



PGNiG

Polskie Górnictwo Naftowe
i Gazownictwo SA

INTERIM REPORT

**for the Quarters Ended
September 30th 2010
and September 30th 2009**

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 3 / 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 third quarter of the 2010 financial year covering the period from **January 1st** to **September 30th 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).

November 10th 2010
(date of release)

POLSKIE GÓRNICTWO NAFTOWE I GAZOWNICTWO S.A.	
(name)	
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FINANCIAL HIGHLIGHTS

Consolidated Financial Data	3 quarters 2010 (Jan 1–Sep 30 2010)	3 quarters 2009 (Jan 1–Sep 30 2009)	3 quarters 2010 (Jan 1–Sep 30 2010)	3 quarters 2009 (Jan 1–Sep 30 2009)
	PLN '000		EUR '000	
	As at Sep 30 2010	As at Dec 31 2009	As at Sep 30 2010	As at Dec 31 2009
I. Sales revenue	14,643,573	13,675,105	3,658,424	3,108,473
II. Operating profit/(loss)	1,541,974	(170,836)	385,233	(38,833)
III. Pre-tax profit/(loss)	1,584,767	(73,326)	395,925	(16,668)
IV. Net profit/(loss) attributable to owners of the parent	1,335,925	(76,245)	333,756	(17,331)
V. Net profit/(loss)	1,339,001	(73,983)	334,524	(16,817)
VI. Comprehensive income attributable to owners of the parent	1,345,405	(35,166)	336,124	(7,994)
VII. Total comprehensive income	1,348,481	(32,904)	336,893	(7,479)
VIII. Net cash provided by/(used in) operating activities	2,862,128	1,207,739	715,049	274,530
IX. Net cash provided by/(used in) investing activities	(2,197,197)	(2,608,478)	(548,929)	(592,930)
X. Net cash provided by/(used in) financing activities	(55,606)	930,129	(13,892)	211,427
XI. Total net cash flow	609,325	(470,610)	152,228	(106,974)
XII. Net earnings/(loss) and diluted net earnings/(loss) per share attributable to owners of the parent (PLN / EUR)	0.23	(0.01)	0.06	(0.003)
XIII. Total assets	31,985,469	31,073,899	8,022,440	7,563,872
XIV. Total liabilities	9,672,175	9,636,592	2,425,928	2,345,697
XV. Non-current liabilities	4,228,546	3,737,598	1,060,583	909,790
XVI. Current liabilities	5,443,629	5,898,994	1,365,345	1,435,907
XVII. Equity	22,313,294	21,437,307	5,596,512	5,218,175
XVIII. Share capital	5,900,000	5,900,000	1,479,809	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)	3.78	3.63	0.95	0.88
XXI. Dividend per share declared or paid (PLN / EUR)	0.08	0.09	0.02	0.02

Condensed Separate Financial Data	3 quarters 2010 (Jan 1–Sep 30 2010)	3 quarters 2009 (Jan 1–Sep 30 2009)	3 quarters 2010 (Jan 1–Sep 30 2010)	3 quarters 2009 (Jan 1–Sep 30 2009)
	PLN '000		EUR '000	
	As at Sep 30 2010	As at Dec 31 2009	As at Sep 30 2010	As at Dec 31 2009
I. Sales revenue	13,981,281	13,109,180	3,492,963	2,979,833
II. Operating profit/(loss)	1,019,437	(435,370)	254,687	(98,963)
III. Pre-tax profit/(loss)	1,475,187	(124,705)	368,548	(28,347)
IV. Net profit/(loss)	1,229,174	(61,080)	307,086	(13,884)
V. Comprehensive income	1,251,287	(36,498)	312,611	(8,296)
VI. Net cash provided by/(used in) operating activities	1,939,210	239,789	484,475	54,506
VII. Net cash provided by/(used in) investing activities	(837,906)	(1,727,949)	(209,335)	(392,778)
VIII. Net cash provided by/(used in) financing activities	(547,212)	950,444	(136,711)	216,044
IX. Total net cash flow	554,092	(537,716)	138,430	(122,228)
X. Net earnings/(loss) and diluted net earnings/(loss) per ordinary share (PLN / EUR)	0.21	(0.01)	0.05	(0.002)
XI. Total assets	24,433,115	24,183,549	6,128,195	5,886,653
XII. Total liabilities	6,314,125	6,843,846	1,583,678	1,665,899
XIII. Non-current liabilities	1,700,667	1,638,725	426,553	398,891
XIV. Current liabilities	4,613,458	5,205,121	1,157,125	1,267,008
XV. Equity	18,118,990	17,339,703	4,544,517	4,220,754
XVI. Share capital	5,900,000	5,900,000	1,479,809	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)	3.07	2.94	0.77	0.72
XIX. Dividend per share declared or paid (PLN / EUR)	0.08	0.09	0.02	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 reporting 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 reporting period.

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

	Sep 30 2010	Dec 31 2009	Sep 30 2009
Average exchange rate for the period	4.0027	4.3406	4.3993
Exchange rate at end of the period	3.9870	4.1082	4.2226

I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	3rd quarter 2010 (Jul 1-Sep 30 2010) unaudited	3 quarters 2010 (Jan 1-Sep 30 2010) unaudited	3rd quarter 2009 (Jul 1-Sep 30 2009) unaudited	3 quarters 2009 (Jan 1-Sep 30 2009) unaudited
	(PLN '000)			
Sales revenue	3,881,657	14,643,573	3,421,517	13,675,105
Raw and other materials used	(1,929,207)	(7,869,883)	(1,303,685)	(8,976,558)
Employee benefits	(576,407)	(1,859,258)	(518,064)	(1,746,539)
Depreciation and amortisation	(365,777)	(1,110,978)	(346,901)	(1,109,390)
Contracted services	(693,656)	(2,211,744)	(820,256)	(2,105,729)
Cost of products and services for own needs	249,692	611,133	241,236	600,803
Net other operating expenses	(225,999)	(660,869)	(165,445)	(508,528)
Total operating expenses	(3,541,354)	(13,101,599)	(2,913,115)	(13,845,941)
Operating profit/(loss)	340,303	1,541,974	508,402	(170,836)
Finance income	28,371	63,212	11,376	181,327
Finance expenses	(409)	(19,919)	(16,257)	(83,631)
Share in profit/(loss) of undertakings valued with equity method	(128)	(500)	10	(186)
Pre-tax profit/(loss)	368,137	1,584,767	503,531	(73,326)
Corporate income tax	(23,361)	(245,766)	(84,507)	(657)
Net profit/(loss)	344,776	1,339,001	419,024	(73,983)
Attributable to:				
Owners of the parent	344,055	1,335,925	417,203	(76,245)
Non-controlling interests	721	3,076	1,821	2,262
Net earnings/(loss) and diluted net earnings/(loss) per share attributable to owners of the parent	0.06	0.23	0.07	(0.01)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3rd quarter 2010 (Jul 1-Sep 30 2010) unaudited	3 quarters 2010 (Jan 1-Sep 30 2010) unaudited	3rd quarter 2009 (Jul 1-Sep 30 2009) unaudited	3 quarters 2009 (Jan 1-Sep 30 2009) unaudited
	(PLN '000)			
Net profit/(loss)	344,776	1,339,001	419,024	(73,983)
Currency translation differences on foreign operations	(28,857)	(10,880)	(16,700)	14,742
Valuation of hedging instruments	(74,392)	13,496	(9,406)	(9,406)
Valuation of financial instruments	15,200	11,640	5,800	41,920
Deferred tax related to other comprehensive income	11,246	(4,776)	686	(6,177)
Other	-	-	-	-
Other comprehensive net income	(76,803)	9,480	(19,620)	41,079
Total comprehensive income	267,973	1,348,481	399,404	(32,904)
Attributable to:				
Owners of the parent	267,252	1,345,405	397,583	(35,166)
Non-controlling interests	721	3,076	1,821	2,262

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at Sep 30 2010 (end of Q3 2010)	As at Dec 31 2009 (end of previous year)
	unaudited	audited
	(PLN '000)	
ASSETS		
Non-current assets		
Property, plant and equipment	23,937,775	22,888,917
Investment property	6,873	7,480
Intangible assets	194,403	173,459
Investments in associated undertakings valued with equity method	556,023	556,523
Financial assets available for sale	113,757	89,789
Other financial assets	274,656	299,879
Deferred tax asset	766,162	591,622
Other non-current assets	54,156	49,373
Total non-current assets	25,903,805	24,657,042
Current assets		
Inventories	1,619,992	1,258,870
Trade and other receivables	2,394,620	3,680,039
Current income tax receivable	8,906	199,413
Prepayments and accrued income	187,562	55,253
Financial assets available for sale	3,585	7,467
Derivative financial instruments	57,486	18,002
Cash and cash equivalents	1,806,200	1,196,325
Non-current assets held for sale	3,313	1,488
Total current assets	6,081,664	6,416,857
Total assets	31,985,469	31,073,899
EQUITY AND LIABILITIES		
Equity		
Share capital	5,900,000	5,900,000
Currency translation differences on foreign operations	(62,042)	(51,162)
Share premium account	1,740,093	1,740,093
Other capital reserves	12,188,178	11,455,447
Retained earnings (losses)	2,534,008	2,382,452
Equity attributable to owners of the parent	22,300,237	21,426,830
Equity attributable to non-controlling interests	13,057	10,477
Total equity	22,313,294	21,437,307
Non-current liabilities		
Loans, borrowings and debt securities	496,642	44,086
Provisions	1,377,983	1,315,759
Deferred income	1,084,218	1,090,675
Deferred tax liability	1,251,808	1,268,432
Other non-current liabilities	17,895	18,646
Total non-current liabilities	4,228,546	3,737,598
Current liabilities		
Trade and other payables	2,527,837	2,733,417
Loans, borrowings and debt securities	1,551,485	1,984,077
Liabilities under derivative financial instruments	268,193	260,428
Current tax payable	201,563	47,409
Provisions	268,686	240,240
Deferred income	625,865	633,423
Total current liabilities	5,443,629	5,898,994
Total liabilities	9,672,175	9,636,592
Total equity and liabilities	31,985,469	31,073,899

CONSOLIDATED STATEMENT OF CASH FLOWS

	3 quarters 2010 (Jan 1–Sep 30 2010) unaudited	3 quarters 2009 (Jan 1–Sep 30 2009) unaudited
	(PLN '000)	
Cash flows from operating activities		
Net profit/(loss)	1,339,001	(73,983)
Adjustments:		
Share in net profit/(loss) of undertakings valued with equity method	500	186
Depreciation and amortisation	1,110,978	1,109,390
Net foreign exchange gains/(losses)	(27,121)	(258,997)
Net interest and dividend	(26,443)	6,346
Profit/(loss) on investing activities	59,667	22,864
Current income tax	245,766	657
Income tax paid	(98,483)	(373,478)
Other items, net	72,539	667,671
Net cash provided by/(used in) operating activities before changes in working capital	2,676,404	1,100,656
Change in working capital:		
Change in receivables, net	1,229,922	1,522,590
Change in inventories	(362,655)	20,567
Change in provisions	35,870	19,851
Change in current liabilities	(566,339)	(1,318,415)
Change in prepayments	(137,093)	(76,027)
Change in deferred income	(13,981)	(61,483)
Net cash provided by/(used in) operating activities	2,862,128	1,207,739
Cash flows from investing activities		
Sale of property, plant and equipment and intangible assets	13,727	17,158
Sale of shares in non-consolidated undertakings	200	5
Sale of short-term securities	5,919	6,001
Acquisition of property, plant and equipment and intangible assets	(2,247,383)	(2,790,463)
Acquisition of shares in non-consolidated undertakings	(446)	(5,073)
Acquisition of short-term securities	-	-
Interest received	14,042	41,844
Dividend received	5,322	5,539
Proceeds from financed lease	15,074	34,801
Other items, net	(3,652)	81,710
Net cash provided by/(used in) investing activities	(2,197,197)	(2,608,478)
Cash flows from financing activities		
Net proceeds from issue of shares, other equity instruments and additional contributions to equity	-	-
Increase in loans and borrowings	2,158,630	1,449,831
Issue of debt securities	1,417,246	-
Decrease in loans and borrowings	(3,539,289)	(444,258)
Redemption of debt securities	-	-
Decrease in financed lease liabilities	(28,367)	(28,306)
Inflows from derivative financial instruments	-	-
Outflows on derivative financial instruments	-	-
Dividend paid	-	-
Interest paid	(40,848)	(46,767)
Other items, net	(22,978)	(371)
Net cash provided by/(used in) financing activities	(55,606)	930,129
Net change in cash	609,325	(470,610)
Net foreign exchange gains/(losses)	550	(410)
Cash and cash equivalents at beginning of period	1,196,316	1,420,863
Cash and cash equivalents at end of period	1,805,641	950,253

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity (attributable to owners of the parent)					Equity attributable to non-controlling interests	Total equity
	Share capital	Currency translation differences on foreign operations	Share premium account	Other capital reserves	Retained earnings (losses)	Total	
	(PLN '000)						
As at Jan 1 2010 (audited)	5,900,000	(51,162)	1,740,093	11,455,447	2,347,193	21,391,571	21,402,048
Effect of change in accounting policy concerning connection fee (see note 2, part 3)	-	-	-	-	35,259	35,259	35,259
As at Jan 1 2010 (audited)	5,900,000	(51,162)	1,740,093	11,455,447	2,382,452	21,426,830	21,437,307
Transfers	-	-	-	712,364	(712,371)	(7)	-
First-time consolidation of a subsidiary undertaking	-	-	-	7	2	9	9
Payment of dividend to shareholders	-	-	-	-	(472,000)	(472,000)	(472,503)
Comprehensive income for 3 quarters of 2010	-	(10,880)	-	20,360	1,335,925	1,345,405	1,348,481
As at Sep 30 2010 (unaudited)	5,900,000	(62,042)	1,740,093	12,188,178	2,534,008	22,300,237	22,313,294
As at Jan 1 2009 (audited)	5,900,000	(39,060)	1,740,093	10,729,053	2,376,809	20,706,895	20,715,925
Transfers	-	-	-	632,997	(633,001)	(4)	-
Payment of dividend to shareholders	-	-	-	-	(531,000)	(531,000)	(531,204)
Comprehensive income for 3 quarters of 2009	-	14,742	-	26,337	(76,245)	(35,166)	(32,904)
As at Sep 30 2009 (unaudited)	5,900,000	(24,318)	1,740,093	11,388,387	1,136,563	20,140,725	20,151,817

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	591,622	1,268,432
a) increase	186,059	3,265
b) decrease	(11,519)	(19,889)
Deferred tax as at end of period: Sep 30 2010	766,162	1,251,808
As at beginning of period: Jan 1 2009	514,784	1,352,241
a) increase	290,279	30,129
b) decrease	(213,441)	(113,938)
Deferred tax as at end of period: Dec 31 2009	591,622	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	43,954	-	50	36,303	-	(100)	175,555	2,366	-	258,128
b) transfer	(86)	86	(9)	-	-	-	9	-	-	-
c) decrease	(8,394)	(84)	-	-	(108)	(1,162)	(76,897)	-	(675)	(87,320)
Impairment losses as at end of period: Sep 30 2010	1,714,777	4	59	972,383	53,161	16,097	1,182,314	21,437	-	3,960,232
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	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	15,671	-	71,913	-	6	-	13,000	138,935	239,525
b) transfer	-	-	-	-	-	-	-	-	-
c) decrease	(17,467)	(9,704)	-	-	(19,263)	-	(2,158)	(100,263)	(148,855)
Provisions as at end of period: Sep 30 2010	319,247	10,706	988,144	179	106,843	34,391	21,292	165,867	1,646,669
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–Sep 30 2010	Jan 1–Sep 30 2009
High-methane gas	12,239,062	11,409,561
Nitrogen-rich gas	805,664	946,234
Crude oil	594,821	452,995
Helium	31,941	26,290
Propane-butane gas	35,457	25,024
Head casing gasoline	2,245	1,499
LNG	20,590	14,542
Geophysical and geological services	194,138	174,824
Exploration services	338,654	301,742
Materials and goods for resale	12,507	21,362
Other sales of products and services	368,494	301,032
Total	14,643,573	13,675,105

5. Proceeds under Transmission System Lease Agreement

	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Interest	13,736	37,118
Principal	15,074	34,801
Total	28,810	71,919

6. Operating Expenses

Raw and other materials used	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Cost of gas sold	(7,429,877)	(8,508,529)
Other	(440,006)	(468,029)
Total	(7,869,883)	(8,976,558)

Contracted services	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Purchase of transmission services from OGP Gaz-System S.A.	(1,110,299)	(987,203)
Cost of negative wells written off	(112,653)	(224,340)
Other contracted services	(988,792)	(894,186)
Total	(2,211,744)	(2,105,729)

7. Corporate Income Tax

	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Pre-tax profit(loss) (consolidated)	1,584,767	(73,326)
Tax rate applicable during the period	19%	19%
Tax calculated at applicable tax rate	(301,106)	16,510
Permanent differences between pre-tax profit(loss) and tax base	55,340	(14,589)
Tax expense disclosed in the consolidated income statement	(245,766)	(657)
Current income tax	(429,596)	(168,870)
Deferred income tax	183,830	168,213
Effective tax rate	15.51%	2.21%

The effective tax rate after the first three quarters of 2009 was low mainly due to fact that the profits reported by some of the Group companies for the first three quarters of 2009 (mainly gas companies and geophysical and exploration companies) could not be offset against the losses incurred by other companies (mainly PGNiG S.A.) while calculating current tax (the Group is not a group for tax purposes).

8. Property, Plant and Equipment by Categories

	As at Sep 30 2010 (end of Q3 2010)	As at Dec 31 2009 (end of previous year)
Land	66,138	65,498
Buildings and structures	13,367,419	13,744,065
Plant and equipment	2,274,427	2,324,912
Vehicles and other	930,097	936,055
Total tangible assets	16,638,081	17,070,530
Tangible assets under construction	7,299,694	5,818,387
Total property, plant and equipment	23,937,775	22,888,917

9. Other Financial Assets

	As at Sep 30 2010 (end of Q3 2010)	As at Dec 31 2009 (end of previous year)
Finance lease receivables*	260,292	283,285
Loans advanced	5,772	8,075
Receivables under sale of property, plant and equipment	6,866	7,392
Non-current deposits	401	554
Receivables under licences and mining usufruct rights	-	-
Other	1,385	591
Total, gross	274,716	299,897
Impairment loss	(60)	(18)
Total, net	274,656	299,879

* Non-current receivables include the lease value of the items of property, plant and equipment which will be transferred to the State Treasury as non-cash dividend in October 2010; the estimated value of the assets is PLN 249m.

10. Derivative Financial Instruments

The table below presents the banks with which the Company has signed ISDA (International Swaps and Derivatives Association) agreements or Master Agreements in accordance with the guidelines of the Polish Banks Association (MASTER AGREEMENT).

Bank	Agreement/ transaction type
ABN Amro	ISDA/all
Barclays Bank PLS	ISDA/all
BH	MASTER AGREEMENT/all
BNP Paribas Polska	MASTER AGREEMENT/all
Credit Suisse	ISDA/all
DB Polska S.A.	MASTER AGREEMENT/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.	MASTER AGREEMENT/all
ING Bank Śląski S.A.	MASTER AGREEMENT/all
Mitsubishi UFJ Securities Int. plc	ISDA/all
Morgan Stanley	ISDA/all
Millennium Bank Polska S.A.	MASTER AGREEMENT/all
Pekao S.A.	MASTER AGREEMENT/all
PKO BP S.A.	MASTER AGREEMENT/all
SG Bank	ISDA/all
SMBC Capital Markets, Inc.	ISDA/all
WestLB Bank Polska S.A.	MASTER AGREEMENT/all

In the period from January 1st to September 30th 2010, the following derivative transactions were concluded:

- purchase of currency call options,
- zero-cost risk reversal strategy based on symmetrical currency options,
- currency forward contracts,
- commodity swaps,
- purchase of commodity call options,

- zero-cost risk reversal strategy based on symmetrical commodity options.

All derivative transactions executed by the Parent Undertaking are hedges against commodity, currency and interest rate risks. 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 September 30th 2010 that are not covered by hedge accounting are forward NOK/PLN sale contracts. The transactions were not covered by hedge accounting.

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 September 30th 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
loan	344,000	NOK	CCIRS	18 January 2008	17 January 2011	0.4530	currency risk; interest rate risk	(19,407)
loan	330,000	NOK	CCIRS	12 January 2009	16 January 2012	0.4300	currency risk; interest rate risk	(29,027)
loan	330,000	NOK	CCIRS	12 January 2009	16 January 2012	0.4300	currency risk; interest rate risk	(29,152)
loan	330,000	NOK	CCIRS	13 January 2009	16 January 2012	0.4380	currency risk; interest rate risk	(26,133)
loan	322,000	NOK	CCIRS	13 January 2009	16 January 2012	0.4400	currency risk; interest rate risk	(24,839)
loan	344,000	NOK	CCIRS	18 January 2008	17 January 2011	0.4530	currency risk; interest rate risk	(19,414)
loan	300,000	NOK	CCIRS	19 November 2007	17 January 2011	0.4534	currency risk; interest rate risk	(16,832)
loan	300,000	NOK	CCIRS	12 November 2007	17 January 2011	0.4627	currency risk; interest rate risk	(13,992)
loan	300,000	NOK	CCIRS	30 November 2007	17 January 2011	0.4461	currency risk; interest rate risk	(19,003)
loan	300,000	NOK	CCIRS	8 November 2007	17 January 2011	0.4686	currency risk; interest rate risk	(12,130)
loan	300,000	NOK	CCIRS	22 November 2007	17 January 2011	0.4588	currency risk; interest rate risk	(15,183)
loan	300,000	NOK	CCIRS	15 November 2007	17 January 2011	0.4596	currency risk; interest rate risk	(14,939)
payments for gas	6,000	EUR	CALL	26 April 2010	8 October 2010	4.0000	currency risk	90
payments for gas	10,000	USD	CALL	27 May 2010	8 October 2010	3.6000	currency risk	-
payments for gas	7,000	EUR	CALL	28 May 2010	10 November 2010	4.3000	currency risk	37
payments for gas	10,000	USD	CALL	28 May 2010	8 October 2010	3.5500	currency risk	-
payments for gas	10,000	USD	CALL	28 May 2010	20 October 2010	3.5300	currency risk	-
payments for gas	10,000	USD	CALL	9 June 2010	20 October 2010	3.7500	currency risk	-
payments for gas	8,000	EUR	CALL	9 June 2010	10 December 2010	4.4000	currency risk	75
payments for gas	10,000	USD	CALL	9 June 2010	20 October 2010	3.7000	currency risk	-
payments for gas	10,000	USD	CALL	10 June 2010	10 November 2010	3.7500	currency risk	-
payments for gas	10,000	USD	CALL	10 June 2010	10 November 2010	3.7200	currency risk	1
payments for gas	10,000	USD	CALL	10 June 2010	10 December 2010	3.7500	currency risk	14
payments for gas	10,000	USD	CALL	10 June 2010	8 October 2010	3.7000	currency risk	-
payments for gas	10,000	USD	CALL	11 June 2010	20 October 2010	3.7000	currency risk	-
payments for gas	10,000	USD	CALL	11 June 2010	8 October 2010	3.6600	currency risk	-
payments for gas	10,000	USD	CALL	11 June 2010	10 November 2010	3.6700	currency risk	1
payments for gas	10,000	USD	CALL	14 June 2010	8 October 2010	3.5500	currency risk	-
payments for gas	10,000	USD	CALL	14 June 2010	10 November 2010	3.6000	currency risk	3
payments for gas	10,000	USD	CALL	14 June 2010	10 December 2010	3.6500	currency risk	27
payments for gas	10,000	USD	CALL	14 June 2010	19 November 2010	3.6000	currency risk	8
payments for gas	10,000	USD	CALL	15 June 2010	19 November 2010	3.6200	currency risk	7
payments for gas	10,000	USD	CALL	15 June 2010	19 November 2010	3.6000	currency risk	8
payments for gas	10,000	USD	CALL	15 June 2010	10 December 2010	3.6500	currency risk	27
payments for gas	10,000	USD	CALL	15 June 2010	10 December 2010	3.6300	currency risk	30

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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 the instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
payments for gas	10,000	USD	CALL	16 June 2010	19 November 2010	3.5500	currency risk	13
payments for gas	10,000	USD	CALL	16 June 2010	10 December 2010	3.6000	currency risk	36
payments for gas	10,000	USD	CALL	21 June 2010	10 November 2010	3.7300	currency risk	1
payments for gas	10,000	USD	PUT	21 June 2010	10 November 2010	3.0550	currency risk	(1,488)
payments for gas	10,000	USD	CALL	21 June 2010	10 December 2010	3.7500	currency risk	14
payments for gas	10,000	USD	PUT	21 June 2010	10 December 2010	3.0712	currency risk	(1,759)
payments for gas	10,000	USD	CALL	15 July 2010	20 December 2010	3.6500	currency risk	39
payments for gas	10,000	USD	PUT	15 July 2010	20 December 2010	2.9900	currency risk	(1,214)
payments for gas	10,000	USD	CALL	15 July 2010	8 October 2010	3.6000	currency risk	-
payments for gas	10,000	USD	PUT	15 July 2010	8 October 2010	3.0015	currency risk	(803)
payments for gas	10,000	USD	CALL	16 July 2010	20 October 2010	3.5500	currency risk	-
payments for gas	10,000	USD	PUT	16 July 2010	20 October 2010	2.9990	currency risk	(898)
payments for gas	10,000	USD	CALL	16 July 2010	19 November 2010	3.5500	currency risk	13
payments for gas	10,000	USD	PUT	16 July 2010	19 November 2010	2.9980	currency risk	(1,112)
payments for gas	10,000	USD	CALL	19 July 2010	20 December 2010	3.6400	currency risk	42
payments for gas	10,000	USD	PUT	19 July 2010	20 December 2010	3.0140	currency risk	(1,374)
payments for gas	10,000	USD	CALL	21 July 2010	20 October 2010	3.3500	currency risk	1
payments for gas	10,000	USD	CALL	21 July 2010	20 December 2010	3.4500	currency risk	109
payments for gas	10,000	USD	CALL	22 July 2010	20 October 2010	3.6300	currency risk	-
payments for gas	10,000	USD	PUT	22 July 2010	20 October 2010	3.0330	currency risk	(1,175)
payments for gas	10,000	USD	CALL	22 July 2010	20 December 2010	3.4500	currency risk	109
payments for gas	10,000	USD	CALL	22 July 2010	10 January 2011	3.6600	currency risk	79
payments for gas	10,000	USD	PUT	22 July 2010	10 January 2011	3.0150	currency risk	(1,468)
payments for gas	10,000	USD	CALL	22 July 2010	20 January 2011	3.6800	currency risk	99
payments for gas	10,000	USD	PUT	22 July 2010	20 January 2011	3.0230	currency risk	(1,572)
payments for gas	10,000	USD	CALL	23 July 2010	20 October 2010	3.3400	currency risk	1
payments for gas	10,000	USD	CALL	23 July 2010	20 January 2011	3.6000	currency risk	132
payments for gas	10,000	USD	PUT	23 July 2010	20 January 2011	2.9915	currency risk	(1,368)
payments for gas	10,000	USD	CALL	26 July 2010	10 January 2011	3.5500	currency risk	123
payments for gas	10,000	USD	PUT	26 July 2010	10 January 2011	2.9975	currency risk	(1,354)
payments for gas	7,000	EUR	CALL	26 July 2010	20 October 2010	4.2000	currency risk	14
payments for gas	10,000	USD	CALL	26 July 2010	10 January 2011	3.5500	currency risk	123
payments for gas	10,000	USD	PUT	26 July 2010	10 January 2011	2.9900	currency risk	(1,306)
payments for gas	10,000	USD	CALL	27 July 2010	10 January 2011	3.3000	currency risk	304
payments for gas	10,000	USD	CALL	27 July 2010	10 January 2011	3.3000	currency risk	304

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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 the instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
payments for gas	5,000	EUR	CALL	27 July 2010	10 January 2011	4.2500	currency risk	173
payments for gas	10,000	USD	CALL	28 July 2010	19 November 2010	3.2500	currency risk	118
payments for gas	10,000	USD	CALL	28 July 2010	20 October 2010	3.2200	currency risk	12
payments for gas	10,000	USD	CALL	29 July 2010	20 January 2011	3.3000	currency risk	356
payments for gas	10,000	USD	CALL	29 July 2010	10 January 2011	3.2700	currency risk	336
payments for gas	10,000	USD	CALL	29 July 2010	19 November 2010	3.2400	currency risk	126
payments for gas	10,000	USD	CALL	2 August 2010	10 February 2011	3.3000	currency risk	445
payments for gas	10,000	USD	CALL	2 August 2010	10 February 2011	3.4700	currency risk	278
payments for gas	10,000	USD	PUT	2 August 2010	10 February 2011	2.9055	currency risk	(976)
payments for gas	5,000	EUR	CALL	2 August 2010	10 January 2011	4.2000	currency risk	211
payments for gas	10,000	USD	CALL	3 August 2010	10 November 2010	3.2000	currency risk	111
payments for gas	7,000	EUR	CALL	3 August 2010	19 November 2010	4.1500	currency risk	160
payments for gas	10,000	USD	CALL	3 August 2010	20 January 2011	3.2500	currency risk	415
payments for gas	10,000	USD	CALL	3 August 2010	10 February 2011	3.4500	currency risk	294
payments for gas	10,000	USD	PUT	3 August 2010	10 February 2011	2.8750	currency risk	(834)
payments for gas	10,000	USD	CALL	4 August 2010	10 November 2010	3.2000	currency risk	111
payments for gas	10,000	USD	CALL	4 August 2010	19 November 2010	3.2100	currency risk	151
payments for gas	10,000	USD	CALL	4 August 2010	10 February 2011	3.4600	currency risk	286
payments for gas	10,000	USD	PUT	4 August 2010	10 February 2011	2.8900	currency risk	(902)
payments for gas	10,000	USD	CALL	5 August 2010	18 February 2011	3.4700	currency risk	305
payments for gas	10,000	USD	PUT	5 August 2010	18 February 2011	2.8790	currency risk	(883)
payments for gas	10,000	USD	CALL	13 August 2010	10 November 2010	3.4800	currency risk	10
payments for gas	10,000	USD	PUT	13 August 2010	10 November 2010	2.9640	currency risk	(825)
payments for gas	5,000	EUR	CALL	16 August 2010	10 February 2011	4.2000	currency risk	291
payments for gas	10,000	USD	CALL	17 August 2010	18 February 2011	3.3300	currency risk	442
payments for gas	5,000	EUR	CALL	17 August 2010	18 February 2011	4.1700	currency risk	340
payments for gas	10,000	USD	CALL	18 August 2010	20 December 2010	3.2500	currency risk	259
payments for gas	10,000	USD	CALL	18 August 2010	19 November 2010	3.2300	currency risk	134
payments for gas	10,000	USD	CALL	18 August 2010	20 January 2011	3.2700	currency risk	390
payments for gas	10,000	USD	CALL	19 August 2010	18 February 2011	3.3000	currency risk	479
payments for gas	10,000	USD	CALL	26 August 2010	18 February 2011	3.3700	currency risk	398
payments for gas	10,000	USD	CALL	26 August 2010	10 February 2011	3.3600	currency risk	378
payments for gas	10,000	USD	CALL	27 August 2010	10 December 2010	3.3000	currency risk	176
payments for gas	10,000	USD	CALL	6 September 2010	10 March 2011	3.5600	currency risk	298
payments for gas	10,000	USD	PUT	6 September 2010	10 March 2011	2.8550	currency risk	(854)

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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 the instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
payments for gas	10,000	USD	CALL	7 September 2010	10 March 2011	3.3500	currency risk	497
payments for gas	10,000	USD	CALL	7 September 2010	20 December 2010	3.2500	currency risk	259
payments for gas	10,000	USD	CALL	7 September 2010	10 January 2011	3.3000	currency risk	304
payments for gas	8,000	EUR	CALL	7 September 2010	20 December 2010	4.1000	currency risk	400
payments for gas	10,000	USD	CALL	8 September 2010	20 December 2010	3.2700	currency risk	239
payments for gas	8,000	EUR	CALL	9 September 2010	10 March 2011	4.1500	currency risk	656
payments for gas	10,000	USD	CALL	9 September 2010	10 December 2010	3.2500	currency risk	220
payments for gas	10,000	USD	CALL	10 September 2010	10 March 2011	3.3200	currency risk	535
payments for gas	10,000	USD	CALL	10 September 2010	10 December 2010	3.2300	currency risk	240
payments for gas	10,000	USD	CALL	14 September 2010	20 December 2010	3.2500	currency risk	259
payments for gas	10,000	USD	CALL	17 September 2010	18 February 2011	3.2300	currency risk	578
payments for gas	10,000	USD	CALL	17 September 2010	18 March 2011	3.2500	currency risk	672
payments for gas	10,000	USD	CALL	17 September 2010	20 December 2010	3.1500	currency risk	386
payments for gas	10,000	USD	CALL	17 September 2010	10 March 2011	3.2800	currency risk	590
payments for gas	10,000	USD	CALL	20 September 2010	18 March 2011	3.2800	currency risk	624
payments for gas	10,000	USD	CALL	20 September 2010	10 December 2010	3.1500	currency risk	339
payments for gas	10,000	USD	CALL	21 September 2010	18 March 2011	3.2500	currency risk	672
payments for gas	10,000	USD	CALL	21 September 2010	10 February 2011	3.2000	currency risk	589
payments for gas	10,000	USD	CALL	22 September 2010	18 February 2011	3.1800	currency risk	664
payments for gas	10,000	USD	CALL	22 September 2010	18 March 2011	3.4650	currency risk	403
payments for gas	10,000	USD	PUT	22 September 2010	18 March 2011	2.7600	currency risk	(544)
payments for gas	10,000	USD	CALL	23 September 2010	10 March 2011	3.2100	currency risk	705
payments for gas	10,000	USD	CALL	28 September 2010	20 January 2011	3.3800	currency risk	277
payments for gas	10,000	USD	PUT	28 September 2010	20 January 2011	2.7780	currency risk	(406)
payments for gas	10,000	USD	CALL	29 September 2010	10 March 2011	3.3600	currency risk	485
payments for gas	10,000	USD	PUT	29 September 2010	10 March 2011	2.7650	currency risk	(534)
loan	50,000	NOK	FWD	21 June 2010	31 December 2010	0.5147	currency risk	729
loan	40,000	NOK	FWD	21 June 2010	31 December 2010	0.5135	currency risk	537
loan	50,000	NOK	FWD	28 June 2010	31 December 2010	0.5165	currency risk	820
loan	100,000	NOK	FWD	28 June 2010	31 December 2010	0.5164	currency risk	1,625
loan	50,000	NOK	FWD	28 June 2010	31 December 2010	0.5165	currency risk	820
loan	100,000	NOK	FWD	28 June 2010	31 December 2010	0.5169	currency risk	1,675
loan	30,000	NOK	FWD	28 June 2010	31 December 2010	0.5184	currency risk	549
loan	40,000	NOK	FWD	30 June 2010	31 December 2010	0.5232	currency risk	922
loan	50,000	NOK	FWD	16 July 2010	31 December 2010	0.5093	currency risk	464

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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 the instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
loan	40,000	NOK	FWD	16 July 2010	31 December 2010	0.5087	currency risk	347
loan	100,000	NOK	FWD	29 July 2010	31 December 2010	0.5003	currency risk	30
loan	80,000	NOK	FWD	29 July 2010	31 December 2010	0.5000	currency risk	-
loan	56,000	NOK	FWD	29 July 2010	31 December 2010	0.5003	currency risk	17
loan	10,000	NOK	FWD	15 September 2010	31 December 2010	0.5000	currency risk	(1)
loan	40,000	NOK	FWD	15 September 2010	31 December 2010	0.5002	currency risk	(10)
loan	50,000	NOK	FWD	15 September 2010	31 December 2010	0.5000	currency risk	(3)
loan	100,000	NOK	FWD	15 September 2010	31 December 2010	0.5005	currency risk	(55)
loan	100,000	NOK	FWD	15 September 2010	31 December 2010	0.5002	currency risk	(25)
loan	80,000	NOK	FWD	15 September 2010	31 December 2010	0.5004	currency risk	(36)
loan	50,000	NOK	FWD	15 September 2010	31 December 2010	0.4998	currency risk	7
loan	40,000	NOK	FWD	15 September 2010	31 December 2010	0.5000	currency risk	(2)
loan	40,000	NOK	FWD	15 September 2010	31 December 2010	0.5000	currency risk	(2)
loan	40,000	NOK	FWD	15 September 2010	31 December 2010	0.5000	currency risk	(2)
loan	56,000	NOK	FWD	16 September 2010	31 December 2010	0.4988	currency risk	64
loan	30,000	NOK	FWD	16 September 2010	31 December 2010	0.4988	currency risk	35
loan	50,000	NOK	FWD	16 September 2010	31 December 2010	0.4988	currency risk	59
loan	50,000	NOK	FWD	16 September 2010	31 December 2010	0.4978	currency risk	106
loan	50,000	NOK	FWD	16 September 2010	31 December 2010	0.4972	currency risk	136
payments for gas	10.0	GO	SWAP commodity	8 June 2010	20 October 2010	630.7500	gas price risk	529
payments for gas	10.0	FO	SWAP commodity	8 June 2010	20 October 2010	436.7500	gas price risk	472
payments for gas	12.0	GO	SWAP commodity	9 June 2010	20 December 2010	632.7500	gas price risk	562
payments for gas	12.0	FO	SWAP commodity	9 June 2010	20 December 2010	441.5000	gas price risk	397
payments for gas	10.0	GO	SWAP commodity	11 June 2010	19 November 2010	649.5000	gas price risk	(18)
payments for gas	10.0	GO	SWAP commodity	11 June 2010	10 December 2010	649.0000	gas price risk	(3)
payments for gas	10.0	FO	SWAP commodity	11 June 2010	19 November 2010	449.7000	gas price risk	93
payments for gas	10.0	FO	SWAP commodity	14 June 2010	10 December 2010	452.0000	gas price risk	26
payments for gas	14.1	GO	SWAP commodity	14 June 2010	20 October 2010	654.5000	gas price risk	(242)
payments for gas	14.1	FO	SWAP commodity	14 June 2010	20 October 2010	455.5000	gas price risk	31
payments for gas	14.1	FO	SWAP commodity	14 June 2010	10 November 2010	456.0000	gas price risk	10
payments for gas	14.1	GO	SWAP commodity	14 June 2010	10 November 2010	654.0000	gas price risk	(221)
payments for gas	11.6	GO	SWAP commodity	16 July 2010	20 December 2010	647.5000	gas price risk	277
payments for gas	11.6	FO	SWAP commodity	16 July 2010	20 December 2010	468.0000	gas price risk	(390)
payments for gas	11.6	GO	SWAP commodity	16 July 2010	10 January 2011	647.0000	gas price risk	293
payments for gas	11.6	FO	SWAP commodity	16 July 2010	10 January 2011	468.7500	gas price risk	(415)

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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 the instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
payments for gas	45.0	FO	SWAP commodity	20 July 2010	20 January 2011	469.7500	gas price risk	(677)
payments for gas	45.0	GO	SWAP commodity	20 July 2010	20 January 2011	654.5000	gas price risk	4,056
payments for gas	45.0	GO	SWAP commodity	20 July 2010	10 February 2011	654.5000	gas price risk	4,055
payments for gas	45.0	FO	SWAP commodity	20 July 2010	10 February 2011	469.0000	gas price risk	(578)
payments for gas	45.0	GO	SWAP commodity	20 July 2010	18 February 2011	652.5000	gas price risk	4,317
payments for gas	45.0	FO	SWAP commodity	20 July 2010	18 February 2011	468.0000	gas price risk	(447)
payments for gas	33.0	GO	SWAP commodity	28 July 2010	10 May 2011	660.5000	gas price risk	3,261
payments for gas	33.0	FO	SWAP commodity	28 July 2010	10 May 2011	473.00	gas price risk	(9)
payments for gas	31.0	GO	SWAP commodity	28 July 2010	10 June 2011	658.00	gas price risk	3,283
payments for gas	31.0	FO	SWAP commodity	28 July 2010	10 June 2011	471.50	gas price risk	127
payments for gas	16.0	GO	SWAP commodity	28 July 2010	8 July 2011	658.50	gas price risk	1,669
payments for gas	16.0	FO	SWAP commodity	28 July 2010	8 July 2011	471.50	gas price risk	65
payments for gas	6.8	GO	CALL commodity	2 June 2010	8 October 2010	640.00	gas price risk	-
payments for gas	6.8	FO	CALL commodity	2 June 2010	8 October 2010	440.00	gas price risk	-
payments for gas	10.0	GO	CALL commodity	8 June 2010	10 November 2010	665.00	gas price risk	-
payments for gas	10.0	FO	CALL commodity	8 June 2010	10 November 2010	465.00	gas price risk	-
payments for gas	12.0	GO	CALL commodity	10 June 2010	10 January 2011	685.00	gas price risk	-
payments for gas	12.0	FO	CALL commodity	10 June 2010	10 January 2011	477.00	gas price risk	-
payments for gas	12.0	FO	CALL commodity	15 June 2010	19 November 2010	490.00	gas price risk	-
payments for gas	12.0	GO	CALL commodity	15 June 2010	10 December 2010	695.00	gas price risk	-
payments for gas	12.0	FO	CALL commodity	15 June 2010	10 December 2010	490.00	gas price risk	-
payments for gas	6.0	GO	CALL commodity	16 June 2010	19 November 2010	705.00	gas price risk	-
payments for gas	6.0	GO	CALL commodity	17 June 2010	10 December 2010	710.00	gas price risk	-
payments for gas	6.0	FO	CALL commodity	17 June 2010	19 November 2010	490.00	gas price risk	-
payments for gas	6.0	FO	CALL commodity	17 June 2010	10 December 2010	490.00	gas price risk	-
payments for gas	12.0	GO	CALL commodity	15 June 2010	19 November 2010	695.00	gas price risk	-
payments for gas	20.0	GO	CALL commodity	20 July 2010	10 March 2011	695.00	gas price risk	601
payments for gas	20.0	FO	CALL commodity	20 July 2010	10 March 2011	500.00	gas price risk	35
payments for gas	25.0	GO	CALL commodity	20 July 2010	10 March 2011	695.00	gas price risk	751
payments for gas	25.0	FO	CALL commodity	20 July 2010	10 March 2011	500.00	gas price risk	44
payments for gas	20.0	GO	CALL commodity	21 July 2010	18 March 2011	707.00	gas price risk	376
payments for gas	20.0	FO	CALL commodity	21 July 2010	18 March 2011	507.00	gas price risk	19
payments for gas	20.0	GO	CALL commodity	21 July 2010	8 April 2011	707.00	gas price risk	376
payments for gas	20.0	FO	CALL commodity	21 July 2010	8 April 2011	507.00	gas price risk	19
payments for gas	20.0	GO	CALL commodity	23 July 2010	18 March 2011	707.00	gas price risk	376

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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 the instrument	Hedged risk	Measurement of hedge's fair value (+) positive (-) negative
payments for gas	20.0	FO	CALL commodity	23 July 2010	18 March 2011	507.00	gas price risk	19
payments for gas	21.0	GO	CALL commodity	26 July 2010	8 April 2011	705.00	gas price risk	429
payments for gas	21.0	FO	CALL commodity	26 July 2010	8 April 2011	505.00	gas price risk	24
payments for gas	33.0	FO	CALL commodity	27 July 2010	20 April 2011	545.00	gas price risk	89
payments for gas	33.0	FO	PUT commodity	27 July 2010	20 April 2011	430.00	gas price risk	(515)
payments for gas	33.0	GO	CALL commodity	27 July 2010	20 April 2011	750.00	gas price risk	721
payments for gas	33.0	GO	PUT commodity	27 July 2010	20 April 2011	606.00	gas price risk	(159)
payments for gas	32.0	FO	CALL commodity	27 July 2010	20 May 2011	545.00	gas price risk	86
payments for gas	32.0	FO	PUT commodity	27 July 2010	20 May 2011	425.00	gas price risk	(395)
payments for gas	32.0	GO	CALL commodity	27 July 2010	20 May 2011	750.00	gas price risk	699
payments for gas	32.0	GO	PUT commodity	27 July 2010	20 May 2011	594.00	gas price risk	(88)
payments for gas	16.0	FO	CALL commodity	27 July 2010	20 June 2011	545.00	gas price risk	43
payments for gas	16.0	FO	PUT commodity	27 July 2010	20 June 2011	420.00	gas price risk	(154)
payments for gas	16.0	GO	CALL commodity	27 July 2010	20 June 2011	750.00	gas price risk	350
payments for gas	16.0	GO	PUT commodity	27 July 2010	20 June 2011	593.00	gas price risk	(42)
Total								(210,707)
						Including disclosed under:	assets	57,486
							liabilities	(268,193)

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

	Jan 1 – Sep 30 2010	Jan 1 – Sep 30 2009
Net gain/(loss) on derivative instruments – unrealised	(55,765)	(271,715)
Net gain /(loss) on derivative instruments – realised	8,464	7,573
Total net gain /(loss) on derivative instruments recognised in the income statement	(47,301)	(264,142)
including:		
recognised under net other operating expenses	(140,987)	(251,890)
recognised under raw and other materials used	93,686	(12,252)
Net gain /(loss) on derivative instruments recognised in other comprehensive income - unrealised	13,496	(9,406)
Total net gain /(loss) on derivative instruments recognised in equity	(33,805)	(273,548)

11. Specification 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

Presentation Changes in the Income Statement

In Q3 2010, the Group continued the presentation change first introduced in H1 2010, concerning presentation of the costs of gaseous fuel transport via the gas transit pipeline on the basis of which the price for gaseous fuel is calculated.

Therefore, the Group made an appropriate reclassification in the income statement for Q3 2009, and transferred PLN 82,249 thousand from contracted services to raw and other materials used. The pre-tax profit/loss and net profit/loss remained unchanged.

Presentation Changes - Reporting Segments

In Q3 2010, the Group continued the presentation change first introduced in Q1 2010, concerning the manner of accounting for the produced gas sold by the Trade and Storage segment. The Group adjusted the data for Q3 2009 to ensure its comparability with the current period. The adjustment consisted in decreasing the value of inter-segment sales in the Exploration and Production segment by PLN 116,698 thousand, and decreasing by the same amount the value of other expenses in the Trade and Storage segment and the amounts of eliminations. The adjustment resulted in a reduction of the Exploration and Production segment's result and a concurrent increase in the Trade and Storage segment's result by PLN 116,698 thousand. Other items and figures remained unchanged.

Presentation Changes Resulting from the Application of Revised IFRIC 18

In accordance with new IFRIC 18, starting from July 1st 2009 new connection charges received by the Gas Companies are recognised directly in income.

Accordingly, the Group restated the comparative data in the Q3 2009 income statement. As a result, revenue and net operating result rose by PLN 13,569 thousand. The deferred tax item was also adjusted by PLN 2,578 thousand. Following the restatement, the Group's net financial result increased by PLN 10,991 thousand. All revenue and operating result adjustments pertained to the Distribution segment.

II. CONDENSED SEPARATE FINANCIAL STATEMENTS

SEPARATE INCOME STATEMENT

	Q3 2010 (Jul 1-Sep 30 2010)	3 quarters 2010 (Jan 1-Sep 30 2010)	Q3 2009 (Jul 1-Sep 30 2009)	3 quarters 2009 (Jan 1-Sep 30 2009)
	unaudited	unaudited	unaudited	unaudited
	(PLN '000)			
Sales revenue	3,615,327	13,981,281	3,198,949	13,109,180
Raw and other materials used	(1,797,948)	(7,532,562)	(1,172,413)	(8,615,033)
Employee benefits	(182,590)	(618,247)	(162,175)	(559,525)
Depreciation and amortisation	(135,524)	(423,811)	(126,019)	(443,082)
Contracted services	(1,096,220)	(4,037,825)	(1,216,574)	(3,783,248)
Cost of products and services for own needs	6,315	11,288	2,621	8,561
Net other operating expenses	(94,050)	(360,687)	(15,817)	(152,223)
Total operating expenses	(3,300,017)	(12,961,844)	(2,690,377)	(13,544,550)
Operating profit/(loss)	315,310	1,019,437	508,572	(435,370)
Finance income	(6,777)	491,173	31,186	662,443
Finance expenses	83,584	(35,423)	(12,524)	(351,778)
Pre-tax profit/(loss)	392,117	1,475,187	527,234	(124,705)
Corporate income tax	(73,194)	(246,013)	(98,996)	63,625
Net profit/(loss)	318,923	1,229,174	428,238	(61,080)
Net earnings/(loss) and diluted net earnings/(loss) per share attributable to owners of the parent	0.05	0.21	0.07	(0.01)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Q3 2010 (Jul 1-Sep 30 2010)	3 quarters 2010 (Jan 1-Sep 30 2010)	Q3 2009 (Jul 1-Sep 30 2009)	3 quarters 2009 (Jan 1-Sep 30 2009)
	unaudited	unaudited	unaudited	unaudited
	(PLN '000)			
Net profit/(loss)	318,923	1,229,174	428,238	(61,080)
Currency translation differences on foreign operations	(5,877)	1,753	(2,358)	(1,755)
Valuation of hedging instruments	(74,392)	13,496	(9,406)	(9,406)
Valuation of financial instruments	15,200	11,640	5,800	41,921
Deferred tax related to other comprehensive income	11,246	(4,776)	685	(6,178)
Other	-	-	-	-
Other comprehensive net income	(53,823)	22,113	(5,279)	24,582
Total comprehensive income	265,100	1,251,287	422,959	(36,498)

SEPARATE STATEMENT OF FINANCIAL POSITION

	As at Sep 30 2010 (end of Q3 2010)	As at Dec 31 2009 (end of previous year)
	unaudited	audited
	(PLN '000)	
ASSETS		
Non-current assets		
Property, plant and equipment	10,416,337	9,726,870
Investment property	3,450	3,778
Intangible assets	81,181	68,954
Financial assets available for sale	6,305,992	6,219,361
Other financial assets	2,462,490	2,417,571
Deferred tax asset	310,910	299,660
Other non-current assets	36,351	35,892
Total non-current assets	19,616,711	18,772,086
Current assets		
Inventories	1,456,659	1,110,220
Trade and other receivables	2,288,329	3,687,081
Current income tax receivable	-	161,546
Prepayments and accrued income	33,571	9,370
Financial assets available for sale	-	-
Derivative financial instruments	57,486	18,002
Cash and cash equivalents	979,335	425,243
Non-current assets held for sale	1,024	1
Total current assets	4,816,404	5,411,463
Total assets	24,433,115	24,183,549
EQUITY AND LIABILITIES		
Equity		
Share capital	5,900,000	5,900,000
Currency translation differences on foreign operations	(1,195)	(2,948)
Share premium account	1,740,093	1,740,093
Other capital reserves	9,174,378	8,983,114
Retained earnings/(deficit)	1,305,714	719,444
Total equity	18,118,990	17,339,703
Non-current liabilities		
Loans, borrowings and debt securities	622	2,619
Provisions	1,137,743	1,084,367
Deferred income	54,182	3,941
Deferred tax liability	494,632	531,260
Other non-current liabilities	13,488	16,538
Total non-current liabilities	1,700,667	1,638,725
Current liabilities		
Trade and other payables	2,099,640	2,359,695
Loans, borrowings and debt securities	1,412,174	1,904,065
Derivative financial instruments	268,194	260,428
Current tax payable	135,925	-
Provisions	149,681	134,652
Deferred income	547,844	546,281
Total current liabilities	4,613,458	5,205,121
Total liabilities	6,314,125	6,843,846
Total equity and liabilities	24,433,115	24,183,549

SEPARATE CASH-FLOW STATEMENT

	3 quarters 2010 (Jan 1-Sep 30 2010)	3 quarters 2009 (Jan 1-Sep 30 2009)
	unaudited	unaudited
	(PLN '000)	
Cash flows from operating activities		
Net profit/(loss)	1,229,174	(61,080)
Adjustments:		
Depreciation and amortisation	423,811	443,082
Net foreign exchange gains/losses	(2,489)	(274,159)
Net interest and dividend	(449,366)	(202,934)
Profit/(loss) on investing activities	51,556	18,366
Current income tax	246,013	(63,625)
Income tax paid	(1,195)	(249,905)
Other items, net	100,825	657,727
Net cash provided by/(used in) operating activities before changes in working capital	1,598,329	267,472
Change in working capital:		
Change in receivables, net	1,319,143	1,473,918
Change in inventories	(346,439)	41,188
Change in provisions	13,157	(6,422)
Change in current liabilities	(672,128)	(1,462,225)
Change in prepayments	(24,660)	(28,526)
Change in deferred income	51,808	(45,616)
Net cash provided by/(used in) operating activities	1,939,210	239,789
Cash flows from investing activities		
Sale of property, plant and equipment and intangible assets	4,962	30,297
Sale of shares in related undertakings	-	5
Sale of short-term securities	1,990	6,001
Acquisition of property, plant and equipment and intangible assets	(1,210,837)	(1,475,049)
Acquisition of shares in related undertakings	(66,986)	(104,364)
Acquisition of short-term securities	-	-
Decrease in loans advanced	2,433,626	250,396
Increase in loans advanced	(2,365,393)	(657,926)
Inflows from derivative financial instruments	75,345	80,258
Outflows on derivative financial instruments	(98,971)	(109,224)
Interest received	91,024	59,934
Dividend received	289,526	161,703
Proceeds from financed lease	15,074	34,801
Other items, net	(7,266)	(4,781)
Net cash provided by/(used in) investing activities	(837,906)	(1,727,949)
Cash flows from financing activities		
Net proceeds from issue of shares, other equity instruments and additional contributions to equity	-	-
Increase in loans and borrowings	1,600,000	1,400,000
Issue of debt securities	1,417,246	-
Repayment of loans and borrowings	(3,500,895)	(400,000)
Redemption of debt securities	-	-
Decrease in financed lease liabilities	(2,659)	(2,228)
Inflows from derivative financial instruments	-	-
Outflows on derivative financial instruments	-	-
Dividend paid	-	-
Interest paid	(33,413)	(40,116)
Other items, net	(27,491)	(7,212)
Net cash provided by/(used in) financing activities	(547,212)	950,444
Net change in cash	554,092	(537,716)
Net foreign exchange gains/(losses)	-	313
Cash and cash equivalents at beginning of period	425,243	808,173
Cash and cash equivalents at end of period	979,335	270,457

SEPARATE STATEMENT OF CHANGES IN EQUITY

Equity

	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 (audited)	5,900,000	(2,948)	1,740,093	8,983,114	719,444	17,339,703
Transfers	-	-	-	170,904	(170,904)	-
Payment of dividend to shareholders	-	-	-	-	(472,000)	(472,000)
Comprehensive income for 3 quarters of 2010	-	1,753	-	20,360	1,229,174	1,251,287
As at Sep 30 2010 (unaudited)	5,900,000	(1,195)	1,740,093	9,174,378	1,305,714	18,118,990
As at Jan 1 2009 (audited)	5,900,000	(582)	1,740,093	8,953,301	588,560	17,181,372
Transfers	-	-	-	3,991	(3,991)	-
Payment of dividend to shareholders	-	-	-	-	(531,000)	(531,000)
Comprehensive income for Q3 2009	-	(1,755)	-	26,337	(61,080)	(36,498)
As at Sep 30 2009 (unaudited)	5,900,000	(2,337)	1,740,093	8,983,629	(7,511)	16,613,874

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	25,918	1,731
b) decrease	(14,668)	(38,359)
Deferred tax as at end of period: Sep 30 2010	310,910	494,632
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	39,672	-	-	28	-	146,084	2,365	-	188,149
b) transfer	(86)	86	(1,650)	-	-	-	1,650	-	-
c) decrease	(7,581)	(84)	-	(55)	(692)	(40,722)	(2,200)	-	(51,335)
Impairment losses as at end of period: Sep 30 2010	914,936	3	7,150	1,671,697	3,389	1,110,062	22,537	-	3,729,774
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	4,340	-	71,913	-	-	13,000	71,705	160,958
b) decrease	(4,354)	(9,704)	-	(17,829)	-	(2,158)	(58,508)	(92,553)
Provisions as at end of period: Sep 30 2010	111,751	10,706	988,144	58,164	34,391	21,292	62,976	1,287,424
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–Sep 30 2010	Jan 1–Sep 30 2009
Natural gas	13,190,943	12,467,304
Crude oil	594,821	452,995
Helium	31,942	26,292
Propane-butane gas	35,833	25,277
Head casing gasoline	2,245	1,499
LNG	20,589	14,593
Geophysical and geological services	5,210	15,396
Materials and goods for resale	7,119	6,926
Other sales of products and services	92,579	98,898
Total	13,981,281	13,109,180

5. Proceeds under Transmission System Lease Agreement

	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Interest	13,736	37,118
Principal	15,074	34,801
Total	28,810	71,919

6. Operating Expenses

Raw and other materials used	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Cost of gas sold	(7 429 781)	(8 508 494)
Other	(102 781)	(106 539)
Total	(7 532 562)	(8 615 033)

Contracted services	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Purchases of transmission and distribution services	(3,433,500)	(2,974,721)
Other contracted services	(604,325)	(808,527)
Total	(4,037,825)	(3,783,248)

7. Corporate Income Tax

	Jan 1–Sep 30 2010	Jan 1–Sep 30 2009
Pre-tax profit/(loss)	1,475,187	(124,705)
Tax rate applicable during the period	19%	19%
Tax calculated at applicable tax rate	(280,286)	23,694
Permanent differences between pre-tax profit/loss and tax base	34,273	39,931
Tax expense disclosed in the income statement	(246,013)	63,624
Current income tax	(298,666)	(69,365)
Deferred income tax	52,653	132,990
Effective tax rate	17%	51%

The high effective tax rate after the first three quarters of 2009 was due chiefly to the accounting loss for the period January 1st – September 30th 2009, and to the fact that a major portion of permanent differences between the pre-tax profit or loss and the tax base was attributable to accounting revenue (mainly dividends), on which no deferred tax is calculated. Thus a high deferred tax caused a significant decrease in the tax expense disclosed in the income statement.

8. Property, Plant and Equipment by Categories

	As at Sep 30 2010 (end of Q3 2010)	As at Dec 31 2009 (end of previous year)
Land	23,371	22,000
Buildings and structures	4,957,766	5,071,837
Plant and equipment	1,216,894	1,293,321
Vehicles and other	86,577	97,412
Total tangible assets	6,284,608	6,484,570
Tangible assets under construction	4,131,729	3,242,300
Total property, plant and equipment	10,416,337	9,726,870

9. Other Financial Assets

	As at Sep 30 2010 (end of Q3 2010)	As at Dec 31 2009 (end of previous year)
Finance lease receivables*	260,292	283,285
Loans advanced	2,202,414	2,135,618
Receivables under sale of property, plant and equipment	6,867	7,392
Other non-current investments	17	16
Other	50	60
Total, gross	2,469,640	2,426,371
Impairment loss	(7,150)	(8,800)
Total, net	2,462,490	2,417,571

* Non-current receivables include the lease value of the items of property, plant and equipment which will be transferred to the State Treasury as non-cash dividend in October 2010; the estimated value of the assets is PLN 249m.

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

Presentation Changes in the Income Statement

In Q3 2010, the Company continued the presentation change first introduced in H1 2010, concerning presentation of the costs of gaseous fuel transport via the gas transit pipeline on the basis of which the price for gaseous fuel is calculated.

Therefore, the Company made an appropriate reclassification in the income statement for Q3 2009, and transferred PLN 82,249 thousand from contracted services to raw and other materials used. The pre-tax profit/loss and net profit/loss remained unchanged.

III. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS FOR Q3 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 September 30th 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 September 30th 2010 and for the period January 1st – September 30th 2010, along with comparative financial data for the relevant periods of 2009.

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

The financial statements of the PGNiG Group ("the PGNiG Group", "the Group") have been prepared based on the assumption that PGNiG S.A. ("PGNiG S.A.", "the Company", "the Parent Undertaking") and the subsidiary undertakings (except for Naft-Stal Sp. z o.o. w upadłości likwidacyjnej (in bankruptcy by liquidation) of Krosno) will continue as going concerns for at least 12 months subsequent to the balance-sheet date.

On June 29th 2010, the District Court for Krosno issued a decision declaring bankruptcy by liquidation of Naft-Stal Sp. z o.o. w upadłości (in bankruptcy), a fully consolidated subsidiary undertaking of BN Naftomontaż Krosno Sp. z o.o. (subsidiary of PGNiG S.A.).

In connection with the bankruptcy, control over Naft-Stal Sp. z o.o. w upadłości likwidacyjnej (in bankruptcy by liquidation) of Krosno was lost, due to which this company was deconsolidated.

As the scale of the business conducted by Naft-Stal Sp. z o.o. was small, this company had no material effect on the financial statements of the Group.

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 for publication by the Management Board of the Parent Undertaking on November 10th 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 semi-annual consolidated financial statements for the period ended June 30th 2010, published on August 31st 2010.

In the current year, the Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, and endorsed by the EU, which apply to the Group's business and are effective for annual reporting periods beginning on or after January 1st 2010. The newly adopted standards are presented below.

- 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 1 *First-Time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters* – endorsed by the EU on June 23rd 2010 (effective for annual periods beginning on or after January 1st 2010),
- Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* – endorsed by the EU on March 23rd 2010 (effective for annual periods beginning on or after January 1st 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),
- Amendments to various standards and interpretations *Amendments to International Financial Reporting Standards (2009)* – amendments made as part of the process of making annual improvements to the Standards, published on April 16th 2009 (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) aimed chiefly at eliminating any inconsistencies and clarification of wording – endorsed by the EU on March 23rd 2010 (effective for annual periods beginning on or after January 1st 2010),

- 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).

With the exception of the revised IFRIC 18, the application 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.

Application of the Revised IFRIC 18

IFRIC 18 *Transfers of Assets from Customers* was adopted to standardise the accounting policies applied to account for any items of property, plant or equipment received from customers or for cash received to construct property, plant or equipment. In the case of the PGNiG Group, the new interpretation is important for the gas companies (operators of distribution systems) and their disclosure of connection charges or ready connections. Before the adoption of IFRIC 18, the Group accounted for the above items using policies consistent with those applied in the case of government grants, specified in IAS 20. Under those policies, the value of received assets was recognised as deferred income and then released as income to the income statement over the period corresponding to the useful life of a given item of property, plant and equipment. In accordance with new IFRIC 18, with effect from July 1st 2009 new connection charges received by the gas distribution sector companies are recognised directly in income. Connection charges received before July 1st 2009 are included in the income statement in the same way as before.

The PGNiG Group first applied the new regulations in the financial statements for H1 2010 but with the effective date as from July 1st 2009, which resulted in the necessity to restate the opening balance as at January 1st 2010. As a result of the application of IFRIC 18, the equity of the PGNiG Group as at January 1st 2010 rose by PLN 35,259 thousand.

The Group also appropriately restated the comparative data in the income statement for Q3 2009. As a result of the restatement, revenue and net operating result increased by PLN 13,569 thousand. Also, deferred tax was adjusted by PLN 2,578 thousand. Following these changes, the net financial result rose by PLN 10,991 thousand. All revenue and operating result adjustments pertained to the Distribution segment.

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 entered into force (or were not yet effective as at the end of the current reporting period):

- 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),
- Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards – Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters* – endorsed by the EU on June 30th 2010 (effective for annual periods beginning on or after July 1st 2010).
- Amendments to IAS 24 *Related Party Disclosures* – simplifying disclosure requirements for government-related entities and clarifying the definition of a related party – endorsed by the EU on July 19th 2010 (effective for annual periods beginning on or after January 1st 2011),
- 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* – endorsed by the EU on July 19th 2010 (effective for annual periods beginning on or after January 1st 2011),
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – endorsed by the EU on July 23rd 2010 (effective for annual periods ending on or after July 1st 2010).

The Group decided not to apply the standards, changes to standards, and interpretations early.

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 September 30th 2010 had not been endorsed for application:

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1st 2013),
- Amendment to IFRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets* (effective for annual periods beginning on or after July 1st 2011),
- Amendments to various standards and interpretations *Amendments to International Financial Reporting Standards (2010)* – amendments made as part of the process of making annual improvements to the Standards, published on May 6th 2010 (IFRS1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, and IFRIC 13) aimed chiefly at eliminating any inconsistencies and clarification of wording (effective for annual periods beginning on or after January 1st 2011).

The Group estimates that the above standards, interpretations and amendments to the standards would not have had a material bearing on the financial statements if they had been applied as at the balance sheet date.

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

1. On July 19th 2010, the Supervisory Board of PGNiG S.A. appointed Mr Marek Karabula as Vice-President of the Management Board.
2. On July 26th 2010, a PLN 1,235m bond issue programme was launched, pursuant to an agreement concerning a bond issue programme of up to PLN 3 billion (Current Report No. 30/2010 of June 10th 2010), concluded on June 10th 2010 with six banks: Bank Polska Kasa Opieki S.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Bank Handlowy w Warszawie S.A., Societe Generale S.A., and BNP Paribas S.A. Polish Branch). Proceeds from the first issue were used to repay a multi-currency loan maturing on July 27th 2010. The bonds bear interest based on the WIBOR rate plus a margin, whose level depends on the use of the Programme and the ratio of consolidated net debt to consolidated EBITDA.
3. On July 30th 2010, PGNiG S.A. entered into a comprehensive agreement on supply of gaseous fuel ("the Agreement") with KGHM Polska Miedź S.A. of Lubin ("KGHM"). The Agreement provides for the sale of natural gas to be used as a power generation fuel in two combined cycle gas turbine (CCGT) units with the capacity of 45MWe each, delivered to the Głogów and Polkowice collection points. The target annual amount of gas to be delivered is 266 million cubic metres. The gaseous fuel will be delivered through the distribution network of Wielkopolska Spółka Gazownictwa Sp. z o.o. The Agreement is effective from its date until June 30th 2033, and contains a clause whereunder the start of gas deliveries may be scheduled to a date falling between July 1st and December 31st 2012, to be agreed by the parties. The value of the Agreement is estimated at approximately PLN 4bn. The maximum contractual penalties may exceed 10% of the Agreement's value. The amounts of contractual penalties depend on the quantities ordered but not collected by KGHM. The Agreement contains no provisions under which a party could seek compensation in excess of the contractual penalties.
4. On August 3rd 2010, PGNiG S.A. entered into an agreement to terminate the gas sales contracts executed on December 1st 2003 with Energetyka Sp. z o.o. (a subsidiary of KGHM Polska Miedź S.A.). The contracts provided for the supply of natural gas used as a source of energy and delivered to the Żukowice and Polkowice collection points. The contracts were terminated due to the parties' inability to meet the contractual terms of natural gas deliveries as well as due to the completion of negotiations of a new contract for the supply of natural gas to KGHM Polska Miedź S.A. No financial implications are expected to arise from the termination of the contracts.
5. On August 16th 2010, the Supervisory Board of PGNiG S.A. received a resignation by Mr Waldemar Wójcik from the position of Vice-President of the Management Board of PGNiG S.A. in charge of Oil Mining with effect from August 15th 2010.
6. On August 20th 2010, annex No. 4 (the "Annex") was signed to the agreement with Zakłady Chemiczne Police S.A. ("ZCh Police") of December 8th 2009 (the "Agreement"). The Annex provides for extension of the deadline for repayment of ZCh Police's debt under the high-methane gas purchase agreement of January 14th 1999.

Under the Annex:

1. ZCh Police undertakes to repay the entire debt in ten quarterly instalments, payable at the end of each quarter starting from the third quarter of 2010. The debt will be repaid in full on December 31st 2012.
2. Interest on all late payments will be paid by ZCh Police at the statutory rates, for periods starting from the original maturity date of the payment as determined based on the VAT invoice;

3. ZCh Police undertook to repay the amounts due under the comprehensive agreement of December 17th 2009 in the amounts and by the dates specified in that agreement.

The Annex to the Agreement was executed on condition that ZCh Police delivers a Restructuring Plan along with resolutions of its Management and Supervisory Boards confirming its adoption (the „Documentation“). If the Documentation is not delivered by November 30th 2010, the Agreement will be terminated with immediate effect.

7. On August 27th 2010, the full amount of an intra-group loan of NOK 3,800,000 thousand (the equivalent of PLN 1,892,020 thousand, as translated at the mid-exchange rate quoted by the National Bank of Poland for August 26th 2010), granted by PGNiG S.A. to PGNiG Norway AS ("PGNiG Norway") was prepaid, along with the accrued interest. PGNiG S.A. reported on that loan in current report No. 80/2007 of October 16th 2007.

Upon prepayment, on August 27th 2010 PGNiG S.A. and PGNiG Norway AS entered into an agreement for a new loan (the "Loan") of NOK 4,400,000 thousand (equivalent of PLN 2,190,760 thousand, as translated at the mid-exchange rate quoted by the National Bank of Poland for August 26th 2010).

The Loan is to be repaid by December 20th 2021, and it bears interest based on 3M NIBOR plus margin. Interest will accrue at the end of a quarter. The Loan will be used to finance PGNiG Norway's general corporate needs, including current capital expenditure and exploration-related expenses.

On August 31st 2010, PGNiG Norway AS ("PGNiG Norway"), a wholly-owned subsidiary of PGNiG S.A., entered into a credit facility agreement ("Credit Facility Agreement") with seven banks: Credit Agricole CIB (France), BNP Paribas (France), Société Générale (France), Natixis (France), The Bank of Tokyo Mitsubishi UFJ (United Kingdom), UniCredit Bank AG (Germany) and KBC Bank NV Dublin Branch (Ireland).

The value of the Credit Facility Agreement is USD 400,000 thousand (PLN 1,249,040 thousand, as translated at the mid-exchange rate quoted by the National Bank of Poland for August 30th 2010). It is a revolving credit facility, and was advanced for seven years. The Credit Facility Agreement will secure financing of the capital needs connected with the operations conducted by PGNiG Norway on the Norwegian Continental Shelf. The key objective of the Credit Facility Agreement is to finance the expenditure on development of the Skarv field. PGNiG Norway has the possibility to flexibly use any funds which remain after the Skarv project financing needs have been satisfied.

The credit facility is based on a Reserve Based Loan ("RBL") formula, which means that specific oil and gas reserves constitute principal security for the lenders. The amount of financing that can be obtained depends on the value of the Skarv field, in which PGNiG Norway holds an interest of 11.9175 %.

PGNiG Norway will be free to acquire further upstream assets in the North Sea (there are no restrictions on the banks' part). Any liabilities incurred in connection with such acquisitions must be guaranteed by PGNiG S.A. (they may be financed with the RBL proceeds). It is also possible to include new upstream assets under the RBL and obtain additional funding based on such assets (subject to approval by the banks).

The Credit Facility Agreement is governed by English law.

Concurrently, the following agreements were signed on August 31st 2010:

- (i) an agreement between PGNiG S.A. and Credit Agricole Corporate and Investment Bank (France), creating a pledge over shares in PGNiG Norway (the "Share Pledge Agreement");
- (i) an agreement between PGNiG S.A. and Credit Agricole Corporate and Investment Bank (France) creating a pledge over receivables under the loan agreement between PGNiG S.A. and PGNiG Norway (the "Claims Pledge Agreement");
- (iii) an agreement between PGNiG Norway and Credit Agricole Corporate and Investment Bank (France) creating a pledge over bank accounts, licences, tax refund claims, trade receivables and insurance proceeds (the "Licence Pledge Agreement").

The Share Pledge Agreement, the Claims Pledge Agreement, and the Licence Pledge Agreement (jointly referred to as "the Pledge Agreements") were concluded in connection with the execution by PGNiG Norway of a USD 400,000 thousand credit facility agreement with seven banks (described above). The Pledge Agreements were concluded with Credit Agricole Corporate and Investment Bank (France), which acts as the Facility Agent and the Security Agent under the Credit Facility Agreement (the "Security Agent").

Execution of the Pledge Agreements was a pre-condition for PGNiG Norway's raising of RBL financing. The Pledge Agreements provide that in specific circumstances the Security Agent has the right to make dispositions with respect to the pledged assets, including the right to sell the pledged assets. The value of pledges created under the Pledge Agreements is equal to the value of PGNiG Norway's liabilities towards the banks under the Credit Facility Agreement, i.e. USD 400,000 thousand.

The banks may enforce the pledges only in specific circumstances provided for in the Credit Facility Agreement, which in fact comprise insolvency of PGNiG Norway. Moreover, under the RBL agreements PGNiG S.A. has secured for itself the right to suspend any sale of pledged assets (shares and debt claims) by making an early repayment of PGNiG Norway's debt.

As at August 31st 2010, the value of the loan between PGNiG S.A. and PGNiG Norway, which is covered by the Claims Pledge Agreement, was NOK 3,900,000 thousand (i.e. PLN 1,947,270 thousand, as translated at the mid-exchange rate quoted by the National Bank of Poland for August 30th 2010). The loan proceeds are used to finance projects on the Norwegian Continental Shelf.

PGNiG holds 100% of shares in the share capital of PGNiG Norway, with the value of NOK 951,327 thousand, (PLN 474,997 thousand, as translated at the mid-exchange rate quoted by the National Bank of Poland for August 30th 2010).

PGNiG Norway has been established to execute a project on the Norwegian Continental Shelf the aim of which is to increase the Group's oil and gas reserves outside of Poland. The primary task of PGNiG Norway is exploration for and production of oil and gas on the Norwegian Continental Shelf.

8. On September 3rd 2010, an agreement was executed between PGNiG S.A. and Instytut Nafty i Gazu (the Oil and Gas Institute) of Kraków ("the Implementing Entity") for partial financing of the project "Wierchowice Underground Storage Facility" ("the Agreement"). The Project will be implemented as part of Measure 10.1 "Development of Transmission Systems for Electricity, Natural Gas and Crude Oil, as well as Construction and Reconstruction of Natural Gas Storage Facilities", envisaged in Priority X "Energy Security Including Diversification of Energy Sources" under the Infrastructure and Environment Operating Programme for 2007–2013.

Pursuant to the Agreement, the Implementing Entity provided partial funding of up to PLN 503,631,338.00 (five hundred and three million, six hundred and thirty-one thousand, three hundred and thirty-eight złoty) to PGNiG S.A.; 0% of that amount was provided as a special-purpose grant and 100% of that amount was provided as direct payment. The amount of the partial financing depends on the amount of eligible expenditures incurred in the course of performance of the Agreement.

The period for determining the eligibility of expenditures (expenditure or cost incurred in line with the guidelines concerning eligibility of expenditures under the Infrastructure and Environment Operating Programme) lasts from May 16th 2007 to December 31st 2011.

The estimated total cost of the project "Wierchowice Underground Storage Facility" is PLN 1,956,484 thousand (VAT-incl.), the maximum amount of eligible expenditures is PLN 1,603,272 thousand, and the amount of partial financing is up to PLN 503,631 thousand.

9. On September 14th 2010, the Management Board of PGNiG S.A. issued a blank promissory note with a promissory note declaration for up to PLN 503,631 thousand ("the Promissory Note") for the benefit of Instytut Nafty i Gazu (the Oil and Gas Institute) of Kraków.

The Promissory Note serves as a guarantee of PGNiG's proper performance of the agreement for partial financing of the Project "Wierchowice Underground Storage Facility" of September 3rd 2010.

10. On September 16th 2010, the Management Board of PGNiG S.A. was notified of a change in PGNiG gaseous fuel tariff regarding the prices of gaseous fuels, which was approved by virtue of Decision No. DTA-4212-30(9)/2010/652/III/AG by the President of the Energy Regulatory Authority ("the President of URE") on September 16th 2010 ("the Tariff"). The Tariff was published in official gazette *Biuletyn Branżowy URE – Paliwa gazowe* No. 41/2010 (356) on September 16th 2010.

Pursuant to the provisions of Art.47.4 of the Polish Energy Law, a tariff comes into force after 14 days, but not later than 45 days from its publication. In accordance with the above provisions, it was established that the new tariff would take effect on October 1st 2010. The Tariff will remain in effect until March 31st 2011.

11. On September 17th 2010, PGNiG S.A. executed mandate agreements with three banks: Societe Generale SA, BNP Paribas S.A. and Unicredit Bank AG, concerning arrangement of a Eurobond issue programme.
12. On September 20th 2010, pursuant to Art. 50.2.2 of the Act on Stocks of Crude Oil, Petroleum Products and Natural Gas, as Well as Rules of Procedure to Be Followed When the State's Fuel Security Is Threatened or the Petroleum Market Is Disrupted ("the Act"), the Management Board of PGNiG S.A. informed the customers with which PGNiG had concluded contracts for the sale of natural gas that PGNiG was not able to cover the customers' requirements for natural gas in Q4 2010, despite having taken all possible steps to do so.

As an annex to the Yamal Contract for the supply of natural gas from the Russian Federation to Poland has not been signed (whereby the volume of imports was to be increased, as PGNiG reported in Current Report No. 7/2010, dated January 28th 2010), a deficit of natural gas is expected to occur at the Drozdovitse cross-border delivery point on the Polish-Ukrainian border and at the Wysokoye cross-border delivery point on the Polish-Belarusian border. As the entire volume of natural gas contracted for 2010 has been

delivered, the deficit at these delivery points is expected to start after October 20th 2010. In such circumstances, the quantities of gas from domestic production, the underground gas storage facilities ("PMG"), and imports from the transit gas pipeline (the Kondratki delivery point) and from the West (the Lasów delivery point) will not be sufficient to meet the demand for natural gas in the fourth quarter of 2010.

The Management Board of PGNiG further reported that current gas imports were performed in line with the nominations submitted by PGNiG and the operation of domestic gas production facilities proceeded without any disruptions. PGNiG fully filled the capacities available to it at KPMG Mogilno, PMG Husów, PMG Strachocina, PMG Brzeźnica, and PMG Swarzędz gas storage facilities. Given the ongoing investment process (extension) at Wierzbrowice, the facility received 370m cubic metres of gas (64% of the total capacity).

As at September 20th 2010, the underground gas storage facilities were filled at 85%, that is with 1.3bn cubic metres of gas, including the required mandatory reserve managed by the minister competent for national economy. The infusion of gas into the underground gas storage facilities has been completed and currently the facilities are being prepared to feeding gas to the transmission network.

Concurrently, the Management Board of PGNiG was taking steps to arrange gas deliveries from E.ON Ruhrgas via the Ukrainian transmission system, as reported by PGNiG in Current Report No. 47/2010 of July 28th 2010.

In accordance with the provisions of the Act, PGNiG also notified Operator Systemu Przesyłowego GAZ-SYSTEM SA of PGNiG's inability to cover the customers' demand for natural gas in Q4 2010.

13. On September 21st 2010, the Management Board of PGNiG S.A. became aware that its subsidiary PGNiG Norway AS ("PGNiG Norway") was granted an approval by the Norwegian Ministry of Petroleum and Energy to acquire a 10% interest in the exploration licence PL326 on the Norwegian Continental Shelf ("the Licence") based on an agreement with Statoil Petroleum AS. Thus, the condition precedent reported by PGNiG S.A. in Current Report No. 35/2010 of June 24th 2010 was fulfilled.

After the approval, the following companies hold interests in the Licence: Norske Shell AS (50% stake), Statoil Petroleum AS (30% stake), Gaz de France SUEZ E&P Norge AS (10% stake) and PGNiG Norway (10% stake).

14. On September 22nd 2010, the Company executed Amendment Agreement No. 4 to the Gas Sales Agreement concluded on May 3rd 2010 between E.ON Ruhrgas AG and PGNiG ("the Amendment Agreement").

As the conditions precedent to the Gas Sales Agreement had not been met, PGNiG and E.ON Ruhrgas expressed their willingness to set new deadlines and decided to sign the Amendment Agreement, under which the following deadlines for meeting the conditions precedent apply:

1. Obtaining by PGNiG of the Minister of the State Treasury's approval – on or before November 5th 2010;
2. Executing by E.ON Ruhrgas of a transport agreement with the operators for gas transport to the Polish-Ukrainian border – on or before October 29th 2010;
3. Approval of the Gas Sales Agreement by relevant supervisory bodies – on or before October 29th 2010;
4. PGNiG and E.ON Ruhrgas are to notify each other of the fulfilment of the conditions precedent no later than on November 5th 2010.

Under the Amendment Agreement, the deadline for meeting the conditions precedent specified in the delayed report submitted to the Financial Supervision Authority on July 28th 2010 (of which PGNiG also reported in Current Report No. 47/2010 of July 29th 2010), originally set for October 1st 2010, was extended to November 5th 2010.

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

In Q3 2010, the PGNiG Group recorded a net profit of PLN 344.8m, which means a year-on-year decrease of PLN 74.2m (18%). This followed primarily from lower margin on high-methane gas sales, which was reflected in a PLN 168.1m fall in EBIT.

Exploration and Production

Operating profit posted by the Exploration and Production segment was PLN 246.0m, up by PLN 252.7m relative to Q3 2009. This increase was primarily attributable to higher margin on crude oil sales. As a result of higher prices of crude oil on global markets, the PGNiG Group sold its oil at prices 22% higher than in Q3 2009. Moreover, the PGNiG Group recorded a considerable fall in the cost of dry wells written-off.

Trade and Storage

The most significant deterioration of financial performance was seen in the Trade and Storage segment. For Q3 2010, the segment posted PLN 83.5m in operating profit, that is PLN 425.9m less than in Q3 2009. This resulted chiefly from significantly lower margins on high-methane gas sales. The lower margins followed from a 47% increase in unit purchase prices of imported gas, driven by a 38% growth in the USD-denominated prices of gas and a 6% rise in the average USD exchange rate applied in settlements with gas suppliers.

The profitability of high-methane gas sales deteriorated despite a 1% increase in the average gas selling prices. The increase was caused by a 4.8% change in the gaseous fuel rates and charges, resulting from the approval of a new tariff by the President of the Energy Regulatory Office in June 2010.

Distribution

The Distribution segment recorded a seasonal operating loss of PLN 2.4m, which was similar to the level reported in Q3 2009. The rise in the rates and charges for network services, which resulted from the approval by the President of the Energy Regulatory Office of new tariffs for the Gas Companies in June 2010, and an increase in the volumes of transmitted gas were offset by higher costs of the segment's day-to-day operations.

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

On July 26th 2010 and on August 24th 2010, two bond issue programmes were launched, with the issued bonds worth PLN 1,235m and PLN 200m respectively. Both issues were launched pursuant to an agreement concerning a bond issue programme with a value of up to PLN 3 billion, concluded on June 10th 2010 with six banks: Bank Polska Kasa Opieki S.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Bank Handlowy w Warszawie S.A., Societe Generale S.A., and BNP Paribas S.A. Polish Branch. The bonds bear interest based on the WIBOR rate plus a margin, whose level depends on the use of the Programme and the ratio of consolidated net debt to consolidated EBITDA. Proceeds from the first issue were used to repay a multi-currency loan maturing on July 27th 2010.

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 S.A. 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 were defined in a separate resolution of the Annual General Shareholders Meeting (No. 21/IV/2010), 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 S.A. 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

On October 29th 2010, an annex to the Yamal Contract of September 25th 1996 between PGNiG S.A. and OAO Gazprom/OOO Gazprom Export was signed.

The execution of the annex was connected with the approval on October 29th 2010 of the relevant amendments to the agreement between the governments of the Republic of Poland and the Russian Federation concerning construction of a gas pipeline system for transmission of the Russian gas across the territory of Poland, dated August 25th 1993, as amended. The annex is also an effect of the adoption, on

November 3rd 2009, of the so-called package of arrangements laid down in the Joint Statement by Gazprom and PGNiG S.A. Concerning Cooperation in the Area of Natural Gas.

The annex, for which all the necessary corporate approvals have been obtained, provides for:

- a. the following increases in the volume of natural gas supplies to Poland in 2010 – 2022:
 - in 2010 – 9.03bn m³ according to the Polish standard (i.e. 9.7bn m³ according to GOST);
 - in 2011 – 9.77bn m³ according to the Polish standard (i.e. 10.5bn m³ according to GOST);
 - from 2012 to 2022 – 10.24bn m³ according to the Polish standard (i.e. 11.0bn m³ according to GOST);
- b. lifting the ban on re-export of natural gas to third-party countries without Gazprom Export's consent (non re-export clause);
- c. a preference price (relative to the applicable contract price) in the period 2010–2014 (inclusive) for the quantities of natural gas offtaken in a given year above the Minimum Annual Quantities. The discount mechanism represents trade secret. The application of the granted discounts is expected to produce savings of USD 200m-250m in the period 2010–2014 (inclusive).

The signing of the Agreement with Gazprom Export is in line with the policy of purchasing natural gas directly from producers (eliminating or limiting the number of intermediaries to the necessary minimum), which also helps to increase the flexibility of supplies.

Taking into account the current prices of petroleum products, the average annual value of the contract for Russian gas supplies is estimated at approx. PLN 8.5bn.

Other terms and conditions of the contract, including the pricing formula for gaseous fuel, will remain unchanged.

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

	As at Sep 30 2010 (end of Q3 2010)	As at Dec 31 2009 (end of previous year)
Contingent receivables	470,150	459,648
<i>from related undertakings</i>	34,879	35,902
- guarantees and sureties received	722	512
- promissory notes received	34,157	35,390
<i>from other undertakings</i>	435,271	423,746
- guarantees and sureties received	371,453	364,390
- promissory notes received	63,818	59,356
Contingent liabilities	3,457,839	8,160,874
<i>to related undertakings</i>	-	-
- guarantees and sureties issued	-	-
- promissory notes issued	-	-
<i>to other undertakings</i>	3,457,839	8,160,874
- guarantees and sureties issued	2,874,470	8,089,326
- promissory notes issued	583,369	71,548

Changes in liabilities under guarantees and sureties in Q3 2010 result chiefly from the expiry of the guarantee of the largest value, granted jointly by the Gas Companies to a bank syndicate with Bank Handlowy w Warszawie S.A. as the syndication agent (EUR 1,250,000 thousand) The guarantee secured a syndicated loan which was fully repaid on July 27th 2010. As at the end of 2009, the value of the guarantee amounted to PLN 5,135,250 thousand. Furthermore, due to the appreciation of the złoty against the euro, the value of a guarantee issued to the state of Norway (EUR 627,556 thousand) decreased by PLN 76,060 thousand.

The amount of contingent liabilities under outstanding promissory notes increased significantly due to a blank promissory note for up to PLN 503,631 thousand, issued on September 14th 2010 by PGNiG S.A. for the benefit of Instytut Nafty i Gazu (the Oil and Gas Institute) of Kraków. The Promissory Note serves as a guarantee of PGNiG's proper performance of the agreement for partial financing of the Project "Wierchowice Underground Storage Facility" of September 3rd 2010.

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 September 30th 2010 and September 30th 2009.

The PGNiG Group
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Period ended Sep 30 2010	Exploration and Production	Trade and Storage	Distribution	Other	Eliminations	Total
Income statement						
Sales to external customers	1,602,143,	12,785,034,	81,613	174,783	-	14,643,573
Sales to other segments	884,536	269,660	2,363,326	150,772	(3,668,294)	-
Total segment's revenue	2,486,679	13,054,694	2,444,939	325,555	(3,668,294)	14,643,573
Depreciation and amortisation	(444,597)	(99,095)	(558,941)	(8,345)	-	(1,110,978)
Other costs	(1,456,271)	(12,529,467)	(1,362,236)	(283,978)	3,641,331	(11,990,621)
Total segment's costs	(1,900,868)	(12,628,562)	(1,921,177)	(292,323)	3,641,331	(13,101,599)
Operating profit/(loss)	585,811	426,132	523,762	33,232	(26,963)	1,541,974
Net finance expenses						43,293
Share in net profit/(loss) of undertakings valued with equity method		(500)				(500)
Pre-tax profit/(loss)						1,584,767
Corporate income tax						(245,766)
Net profit/(loss)	-	-	-	-	-	1,339,001
Statement of financial position						
Segment's assets	11,838,784	9,873,533	11,102,199	331,202	(2,641,099)	30,504,619
Investments in undertakings valued with equity method		556,023				556,023
Unallocated assets						158,665
Deferred tax asset						766,162
Total assets	-	-	-	-	-	31,985,469
Total equity						22,313,294
Segment's liabilities	1,606,763	2,822,938	1,697,093	79,888	(2,641,099)	3,565,583
Unallocated liabilities						4,854,784
Deferred tax liability						1,251,808
Total equity and liabilities	-	-	-	-	-	31,985,469
Other information						
Capital expenditure on property, plant and equipment and intangible assets	(1,280,665)	(347,301)	(612,971)	(6,446)	-	(2,247,383)
Impairment losses on assets	(910,396)	(2,144,273)	(848,831)	(3,571)	-	(3,907,071)
Impairment losses on unallocated assets						(53,161)

The PGNiG Group
Report for Q3 2010
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(PLN '000)

Period ended Sep 30 2009	Exploration and Production	Trade and Storage	Distribution	Other	Eliminations	Total
Income statement						
Sales to external customers	1,358,418	12,125,131	53,528	138,028	-	13,675,105
Sales to other segments	798,406	139,437	2,042,957	147,471	(3,128,271)	-
Total segment's revenue	2,156,824	12,264,568	2,096,485	285,499	(3,128,271)	13,675,105
Depreciation and amortisation	(457,152)	(101,724)	(542,759)	(7,755)	-	(1,109,390)
Other costs	(1,602,974)	(12,727,026)	(1,254,731)	(268,371)	3,116,551	(12,736,551)
Total segment's costs	(2,060,126)	(12,828,750)	(1,797,490)	(276,126)	3,116,551	(13,845,941)
Operating profit/(loss)	96,698	(564,182)	298,995	9,373	(11,720)	(170,836)
Finance expenses, net						97,696
Share in net profit/(loss) of undertakings valued with equity method		(186)				(186)
Pre-tax profit/(loss)						(73,326)
Corporate income tax						(657)
Net profit/(loss)	-	-	-	-	-	(73,983)
Statement of financial position						
Segment's assets	10,943,737	9,368,938	10,173,907	314,961	(2,597,708)	28,203,835
Investments in undertakings valued with equity method		556,697				556,697
Unallocated assets						115,930
Deferred tax asset						605,622
Total assets						29,482,084
Total equity						20,151,817
Segment's liabilities	1,613,763	2,581,914	1,757,613	100,783	(2,597,708)	3,456,365
Unallocated liabilities						4,607,924
Deferred tax liability						1,265,978
Total equity and liabilities						29,482,084
Other information						
Capital expenditure on property, plant and equipment and intangible assets	(1,430,650)	(641,343)	(699,331)	(19,139)	-	(2,790,463)
Impairment losses on assets	(573,613)	(2,168,899)	(1,385,319)	(5,296)	-	(4,133,127)
Impairment losses on unallocated assets						(52,684)

IV. SUPPLEMENTARY INFORMATION TO THE Q3 2010 REPORT

1. General Information on The Company and Its Group

Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG S.A.", "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, in connection with a public offering of new-issue shares, PGNiG S.A. 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 group of companies in the Polish gas sector, holding the leading position in all segments of the domestic gas sector. Polskie Górnictwo Naftowe i Gazownictwo S.A. 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 September 30th 2010, the Group comprised PGNiG S.A., as the Parent Undertaking, and 35 production and service companies, including:

- 26 subsidiaries of PGNiG S.A.
- 9 indirect subsidiaries of PGNiG S.A.

The following table presents a list of the PGNiG Group members as at September 30th 2010:

PGNiG Group companies

	Name	Share capital (PLN)	Value of shares held by PGNiG S.A. (PLN)	% of share capital held by PGNiG S.A.	% of total vote held by PGNiG S.A.
Subsidiaries of PGNiG S.A.					
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.	20,000.00 (EUR) ¹⁾	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	Biuro Studiów i Projektów Gazownictwa 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	PGNiG Technologie Sp. z o.o. (formerly Górnictwo Naftowe Sp. z o.o.)	2,050,000.00	2,050,000.00	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 P.P.U.H. Sp. z o.o.	51,760.00	51,760.00	100.00%	100.00%
26	PGNiG Energia S.A.	5,000,000.00	5,000,000.00	100.00%	100.00%
Indirect subsidiaries of PGNiG S.A.					
27	Geofizyka Torun Kish Ltd	10,000,000.00 (SAR) ¹⁾	10,000,000.00, ²⁾	100.00%	100.00%
28	Oil Tech International F.Z.E.	20,000.00(USD) ¹⁾	20,000.00	100.00%	100.00%
29	Zakład Gospodarki Mieszkaniowej Sp. z o.o. (Piła)	1,806,500.00	1,806,500.00	100.00%	100.00%
30	Biogazownia Ostrowiec Sp. z o.o.	5,000.00	5,000.00	100.00%	100.00%
31	Polskie Elekrownie Gazowe Sp. z o.o. ³⁾	2,500,000.00	1,288,000.00	51.52%	51.52%
32	GAZ Sp. z o.o. (Błonie)	300,000.00	153,000.00	51.00%	51.00%
33	GAZ MEDIA Sp. z o.o. (Wołomin)	300,000.00	153,000.00	51.00%	51.00%
34	Powiśle Park Sp. z o.o. (Warsaw)	81,131,000.00	81,131,000.00	100.00%	100.00%
35	CHEMKOP Sp. z o.o. Kraków	3,000,000.00	2,550,000.00	85.00%	85.00%

¹⁾ Figures stated in foreign currencies.

²⁾ Share capital not paid in.

³⁾ 51.52% of shares in the company are held by PGNiG Energia S.A., and the remaining 48.48% - by PGNiG S.A

Consolidated undertakings of the Group as at the end of Q3 2010

Company	Country	% of share capital held	
PGNiG S.A. (parent undertaking)	Poland		
Subsidiaries		Sep 30 2010	Sep 30 2009
GEOFIZYKA Kraków Sp. z o.o.	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%
GK Poszukiwania Nafty i Gazu Kraków ¹⁾	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%
GK Mazowiecka Spółka Gazownictwa ²⁾	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%	-
PGNiG Technologie Sp. z o.o. ⁴⁾	Poland	100.00%	100.00%
Subsidiaries of subsidiary BN Naftomontaż Krosno Sp. z o.o.			
NAFT-STAL Sp. z o.o. w upadłości (in bankruptcy) ⁵⁾	Poland	-	59.88%
Jointly controlled and associated undertakings valued with equity method			
SGT EUROPOL GAZ S.A. ³⁾	Poland	49.74%	49.74%
GAS - TRADING S.A.	Poland	43.41%	43.41%

¹⁾ 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.

²⁾ The Mazowiecka Spółka Gazownictwa Group comprises Mazowiecka Spółka Gazownictwa Sp. z o.o. and its subsidiary, Powiśle Park Sp. z o.o.

³⁾ Including a 48.00% direct interest and 1.74% held indirectly through GAS-TRADING S.A.

⁴⁾ Formerly Górnictwo Naftowe Sp. z o.o. The company was first consolidated in Q3 2010.

⁵⁾ On June 29th 2010, the District Court of Krosno issued a decision declaring bankruptcy of NAFT – STAL sp. z o.o w upadłości (in bankruptcy) by way of liquidation of its assets. It resulted in the loss of control over the subsidiary and its deconsolidation in Q3 2010.

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

The following material changes in the Group's structure took place in Q3 2010:

- On July 14th 2010, by virtue of a court decision, PPUiH TURGAZ Sp. z o.o. w likwidacji (in liquidation) was deleted from the Register of Entrepreneurs at the National Court Register.
- On August 11th 2010, the State Treasury and INVESTGAS S.A. of Warsaw entered into an agreement on the sale of 51,000 shares in Ośrodek Badawczo-Rozwojowy Górnictwa Surowców Chemicznych CHEMKOP Sp. z o.o. of Kraków, representing 85% of the company's share capital. The total value of the transaction amounted to PLN 12,000 thousand. The ownership of the shares was transferred to INVESTGAS S.A. upon the execution of the sale agreement.
- On August 26th 2010, a share capital increase at Górnictwo Naftowe Sp. z o.o. by PLN 2,000 thousand, to PLN 2,050 thousand, as well as a change of the company's name to PGNiG Technologie Sp. z o.o. were entered in the National Court Register.

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 S.A. did not publish a performance forecast for Q3 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 Jun 30 2010- Sep 30 2010	% share of total vote at GM as at this report publication date**	Number of shares held as at this report publication date**
State Treasury	72.65 %	4,286,369,105	- 0.16 %	72.49 %	4,276,874,218
Other	27.35 %	1,613,630,895	+ 0.16 %	27.51 %	1,623,125,782
Total:	100.00 %	5,900,000,000	-	100.00 %	5,900,000,000

* As at June 30th 2010.

** As at September 30th 2010.

On October 1st 2010, the eligible employees' rights to acquire PGNiG S.A. shares free of charge expired. Heirs of the eligible employees who were entitled to acquire PGNiG shares free of charge may exercise their rights also after that date, provided that they filed - on or before the rights expiry date, i.e. October 1st 2010 - a request with a court to declare that they had acquired rights to the inheritance.

Accordingly, as at the date of expiry of eligible employees' rights to acquire PGNiG S.A. shares free of charge, i.e. October 1st 2010, the shareholder structure was as follows:

Shareholder	Number of shares	% share of total vote at GM
State Treasury	4,276,314,950	72.48 %
Other	1,623,685,050	27.52 %
Total:	5,900,000,000	100.00 %

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	87,167	-	-	-	-	67,667
Michał Szubski	6,825	-	-	-	-	6,825
Mirosław 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 Serge	9,425	-	-	-	-	9,425

*According to confirmations received as at June 30th 2010 and September 30th 2010.

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 S.A. or its subsidiary undertakings, whose 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 S.A. 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 September 30th 2010, neither PGNiG S.A. 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 S.A. 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 Q3 2010, neither PGNiG S.A. 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 S.A. 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 key factors driving the PGNiG Group's financial performance will be crude oil prices on international markets, the situation on currency markets, and the introduction of a new gaseous fuel tariff.

The financial position of the PGNiG Group is substantially influenced by the crude oil and petroleum product prices. These have been moderately rising on global markets for over a year. If this trend continues in the forthcoming periods, the PGNiG Group will benefit from relatively stable USD-denominated prices of imported gas.

The situation on currency markets exerts a major influence on the financial results posted by the PGNiG Group. At the end of Q2 and at the beginning of Q3 2010, foreign exchange rates were highly volatile. The appreciation of the US dollar translates into increased costs of high-methane gas imports. The foreign exchange rate fluctuations will considerably affect the PGNiG Group's financial performance.

On September 16th 2010, the Presidents of the Energy Regulatory Office approved a new gaseous fuel tariff (Part A – "Gaseous Fuel Supply Tariff No. 3/2010") effective from October 1st 2010. In accordance with the new tariff, the average prices of high-methane gas went up by 6.34%. This increase followed from a rise in costs of gas imports and costs connected with the obligation to maintain mandatory stocks of natural gas. On October 1st 2010, the volume of the mandatory gas stocks was increased from 15 days to 20 days of the average daily imports of natural gas.

The PGNiG Group has launched a process of arranging a Eurobonds issue programme to secure financing for its operations. On September 17th 2010, a mandate agreement to arrange an EMTN programme of up to EUR 1,2bn was signed. The agreement providing for the arrangement of the EMTN programme and for the first issue of bonds was signed with three banks: Societe Generale S.A., BNP Paribas S.A. and Unicredit AG. Proceeds from the issue will be used, among other things, to finance the investment programme.

In order to optimise cash flows within the Group, in December 2010 PGNiG plans to launch a short-term bonds issue programme. The bonds will be issued by PGNiG S.A., and the potential buyers will be the PGNiG Group's companies which have excessive liquidity.

In the next quarter, the PGNiG Group intends to maintain a high level of capital expenditure on investments, including mainly investment projects designed to enlarge underground gas storage facilities, increase hydrocarbon production capacity, and diversify gas supply sources, as well as on projects related to exploration for and appraisal of crude oil and natural gas deposits, and developing the Group's power segment. As the PGNiG 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, relying also on third-party financing.