



PGNiG

Polskie Górnictwo Naftowe
i Gazownictwo SA

INTERIM REPORT

**for the Quarters Ended
March 31st 2010
and March 31st 2009**

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 1 / 2010

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)

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

for the first quarter of the 2010 financial year covering the period from **January 1st** to **March 31st 2010**, containing condensed consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs) in the złoty (PLN), and condensed separate financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs) in the złoty (PLN).

May 12th 2010
(date of release)

POLSKIE GÓRNICTWO NAFTOWE I GAZOWNICTWO SA	
(name)	
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(abbreviated name)	(sector according to the Warsaw Stock Exchange's classification)
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FINANCIAL HIGHLIGHTS

Consolidated Financial Data	1 quarter 2010 (Jan 1–Mar 31 2010)	1 quarter 2009 (Jan 1–Mar 31 2009)	1 quarter 2010 (Jan 1–Mar 31 2010)	1 quarter 2009 (Jan 1–Mar 31 2009)
	PLN '000		EUR '000	
	As at Mar 31 2010	As at Dec 31 2009	As at Mar 31 2010	As at Dec 31 2009
I. Sales revenue	6,622,246	6,378,894	1,669,376	1,386,897
II. Operating profit/(loss)	1,216,304	(457,206)	306,613	(99,406)
III. Pre-tax profit/(loss)	1,225,371	(433,791)	308,899	(94,315)
IV. Net profit/(loss) attributable to owners of the parent	986,994	(398,844)	248,807	(86,717)
V. Net profit/(loss)	987,679	(398,698)	248,980	(86,685)
VI. Comprehensive income attributable to owners of the parent	982,267	(333,747)	247,616	(72,563)
VII. Total comprehensive income	982,952	(333,601)	247,788	(72,531)
VIII. Net cash provided by/(used in) operating activities	2,329,343	840,028	587,195	182,639
IX. Net cash provided by/(used in) investing activities	(737,521)	(814,462)	(185,919)	(177,080)
X. Net cash provided by/(used in) financing activities	(895,754)	401,901	(225,807)	87,381
XI. Total net cash flow	696,068	427,467	175,469	92,940
XII. Net earnings/(loss) and diluted net earnings/(loss) per share attributable to owners of the parent (PLN / EUR)	0.17	(0.07)	0.04	(0.01)
XIII. Assets	31,578,734	31,082,170	8,176,359	7,565,885
XIV. Liabilities and provisions for liabilities	9,193,734	9,680,122	2,380,440	2,356,293
XV. Non-current liabilities	3,786,887	3,779,920	980,500	920,092
XVI. Current liabilities	5,406,847	5,900,202	1,399,940	1,436,201
XVII. Equity	22,385,000	21,402,048	5,795,919	5,209,592
XVIII. Share capital	5,900,000	5,900,000	1,527,627	1,436,152
XIX. Weighted average number of shares ('000)	5,900,000	5,900,000	5,900,000	5,900,000
XX. Book value per share and diluted book value per share (PLN / EUR)	3.79	3.63	0.98	0.88
XXI. Dividend per share declared or paid (PLN / EUR)	-	0.09	-	0.02

Condensed Separate Financial Data	1 quarter 2010 (Jan 1–Mar 31 2010)	1 quarter 2009 (Jan 1–Mar 31 2009)	1 quarter 2010 (Jan 1–Mar 31 2010)	1 quarter 2009 (Jan 1–Mar 31 2009)
	PLN '000		EUR '000	
	As at Mar 31 2010	As at Dec 31 2009	As at Mar 31 2010	As at Dec 31 2009
I. Sales revenue	6,483,017	6,212,332	1,634,278	1,350,683
II. Operating profit/(loss)	727,537	(863,041)	183,402	(187,642)
III. Pre-tax profit/(loss)	768,370	(782,293)	193,695	(170,086)
IV. Net profit/(loss)	609,491	(676,136)	153,644	(147,005)
V. Comprehensive income	619,188	(658,382)	156,089	(143,145)
VI. Net cash provided by/(used in) operating activities	1,730,376	263,924	436,204	57,382
VII. Net cash provided by/(used in) investing activities	(573,745)	(936,320)	(144,633)	(203,574)
VIII. Net cash provided by/(used in) financing activities	(920,308)	384,361	(231,997)	83,568
IX. Total net cash flow	236,323	(288,035)	59,574	(62,624)
X. Net earnings/(loss) and diluted net earnings/(loss) per ordinary share (PLN / EUR)	0.10	(0.11)	0.03	(0.02)
XI. Total assets	24,030,924	24,183,549	6,222,082	5,886,653
XII. Liabilities and provisions for liabilities	6,072,033	6,843,846	1,572,169	1,665,899
XIII. Non-current liabilities	1,652,801	1,638,725	427,943	398,891
XIV. Current liabilities	4,419,232	5,205,121	1,144,227	1,267,008
XV. Equity	17,958,891	17,339,703	4,649,912	4,220,754
XVI. Share capital	5,900,000	5,900,000	1,527,627	1,436,152
XVII. Weighted average number of shares ('000)	5,900,000	5,900,000	5,900,000	5,900,000
XVIII. Book value per share and diluted book value per share (PLN / EUR)	3.04	2.94	0.79	0.72
XIX. Dividend per share declared or paid (PLN / EUR)	-	0.09	-	0.02

Items of the income statement, the statement of comprehensive income and the statement of cash flows were translated using the EUR 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 calendar month in the given financial period.

Items of the statement of financial position were translated using the EUR mid-exchange rate quoted by the NBP as at the end of the given financial period.

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

	Mar 31 2010	Dec 31 2009	Mar 31 2009
Average exchange rate for the period	3.9669	4.3406	4.5994
Exchange rate at end of the period	3.8622	4.1082	4.7013

I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	1 quarter 2010 (Jan 1–Mar 31 2010) unaudited	1 quarter 2009 (Jan 1–Mar 31 2009) unaudited
	(PLN '000)	
Sales revenue	6,622,246	6,378,894
Raw and other materials used	(3,647,221)	(5,278,294)
Employee benefits	(569,569)	(522,695)
Depreciation and amortisation	(365,899)	(369,544)
Contracted services	(788,657)	(711,493)
Cost of products and services for own needs	166,479	158,643
Other operating expenses, net	(201,075)	(112,717)
Total operating expenses	(5,405,942)	(6,836,100)
Operating profit/(loss)	1,216,304	(457,206)
Finance income	16,340	77,128
Finance expenses	(7,084)	(53,666)
Share in profit/(loss) of undertakings valued with equity method	(189)	(47)
Pre-tax profit/(loss)	1,225,371	(433,791)
Corporate income tax	(237,692)	35,093
Net profit/(loss)	987,679	(398,698)
Attributable to:		
owners of the parent	986,994	(398,844)
Minority interests	685	146
Net earnings/(loss) and diluted net earnings/(loss) per share attributable to owners of the parent	0.17	(0.07)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1 quarter 2010 (Jan 1–Mar 31 2010) unaudited	1 quarter 2009 (Jan 1–Mar 31 2009) unaudited
	(PLN '000)	
Net profit/(loss)	987,679	(398,698)
Currency translation differences on foreign operations	(14,091)	49,188
Valuation of hedging instruments	-	-
Valuation of financial instruments	11,560	19,640
Deferred tax related to other comprehensive income	(2,196)	(3,731)
Other	-	-
Other comprehensive net income	(4,727)	65,097
Total comprehensive income	982,952	(333,601)
Attributable to:		
Owners of the parent	982,267	(333,747)
Minority interests	685	146

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at Mar 31 2010 (end of Q1 2010) unaudited	As at Dec 31 2009 (end of previous year) audited
	(PLN '000)	
ASSETS		
Non-current assets		
Property, plant and equipment	23,058,698	22,888,917
Investment property	7,125	7,480
Intangible assets	180,901	173,459
Investments in associated undertakings valued with equity method	556,334	556,523
Financial assets available for sale	101,349	89,789
Other financial assets	292,328	299,879
Deferred tax asset	634,233	599,893
Other non-current assets	50,198	49,373
Total non-current assets	24,881,166	24,665,313
Current assets		
Inventories	704,500	1,258,870
Trade and other receivables	3,637,326	3,680,039
Current income tax receivable	62,303	199,413
Prepayments and accrued income	364,239	55,253
Financial assets available for sale	11,832	7,467
Derivative financial instruments	23,445	18,002
Cash and cash equivalents	1,892,279	1,196,325
Non-current assets held for sale	1,644	1,488
Total current assets	6,697,568	6,416,857
Total assets	31,578,734	31,082,170
EQUITY AND LIABILITIES		
Equity		
Share capital	5,900,000	5,900,000
Currency translation differences on foreign operations	(65,253)	(51,162)
Share premium account	1,740,093	1,740,093
Other capital reserves	11,464,811	11,455,447
Retained earnings	3,334,187	2,347,193
Equity (attributable to owners of the parent)	22,373,838	21,391,571
Equity attributable to minority interests	11,162	10,477
Total equity	22,385,000	21,402,048
Non-current liabilities		
Loans, borrowings and debt securities	55,775	44,086
Provisions	1,323,484	1,315,759
Deferred income	1,120,657	1,132,997
Deferred tax liability	1,269,933	1,268,432
Other non-current liabilities	17,038	18,646
Total non-current liabilities	3,786,887	3,779,920
Current liabilities		
Trade and other payables	3,189,765	2,733,417
Loans, borrowings and debt securities	1,120,963	1,984,077
Liabilities under derivative financial instruments	136,504	260,428
Current tax payable	102,172	47,409
Provisions	235,395	240,240
Deferred income	622,048	634,631
Total current liabilities	5,406,847	5,900,202
Total liabilities	9,193,734	9,680,122
Total equity and liabilities	31,578,734	31,082,170

CONSOLIDATED STATEMENT OF CASH FLOWS

	1 quarter 2010 (Jan 1–Mar 31 2010)	1 quarter 2009 (Jan 1–Mar 31 2009)
	unaudited	unaudited
	(PLN '000)	
Cash flows from operating activities		
Net profit/(loss)	987,679	(398,698)
Adjustments:		
Share in net profit/(loss) of undertakings valued with equity method	189	47
Depreciation and amortisation	365,899	369,544
Net foreign exchange gains/(losses)	53,867	(399,181)
Net interest and dividend	(2,970)	18,386
Profit/(loss) on investing activities	(13,879)	(18,385)
Current income tax	237,692	(35,093)
Income tax paid	(85,494)	(138,585)
Other items, net	(118,363)	564,134
Net cash provided by/(used in) operating activities before changes in working capital	1,424,620	(37,831)
Change in working capital:		
Change in receivables, net	50,104	(45,504)
Change in inventories	554,370	769,995
Change in provisions	2,881	(7,096)
Change in current liabilities	632,130	440,975
Change in prepayments	(309,811)	(246,922)
Change in deferred income	(24,951)	(33,589)
Net cash provided by/(used in) operating activities	2,329,343	840,028
Cash flows from investing activities		
Sale of property, plant and equipment and intangible assets	5,129	4,637
Sale of shares in non-consolidated undertakings	-	-
Sale of short-term securities	1,026	3,540
Acquisition of property, plant and equipment and intangible assets	(749,959)	(859,749)
Acquisition of shares in non-consolidated undertakings	-	-
Acquisition of short-term securities	(4,500)	-
Interest received	4,862	16,890
Dividend received	-	-
Proceeds from financed lease	5,008	11,600
Other items, net	913	8,620
Net cash provided by/(used in) investing activities	(737,521)	(814,462)
Cash flows from financing activities		
Net proceeds from issue of shares, other equity instruments and additional contributions to equity	-	-
Increase in loans and borrowings	44,055	449,988
Issue of debt securities	-	-
Decrease in loans and borrowings	(913,366)	(24,596)
Redemption of debt securities	-	-
Decrease in financed lease liabilities	(8,370)	(7,008)
Inflows from derivative financial instruments	-	-
Outflows on derivative financial instruments	-	-
Dividend paid	-	-
Interest paid	(17,967)	(16,078)
Other items, net	(106)	(405)
Net cash provided by/(used in) financing activities	(895,754)	401,901
Net change in cash	696,068	427,467
Net foreign exchange gains/(losses)	(115)	1,623
Cash and cash equivalents at beginning of period	1,196,316	1,420,864
Cash and cash equivalents at end of period	1,892,384	1,848,331

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity (attributable to owners of the parent)					Equity attributable to minority interests	Total equity
	Share capital	Currency translation differences on foreign operations	Share premium account	Other capital reserves	Retained earnings (losses)	Total	
	(w tysiącach złotych)						
As at Jan 1 2010	5,900,000	(51,162)	1,740,093	11,455,447	2,347,193	21,391,571	21,402,048
Transfers	-	-	-	-	-	-	-
Payment of dividend to shareholders	-	-	-	-	-	-	-
Comprehensive income for Q1 2010	-	(14,091)	-	9,364	986,994	982,267	982,952
As at Mar 31 2010 (unaudited)	5,900,000	(65,253)	1,740,093	11,464,811	3,334,187	22,373,838	22,385,000
As at Jan 1 2009	5,900,000	(39,060)	1,740,093	10,729,053	2,376,809	20,706,895	20,715,924
Transfers	-	-	-	-	-	-	-
Payment of dividend to shareholders	-	-	-	-	-	-	-
Comprehensive income for Q1 2009	-	49,188	-	15,909	(398,844)	(333,747)	(333,601)
As at Mar 31 2009 (unaudited)	5,900,000	10,128	1,740,093	10,744,962	1,977,965	20,373,148	20,382,323

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Deferred Tax

Deferred tax asset and liability	Deferred tax asset	Deferred tax liability
As at beginning of period: Jan 1 2010	599,893	1,268,432
a) increase	58,406	7,765
b) decrease	(24,066)	(6,264)
Deferred tax as at end of period: Mar 31 2010	634,233	1,269,933
As at beginning of period: Jan 1 2009	514,784	1,352,241
a) increase	298,550	30,129
b) decrease	(213,441)	(113,938)
Deferred tax as at end of period: Dec 31 2009	599,893	1,268,432

2. Impairment Losses

Impairment losses on assets	Property, plant and equipment and intangible assets	Investment property	Other financial assets	Investments in associated undertakings valued with equity method	Non-current financial assets available for sale	Inventories	Current receivables	Current portion of non-current loans	Current financial assets available for sale	Total
As at beginning of period: Jan 1 2010	1,679,303	2	18	936,080	53,269	17,359	1,083,647	19,071	675	3,789,424
a) increase	4,037	-	4	19,995	-	29	103,271	752	-	128,088
b) transfer	-	-	-	-	-	-	-	-	-	-
c) decrease	(17,681)	-	-	-	-	(296)	(33,189)	-	(275)	(51,441)
Impairment losses as at end of period: Mar 31 2010	1,665,659	2	22	956,075	53,269	17,092	1,153,729	19,823	400	3,866,071
As at beginning of period: Jan 1 2009	1,883,243	1,177	42	888,789	52,065	15,008	896,732	136,869	1,280	3,875,205
a) increase	491,882	-	18	47,291	53	3,892	310,455	36,472	675	890,738
b) transfer	(4)	4	(40)	-	-	-	40	-	-	-
c) decrease	(695,818)	(1,179)	(2)	-	1,151	(1,541)	(123,580)	(154,270)	(1,280)	(976,519)
Impairment losses as at end of period: Dec 31 2009	1,679,303	2	18	936,080	53,269	17,359	1,083,647	19,071	675	3,789,424

3. Provisions

	Provision for length-of- service awards and retirement severance pays	Provision for gas allowances	Provision for well decommission ing	Provision for penalty imposed by the Office for Competition and Consumer Protection	Provision for environmental protection liabilities	Provision for potential liability under transmission services	Provision for Central Restructuring Fund	Other	Total
As at beginning of period: Jan 1 2010	321,043	20,410	916,231	179	126,100	34,391	10,450	127,195	1,555,999
a) increase	(221)	-	7,722	-	-	-	-	20,542	28,043
b) transfer	-	-	-	-	-	-	-	-	-
c) decrease	(1,109)	-	-	-	-	-	(1,047)	(23,007)	(25,163)
Provisions as at end of period: Mar 31 2010	319,713	20,410	923,953	179	126,100	34,391	9,403	124,730	1,558,879
As at beginning of period: Jan 1 2009	317,089	40,923	1,041,431	-	133,853	44,300	6,760	90,965	1,675,321
a) increase	51,360	-	13,098	179	3,833	-	5,000	133,918	207,388
b) transfer	-	-	-	-	-	-	-	-	-
c) decrease	(47,406)	(20,513)	(138,298)	-	(11,586)	(9,909)	(1,310)	(97,688)	(326,710)
Provisions as at end of period: Dec 31 2009	321,043	20,410	916,231	179	126,100	34,391	10,450	127,195	1,555,999

4. Sales Revenue

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
High-methane gas	5,743,859	5,434,867
Nitrogen-rich gas	375,748	488,773
Crude oil	206,720	144,083
Helium	10,159	8,094
Propane-butane gas	13,616	9,151
Head casing gasoline	1,351	448
LNG	7,948	6,262
Geophysical and geological services	63,812	84,869
Exploration services	96,918	109,684
Materials and goods for resale	3,302	7,625
Other sales of products and services	98,813	85,038
Total	6,622,246	6,378,894

5. Proceeds under Transmission System Lease Agreement

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Interest	4,780	13,895
Principal	5,008	11,600
Total	9,788	25,495

6. Operating Expenses

Raw and other materials used	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Gas purchases	(3,515,591)	(5,141,235)
Other	(131,630)	(137,059)
Total	(3,647,221)	(5,278,294)

Contracted services	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Purchase of transmission services from OGP Gaz-System S.A.	(454,736)	(375,105)
Cost of negative wells written off	(36,265)	(26,781)
Other contracted services	(297,656)	(309,607)
Total	(788,657)	(711,493)

7. Corporate Income Tax

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Pre-tax profit(loss) (consolidated)	1,225,371	(433,791)
Tax rate applicable during the period	19%	19%
Tax calculated at applicable tax rate	(232,820)	82,420
Permanent differences between pre-tax profit(loss) and tax base	(4,872)	(47,327)
Tax charge disclosed in the consolidated income statement	(237,692)	35,093
Current income tax	(263,820)	(73,040)
Deferred income tax	26,128	108,133
Effective tax rate	19.40%	8.09%

The low effective tax rate in Q1 2009 was mainly due to tax losses incurred in that period by the Group companies (chiefly by PGNiG SA).

8. Property, Plant and Equipment by Categories

	As at Mar 31 2010 (end of Q1 2010)	As at Dec 31 2009 (end of previous year)
Land	65,554	65,498
Buildings and structures	13,548,615	13,744,065
Plant and equipment	2,321,424	2,324,912
Vehicles and other	928,592	936,055
Total tangible assets	16,864,185	17,070,530
Tangible assets under construction	6,194,513	5,818,387
Total property, plant and equipment	23,058,698	22,888,917

9. Derivative Financial Instruments

The table below presents the banks with which the Company has signed ISDA or PMA agreements.

Bank	Agreement/ transaction type
ABN Amro	ISDA/all
BH	PMA/all
BNP Paribas Polska	PMA/all
Credit Suisse	ISDA/all
DB Polska S.A.	PMA/all
DB AG	ISDA/all
Dresdner Bank AG	ISDA/all
Fortis Bank N.V.	ISDA/all
Goldman Sachs	ISDA/all
HSBC Bank Polska S.A.	PMA/all
ING Bank Śląski S.A.	PMA/all
Mitsubishi UFJ Securities Int. plc	ISDA/all
Morgan Stanley	ISDA/all
Millennium Bank Polska S.A.	PMA/all
Pekao S.A.	PMA/all
PKO BP S.A.	PMA/all
SG Bank	ISDA/all
SMBC Capital Markets, Inc.	ISDA/all
WestLB Bank Polska S.A.	PMA/all

In the period from January 1st to March 31st 2010 the following derivative transactions were concluded:

- purchase of call options,
- zero-cost risk reversal strategy with a maturity term of 1 to 6 months,
- forward contracts.

All derivative transactions executed by the Parent Undertaking are hedges against currency risk and interest rate risk. In none of the periods does the volume of hedging transactions exceed the value of the hedged items. The transactions concluded from January 1st to March 31st 2010 that are not covered by hedge accounting are forward contracts with a short position on NOK/PLN. The transactions were not covered by hedge accounting because the NOK/PLN forwards were an economic hedge, for which, pursuant to the principles of hedge accounting, no hedging relationship could be designated.

Furthermore, in that period the Company was party to CCIRS transactions executed in the previous periods, which were not covered by hedge accounting as the valuation of both the hedged item and the hedge (derivative transaction) is reflected in the income statement.

The table below presents the Company's open derivative transactions as at March 31st 2010.

Hedged item	Value of hedging instrument	Currency of hedging instrument	Hedge type	Date of hedging transaction	Exercise date of hedging instrument	Exercise price (exercise price range) of the instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
Payments for gas	10,000	USD	Call	Oct 20 2009	Apr 9 2010	3.2700	currency risk	-
Payments for gas	10,000	USD	Put	Oct 20 2009	Apr 9 2010	2.5980	currency risk	-
Payments for gas	10,000	USD	Call	Oct 23 2009	Apr 9 2010	3.2700	currency risk	-
Payments for gas	10,000	USD	Put	Oct 23 2009	Apr 9 2010	2.5900	currency risk	-
Payments for gas	10,000	USD	Call	Nov 5 2009	Apr 20 2010	3.2000	currency risk	1
Payments for gas	10,000	USD	Call	Nov 6 2009	Apr 20 2010	3.3500	currency risk	-
Payments for gas	10,000	USD	Put	Nov 6 2009	Apr 20 2010	2.6600	currency risk	(1)
Payments for gas	10,000	USD	Call	Nov 6 2009	May 10 2010	3.3500	currency risk	6
Payments for gas	10,000	USD	Put	Nov 6 2009	May 10 2010	2.6685	currency risk	(26)
Payments for gas	10,000	USD	Call	Nov 9 2009	Apr 20 2010	3.3000	currency risk	-
Payments for gas	10,000	USD	Put	Nov 9 2009	Apr 20 2010	2.6320	currency risk	-
Payments for gas	10,000	USD	Call	Nov 9 2009	May 10 2010	3.3000	currency risk	11
Payments for gas	10,000	USD	Put	Nov 9 2009	May 10 2010	2.6300	currency risk	(12)
Payments for gas	6,000	EUR	Call	Nov 10 2009	Apr 9 2010	4.4000	currency risk	-
Payments for gas	6,000	EUR	Call	Nov 12 2009	May 10 2010	4.3800	currency risk	-
Payments for gas	10,000	USD	Call	Nov 12 2009	May 10 2010	3.2500	currency risk	20
Payments for gas	10,000	USD	Put	Nov 12 2009	May 10 2010	2.5800	currency risk	(4)
Payments for gas	10,000	USD	Call	Nov 13 2009	Apr 9 2010	3.2000	currency risk	-
Payments for gas	10,000	USD	Put	Nov 13 2009	Apr 9 2010	2.5900	currency risk	-
Payments for gas	10,000	USD	Call	Nov 18 2009	Apr 9 2010	3.2000	currency risk	-
Payments for gas	10,000	USD	Put	Nov 18 2009	Apr 9 2010	2.5550	currency risk	-
Payments for gas	10,000	USD	Call	Nov 23 2009	Apr 20 2010	3.2000	currency risk	1
Payments for gas	10,000	USD	Put	Nov 23 2009	Apr 20 2010	2.5680	currency risk	-
Payments for gas	10,000	USD	Call	Nov 23 2009	May 20 2010	3.2000	currency risk	67
Payments for gas	10,000	USD	Put	Nov 23 2009	May 20 2010	2.5850	currency risk	(10)
Payments for gas	10,000	USD	Call	Nov 23 2009	May 20 2010	3.2300	currency risk	52
Payments for gas	10,000	USD	Put	Nov 23 2009	May 20 2010	2.5680	currency risk	(7)
Payments for gas	10,000	USD	Call	Nov 23 2009	May 20 2010	3.0500	currency risk	197
Payments for gas	10,000	USD	Call	Nov 25 2009	Apr 9 2010	3.0000	currency risk	13
Payments for gas	10,000	USD	Call	Nov 25 2009	May 10 2010	3.0500	currency risk	135
Payments for gas	10,000	USD	Call	Dec 1 2009	May 20 2010	3.2000	currency risk	67
Payments for gas	10,000	USD	Put	Dec 1 2009	May 20 2010	2.5665	currency risk	(7)
Payments for gas	10,000	USD	Call	Dec 2 2009	Jun 10 2010	3.2100	currency risk	128

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Hedged item	Value of hedging instrument	Currency of hedging instrument	Hedge type	Date of hedging transaction	Exercise date of hedging instrument	Exercise price (exercise price range) of instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
Payments for gas	10,000	USD	Put	Dec 2 2009	Jun 10 2010	2.5280	currency risk	(11)
Payments for gas	10,000	USD	Call	Dec 2 2009	May 10 2010	3.0500	currency risk	135
Payments for gas	10,000	USD	Call	Dec 3 2009	Jun 18 2010	3.2100	currency risk	158
Payments for gas	10,000	USD	Put	Dec 3 2009	Jun 18 2010	2.5200	currency risk	(14)
Payments for gas	6,000	EUR	Call	Dec 8 2009	Jun 10 2010	4.3500	currency risk	13
Payments for gas	5,000	EUR	Call	Jan 11 2010	Apr 9 2010	4.2000	currency risk	-
Payments for gas	10,000	USD	Call	Jan 11 2010	Jun 10 2010	3.0000	currency risk	394
Payments for gas	10,000	USD	Call	Jan 13 2010	Apr 20 2010	3.0000	currency risk	67
Payments for gas	10,000	USD	Call	Jan 13 2010	Jun 18 2010	3.0500	currency risk	344
Payments for gas	10,000	USD	Call	Jan 13 2010	Jun 10 2010	3.0000	currency risk	394
Payments for gas	10,000	USD	Call	Jan 18 2010	Apr 9 2010	2.9500	currency risk	45
Payments for gas	10,000	USD	Call	Jan 18 2010	Jun 10 2010	3.0000	currency risk	394
Payments for gas	10,000	USD	Call	Jan 18 2010	Jul 9 2010	3.2300	currency risk	222
Payments for gas	10,000	USD	Put	Jan 18 2010	Jul 9 2010	2.5950	currency risk	(73)
Payments for gas	5,000	EUR	Call	Jan 20 2010	Jul 9 2010	4.2000	currency risk	91
Payments for gas	10,000	USD	Call	Jan 27 2010	May 20 2010	3.0800	currency risk	161
Payments for gas	10,000	USD	Call	Jan 28 2010	Apr 20 2010	3.0800	currency risk	19
Payments for gas	10,000	USD	Call	Jan 28 2010	May 20 2010	3.0800	currency risk	161
Payments for gas	10,000	USD	Call	Jan 28 2010	Apr 9 2010	3.0500	currency risk	3
Payments for gas	10,000	USD	Call	Jan 29 2010	Jun 18 2010	3.1300	currency risk	234
Payments for gas	10,000	USD	Call	Jan 29 2010	May 10 2010	3.0800	currency risk	106
Payments for gas	10,000	USD	Call	Jan 29 2010	Apr 20 2010	3.0500	currency risk	31
Payments for gas	6,000	EUR	Call	Feb 1 2010	May 20 2010	4.1700	currency risk	22
Payments for gas	10,000	USD	Call	Feb 1 2010	Jun 10 2010	3.0700	currency risk	272
Payments for gas	10,000	USD	Call	Feb 2 2010	Jul 9 2010	3.1300	currency risk	331
Payments for gas	10,000	USD	Call	Feb 2 2010	Jul 20 2010	3.1300	currency risk	371
Payments for gas	10,000	USD	Call	Feb 2 2010	Apr 9 2010	3.0000	currency risk	13
Payments for gas	10,000	USD	Call	Feb 2 2010	Apr 20 2010	3.0000	currency risk	67
Payments for gas	10,000	USD	Call	Feb 3 2010	May 10 2010	3.0000	currency risk	201
Payments for gas	5,000	EUR	Call	Feb 3 2010	Aug 10 2010	4.2000	currency risk	144
Payments for gas	10,000	USD	Call	Feb 3 2010	Jul 20 2010	3.3000	currency risk	195
Payments for gas	10,000	USD	Put	Feb 3 2010	Jul 20 2010	2.6400	currency risk	(135)
Payments for gas	10,000	USD	Call	Feb 3 2010	Aug 10 2010	3.3200	currency risk	246
Payments for gas	10,000	USD	Put	Feb 3 2010	Aug 10 2010	2.6400	currency risk	(180)
Payments for gas	10,000	USD	Call	Feb 16 2010	May 10 2010	3.0700	currency risk	115

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Hedged item	Value of hedging instrument	Currency of hedging instrument	Hedge type	Date of hedging transaction	Exercise date of hedging instrument	Exercise price (exercise price range) of instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
Payments for gas	10,000	USD	Call	Feb 16 2010	May 20 2010	3.1000	currency risk	141
Payments for gas	6,000	EUR	Call	Feb 23 2010	Jun 18 2010	4.1500	currency risk	84
Payments for gas	10,000	USD	Call	Feb 23 2010	May 20 2010	3.0500	currency risk	197
Payments for gas	10,000	USD	Call	Feb 23 2010	Apr 9 2010	3.0000	currency risk	13
Payments for gas	10,000	USD	Call	Mar 1 2010	Jun 18 2010	3.0500	currency risk	344
Payments for gas	10,000	USD	Call	Mar 1 2010	Jul 9 2010	3.1000	currency risk	373
Payments for gas	10,000	USD	Call	Mar 1 2010	Jun 18 2010	3.0500	currency risk	344
Payments for gas	10,000	USD	Call	Mar 2 2010	Jun 10 2010	3.0500	currency risk	302
Payments for gas	10,000	USD	Call	Mar 2 2010	Jun 18 2010	3.0500	currency risk	344
Payments for gas	10,000	USD	Call	Mar 2 2010	Jul 9 2010	3.1000	currency risk	373
Payments for gas	10,000	USD	Call	Mar 2 2010	Jul 20 2010	3.1000	currency risk	416
Payments for gas	10,000	USD	Call	Mar 2 2010	Aug 10 2010	3.1400	currency risk	447
Payments for gas	10,000	USD	Call	Mar 3 2010	Aug 10 2010	3.1400	currency risk	447
Payments for gas	10,000	USD	Call	Mar 3 2010	Jul 20 2010	3.1000	currency risk	416
Payments for gas	10,000	USD	Call	Mar 3 2010	Jun 10 2010	3.0500	currency risk	302
Payments for gas	10,000	USD	Call	Mar 3 2010	Jun 18 2010	3.0500	currency risk	344
Payments for gas	5,000	EUR	Call	Mar 3 2010	Sep 10 2010	4.1000	currency risk	267
Payments for gas	10,000	USD	Call	Mar 3 2010	Aug 20 2010	3.1300	currency risk	514
Payments for gas	10,000	USD	Call	Mar 4 2010	Aug 20 2010	3.1300	currency risk	514
Payments for gas	10,000	USD	Call	Mar 4 2010	Jun 10 2010	3.0300	currency risk	335
Payments for gas	10,000	USD	Call	Mar 4 2010	Aug 20 2010	3.1300	currency risk	514
Payments for gas	10,000	USD	Call	Mar 5 2010	Sep 10 2010	3.1500	currency risk	567
Payments for gas	10,000	USD	Call	Mar 5 2010	Aug 20 2010	3.4000	currency risk	220
Payments for gas	10,000	USD	Put	Mar 5 2010	Aug 20 2010	2.6300	currency risk	(190)
Payments for gas	10,000	USD	Call	Mar 8 2010	Sep 10 2010	3.1300	currency risk	601
Payments for gas	10,000	USD	Call	Mar 8 2010	Aug 10 2010	3.1000	currency risk	513
Payments for gas	10,000	USD	Call	Mar 10 2010	Jun 18 2010	3.0500	currency risk	344
Payments for gas	10,000	USD	Call	Mar 10 2010	Sep 20 2010	3.4000	currency risk	298
Payments for gas	10,000	USD	Put	Mar 10 2010	Sep 20 2010	2.6395	currency risk	(265)
Payments for gas	10,000	USD	Call	Mar 10 2010	Sep 20 2010	3.4000	currency risk	298
Payments for gas	10,000	USD	Put	Mar 10 2010	Sep 20 2010	2.6400	currency risk	(266)
Payments for gas	10,000	USD	Call	Mar 10 2010	Jun 10 2010	3.0000	currency risk	394
Payments for gas	10,000	USD	Call	Mar 11 2010	Sep 10 2010	3.4000	currency risk	277
Payments for gas	10,000	USD	Put	Mar 11 2010	Sep 10 2010	2.6510	currency risk	(269)
Payments for gas	10,000	USD	Call	Mar 12 2010	Sep 10 2010	3.1000	currency risk	659
Payments for gas	10,000	USD	Call	Mar 16 2010	Sep 20 2010	3.1000	currency risk	693

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Hedged item	Value of hedging instrument	Currency of hedging instrument	Hedge type	Date of hedging transaction	Exercise date of hedging instrument	Exercise price (exercise price range) of instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
Payments for gas	10,000	USD	Call	Mar 16 2010	Sep 20 2010	3.1000	currency risk	693
Loan to PGNiG Norway	50,000	NOK	FX fwd	Jan 14 2010	Jun 30 2010	0.4978	currency risk	697
Loan to PGNiG Norway	50,000	NOK	FX fwd	Jan 14 2010	Jun 30 2010	0.4980	currency risk	707
Loan to PGNiG Norway	50,000	NOK	FX fwd	Jan 14 2010	Jun 30 2010	0.4979	currency risk	702
Loan to PGNiG Norway	50,000	NOK	FX fwd	Jan 14 2010	Jun 30 2010	0.4984	currency risk	727
Loan to PGNiG Norway	50,000	NOK	FX fwd	Feb 18 2010	Jun 30 2010	0.4983	currency risk	722
Loan to PGNiG Norway	50,000	NOK	FX fwd	Feb 18 2010	Jun 30 2010	0.4975	currency risk	682
Loan to PGNiG Norway	20,000	NOK	FX fwd	Feb 18 2010	Jun 30 2010	0.4977	currency risk	277
Loan to PGNiG Norway	50,000	NOK	FX fwd	Feb 18 2010	Jun 30 2010	0.4977	currency risk	692
Loan to PGNiG Norway	330,000	NOK	CCIRS	Jan 13 2009	Jan 16 2012	0.4380	currency risk; interest rate risk	(17,243)
Loan to PGNiG Norway	330,000	NOK	CCIRS	Jan 12 2009	Jan 16 2012	0.4300	currency risk; interest rate risk	(20,210)
Loan to PGNiG Norway	330,000	NOK	CCIRS	Jan 12 2009	Jan 16 2012	0.4300	currency risk; interest rate risk	(20,374)
Loan to PGNiG Norway	322,000	NOK	CCIRS	Jan 13 2009	Jan 16 2012	0.4400	currency risk; interest rate risk	(16,162)
Loan to PGNiG Norway	344,000	NOK	CCIRS	Jan 18 2008	Jan 17 2011	0.4530	currency risk; interest rate risk	(9,718)
Loan to PGNiG Norway	344,000	NOK	CCIRS	Jan 18 2008	Jan 17 2011	0.4530	currency risk; interest rate risk	(9,730)
Loan to PGNiG Norway	300,000	NOK	CCIRS	Nov 19 2007	Jan 17 2011	0.4534	currency risk; interest rate risk	(8,409)
Loan to PGNiG Norway	300,000	NOK	CCIRS	Nov 12 2007	Jan 17 2011	0.4627	currency risk; interest rate risk	(5,543)
Loan to PGNiG Norway	300,000	NOK	CCIRS	Nov 30 2007	Jan 17 2011	0.4461	currency risk; interest rate risk	(10,666)
Loan to PGNiG Norway	300,000	NOK	CCIRS	Nov 8 2007	Jan 17 2011	0.4686	currency risk; interest rate risk	(3,732)
Loan to PGNiG Norway	300,000	NOK	CCIRS	Nov 22 2007	Jan 17 2011	0.4588	currency risk; interest rate risk	(6,745)
Loan to PGNiG Norway	300,000	NOK	CCIRS	Nov 15 2007	Jan 17 2011	0.4596	currency risk; interest rate risk	(6,498)
Total								(113,059)
						Including disclosed under:	assets	23,445
							liabilities	(136,504)

The effect on the result on derivative instruments is presented in the table below.

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Profit/(loss) on derivative instruments – unrealised*	(89,799)	(442,787)
Profit/(loss) on derivative instruments – realised	119,099	132,531
Total profit/(loss) on derivative instruments recognised in the income statement	29,300	(310,256)
including:		
recognised under other operating expenses, net	29,696	(310,256)
recognised under raw and other materials used	(396)	-

*Including valuation of a CCIRS transaction whose negative value after Q1 2010, amounting to PLN (66,874) thousand, was matched by the amount of PLN 62,916 thousand in foreign-exchange gains. After Q1 2009, a negative valuation of CCIRS transactions of PLN (304,076) thousand was matched by foreign-exchange gains of PLN 361,692 thousand. Both valuation and the corresponding foreign exchange gains (losses) are disclosed under the same item of the income statement (i.e. "Other operating expenses, net").

10. Specification and Explanation of Differences between the Data Disclosed in the Financial Statements and Comparative Financial Data, and the Data Disclosed in the Previously Published Financial Statements

In connection with the change, implemented in Q1 2010, in the manner of accounting for produced gas sold by the Trade and Storage segment, the Group adjusted the data for Q1 2009 to ensure comparability with the current reporting period. The change involved a PLN 68,640 thousand decrease under sales to other segments in the Exploration and Production segment and a reduction by the same amount of other costs in the Trade and Storage segment as well as eliminations. Its effect was a decrease in the Exploration and Production segment's result by PLN 68,640 thousand, and a corresponding increase in the result of the Trade and Storage segment. Other items and figures remained unchanged.

II. CONDENSED SEPARATE FINANCIAL STATEMENTS

SEPARATE INCOME STATEMENT

	1 quarter 2010 (Jan 1–Mar 31 2010) unaudited	1 quarter 2009 (Jan 1–Mar 31 2009) unaudited
	(PLN '000)	
Sales revenue	6,483,017	6,212,332
Raw and other materials used	(3,548,155)	(5,171,260)
Employee benefits	(188,940)	(157,104)
Depreciation and amortisation	(137,352)	(145,632)
Contracted services	(1,756,206)	(1,571,514)
Cost of products and services for own needs	2,334	2,323
Other operating expenses, net	(127,161)	(32,186)
Total operating expenses	(5,755,480)	(7,075,373)
Operating profit/(loss)	727,537	(863,041)
Finance income	166,438	543,598
Finance expenses	(125,605)	(462,850)
Pre-tax profit/(loss)	768,370	(782,293)
Corporate income tax	(158,879)	106,157
Net profit/(loss)	609,491	(676,136)
Net earnings/(loss) and diluted net earnings/(loss) per share attributable to owners of the parent	0.10	(0.11)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	1 quarter 2010 (Jan 1–Mar 31 2010) unaudited	1 quarter 2009 (Jan 1–Mar 31 2009) unaudited
	(PLN '000)	
Net profit/(loss)	609,491	(676,136)
Currency translation differences on foreign operations	333	1,846
Valuation of hedging instruments	-	-
Valuation of financial instruments	11,560	19,640
Deferred tax related to other comprehensive income	(2,196)	(3,732)
Other	-	-
Other comprehensive net income	9,697	17,754
Total comprehensive income	619,188	(658,382)

SEPARATE STATEMENT OF FINANCIAL POSITION

	As at Mar 31 2010 (end of Q1 2010) unaudited	As at Dec 31 2009 (end of previous year) audited
	(PLN '000)	
ASSETS		
Non-current assets		
Property, plant and equipment	9,878,002	9,726,870
Investment property	3,668	3,778
Intangible assets	79,565	68,954
Financial assets available for sale	6,304,002	6,219,361
Other financial assets	2,289,552	2,417,571
Deferred tax asset	281,182	299,660
Other non-current assets	35,219	35,892
Total non-current assets	18,871,190	18,772,086
Current assets		
Inventories	549,489	1,110,220
Trade and other receivables	3,789,353	3,687,081
Current income tax receivable	50,805	161,546
Prepayments and accrued income	85,076	9,370
Financial assets available for sale	-	-
Derivative financial instruments	23,445	18,002
Cash and cash equivalents	661,566	425,243
Non-current assets held for sale	-	1
Total current assets	5,159,734	5,411,463
Total assets	24,030,924	24,183,549
EQUITY AND LIABILITIES		
Equity		
Share capital	5,900,000	5,900,000
Currency translation differences on foreign operations	(2,615)	(2,948)
Share premium account	1,740,093	1,740,093
Other capital reserves	8,992,478	8,983,114
Retained earnings/(deficit)	1,328,935	719,444
Total equity	17,958,891	17,339,703
Non-current liabilities		
Loans, borrowings and debt securities	1,872	2,619
Provisions	1,092,114	1,084,367
Deferred income	20,834	3,941
Deferred tax liability	522,575	531,260
Other non-current liabilities	15,406	16,538
Total non-current liabilities	1,652,801	1,638,725
Current liabilities		
Trade and other payables	2,612,445	2,359,695
Loans, borrowings and debt securities	1,003,951	1,904,065
Derivative financial instruments	136,504	260,428
Current tax payable	-	-
Provisions	143,536	134,652
Deferred income	522,796	546,281
Total current liabilities	4,419,232	5,205,121
Total liabilities	6,072,033	6,843,846
Total equity and liabilities	24,030,924	24,183,549

SEPARATE CASH-FLOW STATEMENT

	1 quarter 2010 (Jan 1–Mar 31 2010) unaudited	1 quarter 2009 (Jan 1–Mar 31 2009) unaudited
	(PLN '000)	
Cash flows from operating activities		
Net profit/(loss)	609,491	(676,136)
Adjustments:		
Depreciation and amortisation	137,352	145,632
Net foreign exchange gains/losses	52,335	(449,427)
Net interest and dividend	(36,899)	(579)
Profit/(loss) on investing activities	(14,530)	(19,976)
Current income tax	158,879	(106,157)
Income tax paid	(40,541)	(72,370)
Other items, net	(54,852)	555,614
Net cash provided by/(used in) operating activities before changes in working capital	811,235	(623,399)
Change in working capital:		
Change in receivables, net	72,371	(52,360)
Change in inventories	560,731	784,230
Change in provisions	16,631	(12,487)
Change in current liabilities	351,032	266,405
Change in prepayments	(75,033)	(70,185)
Change in deferred income	(6,591)	(28,280)
Net cash provided by/(used in) operating activities	1,730,376	263,924
Cash flows from investing activities		
Sale of property, plant and equipment and intangible assets	2,978	1,893
Sale of shares in related undertakings	-	-
Sale of short-term securities	756	3,540
Acquisition of property, plant and equipment and intangible assets	(422,401)	(374,464)
Acquisition of shares in related undertakings	(32,028)	(53,433)
Acquisition of short-term securities	-	-
Decrease in loans advanced	116,121	141,193
Increase in loans advanced	(183,586)	(606,330)
Inflows from derivative financial instruments	25,516	24,816
Outflows on derivative financial instruments	(92,390)	(109,224)
Interest received	7,778	25,445
Dividend received	-	-
Proceeds from financed lease	5,008	11,600
Other items, net	(1,497)	(1,356)
Net cash provided by/(used in) investing activities	(573,745)	(936,320)
Cash flows from financing activities		
Net proceeds from issue of shares, other equity instruments and additional contributions to equity	-	-
Increase in loans and borrowings	-	400,000
Repayment of loans and borrowings	(900,895)	-
Issue of debt securities	-	-
Redemption of debt securities	-	-
Decrease in financed lease liabilities	(876)	(650)
Inflows from derivative financial instruments	-	-
Outflows on derivative financial instruments	-	-
Dividend paid	-	-
Interest paid	(16,254)	(14,173)
Other items, net	(2,283)	(816)
Net cash provided by/(used in) financing activities	(920,308)	384,361
Net change in cash	236,323	(288,035)
Net foreign exchange gains/(losses)	-	(2)
Cash and cash equivalents at beginning of period	425,243	808,173
Cash and cash equivalents at end of period	661,566	520,138

SEPARATE STATEMENT OF CHANGES IN EQUITY

Equity (attributable to owners of the parent)						
	Share capital	Currency translation differences on foreign operations	Share premium account	Other capital reserves	Retained earnings/ (deficit)	Total
	(PLN '000)					
As at Jan 1 2010	5,900,000	(2,948)	1,740,093	8,983,114	719,444	17,339,703
Transfers	-	-	-	-	-	-
Payment of dividend to shareholders	-	-	-	-	-	-
Comprehensive income for Q1 2010	-	333	-	9,364	609,491	619,188
As at Mar 31 2010 (unaudited)	5,900,000	(2,615)	1,740,093	8,992,478	1,328,935	17,958,891
As at Jan 1 2009	5,900,000	(582)	1,740,093	8,953,301	588,560	17,181,372
Transfers	-	-	-	-	-	-
Payment of dividend to shareholders	-	-	-	-	-	-
Comprehensive income for Q1 2009	-	1,846	-	15,908	(676,136)	(658,382)
As at Mar 31 2009 (unaudited)	5,900,000	1,264	1,740,093	8,969,209	(87,576)	16,522,990

NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS

1. Deferred Tax

Deferred tax asset and liability	Deferred tax asset	Deferred tax liability
As at beginning of period: Jan 1 2010	299,660	531,260
a) increase	11,057	2,432
b) decrease	(29,535)	(11,117)
Deferred tax as at end of period: Mar 31 2010	281,182	522,575
As at beginning of period: Jan 1 2009	301,222	742,045
a) increase	49,948	8,375
b) decrease	(51,510)	(219,160)
Deferred tax as at end of period: Dec 31 2009	299,660	531,260

2. Impairment Losses

Impairment losses on assets	Property, plant and equipment and intangible assets	Investment property	Other financial assets (non-current loans)	Non-current financial assets available for sale	Inventories	Current receivables	Current portion of non-current loans	Current financial assets available for sale	Total
As at beginning of period: Jan 1 2010	882,931	2	8,800	1,671,724	4,081	1,004,701	20,722	-	3,592,960
a) increase	-	-	-	28	-	94,176	751	-	94,955
b) transfer	-	-	(550)	-	-	-	550	-	-
c) decrease	(17,596)	-	-	-	(97)	(25,234)	(550)	-	(43,477)
Impairment losses as at end of period: Mar 31 2010	865,335	2	8,250	1,671,752	3,984	1,073,643	21,473	-	3,644,439
As at beginning of period: Jan 1 2009	507,367	1,177	10,450	1,668,305	3,247	849,231	138,520	-	3,178,298
a) increase	431,593	-	-	6,459	852	254,925	36,472	-	730,300
b) transfer	(4)	4	(1,650)	-	-	-	1,650	-	-
c) decrease	(56,026)	(1,179)	-	(3,040)	(19)	(99,455)	(155,920)	-	(315,638)
Impairment losses as at end of period: Dec 31 2009	882,931	2	8,800	1,671,724	4,081	1,004,701	20,722	-	3,592,960

3. Provisions

	Provision for length-of- service awards and retirement severance pays	Provision for gas allowances	Provision for well decommission ing	Provision for environmental protection liabilities (gas pitch)	Provision for potential liability under transmission services	Central Restructuring Fund	Other	Total
As at beginning of period: Jan 1 2010	111,765	20,410	916,231	75,993	34,391	10,450	49,779	1,219,019
a) increase	-	-	7,722	-	-	-	12,504	20,226
b) decrease	-	-	-	-	-	(1,047)	(2,548)	(3,595)
Provisions as at end of period: Mar 31 2010	111,765	20,410	923,953	75,993	34,391	9,403	59,735	1,235,650
As at beginning of period: Jan 1 2009	109,209	40,923	1,041,431	86,632	44,300	6,760	43,472	1,372,727
a) increase	12,883	-	13,098	-	-	5,000	54,134	85,115
b) decrease	(10,327)	(20,513)	(138,298)	(10,639)	(9,909)	(1,310)	(47,827)	(238,823)
Provisions as at end of period: Dec 31 2009	111,765	20,410	916,231	75,993	34,391	10,450	49,779	1,219,019

4. Sales Revenue

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Natural gas	6,211,803	6,000,387
Crude oil	206,720	144,083
Helium	10,159	8,094
Propane-butane gas	13,811	9,260
Head casing gasoline	1,351	448
Decompressed LNG	7,948	6,262
Geophysical and geological services	97	9,472
Materials and goods for resale	1,729	2,745
Other sales of products and services	29,399	31,581
Total	6,483,017	6,212,332

5. Proceeds under Transmission System Lease Agreement

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Interest	4,80	13,895
Principal	5,008	11,600
Total	9,788	25,495

6. Operating Expenses

Raw and other materials used	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Gas purchases	(3,515,537)	(5,141,153)
Other	(32,618)	(30,107)
Total	(3,548,155)	(5,171,260)

Contracted services	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Purchases of transmission and distribution services	(1,591,431)	(1,359,587)
Other contracted services	(164,775)	(211,927)
Total	(1,756,206)	(1,571,514)

7. Corporate Income Tax

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Pre-tax profit/(loss)	768,370	(782,293)
Tax rate applicable during the period	19%	19%
Tax calculated at applicable tax rate	(145,990)	148,636
Permanent differences between pre-tax profit/(loss) and tax base	(12,888)	(42,479)
Tax charge disclosed in the income statement	(158,879)	106,157
Current income tax	(151,282)	-
Deferred income tax	(7,597)	106,157
Effective tax rate	21%	14%

The low effective tax rate in Q1 2009 was mainly due to tax losses incurred in that period by the Company.

8. Property, Plant and Equipment by Categories

	As at Mar 31 2010 (end of Q1 2010)	As at Dec 31 2009 (end of previous year)
Land	22,339	22,000
Buildings and structures	5,046,424	5,071,837
Plant and equipment	1,262,415	1,293,321
Vehicles and other	92,186	97,412
Total tangible assets	6,423,364	6,484,570
Tangible assets under construction	3,454,638	3,242,300
Total property, plant and equipment	9,878,002	9,726,870

III. ADDITIONAL INFORMATION CONCERNING FINANCIAL STATEMENTS FOR Q1 2010

1. Basis of Preparation and Format of the Financial Statements Contained in this Report

These condensed consolidated financial statements and condensed separate financial statements as at March 31st 2010 were 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, "the Regulation"). The financial statements present data as at March 31st 2010 and for the period January 1st–March 31st 2010, along with comparative financial data for the relevant periods of 2009.

The data disclosed in these financial statements are stated in the zloty (PLN), and all amounts, unless indicated otherwise, are stated in thousands of zloty. Differences, if any, between the total amounts and the sum of particular items are due to roundings.

The financial statements of the PGNiG Group ("the PGNiG Group", "the Group") were prepared based on the assumption that PGNiG SA ("PGNiG SA", "the Company" or "the Parent Undertaking") and its subsidiary undertakings would continue as going concerns for at least 12 months after the balance-sheet date.

As at the date of signing these financial statements, the Management Board of the Parent Undertaking is not aware of any facts or circumstances which would imply a threat to the Parent Undertaking continuing as a going concern for 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of its activity.

These quarterly financial statements have been approved by the Management Board of the Parent Undertaking for publication on May 12th 2010.

2. Adopted Accounting Policies

The policies applied to prepare the condensed consolidated financial statements and the condensed separate financial statements are consistent with the general policies applied to draw up the annual consolidated financial statements for the period ended December 31st 2009, published on March 22nd 2010, except for the following amendments and new interpretations, which are effective for annual periods beginning on or after January 1st 2010:

- IFRS 1 (revised) *First-Time Adoption of International Financial Reporting Standards* – endorsed by the EU on November 25th 2009 (effective for annual periods beginning on or after January 1st 2010),
- IFRS 3 (revised) *Business Combinations* – endorsed by the EU on June 3rd 2009 (effective for annual periods beginning on or after July 1st 2009),
- Amendments to IFRS 2 "Share-based Payment" - Group cash-settled share-based payment transactions adopted by the EU on 23 March 2010 (effective for annual periods beginning on or after 1 January 2010),
- Amendments to various standards and interpretations "Improvements to IFRSs (2009)" resulting from the annual improvement project of IFRS published on 16 April 2009, adopted by the EU on 23 March 2010 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2010),
- Amendments to IAS 27 *Consolidated and Separate Financial Statements* – endorsed by the EU on June 3rd 2009 (effective for annual periods beginning on or after July 1st 2009),
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*, endorsed by the EU on September 15th 2009 (effective for annual periods beginning on or after July 1st 2009),
- IFRIC 12 *Service Concession Arrangements* – endorsed by the EU on March 25th 2009 (effective for annual periods beginning on or after March 30th 2009),
- IFRIC 15 *Agreements for the Construction of Real Estate* – endorsed by the EU on July 22nd 2009 (effective for annual periods beginning on or after January 1st 2010),
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* – endorsed by the EU on June 4th 2009 (effective for annual periods beginning on or after July 1st 2009),
- IFRIC 17 *Distributions of Non-cash Assets to Owners* – endorsed by the EU on November 26th 2009 (effective for annual periods beginning on or after November 1st 2009),
- IFRIC 18 *Transfers of Assets from Customers* – endorsed by the EU on November 27th 2009 (effective for annual periods beginning on or after November 1st 2009).

The adoption of the above standards and interpretations has not caused any material changes in the Group's accounting policy and in the presentation of its financial statements.

3. Effect of New Standards and Interpretations on the Group's Financial Statements

While approving these financial statements, the Group did not apply the following standards, amendments and interpretations which have been published and endorsed for application in the EU but have not yet become effective:

- Amendments to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* – endorsed by the EU on December 23rd 2009 (effective for annual periods beginning on or after February 1st 2010),

The IFRSs endorsed by the EU do not significantly differ from the regulations adopted by the International Accounting Standards Board, with the exception of the following standards, amendments and interpretations, which as at March 31st 2010 had not been endorsed for application:

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1st 2013),
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording (most amendments are to be applied for annual periods beginning on or after 1 January 2011),
- Amendments to IAS 24 *Related Party Disclosures* – simplifying disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after January 1st 2011),
- Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters* (effective for annual periods beginning on or after January 1st 2010),
- Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards – Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters* (effective for annual periods beginning on or after July 1st 2010),
- Amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement* (effective for annual periods beginning on or after January 1st 2011),
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after July 1st 2010).

The Group estimates that the above standards, interpretations and amendments to those standards would not have a material bearing on the financial statements if they were applied by the company as at the balance-sheet dates.

4. Brief Description of Significant Achievements or Failures of the Company in the Reporting Period, Including a Specification of Key Related Events

1. On January 10th 2010, an application was submitted for the liquidation of Geofizyka Kraków Libia S.A. of Janzur, Al-Jifara District, Libya (an indirect subsidiary undertaking of PGNiG SA controlled through Geofizyka Kraków Sp. z o.o.) to the General People's Committee for Industry, Economy and Trade, the Office of the Central Commercial Register of the Great Socialist People's Libyan Arab Jamahiriya. Mr Ash-Sharif Ali bin Iyad, a legal auditor, was appointed the liquidator. Geofizyka Kraków Sp. z o.o. (a wholly-owned subsidiary of PGNiG SA) held 60% of the share capital of its subsidiary, Geofizyka Kraków Libia S.A. Geofizyka Kraków Libia S.A. was deleted from the Central Commercial Register of the Great Socialist People's Libyan Arab Jamahiriya on January 19th 2010.
2. On January 20th 2010, the Management Board of the Parent Undertaking was notified that, following completion of the APA 2009 licensing round, PGNiG Norway AS, a wholly-owned subsidiary of PGNiG SA, was awarded a 15-percent interest in the PL558 exploration and production license on the Norwegian Continental Shelf ("the License") by the Norwegian Ministry of Hydrocarbons and Energy. Direct operatorship of the license was awarded to E.ON Ruhrgas Norge AS (30-percent interest). The other partners are: Nexen Exploration Norge AS (15-percent interest), Det norske oljeselskap AS (20-percent interest) and Petoro AS (20-percent interest). Acquisition of the interest in the PL558 license is an important element of PGNiG Norway's strategy. The license area is located in the immediate vicinity of the Skarv field and is adjacent to the PL350 license, in which PGNiG Norway holds a 30-percent interest. PGNiG Norway was awarded the interest on the basis of a License Application, submitted to the Norwegian Ministry of Hydrocarbons and Energy jointly with E.ON Ruhrgas Norge AS. The geological concept was developed and the geophysical data were interpreted solely by PGNiG Norway.
3. On January 27th 2010, given the very low air temperatures and significantly increased demand for natural gas, PGNiG SA reduced supplies of gas to Zakłady Chemiczne Police S.A. The decision was made on the basis of the effective contract between the companies, whereby the supplies may be reduced. Regular supplies under the contract were resumed on February 1st 2010.

4. On January 27th 2010, a trilateral Memorandum of Understanding was signed in Moscow between PGNiG, OAO Gazprom Export of Moscow ("Gazprom Export") and System Gazociągów Tranzytowych EuRoPol GAZ S.A. of Warsaw ("EuRoPol GAZ"). The Memorandum of Understanding provides for:
- a. extending the term of the Yamal Contract ("the Contract") for the supply of natural gas from the Russian Federation to Poland until December 31st 2037;
 - b. an option to increase the volume of natural gas supplies under the Contract up to 10.2 billion cubic meters of natural gas according to Polish standards (or 11 billion cubic meters according to the GOST standards).

Furthermore, PGNiG and Gazprom Export agreed to introduce relevant amendments to the Contract. The Memorandum of Understanding lays the foundation for making the necessary changes in the Agreement of August 25th 1993 between the Government of the Russian Federation and the Government of the Republic of Poland on the construction of a pipeline system for the transit of Russian gas through the territory of Poland, and to the Additional Protocol of February 12th 2003. The Memorandum of Understanding also provides for extending the term of the contract for the transit of natural gas through the Polish section of the Yamal pipeline owned by EuRoPol GAZ until 2045, with other terms and conditions remaining unchanged.

5. On February 2nd 2010, the Company signed an annex to the agreement with Zakłady Chemiczne Police S.A. ("ZCh Police") of December 8th 2009 ("Annex"). Under the Annex, ZCh Police undertook to pay the amount due for the gaseous fuel supplied to it in January 2010, along with the accrued statutory interest, by March 5th 2010.
6. On February 10th 2010, the Management Board of PGNiG SA approved the set of arrangements laid down in the Trilateral Memorandum of Understanding executed by PGNiG, OAO Gazprom Export of Moscow and System Gazociągów Tranzytowych EuRoPol GAZ S.A. of Warsaw. The Trilateral Memorandum of Understanding was executed on January 27th 2010 in Moscow. In addition, PGNiG SA reports that the Supervisory Board, in its meeting held on February 10th 2010, accepted the arrangements laid down in the Trilateral Memorandum of Understanding and approved by the Management Board.
7. On February 12th 2010, PGNiG SA concluded agreements with six banks whereby the banks were mandated to arrange a bond issue programme with a value of up to PLN 3 billion and agreed to underwrite the issue. The issue proceeds will be used primarily to refinance a syndicated loan contracted on July 27th 2005 and maturing on July 27th 2010.
8. On March 18th 2010, PGNiG executed a regasification services contract with Polskie LNG S.A. of Świnoujście. Under the contract, Polskie LNG will provide LNG regasification services to PGNiG at the LNG terminal in Świnoujście for a period of 20 years from July 1st 2014. The contract provides for at least ten calls of LNG tankers at the terminal, unloading and receiving LNG through the terminal, LNG regasification, injection of the thus obtained gas into the transmission system and loading of the gas into tanker trucks. The contract does not cover transmission system services beyond the LNG terminal's exit point.

The estimated value of the contract in its entire term is at approximately PLN 13,107m (thirteen billion, one hundred and seven million). Fees for the regasification services under the contract will be calculated in accordance with relevant tariffs effective as at the time of providing the services and approved by the Polish Energy Regulatory Office.

In order to ensure proper performance of the contract, Polskie LNG agreed to construct a terminal and bring it to its full operational capacity by July 1st 2014.

The contract is a "significant agreement" within the meaning of the Minister of Finance's Regulation on current and periodic reports 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, as its value exceeds 10% of PGNiG SA's equity.

9. On March 22nd 2010, the Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA reported that the natural gas production volume in 2009 amounted to 4.1 billion cubic meters of high-methane gas equivalent (E), and was by 0.2 billion cubic meters lower than the level forecast in Current Report No. 28/2009 of March 2nd 2009. The fact that actual production was lower than the forecast level was attributable to:
- a. delayed commissioning of the Grodzisk Denitrifying Plant and technical problems during its process start-up;
 - b. lower demand for nitrogen-rich gas, which is the decisive factor determining production levels;
 - c. a delay in the implementation of the development project at one of the nitrogen-rich gas fields.

Furthermore, the Management Board of PGNiG SA reported that an analysis of production levels year-to-date indicates that in 2010 the natural gas production volume will be approximately 4.3 billion cubic meters. Natural gas production in 2011 is estimated also at approximately 4.3 billion cubic meters.

5. Factors and Events, in Particular of Non-Recurring Nature, with Material Effect on Financial Performance

In Q1 2010, the PGNiG Group recorded a net profit of PLN 987.7m, which means a year-on-year increase of PLN 1,386.4m. The strengthening of the Group's financial position followed primarily from improved profitability of high-methane gas sales, which drove the EBIT up by PLN 1,673.5m.

Exploration and Production

Operating profit posted by the Exploration and Production segment was PLN 241.5m, up by PLN 38.1m (19%) relative to Q1 2009. This increase was primarily attributable to higher profitability of crude oil sales. As a result of higher prices of crude oil on global markets, the PGNiG Group sold it at prices 46% higher compared to Q1 2009.

Trade and Storage

Improved profitability of high-methane gas sales resulted in a higher operating profit of the Trade and Storage segment, which amounted to PLN 445.6m and grew by PLN 1,503.7m relative to the corresponding period of 2009. The key factor driving the operating profit was a 46% drop in unit costs of imported gas. The fall in the unit costs was attributable to a relatively stable situation in the fuel market, which enabled the PGNiG Group to benefit from a modest rise in the prices of imported gas combined with a 16% decrease in the average PLN/USD exchange rate year on year.

Profitability of high-methane gas sales improved despite a fall in the average gas selling prices by 5%. The drop in gas prices was a consequence of the decision of the President of the Polish Energy Regulatory Office, whereby tariff prices of gas were reduced in June 2009.

Distribution

Operating profit of the Distribution segment amounted to PLN 535.9m and was higher by PLN 142.2m (36%) relative to the level reported last year. The segment's result was influenced by two factors, namely an increase in the average prices of network services and a 11% growth in the volume of gas sales. As a result of the approval of a new tariff, on June 1st 2009, the prices of network services were increased by an average of 7.3%. The increased volume of gas sales was due to a higher demand for gaseous fuel in the heating season.

6. Seasonality or Cyclicity in the Company's Operations during the Reporting Period

Sale, distribution and storage of gaseous fuels, which constitute, together with exploration and production, the core business of the Group, are subject to significant seasonal fluctuations.

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

The seasonality in sales creates the need to increase storage and transmission capacities, including the capacity of distribution networks, in order to meet the demand of end consumers in peak consumption periods and ensure secure gas supplies in Poland.

7. Issue, Redemption and Repayment of Debt and Equity Securities

In Q1 2010, no such transactions occurred at the Group.

8. Total and Per Share Dividend Declared or Paid on Ordinary and Preference Shares

On April 29th 2010, the Annual General Shareholders Meeting of PGNiG SA adopted Resolution No. 20/IV/2010 on payment of PLN 472,000 thousand (PLN 0.08 per share) as dividend, including:

- PLN 340,000 thousand as non-cash dividend for the State Treasury; the assets to be distributed as dividend and the valuation method will be defined in a separate resolution of the Annual General Shareholders Meeting, to be adopted on the basis of Par. 63.7 of the Company's Articles of Association, subject to additional cash payment if the value of the assets falls short of PLN 340,000 thousand;
- PLN 132,000 thousand as cash dividend to the other shareholders.

The dividend record date and the dividend payment date were set by the Annual General Shareholders Meeting of PGNiG SA at July 27th 2010 and October 4th 2010, respectively.

9. Events Subsequent to the Condensed Quarterly Financial Statements Date, Not Disclosed in the Financial Statements but Potentially Significant for Future Financial Performance

By the date of this report for Q1 2010, no events had occurred which could have a significant bearing on the future financial performance and which were not disclosed in this report.

10. Changes in Contingent Liabilities and Assets Subsequent to the End of the Previous Financial Year

	Mar 31 2010 (end of Q1 2010)	Dec 31 2009 (end of previous year)
Contingent receivables	467,017	459,648
<i>from related undertakings</i>	35,613	35,902
- guarantees and sureties received	512	512
- promissory notes received	35,101	35,390
<i>from other undertakings</i>	431,404	423,746
- guarantees and sureties received	371,618	364,390
- promissory notes received	59,786	59,356
Contingent liabilities	7,705,347	8,160,874
<i>to related undertakings</i>	-	-
- guarantees and sureties granted	-	-
- promissory notes issued	-	-
<i>to other undertakings</i>	7,705,347	8,160,874
- guarantees and sureties granted	7,635,168	8,089,326
- promissory notes issued	70,179	71,548

Changes in liabilities under guarantees and sureties in Q1 2010 result chiefly from changes in the value of two material guarantees due to the appreciation of the zloty against the euro (end of Q1 2010 vs. end of 2009). The value of a guarantee granted jointly by the Gas Companies to a bank syndicate with Bank Handlowy S.A. of Warsaw as the syndication agent (EUR 1,250,000 thousand) declined by PLN 307,500 thousand, while the value of a guarantee issued to the state of Norway (EUR 627,556 thousand) decreased by PLN 154,379 thousand.

11. Financial Information by Operating Segments

11.1. Reportable Segments

The tables below set forth data on the revenues, costs and profits/losses, as well as the assets, equity and liabilities of the Group's reportable segments for the periods ended March 31st 2010 and March 31st 2009.

The PGNiG Group
Report for Q1 2010
Additional Information Concerning Financial Statements
(PLN '000)

Period ended Mar 31 2010	Exploration and Production	Trade and Storage	Distribution	Other	Eliminations	Total
Income statement						
Sales to external customers	539,076	6,008,954	12,975	61,241	-	6,622,246
Sales to other segments	270,727	107,399	1,151,997	43,030	(1,573,153)	-
Total segment's revenue	809,803	6,116,353	1,164,972	104,271	(1,573,153)	6,622,246
Depreciation and amortisation	(140,660)	(35,172)	(187,357)	(2,710)	-	(365,899)
Other costs	(427,617)	(5,635,603)	(441,666)	(101,122)	1,565,965	(5,040,043)
Total segment's costs	(568,277)	(5,670,775)	(629,023)	(103,832)	1,565,965	(5,405,942)
Operating profit/(loss)	241,526	445,578	535,949	439	(7,188)	1,216,304
Net finance expenses						9,256
Share in net profit/(loss) of undertakings valued with equity method		(189)				(189)
Pre-tax profit/(loss)						1,225,371
Corporate income tax						(237,692)
Net profit/(loss)	-	-	-	-	-	987,679
Statement of financial position						
Segment's assets	11,369,880	9,776,654	11,606,438	319,007	(2,808,606)	30,263,373
Investments in undertakings valued with equity method		556,334				556,334
Unallocated assets						124,794
Deferred tax asset						634,233
Total assets	-	-	-	-	-	31,578,734
Total equity						22,385,000
Segment's liabilities	1,546,878	3,282,478	1,965,981	94,967	(2,808,606)	4,081,698
Unallocated liabilities						3,842,103
Deferred tax liability						1,269,933
Total equity and liabilities	-	-	-	-	-	31,578,734
Other information						
Capital expenditure on property, plant and equipment and intangible assets	(399,269)	(150,672)	(198,799)	(1,219)	-	(749,959)
Impairment losses on assets	(875,070)	(2,085,653)	(847,253)	(4,426)	-	(3,812,402)
Impairment losses on unallocated assets						(53,669)

The PGNiG Group
Report for Q1 2010
Additional Information Concerning Financial Statements
(PLN '000)

Period ended Mar 31 2009	Exploration and Production	Trade and Storage	Distribution	Other	Eliminations	Total
Income statement						
Sales to external customers	512,592	5,821,129	6,447	38,726	-	6,378,894
Sales to other segments	253,611	84,525	965,483	40,492	(1,344,111)	-
Total segment's revenue	766,203	5,905,654	971,930	79,218	(1,344,111)	6,378,894
Depreciation and amortisation	(151,516)	(33,685)	(181,894)	(2,449)	-	(369,544)
Other costs	(411,226)	(6,930,136)	(396,268)	(70,525)	1,341,599	(6,466,556)
Total segment's costs	(562,742)	(6,963,821)	(578,162)	(72,974)	1,341,599	(6,836,100)
Operating profit/(loss)	203,461	(1,058,167)	393,768	6,244	(2,512)	(457,206)
Finance expenses, net						23,462
Share in net profit/(loss) of undertakings valued with equity method		(47)				(47)
Pre-tax profit/(loss)						(433,791)
Corporate income tax						35,093
Net profit/(loss)	-	-	-	-	-	(398,698)
Statement of financial position						
Segment's assets	11,148,230	9,939,236	10,490,014	295,572	(2,800,328)	29,072,724
Investments in undertakings valued with equity method		556,835				556,835
Unallocated assets						116,297
Deferred tax asset						585,005
Total assets						30,330,861
Total equity						20,382,323
Segment's liabilities	3,761,559	3,718,168	2,131,180	110,159	(2,800,328)	6,920,738
Unallocated liabilities						1,730,156
Deferred tax liability						1,297,644
Total equity and liabilities						30,330,861
Other information						
Capital expenditure on property, plant and equipment and intangible assets	(441,130)	(137,611)	(274,969)	(6,039)	-	(859,749)
Impairment losses on assets	(529,748)	(2,150,007)	(1,417,337)	(8,418)	-	(4,105,510)
Impairment losses on unallocated assets						(53,741)

IV. SUPPLEMENTARY INFORMATION TO THE Q1 2010 REPORT

1. General Information on The Company and Its Group

Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG SA", "the Company", "the Parent Undertaking"), registered office at ul. Marcina Kasprzaka 25, 01-224 Warsaw, is the Parent Undertaking of the PGNiG Group ("the PGNiG Group", "the Group"). On September 23rd 2005, when new issue shares of PGNiG SA were first listed on the Warsaw Stock Exchange (the "WSE"), PGNiG SA ceased to be a state-owned stock company and became a public company.

The Parent Undertaking was established as a result of transformation of the state-owned enterprise under the name of 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).

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. Currently, the Company is 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.

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.

The Company's core business includes the exploration and production of crude oil and natural gas, as well as import, storage and sale of gaseous fuels.

The PGNiG Group remains the only vertically integrated company in the Polish gas sector, holding the leading position in all segments of the domestic gas sector. Polskie Górnictwo Naftowe i Gazownictwo SA is the Parent Undertaking of the Group.

The scope of the PGNiG Group's business comprises oil and gas exploration, oil and gas extraction from fields in Poland, as well as import, storage and distribution of and trade in gaseous fuels. The PGNiG Group is both the main importer of gaseous fuel from Russia, Central Asia, Norway and Germany, and the main producer of natural gas from Polish fields. Natural gas and crude oil production are among the key factors ensuring the Company a competitive position on the liberalised gas market.

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

2. Organisation of the PGNiG Group and Its Consolidated Undertakings

As at March 31st 2010, the Group comprised PGNiG SA, as the Parent Undertaking, and 34 production and service companies, including:

- 27 subsidiaries of PGNiG SA,
- 7 indirect subsidiaries of PGNiG SA.

The following table presents a list of the PGNiG Group members as at March 31st 2010:

Companies of the PGNiG Group:

	Name	Share capital (PLN)	Value of shares held by PGNiG SA (PLN)	% of share capital held by PGNiG SA	% of votes held by PGNiG SA
PGNiG SA's subsidiaries					
1	Poszukiwania Nafty i Gazu Jasło Sp. z o.o.	100,000,000.00	100,000,000.00	100.00%	100.00%
2	Poszukiwania Nafty i Gazu Kraków Sp. z o.o.	105,231,000.00	105,231,000.00	100.00%	100.00%
3	Poszukiwania Nafty i Gazu NAFTA Sp. z o.o.	60,000,000.00	60,000,000.00	100.00%	100.00%
4	GEOFIZYKA Kraków Sp. z o.o.	64,400,000.00	64,400,000.00	100.00%	100.00%
5	GEOFIZYKA Toruń Sp. z o.o.	66,000,000.00	66,000,000.00	100.00%	100.00%
6	Poszukiwania Naftowe Diament Sp. z o.o.	62,000,000.00	62,000,000.00	100.00%	100.00%
7	Zakład Robót Górniczych Krosno Sp. z o.o.	26,903,000.00	26,903,000.00	100.00%	100.00%
8	PGNiG Norway AS (NOK) ¹⁾	951,327,000.00	951,327,000.00	100.00%	100.00%
9	Polish Oil and Gas Company - Libya B.V. (EUR) ¹⁾	20,000.00	20,000.00	100.00%	100.00%
10	INVESTGAS S.A.	502,250.00	502,250.00	100.00%	100.00%
11	Dolnośląska Spółka Gazownictwa Sp. z o.o.	658,384,000.00	658,384,000.00	100.00%	100.00%
12	Górnośląska Spółka Gazownictwa Sp. z o.o.	1,300,338,000.00	1,300,338,000.00	100.00%	100.00%
13	Karpacka Spółka Gazownictwa Sp. z o.o.	1,484,953,000.00	1,484,953,000.00	100.00%	100.00%
14	Mazowiecka Spółka Gazownictwa Sp. z o.o.	1,255,800,000.00	1,255,800,000.00	100.00%	100.00%
15	Pomorska Spółka Gazownictwa Sp. z o.o.	614,696,000.00	614,696,000.00	100.00%	100.00%
16	Wielkopolska Spółka Gazownictwa Sp. z o.o.	1,033,186,000.00	1,033,186,000.00	100.00%	100.00%
17	B.S. i P.G. Gazoprojekt S.A.	4,000,000.00	3,000,000.00	75.00%	75.00%
18	BUG Gazobudowa Sp. z o.o.	39,220,000.00	39,220,000.00	100.00%	100.00%
19	Zakład Urządzeń Naftowych Naftomet Sp. z o.o.	23,500,000.00	23,500,000.00	100.00%	100.00%
20	Geovita Sp. z o.o.	86,139,000.00	86,139,000.00	100.00%	100.00%
21	Budownictwo Naftowe Naftomontaż Sp. z o.o.	44,751,000.00	39,751,000.00	88.83%	88.83%
22	Górnictwo Naftowe Sp. z o.o.	50,000.00	50,000.00	100.00%	100.00%
23	NYSAGAZ Sp. z o.o.	6,800,000.00	3,468,000.00	51.00%	51.00%
24	ZRUG Sp. z o.o. (Pogórska Wola)	4,300,000.00	4,300,000.00	100.00%	100.00%
25	BUD-GAZ PPUH Sp. z o.o.	51,760.00	51,760.00	100.00%	100.00%
26	PPUiH TURGAZ Sp. z o.o. in liquidation	176,000.00	90,000.00	51.14%	51.14%
27	PGNiG Energia S.A.	5,000,000.00	5,000,000.00	100.00%	100.00%
PGNiG SA's indirect subsidiaries					
28	Geofizyka Torun Kish Ltd (Rial) ¹⁾	10,000,000.00	10,000,000.00 ²⁾	100.00%	100.00%
29	Oil Tech International F.Z.E. (USD) ¹⁾	20,000.00	20,000.00	100.00%	100.00%
30	Zakład Gospodarki Mieszkaniowej Sp. z o.o. (Piła)	1,806,500.00	1,806,500.00	100.00%	100.00%
31	GAZ Sp. z o.o. (Błonie)	300,000.00	153,000.00	51.00%	51.00%
32	GAZ MEDIA Sp. z o.o. (Wołomin)	300,000.00	153,000.00	51.00%	51.00%
33	NAFT-STAL Sp. z o.o.	667,500.00	450,000.00	67.40%	67.40%
34	Powiśle Park Sp. z o.o. (Warsaw)	81,131,000.00	81,131,000.00	100.00%	100.00%

¹⁾ Figures stated in foreign currencies.

²⁾ Share capital not paid in.

Consolidated Undertakings of the Group as at the End of Q1 2010

Company	Country	% of share capital held	
		Mar 31 2010	Mar 31 2009
Subsidiaries			
GEOFIZYKA Kraków Group ²⁾	Poland	100.00%	100.00%
GEOFIZYKA Toruń Sp. z o. o.	Poland	100.00%	100.00%
Poszukiwania Nafty i Gazu Jasło Sp. z o.o.	Poland	100.00%	100.00%
Poszukiwania Nafty i Gazu Kraków Group ³⁾	Poland	100.00%	100.00%
Poszukiwania Nafty i Gazu NAFTA Sp. z o.o.	Poland	100.00%	100.00%
Zakład Robót Górniczych Krosno Sp. z o.o.	Poland	100.00%	100.00%
Poszukiwania Naftowe Diament Sp. z o.o.	Poland	100.00%	100.00%
PGNiG Norway AS	Norway	100.00%	100.00%
Polish Oil And Gas Company – Libya B.V.	Netherlands	100.00%	100.00%
Dolnośląska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Górnośląska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Karpacka Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Mazowiecka Spółka Gazownictwa Group ⁴⁾	Poland	100.00%	100.00%
Pomorska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Wielkopolska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
BUG Gazobudowa Sp. z o. o. Zabrze	Poland	100.00%	100.00%
Budownictwo Naftowe Naftomontaż Sp. z o.o.	Poland	88.83%	88.83%
Zakład Urządzeń Naftowych Naftomet Sp. z o.o.	Poland	100.00%	100.00%
B.S. i P.G. Gazoprojekt S.A.	Poland	75.00%	75.00%
Geovita Sp. z o.o.	Poland	100.00%	100.00%
INVESTGAS S.A	Poland	100.00%	100.00%
PGNiG Energia S.A.	Poland	100.00%	-
Subsidiaries of subsidiary BN Naftomontaż Krosno Sp. z o. o.			
NAFT-STAL Sp. z o.o.	Poland	59.88%	59.88%
Jointly-controlled and associated undertakings valued with equity method			
SGT EUROPOL GAZ S.A. ¹⁾	Poland	49.74%	49.74%
GAS - TRADING S.A.	Poland	43.41%	43.41%

¹⁾ Including a 48% direct interest and 1.74% held indirectly through GAS-TRADING S.A.

²⁾ Geofizyka Kraków Sp. z o.o. consolidated its subsidiary – GEOFIZYKA Kraków Libya JSC – until January 19th 2010 (i.e. until the company was deleted from the Central Commercial Register).

³⁾ The Poszukiwania Nafty i Gazu Kraków Group comprises Poszukiwania Nafty i Gazu Kraków Sp. z o. o. and its subsidiary – Oil Tech International - F.Z.E.

⁴⁾ The Mazowiecka Spółka Gazownictwa Group comprises Mazowiecka Spółka Gazownictwa Sp. z o.o. and its subsidiary, Powiśle Park Sp. z o.o., which has been consolidated since Q1 2009.

3. Changes in the Company's Structure, Including Changes Resulting from Mergers, Acquisitions or Disposals of the Group Undertakings, as well as Long-Term Investments, Demergers, Restructuring or Discontinued Operations

In Q1 2010, major changes in the Group's structure included:

- On January 4th 2010 was entered in the National Court Register share capital increase (effected in 2009) at Górnośląska Spółka Gazownictwa sp. z o.o. by PLN 850 thousand, to PLN 1,300,338 thousand;
- On December 7th 2009, PGNiG Energia S.A. w organizacji (in organisation) was established; the company's share capital amounts to PLN 5,000 thousand and is divided into 50,000 shares with a par value of PLN 100 per share. All the shares were acquired by PGNiG SA. The company was entered in the National Court Register on January 11th 2010;
- On January 19th 2010, Geofizyka Kraków Libia S.A., based in Janur, Libya (an indirect subsidiary of PGNiG SA through Geofizyka Kraków Sp. z o.o.) was deleted from the Central Commercial Register of the Great Socialist People's Libyan Arab Jamahiriya.

4. Management Board's Position on the Feasibility of Meeting Forecasts Published Earlier for a Given Year in the Light of the Results Presented in the Quarterly Report as Compared with the Forecast

PGNiG SA did not publish a performance forecast for Q1 2010.

5. Shareholders Holding, Directly or Indirectly through Subsidiaries, 5% or More of the Total Vote at the General Shareholders 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 Shareholders Meeting and their Share in the Total Vote at the General Shareholders Meeting, and Any Changes in the Ownership Structure of Major Holdings of the Company Shares after the Publication of the Previous Quarterly Report

Shareholder	% of total vote as at the publication date of previous quarterly report	Number of shares held as at the publication date of previous quarterly report	% change from Mar 22 2010 to Apr 30 2010	% of total vote at the General Shareholders Meeting as at this report publication date	Number of shares held as at this report publication date*
State Treasury	72.94%	4,303,686,368	-0.14 %	72.80 %	4,295,264,539
Other	27.06%	1,596,313,632	+0.14 %	27.20 %	1,604,735,461
Total:	100%	5,900,000,000	-	100%	5,900,000,000

* As at April 30 2010.

6. Number of Company Shares and Options for Company Shares Held by the Management and Supervisory Staff as at this Report Date and 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

	Number of shares and options held as at the publication date of previous quarterly 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	106,667	-	-	-	(19,500)	87,167
Michał Szubski	6,825	-	-	-	-	6,825
Miroslaw Dobrut	19,500	-	-	-	(19,500)	-
Miroslaw Szkałuba	9,425	-	-	-	-	9,425
Waldemar Wójcik	19,500	-	-	-	-	19,500
Mieczysław Jakiel	30,101	-	-	-	-	30,101
Tadeusz Kulczyk	21,316	-	-	-	-	21,316
Supervisory staff	38,822	-	-	-	-	38,822
Stanisław Rychlicki	9,897	-	-	-	-	9,897
Mieczysław Kawecki	19,500	-	-	-	-	19,500
Jolanta Siergiej	9,425	-	-	-	-	9,425

7. Court, Arbitration or Administrative Proceedings Concerning Liabilities or Receivables of the Company or its Subsidiaries

In the reporting period, no proceedings were instituted or pending before any court, arbitration authority, or public administration authority, concerning any liabilities or debts of PGNiG SA or its subsidiary undertakings, whose aggregate value would equal or exceed 10% of the Company's equity.

The aggregate value of all pending proceedings in respect of liabilities or debts is significantly lower than 10% of the Company's equity

8. Conclusion by PGNiG SA or Its Subsidiary Undertakings of a Transaction or a Series of Transactions with Related Parties, where the Transaction Value (Total Value of All Transactions Concluded from the Beginning of the Financial Year) Exceeds the PLN Equivalent of EUR 500 Thousand, and the Transactions are Not Typical or Routine Transactions Concluded at Arms' Length between Related Undertakings, and their Nature, as well as their Terms and Conditions Do Not Follow from Ordinary Business Activities of the Company or its Subsidiary

From January 1st to March 31st 2010, neither PGNiG SA nor any of its subsidiary undertakings concluded any transactions with related undertakings which would be worth more than EUR 500 thousand and would not

follow from ordinary business activities.

9. Loan Sureties or Guarantees Issued by PGNiG SA or Its Subsidiary Undertakings to One Entity or Its Subsidiary if the Total Amount of Outstanding Sureties or Guarantees Issued to such an Entity or its Subsidiary Represents 10% or More of the Company's Equity

In Q1 2010, neither PGNiG SA nor any of its subsidiary undertakings issued any guarantees whose value, if added to the amount of outstanding sureties or guarantees issued to one entity or its subsidiary, would represent the equivalent of 10% or more of the Company's equity.

10. Other Information which in the Opinion of PGNiG SA is Material for Assessing its Staffing Levels, Assets, Financial Standing and Results, or Changes in Any of the Foregoing, and Information which is Material for Assessing the Company's Ability to Fulfil its Obligations

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

11. Factors which in the Opinion of PGNiG S.A will Affect its Performance in the Next Quarter or Later

The factors of key importance to the PGNiG Group's financial performance will include crude oil prices on international markets, the position of the President of the Energy Regulatory Office on tariffs for gaseous fuel and its distribution, and the situation on the foreign exchange markets.

For more than a year the prices of crude oil and oil derivative products have been growing slowly. If continued in the subsequent periods, this trend will make the PGNiG Group benefit from relatively stable USD-denominated prices of gas imports. On the other hand, a global economic recovery may boost worldwide demand for crude oil and thus drive up its prices.

Over the past dozen or so months we have seen a steady reduction in foreign exchange rates. A further decline in the subsequent periods of 2010 may partly offset the anticipated growth in USD-denominated prices of gas. However, since the foreign exchange market is characterised by substantial price volatility and unpredictability, a possible recurrence of the crisis in the financial markets would shatter favourable prospects for the PGNiG Group.

Despite stabilisation in the fuel market, crude oil prices have grown significantly since the approval of the current gaseous fuel tariff by the President of the Energy Regulatory Office. Therefore, on February 12th 2010 PGNiG SA filed a new tariff application with the President of the Energy Regulatory Office. Currently negotiations are held with the Office, resulting in revised applications being filed, so the new tariff will enter into force later than it was initially assumed. For the PGNiG Group the delay in the approval of the new tariff means a reduction of profit from the sale of natural gas. Given the rise in the cost of distribution, the Gas Companies also filed new tariff applications with the President of the Energy Regulatory Office.

Over the next few months the structure of financing of the PGNiG Group's assets will change materially, which will be related to the expiry of a EUR 600m multi-currency credit facility on July 27th 2010, and the planned PLN 3bn issue of three-year bonds. On February 12th 2010, a mandate agreement was signed with six banks whereby the banks were mandated to arrange the bond issue programme and agreed to underwrite the issue. The issue proceeds will be used primarily to refinance the credit facility.

In 2010, the PGNiG Group intends to maintain a high level of capital expenditure, chiefly on projects aimed at enlarging underground gas storage facilities, expanding production capacity and diversifying gas supply sources, as well as on projects related to exploration for and appraisal of crude oil and natural gas deposits and projects designed to create a new segment of operations, namely the power market segment. As the Group has been assigned investment grade rating, and the situation on the financial market is improving, the Group will be able to implement its investment programmes.