PGNiG

Polskie Górnictwo Naftowe
i Gazownictwo SA

CONSOLIDATED INTERIM REPORT FOR Q3 2013

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 3 / 2013

quarter / year

(pursuant to Par. 82.2 and Par. 83.1 of the Regulation of the Minister of Finance of February 19th 2009 – Dz. U. No. 33, item 259, as amended)

for issuers of securities in the manufacturing, construction, trade, and services sectors

for the third quarter of the 2013 financial year, covering the period from **January 1st** to **September 30th 2013**, containing interim condensed consolidated financial statements prepared in accordance with the International Financial Reporting Standards in the Polish złoty (PLN), and interim condensed separate financial statements prepared in accordance with the International Financial Reporting Standards in the Polish złoty (PLN).

November 14th 2013
(date of release)

Polskie Górnictwo Naftowe i Gazownictwo S.A.
(name)

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TABLE OF CONTENTS

FINANCIAL HIGHLIGHTS

Interim condensed consolidated financial data	PLNm		EURm	
	Q1-Q3 2013 /Jan 1– Sep 30 2013 /	**Q1-Q3 2012** /Jan 1– Sep 30 2012/	**Q1-Q3 2013** /Jan 1– Sep 30 2013 /	**Q1-Q3 2012** /Jan 1– Sep 30 2012/
I. Revenue	23,003	20,064	5,447	4,783
II. Operating profit/(loss)	3,055	21	723	5
III. Profit/(loss) before tax	2,709	9	641	2
IV. Net profit/(loss) attributable to owners of the parent	2,079	127	492	30
V. Net profit/(loss)	2,082	122	493	29
VI. Comprehensive income attributable to owners of the parent	2,107	(76)	499	(18)
VII. Total comprehensive income	2,110	(81)	500	(19)
VIII. Net cash flows from operating activities	5,292	448	1,253	107
IX. Net cash flows from investing activities	(2,195)	(5,167)	(520)	(1,232)
X. Net cash flows from financing activities	(3,147)	4,320	(745)	1,030
XI. Change in cash	(50)	(399)	(12)	(95)
XII. Earnings/(loss) and diluted earnings/(loss) per share attributable to owners of the parent (presented in PLN and EUR)	0.35	0.02	0.08	0.01
	As at **Sep 30 2013**	As at **Dec 31 2012**	As at **Sep 30 2013**	As at **Dec 31 2012**
XIII. Total assets	46,909	47,928	11,126	11,723
XIV. Liabilities and provisions	18,370	20,732	4,357	5,071
XV. Non-current liabilities	11,175	11,119	2,650	2,720
XVI. Current liabilities	7,195	9,613	1,707	2,351
XVII. Equity	28,539	27,196	6,769	6,652
XVIII. Share capital	5,900	5,900	1,399	1,443
XIX. Weighted average number of shares (million)	5,900	5,900	5,900	5,900
XX. Book value per share and diluted book value per share (presented in PLN and EUR)	4.84	4.61	1.15	1.13
XXI. Dividend per share declared or paid (presented in PLN and EUR)	0.13	-	0.03	-

Interim condensed separate financial data	**Q1-Q3 2013** /Jan 1– Sep 30 2013 /	**Q1-Q3 2012** /Jan 1– Sep 30 2012/	**Q1-Q3 2013** /Jan 1– Sep 30 2013 /	**Q1-Q3 2012** /Jan 1– Sep 30 2012/
I. Revenue	19,828	18,045	4,695	4,302
II. Operating profit/(loss)	2,018	(404)	478	(96)
III. Profit/(loss) before tax	2,416	60	572	14
IV. Net profit/(loss)	2,032	116	481	28
V. Total comprehensive income	2,060	(90)	488	(21)
VI. Net cash flows from operating activities	2,976	(786)	705	(187)
VII. Net cash flows from investing activities	(680)	(4,036)	(161)	(962)
VIII. Net cash flows from financing activities	(2,364)	4,397	(560)	1,048
IX. Change in cash	(68)	(425)	(16)	(101)
X. Earnings/(loss) and diluted earnings/(loss) per share (presented in PLN and EUR)	0.34	0.02	0.08	-
	As at **Sep 30 2013**	As at **Dec 31 2012**	As at **Sep 30 2013**	As at **Dec 31 2012**
XI. Total assets	35,676	36,650	8,461	8,965
XII. Liabilities and provisions	12,416	14,683	2,945	3,592
XIII. Non-current liabilities	7,261	7,287	1,722	1,782
XIV. Current liabilities	5,155	7,396	1,223	1,810
XV. Equity	23,260	21,967	5,516	5,373
XVI. Share capital	5,900	5,900	1,399	1,443
XVII. Weighted average number of shares (million)	5,900	5,900	5,900	5,900
XVIII. Book value per share and diluted book value per share (presented in PLN and EUR)	3.94	3.72	0.93	0.91
XIX. Dividend per share declared or paid (presented in PLN and EUR)	0.13	-	0.03	-

Items of the income statement, statement of comprehensive income and statement of cash flows have been translated using the EUR/PLN exchange rate computed as the arithmetic mean of mid-exchange rates quoted by the National Bank of Poland (NBP) for the last day of each month in the reporting period.
Items of the statement of financial position have been translated using the EUR/PLN mid-exchange rate quoted by the NBP for the end of the reporting period.

EUR/PLN MID-EXCHANGE RATES QUOTED BY THE NATIONAL BANK OF POLAND

	Sep 30 2013	Dec 31 2012	Sep 30 2012
Average exchange rate for the period	4.2231	4.1736	4.1948
Exchange rate at end of the period	4.2163	4.0882	4.1138

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Q3 2013 Jul 1– Sep 30 2013 unaudited	Q1-Q3 2013 Jan 1– Sep 30 2013 unaudited	Q3 2012 Jul 1– Sep 30 2012 restated	Q1-Q3 2012 Jan 1– Sep 30 2012 restated
Revenue	**6,213**	**23,003**	**5,300**	**20,064**
Raw material and consumables used	(3,451)	(14,106)	(3,409)	(14,055)
Employee benefit expense	(697)	(2,115)	(650)	(2,007)
Depreciation and amortisation expense	(591)	(1,753)	(503)	(1,507)
Services	(711)	(2,224)	(698)	(2,185)
Work performed by the entity and capitalised	240	664	214	647
Other income and expenses	(122)	(414)	(255)	(936)
Total operating expenses	**(5,332)**	**(19,948)**	**(5,301)**	**(20,043)**
Operating profit/(loss)	**881**	**3,055**	**(1)**	**21**
Finance income	(74)	76	75	144
Finance costs	(3)	(386)	(46)	(242)
Share in net profit/(loss) of equity-accounted entities	6	(36)	(1)	86
Profit/(loss) before tax	**810**	**2,709**	**27**	**9**
Income tax	(156)	(627)	50	113
Net profit/(loss)	**654**	**2,082**	**77**	**122**
Attributable to:				
Owners of the parent	654	2,079	79	127
Non-controlling interests	-	3	(2)	(5)
Earnings/(loss) and **diluted earnings/(loss)** per share attributable to holders of ordinary shares in the parent (PLN)	0.11	0.35	0.01	0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2013 Jul 1– Sep 2013 unaudited	Q1-Q3 2013 Jan 1– Sep 30 2013 unaudited	Q3 2012 Jul 1– Sep 30 2012 restated	Q1-Q3 2012 Jan 1– Sep 30 2012 restated
Net profit/(loss)	**654**	**2,082**	**77**	**122**
Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:	**(100)**	**34**	**(116)**	**(201)**
Exchange differences on translating foreign operations	(44)	(6)	(15)	(1)
Hedge accounting	(68)	50	(125)	(247)
Remeasurement of financial assets available for sale	-	-	-	-
Deferred tax	12	(10)	24	47
Other comprehensive income that will not be reclassified to profit or loss, relating to:	**-**	**(6)**	**-**	**(2)**
Actuarial gains/(losses) on employee benefits	-	(7)	-	(2)
Deferred tax	-	1	-	-
Other comprehensive income, net	**(100)**	**28**	**(116)**	**(203)**
Total comprehensive income	**554**	**2,110**	**(39)**	**(81)**
Attributable to:				
Owners of the parent	554	2,107	(37)	(76)
Non-controlling interests	-	3	(2)	(5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at **Sep 30 2013** / end of Q3 2013/ unaudited	As at **Dec 31 2012** / end of previous year/ restated
ASSETS		
Non-current assets		
Property, plant and equipment	33,708	33,784
Investment property	9	11
Intangible assets	1,171	1,146
Investments in equity-accounted associates	736	771
Financial assets available for sale	53	48
Other financial assets	190	124
Deferred tax assets	1,079	1,135
Other non-current assets	85	76
Total non-current assets	**37,031**	**37,095**
Current assets		
Inventories	3,913	3,064
Trade and other receivables	3,320	5,374
Current tax assets	111	150
Other assets	273	84
Financial assets available for sale	-	-
Derivative financial instrument assets	259	105
Cash and cash equivalents	1,898	1,948
Assets held for sale	104	108
Total current assets	**9,878**	**10,833**
Total assets	**46,909**	**47,928**
LIABILITIES AND EQUITY		
Equity		
Share capital	5,900	5,900
Share premium	1,740	1,740
Accumulated other comprehensive income	(122)	(150)
Retained earnings/(deficit)	21,014	19,702
Equity attributable to owners of the parent	**28,532**	**27,192**
Equity attributable to non-controlling interests	7	4
Total equity	**28,539**	**27,196**
Non-current liabilities		
Borrowings and other debt instruments	5,637	5,509
Employee benefit obligations	367	381
Provisions	1,717	1,792
Deferred income	1,412	1,448
Deferred tax liabilities	1,991	1,936
Other non-current liabilities	51	53
Total non-current liabilities	**11,175**	**11,119**
Current liabilities		
Trade and other payables	3,889	3,667
Borrowings and other debt instruments	1,812	4,702
Derivative financial instrument liabilities	163	393
Current tax liabilities	178	24
Employee benefit obligations	330	356
Provisions	445	350
Deferred income	357	101
Liabilities related to assets held for sale	21	20
Total current liabilities	**7,195**	**9,613**
Total liabilities	**18,370**	**20,732**
Total liabilities and equity	**46,909**	**47,928**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Q1-Q3 2013 Jan 1– Sep 30 2013	**Q1-Q3 2012** Jan 1– Sep 30 2012
	unaudited	restated
Cash flows from operating activities		
Net profit/(loss)	2,082	122
Adjustments:		
Share in net profit/(loss) of equity-accounted entities	36	(86)
Depreciation and amortisation expense	1,753	1,507
Net foreign exchange gains/(losses)	102	(156)
Net interest and dividend	175	177
Gain/(loss) on investing activities	(127)	(146)
Current tax expense	627	(113)
Other items, net	45	89
Income tax expense	(361)	(177)
Cash flows from operating activities before changes in working capital	**4,332**	**1,217**
Change in working capital:		
Change in receivables	2,047	1,097
Change in inventories	(850)	(994)
Change in employee benefit obligations	(40)	112
Change in provisions	117	(46)
Change in current liabilities	(291)	(794)
Change in other assets	(204)	(96)
Change in deferred income	181	(48)
Net cash flows from operating activities	**5,292**	**448**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	116	150
Proceeds from disposal of shares in non-consolidated entities	1	-
Proceeds from disposal of short-term securities	-	21
Purchase of property, plant and equipment and intangible assets	(2,307)	(2,663)
Purchase of shares in non-consolidated entities	-	(15)
Dividends received	3	2
Purchase of shares in PGNiG TERMIKA S.A.	-	(3,018)
Other items, net	(8)	356
Net cash flows from investing activities	**(2,195)**	**(5,167)**
Cash flows from financing activities		
Proceeds from borrowings	356	167
Proceeds from issue of debt securities	1,256	8,633
Repayment of borrowings	(461)	(870)
Repayment of debt securities	(4,067)	(3,284)
Payment of finance lease liabilities	(41)	(38)
Cash inflow from derivative financial instruments	83	-
Cash outflow on derivative financial instruments	(91)	(73)
Dividend paid	-	(1)
Interest paid	(158)	(200)
Other items, net	(24)	(14)
Net cash flows from financing activities	**(3,147)**	**4,320**
Net change in cash	**(50)**	**(399)**
Exchange differences on cash and cash equivalents	-	(1)
Cash and cash equivalents at beginning of the period	**1,947**	**1,504**
Cash and cash equivalents at end of the period	**1,897**	**1,105**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity (attributable to owners of the parent)							Equity (attributable to non-controlling interests)	Total equity
			Accumulated other comprehensive income, including:						
	Share capital	Share premium	exchange differences on translating foreign operations	hedge accounting	actuarial gain/(loss) on employee benefits	Retained earnings/ (deficit)	**Total**		
As at Jan 1 2013 (restated)	**5,900**	**1,740**	**(31)**	**(59)**	**(60)**	**19,702**	**27,192**	**4**	**27,196**
Payment of dividend to owners	-	-	-	-	-	(767)	**(767)**	**-**	**(767)**
Total comprehensive income	**-**	**-**	**(6)**	**40**	**(6)**	**2,079**	**2,107**	**3**	**2,110**
Net profit/(loss) for Q1-Q3 2013	-	-	-	-	-	2,079	**2,079**	**3**	**2,082**
Other comprehensive income, net, for Q1-Q3 2013	-	-	(6)	40	(6)	-	**28**	**-**	**28**
As at Sep 30 2013 (unaudited)	**5,900**	**1,740**	**(37)**	**(19)**	**(66)**	**21,014**	**28,532**	**7**	**28,539**
As at Jan 1 2012 (restated)	**5,900**	**1,740**	**(29)**	**143**	**(73)**	**17,463**	**25,144**	**7**	**25,151**
Transfers	-	-	(2)	-	-	2	**-**	**-**	**-**
Payment of dividend to owners	-	-	-	-	-	-	**-**	**(1)**	**(1)**
Changes in the Group	-	-	-	-	-	-	**-**	**5**	**5**
Purchase of shares from non-controlling interests	-	-	-	-	-	-	**-**	**(2)**	**(2)**
Total comprehensive income	**-**	**-**	**(1)**	**(200)**		**127**	**(76)**	**(5)**	**(81)**
Net profit/(loss) for Q1-Q3 2012	-	-	-	-	-	127	**127**	**(5)**	**122**
Other comprehensive income, net, for Q1-Q3 2012	-	-	(1)	(200)	(2)	-	**(203)**	**-**	**(203)**
As at Sep 30 2012 (unaudited)	**5,900**	**1,740**	**(32)**	**(57)**	**(73)**	**17,592**	**25,068**	**4**	**25,072**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Deferred tax

Deferred tax assets and liabilities	Deferred tax assets	Deferred tax liabilities
As at Jan 1 2013	**1,135**	**1,936**
Increase	66	75
Decrease	(97)	(23)
Exchange differences on translating deferred tax attributable to foreign operations	(28)	-
Reclassifications	3	3
As at Sep 30 2013	**1,079**	**1,991**
As at Jan 1 2012	**936**	**1,572**
Increase	267	36
Decrease	(15)	(53)
Exchange differences on translating deferred tax attributable to foreign operations	(6)	-
Deferred tax charged to non-current assets (Norway)	13	-
Deferred tax charged to current tax assets (Norway)	(89)	-
Changes in the Group	30	384
Reclassifications	(1)	(3)
As at Dec 31 2012	**1,135**	**1,936**

2. Impairment losses

	Property, plant and equipment and intangible assets (including assets held for sale)	Investments in equity-accounted associates	Non-current financial assets available for sale	Inventories	Current receivables	Current portion of non-current loans	**Total**
As at Jan 1 2013	**1,220**	**811**	**42**	**29**	**866**	**29**	**2,997**
Increase	171	5	-	17	289	2	**484**
Decrease	(281)	-	-	(9)	(471)	-	**(761)**
As at Sep 30 2013	**1,110**	**816**	**42**	**37**	**684**	**31**	**2,720**
As at Jan 1 2012	**1,056**	**931**	**38**	**20**	**755**	**29**	**2,829**
Increase	608	-	4	55	379	1	**1,047**
Decrease	(466)	(120)	-	(46)	(270)	(1)	**(903)**
Currency translation differences	(1)	-	-	-	-	-	**(1)**
Changes in the Group	23	-	-	-	2	-	**25**
As at Dec 31 2012	**1,220**	**811**	**42**	**29**	**866**	**29**	**2,997**

3. Provisions

	Provision for well decommissioning costs	Provision for a penalty imposed by the Office for Competition and Consumer Protection	Provision for environmental liabilities	Provision for claims under extra-contractual use of land	Provision for a dispute with the PBG Consortium	Other provisions	**Total**
As at Jan 1 2013	**1,661**	**60**	**94**	**77**	**-**	**250**	**2,142**
Increase	(67)	-	-	24	-	172	**129**
Decrease	(29)	-	(5)	(14)	-	(53)	**(101)**
Currency translation differences	(8)	-	-	-	-	-	**(8)**
As at Sep 30 2013	**1,557**	**60**	**89**	**87**	**-**	**369**	**2,162**
As at Jan 1 2012	**1,237**	**-**	**118**	**62**	**22**	**104**	**1,543**
Increase	463	60	8	42	-	145	**718**
Decrease	(36)	-	(32)	(27)	(22)	(33)	**(150)**
Currency translation differences	(3)	-	-	-	-	-	**(3)**
Changes in the Group	-	-	-	-	-	34	**34**
As at Dec 31 2012	**1,661**	**60**	**94**	**77**	**-**	**250**	**2,142**

4. Revenue

	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
High-methane gas	17,156	15,545
Nitrogen-rich gas	1,039	966
Crude oil	1,676	920
Helium	135	108
Propane-butane gas	51	47
Natural gasoline	4	5
LNG	44	38
CNG	23	23
NGL	73	-
Electricity	889	542
Heat	732	636
Certificates of origin for electricity	28	151
Gas storage services	32	28
Geophysical and geological services	179	252
Drilling and well servicing services	432	390
Merchandise and materials	19	19
Other products and services	491	394
Total	**23,003**	**20,064**

5. Operating expenses

Raw material and consumables used	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
Cost of gas sold	(12,540)	(12,761)
Fuels for electricity and heat generation	(633)	(662)
Other raw material and consumables used	(933)	(632)
Total	**(14,106)**	**(14,055)**

Services	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
Transmission services	(1,095)	(1,075)
Costs of dry wells written off	(88)	(62)
Other services	(1,041)	(1,048)
Total	**(2,224)**	**(2,185)**

6. Income tax expense

	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
Profit/(loss) before tax	2,709	9
Tax rate applicable in the period	19%	19%
Tax calculated at the applicable tax rate	(515)	(2)
Difference in tax rates	(11)	(5)
Investment tax credit (Norway)	(52)	147
Permanent differences between profit/(loss) before tax and tax base	(49)	(27)
Tax expense in the consolidated income statement	**(627)**	**113**
Current tax expense	(552)	(110)
Deferred tax expense	(75)	223
Effective tax rate	23.15%	-*

**As the tax charge recognised at the end of Q3 2012 was positive, the effective tax rate was not calculated in order to avoid incorrect interpretation.*

The significant year-on-year increase in the Group's “Profit/(loss) before tax” in Q3 2013 resulted in a year-on-year increase in “Tax expense in the consolidated income statement”.

7. Property, plant and equipment by categories

	As at **Sep 30 2013** / end of Q3 2013/	As at **Dec 31 2012** / end of previous year/
Land	76	70
Buildings and structures	17,551	16,522
Plant and equipment	8,907	4,530
Vehicles and other	1,237	1,244
Total tangible assets	**27,771**	**22,366**
Tangible assets under construction - exploration for and appraisal of mineral resources	2,413	2,371
Other tangible assets under construction	3,524	9,047
Total property, plant and equipment	**33,708**	**33,784**

8. Derivative financial instruments

The table below presents the list of banks and financial institutions with which the Parent executed ISDA (International Swaps and Derivatives Association) agreements or Polish Master Agreements prepared in accordance with the guidelines of the Polish Banks Association (PMA).

Bank	Agreement	Transaction types
Bank Handlowy S.A.	PMA	all
Barclays Bank plc	ISDA	all
BNP Paribas	ISDA	all
BRE BANK S.A.	PMA	all transactions (excluding commodity transactions)
BZ WBK S.A.	PMA	all
CA-CIB	ISDA	all
Credit Suisse	ISDA	all
DB Polska S.A.	PMA	currency transactions
DB AG	ISDA	all
GDF Suez Trading	ISDA	all
Goldman Sachs	ISDA	all
HSBC Bank Polska S.A.	PMA	all transactions (excluding commodity transactions)
ING Bank NV.	ISDA	all
Mitsubishi UFJ Securities Int. plc	ISDA	all
Morgan Stanley	ISDA	currency transactions
Millennium Bank S.A.	PMA	currency transactions
Natixis	ISDA	all
Nordea Bank Finland plc	ISDA	all
Pekao S.A.	PMA	all transactions (excluding commodity transactions)
PKO BP S.A.	PMA	all transactions (excluding commodity transactions)
Societe Generale	ISDA	all
SMBC Capital Markets, Inc.	ISDA	currency transactions

In the period January 1st–September 30th 2013, the following derivative transactions were executed:

- purchase of European currency call options;
- purchase of Asian currency call options;
- sale of currency forward;
- purchase of currency forward;
- purchase of currency forward settled based on the difference to the average price in a period;
- purchase of Asian commodity call options;
- zero-cost risk reversal strategy based on symmetrical commodity options;
- purchase of commodity swap settled based on the difference to the average price in a period;
- cross currency basis swap;
- purchase of interest rate swap.

The Group's derivative transactions are used to hedge commodity, currency and interest rate risk exposures. The volume of hedging transactions does not exceed the value of the hedged items in any of the periods.

Further, in the case of the Parent, all eligible transactions executed in the period January 1st–September 30th 2013 are covered by cash flow or fair value hedge accounting. In the period, the Parent was party to CCIRS transactions, entered into in previous periods. These transactions are not covered by hedge accounting, since the valuation of both the hedged item and the hedge (the derivative transaction) is recognised in profit or loss, which produces the same effect as if hedge accounting was applied.

The table below presents the Group companies' open derivative transactions as at September 30th 2013.

Hedged item	Notional amount in foreign	Currency/asset	Maturity date	Exercise price (exercise price range)	As at Sep 30 2013	Hedged risk
			Cross Currency Interest Rate Swap			
Euronotes	500	EUR	more than 3 years	4.1543	123	currency and interest rate risk
loan	730	NOK	1-3 years	0.5578	20	currency and interest rate risk
loan	3,900	NOK	3-6 months	0.5051	(108)	currency and interest rate risk
loan	1,150	NOK	3-6 months	0.5625	41	currency and interest rate risk
					76	
			Interest Rate Swap			
loan	1,200	PLN	more than 3 years	-	(16)	interest rate risk
loan	300	PLN	more than 3 years	-	1	interest rate risk
					(15)	
			Forward			
payments for gas	18	EUR	1-3 months	4.2588	(1)	currency risk
payments for gas	24	EUR	3-6 months	4.2889	(1)	currency risk
payments for gas	24	EUR	6-12 months	4.3150	(1)	currency risk
payments for gas	6	EUR	6-12 months	4.2475	-	currency risk
payments for gas	6	EUR	up to 1 month	4.2620	-	currency risk
payments for gas	5	EUR	up to 1 month	4.1565	-	currency risk
loan	333	NOK	1-3 months	0.5506	10	currency risk
payments for gas	5	EUR	3-6 months	4.2741	-	currency risk
payments for gas	5	EUR	3-6 months	4.2576	-	currency risk
payments for gas	14	EUR	up to 1 month	4.2251	-	currency risk
payments for gas	40	USD	1-3 months	3.2040	(3)	currency risk
payments for gas	10	USD	1-3 months	3.1283	-	currency risk
payments for gas	50	USD	3-6 months	3.2135	(3)	currency risk
payments for gas	10	USD	6-12 months	3.1671	-	currency risk
payments for gas	20	USD	6-12 months	3.1256	1	currency risk
payments for gas	50	USD	up to 1 month	3.1792	(3)	currency risk
payments for liabilities	1	EUR	3-6 months	4.4300	-	currency risk
					(1)	

Hedged item	Notional amount in foreign	Currency/asset	Maturity date	Exercise price (exercise price range)	As at Sep 30 2013	Hedged risk
			Call options			
payments for gas	100	USD	1-3 months	3.3734	1	currency risk
payments for gas	140	USD	3-6 months	3.3911	5	currency risk
payments for gas	80	USD	6-12 months	3.3725	5	currency risk
payments for gas	50	USD	up to 1 month	3.3764	-	currency risk
payments for gas	40	EUR	1-3 months	4.4007	1	currency risk
payments for gas	30	EUR	3-6 months	4.3861	1	currency risk
payments for gas	10	EUR	up to 1 month	4.4300	-	currency risk
payments for gas	139	EUR	1-3 months	4.3739	1	currency risk
payments for gas	182	EUR	3-6 months	4.4330	5	currency risk
payments for gas	127	EUR	6-12 months	4.4360	7	currency risk
payments for gas	61	EUR	up to 1 month	4.2779	-	currency risk
					26	
			Commodity call options			
payments for gas	0.025	FO	1-3 years	655.00	-	commodity price risk
payments for gas	0.138	FO	1-3 months	695.00	-	commodity price risk
payments for gas	0.150	FO	3-6 months	714.17	-	commodity price risk
payments for gas	0.405	FO	6-12 months	648.75	6	commodity price risk
payments for gas	0.074	FO	up to 1 month	701.67	-	commodity price risk
payments for gas	0.025	FO	1-3 years	557.50	-	commodity price risk
payments for gas	0.162	FO	6-12 months	569.75	(2)	commodity price risk
payments for gas	0.011	GO	1-3 years	985.00	-	commodity price risk
payments for gas	0.066	GO	1-3 months	1015.00	-	commodity price risk
payments for gas	0.084	GO	3-6 months	1052.50	-	commodity price risk
payments for gas	0.202	GO	6-12 months	959.17	6	commodity price risk
payments for gas	0.040	GO	up to 1 month	1055.00	-	commodity price risk
payments for gas	0.011	GO	1-3 years	822.00	-	commodity price risk
payments for gas	0.098	GO	6-12 months	829.00	(1)	commodity price risk
payments for gas	2.420	TTF	1-3 months	27.68	-	commodity price risk
payments for gas	4.760	TTF	3-6 months	28.15	2	commodity price risk
payments for gas	3.720	TTF	6-12 months	26.85	13	commodity price risk
payments for gas	0.355	TTF	up to 1 month	27.65	-	commodity price risk
					24	

Hedged item	Notional amount in foreign currency	Currency/asset	Maturity date	Exercise price (exercise price range)	As at Sep 30 2013	Hedged risk
			Swap commodity			
payments for gas	0.015	FO	3-6 months	609.00	-	commodity price risk
payments for gas	0.050	FO	3-6 months	604.56	1	commodity price risk
payments for gas	0.015	FO	6-12 months	609.75	-	commodity price risk
payments for gas	0.028	GO	3-6 months	869.05	4	commodity price risk
payments for gas	0.007	GO	6-12 months	876.00	1	commodity price risk
payments for gas	3.625	TTF	1-3 months	27.29	(5)	commodity price risk
payments for gas	0.880	TTF	1-3 months	27.22	1	commodity price risk
payments for gas	3.280	TTF	3-6 months	27.88	(6)	commodity price risk
payments for gas	1.480	TTF	3-6 months	27.38	1	commodity price risk
payments for gas	2.650	TTF	6-12 months	26.23	(6)	commodity price risk
payments for gas	1.000	TTF	6-12 months	25.94	2	commodity price risk
payments for gas	2.240	TTF	up to 1 month	26.82	(7)	commodity price risk
					(14)	
Total valuation					**96**	
		including disclosed in:		**assets**	**259**	
				liabilities	**(163)**	

FO – Fuel Oil
GO – Gasoil
TTF – Natural Gas at the Title Transfer Facility

The effect of the valuation of derivative instruments on profit or loss is presented in the table below.

	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
Net gain/(loss) on valuation of derivative financial instruments – unrealised	194	141
Net gain/(loss) on valuation of derivative financial instruments – realised	(120)	(107)
Total net gain/(loss) on valuation of derivative financial instruments recognised in profit or loss	**74**	**34**
including:		
recognised in raw material and consumables used	(30)	122
recognised in other income and expenses	86	(81)
recognised in finance income or costs	18	(7)
Net gain/(loss) on valuation of derivative financial instruments recognised in other comprehensive income -– unrealised	**50**	**(247)**
Total net gain/(loss) on valuation of derivative financial instruments recognised in equity	**124**	**(213)**

9. Listing and explanation of differences between the data disclosed in the financial statements and in the comparative financial data, and the data disclosed in previously published financial statements

Change in the presentation of seismic survey and licence expenses

In the interim condensed consolidated financial statements for Q3 2013, the Group made changes to comparative financial data relating to the presentation of expenses on:

- seismic surveys,
- licences,
- rights to geological information,
- mineral-extraction rights.

Until 2012, in line with the accounting policies, seismic survey and licence expenses were charged directly to profit or loss when incurred, while rights to geological information and mineral-extraction rights were recognised as other assets.

Given the intensified exploration for unconventional gas, leading to potential development of unconventional gas fields, as well as the need to improve comparability of the Group's financial results with results published by peer companies, as of 2012 the Group presents these expenses in the following manner:

- expenses on seismic surveys are capitalised as exploration and evaluation assets,
- expenses on licences, rights to geological information and mineral-extraction rights are capitalised and presented under intangible assets.

The changes are presented retrospectively, in correspondence with retained earnings.

Change in the presentation of employee benefit obligations

The Group also made presentation changes with respect to employee benefits. Until 2012, a part of the employee benefit expense provisions had been recognised in the income statement as other expenses/income. In 2012, the Group presented this part of expenses/income in the income statement under "Employee benefit expense", while the obligations were carried under "Employee benefit obligations" in the statement of financial position.

Application of IAS 19 Employee Benefits

The Group made changes in the comparative data following the first-time adoption of the revised IAS 1 Presentation of Financial Statements and IAS 19 Employee Benefits. The effect of the application of the revised standards is discussed in Note *III.3.1. First-time adoption of standards and interpretations*

Change in the presentation of electricity trading

The Group has also introduced presentation changes with respect to electricity trading. Until 2013, the cost of purchase of electricity for trading was presented in the income statement in "Other income and expenses". Since 2013, it has been presented in the income statement under "Raw material and consumables used".

Transfer of an entity between the reporting segments

On July 1st 2013, INVESTGAS S.A. (target company) was merged with Operator Systemu Magazynowania Sp. z o.o. (acquiring company). Accordingly, in the presentation of the comparative period in the Reporting Segments note, INVESTGAS S.A. was transferred from Other Segments to Trade and Storage.

The purpose of the above changes was to increase the transparency and usefulness of data shown in the financial statements.

As a result of the changes, adjustments were made to comparative data for the relevant periods of 2012, as presented below.

Earnings/(loss) and diluted earnings/(loss) per share attributable to owners of the parent (PLN) – restatement of comparative data

	Jan 1– Sep 30 2012 **before the change**	Jan 1– Sep 30 2012 **following the change**
Earnings/(loss) and diluted earnings/(loss) per share attributable to owners of the parent (PLN)	0.01	0.02

CONSOLIDATED INCOME STATEMENT – RESTATEMENT OF COMPARATIVE DATA

	Jan 1–Sep 30 2012 **before the change**	Adjustments ensuring comparability - presentation change - employee benefit obligations	Adjustments ensuring comparability - seismic surveys, licences	Adjustments ensuring comparability - change of IAS 19	Change in the presentation of electricity trading	Jan 1–Sep 30 2012 **following the change**
Revenue	**20,064**	**-**	**-**	**-**	**-**	**20,064**
Raw material and consumables used	(13,984)	-	-	-	(71)	(14,055)
Employee benefit expense	(2,018)	7	-	4	-	(2,007)
Depreciation and amortisation expense	(1,507)	-	-	-	-	(1,507)
Services	(2,193)	-	8	-	-	(2,185)
Work performed by the entity and capitalised	561	-	86	-	-	647
Other income and expenses	(1,000)	(7)	-	-	71	(936)
Total operating expenses	**(20,141)**	**-**	**94**	**4**	**-**	**(20,043)**
Operating profit/(loss)	**(77)**	**-**	**94**	**4**	**-**	**21**
Finance income	144	-	-	-	-	144
Finance costs	(242)	-	-	-	-	(242)
Share in net profit/(loss) of equity-accounted entities	86	-	-	-	-	86
Profit/(loss) before tax	**(89)**	**-**	**94**	**4**	**-**	**9**
Income tax	137	-	(23)	(1)	-	113
Net profit/(loss)	**48**	**-**	**71**	**3**	**-**	**122**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – RESTATEMENT OF COMPARATIVE DATA

	Jan 1– Sep 30 2012 **before the change**	Adjustments ensuring comparability - seismic surveys, licences	Adjustments ensuring comparability - change of IAS 19	Jan 1– Sep 30 2012 **following the change**
Net profit/(loss)	**48**	**71**	**3**	**122**
Other comprehensive income, net	**(201)**	**-**	**(2)**	**(203)**
including:				
Exchange differences on translating foreign operations	(1)	-	-	(1)
Actuarial gains/(losses) on employee benefits inclusive of tax	-	-	(2)	(2)
Total comprehensive income	**(153)**	**71**	**1**	**(81)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – RESTATEMENT OF COMPARATIVE DATA

	As at Dec 31 2012 **before the change**	Adjustments ensuring comparability - change of IAS 19	As at Dec 31 2012 **following the change**
ASSETS			
Total non-current assets	**37,084**	**11**	**37,095**
including:			
Deferred tax assets	1,124	11	1,135
Total current assets	**10,833**	**-**	**10,833**
Total assets	**47,917**	**11**	**47,928**
LIABILITIES AND EQUITY			
Total equity	**27,247**	**(51)**	**27,196**
including:			
Accumulated other comprehensive income	(90)	(60)	(150)
Retained earnings/(deficit)	19,693	9	19,702
Total non-current liabilities	**11,057**	**62**	**11,119**
including:			
Employee benefit obligations	319	62	381
Total current liabilities	**9,613**	**-**	**9,613**
including:			
Employee benefit obligations	356	-	356
Total liabilities	**20,670**	**62**	**20,732**
Total liabilities and equity	**47,917**	**11**	**47,928**

CONSOLIDATED STATEMENT OF CASH FLOWS – RESTATEMENT OF COMPARATIVE DATA

	Jan 1–Sep 30 2012 **before the change**	Adjustments ensuring comparability - seismic surveys, licences	Adjustments ensuring comparability - change of IAS 19	Jan 1–Sep 30 2012 **following the change**
Net cash flows from operating activities	**354**	**94**	**-**	**448**
including:				
Net profit/(loss)	48	71	3	122
Current tax expense	(137)	23	1	(113)
Other items, net	89	3	(2)	90
Change in working capital	(764)	(3)	(2)	(769)
Net cash flows from investing activities	**(5,073)**	**(94)**	**-**	**(5,167)**
including:				
Acquisition of property, plant and equipment and intangible assets	(2,569)	(94)	-	(2,663)
Net cash flows from financing activities	**4,320**	**-**	**-**	**4,320**
Net change in cash	**(399)**	**-**	**-**	**(399)**
Cash and cash equivalents at beginning of the period	1,504	-	-	1,504
Cash and cash equivalents at end of the period	**1,105**	**-**	**-**	**1,105**

Reportable segments – restatement of comparative data

Period ended September 30th 2012	Exploration and Production	Trade and Storage	Distribution	Generation	Other segments	Eliminations	Total
Operating profit/(loss) before the changes	**1,211**	**(1,784)**	**550**	**(32)**	**(32)**	**10**	**(77)**
Changes, including	**95**	**9**	**3**	**(1)**	**(8)**	**-**	**98**
Adjustments ensuring comparability - seismic surveys and licences	94	-	-	-	-	-	**94**
Adjustments ensuring comparability - change of IAS 19	1	1	3	(1)	-	-	**4**
Transfer of INVESTGAS S.A. from Other Segments to Trade and Storage*	-	8	-	-	(8)	-	**-**
Segment's operating profit/(loss) after the changes	**1,306**	**(1,775)**	**553**	**(33)**	**(40)**	**10**	**21**
Segment's assets before the changes	**15,189**	**15,442**	**12,576**	**4,247**	**419**	**(6,842)**	**41,031**
Changes, including	**986**	**58**	**-**	**-**	**(62)**	**16**	**998**
Adjustments ensuring comparability - seismic surveys and licences	986	12	-	-	-	-	**998**
Transfer of INVESTGAS S.A. from Other Segments to Trade and Storage*	-	46	-	-	(62)	16	**-**
Segment's assets after the changes	**16,175**	**15,500**	**12,576**	**4,247**	**357**	**(6,826)**	**42,029**
Segment's liabilities before the changes	**5,256**	**2,655**	**2,032**	**2,723**	**145**	**(6,512)**	**6,299**
Changes, including	**23**	**24**	**48**	**1**	**(31)**	**16**	**81**
Adjustments ensuring comparability - change of IAS 19	23	9	48	1	-	-	**81**
Transfer of INVESTGAS S.A. from Other Segments to Trade and Storage*	-	15	-	-	(31)	16	**-**
Segment's liabilities after the changes	**5,279**	**2,679**	**2,080**	**2,724**	**114**	**(6,496)**	**6,380**

* The change results from the merger of INVESTGAS S.A. and OSM Sp. z o.o. in Q3 2013

II. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

SEPARATE INCOME STATEMENT

	Q3 2013 Jul 1–Sep 2013	**Q1-Q3 2013** Jan 1– Sep 30 2013	**Q3 2012** Jul 1– Sep 30 2012	**Q1-Q3 2012** Jan 1– Sep 30 2012
	unaudited	unaudited	restated	restated
Revenue	**5,258**	**19,828**	**4,863**	**18,045**
Raw material and consumables used	(3,189)	(12,093)	(3,121)	(12,811)
Employee benefit expense	(250)	(636)	(169)	(574)
Depreciation and amortisation expense	(186)	(539)	(149)	(423)
Services	(1,260)	(4,461)	(1,155)	(4,109)
Work performed by the entity and capitalised	-	7	3	8
Other income and expenses	335	(88)	(113)	(540)
Total operating expenses	**(4,550)**	**(17,810)**	**(4,704)**	**(18,449)**
Operating profit/(loss)	**708**	**2,018**	**159**	**(404)**
Finance income	208	858	159	652
Finance costs	(180)	(460)	(27)	(188)
Profit/(loss) before tax	**736**	**2,416**	**291**	**60**
Income tax	(130)	(384)	(23)	56
Net profit/(loss)	**606**	**2,032**	**268**	**116**
Earnings/(loss) and **diluted earnings/(loss)** per share (PLN) attributable to holders of ordinary shares in the parent (PLN)	0.10	0.34	0.05	0.02

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Q3 2013 Jul 1–Sep 2013	**Q1-Q3 2013** Jan 1– Sep 30 2013	**Q3 2012** Jul 1– Sep 30 2012	**Q1-Q3 2012** Jan 1– Sep 30 2012
	unaudited	unaudited	restated	restated
Net profit/(loss)	**606**	**2,032**	**268**	**116**
Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:	**(76)**	**30**	**(108)**	**(207)**
Exchange differences on translating foreign operations	(20)	(10)	(7)	(7)
Hedge accounting	(68)	50	(125)	(247)
Deferred tax	12	(10)	24	47
Other comprehensive income that will not be reclassified to profit or loss, relating to:	**-**	**(2)**	**-**	**1**
Actuarial gains/(losses) on employee benefits	-	(3)	-	1
Deferred tax	-	1	-	-
Other comprehensive income, net	**(76)**	**28**	**(108)**	**(206)**
Total comprehensive income	**530**	**2,060**	**160**	**(90)**

SEPARATE STATEMENT OF FINANCIAL POSITION

	As at **Sep 30 2013** end of Q3 2013 unaudited	As at **Dec 31 2012** end of previous year restated
ASSETS		
Non-current assets		
Property, plant and equipment	14,146	14,099
Investment property	1	2
Intangible assets	230	204
Financial assets available for sale	8,159	7,246
Other financial assets	5,088	5,780
Deferred tax assets	357	397
Other non-current assets	44	47
Total non-current assets	**28,025**	**27,775**
Current assets		
Inventories	3,200	2,427
Trade and other receivables	3,089	5,185
Current tax assets	-	24
Other assets	45	18
Derivative financial instrument assets	274	105
Cash and cash equivalents	975	1,043
Assets held for sale	68	73
Total current assets	**7,651**	**8,875**
Total assets	**35,676**	**36,650**
LIABILITIES AND EQUITY		
Equity		
Share capital	5,900	5,900
Share premium	1,740	1,740
Accumulated other comprehensive income	(38)	(66)
Retained earnings/(deficit)	15,658	14,393
Total equity	**23,260**	**21,967**
Non-current liabilities		
Borrowings and other debt instruments	4,466	4,390
Employee benefit obligations	98	89
Provisions	1,488	1,576
Deferred income	538	559
Deferred tax liabilities	628	632
Other non-current liabilities	43	41
Total non-current liabilities	**7,261**	**7,287**
Current liabilities		
Trade and other payables	2,751	2,774
Borrowings and other debt instruments	1,738	3,879
Derivative financial instrument liabilities	163	393
Current tax liabilities	151	-
Employee benefit obligations	107	191
Provisions	241	154
Deferred income	4	5
Total current liabilities	**5,155**	**7,396**
Total liabilities	**12,416**	**14,683**
Total liabilities and equity	**35,676**	**36,650**

SEPARATE STATEMENT OF CASH FLOWS

	Q1-Q3 2013 Jan 1– Sep 30 2013 unaudited	Q1-Q3 2012 Jan 1– Sep 30 2012 restated
Cash flows from operating activities		
Net profit/(loss)	2,032	116
Adjustments:		
Depreciation and amortisation expense	539	423
Net foreign exchange gains/(losses)	287	1
Net interest and dividend paid	(392)	(356)
Gain/(loss) on investing activities	(124)	(143)
Current tax expense	384	(56)
Other items, net	(216)	5
Income tax expense	(186)	(13)
Cash flows from operating activities before changes in working capital	**2,324**	**(23)**
Change in working capital:		
Change in receivables	2,062	718
Change in inventories	(773)	(847)
Change in employee benefit obligations	(74)	(17)
Change in provisions	96	42
Change in current liabilities	(624)	(639)
Change in other assets	(31)	(25)
Change in deferred income	(4)	5
Net cash flows from operating activities	**2,976**	**(786)**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	98	141
Proceeds from disposal of shares in non-consolidated entities	1	1
Purchase of property, plant and equipment and intangible assets	(526)	(744)
Payments for tangible assets under construction - exploration for and evaluation of mineral resources	(529)	(388)
Purchase of shares in related entities	(914)	(790)
Decrease in loans advanced	1,128	52
Increase in loans advanced	(390)	(2,813)
Cash inflow from derivative financial instruments	110	96
Cash outflow on derivative financial instruments	(131)	(115)
Interest received	90	16
Dividends received	342	301
Proceeds from finance lease	35	4
Other items, net	6	203
Net cash flows from investing activities	**(680)**	**(4,036)**
Cash flows from financing activities		
Proceeds from borrowings	-	2,089
Proceeds from issue of debt securities	1,451	6,188
Repayment of borrowings	(72)	-
Repayment of debt securities	(3,566)	(3,580)
Cash inflow from derivative financial instruments	83	-
Cash outflow on derivative financial instruments	(91)	(73)
Interest paid	(176)	(226)
Other items, net	7	(1)
Net cash flows from financing activities	**(2,364)**	**4,397**
Net change in cash	**(68)**	**(425)**
Cash and cash equivalents at beginning of the period	**1,043**	**935**
Cash and cash equivalents at end of the period	**975**	**510**

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Accumulated other comprehensive income, including: exchange differences on translating foreign operations	hedge accounting	actuarial gains/(losses) on employee benefits	Retained earnings/ (deficit)	**Total equity**
As at Jan 1 2013 (restated)	**5,900**	**1,740**	**-**	**(59)**	**(7)**	**14,393**	**21,967**
Payment of dividend to owners	-	-	-	-	-	(767)	**(767)**
Total comprehensive income	**-**	**-**	**(10)**	**40**	**(2)**	**2,032**	**2,060**
Net profit/(loss) for Q1-Q3 2013	-	-	-	-	-	2,032	**2,032**
Other comprehensive income, net, for Q1-Q3 2013	-	-	(10)	40	(2)	-	**28**
As at Sep 30 2013 (unaudited)	**5,900**	**1,740**	**(10)**	**(19)**	**(9)**	**15,658**	**23,260**
As at Jan 1 2012 (restated)	**5,900**	**1,740**	**9**	**143**	**(17)**	**12,478**	**20,253**
Total comprehensive income	**-**	**-**	**(7)**	**(200)**	**1**	**116**	**(90)**
Net profit/(loss) for Q1-Q3 2012	-	-	-	-	-	122	**122**
Other comprehensive income, net, for Q1-Q3 2012	-	-	(7)	(200)	1	-	**(206)**
Effect of business combination	-	-	-	-	-	(6)	**(6)**
As at Sep 30 2012 (unaudited)	**5,900**	**1,740**	**2**	**(57)**	**(16)**	**12,594**	**20,163**

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

1. Deferred tax

Deferred tax assets and liabilities	Deferred tax assets	Deferred tax liabilities
As at Jan 1 2013	**397**	**632**
Increase	31	50
Decrease	(71)	(54)
As at Sep 30 2013	**357**	**628**
As at Jan 1 2012	**347**	**496**
Increase	76	198
Decrease	(26)	(62)
As at Dec 31 2012	**397**	**632**

2. Impairment losses

Impairment losses on assets	Property, plant and equipment and intangible assets	Non-current assets held for sale	Non-current financial assets available for sale	Inventories	Current receivables	Current portion of non-current loans	Total
As at Jan 1 2013	**1,143**	**19**	**1,637**	**4**	**757**	**29**	**3,589**
Increase	169	-	-	2	265	2	**438**
Decrease	(277)	-	-	-	(443)	-	**(720)**
Effect of business combination	1	-	-	-	-	-	**1**
As at Sep 30 2013	**1,036**	**19**	**1,637**	**6**	**579**	**31**	**3,308**
As at Jan 1 2012	**997**	**-**	**1,661**	**4**	**665**	**29**	**3,356**
Increase	593	-	45	38	318	1	**995**
Transfers	-	19	(19)	-	-	-	**-**
Decrease	(447)	-	(50)	(38)	(226)	(1)	**(762)**
As at Dec 31 2012	**1,143**	**19**	**1,637**	**4**	**757**	**29**	**3,589**

3. Provisions

	Provision for well decommissioning costs	Provision for a penalty imposed by the Office for Competition and Consumer Protection	Provision for environmental liabilities	Provision for claims under extra-contractual use of land	Provision for a dispute with the PBG Consortium	Provision for energy savings certificates	Other	Total
As at Jan 1 2013	**1,538**	**60**	**46**	**16**	**-**	**-**	**70**	**1,730**
Increase	(67)	-	-	-	-	99	27	**59**
Decrease	(29)	-	(3)	-	-	-	(30)	**(62)**
Effect of business combination	-	-	-	-	-	-	2	**2**
As at Sep 30 2013	**1,442**	**60**	**43**	**16**	**-**	**99**	**69**	**1,729**
As at Jan 1 2012	**1,116**	**-**	**42**	**23**	**22**	**-**	**41**	**1,244**
Increase	459	60	4	1	-	-	37	**561**
Decrease	(37)	-	-	(8)	(22)	-	(8)	**(75)**
As at Dec 31 2012	**1,538**	**60**	**46**	**16**	**-**	**-**	**70**	**1,730**

4. Revenue

	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
High-methane gas	15,955	15,577
Nitrogen-rich gas	1,043	970
Crude oil	1,501	937
Helium	134	108
Propane-butane gas	52	48
Natural gasoline	4	5
LNG	44	38
Electricity	474	65
Entitlement to operate storage facilities	415	179
Merchandise and materials	71	7
Other sales of products and services	135	111
Total	**19,828**	**18,045**

5. Operating expenses

Raw material and consumables used	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
Cost of gas sold	(11,528)	(12,648)
Other raw material and consumables used	(565)	(163)
Total	**(12,093)**	**(12,811)**

Services	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
Transmission services	(3,488)	(3,464)
Costs of dry wells written off	(89)	(31)
Other services	(884)	(614)
Total	**(4,461)**	**(4,109)**

6. Income tax expense

	Jan 1–Sep 30 2013	Jan 1–Sep 30 2012
Profit/(loss) before tax	2,416	60
Tax rate applicable in the period	19%	19%
Tax calculated at the applicable tax rate	(459)	(11)
Permanent differences between profit/(loss) before tax and tax base	75	67
Tax expense in the income statement	**(384)**	**56**
Current tax expense	(356)	-
Deferred tax expense	(28)	56
Effective tax rate	16%	-*

**As the tax charge recognised at the end of Q3 2012 was positive, the effective tax rate was not calculated in order to avoid incorrect interpretation.*

7. Property, plant and equipment by categories

	As at **Sep 30 2013** / end of Q3 2013/	As at **Dec 31 2012** / end of previous year/
Land	30	26
Buildings and structures	7,012	6,076
Plant and equipment	2,165	1,414
Vehicles and other	126	122
Total tangible assets	**9,333**	**7,638**
Tangible assets under construction - exploration for and appraisal of mineral resources	2,127	2,151
Other tangible assets under construction	2,686	4,310
Total property, plant and equipment	**14,146**	**14,099**

8. Listing and explanation of differences between the data disclosed in the financial statements and in the comparative financial data, and the data disclosed in previously published financial statements

In these financial statements the data for the comparative period has been restated following a change in the accounting policies applied by the Company in 2012 (see Note I.9) and following the merger of PGNiG Energia S.A. (target company) with PGNiG S.A. (acquiring company) effected on July 23rd 2013. As a result, the following adjustments were made in the comparative data disclosed in the income statement for Q3 2012.

Earnings/(loss) and diluted earnings/(loss) per share attributable to owners of the parent (PLN) – restatement of comparative data

	Jan 1– Sep 30 2012 **before the change**	Jan 1– Sep 30 2012 **following the change**
Earnings/(loss) and diluted earnings/(loss) per share attributable to owners of the parent (PLN)	0.01	0.02

SEPARATE INCOME STATEMENT – RESTATEMENT OF COMPARATIVE DATA

	Jan 1– Sep 30 2012 **before the change**	Adjustments ensuring comparability - presentation change - employee benefit obligations	Adjustments ensuring comparability - seismic surveys, licences	Adjustments ensuring comparability - change of IAS 19	Effect of business combination	Jan 1–Sep 30 2012 **following the change**
Revenue	**17,980**	**-**	**-**	**-**	**65**	**18,045**
Raw material and consumables used	(12,748)	-	-	-	(63)	(12,811)
Employee benefit expense	(569)	(1)	-	2	(6)	(574)
Depreciation and amortisation expense	(422)	-	-	-	(1)	(423)
Services	(4,195)	-	89	-	(3)	(4,109)
Work performed by the entity and capitalised	8	-	-	-	-	8
Other income and expenses, net	(541)	1	-	-	(1)	(540)
Total operating expenses	**(18,467)**	**-**	**89**	**2**	**(71)**	**(18,449)**
Profit/(loss) Operating profit/(loss)	**(487)**	**-**	**89**	**2**	**(6)**	**(404)**
Finance income	652	-	-	-	-	652
Finance costs	(188)	-	-	-	-	(188)
Profit/(loss) before tax	**(23)**	**-**	**89**	**2**	**(6)**	**60**
Income tax	73	-	(17)	-	-	56
Net profit/(loss)	**49**	**-**	**72**	**2**	**(6)**	**116**

The Company has applied the amended IAS 19 since January 1st 2013. As a result, the comparative data disclosed in the statement of financial position as at December 31st 2012 was restated by making the following adjustments:

SEPARATE STATEMENT OF FINANCIAL POSITION - RESTATEMENT OF COMPARATIVE DATA

	As at Dec 31 2012 **before the change**	Adjustments ensuring comparability - change of IAS 19	Effect of business combination	As at Dec 31 2012 **following the change**
ASSETS				
Total non-current assets	**27,789**	**2**	**(16)**	**27,775**
Property, plant and equipment	14,098	-	1	14,099
Financial assets available for sale	7,263	-	(17)	7,246
Deferred tax assets	395	2	-	397
Total current assets	**8,852**	**-**	**23**	**8,875**
Trade and other receivables	5,172	-	13	5,185
Other assets	17	-	1	18
Cash and cash equivalents	1,034	-	9	1,043
Total assets	**36,641**	**2**	**7**	**36,650**
LIABILITIES AND EQUITY				
Total equity	**21,981**	**(7)**	**(7)**	**21,967**
Accumulated other comprehensive income	(59)	(7)	-	(66)
Retained earnings/(deficit)	14,400	-	(7)	14,393
Total non-current liabilities	**7,278**	**9**	**-**	**7,287**
Employee benefit obligations	81	9	-	89
Total current liabilities	**7,382**	**-**	**14**	**7,396**
Trade and other payables	2,763	-	11	2,774
Employee benefit obligations	190	-	1	191
Provisions	152	-	2	154
Total liabilities	**14,660**	**9**	**14**	**14,683**
Total liabilities and equity	**36,641**	**2**	**7**	**36,650**

III. ADDITIONAL INFORMATION TO THE INTERIM REPORT

1. Basis of preparation and format of the financial statements contained in this report

These interim condensed consolidated financial statements and interim condensed separate financial statements for Q3 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. No. 33, item 259, as amended).

This report presents the financial standing of the PGNiG Group (the "Group", the "PGNiG Group") as at September 30th 2013 and for the period January 1st-September 30th 2013, along with the comparative data for the corresponding periods in 2012.

The financial data is stated in the Polish złoty (PLN), and all amounts, unless indicated otherwise, are stated in millions of the złoty. Differences, if any, between the totals and the sum of particular items are due to rounding off.

These financial statements of the PGNiG Group have been prepared based on the assumption that PGNiG S.A. (“PGNiG S.A.”, the “Company”, the “Parent”) and its subsidiaries will continue as going concerns for at least 12 months subsequent to the balance-sheet date. As at the date of approval of these financial statements, no facts and circumstances were identified which would indicate any threat to the Group’s continuing as a going concern.

This interim report for Q3 2013 has been approved for publication by the Parent's Management Board on November 14th 2013.

2. Adopted accounting policies

The policies applied to prepare these interim condensed consolidated financial statements and interim condensed separate financial statements are consistent with the general policies applied to draw up the annual consolidated financial statements for the year ended December 31st 2012, published on March 19th 2013, except to the extent of application of the following new and revised financial reporting standards effective for annual periods beginning on or after January 1st 2013:

- Amendment to IFRS 1 First-Time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2013),
- Amendments to IFRS 1 First-Time Adoption of IFRS – Government Loans (effective for annual periods beginning on or after January 1st 2013),
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities, endorsed by the EU on December 13th 2012 (effective for annual periods beginning on or after January 1st 2013),
- Amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after July 1st 2012),
- Amendment to IAS 12 Income Tax – Deferred Tax: Realisation of Assets, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2013),
- Amendments to IAS 19 Employee Benefits – Amendments to Post-Employment Benefit Accounting (effective for annual periods beginning on or after January 1st 2013),
- IFRS 13 Fair Value Measurement, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2013),
- Improvements to International Financial Reporting Standards (2012) – amendments made to various standards as part of the process of making annual improvements, published on May 17th 2012 (IFRS1, IAS 1, IAS 16, IAS 32 and IAS 34) aimed chiefly at eliminating inconsistencies and clarification of wording (effective for annual periods beginning on or after January 1st 2013).

With the exception of revised IAS 1 and IAS 19, application of the above amendments to standards has not caused any material changes in the accounting policies of the Group or in the presentation of data in its financial statements.

3. Effect of new standards and interpretations on the Group's financial statements

3.1. First-time adoption of standards and interpretations

3.1.1. Application of the revised IAS 1

The revised IAS 1 requires separate presentation of the effect of other comprehensive income on future financial performance of a company, as it requires separate subtotals for those elements which may be reclassified to profit or loss and those elements that will not, in accordance with the requirements of individual IFRS standards.

Application of this amendment in these financial statements has had no effect on the values of items previously disclosed in the statement of comprehensive income.

3.1.2. Application of the revised IAS 19

The revised IAS 19 introduces material changes in accounting for defined employee benefits plans. The corridor method, which allowed deferred recognition of actuarial gains/(losses), has been eliminated. This means that actuarial gains/(losses) should be recognised immediately upon their origination.

The amendments to the standard also refer to the manner of presentation of changes in assets and liabilities of defined benefits plans. The amendments, in particular, require permanent recognition of impacts of remeasurement of assets and liabilities of a benefits plan in the statement of comprehensive income, with respect to post-employment benefits. The impacts of remeasurement of assets and liabilities of a benefits plan with respect to benefits paid during the employment period, as well as employment costs and interest are to be recognised in profit or loss for a given period, as under the previous regime.

Having adopted the revised IAS 19, the Group changed the presentation of actuarial gains/(losses) and recognises them in other comprehensive income and not in net profit/(loss) for current period. Actuarial gains/(losses) on remeasurement of long-term employee benefits paid during the employment period (jubilee awards) are, as earlier, charged against net profit/(loss) for current reporting period. The Group made a one-off recognition of past service cost in profit/(loss). Formerly, the cost was recognised on a straight-line basis. The impact of the amendments introduced in the consolidated financial statements is presented in Note *I.9 "Listing and explanation of differences between the data disclosed in the financial statements and comparative financial data, and the data disclosed in previously published financial statements"*.

3.2. Standards and interpretations published and endorsed for application in the EU but not yet effective

As at the date of these financial statements, the Group did not apply the following standards and amendments which had been published and endorsed for application in the EU but had not yet become effective:

- IFRS 10 Consolidated Financial Statements, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2014),
- IFRS 11 Joint Arrangements, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2014),
- IFRS 12 Disclosure of Interests in Other Entities, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2014),
- IAS 27 (revised 2011) Separate Financial Statements, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2014);
- IAS 28 (revised 2011) Investments in Associates and Joint Ventures, endorsed by the EU on December 11th 2012 (effective for annual periods beginning on or after January 1st 2014),
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities, endorsed by the EU on December 13th 2012 (effective for annual periods beginning on or after January 1st 2014).

The Group decided not to use the option of early adoption of the above standards and amendments.

The Group estimates that the above standards and amendments would not have had a material effect on the financial statements if they had been applied by the Group as at the end of the reporting period.

3.3. Standards and interpretations adopted by the IASB but not yet endorsed for application in the EU

The IFRSs endorsed by the EU do not significantly differ from the regulations adopted by the International Accounting Standards Board (IASB), except to the extent of the following standards, amendments and interpretations, which as at September 30th 2013 had not yet been endorsed for application:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1st 2015);
- Amendments to IFRS 7 Financial Instruments: Disclosures – disclosures relating to the effects of initial application of IFRS 9 where the entity does not restate its comparative data as required under the amended IFRS 9 (effective for annual periods beginning on or after January 1st 2015),
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 27 Separate Financial Statements – Investment Entities (effective for annual periods beginning on or after January 1st 2014),
- Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 1st 2014),
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after January 1st 2014),
- IFRIC 21 Levies (effective for annual periods beginning on or after January 1st 2014).

The Group estimates that the above standards, interpretations and amendments to standards would not have had a material effect on the financial statements if they had been applied by the Group as at the end of the reporting period.

4. Brief description of significant Company achievements or failures in the reporting period, including identification of key events for the Company

- On July 1st 2013, the PGNiG Supervisory Board appointed Mr Jerzy Kurella, Vice-President, as acting President of the Management Board until a new president is elected;
- On September 16th 2013, Mr Zbigniew Skrzypkiewicz, Member of the PGNiG Supervisory Board, was delegated by the PGNiG Supervisory Board to temporarily serve as Member of the PGNiG Management Board for Corporate Matters in the period from September 16th 2013 to December 16th 2013;
- On September 16th 2013, the President of the Energy Regulatory Office extended the effective term of the gas fuel tariff for PGNiG S.A. until December 31st 2013. The existing tariff was approved by the President of the Energy Regulatory Office on December 17th 2012; the prices and charge rates remained unchanged.

5. Factors and events, particularly of a non-recurring nature, with a material effect on financial performance

For the first three quarters of 2013, the PGNiG Group's net profit was PLN 2,082m, up by PLN 1,960m year on year. Major contributors to this growth included higher oil and gas sales volumes following completion of the LMG and Skarv projects, and a decrease in the cost of purchase of gas due to the new pricing formula under the Yamal contract applicable since Q4 2012.

For the first three quarters of 2013, consolidated operating profit was PLN 3,055m, while consolidated operating profit before depreciation and amortisation (EBITDA) stood at PLN 4,808m. This means growth of PLN 3,034m and PLN 3,280m, respectively, relative to the corresponding period of 2012.

Trade and Storage

The Trade and Storage segment significantly improved its operational efficiency. Its operating profit for the first three quarters of 2013 reached PLN 107m, up PLN 1,882m compared with an operating loss of nearly PLN 1,775m in the corresponding period of 2012. The improved result was attributable to a lower unit cost for imported gas, following execution of an annex to the Yamal contract in November 2012. It was also driven by higher gas sales volume, with a significant contribution coming from PGNiG Sales & Trading, which posted a year-on-year rise in gas sales volume of 900 million cubic metres. Moreover, as at the end of Q3 2013, the utilisation rate in underground storage facilities for high-methane gas was at an all-time high, with approximately 2.5 billion cubic metres of gas being stored, including mandatory stocks. Concurrently, despite a lower cost of imported gas, the effective gas fuel tariff did not fully cover the cost of acquiring the gas, which resulted in a -2% negative margin on high-methane gas sales.

Exploration and Production

For the first three quarters of 2013, operating profit of the Exploration and Production segment was PLN 2,204m, up PLN 898m (69%) year on year. At the EBITDA level, the segment generated PLN 2,924m, or PLN 1,170m (67%) more than in the corresponding period of 2012. This stronger performance followed from a 38% rise in revenue, at PLN 4,317m, despite a slight increase (2%) in operating costs before amortisation, which stood at PLN 1,393m. The excellent results posted by the segment were attributable to completion of two of the Group’s major long-term projects – construction of the LMG oil and gas production facility, and the Skarv project (production of oil and gas in Norway). Together, these two projects contributed to a more than 120% (436.1 thousand tonne) surge in crude oil and condensate production, with doubled crude oil sales (up 352 thousand tonnes) on the corresponding period of 2012 Coupled with a 3.1% decline in the average Brent price in the period, this translated into revenue from sale of crude and condensate of PLN 1,676m, up by 89%. Such considerable growth in the segment's business involved just a 17% increase in operating expenses, mainly on higher amortisation and depreciation.

Distribution

The operating profit of the Distribution segment for the first three quarters of 2013 advanced year on year by 31%, to PLN 727m, while its operating profit before depreciation and amortisation (EBITDA) stood at PLN 1,363m, up by PLN 204m year on year. With revenue improved by PLN 590m, to nearly PLN 3,136m, operating expenses were also up PLN 416m. The segment's revenue benefitted from changes in the terms of settlement of transmission services (in connection with the amendment to the Transmission Grid Code), which since the beginning of 2013 have been included in the segment's expenses (and revenue, as applicable). Apart from that, the segment's performance was driven by a 10% year-on-year increase in the volume of distributed gas, attributable to new connections, as well as higher gas consumption by households, caused primarily by the low air temperatures recorded in March and September 2013, which have been the coldest in many years.

Generation

For the first three quarters of 2013, the Generation segment's revenue was PLN 1,445m, having increased 7% year on year. The segment's operating profit stood at PLN 96m, compared with an operating loss of PLN 33m in the comparative period of 2012. A significant factor in the improved performance was a change of the effective tariff – as of July 2013 the heat tariff was increased by 9%. Concurrently, as a result of low temperatures at the end of Q3 2013, the sales volume of heat grew by 23% year on year. This stronger performance was also attributable to lower depreciation and amortisation expense, which in 2012 included an amortisation charge for CO_2 emission allowances recognised upon the acquisition of PGNiG TERMIKA S.A. by the Group.

6. Seasonality or cyclicality in the Company's operations during the reporting period

The sale, distribution and storage of gas fuels, as well as cogeneration of heat and electricity, which, in addition to hydrocarbon exploration and production, constitute the core business of the Group, are subject to significant seasonal fluctuations.

The revenue from sale of natural gas and heat in the winter season (Q1 and Q4) is substantially higher than in the summer (Q2 and Q3). This is due to the seasonal changes in weather conditions in Poland, and the extent of the fluctuations is determined by the temperatures – low in the winter and higher in the summer. Gas and heat sales are subject to much greater seasonal changes in the case of households, where gas and heat are used for heating, than in the case of industrial customers.

In order to ensure uninterrupted gas supplies in periods of peak demand and to maintain the security of gas supplies, it is necessary to replenish the gas stocks of underground gas storage facilities in the summer, and to reserve higher transmission and distribution system capacities for the winter.

7. Issuance, redemption and repayment of equity and non-equity securities

In order to secure the Group's financial liquidity, the following debt issue programmes are currently under way:

- Under the Note Issuance Programme Agreement executed by the Parent on June 10th 2010, the Parent may issue discount or coupon notes maturing in one to twelve months, for an aggregate amount of up to PLN 7,000m. The Agreement was originally concluded with six banks (Bank Pekao S.A., ING Bank Śląski S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A., Societe Generale S.A. and BNP Paribas S.A., Polish Branch). Under an annex of November 25th 2011, BRE Bank S.A., Bank Zachodni WBK S.A. and Nordea Bank Polska S.A. acceded to the Agreement. As at September 30th 2013, debt outstanding under the Agreement was PLN 600m.
- On August 25th 2011, the Parent and PGNiG Finance AB executed the documentation for a Euro Medium Term Notes Programme with Societe Generale S.A., BNP Paribas S.A. and Unicredit Bank AG, pursuant to which PGNiG Finance AB may issue notes with maturities of up to ten years, up to an aggregate amount of EUR 1,200m. As at the end of September 2013, debt outstanding under the Euronotes was about PLN 2,108m (translated at the mid-exchange rate quoted by the National Bank of Poland for September 30th 2013).
- On May 22nd 2012, the Parent executed an agreement for a PLN 4,500m notes programme with Bank Pekao S.A. and ING Bank Śląski S.A. On July 30th 2012, the issued notes were floated on the Catalyst market, a multilateral trading facility operated by BondSpot. As at September 30th 2013, debt outstanding under the Programme was about PLN 2,985m.

- On July 4th 2012, PGNiG Termika S.A. executed a Note Issuance Programme with the following banks: ING Bank Śląski S.A., PKO Bank Polski S.A., Nordea Bank Polska S.A. and Bank Zachodni WBK S.A. Under the Programme, PGNiG Termika S.A. may issue coupon or discount notes up to a total of PLN 1,500m. The Programme will expire on December 29th 2017. As at September 30th 2013, PGNiG TERMIKA S.A.'s debt outstanding under the notes was about PLN 209m. Given the debt's maturity date, the notes were disclosed under current liabilities.

8. Dividend paid or declared

On May 22nd 2013, the Annual General Meeting of PGNiG S.A. adopted a resolution on distribution of the Company's 2012 profit, which allocated PLN 767 million for payment of dividend. The dividend record date and the dividend payment date were set for July 20th 2013 and October 3rd 2013, respectively.

Dividend for 2011 was not paid, pursuant to a decision by the Annual General Meeting of PGNiG S.A., which resolved to allocate the Company's 2011 profit to its reserve funds.

9. Events subsequent to the date of the condensed financial statements, undisclosed in the financial statements but potentially significant to the Company's future financial performance

- On October 3rd 2013, a natural gas sale agreement was signed between PGNiG S.A. and PGE Górnictwo i Energetyka Konwencjonalna S.A. (the "Agreement"), which provided for the sale of 281 million cubic metres of natural gas annually, to be used by the planned CCGT unit at the Gorzów CHP plant, as part of a project prepared by PGE Górnictwo i Energetyka Konwencjonalna S.A.

  The term of the Agreement will run for a period of 20 years from the gas supply start date, which will depend on when the new unit is placed in operation. The natural gas supplied by PGNiG S.A. under this project will come from domestic sources. The value of the Agreement over its entire term is estimated at approximately PLN 3,000m.

  As of the gas supply start date, the existing gas supply agreement of July 5th 1996 between PGNiG and PGE Górnictwo i Energetyka Konwencjonalna S.A. will expire.

- On October 10th 2013, the Regional Court of Warsaw's Court of Competition and Consumer Protection issued a ruling on the Company's appeal against a decision by the President of the Energy Regulatory Office of December 16th 2012 to impose a fine of PLN 2m on the Company for breaching a condition of a cross-border gas trading licence (the "Decision").

  The fine was imposed after PGNiG S.A. failed to achieve in 2007 and 2008 the minimum level of diversification of foreign sources of gas supplies, as required under the Regulation of the Council of Ministers of October 24th 2000. The limit on the maximum share of gas imported from one country in total gas volumes imported in each of these years was exceeded.

  On January 4th 2011, PGNiG S.A. applied to the Court to reverse the decision in its entirety, or to change it and rule that PGNiG was not in breach of any obligation arising under its cross-border gas trading licence.

  The Court altered the challenged Decision by reducing the amount of the fine imposed, to PLN 1.5m (citing the minimal nature of the breach of the diversification obligation) and awarded PLN 115 to be paid by the Energy Regulatory Office to PGNiG S.A. to reimburse the costs of the proceedings. In the remaining part, the appeal was dismissed.

  The ruling of the Regional Court of Warsaw may cause the President of the Energy Regulatory Office to institute further proceedings in this case covering 2009–2012.

  The Company will consider the possibility of any further action in the case after it has received the reasons for the ruling in writing.

- On October 30th 2013, the Extraordinary General Meeting of PGNiG TERMIKA S.A. increased the share capital of PGNiG TERMIKA S.A. from PLN 650,000,000 to PLN 670,324,950, i.e. by PLN 20,324,950. The increase was effected by way of issuance of 2,032,495 Series E shares, with a par value of PLN 10 per share. All Series E shares have been fully covered with an in-kind contribution in the form of 14,100,000 registered non-preference shares with a par value of PLN 1 per share, in Elektrociepłownia Stalowa Wola Spółka Akcyjna of Stalowa Wola. All of the new shares have been subscribed for by PGNiG S.A. Thus PGNiG Termika S.A. came to hold a 50% interest in Elektrociepłownia Stalowa Wola S.A. As at the date of these financial statements, the above has not been registered with the National Court Register.

- On October 31st 2013, PGNiG Obrót Detaliczny Sp. z o.o. w organizacji (in formation) was established. All shares in the company have been subscribed for by its sole shareholder PGNiG S.A. The company's share capital is PLN 1,000,000 and is divided into 10,000 shares with a par value of PLN 100 per share. As at the date of these financial statements, the above has not been registered with the National Court Register.

10. Changes in contingent liabilities or assets subsequent to the end of the previous financial year

	As at **Sep 30 2013** end of Q3 2013	As at **Dec 31 2012** end of previous year
Contingent receivables	**830**	**957**
From related entities	180	153
- under guarantees and sureties received	-	1
- under promissory notes received	180	152
From other entities	650	804
- under guarantees and sureties received	302	420
- under promissory notes received	130	158
- other	218	226
Contingent liabilities	**12,280**	**11,559**
To other entities	12,280	11,559
- under guarantees and sureties issued	10,712	9,732
- under promissory notes issued	705	698
- other	863	1,129

The decrease in contingent receivables as at the end of Q3 2013 is chiefly attributable to the expiry of bank guarantees and performance bonds in an aggregate amount of PLN 153m, as well as the expiry of PLN 28m promissory notes securing the payment of amounts due for gas fuel. The increase in contingent receivables from related entities is mainly attributable to promissory notes issued by related entities to the Parent.

The increase in contingent liabilities to other entities under issued guarantees and sureties as at the end of Q3 2013 was driven by the issuance of new performance bonds in an aggregate amount of EUR 98.9m (PLN 417.1m) by the Parent to third-party trading partners. Additionally, the weakening of the złoty against the euro inflated the euro-denominated value of contingent liabilities by PLN 272m (in guarantees to the Norwegian State and to the holders of Eurobonds). The decrease in other contingent liabilities to other entities followed a PLN 269m reduction in the amount of a pledge securing liabilities, which have been paid.

11. Financial information by operating segments

11.1. Reportable segments

The tables below present income, expenses and profits/(losses), as well as assets, equity and liabilities of the Group's reportable segments for the periods ended September 30th 2013 and September 30th 2012.

Period ended September 30th 2013	Exploration and Production	Trade and Storage	Distribution	Generation	Other segments	Eliminations	Total
Income statement							
Sales to third-party customers	3,130	18,402	115	1,140	216	-	**23,003**
Inter-segment sales	1,187	270	3,021	305	77	(4,860)	**-**
Segment's total revenue	4,317	18,672	3,136	1,445	293	(4,860)	**23,003**
Depreciation and amortisation expense	(720)	(131)	(636)	(250)	(16)	-	**(1,753)**
Other costs	(1,393)	(18,434)	(1,773)	(1,098)	(299)	4,802	**(18,195)**
Segment's total costs	(2,113)	(18,565)	(2,409)	(1,348)	(315)	4,802	**(19,948)**
Segment's operating profit/(loss)	**2,204**	**107**	**727**	**97**	**(22)**	**(58)**	**3,055**
Net finance costs							**(310)**
Share in net profit/(loss) of equity-accounted entities		(36)					**(36)**
Profit/(loss) before tax							**2,709**
Income tax							**(627)**
Net profit/(loss)							**2,082**
Statement of financial position							
Segment's assets	16,429	16,865	13,780	3,961	437	(6,689)	**44,783**
Investments in equity-accounted entities		736					**736**
Unallocated assets							**311**
Deferred tax assets							**1,079**
Total assets							**46,909**
Total equity							**28,539**
Segment's liabilities	5,752	4,402	2,655	1,898	165	(6,285)	**8,587**
Unallocated liabilities							**7,792**
Deferred tax liabilities							**1,991**
Total liabilities and equity							**46,909**
Other information on the segment							
Capital expenditure on property, plant and equipment and intangible assets	(1,261)	(156)	(810)	(98)	(11)	29	**(2,307)**
Impairment losses on assets	(1,021)	(1,516)	(100)	(35)	(9)	3	**(2,678)**
Impairment losses on unallocated assets							**(42)**

Period ended September 30th 2012	Exploration and Production	Trade and Storage	Distribution	Generation	Other segments	Eliminations	Total
Income statement							
Sales to third-party customers	2,255	16,251	105	1,316	137	-	**20,064**
Inter-segment sales	863	301	2,441	38	153	(3,796)	**-**
Segment's total revenue	3,118	16,552	2,546	1,354	290	(3,796)	**20,064**
Depreciation and amortisation expense	(448)	(107)	(606)	(334)	(12)	-	**(1,507)**
Other costs	(1,364)	(18,220)	(1,387)	(1,053)	(318)	3,806	**(18,536)**
Segment's total costs	(1,812)	(18,327)	(1,993)	(1,387)	(330)	3,806	**(20,043)**
Segment's operating profit/(loss)	**1,306**	**(1,775)**	**553**	**(33)**	**(40)**	**10**	**21**
Net finance costs							**(98)**
Share in net profit/(loss) of equity-accounted entities		86					**86**
Profit/(loss) before tax							**9**
Income tax							**113**
Net profit/(loss)							**122**
Statement of financial position							
Segment's assets	16,175	15,500	12,576	4,247	357	(6,826)	**42,029**
Investments in equity-accounted entities		685					**685**
Unallocated assets							**243**
Deferred tax assets							**1,219**
Total assets							**44,176**
Total equity							**25,072**
Segment's liabilities	5,279	2,679	2,080	2,724	114	(6,496)	**6,380**
Unallocated liabilities							**10,779**
Deferred tax liabilities							**1,945**
Total liabilities and equity							**44,176**
Other information on the segment							
Capital expenditure on property, plant and equipment and intangible	(1,041)	(620)	(828)	(149)	(20)	(5)	**(2,663)**
Impairment losses on assets	(484)	(2,312)	(93)	(24)	(9)	-	**(2,922)**
Impairment losses on unallocated assets							**(38)**

IV. SUPPLEMENTARY INFORMATION TO THE INTERIM REPORT

1. General information on the Company and its Group

Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna, with its registered office in Warsaw, ul. Marcina Kasprzaka 25, was incorporated through transformation of the state-owned enterprise Polskie Górnictwo Naftowe i Gazownictwo into a state-owned stock company. The Deed of Transformation, together with the Company's Articles of Association, were executed in the form of a notarial deed on October 21st 1996. The Minister of the State Treasury executed the Deed of Transformation pursuant to the Regulation of the President of the Polish Council of Ministers on transformation of the state-owned enterprise Polskie Górnictwo Naftowe i Gazownictwo of Warsaw into a state-owned stock company, dated September 30th 1996 (Dz. U. No. 116 of 1996, item 553). The joint-stock company is the legal successor of the former state-owned enterprise. The assets, equity and liabilities of the state-owned enterprise were contributed to the joint-stock company and disclosed in its accounting books at their respective values in the closing balance of the state-owned enterprise.

On October 30th 1996, the Company was entered in the commercial register maintained by the District Court for the Capital City of Warsaw, XVI Commercial Division, under No. RHB 48382. On November 14th 2001, the Company was entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under No. KRS 0000059492. The Company's Industry Identification Number REGON is 012216736 and its Tax Identification Number NIP is 525-000-80-28.

PGNiG shares have been listed on the Warsaw Stock Exchange since September 23rd 2005. The Company's core business includes exploration for and production of crude oil and natural gas, import, storage and sale of gas fuels, as well as trading in electricity.

PGNiG S.A. is the parent of the PGNiG Group.

The PGNiG Group remains the only vertically integrated company in the Polish gas sector, holding the leading position in all segments of the country's gas industry. It is also a major producer of heat and electricity in the country. The scope of the PGNiG Group's business comprises oil and gas exploration, oil and gas production from deposits in Poland, as well as import, storage and distribution of and trade in gas fuels. The PGNiG Group is both the main importer of gas fuel from Russia, Germany and the Czech Republic, and the main producer of natural gas from Polish deposits. The Company's upstream operations are one of the key factors building PGNiG's competitive position on the liberalised gas market in Poland.

The trade in and distribution of natural gas and heat, which together with natural gas and crude oil production constitute the core business of the PGNiG Group, are regulated by the Polish Energy Law. For this reason, the Group's operations require a license and its revenue depends on the tariff rates for gas fuels approved by the President of the Energy Regulatory Office. Exploration and production activities are conducted on a license basis, subject to the provisions of the Polish Geological and Mining Law.

2. Organisation of the PGNiG Group and its consolidated entities

As at September 30th 2013, the Group comprised PGNiG S.A. (the Parent), and 26 production and service companies, including:

- 18 direct subsidiaries of PGNiG S.A.;
- 8 indirect subsidiaries of PGNiG S.A.

The following table presents a list of the PGNiG Group companies as at September 30th 2013:

Companies of the PGNiG Group

No.	Company name	Share capital (PLN)	Value of shares held by PGNiG S.A. (PLN)	**% ownership interest** of PGNiG S.A.	**%** of total vote held by PGNiG S.A.
	Direct subsidiaries of PGNiG S.A.				
1	GEOFIZYKA Kraków S.A.	64,400,000	64,400,000	100%	100%
2	GEOFIZYKA Toruń S.A.	66,000,000	66,000,000	100%	100%
3	Exalo Drilling S.A. (formerly PGNiG Poszukiwania S.A.)	981,500,000	981,500,000	100%	100%
4	PGNiG Upstream International AS (formerly PGNiG Norway AS)	1,092,000,000(NOK) [1]	1,092,000,000(NOK) [1]	100%	100%
5	Polish Oil and Gas Company - Libya B.V.	20,000(EUR)[1]	20,000(EUR)[1]	100%	100%
6	PGNiG Sales & Trading GmbH	10,000,000(EUR)[1]	10,000,000(EUR)[1]	100%	100%
7	Operator Systemu Magazynowania Sp. z o.o.	15,290,000	15,290,000	100%	100%
8	PGNiG TERMIKA S.A.	650,000,000	650,000,000	100%	100%
9	PGNiG Technologie S.A.	182,127,240	182,127,240	100%	100%
10	PGNiG Finance AB	500,000(SEK)[1]	500,000(SEK)[1]	100%	100%
11	PGNiG Serwis Sp. z o.o.	9,995,000	9,995,000	100%	100%
12	Geovita S.A.	86,139,000	86,139,000	100%	100%
13	NYSAGAZ Sp. z o.o.	9,881,000	6,549,000	66.28 %	66.28 %
14	BUD-GAZ P.P.U.H. Sp. z o.o. w likwidacji (in liquidation)	51,760	51,760	100%	100%
15	Polskie Elektrownie Gazowe Sp. z o.o.	1,212,000	1,212,000	100%	100%
16	Polska Spółka Gazownictwa Sp. z o.o. (formerly PGNiG SPV 4 Sp. z o.o.)	10,454,206,550	10,454,206,550	100%	100%
17	BSiPG Gazoprojekt S.A.	4,000,000	900,000	22.50 %[2]	22.50%[2]
18	Biogazownia Ostrowiec Sp. z o.o. w likwidacji (in liquidation)	165,000	165,000	100%	100%
	PGNiG S.A.'s indirect subsidiaries				
19	Oil Tech International F.Z.E.	20,000 (USD)[1]	20,000 (USD)[1]	100%	100%
20	Zakład Gospodarki Mieszkaniowej Sp. z o.o.	1,806,500	1,806,500	100%	100%
21	Powiśle Park Sp. z o.o.	81,131,000	81,131,000	100%	100%
22	Poltava Services LLC	20,000 (EUR)[1]	19,800 (EUR)[1]	99%	99%
23	CHEMKOP Sp. z o.o.	3,000,000	2,565,350	85.51%	85.51%
24	GAZ Sp. z o.o.	300,000	240,000	80%	80%
25	PT Geofizyka Toruń Indonezja LLC w likwidacji (in liquidation)	8,773,000,000 (IDR)[1]	4,825,150,000 (IDR)[3]	55%	55%
26	XOOL GmbH	500,000 (EUR)[1]	500,000 (EUR)[1]	100%	100%

[1] In foreign currencies.

[2] Including PGNiG S.A.'s direct interest in the share capital of BSiPG Gazoprojekt S.A. at 22.50%; its indirect interest through PGNiG Technologie S.A. is 52.50%. PGNiG S.A. has the right to appoint the majority of the company's Supervisory Board members.

[3] The company's share capital, which following translation into USD amounts to USD 1,000 thousand, has been partly paid up by Geofizyka Toruń Sp. z o.o.: as at September 30th 2013, Geofizyka Toruń Sp. z o.o. paid USD 40.7 thousand.

Consolidated entities of the Group as at the end of Q3 2013

	Company name	Based in	Ownership interest held by PGNiG S.A. (%)	
1	PGNiG S.A. (Parent)	Poland		
	Direct subsidiaries of PGNiG S.A.		**Sep 30 2013**	**Sep 30 2012**
2	GEOFIZYKA Kraków S.A.	Poland	100.00%	100.00%
3	GEOFIZYKA Toruń S.A.	Poland	100.00%	100.00%
4	PGNiG Upstream International AS (formerly PGNiG Norway AS)	Norway	100.00%	100.00%
5	Polish Oil And Gas Company – Libya B.V.	The Netherlands	100.00%	100.00%
6	Geovita S.A.	Poland	100.00%	100.00%
7	PGNiG Technologie S.A.	Poland	100.00%	100.00%
8	PGNiG Sales&Trading Group [1)]	Germany	100.00%	100.00%
9	PGNiG Finance AB	Sweden	100.00%	100.00%
10	Operator Systemu Magazynowania Sp. z o.o.	Poland	100.00%	100.00%
11	PGNiG Serwis Sp. z o.o.	Poland	100.00%	100.00%
12	PGNiG TERMIKA S.A. [2)]	Poland	100.00%	99.89%
13	BSiPG Gazoprojekt S.A.	Poland	75.00%	75.00%
14	Exalo Drilling Group (formerly PGNiG Poszukiwania Group) [3)]	Poland	100.00%	-
15	Polska Spółka Gazownictwa Group (formerly PGNiG SPV 4 Group) [4)]	Poland	100.00%	-
16	PGNiG Energia S.A. [5)]	Poland	-	100.00%
17	INVESTGAS S.A. [6)]	Poland	-	100.00%
18	Dolnośląska Spółka Gazownictwa Sp. z o.o. [4)]	Poland	-	100.00%
19	Górnośląska Spółka Gazownictwa Sp. z o.o. [4)]	Poland	-	100.00%
20	Karpacka Spółka Gazownictwa Sp. z o.o. [4)]	Poland	-	100.00%
21	Mazowiecka Spółka Gazownictwa Group [4), 7)]	Poland	-	100.00%
22	Pomorska Spółka Gazownictwa Sp. z o.o. [4)]	Poland	-	100.00%
23	PGNiG SPV1 Sp. z o.o. [2)]	Poland	-	100.00%
24	Wielkopolska Spółka Gazownictwa Sp. z o.o. [4)]	Poland	-	100.00%
	PGNiG S.A.'s indirect subsidiaries			
25	Poszukiwania Nafty i Gazu Jasło S.A. [8)]	Poland	-	100.00%
26	Poszukiwania Nafty i Gazu Kraków Group [8), 9)]	Poland	-	100.00%
27	Poszukiwania Nafty i Gazu NAFTA S.A. [8)]	Poland	-	100.00%
28	Poszukiwania Naftowe Diament Sp. z o.o. [8)]	Poland	-	100.00%
29	Zakład Robót Górniczych Krosno Sp. z o.o. [8)]	Poland	-	100.00%
	Equity-accounted jointly-controlled and associated entities			
30	SGT EUROPOL GAZ S.A. [10)]	Poland	49.74%	49.74%
31	GAS - TRADING S.A.	Poland	43.41%	43.41%

[1)] The PGNiG Sales &Trading Group comprises PGNiG Sales &Trading GmbH and its subsidiary XOOL GmbH.

[2)] On December 31st 2012, PGNiG TERMIKA S.A. and PGNiG SPV1 Sp. z o.o. merged. PGNiG TERMIKA S.A. was the surviving company and became a subsidiary of PGNiG SA.

[3)] The Exalo Drilling Group comprises Exalo Drilling S.A. and its subsidiaries: Oil Tech International - F.Z.E. and Poltava Services LLC.

[4)] The Polska Spółka Gazownictwa Group comprises Polska Spółka Gazownictwa Sp. z o.o. (on July 1st 2013, PGNiG SPV 4 Sp. z o.o. merged with six gas distribution companies , i.e. Mazowiecka Spółka Gazownictwa Sp. z o.o., Wielkopolska Spółka Gazownictwa Sp. z o.o., Karpacka Spółka Gazownictwa Sp. z o.o., Pomorska Spółka Gazownictwa Sp. z o.o., Dolnośląska Spółka Gazownictwa Sp. z o.o. and Górnośląska Spółka Gazownictwa Sp. z o.o.), and its subsidiaries Powiśle Park Sp. z o.o. and GAZ Sp. z o.o.

[5)] On July 23rd 2013, PGNiG Energia S.A. merged with PGNiG S.A. (PGNiG S.A. was the acquiring company);

[6)] On July 1st 2013, INVESTGAS S.A. merged with Operator Systemu Magazynowania Sp. z o.o. (OSM Sp. z o.o. was the acquiring company);

[7)] The Mazowiecka Spółka Gazownictwa Group comprised Mazowiecka Spółka Gazownictwa Sp. z o.o. and its subsidiary Powiśle Park Sp. z o.o.

[8)] Since February 1st 2013, these have operated as branches of Exalo Drilling S.A.

[9)] Prior to February 1st 2013, the Poszukiwania Nafty i Gazu Kraków Group comprised Poszukiwania Nafty i Gazu Kraków S.A. and its subsidiaries: Oil Tech International - F.Z.E. and Poltava Services LLC.

[10)] Including a 48.00% direct interest and a 1.74% interest held indirectly through GAS-TRADING S.A.

3. Changes in the Company's structure, including changes resulting from mergers, acquisitions or disposals of Group entities, as well as long-term investments, demergers, restructurings or discontinuation of operations

The most important changes in the structure of the PGNiG Group in Q3 2013 were as follows:

- On July 1st 2013, the merger of PGNiG SPV 4 Sp. z o.o. (the acquiring company) with six gas distribution companies (target companies), i.e. Mazowiecka Spółka Gazownictwa Sp. z o.o., Wielkopolska Spółka Gazownictwa Sp. z o.o., Karpacka Spółka Gazownictwa Sp. z o.o., Pomorska Spółka Gazownictwa Sp. z o.o., Dolnośląska Spółka Gazownictwa Sp. z o.o. and Górnośląska Spółka Gazownictwa Sp. z o.o., was registered with the National Court Register. Following the transaction, the share capital of PGNiG SPV 4 Sp. z o.o. was increased from PLN 995,000 to PLN 10,454,206,550.

  On August 12th 2013, by virtue of a resolution of the Extraordinary General Meeting, the name of PGNiG SPV 4 Sp. z o.o. was changed. Since the date of the change registration with the National Court Registeron September 12th 2013, the company has operated under the name of Polska Spółka Gazownictwa Sp. z o.o.;
- On July 1st 2013, the merger of Operator Systemu Magazynowania Sp. z o.o. (the acquiring company) with INVESTGAS S.A. (the target company) was registered with the National Court Register. Following the transaction, the share capital of Operator Systemu Magazynowania Sp. z o.o. was increased from PLN 5,000,000 to PLN 15,290,000;
- On July 23rd 2013, the merger of PGNiG S.A. (the acquiring company) with PGNiG Energia S.A. (target company (a wholly-owned subsidiary of PGNiG S.A.)) was registered with the National Court Register. The merger of PGNiG SA and PGNiG Energia S.A. was effected in accordance with Art. 492.1.1 of the Commercial Companies Code, through a transfer by way of universal succession of all assets of the target company to the acquiring company, as the sole shareholder of the target company, and by dissolution of the target company without a liquidation procedure (merger through acquisition), pursuant to Art. 515.1 of the Commercial Companies Code, i.e. without increasing the share capital of the acquiring company;
- On July 29th 2013, a resolution by the General Meeting of Biogazownia Ostrowiec Sp. z o.o. of May 14th 2013 to wind up the company and commence its liquidation process was registered with the National Court Register;
- On August 22nd 2013, the Extraordinary General Meeting of Polskie Elektrownie Gazowe Sp. z o.o. resolved to wind up the company and commence the liquidation process. The above has been registered with the National Court Register.

4. Management Board's position on the feasibility of meeting forecasts published for a given year in light of the results presented in the quarterly report

The PGNiG Group did not publish any performance forecasts for Q3 2013.

5. Shareholders holding, directly or indirectly through subsidiaries, 5% or more of the total vote at the General Meeting of the Company as at the date of publication of the quarterly report, including information on the number of shares held by those shareholders, their interests in the Company's share capital, the resulting number of votes at the General Meeting and their share in the total vote at the General Meeting, and any changes in the ownership structure of major holdings of the Company shares after the publication of the previous quarterly report

Shareholder	% share of total vote as at the publication date of the previous interim report*	Number of shares held as at the publication date of the previous interim report*	% change in the period Jun 30-Sep 30 2013	% share of total vote at GM as at the publication date of this report**	Number of shares held as at this report publication date**
State Treasury	72.403%	4,271,764,202	-0.0001%	72.403%	4,271,757,702
Other shareholders	27.597%	1,628,235,798	0.0001%	27.597%	1,628,242,298
Total:	**100.00%**	**5,900,000,000**	**0.00%**	**100.00%**	**5,900,000,000**

*As at Jun 30 2013.

**As at Sep 30 2013.

In Q3 2013, the State Treasury's interest in the Company decreased slightly, in connection with the continued process of distributing shares to eligible employees.

6. Number of Company shares and options for Company shares held by the management and supervisory staff as at the date of the quarterly report, as well as changes in the number of Company shares and options for Company shares held by the management and supervisory staff after publication of the previous quarterly report (data for individual persons)

	Number of shares and options held as at the publication date of the previous interim report*	Acquisition	Disposal	Increase due to change of composition	Decrease due to change of composition	Number of shares and options held as at this report publication date**
Management staff* **	**-**	**-**	**-**	**-**	**-**	**-**
Supervisory staff	**28,925**	**-**	**-**	**-**	**-**	**28,925**
Mieczysław Kawecki	19,500	-	-	-	-	19,500
Jolanta Siergiej	9,425	-	-	-	-	9,425

** According to confirmations received as at June 30th 2013.

** According to confirmations received as at September 30th 2013.

******* In the reporting period, no Company shares were held by the management staff of PGNiG S.A.

7. Court, arbitration or administrative proceedings for liabilities or debt claims of the Company or its subsidiaries

In the reporting period, there were no proceedings concerning liabilities or debt claims pending before any court, arbitration tribunal or administrative authority whose value would exceed 10% of PGNiG S.A.'s equity.

8. Changes in the economic environment and trading conditions with a material bearing on the fair value of financial assets and liabilities of the entity

In the reporting period, the PGNiG Group recorded no changes in its economic environment or trading conditions which would have a material bearing on the fair value of its financial assets and liabilities.

9. Material purchase and sale transactions on property, plant and equipment

In the period January 1st – September 30th 2013, the Parent acquired PLN 130.7m worth of property, plant and equipment for the newly-built Lubiatów – Międzychód – Grotów (LMG) oil and gas production facility.

10. Material liabilities from the purchase of property, plant and equipment

As at September 30th 2013, material liabilities from the purchase of property, plant and equipment comprised the Parent's PLN 160.7m (VAT-inclusive) liability under the purchase of property, plant and equipment for the newly-built Lubiatów – Międzychód – Grotów (LMG) oil and gas production facility.

11. Material settlements under court proceedings

In the reporting period, the Group entities reported no material settlements arising in connection with any court proceedings.

12. Related party transactions, concluded by the Company or any of its subsidiaries, which are individually or jointly material and have been concluded on non-arms' length terms

In the period covered by these financial statements, no transactions were concluded on non-arms' length terms between related entities of the PGNiG Group.

13. Loan sureties or guarantees issued by the Company or its subsidiary to an entity or its subsidiary where the total amount of outstanding sureties or guarantees issued to such entity or subsidiary represents 10% or more of the Company's equity

In the period covered by these financial statements, the Parent and its subsidiaries did not issue any sureties with respect to borrowings or guarantees, whose total amount would represent 10% or more of the Parent's or the subsidiary's equity.

14. Information on any default under a loan or breach of any material terms of a loan agreement, with respect to which no remedial action has been taken by the end of the reporting period

In the reporting period, there were no breaches of any material terms of loan agreements to which the Parent or its subsidiaries are parties.

15. Other information which in the Company's opinion is material to assessment of its staff levels, assets, financial standing and performance, or changes in any of the foregoing, and information which is material to assessment of the Company's ability to fulfill its obligations

Apart from the information disclosed in this report, the PGNiG Group is not aware of any information which could be material in assessing its staff levels, assets, financial standing and performance, or changes in any of the foregoing, or information which could be material for assessing the Company's ability to fulfill its obligations.

16. Factors which, in the Company's opinion, will affect its performance in the next quarter or beyond

In the forthcoming quarters, the financial performance of the PGNiG Group will be driven by the purchase price of natural gas, which will depend on the prices of petroleum products, the current market prices of gas, and the conditions prevailing on the currency markets. Other factors with a significant bearing on the PGNiG Group's profitability will include the position taken by the President of the Energy Regulatory Office on gas fuel and heat tariffs.

Additionally, the potential increase in US shale gas production and the construction of new LNG terminals around the world may drive down the purchase prices of gas, and affect the outcome of renegotiations of purchase contracts.

The Group's performance will also be considerably affected by regulations governing support mechanisms for electricity from high-efficiency co-generation and renewable sources. Legislative changes in this area and fluctuations in prices of certificates of origin (red and green certificates) will have a bearing on the Group's financial position in the coming quarters.

The Group's performance is also significantly dependent on the activity of investors operating on the Polish conventional and unconventional gas exploration market. If exploration activity intensifies, the demand for services provided by Group companies, such as drilling, well servicing and geophysical services, might also increase and translate into stronger financial performance.

At the transition of 2012 into 2013, the Group began production from the Lubiatów – Międzychód – Grotów oil and gas field in Poland (the LMG project), and from the Skarv field on the Norwegian Continental Shelf. As a result, the Group was able to increase its oil and gas output and thus improve its financial performance.

In the coming quarters, the PGNiG Group intends to maintain a high level of capital expenditure. Spending will focus on projects involving extension of underground gas storage facilities, maintenance of hydrocarbon production capacities, and diversification of gas supply sources, as well as on projects in the exploration for and appraisal of crude oil and natural gas deposits, and development of the Company's power generation segment.

PGNiG Management Board:

Vice-President of the Management Board	Jerzy Kurella	.....
Vice-President of the Management Board	Jacek Murawski	.....
Member of the Management Board	Zbigniew Skrzypkiewicz	.....
Vice-President of the Management Board	Mirosław Szkałuba	.....

Warsaw, October 31st 2013