discontinued operations	–	–	–
Net loss from discontinued operations	–	–	–
Net profit (loss)	**187 741**	**189 923**	**2 182**
Net profit (loss), including:	**187 741**	**189 923**	**-**
- profit of shareholders of the Holding Company	158 039	158 241	202
- profit of minority shareholders	29 702	31 682	1 980

Amendments of the consolidated profit and loss account resulting, among others, from the following events:

- Increase of incomes due to, among others, changes in settlement of contracts – PLN 2,100 thousand;
- Amendments resulting from including of documents which referred to the current reporting period which, however, were delivered to the company after the Q4 2008 financial statements were completed;
- Requalifying of costs consisting in shifting between selling costs and general administrative costs as well as other operational costs;
- Other amendments resulting from including of employee benefit provision, provision for losses and provision for guarantee service;
- Increase of financial costs resulting from amendment in calculation of interest under credit and under discounts not included before – PLN 717 thousand;
- Increase of financial revenues due to shifting from the capital to the profit and loss account of exchange

- rate differences appearing after closing of forward hedging transactions – PLN 851 thousand;
- Amendment of the current and deferred income tax PLN 199 thousand.

12. EVENTS AFTER BALANCE SHEET DATE

MERGERS, ACQUISITIONS, INCORPORATIONS OF NEW SUBSIDIARIES

Incorporation of PBG Export Sp. z o.o.

On 2 April 2009 there was incorporated PBG Export Sp. z o.o. with its seat in Kraków.

The company's share capital amounts to PLN 1,000,000.00 and is divided into 20,000 shares each of nominal value PLN 50.00.

PBG SA took 19,990 shares valued at PLN 50.00 each and the total value of PLN 999,500.00. The shares were paid up in cash. Therefore PBG SA holds 99.95% of the share capital and 99.95% votes in PBG Export Sp. z o.o.
PBG Export Sp. z o.o. was established to source domestic and foreign contracts and to supervise their implementation.

Acquiring of Hydrobudowa Polska Konstrukcje Sp. z o.o. shares

On 2 April 2009 there was concluded an agreement with Hydrobudowa Polska SA to acquire shares in Hydrobudowa Polska Konstrukcje Sp. z o.o. with its seat in Mikołów.
Having completed this agreement for the price of PLN 9,000,000.00 PBG acquired all 16,100 shares with nominal value of PLN 500.00 each and total value of PLN 8,050,000.00 giving 100% votes at the General Meeting of Shareholders and the same share in the share capital of Hydrobudowa Polska Konstrukcje Sp. z o.o.

CHANGES IN SUBSIDIARIES

Increase of share in P.R.G. Metro Sp. z o.o.

On 19 January 2009 with the decision of the district court for the Capital City of Warsaw there was registered increase of the share capital of Przedsiębiorstwa Robót Górniczych "METRO" Sp. z o.o. with its seat in Warsaw.

Share capital increase refers to 78 shares with nominal value PLN 1,000.00 each all taken by Hydrobudowa Polska SA.

Therefore, the P.R.G. „METRO" Sp. z o.o. share capital was increased from PLN 550,000.00 to PLN 628,000.00 and is divided into 628 shares with the nominal value of PLN 1,000.00 each.
The shares were covered by Hydrobudowa Polska SA in cash of PLN 4,963,631.40.
Having registered the share capital increase, Hydrobudowa Poska SA holds 543 shares in P.R.G. „METRO" Sp. z o.o. which is 86.46% of votes and share capital of P.R.G. „METRO" Sp. z o

Increase of share capital in KM Investment Sp. z o.o.

On 09 April 2009 PBG Dom Sp. z o.o, took significant assets which originate from increase of the share capital of KM Investment Sp. z o.o. Increase of the share capital to the amount of PLN 125,000 took place on 09 April 2009 by the resolution of the Extraordinary Meeting of Shareholders of KM Investments

Sp. z o.o. and PBG Dom Sp. z o.o. took 150 shares with the nominal value of PLN 500.00 each. PBG Dom Sp. z o.o. took All New shares for the Mount of PLN 75,000 (book value in the PBG Dom Sp. z o.o. books is PLN 76,664). The acquired shares constitute 60% of KM Investment share capital and 60% share of the votes. KM Investments Sp. z o.o. is currently carrying before the court the process of registration of the name change into "Złotawska 51" Sp. z o.o.

Core business of KM Investment is developing of apartments for rent and sale. Investment into KM Investment Sp. z o.o. is intended to carry jointly a development project. When the development project is completed, PBG Dom and other shareholders will consider further cooperation in the development business. The assets which have been taken are considered to be significant as they constitute 20% of the acquires company

INVESTMENT AGREEMENTS

Concluding of an agreement concerning "Project of LMG – Ośrodek Centralny, well bore areas, pipelines and other facilities".

On 12 February 2009 the Board of PBG SA concluded two agreements amounting in total to PLN 278,565,000.00 (excl. tax) , each of which is a significant agreement due to PBG SA equity. The contractual party for the agreements is Control Process SA of Tarnów and PBG SA is the ordering party. Both of them concern the task named "Project of LMG – Ośrodek Centralny, well bore areas, pipelines and other facilities".

The subject of the agreement amounting to PLN 183,955.00 (excl. tax) (i.e. PLN 224,425,100.00) is general construction of well bore areas and group centres, including designing, construction and commissioning of the mentioned facilities. The subject of the agreement amounting to PLN 94,610.00 (excl. tax) (i.e. PLN 115,424.00) is general construction of heat and power generating plant, including designing, construction and commissioning of the mentioned facility. The completion date for works included in both agreements is set for 10 April 2013. To protect PBG SA claims resulting from failing to complete or improper completion of both agreements, the contractor undertook to set in favour of the ordering party the protection of proper completion of the agreements and rectifying of defects and faults which takes the form of:

- deposit of 5% of the gross contractual remuneration of the contractor;
- blank promissory note payable at first request which can be filled by the ordering party up to 5% of the contractual remuneration, however, not more than difference between this maximum amount and the total value of deposits already made by the ordering party pursuant to the previous item.

Additionally Control Process SA undertook to conclude a third party liability insurance agreement concerning damages resulting from implementing of the agreement with PBG SA.

PBG SA as an ordering party may require from the contractor to pay the following conventional penalties for delay in implementing of both agreements:

a) for delay in passing to the ordering party a part of completed basic subject of the agreement: 0.01% of the gross remuneration for each day of the delay;
b) for delay in passing of the approved basic subject to the investor by the ordering party through the fault of the contractor: 0.01% of the gross remuneration for each day of the delay; if the conventional penalty pursuant to the item b. is imposed, then penalties imposed pursuant to the item a. shall reduce value of penalties imposed pursuant to the item b;
c) for delay of the ordering party in completing of the subject through fault of the contractor: 0.05% of the remuneration for each day of the delay;
d) for delay in rectifying of defects revealed during commissioning or revealed during the term of guarantee: 0.005% of the gross remuneration for each day of the delay starting from the day agreed for rectifying of defects;
e) for withdrawing from the agreement by the offering party for the reasons for which the contractor is responsible in the amount of 30% of the gross remuneration;

f) for default in effecting on time of the guarantee of due completion of the agreement for the period to which guarantee of works applies: 0.005% of the remuneration for each day of the delay;
g) for failing to achieve guaranteed operating parameters of the subject of the agreement defined in the basic subject after completing of the second, additional guarantee test. 5% of the Gross remuneration;
h) in case of violation of the responsibilities referring to insurance mentioned in the article 8, the ordering party shall be entitled to impose a conventional penalty of PLN 150,000.00;
i) the ordering party is not entitled to impose conventional penalties mentioned in the item a. to h. if the investor and the ordering party agree at presence of the contractor that the investors withdraws from imposing conventional penalties;
j) for withdrawing from the agreement or withdrawing therefrom by the contractor for the reasons for which the ordering party is responsible in the amount of 30% of the gross remuneration. The contractor is not entitled to use the above mentioned right if the withdrawal or termination of the agreement by the contractor was subject to the Investor's right to withdraw from the contract.

The ordering party is entitled to deduct conventional penalties from the remuneration due to the contractor. All compensation claims of the parties are limited to the real damage, however, maximum 30% of the gross remuneration, with the reservation that aforementioned restriction is not applicable to the ordering party rights resulting from quality guarantee as well as it is not applicable to the ordering party right to obtain amounts under insurance policies.

Signing of the contract for construction of Baltic Arena in Gdańsk

On 10 April 2009 the consortium consisting of: Hydrobudowa Polska SA, Hydrobudowa 9 SA, Alpine Bau Deutschland AG Berlin, Alpine Bau GmbH Austria and Alpine Construction Polska signed an agreement to construct Baltic Arena in Gdańsk.
The stadium cost is to amount nearly PLN 522 million and is to be completed by the end of 2010.

Concluding of the contract for extension and modernisation of the sewage treatment plant in Syców

On 15 April 2009 Hydrobudowa Polska SA as the Consortium Leader concluded an agreement for extension and modernisation of the sewage treatment plant in Syców.
Under the agreement, Hydrobudowa Polska SA along with Hydrobudowa 9 SA are to perform works intended to replace current biological sewage treatment with one stage process with a three stage sewage treatment plant.
The contract value amounts to PLN 12,229,931. 85
Hydrobudowa Polska SA undertook to complete the project by 28 February 2010.

Concluding of significant agreements concerning investment named "Construction of the on-ground part of the Underground Gas Store Wierzchowice, stage 3.5 billion nm3, sub-stage 1.2 billion nm^3".

On 16 April 2009 the board of PBG SA as the consortium Leader concluded the following significant executive agreements:

- with Plynostav Pardubice Holding a.s. amounting to PLN 84,178,442.00;
- with Plynostav Regulace Plynu a.s. amounting to PLN 83,731,000.00.

Both agreements concern concluding by the Consortium of PBG SA (Consortium Leader), Italian company Tecnimont S.P.A., French company Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ" as well as Czech companies Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu a.s. (Consortium Partners) and the company Polskie Górnictwo Naftowe i Gazownictwo SA a general contracting agreement of the investment named "Construction of the on-ground part of the Underground Gas Store Wierzchowice, stage 3.5 billion nm^3, sub-stage 1.2 billion nm^3". The subject of both agreements is designing, delivery and installation of some installation.

The parties agreed that regardless the joint responsibility of the Consortium Partners and the Consortium Leader towards the Offering Party as defined in the contractual provisions, each of the parties is

individually responsible for professional, punctual and full completion of works assigned thereto. Each of the consortium Parties shall be responsible for faults, defects and shortages referring to the scope of works assigned thereto and undertakes to rectify them immediately and immediately undertake works or perform deliveries by its own and at its own expenses regardless their extent to completely fulfil contractual requirements. Costs referring to rectifying of damages resulting from delays shall be born by the party of the Consortium Agreement causing the delay.
The Consortium Partners agreed the completion date of works defined in these contract on 18 November 2011. The agreement was found to be significant to value of the equity.

Concluding of contracts by Hydrobudowa Polska SA subsidiaries

On 27 April 2009 Hydrobudowa Polska SA subsidiaries i.e.: Hydrobudowa 9 SA, P.R.G. METRO Sp. z o.o. and their consortium partner i.e. KWG SA, signed an agreement for construction of the sewage transmission system from the left side part of Warsaw to the Czajka sewage treatment plant amounting to EUR 52.8 million. Under the agreement, the consortium will develop the combined sewer of DN 2.80 meter and 6 km long and modernise the existing infrastructure colliding with transmission system as well as will perform reconstruction works.

The value of the concluded agreement amounts to EUR 52.8 million i.e. PLN 236.2 (excl. VAT). The agreement is to be completed by 31 September 2010.

Hydrobudowa 9 SA as the consortium leader will per form and will be responsible for 50% of the works scope under the agreement. The other company i.e. P.R.G. METRO Sp. z o.o. as the consortium partner will be responsible for 40% of the works scope under the agreement. KWG SA will be responsible for the balance 10% of the works.

CONCLUDED AGREEMENTS WITH FINANCIAL INSTITUTIONS

Change of the significant agreement and providing of the guarantee for repayment of the advance money

On 07 January 2009 the Board of PBG SA concluded an appendix to the frame agreement concluded on 06 September 2007 between ING Bank Śląski SA and companies of the PBG Capital Group: PBG SA, Hydrobudowa Polska SA, Infra SA, Hydrobudowa 9 SA, AVATIA Sp. z o.o. and PRIS Sp. z o.o. Pursuant to this appendix, value of the crediting limit was increased from PLN 150,000,000.00 to PLN 220,000,000.00.

Due to increase of the crediting limit, the Borrowers made a statement of voluntary execution up to the amount of PLN 330,000,000.00 giving the bank ability to apply by 05 September 2015 for an executory clause for the bank writ of execution.

Additionally, the amount of the corporate guarantee issued by each company under the agreement is changed form PLN 150,000,000.00 to PLN 220,000,000.00.

Provided corporate guarantees were granted under market conditions and are valid until all liabilities to the Bank resulting from the Frame Agreement are paid. Other contractual provision remain unchanged.

Additionally, the Board of PBG SA notifies that pursuant to this agreement and the application of PBG SA, on 07 January 2009 ING Bank Śląski SA granted a guarantee of repayment of the advance money up to the value of PLN 108,900,000 beneficiary of which is Polskie Górnictwo Naftowe i Gazownictwo SA. The guarantee was granted due to concluding on 19 November 2008 by PBG SA (Consortium Leader), Tecnimont S.P.A., Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ" as well as Plynostav Pardubice Holding A.S. - Plynostav Regulace Plynu a.s. (Consortium Partners) and the

company Polskie Górnictwo Naftowe i Gazownictwo SA a general contracting agreement of the investment named "Construction of the on-ground part of the Underground Gas Store Wierzchowice, stage 3.5 billion nm^3, sub-stage 1.2 billion nm^3". Value of the contract about which the company informed in the current report 82/2008 of 19 November 2008 amounts to PLN 1,089,000,000.00 (excl. VAT). The guarantee is provided until 07 January 2012. The guarantee will be protected by a deposit made of the advance payment with the reservation that the guarantee is valid until making of a guarantee which will take form of the transfer of receivables from the agreement in question concluded with PGNiG. Remuneration for ING Bank Śląski SA for providing of the guarantee was calculated under market conditions.

Concluding of the appendix to the contractual guarantee agreement

On 4 February 2009, the Board of PBG SA concluded an appendix to the contractual guarantee agreement within the renewable limit concluded on 28 September 2007 with TuiR Euler Hermes SA.

Pursuant to the appendix concluded between the insurance company and PBG SA as well as companies of the Capital Group, Hydrobudowa Polska SA, Hydrobudowa 9 SA, Infra SA, there was increased renewable limit from PLN 80,000,000.00 to PLN 100,000,000.00 and the maximum value of a single guarantee issued under this limit is PLN10,000,000.00. Pursuant to the concluded agreement Euler Hermes SA issues contractual guarantees i.e. tender guarantees, due completion guarantees, defect liability bonds and guarantees of repayment of advance money until 29 September 2009. Remuneration for Euler Hermes SA for providing of the guarantee under the agreement was calculated under market conditions.

Eventual claims of Euler Hermes SA resulting payment of all provided guarantees is twenty blank promissory notes together with promissory declarations issued by the Insured – 5 promissory notes issued by each of the insured, each of them confirmed by other insured.

The issuer equity allows to qualify this agreement as a significant one.

Concluding of a significant agreement with Nordea Bank Polska SA

On 10 April 2009 the Board of PBG SA concluded a significant agreement with Nordea Bank Polska SA. The agreement defines principles of cooperation referring to crediting of the business operations of PBG SA and its Capital Group member companies i.e. Hydrobudowa Polska SA and Infra SA. Pursuant to this agreement, the companies may use until 10 April 2012 short-term credits in their current accounts with the repayment period up to one year, bank guarantee for up to 3 years and letters of credit for up to 3 years up to the total bank involvement of PLN 115,000,000.00.

Use of the limit will take place under detailed agreements defining e.g. type of protection which can be:

- transfer of liabilities from the contracts implemented by companies of the Capital Group amounting to at least, 150% of the used limit;
- power of attorney for current bank accounts of the borrowers kept with the Bank;
- cross guarantees of the borrowers under the civil law;
- blank promissory notes issued by the borrowers together with promissory declarations;
- representation about submission to enforcement.

OTHER EVENTS

Beginning of listing of the L series shares of Hydrobudowa SA

On 21 January 2009 under the resolution of the Warsaw Stock Exchange there was started listing of 36,885,245 ordinary bearer shares of the L series of Hydrobudowa Polska SA with nominal value of PLN 1.00 each.

Winning of the tender for construction of the second stage of the National Stadium in Warsaw

On 15 April 2009 the German-Austrian-Polish consortium of Hydrobudowa Polska SA and PBG SA with Alpine Bau Deutschland AG, Alpine Bau GmbH and Alpine Construction Polska Sp. z o.o. was announced by the National Sports Centre the winner of the tender for construction of the second stage of the National Stadium .

Value of the Consortium bid amounted to PLN 1,252,755,008.64 (excl. VAT).

The decision was made at the meeting of the Tender Committee which studied details of the bid and evaluated its legal and formal correctness. Six consortia submitted their bids for construction of the second stage of the National Stadium, all of them were qualified for the tender.

Final decision to choose Alpine Bau Deutschland AG, Alpine Bau GmbH, Alpine Construction Polska Sp. z o.o., Hydrobudowa Polska SA and PBG SA will be confirmed by concluding of the agreement with the National Sports Centre. President of the National Sports Centre, Rafał Kapler announces it may take place even in April.

Pursuant to the applicable procedure other companies competing for the job are allowed to submit their protests within ten days.

SIGNATURES OF ALL BOARD MEMBERS

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

Tomasz Woroch – Vice President of the Board of Directors .....

Przemysław Szkudlarczyk – Vice President of the Board of Directors .....

Tomasz Tomczak – Vice President of the Board of Directors .....

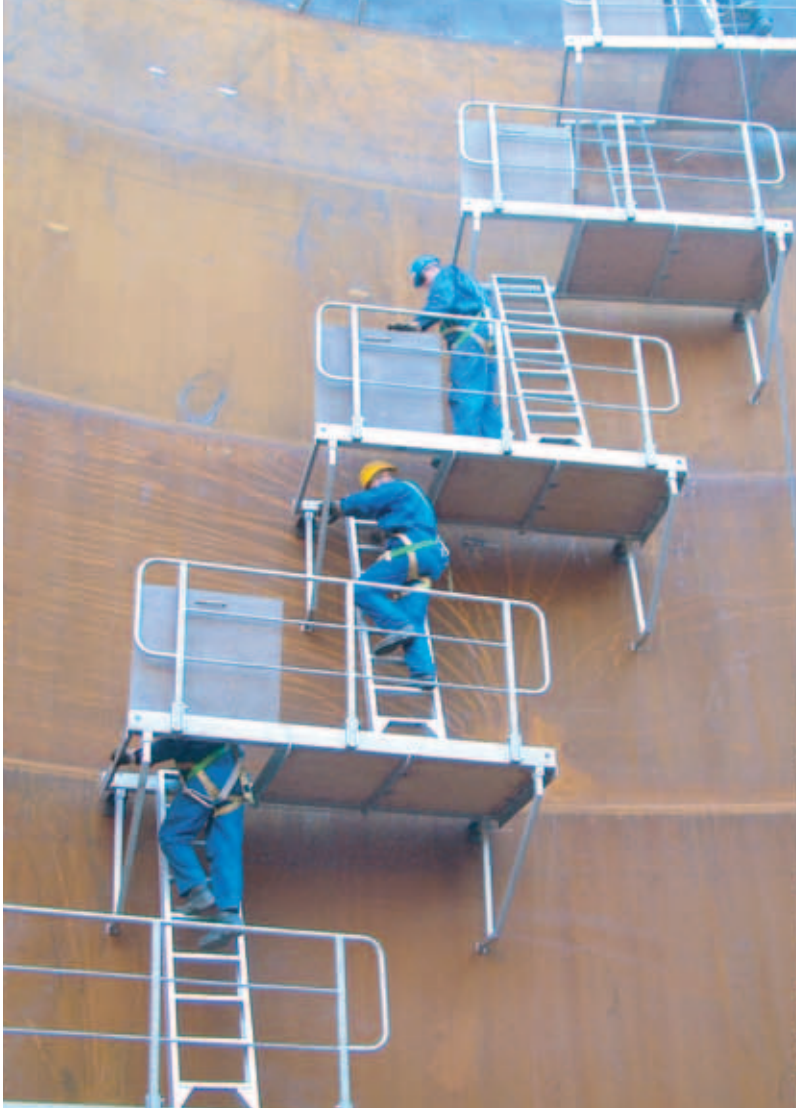
Mariusz Łożyński – Vice President of the Board of Directors .....

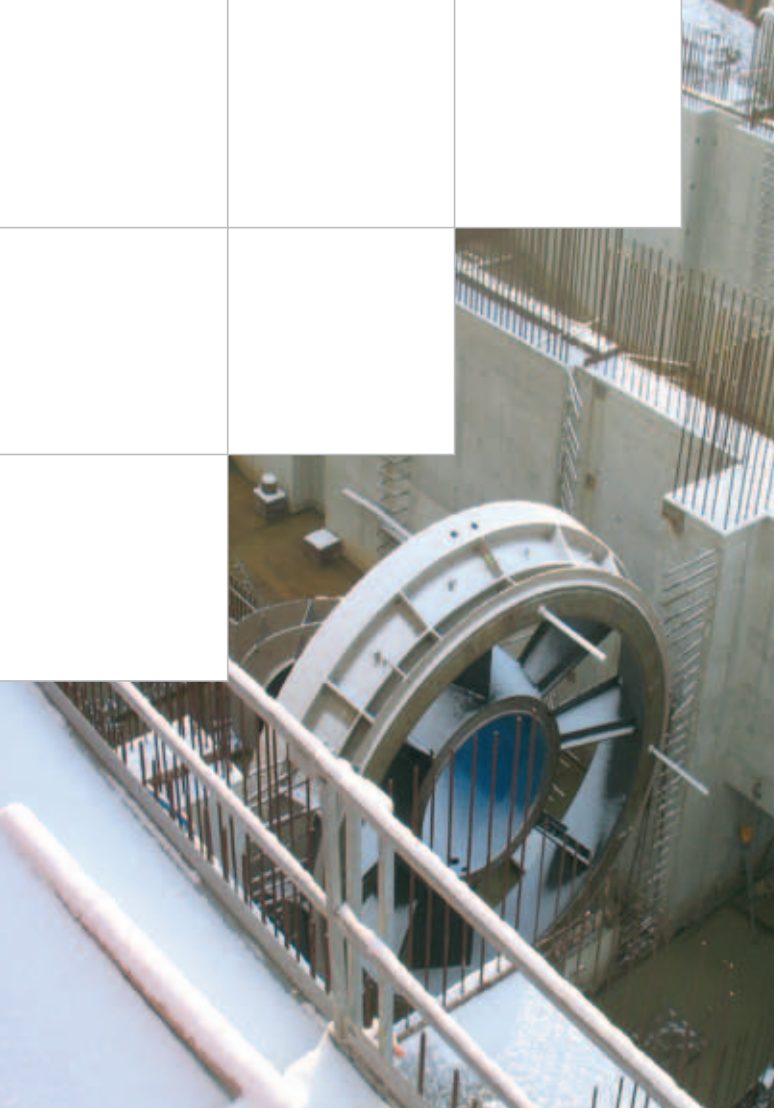
Tomasz Latawiec – Member of the Board of Directors .....

Signature of the person responsible for making of the financial statements.

Eugenia Bachorz –
Proxy, Director of the Capital Group Accounting Coordination .....

Wysogotowo, on 27 April 2009





VI. Other Information

1. ADDRESSES OF COMPANIES FROM THE PBG CAPITAL GROUP

PBG CAPITAL GROUP'S HOLDING COMPANY

PBG SA

Address:	Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel:	(0-61) 665 17 00
Fax:	(0-61) 665 17 01
Website:	www.pbg-sa.pl
e-mail:	polska@pbg-sa.pl

DIRECT SUBSIDIARIES:

HYDROBUDOWA POLSKA SA

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
PBG SA	61,61%
ING TFI SA	8,21%
BZ WBK AIB AM SA	5,34%
ING OFE	5,01 %
remaining shareholders	19,84%

Headquarters:	Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel:	(0-61) 664 19 50
Fax:	(0-61) 664 19 51
Website:	www.hbp-sa.pl
e-mail:	polska@hbp-sa.pl
Branches:	Płocka 164 Street, 87-800 Włocławek
	Żwirki i Wigury 58 Street, 43-190 Mikołów (Śląsk)

KWG SA

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
PBG SA	100%

Address:	Wojska Polskiego 129 Street, 70-490 Szczecin
Tel:	(0-91) 432 11 30
Fax:	(0-91) 469 24 24
e-mail:	biuro@kwg.com.pl

METOREX Sp. z o.o.

Shareholders	Share in %
PBG SA	99,56%
natural people	0,44%

Address: Żwirki i Wigury 17A Street, 87-100 Toruń
Tel: (0-56) 65 96 647
Fax: (0-56) 65 96 647
e-mail: metorex@post.pl

INFRA SA

Shareholders	Share in %
PBG SA	99,95%
osoby fizyczne	0,05%

Address: Skórzewska 35 Street, 61-082 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 662 25 70
Fax: (0-61) 662 25 72
Website: www.infra-sa.pl
e-mail: biuro@infra-sa.pl
Branch: Warszawa, Mehoffera 86 Street, 03-118 Warsaw

APRIVIA SA

Shareholders	Share in %
PBG SA	100%

Address: Skórzewska 35 Street, 62- 081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 66 46 426
Fax: (0-61) 66 46 427
Website: www.aprivia-sa.pl
e-mail: piotr.kwiatek@aprivia-sa.pl

BROKAM Sp. z o.o.

Shareholders	Share in %
PBG SA	100%

Address: Skórzewska 35 Street, 62- 081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0) 691 470 133
Fax: (0-61) 66 41 981
e-mail: pawel.dolinski@pbg-sa.pl

PBG DOM Sp. z o.o.

Shareholders	Share in %
PBG SA	100%

Addreas: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 66 41 986
Fax: (0-61) 66 41 960
Website: www.pbgdom.p l
e-mail: biuro@pbgdom.pl

PBG Technologia Sp. z o.o. (former Hydrobudowa Polska Konstrukcje Sp. z o.o.)

Shareholders	Share in %
PBG SA (former 100% Hydrobudowa Polska SA)	100%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-32) 779 10 00
Fax: (0-32) 779 10 23

In April 2009 100% of shares in company Hydrobudowa Polska Konstrukcje Sp. z o.o. have been sold to Holding Company in the Group – PBG SA. Therefore, the name of the company has been changed for PBG Technologia Sp. z o.o.

EXCAN OIL AND GAS ENGINEERING Ltd.

Shareholders	Share in %
PBG SA	100%

Address: 9637-45 Avenue, Edmonton Alberta T5J 3V5, Canada
Tel: +1 780 701 7501
Fax: +1 780 430 1133
Website: www.excan.ca
e-mail: b.krasicki@excan.ca

GAS OIL ENGINEERING A.S.

Shareholders	Share in %
PBG SA	62,45%
natural person	37,55%

Address: Karpatská 3256/15 Street, Poprad 058 01, Slovakia
Tel: +421 52 7144 111
Fax: +421 52 7144 140
Website: www.gasoil.sk
e-mail: gasoil@gasoil.sk

PBG Export Sp. z o.o.

Shareholders	Share in %
PBG SA	99,95%
remaining shareholders	0,05%

Address: Słowackiego 165 Avenue, 30-004 Cracow
Tel: (0-12) 298 41 60
Fax: (0-12) 298 41 69

AVATIA Sp. z o.o.

Shareholders	Share in %
PBG SA	99,8%
natural people	0,2%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 66 46 440
Fax: (0-61) 66 46 441
Website: www.avatia.pl
e-mail: biuro@avatia.pl

INDIRECT SUBSIDIARIES:

HYDROBUDOWA 9 SA

Shareholders	Share in %
Hydrobudowa Polska SA	100%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 846 97 00
Fax: (0-61) 847 56 23
Website: www.hb9.pl
e-mail: sekretariat@hb9.pl

GÓRECKA PROJEKT Sp. z o.o.

Shareholders	Share in %
Hydrobudowa 9 SA	100%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań

GDYŃSKA PROJEKT Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
Hydrobudowa 9 SA	100%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań

PRG METRO Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
Hydrobudowa Polska SA	86,46%
remaining shareholders	13,54%

Address: Wólczyńska 163 Street, 01-919 Warsaw
Tel: (0-22) 864 57 50
Fax: (0-22) 864 57 52
Website: www.prgmetro.pl
e-mail: info@prgmetro.pl

PRIS Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
Infra SA	51,02%
INVEST ECOPAP Sp. z o.o.	48,98%

Address: Popielskiego 14 Street, 52-019 Wrocław
Tel: (0-71) 78 99 147
Fax: (0-71) 78 99 148
Website: www.pris.pl
e-mail: biuro@pris.pl

WIERTMAR Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
Infra SA	51,00%
natural people	49%

Address: Kopanka 13/15 Street, 92-701 Nowosolna n. Łódź
Tel: (0-42) 648 40 62
Fax: (0-42) 671 45 48
Website: www.wiertmar.pl
e-mail: wiertmar@wiertmar.pl

DROMOST Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
APRIVIA SA	87,40%
natural people	12,60%

Address: Żabno 2A, 63-112 Brodnica
Tel: (0-61) 28 23 607
Fax: (0-61) 28 23 639
Website: www.dromost.com
e-mail: polska@dromost.com

Przedsiębiorstwo Robót Inżynieryjno-Drogowych SA (PRID SA)

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
APRIVIA SA	100%

Address: Poznańska 42 Street, 64-300 Nowy Tomyśl
Tel: (0-61) 442 23 10
Fax: (0-61) 442 22 08
Website: www.prid.pl
e-mail: sekretariat@prid.pl

BETPOL SA

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
APRIVIA SA	70%
natural people	30%

Address: Fordońska 168A Street, 85-766 Bydgoszcz
Tel: (0-52) 343 59 08
Fax: (0-52) 344 47 15
Website: www.betpol.com.pl
e-mail: sekretariat@betpol.com.pl

APARTAMENTY POZNAŃSKIE Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
PBG Dom Sp. z o.o.	51%
natural people	49%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 66 41 986
Fax: (0-61) 66 41 960

Budwil Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
PBG Dom Sp. z o.o.	51%
DM DEWELOPER Sp. z o.o.	49%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 66 41 986
Fax: (0-61) 66 41 960

PBG DOM INVEST I Sp. z o.o. (former Dawil Sp. z o.o.)

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
PBG DOM Sp. z o.o.	100%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 66 41 986
Fax: (0-61) 66 41 960

Złotowska 51 Sp. z o.o.

SHAREHOLDERS STRUCTURE:

Shareholders	Share in %
PBG DOM Sp. z o.o.	60%
natural people	40%

Address: Skórzewska 35 Street, 62-081 Przeźmierowo, Wysogotowo n. Poznań
Tel: (0-61) 66 41 986
Fax: (0-61) 66 41 960

2. GLOSSARY

Acquisition – Expenditure for the purchase of a company or share in a company

Corporate Governance – Rules for the responsible management and control of companies that are set forth in "Good practices of companies listed on the Warsaw Stock Exchange"

Depreciation – The value that must be earned each year in order to cover expenses for replacement investments at the end of an asset's useful life

EBIT – Earnings before interests and taxes, or operating profit

EBITDA – Earnings before interests, taxes, depreciation and amortization, or operating profit before depreciation and amortization

EPS – Earnings Per Share

Free float – Publicly traded corporation with a majority share of free float

IAS – International Accounting Standards

IFRS – International Financial Reporting Standards

Net debt – Net sum of long- and short-term credit and loans and bonds less balance of cash and cash equivalents

P/E ratio – Price/earnings ratio; an indicator for the market valuation of stock

ROA – Return on Assets

ROE – Return on Equity

Stock option – Form of compensation that gives management and employees the right to purchase stock in their company at certain conditions if specific goals are reached

3. FINANCIAL CALENDAR

Consolidated quarterly reports with abridged individual quarterly financial statements:

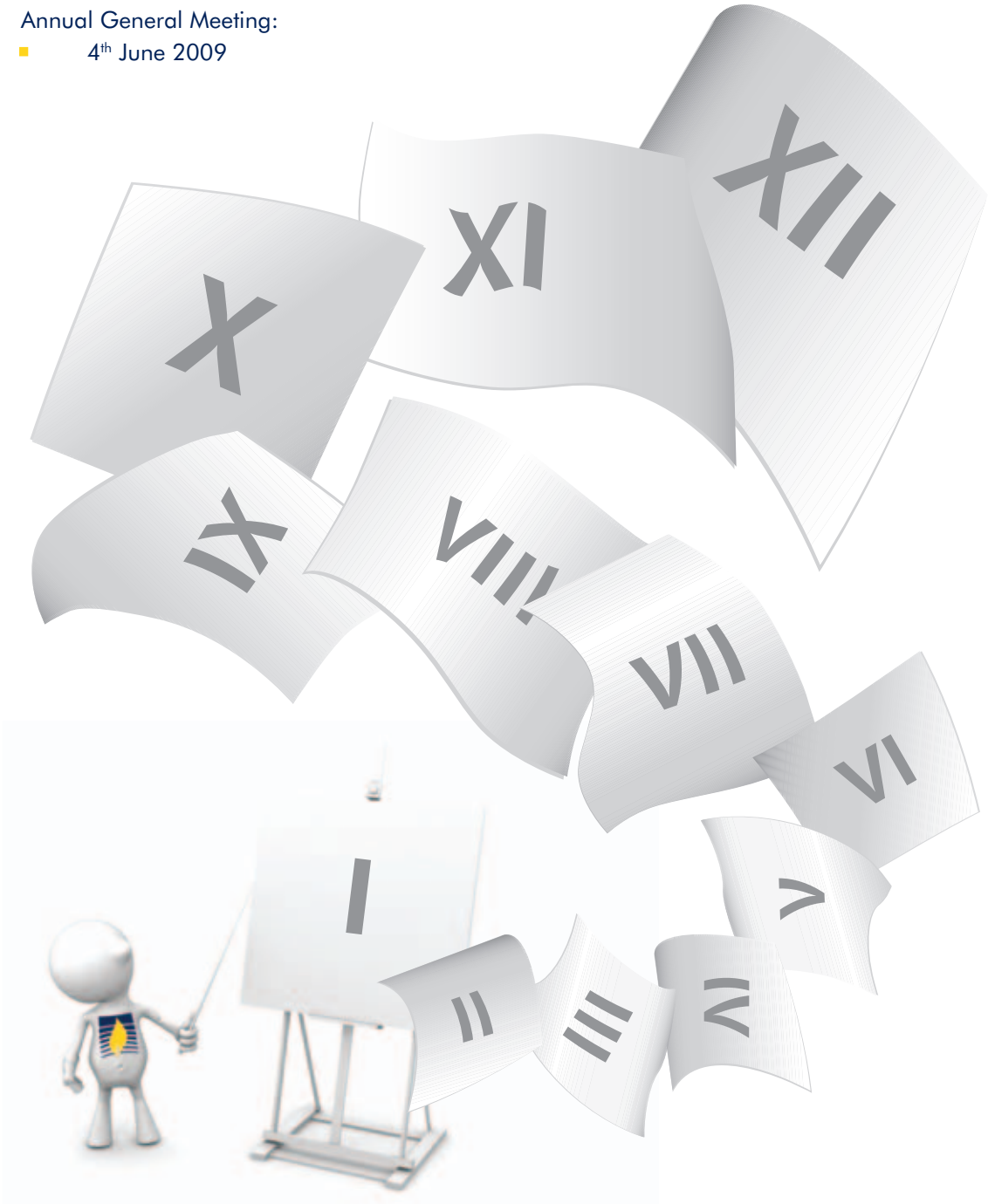
- Q1 FY 2009: 11th May 2009
- Q3 FY 2009: 16th November 2009

Consolidated semi-annual report with abridged individual semi-annual financial statements:

- H1 FY 2009: 30th September 2009

Annual General Meeting:

- 4th June 2009



4. Five-Year Review

PBG CAPITAL GROUP

YEARS		2004	2005	2005	2007	2008
Revenues	in PLN thous.	216,087	498,539	674,337	1,406,976	2,091,425
EBITDA[1]	in PLN thous.	28,511	50,165	88,525	166,056	270,756
EBITDA margin	**in %**	**13%**	**10%**	**13%**	**12%**	**13%**
EBIT	in PLN thous.	21,822	41,331	71,957	139,335	225,611
EBIT margin	**in %**	**10%**	**8%**	**11%**	**10%**	**11%**
Profit before tax	in PLN thous.	19,074	45,337	69,919	146,376	215,915
Net profit:	in PLN thous.	13,964	36,947	54,912	119,679	189,923
- parent company	in PLN thous.	13,947	36,076	52,181	104,308	158,241
- minority shareholders	in PLN thous.	17	871	2,731	15,371	31,682
Net debt[2]	in PLN thous.	27,902	133,483	222,337	190,130	498,284
ROE[3]	in %	9.78%	20.31%	14.21%	13.90%	17.05%
ROA[4]	in %	4.56%	5.41%	4.99%	4.62%	5.54%
Employees at year-end		454	1084	2265	3 570	3 908

[1]EBIT + Amortization
[2](Long- and short-term credit and loans + bonds) – balance of cash and cash equivalents
[3]Net profit/Equity of the shareholder of the Holding Company
[4]Net profit/Assets total

STOCK EXCHANGE

YEARS		2004	2005	2005	2007	2008
EPS	in PLN	1,57	3,43	4,34	7,77	11,78
Equity of the shareholder of the Holding Company per share	in PLN	16,08	16,87	16,87	55,90	69,11
Share price at year-end	in PLN	41,26	73,62	255,38	286,10	196,00
Number of shares at year-end	in PLN thous.	8,865	10,530	12,030	13,430	13,430
Market capitalization at year-end	in PLN thous.	365,770	775,219	3,072,221	3,842,323	2,632,280

BALANCE SHEET

YEARS		2004	2005	2005	2007	2008
Fixed assets	in PLN thous.	68,030	201,200	373,649	717,926	918,184
Current assets	in PLN thous.	237,766	465,070	671,402	1,540,909	1,940,325
Equity of the shareholder of the Holding Company	in PLN thous.	142,551	177,637	367,173	750,670	928,135
Short-term liabilities	in PLN thous.	27,673	79,352	70,330	50,033	112,850
Long-term liabilities	in PLN thous.	44,024	135,948	203,317	350,402	475,147
Balance sheet total	in PLN thous.	305,796	666,270	1,045,051	2,258,835	2,858,509

If you want to learn more about PBG,
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The Annual Report and Annual
Consolidated Financial Statement of the
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