



PGNiG

**Polskie Górnictwo Naftowe
i Gazownictwo SA**

QUARTERLY REPORT

**FOR THE QUARTER PERIODS
ENDED ON 31 DECEMBER 2007 AND 31 DECEMBER 2006**

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr IV quarter / 2007

quarter / year

(in accordance with § 86 section 2 and § 87 section 1 of the Minister of Finance Decree
of 19 October 2005, Official Journal No. 209, item 1744
for issuers of securities whose business activity embraces manufacture, construction, trade and
services)

for the fourth quarter of the reporting year 2007, that is for the period from 1 January 2007 to 31 December 2007 which includes condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN) and abbreviated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN).

on 28 February 2008
(submission date)

POLSKIE GÓRNICTWO NAFTOWE I GAZOWNICTWO S.A.

(full name of the issuer)

PGNIG

(abbreviated name of the issuer)

Chemical (che)

(industrial sector in line with classification of Warsaw
Stock Exchange)

01-224

(zip code)

Warszawa

(location)

Kasprzaka

(street)

25

(number)

22 5835000

(telephone)

22 5835856

(fax)

pr@pgnig.pl

(e-mail)

www.pgnig.pl

(www)

5250008028

(NIP)

012216736

(REGON)

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SELECTED FINANCIAL DATA

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
	(in PLN '000)		(in EUR '000)	
Data in respect of consolidated financial statement				
I. Net revenues from sales of products, goods and materials	16 629 809	15 197 653	4 403 148	3 897 734
II. Profit (loss) on operating activities	1 301 886	1 470 016	344 706	377 014
III. Gross profit (loss)	1 458 413	1 572 048	386 150	403 182
IV. Net profit (loss)	1 252 060	1 327 905	331 513	340 567
V. Net cash flows from operating activities	2 983 887	1 535 163	790 057	393 722
VI. Net cash flows from investment activities	(2 431 979)	(867 160)	(643 926)	(222 400)
VII. Net cash flows from financial activities	(2 526 422)	(294 974)	(668 932)	(75 652)
VIII. Total net cash flows	(1 974 514)	373 029	(522 801)	95 671
IX. Profit (loss) per ordinary share (in PLN/EUR)	0,21	0,23	0,06	0,06
X. Diluted profit (loss) per ordinary share (in PLN/EUR)	0,21	0,23	0,06	0,06
	As of 2007-12-31 end of the fourth quarter / 2007	As of 2006-12-31 end of year / 2006	As of 2007-12-31 end of the fourth quarter / 2007	As of 2006-12-31 end of year / 2006
XI. Total assets	28 762 654	30 677 479	8 029 775	8 007 277
XII. Liabilities and provisions for liabilities	7 404 096	9 524 119	2 067 028	2 485 936
XIII. Long-term liabilities	4 094 491	6 724 072	1 143 074	1 755 082
XIV. Short-term liabilities	3 309 605	2 800 047	923 954	730 854
XV. Equity	21 358 558	21 153 360	5 962 747	5 521 341
XVI. Share capital	5 900 000	5 900 000	1 647 125	1 539 987
XVII. Number of shares (average weighted in PLN '000)	5 900 000	5 900 000	5 900 000	5 900 000
XVIII. Book value per share (in PLN/EUR)	3,62	3,59	1,01	0,94
XIX. Diluted book value per share (in PLN/EUR)	3,62	3,59	1,01	0,94
XX. Declared or paid dividend per share (in PLN/EUR)	0,17	0,15	0,05	0,04
	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
Data in respect of non-consolidated financial statement				
I. Net revenues from sales of products, goods and materials	15 091 465	12 116 145	3 995 834	3 107 421
II. Profit (loss) on operating activities	2 636 475	1 207 476	698 071	309 681
III. Gross profit (loss)	2 934 599	1 270 996	777 007	325 972
IV. Net profit (loss)	2 551 766	1 096 939	675 642	281 331
V. Net cash flows from operating activities	2 118 333	663 104	560 880	170 066
VI. Net cash flows from investment activities	(1 554 850)	(124 431)	(411 684)	(31 913)
VII. Net cash flows from financial activities	(2 501 727)	(295 556)	(662 393)	(75 801)
VIII. Total net cash flows	(1 938 244)	243 117	(513 197)	62 352
IX. Profit (loss) per ordinary share (in PLN/EUR)	0,43	0,19	0,11	0,05
X. Diluted profit (loss) per ordinary share (in PLN/EUR)	0,43	0,19	0,11	0,05
	As of 2007-12-31 end of the fourth quarter / 2007	As of 2006-12-31 end of year / 2006	As of 2007-12-31 end of the fourth quarter / 2007	As of 2006-12-31 end of year / 2006
XI. Total assets	23 966 374	22 816 461	6 690 780	5 955 435
XII. Liabilities and provisions for liabilities	5 773 456	6 193 771	1 611 797	1 616 666
XIII. Long-term liabilities	2 117 652	4 335 027	591 193	1 131 506
XIV. Short-term liabilities	3 655 804	1 858 744	1 020 604	485 160
XV. Equity	18 192 918	16 622 690	5 078 983	4 338 769
XVI. Share capital	5 900 000	5 900 000	1 647 125	1 539 987
XVII. Number of shares (average weighted in PLN '000)	5 900 000	5 900 000	5 900 000	5 900 000
XVIII. Book value per share (in PLN/EUR)	3,08	2,82	0,86	0,74
XIX. Diluted book value per share (in PLN/EUR)	3,08	2,82	0,86	0,74
XX. Declared or paid dividend per share (in PLN/EUR)	0,17	0,15	0,05	0,04

The table items from I. to X. were translated using the average EUR exchange rate in the reporting periods. The table items from XI. to XVI. and from XVIII to XIX were translated using the EUR exchange rate for the last day of the presented periods.

AVERAGE EUR EXCHANGE RATE DETERMINED BY THE NBP

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	From 2006-01-01 to 2006-12-31
average exchange rate in the reporting period	3,7768	3,8991
lowest exchange rate in the reporting period	3,5699	3,7565
highest exchange rate in the reporting period	3,9385	4,1065
exchange rate for the last day of the reporting period	3,5820	3,8312

I. CONDESED CONOLIDATED FINANCIAL STATEMENT

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	4th quarter /2007 from 2007-10-01 to 2007-12-31	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4th quarter /2006 from 2006-10-01 to 2006-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31*
		<i>unaudited</i>		<i>audited</i>	
		(in PLN '000)			
Sales revenues	4	5 054 670	16 629 809	4 239 413	15 197 653
Consumption of raw materials and materials	6	(2 647 422)	(8 342 151)	(2 756 305)	(8 611 516)
Employee benefits		(640 853)	(2 028 341)	(558 939)	(1 822 123)
Amortization		(351 690)	(1 429 153)	(321 265)	(1 296 140)
External services	6	(826 478)	(2 663 640)	(786 055)	(2 652 543)
Manufacturing cost of benefits for internal purposes		224 073	682 019	196 994	564 979
Other operating expenses (net)		121 327	(162 418)	356 615	89 706
Impairment of property, plant and equipment of Distribution System Operators	2a	(1 384 239)	(1 384 239)	-	-
Operating expenses in total		(5 505 282)	(15 327 923)	(3 868 955)	(13 727 637)
Profit on operating activities		(450 612)	1 301 886	370 458	1 470 016
Financial revenues		59 725	286 180	26 743	289 811
Financial expenses		(15 624)	(113 627)	(72 663)	(265 232)
Share in profits/(losses) of controlled entities measured using the equity method		48 834	(16 026)	122 710	77 453
Gross profit		(357 677)	1 458 413	447 248	1 572 048
Income tax		192 867	(206 353)	14 961	(244 141)
Profit sharing		-	-	(25)	(2)
Net profit for the financial year		(164 810)	1 252 060	462 184	1 327 905
Assigned to:					
Shareholders of the holding company		(164 631)	1 251 330	462 654	1 327 430
Minority shareholders		(179)	730	(470)	475
		(164 810)	1 252 060	462 184	1 327 905

* The comparative data for the four quarters of 2006 were corrected to ensure comparability with the four quarters of 2007 on introduction of a hyperinflationary adjustment to deferred income related to infrastructure received free of charge (the adjustment was described in the consolidated financial statement for the first half of the year 2007).

Profit per share assigned per ordinary shareholder of the holding company

- average weighted number of shares	5 900 000 000	5 900 000 000	5 900 000 000	5 900 000 000
- basic from profit for the financial year	(0,03)	0,21	0,08	0,22
- diluted from profit for the financial year	(0,03)	0,21	0,08	0,22

CONSOLIDATED BALANCE SHEET

	Note	As of 2007-12-31 end of the fourth quarter / 2007	As of 2006-12-31 end of year / 2006*
		<i>unaudited</i>	<i>audited</i>
		(in PLN '000)	
ASSETS			
Non-current assets (long-term)			
Tangible fixed assets		18 053 550	18 762 056
Investment real property		6 364	6 765
Intangible assets		1 059 309	80 807
Investments in associated companies measured using the equity method		557 529	589 284
Financial assets available for sale		27 817	18 112
Other financial assets		2 292 154	3 275 379
Deferred tax asset	1	382 509	453 439
Other non-current assets		283 622	48 672
Total non-current assets (long-term)		22 662 854	23 234 514
Current assets (short-term)			
Inventory		1 217 993	1 351 203
Trade and other receivables		3 166 960	2 473 263
Receivables due to current tax		41 389	17 187
Prepayments and accruals		44 271	33 246
Financial assets available for sale		21 748	23 265
Assets due to derivative financial instruments		23 220	5 723
Cash and cash equivalents		1 583 715	3 539 078
Assets held for sale		504	-
Total current assets (short-term)		6 099 800	7 442 965
Total assets		28 762 654	30 677 479
EQUITY AND LIABILITIES			
Equity			
Share capital		5 900 000	5 900 000
Exchange differences from translation		(43 727)	(15 609)
Surplus from sale of shares above their face value		1 740 093	1 740 093
Other reserve capitals		3 478 081	2 890 068
Retained profits (losses)		10 275 725	10 631 137
Equity (assigned to the shareholders of the holding company)		21 350 172	21 145 689
Equity of minority shareholders		8 386	7 671
Total equity		21 358 558	21 153 360
Long-term liabilities			
Credits, loans and debt securities		23 266	2 343 846
Provisions	3	1 170 386	1 179 882
Deferred income		1 288 061	1 144 270
Provision for deferred tax	1	1 612 778	2 056 074
Total long-term liabilities		4 094 491	6 724 072
Short-term liabilities			
Trade and other liabilities		2 339 771	2 175 455
Credits, loans and debt securities		104 515	113 621
Liabilities due to derivative financial instruments		41 505	55 067
Liabilities due to current tax		312 376	184 556
Provisions	3	181 215	173 765
Deferred income		330 223	97 583
Total short-term liabilities		3 309 605	2 800 047
Total liabilities		7 404 096	9 524 119
Total Equity and Liabilities		28 762 654	30 677 479

* The comparative data for the year 2006 were corrected to ensure comparability with the fourth quarter of 2007 on elimination of assets and liabilities concerning Company's Social Benefits Fund and on introduction of a hyperinflationary adjustment to deferred income related to infrastructure received free of charge.

CONSOLIDATED CASH FLOW STATEMENT

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31*
	<i>unaudited</i>	<i>audited</i>
	(in PLN '000)	
Cash flows from operating activities		
Net financial result	1 252 060	1 327 905
Adjusted by:		
Share in profits/(losses) of controlled entities measured using the equity method	16 026	(77 453)
Amortization	1 429 153	1 296 140
Net exchange gains (losses)	90 898	33 039
Net paid interest and dividends	(234 122)	(191 952)
Profit/loss on investment activities	1 083 005	(145 201)
Income tax for the current period	206 353	244 141
Paid income tax	(475 101)	(243 315)
Other net items	(219 595)	2 167
Net cash flows from operating activities before changes in working capital	3 148 677	2 245 471
Change in working capital:		
Change in net receivables	(532 375)	(6 004)
Change in inventory	124 741	(535 802)
Change in provisions	72 970	(115 882)
Change in short-term liabilities	(150 344)	4 801
Change in prepayments	(116 223)	(47 169)
Change in deferred income	436 441	(10 252)
Net cash flows from operating activities	2 983 887	1 535 163
Cash flows from investment activities		
Inflows from the sale of tangible and intangible fixed assets	27 888	19 159
Inflows from the sale of shares in entities not included in consolidation	-	4 598
Inflows from the sale of short-term securities	51 304	117 895
Acquisition of intangible assets and tangible fixed assets	(2 942 633)	(1 582 072)
Acquisition of shares in entities not included in consolidation	-	-
Acquisition of short-term securities	-	-
Received interest	233 611	285 190
Received dividends	18 001	1 415
Inflows from financial lease	177 369	243 248
Other net items	2 481	43 407
Net cash on investment activity	(2 431 979)	(867 160)
Cash flows from financial activities		
Net inflows from issuing shares and other capital instruments and surcharges for capital	-	-
Inflows from contracted credits and loans	40 288	22 797
Repayment of credits and loans	(2 329 344)	(15 072)
Inflows from issuance of debt securities	-	-
Redemption of debt securities	-	-
Repayment of liabilities due to financial lease	(36 096)	(25 335)
Inflows from forwards	301	230 350
Outflows from forwards	(101)	(242 434)
Paid dividends	(153 017)	(203 519)
Paid interest	(40 535)	(77 996)
Other net items	(7 918)	16 235
Net cash flows from financial activities	(2 526 422)	(294 974)
Change in the balance of net cash	(1 974 514)	373 029
Net exchange differences	23 144	(15 518)
Opening balance of cash and cash equivalents	3 559 214	3 186 185
Closing balance of cash and cash equivalents	1 584 700	3 559 214

* The comparative data for the four quarters 2006 were corrected to ensure comparability with the four quarters of 2007 on elimination of assets and liabilities concerning Company's Social Benefits Fund and on introduction of a hyperinflationary adjustment to deferred income related to infrastructure received free of charge.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Equity (assigned to the shareholders of the holding company)					Minority equity	Total equity	
	Share capital	Exchange differences from translation	Surplus from sale of shares above their face value	Other reserve capitals (in PLN '000)	Retained profits (losses)	Total		
2006-01-01	5 900 000	(14 086)	1 740 093	2 624 841	10 450 358	20 701 206	7 243	20 708 449
Exchange differences from translation of foreign branches	-	(1 523)	-	-	-	(1 523)	-	(1 523)
Inclusion of subsidiary company from consolidation	-	-	-	2 944	592	3 536	-	3 536
Other changes	-	-	-	42	(2)	40	(47)	(7)
Transfers	-	-	-	262 241	(262 241)	-	-	-
Dividend payment to the owner	-	-	-	-	(885 000)	(885 000)	-	(885 000)
Net profit for the year 2006	-	-	-	-	1 327 430	1 327 430	475	1 327 905
2006-12-31 end of year 2006 (audited)*	5 900 000	(15 609)	1 740 093	2 890 068	10 631 137	21 145 689	7 671	21 153 360
2007-01-01	5 900 000	(15 609)	1 740 093	2 890 068	10 631 137	21 145 689	7 671	21 153 360
Exchange differences from translation of foreign branches	-	(28 118)	-	-	-	(28 118)	-	(28 118)
Dividend from the associated company consolidated using equity method	-	-	-	-	(15 729)	(15 729)	-	(15 729)
Other changes	-	-	-	-	-	-	(15)	(15)
Transfers	-	-	-	588 013	(588 013)	-	-	-
Dividend payment to the owner	-	-	-	-	(1 003 000)	(1 003 000)	-	(1 003 000)
Net profit for the four quarters of 2007	-	-	-	-	1 251 330	1 251 330	730	1 252 060
2007-12-31 end of the fourth quarter 2007 (unaudited)	5 900 000	(43 727)	1 740 093	3 478 081	10 275 725	21 350 172	8 386	21 358 558

* The comparative data for the year 2006 were corrected to ensure comparability with the fourth quarter of 2007 on introduction of a hyperinflationary adjustment to deferred income related to infrastructure received free of charge.

ADDITIONAL EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. Deferred tax

	Deferred tax asset	Provision for deferred income tax
Opening balance as of 1 January 2007	453 439	2 056 074
a) increases	53 984	10 065
b) decreases*	(124 914)	(453 361)
Closing balance on 31 December 2007	382 509	1 612 778
Opening balance as of 1 January 2006	398 374	2 123 233
a) increases	124 116	74 512
b) decreases	(69 051)	(141 671)
Closing balance on 31 December 2006	453 439	2 056 074

* the position of decreases of the provisions for deferred income tax include PLN 262,560 thousand concerning impairment of property, plant and equipment in Distribution System Operators

2. Revaluation write-downs on assets

	Fixed assets and intangible assets	Investment real property	Other financial assets	Investments in associated companies measured using the equity method	Financial assets available for sale – long-term	Inventory	Short-term receivables	Due amount of long-term loans	Financial assets available for sale – short-term	Total
Opening balance as of 1 January 2007	12 236 438	2 035	7 421	780 537	53 326	32 034	865 206	198 820	2 808	14 178 625
a) increases*	1 805 480	-	561	241 985	126	3 648	253 018	15 513	-	2 320 331
b) reclassification	-	-	(4 647)	-	-	-	-	4 647	-	-
b) decreases	(636 496)	(15)	(1 266)	-	(630)	(2 270)	(299 839)	(77 443)	-	(1 017 959)
Closing balance on 31 December 2007	13 405 422	2 020	2 069	1 022 522	52 822	33 412	818 385	141 537	2 808	15 480 997
Opening balance as of 1 January 2006	12 253 751	2 035	13 040	651 448	48 444	26 377	879 153	254 057	9 612	14 137 917
a) increases	904 887	-	9 164	129 334	5 528	8 272	93 242	13 004	-	1 163 431
b) reclassification	-	-	(12 632)	-	-	-	51	12 581	-	-
b) decreases	(922 200)	-	(2 151)	(245)	(646)	(2 615)	(107 240)	(80 822)	(6 804)	(1 122 723)
Closing balance on 31 December 2006	12 236 438	2 035	7 421	780 537	53 326	32 034	865 206	198 820	2 808	14 178 625

* the position of increases of fixed assets and intangible assets write-downs include PLN 1,384,239 thousand concerning impairment of property, plant and equipment in Distribution System Operators

2a. Impairment of property, plant and equipment of Distribution System Operators

On 31 December 2007 the Distribution System Operators (DSO) conducted annual initial tests for impairment of property, plant and equipment. The analysis revealed that the estimated present value of forecast cash flows was lower than the net carrying value of property, plant and equipment.

The impairment tests of property, plant and equipment showed that the main reason for the impairment was the fact that the cash flow forecast were based only on the activities related to the distribution of gas.

DSOs estimate that the reduction in the recoverable value of property, plant and equipment results chiefly from:

- low value of revenues from the distribution tariff, approved by the Polish Energy Regulatory Authority (URE)
- the increase in costs of distribution activities being higher than projected in the previous years,
- the value of asset replacement costs being higher than projected in the previous years.

In the past, the validity term of the tariffs was extended as a result of the absence of applicable regulations concerning changed Polish Energy Law, which would take into account the changes occurred due to implementation of European regulations. These delays resulted in constraints concerning the possibility to adopt by DSOs new tariff rates, which would in turn reflect the changed business conditions (increased operating costs and return on capital employed), on the regular basis (once every 12 months).

The analyses made as at 31 December 2007 were based on the assumptions that tariffs would change once a year and the increase in distribution tariffs was assumed, in accordance with the principle of prudence, at a level matching the planned inflation rate.

Tests for impairment of property, plant and equipment, conducted by DSOs, were based on assumptions reflecting following risks:

- the main activity of DSOs involving transmission of gaseous fuels through distribution networks is subjected to regulation,
- the level of obtainable revenues depend on the administrative decision of President of Polish Energy Regulatory Authority, who also set the limits concerning return on capital employed,
- it is highly uncertain that change of tariffs will cause the steep change of revenues, on account of restrictions consequent to tariff regulations.

The impact of impairment of property, plant and equipment in DSOs on the financial statement of the PGNiG Capital Group in the fourth quarter 2007 is presented in the table below:

Consolidated Profit and Loss Account

	4th quarter /2007 from 2007-10-01 to 2007-12-31	DCF impairment	4th quarter /2007 from 2007-10-01 to 2007-12-31 after impairment
	(in PLN '000)		
Profit on operating activities	933 627	(1 384 239)	(450 612)
Gross profit	1 026 562	(1 384 239)	(357 677)
Income tax	(69 693)	262 560	192 867
Net profit for the financial year	956 869	(1 121 679)	(164 810)

Consolidated Balance Sheet

	As of 2007-12-31 end of the fourth quarter / 2007	DCF impairment (in PLN '000)	As of 2007-12-31 end of the fourth quarter / 2007 after impairment
ASSETS			
Total non-current assets (long-term)	24 047 093	(1 384 239)	22 662 854
of which: Tangible fixed assets	19 437 789	(1 384 239)	18 053 550
Total current assets (short-term)	6 099 800	-	6 099 800
Total assets	30 146 893	(1 384 239)	28 762 654
EQUITY AND LIABILITIES			
Equity	22 480 237	(1 121 679)	21 358 558
of which: Retained profits (losses)	11 397 404	(1 121 679)	10 275 725
Total liabilities	7 666 656	(262 560)	7 404 096
Total Equity and Liabilities	30 146 893	(1 384 239)	28 762 654

The adjustment shown above results from the fact that estimations of the value of the Companies' non-current assets made in 2004 were based on the forecast cash flows and the assumption that the conditions prevailing on the market would be reflected in the tariff policy. Therefore, the amount of the revaluation write-down is a consequence of the policy (pursued consistently for years) of regulating gas prices by means of administrative measures without any regard to the actual conditions on the market.

The revaluation write-down does not affect the Group's cash flows and the non-consolidated financial statements of PGNiG S.A., including dividend, if any.

It is envisaged that in the future DSOs's tariffs, an increase in the return on capital employed will be gradually reflected in the distribution rates. The process of achieving the full return on capital employed is scheduled to take place over several years and it will be accompanied by activities aimed at improving operating efficiency after the separation of trading activities. However, if approvals of subsequent DSOs' tariffs are granted with a delay and the validity terms of the tariffs are extended, there is a risk that further revaluation write-downs of the companies' assets will have to be made.

3. Provisions

Provision for retirement and similar benefits	Jubilee bonuses and retirement severance pay	Provision for pension allowances	Provision for welfare allowances	Other provisions for retirement and similar benefits	Total
Opening balance as of 1 January 2007	337 499	82 198	14 760	7 290	441 747
a) increases	115 519	3 039	2 016	11 578	132 152
b) transfers	-	-	4 869	(4 869)	-
c) decreases	(86 778)	(24 037)	(4 515)	(11 292)	(126 622)
Closing balance on 31 December 2007	366 240	61 200	17 130	2 707	447 277
Opening balance as of 1 January 2006	297 691	102 683	25 721	5 760	431 855
a) increases	69 162	2 428	1 799	6 592	79 981
b) transfers	-	-	-	-	-
c) decreases	(29 354)	(22 913)	(12 760)	(5 062)	(70 089)
Closing balance on 31 December 2006	337 499	82 198	14 760	7 290	441 747

Other provisions	Provision for reclamation of wells	Provision for penalties imposed by the Office for Competition and Consumer Protection	Provision for environment protection	Central Restructuring Fund	Other	Total
Opening balance as of 1 January 2007	740 646	4 068	85 153	9 740	72 293	911 900
a) increases	69 120	-	742	-	70 316	140 178
b) reclassification	-	-	(481)	-	481	-
c) decreases	(88 849)	(2 068)	(488)	(2 200)	(54 149)	(147 754)
Closing balance on 31 December 2007	720 917	2 000	84 926	7 540	88 941	904 324
Opening balance as of 1 January 2006	598 042	60 098	35 569	12 000	193 607	899 316
a) increases	168 571	-	50 916	8 002	37 311	264 800
b) reclassification	-	(5 450)	-	-	5 450	-
c) decreases	(25 967)	(50 580)	(1 332)	(10 262)	(164 075)	(252 216)
Closing balance on 31 December 2006	740 646	4 068	85 153	9 740	72 293	911 900

4. Revenues from sales of products, goods and materials

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
High-methane gas	13 369 697	12 188 240
Nitrated gas	1 253 643	1 109 329
Crude oil	777 873	739 137
Helium	30 498	32 730
Propane-butane gas	43 712	46 503
Gasoline	1 650	6 286
LNG	18 513	13 525
Geophysical and geological services	386 120	324 551
Prospecting services	394 874	289 888
Goods and materials	25 874	19 570
Other sales of products and services	327 355	427 894
Total	16 629 809	15 197 653

5. Revenues from leasing payments

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
Interest	219 991	268 617
Repayments	188 879	225 327
Total	408 870	493 944

6. Operating expenses

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
Consumption of raw materials and materials		
Gas purchase	(7 738 018)	(8 068 330)
Consumption of other raw materials and materials	(604 133)	(543 186)
Total	(8 342 151)	(8 611 516)

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
External services		
Purchase of transmission	(1 454 119)	(1 531 060)
Other external services	(1 209 521)	(1 121 483)
Total	(2 663 640)	(2 652 543)

7. Statement and explanation of differences between data disclosed in the financial statements and comparable financial data as well as the previously prepared and published financial statements

The Company Has introduced two changes in the income statement for the fourth quarter 2006 in order to ensure comparability of data for the comparable and current period.

The first alteration consists in the reclassification of expenses related to forwards, in the amount of PLN 230,350 thousand, from „Financial revenues” to “Financial expenses”. These revenues and expenses are presented in financial revenues. This alteration was made within data on operating activity and did not effect profit or loss.

The second alteration consists in the capturing in “Other net operating expenses” - additional revenues from the settlement of deferred income, i.e. PLN 5,407 thousand, and in “Income tax” - deferred tax, i.e. PLN (1,027) thousand. The recognition of these amounts resulted in an increase of the operating profit/loss by PLN 5,407 thousand and the net profit/loss by PLN 4,380 thousand. The above alteration results from the introduction of a hyperinflationary adjustment to deferred income related to infrastructure received free of charge during the period of 1995-1996.

The value of equity has changed due to the above adjustment. The reconciliation of equity for comparable periods is presented in the below table.

	31 December 2006	1 January 2006
Equity before the adjustment	21 208 111	20 767 580
Hyperinflationary adjustment to deferred income related to infrastructure received free of charge during the period of 1995- 1996.	(54 751)	(59 131)
Equity after the adjustment	21 153 360	20 708 449

The introduction of the restatement adjustment to deferred income resulted in an increase in assets and liabilities plus equity. Additionally, items related to the Company's Social Benefits Fund have been netted off in the balance sheets for comparable periods. The effects of these changes on assets and liabilities plus equity are presented in the below table.

	31 December 2006
Total Assets/Liabilities plus equity before adjustments	30 739 647
Hyperinflationary adjustment to deferred income related to infrastructure received free of charge during the period of 1995- 1996.	12 843
Net off of items related to the Company's Social Benefits Fund	(75 011)
Total Assets/Liabilities plus equity after adjustments	30 677 479

In connection with the final verification, the hyperinflationary adjustment to deferred income related to infrastructure received free of charge during the period of 1995- 1996 has changed. The Company has introduced the final adjustment in his financial report. Meanwhile, the influence of this change on the financial report for the third quarter 2007, is presented below.

	As of 2007-09-30		
	Results published in the financial report for the third quarter 2007	The change of the hyperinflationary adjustment to deferred income related to infrastructure received free of charge during the period of 1995-1996	Results after the changed adjustment
Profit on operating activities	1 757 906	(5 408)	1 752 498
Gross profit	1 821 498	(5 408)	1 816 090
Income tax	(400 248)	1 028	(399 220)
Net profit for the financial year	1 421 250	(4 380)	1 416 870

	As of 2006-09-30		
	Results published in the financial report for the third quarter 2007	The change of the hyperinflationary adjustment to deferred income related to infrastructure received free of charge during the period of 1995-1996	Results after the changed adjustment
Profit on operating activities	1 104 966	(5 408)	1 099 558
Gross profit	1 130 208	(5 408)	1 124 800
Income tax	(260 130)	1 028	(259 102)
Net profit for the financial year	870 101	(4 380)	865 721

II. CONDESED NON-CONSOLIDATED FINANCIAL STATEMENT

NON-CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	4th quarter /2007 from 2007-10-01 to 2007-12-31	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4th quarter /2006 from 2006-10-01 to 2006-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31*
		<i>unaudited</i>			<i>unaudited</i>
		(in PLN '000)			
Sales revenues	4	5 942 635	15 091 465	3 328 937	12 116 145
Consumption of raw materials and materials	6	(2 517 037)	(7 847 965)	(2 591 901)	(8 162 329)
Employee benefits		(229 157)	(512 161)	(147 447)	(369 619)
Amortization		(158 592)	(577 415)	(121 012)	(497 236)
External services	6	(2 364 103)	(3 836 157)	(626 190)	(2 237 610)
Manufacturing cost of benefits for internal purposes		3 052	8 935	2 411	8 160
Other operating expenses (net)		285 190	309 773	344 880	349 965
Operating expenses in total		(4 980 647)	(12 454 990)	(3 139 259)	(10 908 669)
Profit on operating activities		961 988	2 636 475	189 678	1 207 476
Financial revenues		88 286	501 340	78 380	555 730
Financial expenses		(97 854)	(203 216)	(113 769)	(492 210)
Gross profit		952 420	2 934 599	154 289	1 270 996
Income tax		(60 930)	(382 833)	41 185	(174 080)
Profit sharing		-	-	-	23
Net profit for the financial year		891 490	2 551 766	195 474	1 096 939

Profit per share assigned per ordinary shareholder of the holding company

- average weighted number of shares	5 900 000 000	5 900 000 000	5 900 000 000	5 900 000 000
- basic from profit for the financial year	0,15	0,43	0,03	0,19
- diluted from profit for the financial year	0,15	0,43	0,03	0,19

NON-CONSOLIDATED BALANCE SHEET

	As of 2007-12-31 end of the fourth quarter / 2007	As of 2006-12-31 end of year / 2006
	<i>unaudited</i>	<i>unaudited</i>
	(in PLN '000)	
ASSETS		
Non-current assets (long-term)		
Tangible fixed assets	8 911 381	8 299 455
Investment real property	4 443	4 782
Intangible assets	33 218	14 966
Financial assets available for sale	4 787 371	5 017 288
Other financial assets	3 340 711	3 393 128
Deferred tax asset	248 919	288 941
Other non-current assets	270 626	36 995
Total non-current assets (long-term)	17 596 669	17 055 555
Current assets (short-term)		
Inventory	1 061 926	1 239 478
Trade and other receivables	4 188 299	1 509 951
Receivables due to current tax	7 941	-
Prepayments and accruals	9 465	6 728
Financial assets available for sale	29 341	29 341
Assets due to derivative financial instruments	17 442	5 723
Cash and cash equivalents	1 055 001	2 969 685
Assets held for sale	290	-
Total current assets (short-term)	6 369 705	5 760 906
Total assets	23 966 374	22 816 461
EQUITY AND LIABILITIES		
Equity		
Share capital	5 900 000	5 900 000
Exchange differences from translation	(1 510)	462
Surplus from sale of shares above their face value	1 740 093	1 740 093
Other reserve capitals	3 344 146	2 797 547
Retained profits (losses)	7 210 189	6 184 588
Total equity	18 192 918	16 622 690
Long-term liabilities		
Credits, loans and debt securities	80	2 298 720
Provisions	916 169	917 588
Deferred income	152 729	2 784
Provision for deferred tax	1 028 097	1 115 547
Other long-term liabilities	20 577	388
Total long-term liabilities	2 117 652	4 335 027
Short-term liabilities		
Trade and other liabilities	3 071 801	1 560 865
Credits, loans and debt securities	6 153	11 236
Liabilities due to derivative financial instruments	35 527	55 067
Liabilities due to current tax	197 383	137 957
Provisions	108 790	92 590
Deferred income	236 150	1 029
Total short-term liabilities	3 655 804	1 858 744
Total liabilities	5 773 456	6 193 771
Total Equity and Liabilities	23 966 374	22 816 461

NON-CONSOLIDATED CASH FLOW STATEMENT

	4 quarters / 2007 from 2007-01-01 to 2007-12-31 <i>unaudited</i>	4 quarters / 2006 from 2006-01-01 to 2006-12-31 <i>unaudited</i>
	(in PLN '000)	
Cash flows from operating activities		
Net financial result	2 551 766	1 096 939
Adjusted by:		
Amortization	577 415	497 236
Net exchange gains (losses)	88 021	32 121
Net paid interest and dividends	(444 226)	(274 936)
Profit/loss on investment activities	(289 895)	(63 397)
Income tax for the current period	382 833	174 080
Paid income tax	(387 379)	(214 006)
Other net items	(7 490)	65 051
Net cash flows from operating activities before changes in working capital	2 471 045	1 313 088
Change in working capital:		
Change in net receivables	(1 089 042)	187 490
Change in inventory	179 652	(517 405)
Change in provisions	15 062	(211 892)
Change in short-term liabilities	235 902	(29 899)
Change in prepayments	(21 673)	(35 215)
Change in deferred income	327 387	(43 063)
Net cash flows from operating activities	2 118 333	663 104
Cash flows from investment activities		
Inflows from the sale of tangible and intangible fixed assets	14 844	17 129
Inflows from the sale of shares in entities	-	-
Inflows from the sale of short-term securities	48 855	107 999
Acquisition of intangible assets and tangible fixed assets	(873 657)	(668 311)
Acquisition of shares in entities	(326 936)	-
Acquisition of short-term securities	-	-
Inflows from loan repayments	61 724	63 058
Outflows from granted loans	(1 119 028)	(234 434)
Received interest	246 178	288 546
Received dividends	217 468	58 980
Inflows from financial lease	177 369	243 248
Other net items	(1 667)	(646)
Net cash on investment activity	(1 554 850)	(124 431)
Cash flows from financial activities		
Net inflows from issuing shares and other capital instruments and surcharges for capital	-	-
Inflows from contracted credits and loans	-	-
Repayment of credits and loans	(2 303 637)	(8 356)
Inflows from issuance of debt securities	-	-
Redemption of debt securities	-	-
Repayment of liabilities due to financial lease	(109)	(231)
Inflows from forwards	301	230 343
Outflows from forwards	(101)	(242 376)
Paid dividends	(153 002)	(203 519)
Paid interest	(35 618)	(69 986)
Other net items	(9 561)	(1 431)
Net cash flows from financial activities	(2 501 727)	(295 556)
Change in the balance of net cash	(1 938 244)	243 117
Net exchange differences	23 560	(19 816)
Opening balance of cash and cash equivalents	2 993 496	2 750 379
Closing balance of cash and cash equivalents	1 055 252	2 993 496

STATEMENT OF CHANGES IN NON-CONSOLIDATED EQUITY

	Share capital	Exchange differences from translation	Surplus from sale of shares above their face value	Other reserve capitals	Retained profits (losses)	Total
	(in PLN '000)					
2006-01-01	5 900 000	416	1 740 093	2 593 219	6 176 977	16 410 705
Exchange differences from translation of foreign branches	-	46	-	-	-	46
Net profit for the year 2006	-	-	-	-	1 096 939	1 096 939
Dividend payment to the owner	-	-	-	-	(885 000)	(885 000)
Transfers	-	-	-	204 328	(204 328)	-
2006-12-31 end of year 2006	5 900 000	462	1 740 093	2 797 547	6 184 588	16 622 690
2007-01-01	5 900 000	462	1 740 093	2 797 547	6 184 588	16 622 690
Exchange differences from translation of foreign branches	-	(1 972)	-	-	-	(1 972)
Increase due to business combination	-	-	-	-	22 147	22 147
Net profit for the four quarters of 2007	-	-	-	-	2 551 766	2 551 766
Dividend payment to the owner	-	-	-	-	(1 003 000)	(1 003 000)
Transfers	-	-	-	545 312	(545 312)	-
Other	-	-	-	1 287	-	1 287
2007-12-31 end of the fourth quarter 2007 (unaudited)	5 900 000	(1 510)	1 740 093	3 344 146	7 210 189	18 192 918

ADDITIONAL EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENT

1. Deferred tax

	Deferred tax asset	Provision for deferred income tax
Opening balance as of 1 January 2007	288 941	1 115 547
a) increase due to business combination	7 335	10 204
b) increases	36 467	19 677
c) decreases	(83 824)	(117 331)
Closing balance on 31 December 2007	248 919	1 028 097
Opening balance as of 1 January 2006	270 989	1 232 612
a) increases	80 691	628
b) decreases	(62 739)	(117 693)
Closing balance on 31 December 2006	288 941	1 115 547

2. Revaluation write-downs on assets

	Fixed assets and intangible assets	Investment real property	Other financial assets	Financial assets available for sale – long-term	Inventory	Short-term receivables	Due amount of long-term loans	Financial assets available for sale – short-term	Total
Opening balance as of 1 January 2007	3 039 908	2 035	29 191	1 461 544	22 839	691 556	209 021	79 808	5 535 902
a) increase due to business combination	25	-	-	-	-	168 391	-	-	168 416
b) increases	406 687	-	560	6 608	352	17 714	28 928	-	460 849
c) reclassification	-	-	(8 116)	-	-	-	8 116	-	-
d) decreases	(592 426)	(15)	(6 915)	(630)	-	(92 352)	(102 879)	-	(795 217)
Closing balance on 31 December 2007	2 854 194	2 020	14 720	1 467 522	23 191	785 309	143 186	79 808	5 369 950
Opening balance as of 1 January 2006	2 812 377	2 035	30 531	1 439 958	21 557	721 563	269 336	86 612	5 383 969
a) increases	887 066	-	9 164	29 933	1 282	9 989	14 604	-	952 038
b) reclassification	-	-	(6 856)	-	-	-	6 856	-	-
b) decreases	(659 535)	-	(3 648)	(8 347)	-	(39 996)	(81 775)	(6 804)	(800 105)
Closing balance on 31 December 2006	3 039 908	2 035	29 191	1 461 544	22 839	691 556	209 021	79 808	5 535 902

3. Provisions

Provision for retirement and similar benefits	Provision for jubilee bonuses and retirement severance pay	Provision for pension allowances	Provision for welfare allowances	Other provisions for retirement and similar benefits	Total
Opening balance as of 1 January 2007	82 906	82 197	9 017	4 869	178 989
a) increase due to business combination	31 367	-	169	2 643	34 179
b) increases	33 878	3 039	4 909	414	42 240
c) decreases	(22 645)	(24 037)	(1 421)	(7 881)	(55 984)
Closing balance on 31 December 2007	125 506	61 199	12 674	45	199 424
Opening balance as of 1 January 2006	68 358	102 683	9 017	4 869	184 927
a) increases	14 548	2 428	-	-	16 976
b) decreases	-	(22 914)	-	-	(22 914)
Closing balance on 31 December 2006	82 906	82 197	9 017	4 869	178 989

Other provisions	Provision for reclamation of wells	Provision for penalties imposed by the Office for Competition and Consumer Protection	Provision for environment protection	Central Restructuring Fund	Other	Total
Opening balance as of 1 January 2007	740 646	4 068	44 368	9 740	32 367	831 189
a) increase due to business combination	-	-	-	-	250	250
b) increases	69 121	-	339	-	57 605	127 065
c) decreases	(88 849)	(2 068)	-	(2 200)	(39 852)	(132 969)
Closing balance on 31 December 2007	720 918	2 000	44 707	7 540	50 370	825 535
Opening balance as of 1 January 2006	598 042	48 812	15 202	12 000	172 824	846 880
a) increases	168 571	-	29 166	8 002	15 114	220 853
b) decreases	(25 967)	(44 744)	-	(10 262)	(155 571)	(236 544)
Closing balance on 31 December 2006	740 646	4 068	44 368	9 740	32 367	831 189

4. Revenues from sales of products, goods and materials

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
High-methane gas	12 734 579	10 059 390
Nitrated gas	1 197 934	953 779
Crude oil	777 873	739 144
Helium	30 499	32 732
Propane-butane gas	39 513	32 069
Gasoline	1 650	6 286
LNG	19 006	14 084
Geophysical and geological services	33 463	26 282
Goods and materials	6 816	1 906
Other sales of products and services	250 132	250 473
Total	15 091 465	12 116 145

5. Revenues from leasing payments

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
Interest	219 991	268 617
Repayments	188 879	225 327
Total	408 870	493 944

6. Operating expenses

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
Consumption of raw materials and materials		
Gas purchase	(7 738 336)	(8 068 380)
Consumption of other raw materials and materials	(109 629)	(93 949)
Total	(7 847 965)	(8 162 329)

	4 quarters / 2007 from 2007-01-01 to 2007-12-31	4 quarters / 2006 from 2006-01-01 to 2006-12-31
External services		
Purchase of transmission	(3 166 675)	(1 617 276)
Other external services	(669 482)	(620 334)
Total	(3 836 157)	(2 237 610)

7. Adjustments to the consolidated financial statements prepared in accordance with Polish Accounting Standards (PAS) for comparative period

	31 December 2006	1 January 2006
Equity according to PAS	12 021 456	11 367 043
Revaluation of tangible fixed assets on 1 January 2004	5 702 751	6 274 795
Deferred tax	(1 101 517)	(1 183 081)
Payments from profit for social activity	-	-
Other	-	(48 052)
Equity according to IFRS	16 622 690	16 410 705

	31 December 2006	1 January 2006
Financial result according to PAS	1 582 268	1 132 228
Revaluation of tangible fixed assets on 1 January 2004	(572 044)	(475 800)
Deferred tax	81 564	91 185
Payments from profit for social activity	(42 900)	(27 255)
Other	48 051	(4 122)
Financial result according to IFRS	1 096 939	716 236

III. GENERAL INFORMATION TO THE FINANCIAL STATEMENT FOR THE FOURTH QUARTER 2007

1. Basis for the report and format of financial statements included in the report

The consolidated condensed financial statements as well as non-consolidated financial statement for the fourth quarter of 2007 presented in this report were prepared in accordance with International Accounting Standards No. 34 "Interim Financial Reporting" (IAS 34) and the provisions of the Ordinance of Council of Ministers of 19 October 2005 on current and periodic information provided by issuers of securities (Dz. U. No. 209 item 1749, "Ordinance"). Both financial statements cover the period from 1 January 2007 to 31 December 2007 and the corresponding periods of the year 2006.

Both financial statements are presented in PLN, and all figures, unless otherwise stated, are stated in PLN thousands. Possible differences between total quotas and the sum of its elements result from round-offs.

2. Accounting principles applied

The consolidated as well as non-consolidated: balance sheet, profit and loss account, cash flow statement and statement of changes in equity were prepared in accordance with the same accounting principles as those applied in the consolidated financial statements for the period ended 30 June 2007 published on 27 September 2007.

In the fourth quarter 2007 the Issuer did not introduce any material changes in the accounting principles as compared to the principles applied to the financial statements and consolidated financial statements for the period ended 31 December 2006. The entry into force of IFRS 7 "Financial Instruments: Disclosures" and related IAS 1 "Presentation of Financial Statements" did not affect his financial statement.

Assets, equity and liabilities in the non-consolidated financial statement were measured in the same quotas as those in consolidated financial statement of the PGNiG Capital Group, before consolidation adjustments.

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

IFRS in the form approved by the EU do not differ significantly from the current regulations adopted by the International Accounting Standards Board ("IASB"), except for the following standards, which as at 31 December 2007 had not yet been adopted for use:

- IFRIC 12 "Service Concession Arrangements"
IFRIC 12 is effective for annual periods beginning on or after 1 January 2008. The interpretation provides guidelines to operators regarding concession arrangements for services between the public and private sector as regards the recognition of these arrangements for accounting purposes. IFRIC 12 applies to arrangements in which the concession granting body controls or regulates what services shall be provided by an operator using specific infrastructure and also controls a remaining substantial share in the infrastructure at the end of the arrangement's duration.
- IFRIC 13 "Customer Loyalty Programs"
IFRIC 13 is effective for annual periods beginning on or after 1 January 2008. The interpretation addresses accounting by entities that grant loyalty award credits. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.
- IFRIC 14 – IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 14 is effective for annual periods beginning on or after 1 January 2008.
- Changes to IAS 23 – Borrowing Costs
Changes in IAS 23 are effective for annual periods beginning on or after 1 January 2009. The main change According to the estimates of the parent entity's Management Board the abovementioned standards and interpretations would not have had a significant effect on the consolidated financial statements, if they had been adopted by the Group as of the balance sheet date.

Hedge accounting principles applicable to financial assets and liabilities portfolios continue to fall outside the scope of regulations adopted by the EU as they have not been approved for use in the EU. According to the estimates of the parent entity's Management Board the implementation of hedge accounting principles applicable to financial assets and liabilities portfolios in accordance with IAS 39 "Financial

Instruments: Recognition and Measurement” would not have had a material effect on the consolidated financial statements, if they had been adopted by the EU for use as of the balance sheet date.

Additionally, in preparing these consolidated financial statements the Group did not apply the following standards, amendments to standards and interpretations that have been published and approved for use in the EU, but which are not yet effective:

- IFRS 8 “Operating Segments”
IFRS 8 was issued on 30 November 2006 and replaces IAS 14 “Segment Reporting”. IFRS 8 is effective for annual periods beginning on or after 1 January 2009. The standard specifies how an entity should present data on operating segments and requires that presented information be based on internal reports. The standard also introduces the requirement to disclose information on products, services, geographical segments and main clients.
- IFRIC 9 “Reassessment of Embedded Derivatives”
IFRIC 9 is effective for annual periods beginning on or after 1 June 2007. The interpretation provides guidelines as to whether an entity must reassess whether an embedded derivative is required to be separated from the host contract.
- IFRIC 11 “Group and Treasury Share Transactions”
IFRIC 11 is effective for annual periods beginning on or after 1 January 2009. IFRIC 11 provides guidance on applying IFRS 2 “Share-based Payment” to arrangements concerning share-based payment involving an entity's own equity instruments or the equity instruments of another entity from the same capital group (e.g. the parent entity's equity instruments). No guidance was available thus far as regards the method of recognizing share-based payment arrangements in an entity's financial statements as part of which the entity receives goods or services as consideration for the parent entity's capital instruments.

According to the estimates of the parent entity's Management Board the abovementioned standards and interpretations would not have had a significant effect on the consolidated financial statements, if they had been adopted by the Group as of the balance sheet date. The Management Board does not intend to adopt these standards and interpretations before their effective date.

4. The entities of the Capital Group included in consolidation for the fourth quarter of 2007

The following entities have been included in the consolidated financial statements for the third quarter of 2007: the Holding Company, twenty three subsidiaries, one co-subsidiary and one associated entity.

Name of the company	Country	Percentage share in the share capital	
		30 September 2007	30 September 2006
Subsidiaries			
Geofizyka Kraków Sp. z o. o.	Poland	100,00%	100,00%
Geofizyka Toruń Sp. z o. o.	Poland	100,00%	100,00%
PNiG Jasło Sp. z o. o.	Poland	100,00%	100,00%
PNiG Kraków Sp. z o. o.	Poland	100,00%	100,00%
PNiG Piła Sp. z o. o.	Poland	100,00%	100,00%
ZRG w Krośnie Sp. z o.o.	Poland	100,00%	100,00%
Dolnośląski Operator Systemu Dystrybucyjnego Sp. z o. o.	Poland	100,00%	100,00%
Górnośląski Operator Systemu Dystrybucyjnego Sp. z o. o.	Poland	100,00%	100,00%
Karpacki Operator Systemu Dystrybucyjnego Sp. z o. o.	Poland	100,00%	100,00%
Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o. o.	Poland	100,00%	100,00%
Pomorski Operator Systemu Dystrybucyjnego Sp. z o. o.	Poland	100,00%	100,00%
Wielkopolski Operator Systemu Dystrybucyjnego Sp. z o. o.	Poland	100,00%	100,00%
Gazobudowa Zabrze Sp. z o. o.	Poland	100,00%	100,00%
Naftomontaż Krosno Sp. z o. o.	Poland	88,83%	88,83%
Naftomet Krosno Sp. z o. o.	Poland	100,00%	100,00%
Diamet Sp. z o.o.	Poland	100,00%	100,00%
Gazoprojekt S.A.	Poland	75,00%	75,00%
PGNiG Finance B.V.	Netherlands	100,00%	100,00%
Geovita Sp. z o.o. Warszawa	Poland	100,00%	100,00%
INVESTGAS S.A.	Poland	100,00%	100,00%
Polskie LNG Sp. z o.o.*	Poland	100,00%	-
PGNiG Norway A/S**	Norway	100,00%	-
Subsidiaries of Naftomontaż Krosno Sp. z o.o. – a subsidiary			
Naft-Stal Krosno Sp. z o. o.	Poland	59,88%	59,88%
Subsidiaries and Associated Entities			
EUROPOL GAZ S.A.	Poland	49,74%	49,74%
Gas-Trading S.A.	Poland	43,41%	43,41%

* The company was registered in National Court Register and on 21 May 2007 became wholly-owned and consolidated subsidiaries of PGNiG S.A.

** The company PGNiG Norway A/S with the registered office in Stavanger, Norway was registered on 9 June 2007 and became wholly-owned and consolidated subsidiaries of PGNiG S.A.

5. Explanations to the seasonal or cyclic nature of the issuer activity in the presented period

Gas sale in the PGNiG Capital Group is subject to seasonal fluctuations. Gas sales increase significantly in winter and decrease in the summer. Crude oil sales in PGNiG Capital Group is not subject to seasonal fluctuations. Gas sales in winter significantly surpass that in summer (June – July) and depend greatly on the ambient temperature. The scope of fluctuation is determined by low temperatures in winter and high temperatures in summer. The seasonal nature of gas sales concerns to a considerable extent clients from the communal-household sector which uses gas for heating purposes, and to a lesser extent clients from the industrial sector. The seasonality of sales contributes to the need to increase gas storage and transmission capacity, including distribution networks, in order to meet the peak demand of end users and ensure national gas supply safety.

6. Information on issue, redemption and repayment of debt and capital securities

In the period from 1 January to 31 December 2007 no such events took place in the Capital Group.

7. Information on paid (or declared) dividend, total and per share, broken down by ordinary and preference shares

On 28 June 2007 the Annual General Shareholders Meeting of PGNiG S.A. adopted a resolution No. 22 on distribution of the 2006 balance-sheet profit of PLN 1,582,268 thousand as follows:

- a) PLN 545,312 thousand to be allocated to the Company's reserve funds (the General Shareholders Meeting of PGNiG S.A. will resolve on the appropriation of this amount)
- b) PLN 1,003,000 thousand to be allocated to payment of dividend (which means dividend of PLN 0,17 per share), including:
 - PLN 849,998 thousand to be paid out as non-cash dividend to the State Treasury,
 - PLN 2 thousand to be paid out as cash dividend to the State Treasury,
 - PLN 153,000 thousand to be paid out as cash dividend to the other shareholders,
- c) PLN 9,000 thousand to be contributed to the Company's Social Benefits Fund,
- d) PLN 24,956 thousand to be allocated to employee awards.

8. Information on segments of activity

It was assumed that the main classification of lines of business is based on sector segmentation. The Capital Group operates in the following four segments:

- a) The production and output segment is the supplier of gas, crude oil, geophysical and prospecting services. This segment covers the entire gas and crude oil production process, starting from geophysical testing which is undertaken before prospecting for production purposes is commenced and preparation of output for sale.
- b) The trade and storage segment deals in the purchase and sale of gas as well as storage.
- c) The distribution segment deals in the purchase for sale, sale and supply of gas to end customers, primarily individual customers. In the third quarter newly separated gas trading companies dealt in the trade (purchase and sale) of gas. On 1 October 2007 there was the merger of the six gas trading companies with PGNiG S.A. executed, then in the fourth quarter of 2007 the Trading Branch of PGNiG S.A. dealt in the trade of gas. Therefore the financial results of gas trading companies for the third quarter of 2007 were taken into account of the trade and storage segment.
- d) The others segment delivers services connected with designing and manufacture of machines for gas and crude oil equipment and facilities.

A segment's assets include all operational assets used by the segment, including mainly cash, receivables, inventory, tangible fixed assets less revaluation write-downs. While a majority of assets can be directly assigned to specific segments, the value of assets used by two or more segments is allocated to particular segments based on the level, in which they are use by particular segments.

Liabilities of segments include all operational liabilities, mainly trade, payroll and tax liabilities, due as well as accrued, as well as provisions for liabilities that can be assigned a particular segment.

Neither assets nor liabilities of segment include deferred tax.

Internal transactions within segments have been eliminated.

All transactions between segments are concluded based on internally agreed prices.

Polskie Górnictwo Naftowe i Gazownictwo Capital Group
Quarterly report for the fourth quarter 2007
General information to the financial statement for the fourth quarter 2007
(in thousands of zlotys)

Period ended 31 December 2007	Exploration and production	Trade and storage	Distribution	Other	Elimination	Total
Profit and loss						
External sales	2 060 356	9 440 838	5 013 935	114 680		16 629 809
Sales between lines of business	1 851 424	4 416 341	1 643 117	215 084	(8 125 966)	-
Total revenue	3 911 780	13 857 179	6 657 052	329 764	(8 125 966)	16 629 809
Amortization	(581 714)	(126 551)	(711 357)	(9 531)		(1 429 153)
Other costs	(2 097 288)	(12 266 128)	(7 308 033)	(310 794)	8 083 473	(13 898 770)
Total cost	(2 679 002)	(12 392 679)	(8 019 390)	(320 325)	8 083 473	(15 327 923)
Result on operating activity	1 232 778	1 464 500	(1 362 338)	9 439	(42 493)	1 301 886
Net interest and other financial expenses						172 553
Share in profits/(losses) of controlled entities measured using the equity method		(16 026)				(16 026)
Gross profit						1 458 413
Income tax						(206 353)
Net profit/loss						1 252 060
Balance sheet						
Segment assets	9 330 702	11 934 807	9 424 912	282 228	(3 221 724)	27 750 925
Shares in associated entities		557 529				557 529
Unassigned assets						71 691
Deferred tax asset						382 509
Total assets						28 762 654
Total equity						21 358 558
Liabilities of the line of business	2 223 779	3 548 953	2 674 989	87 713	(3 221 724)	5 313 710
Unassigned liabilities						477 608
Provision for deferred tax						1 612 778
Total Equity and Liabilities						28 762 654
Other segmental information						
Capital expenditure for tangible fixed assets	(1 679 455)	(457 149)	(794 833)	(11 196)		(2 942 633)
Revaluation write-downs on assets	(2 431 034)	(2 408 373)	(10 581 578)	(4 382)		(15 425 367)
Revaluation write-downs on unassigned assets						(55 630)

Polskie Górnictwo Naftowe i Gazownictwo Capital Group
Quarterly report for the fourth quarter 2007
General information to the financial statement for the fourth quarter 2007
(in thousands of zlotys)

Period ended 31 December 2006*	Exploration and production	Trade, storage, transmission	Distribution	Other	Elimination	Total
Profit and loss						
External sales	1 822 481	4 167 322	9 110 156	97 694	-	15 197 653
Sales between lines of business	1 145 820	6 798 679	8 821	199 398	(8 152 718)	-
Total revenue	2 968 301	10 966 001	9 118 977	297 092	(8 152 718)	15 197 653
Amortization	(486 477)	(132 662)	(666 434)	(10 567)	-	(1 296 140)
Other costs	(1 494 106)	(10 574 781)	(8 221 246)	(285 415)	8 144 051	(12 431 497)
Total cost	(1 980 583)	(10 707 443)	(8 887 680)	(295 982)	8 144 051	(13 727 637)
Result on operating activity	987 718	258 558	231 297	1 110	(8 667)	1 470 016
Net interest and other financial expenses						24 579
Share in profits/(losses) of controlled entities measured using the equity method		77 453				77 453
Gross profit						1 572 048
Income tax						(244 141)
Profit sharing						(2)
Net profit/loss						1 327 905
Balance sheet						
Segment assets	7 785 708	10 899 897	11 558 305	278 379	(915 238)	29 607 051
Shares in associated entities		589 284				589 284
Unassigned assets						27 705
Deferred tax asset						453 439
Total assets						30 677 479
Total equity						21 153 360
Liabilities of the line of business	1 303 902	1 643 053	2 650 622	92 836	(915 238)	4 775 175
Unassigned liabilities						2 692 870
Provision for deferred tax						2 056 074
Total Equity and Liabilities						30 677 479
Other segmental information						
Capital expenditure for tangible fixed assets	(388 142)	(433 623)	(753 399)	(6 908)		(1 582 072)
Revaluation write-downs on assets	(2 597 973)	(2 152 999)	(9 368 214)	(3 305)		(14 122 491)
Revaluation write-downs on unassigned assets						(56 134)

* The comparative data for the fourth quarter of 2006 were corrected to ensure comparability with the fourth quarter of 2007 on elimination of assets and liabilities concerning Company's Social Benefits Fund and on introduction of a hyperinflationary adjustment to deferred income related to infrastructure received free of charge.

9. Materials events that occurred after the closing period, which were not disclosed in the consolidated financial statements for the fourth quarter of 2007

By the date of preparation of the financial statements for the fourth quarter 2007, no events had occurred that should have been recognized in the accounting records of the reporting period.

10. Changes in the composition of the entity during the presented period, therein as a result of business combinations or sale of entities of the Capital Group, long-term investments, restructuring and discontinued operations

In accordance with the restructuring plan of the PGNiG Capital Group concerning integration of trading business at PGNiG S.A. the merger of the six gas trading companies (Dolnośląska Spółka Obrotu Gazem Sp. z o.o., Górnośląska Spółka Obrotu Gazem Sp. z o.o., Karpacka Spółka Obrotu Gazem Sp. z o.o., Mazowiecka Spółka Obrotu Gazem Sp. z o.o., Pomorska Spółka Obrotu Gazem Sp. z o.o., Wielkopolska Spółka Obrotu Gazem Sp. z o.o.) with PGNiG S.A. was executed on 1 October 2007 pursuant to Art. 492.1.1 of the Polish Commercial Companies Code (merger through acquisition) without increasing the share capital of the Acquiring Company by transferring all assets of the Target Company to the Acquiring Company.

As the Acquiring Company is the sole shareholder in the Target Companies, the merger shall be executed in accordance with Art. 516.6 of the Polish Commercial Companies Code, by way of a simplified procedure, with application of the relevant regulations governing the simplified merger procedure (Resolution No. 5 of the Extraordinary General Shareholders Meeting of PGNiG S.A. of 3 November 2006).

Since the previous separation was effected by the way of transfer of selected assets in form of an organized business enterprise and the merger was effected through acquisition, this change in the structure of PGNiG Capital Group had no impact on the consolidated financial statement for the fourth quarter of 2007.

11. Changes in contingent liabilities or contingent assets, which occurred since the end of the last financial year

In the fourth quarter 2007 there was no significant changes in contingent liabilities and contingent assets. As for contingent assets, in comparison to the information presented in the quarterly report for the third quarter 2007, the received a declaration from Zakłady Azotowe Kędzierzyn S.A. of voluntary submission to execution under Art. 777.1.5 of Civil Procedure Rules for an amount of PLN 212 million expired on 21 December 2007, in the moment of the last payment resulting from the agreement.

	31 December 2007	31 December 2006
1. Contingent receivables	133 876	101 052
1.1. From related parties (due to)	3 945	3 901
- guarantees and sureties received	916	137
- bills of exchange received	3 029	3 764
1.2. From other entities (due to)	124 422	94 213
- guarantees and sureties received	77 818	49 264
- bills of exchange received	46 604	44 949
1.3. Other contingent receivables	5 509	2 938
2. Contingent liabilities	5 999 667	6 160 692
2.1. To related parties (due to)	10 090	7 597
- guarantees and sureties granted	239	239
- bills of exchange issued	-	-
- agreements, investment contracts signed	9 851	7 358
- operating lease liabilities	-	-
2.2. To other entities (due to)	5 989 577	6 148 446
- guarantees and sureties granted	5 653 804	5 837 614
- bills of exchange issued	55 220	34 452
- agreements, investment contracts signed	275 355	264 431
- operating lease liabilities	5 198	11 949
2.3. Other contingent liabilities	-	4 649

IV. OTHER INFORMATION TO THE QUARTERLY REPORT

1. General information on the Issuer and its Capital Group

Polskie Górnictwo Naftowe i Gazownictwo S.A. (hereinafter referred to as "PGNiG S.A.", "Company" or "holding company"), is the PGNiG Capital Group's holding company (hereinafter referred to as "PGNiG Capital Group" or the "Group") with registered office in Poland, 00-537 Warsaw, ul. Krucza 6/14. As of 23 September 2005, as a result of issue of shares, PGNiG S.A. was transformed from a company wholly owned by the State Treasury into a public company.

The holding company was created as result of the transformation of the state company Polskie Górnictwo Naftowe i Gazownictwo into a joint stock company wholly owned by the State Treasury. The transformation deed and the articles of association were signed in the form of a notarized deed of 21 October 1996.

While signing the above deed of transformation of the state enterprise, the Minister of Treasury followed the provisions of the Prime Minister's Ordinance of 30 September 1996 on transformation of the enterprise Polskie Górnictwo Naftowe i Gazownictwo with registered office in Warsaw into a joint-stock company wholly owned by the State Treasury (Dz. U. No. 116 of 1996, item 553).

On 30 October 1996 the Company was entered to the commercial register under number RHB 48382. As of the date of registration the Company acquired legal personality. On 27 December 2001 PGNiG S.A. was entered into the National Court Register (Register of Entrepreneurs) under number KRS 0000059492. PGNiG S.A. was registered at National Economy Register under the number 012216736.

As part of the implementation of the "Program of restructuring and privatizing PGNiG S.A.", adopted by the Polish Council of Ministers on 5 October 2004, pursuant to a decision by the Polish Securities and Exchange Commission, on 24 May 2005 the PGNiG S.A. shares were admitted to public trading.

By virtue of a relevant decision of the District Court of Warsaw, an increase in the share capital of PGNiG S.A. was registered on 6 October 2005. Following the increase, the Company's share capital amounts to PLN 5,900m and is divided into 5,900,000,000 shares.

The PGNiG S.A. shares have been listed at the Warsaw Stock Exchange since 20 October 2005.

The PGNiG Capital Group is the only vertically integrated operator in the Polish gas industry, and a leader in all the segments of that industry. Polskie Górnictwo Naftowe i Gazownictwo S.A. is the holding company of the PGNiG Capital Group.

PGNiG Capital Group is engaged in the following business areas: exploration and production of natural gas and crude oil, sales of domestically produced and imported natural gas, and sales of crude oil, natural gas storage, natural gas distribution. PGNiG Capital Group is the main importer of gas from Russia, Central Asia, Norway, Germany, and produces it from own domestic sources. The exploration and production of natural gas is one of key sources ensuring PGNiG Capital Group a competitive position on the liberalized gas market. The retail sales and gas distribution represent integral business area of the PGNiG Capital Group. The gas distribution companies of PGNiG Capital Group are responsible for natural gas distribution to both industrial and retail customers in the respective regions of Poland. The distribution companies also conduct service within maintenance, repair and development of gas distribution network.

The trade and distribution of natural gas, which are the core activity of the PGNiG Capital Group next to natural gas and crude oil production, are regulated by the Polish Energy Law. Business activity in these areas requires a relevant license, and revenues are dependent on the gaseous fuel tariff approved by the President of the Energy Regulatory Authority. The exploration and production activities are regulated by the Geological and Mining Law, and are conducted by the Company based on relevant licences, as required by the provisions of the Law.

The structure of PGNiG Capital Group

As of 31 December 2007 PGNiG S.A. as a parent company held shares in 57 companies incorporated under the commercial law, including:

- 27 companies in which PGNiG S.A. held over 50% of shares;
- 16 companies in which PGNiG S.A. held between 20% and 50% of shares;
- 14 companies with PGNiG S.A.'s shareholding below 20%.

The inclusive nominal value of equity involvement in the companies as of 31 December 2007 accounted for PLN 6,338.5 million.

On account of business scope and severity for Capital Group functioning the subsidiary entities are divided into following groups:

- key entities
- core entities
- target entities
- other entities (business-critical and not).

Key entities

The key entities in the PGNiG Capital Group are – Distribution System Operators and Gas Trading Companies. The Distribution System Operators were created as a result of implementing the objectives of Directive 2003/55/EC of the European Parliament and the Energy Law. On 29 June 2007 the Gas Trading Companies took over from former Gas Companies assets bound with conducting service and trade activities.

The key entities are:

- Dolnośląski Operator Systemu Dystrybucyjnego Sp. z o.o.
- Górnośląski Operator Systemu Dystrybucyjnego Sp. z o.o.
- Karpacki Operator Systemu Dystrybucyjnego Sp. z o.o.
- Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o.o.
- Pomorski Operator Systemu Dystrybucyjnego Sp. z o.o.
- Wielkopolski Operator Systemu Dystrybucyjnego Sp. z o.o.

Core entities

The core companies are of significant importance to PGNiG S.A. whose activities and actually fulfilled functions ensure the performance of the core tasks of PGNiG S.A. as well as which in general make diversifying the sources of acquiring gas and markets for selling gas easier. These companies operate in the field of searching for deposits, geophysical testing and production for construction and assembly purposes.

The core entities are:

- 3 Exploration Companies (PNiG Kraków Sp. z o.o., PNiG Jasło Sp. z o.o., PNiG NAFTA Sp. z o.o. in Piła). These companies significantly contribute to the achievement of the strategic goals in respect of the growth of domestic natural gas and oil production volumes and maintaining the reserves replacement ratio at a desired level.
- 2 Service Companies (PN „Diament” Sp. z o.o., Zakład Robót Górniczych Krosno Sp. z o.o.) These companies render specialist services pertaining to exploration and production operations
- 2 Geophysical Companies (GEOFIZYKA Kraków Sp. z o.o., GEOFIZYKA Toruń Sp. z o.o.) These companies are the core companies in the field of exploration of minerals which have significant influence on the achievement of strategic goals concerning the growth of domestic natural gas and oil production volumes and maintaining the reserves replacement ratio at a desired level
- SGT „EUROPOL GAZ” S.A. operates the Transit Gas System and GAS-TRADING S.A. – the shareholder of SGT „EUROPOL GAZ” S.A. which trades in propane-butane and whose business was to involve services related to the operation of the transmission system.
SGT „EUROPOL GAZ” S.A. offers transmission capacity within the Polish section of the transit gas pipeline system. It also provides gas transmission service within the available capacity from the Polish-Belarusian border to the gas delivery and off-take points. Both undertakings are important core companies which have influence over the gas supplies to the entire Group.
- BSiPG Gazoprojekt S.A., an engineering company, involved in consultancy and design work and specialising in the operating issues of the gas sector. Therefore, it is considered to be a core company which supports the functioning of the entire Group.

Target entities

The target companies are companies which were called up to accomplish long-term strategic goals of the PGNiG Capital Group. After the analysis of the performance they will be included to the group of core entities if the results are satisfactory or in the contrary case sold.

The target entities are:

- PGNiG Finance B.V. – a company incorporated for the purpose of issuing euro-denominated bonds of PGNiG S.A. At present, the company is planned to be used for exploration and production work in Libya.
- Górnictwo Naftowe Sp. z o.o. – a company incorporated on December 22nd 2000 in order to implement the Polish Council of Ministers' resolution of May 23rd 2000 concerning the changes to the organisational restructuring programme for the state-owned utility Polskie Górnictwo Naftowe i Gazownictwo ("Zmiany programu restrukturyzacji organizacyjnej państwowego przedsiębiorstwa użyteczności publicznej Polskie Górnictwo Naftowe i Gazownictwo"). The company's share capital amounts to PLN 50,000. The company does not conduct any business activities.
- InterTransGas GmbH – the goal underlying the establishment of the company was to construct an interconnector between the Polish and European transmission systems, as well as to provide the platform for conducting gas transmission operations outside Poland. (At present, the company does not conduct its core activities).
- Dewon Z.S.A. – the aim behind PGNiG S.A.'s acquiring a stake in the company was to gain access to foreign reserves of natural resources, their production and import to Poland.
- INVESTGAS S.A. – the company was established to provide operator's services to KPMG Mogilno.
- NYSAGAZ Sp. z o.o. – the company was established for the purpose of modernising (with a view to using natural gas) and operating small CHP plants as well as providing energy production and supply services. At the moment the company is implementing projects aimed at generating heat with the use of natural gas.
- Polskie Elektrownie Gazowe Sp. z o.o. in liquidation – the company was founded to implement investment projects related to the processes of generating heat and electricity using natural gas, including operation and maintenance of cogeneration units. In June 2007, the shareholders adopted a resolution to dissolve the company and start its liquidation.
- Polskie LNG Sp. z o.o. – a company incorporated to construct and operate an LNG regasification plant.
- PGNiG Norway AS – a company incorporated under the Norwegian law to implement a project consisting in the development of the Skarv, Snadd and Idun reserves located in the Norwegian Sea and production of gas from those reserves.

Other business-critical entities

Other business-critical entities within PGNiG Capital Group are companies supporting the Capital Group's processes, bringing added value with their unique services. These companies conduct activities in the scope of:

- building and repair of pipelines, machinery and oil mining and gas devices and facilities,
- construction, repair and maintenance of mining infrastructure,
- conducting hotel and tourist services.

The other business-critical entities are:

- BUD-GAZ Sp. z o.o., – engaged in real property management and provision of training services.
- BUG Gazobudowa Sp. z o.o. – operating chiefly in the area of design, construction and repair of pipelines, equipment and units used in oil mining and gas engineering.
- ZRUG Sp. z o.o. of Pogórska Wola – dealing with general construction services related to linear engineering structures: pipelines, power supply lines, electrified tracks and telecommunication transmission lines.
- ZUN Naftomet Sp. z o.o. – engaged in manufacture, repair and maintenance of machinery for mining, quarrying and construction.
- Geovita Sp. z o.o. – operator of leisure and tourist centres.

Other not business-critical entities

Other not business-critical entities are companies that are not connected directly with the activity of PGNiG S.A., which conduct the construction, repair and renovation of gas pipelines and companies

whose shares have been assumed as a result of bank composition proceedings, as well as companies, in which PGNiG S.A. does not possess significant packages of shares or whose goals do not justify remaining in capital relations with PGNiG S.A.

List of companies that comprise PGNiG Capital Group

The structure of the capital commitment of PGNiG S.A. in commercial companies, in which PGNiG S.A. possesses at least 5% of shares, as of 31 December 2007 is presented in the table below.

	Company	Share capital (PLN)	The share of PGNiG S.A. in the company's share capital (PLN)	The % share of PGNiG S.A. in the company's share capital
Key entities				
1.	Karpacki Operator Systemu Dystrybucyjnego Sp. z o.o.	1 310 749 000,00	1 310 749 000,00	100,00%
2.	Górnślaski Operator Systemu Dystrybucyjnego Sp. z o.o.	1 197 314 000,00	1 197 314 000,00	100,00%
3.	Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o.o.	930 819 000,00	930 819 000,00	100,00%
4.	Wielkopolski Operator Systemu Dystrybucyjnego Sp. z o.o.	847 159 000,00	847 159 000,00	100,00%
5.	Pomorski Operator Systemu Dystrybucyjnego Sp. z o.o.	502 750 000,00	502 750 000,00	100,00%
6.	Dolnoślaski Operator Systemu Dystrybucyjnego Sp. z o.o.	546 448 000,00	546 448 000,00	100,00%
Core entities				
7.	PNiG Jasło Sp. z o.o.	100 000 000,00	100 000 000,00	100,00%
8.	PNiG Kraków Sp. z o.o.	105 231 000,00	105 231 000,00	100,00%
9.	PN "Diamant" Sp. z o.o.	62 000 000,00	62 000 000,00	100,00%
10.	PNiG NAFTA Sp. z o.o.	60 000 000,00	60 000 000,00	100,00%
11.	GEOFIZYKA Toruń Sp. z o.o.	66 000 000,00	66 000 000,00	100,00%
12.	GEOFIZYKA Kraków Sp. z o.o.	34 400 000,00	34 400 000,00	100,00%
13.	Zakład Robót Górniczych Krosno Sp. z o.o.	26 903 000,00	26 903 000,00	100,00%
14.	BSiPG "Gazoprojekt" S.A.	4 000 000,00	3 000 000,00	75,00%
15.	SGT EUROPOL GAZ S.A.	80 000 000,00	38 400 000,00	48,00%
16.	GAS - TRADING S.A.	2 975 000,00	1 291 350,00	43,41%
Target entities				
17.	Polskie LNG Sp. z o.o.	39 000 000,00	39 000 000,00	100,00%
18.	INVESTGAS S.A.	502 250,00	502 250,00	100,00%
19.	Górnictwo Naftowe Sp. z o.o.	50 000,00	50 000,00	100,00%
20.	PGNiG Norway AS	497 327 000 NOK	497 327 000 NOK	100,00%
21.	PGNiG Finance B.V.	20 000 Euro	20 000 Euro	100,00%
22.	"NYSAGAZ Sp. z o.o."	3 700 000,00	1 887 000,00	51,00%
23.	InterTransGas GmbH	200 000 Euro	100 000 Euro	50,00%
24.	"Polskie Elekrownie Gazowe" Sp. z o.o. w likwidacji	2 500 000,00	1 212 000,00	48,48%
25.	"Dewon" ZSA	11 146 800 Hr	4 055 205,84 Hr	36,38%
Other business-critical entities				
26.	Geovita Sp. z o.o.	86 139 000,00	86 139 000,00	100,00%
27.	BUG Gazobudowa Sp. z o.o.	39 220 000,00	39 220 000,00	100,00%
28.	ZUN Naftomet Sp. z o.o.	23 500 000,00	23 500 000,00	100,00%
29.	ZRUG Sp. z o.o. (w Pogórskiej Woli)	4 300 000,00	4 300 000,00	100,00%
30.	"BUD - GAZ" Sp. z o.o.	51 760,00	51 760,00	100,00%
Other not business-critical entities				
31.	BN Naftomontaż Sp. z o.o.	44 751 000,00	39 751 000,00	88,83%
32.	PI GAZOTECH Sp. z o.o.*	1 203 800,00	65 000,00	69,44%
33.	PPUiH "TURGAZ" Sp. z o.o.	176 000,00	90 000,00	51,14%
34.	ZRUG Warszawa S.A. w likwidacji	6 000 000,00	2 940 000,00	49,00%
35.	Sahara Petroleum Technology Llc	150 000 RO	73 500 RO	49,00%
36.	PFK GASKON S.A.	13 061 325,00	6 000 000,00	45,94%
37.	"GAZOMONTAŻ" S.A.	1 498 850,00	677 200,00	45,18%
38.	"ZRUG" Sp. z o.o. (w Poznaniu)	3 781 800,00	1 515 000,00	40,06%
39.	ZWUG "INTERGAZ" Sp. z o.o.	4 700 000,00	1 800 000,00	38,30%
40.	HS "Szczakowa" S.A. w upadłości	16 334 989,44	5 439 494,72	33,30%
41.	"ZRUG TORUŃ" S.A.	4 150 000,00	1 300 000,00	31,33%
42.	ZRUG Zabrze Sp. z o.o.	2 750 000,00	600 000,00	21,82%
43.	"TE-MA" WOC Małaszewicze Terespol Sp. z o.o. w likwidacji	262 300,00	55 000,00	20,97%
44.	Zakład Remontowy Urządzeń Gazowniczych Wrocław Sp. z o.o. w upadłości	1 700 000,00	270 000,00	15,88%
45.	Polski Serwis Płynów Wiertniczych Sp. z o.o.	250 000,00	35 000,00	14,00%
46.	TeNET 7 Sp. z o.o. w likwidacji	50 000,00	5 000,00	10,00%
47.	Polskie Konsorcjum Energetyczne Sp. z o.o.	100 000,00	9 500,00	9,50%
48.	Walcownia Rur "JEDNOŚĆ" Sp. z o.o.	220 590 000,00	18 310 000,00	8,30%
49.	Agencja Rynku Energii S.A.	1 376 000,00	100 000,00	7,27%

* on 23 April 2004 854 shares with a par value PLN 1,300 per share (total value PLN 1,110,200) were redeemed, without the decrease of the company's share capital. Therefore the nominal value of the existing shares is lower than the share capital.

In the second half of the year 2007 changes in PGNiG Capital Group included:

- Registration of the merger of PGNiG S.A. with Wielkopolska Spółka Obrotu Gazem Sp. z o.o., Mazowiecka Spółka Obrotu Gazem Sp. z o.o., Dolnośląska Spółka Obrotu Gazem Sp. z o.o., Górnośląska Spółka Obrotu Gazem Sp. z o.o., Karpacka Spółka Obrotu Gazem Sp. z o.o., Pomorska Spółka Obrotu Gazem Sp. z o.o. on 1 October 2007 pursuant to Art. 492.1.1 of the Polish Commercial Companies Code (merger through acquisition) without increasing the share capital of the Acquiring Company by transferring all assets of the Target Company to the Acquiring Company. The merger on 1 October 2007 resulted in the deletion of Gas Trading Companies from the National Court Register.
- Increase of the share capital in Zakład Robót Górniczych Krosno Sp. z o.o. by PLN 101 thousand to PLN 26,903 thousand. The change of the share capital was registered in National Court Register on 27 July 2007.
- On 8 October 2007 the District Court of Szczecin, XVII Commercial Division of the National Court Register, registered a share capital increase at Polskie LNG Sp. z o.o. ("PLNG") of Swinoujście. The share capital was increased by PLN 11,000 thousand to PLN 39,000 thousand. On 7 January 2008 the another increase of share capital was registered – by PLN 11,000 thousand to PLN 50,000 thousand.
- Increase of share capital in PGNiG Norway A/S by NOK 487,327 thousand. At the end of the Year 2007 the PGNiG's capital commitment in PGNiG Norway A/S amounted in NOK 497,327 thousand.

Other changes of the PGNiG's capital commitment are as follows:

- Decrease of the nominal value of shares in Huta Stalowa Wola S.A. (HSW S.A.) from PLN 6.86 per share to PLN 4.75 per share. It resulted in decrease in the share of PGNiG S.A. in company's share capital to PLN 2,066,069.50. At the same time the increase of share capital of HSW S.A. was executed. PGNiG S.A. did not participate in the increase of share capital, therefore the share of PGNiG S.A. in the HSW S.A. share capital fell to 0.85%. The change of the share capital was registered in National Court Register on 4 July 2007.
- Increase of the share capital in IZOSTAL S.A. by PLN 7,000 thousand. PGNiG S.A. did not participate in the increase of share capital, therefore the share of PGNiG S.A. in the IZOSTAL S.A. share capital fell to 4.61%. The change of the share capital was registered in National Court Register on 22 August 2007.
- Increase of the share capital in Agencja Rozwoju Pomorza S.A. by PLN 2,580 thousand. PGNiG S.A. did not participate in the increase of share capital, therefore the share of PGNiG S.A. in the Agencja Rozwoju Pomorza S.A. share capital fell to 0.64%. The change of the share capital was registered in National Court Register on 22 August 2007.

2. Factors and events, in particular extraordinary ones, significantly affecting financial results

On 17 August 2007 the President of the Energy Regulatory Office extended the effective term of tariff until 31 December 2007.

The table below presents the amended gaseous fuel prices for tariff groups of high-methane gas and nitrogenised gas customers, as well as the standing charges:

Tariff group	Price for gaseous fuel PLN/m ³	Standing charge rates PLN/month
For high-methane gas customers GZ 50 (E)		
E1-E4	0.7788	541.00
For nitrogenized gas customers GZ 35 (Ls)		
Ls1-Ls4	0.4936	541.00
For nitrogenized gas customers GZ 41,5 (Lw)		
Lw1-Lw4	0.5761	541.00

3. The position of the Management Board government in respect to possibility of realization of previous result forecasts for a given year, in light of results presented in the quarterly report as compared to the forecast results

PGNiG S.A. did not publish result forecast for 2007.

4. Identification of total number of shareholders with at least 5 percent of votes at the general meeting of the shareholder directly or indirectly through subsidiaries, as of the date of submittal of the quarterly report

Shareholder	Share in the number of votes at the Shareholders Meeting as of the date of submission of the previous quarterly report in %	Number of shares as of the date of submission of the previous quarterly report*	Percentage change in the period 2007-11-15 - 2007-02-28	Share in number of votes in % at the Shareholders Meeting as of the date of submission of the report	Number of shares as of the date of submission of the report**
State Treasury	84.75%	5 000 000 000	-	84.75%	5 000 000 000
Other	15.25%	900 000 000	-	15.25%	900 000 000
Total:	100%	5 900 000 000	-	100%	5 900 000 000

5. Statement of changes in the number of the issuer shares or related rights (options) held by issuer managers and supervisors, based on issuer information, since the submittal of the previous quarterly report

	Number of shares, options as of the date of submission of the previous quarterly report	Acquisition	Sales	Increases, due to change in composition	Decreases, due to change of composition	Number of shares, options as of the date of submission of the report
Management Board	857	-	-	-	-	857
Supervisory Board	-	28 000	28 000	-	-	-

6. Information about pending court proceedings, and proceedings before the authority competent to the arbitrary proceedings or the state administration authority, including information on proceedings related to liabilities and receivables of the issuer or the issuer's subsidiary

In the fourth quarter of 2007 no court proceedings, and proceedings before the authority competent to the arbitrary proceedings or the state administration authority, including information on proceedings related to liabilities and receivables of the PGNiG S.A. or the PGNiG's subsidiary, if the total value constitutes the equivalent of at least 10 percent of the PGNiG's equity, were initiated.

7. Information on issuer's or issuer subsidiary's related party transaction or transactions, if the total value of these transactions exceeds the equivalent of EUR 500,000

In the period from 1 October to 31 December 2007, there was one transaction in the Capital Group between related parties, where the transaction value exceeded EUR 500.0 thousand. The transaction was described in point 10 – 4 of this section.

8. Information on issuer's or issuer subsidiary's granting loan collateral or guarantee to one entity or unit controlled by the entity, if their total value constitutes the equivalent of at least 10% of the issuer's equity

In the period from 1 October to 31 December 2007 there was one guarantee granted in the Capital Group, which value constitutes the equivalent of at least 10% of the issuer's equity. This transaction is described in point 10 - 7 of this section.

9. Factors, which will impact the financial statements of the Issuer and the Capital Group, at least in the following quarter

Main factors that might affect the Company's results over the coming quarter are: exchange rates and interest rates affecting gas purchase costs and debt servicing costs as well as prices of crude oil and petrochemicals on the international market.

On 20 February 2008, PGNiG S.A. filed with the Energy Regulatory Authority (URE) an application, amended in line with the new Tariff Regulation, for the approval of the Gaseous Fuel Tariff. The Company seeks to increase its gas price by approx. 30%, which is a much higher increase than the one applied for in November 2007.

In the Application filed by PGNiG S.A. in November 2007, the effective period of the Gaseous Fuel Tariff was set only for the first quarter of 2008, i.e. the Tariff was to be in effect until 31 March 2008. However, considering the fact that the approval proceedings with respect to the Tariff application are still pending before the President of the Energy Regulatory Authority and no decision regarding its approval has been issued yet, PGNiG S.A. is forced to sell gas at the price calculated based on the rates applicable in 2006.

Meanwhile, the high cost of imported gas expressed in foreign currencies is driven by the high prices of crude oil and petroleum fuels prevailing on the international markets. Consequently, because the new Tariff has not been approved, the Company's Q1 2008 sales revenue will be lower than anticipated due to the higher cost of gas purchases.

10. Brief description of significant achievements or failures of the issuer in the period covered with the report, including the list of related events

1. On 1 October 2007 PGNiG S.A. signed two agreements with Operator Gazociągów Przesyłowych Gaz-System S.A. ("OGP Gaz-System"). One of the agreements provides for high-methane gas transmission services, and stipulates the conditions for the supply of the gaseous fuel to the transmission system and its collection from the system. The subject of the other agreement is the provision of nitrogen-rich gas transmission services; the agreement also stipulates the conditions for the gaseous fuel supply to and collection from the system. The agreements are binding from 1 October 2007 until 31 December 2010. Their value is estimated at PLN ca. 5.6 bn. The Agreements are deemed significant within the meaning of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities, dated 19 October 2005, as its value exceeds 10% of PGNiG's equity.
2. On 2 October 2007 the Management Board of PGNiG S.A. received the decision of the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, dated 21 September 2007, whereby the Court entered in the National Court Register – Register of Entrepreneurs, the merger of the Issuer („Acquiring Company”) with the following companies („Target Companies”):
 - Dolnośląska Spółka Obrotu Gazem Sp. z o.o. of Warsaw,
 - Górnośląska Spółka Obrotu Gazem Sp. z o.o. of Warsaw,
 - Karpacka Spółka Obrotu Gazem Sp. z o.o. of Warsaw,
 - Mazowiecka Spółka Obrotu Gazem Sp. z o.o. of Warsaw,
 - Pomorska Spółka Obrotu Gazem Sp. z o.o. of Warsaw,
 - Wielkopolska Spółka Obrotu Gazem Sp. z o.o. of Warsaw,pursuant to Art. 492.1.1 of the Polish Commercial Companies Code (merger through acquisition) without increasing the share capital of the Acquiring Company by transferring all assets of the Target Company to the Acquiring Company, pursuant to the merger plan approved by the Management Board of the merging Companies and published in Monitor Sądowy i Gospodarczy No. 51/2007 (2648) of 13 March 2007.

As the Acquiring Company is the sole shareholder in the Target Companies, the merger shall be executed in accordance with Art. 516.6 of the Polish Commercial Companies Code, by way of a simplified procedure, with application of the relevant regulations governing the simplified merger procedure (Resolution No. 5 of the Extraordinary General Shareholders Meeting of PGNiG S.A. of 3 November 2006).

The merger date shall be 1 October 2007.

PGNiG's business consists in, among other things, production of gas and crude oil, as well as wholesale and retail sale of gaseous fuels. The business activities of the Target Companies comprise,

in particular, sale of gaseous fuels. The merger of the Issuer with the Target Companies is aimed at integrating gas trading functions within PGNiG S.A., which will produce benefits in the form of harmonisation of all commercial and customer service processes and optimisation of the costs of trading activities.

3. On 8 October 2007 the District Court of Szczecin, XVII Commercial Division of the National Court Register, registered a share capital increase at Polskie LNG Sp. z o.o. ("PLNG") of Swinoujście. The share capital was increased by PLN 11,000 thousand – from PLN 28,000 thousand to PLN 39,000 thousand. The shares in the increased share capital were covered with a cash contribution by the company's sole shareholder – PGNiG S.A. Following the registration of the share capital increase, the total number of votes in the company amounts to 39,000. PGNiG S.A. holds 100% of shares in PLNG conferring the right to 100% of votes at its shareholders meeting. The business activities of PLNG encompassing in particular regasification of gaseous fuels.
4. On 16 October 2007 a loan agreement was concluded between PGNiG S.A. as the Lender and PGNiG Norway A/S as the Borrower ("the Agreement"). Pursuant to the Agreement, the Lender granted a loan to the Borrower in the amount of NOK 3,800,000 thousand (the equivalent of approx. PLN 1,846,420 thousand translated in accordance with exchange rate table No. 201/A/NBP/2007 of 16 October 2007). The loan was granted until 20 December 2022. The interest rate is equal to 3M NIBOR + margin. The interest will accrue at the end of every quarter. The loan proceeds will be allocated towards the financing of the acquisition of interests in the PL212, PL212B and PL262 licences for operations on the Norwegian continental shelf, which are the subject matter of the conditional purchase agreement concluded on 28 February 2007 between PGNiG S.A. as the purchaser and Mobil Development Norway A/S and ExxonMobil Production Norway Inc. as the sellers, and towards field development costs. The core business of PGNiG Norway A/S comprises in particular production of crude oil and natural gas and other activities of a similar nature, as well any other activities related to the production of crude oil and natural gas. PGNiG Norway A/S is wholly-owned by PGNiG S.A.
The above Agreement is deemed a significant agreement as defined in the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities, dated 19 October 2005, as its value exceeds 10% of PGNiG's equity.
5. On 18 October 2007 the Extraordinary General Meeting of PGNiG S.A. granted its approval for PGNiG's acquisition of all newly issued shares in the increased share capital of PGNiG Norway A/S.
6. On 19 October 2007 an agreement was signed, whereby all rights and obligations arising under the agreement for the acquisition of interests in licenses PL212, PL212B and PL262 on the Norwegian Continental Shelf concluded on 28 February 2007 between PGNiG S.A. and Mobil Development Norway A/S and ExxonMobil Production Norway Inc. were assigned to PGNiG Norway A/S.

The agreement took effect on 30 October 2007, i.e. on the closing date of the transaction in respect of the acquisition of the interests in licenses PL212, PL212B and PL262 on the Norwegian Continental Shelf.

7. Pursuant to the provisions of the Agreement, PGNiG S.A. has issued a guarantee to PGNiG Norway A/S in the amount of EUR 627.6 thousand, i.e. the equivalent of PLN 2,308,903 thousand, as translated in accordance with the exchange rate table prevailing on 19 October 2007. The guarantee is effective until 1 January 2050. The agreement concerns the provision of security by PGNiG S.A. with regard to the fulfilment of certain obligations of PGNiG Norway arising under the licences or by operation of the law with respect to, inter alia, the Norwegian government and certain Norwegian entities. The provision of the guarantee is required under Par. 10-7 of the Norwegian Oil Operations Act of 1996. The guarantee is a standard document used customarily in production operations in Norway.
The guarantee is secured with a recourse note issued by PGNiG Norway A/S. For the issuance of the guarantee, PGNiG S.A. will receive a mutual consideration from PGNiG Norway A/S in the form of the right of first refusal to purchase a part of the oil and gas production. The value of the agreement exceeds 10% of PGNiG's equity.
8. On 30 October 2007 PGNiG Norway A/S acquired from Mobil Development Norway A/S and ExxonMobil Production Norway Inc interests in PL212, PL212B and PL262 licences in the Norwegian Continental Shelf, together with rights and obligations under a number of agreements concerning the fields. The Licences were acquired in performance of the agreement dated 28 February 2007 between the Company and ExxonMobil (Current Report No. 6/2007). The Company's rights and

obligations under the Agreement were assigned to PGNiG Norway A/S under an agreement of 19 October 2007 (Current Report No. 83/2007). In consideration of the purchase of the Licences, PGNiG Norway A/S paid the amount of USD 360 million (the equivalent of approx. PLN 908.6 million, translated in accordance with exchange rate table No. 211/A/NBP/2007 of 30 October 2007). At the same time, PGNiG Norway A/S paid approx. USD 3.5 million (the equivalent of approx. PLN 8.8 million, translated in accordance with exchange rate table No. 211/A/NBP/2007 of 30 October 2007) and approx. NOK 170 million (the equivalent of approx. PLN 79.9 million, translated in accordance with exchange rate table No. 211/A/NBP/2007 of 30 October 2007) in consideration of settlements and reimbursement (both provided for in the Agreement) of costs incurred by ExxonMobil between 1 January 2007 and 30 October 2007 in connection with the interests in the Licences. PGNiG Norway A/S financed the acquisition of the Licences with a loan from the Company and equity contributions made by the Company, which the Company financed with internally generated funds.

9. On 13 December 2007 The Extraordinary General Shareholders Meeting, acting pursuant to Par. 56.3.3 and Par. 56.6 of the Company's Articles of Association, based on the positive opinion of the PGNiG Supervisory Board, granted approval for PGNiG S.A. to subscribe for newly issued shares with the total value of PLN 872,476 thousand, including:
 - 131,128 shares in Wielkopolski Operator Systemu Dystrybucyjnego Sp. z o.o., with a par value of PLN 131,128 thousand,
 - 104,697 shares in Dolnośląski Operator Systemu Dystrybucyjnego Sp. z o.o., with a par value of PLN 104,697 thousand,
 - 93,391 shares in Pomorski Operator Systemu Dystrybucyjnego Sp. z o.o., with a par value of PLN 93,391 thousand,
 - 91,366 shares in Górnośląski Operator Systemu Dystrybucyjnego Sp. z o.o., with a par value of PLN 91,366 thousand,
 - 165,363 shares in Karpacki Operator Systemu Dystrybucyjnego Sp. z o.o., with a par value of PLN 165,363 thousand,
 - 286,531 shares in Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o.o., with a par value of PLN 286,531 thousand,and to pay for the shares with a non-cash contribution in the form of non-current assets comprising the transmission and distribution grid components. Thereby, the Extraordinary General Shareholders Meeting agreed to disposal of the non-current assets.
10. On 3 January 2008 PGNiG S.A. was notified of the registration of a share capital increase at PGNiG Norway AS (AKSJESELSKAP, i.e. a limited liability company) of Stavanger. The share capital was increased from NOK 10,000 thousand to NOK 497,327 thousand – i.e. by NOK 487,327 thousand (equivalent of PLN 221,783 thousand, translated in accordance with Exchange Rate Table No. 2/A/NBP/2008 of 3 January 2008). Shares in the increased share capital were acquired against a cash contribution by PGNiG S.A., the company's sole shareholder. Following the registration of the share capital increase, the total number of votes at PGNiG Norway A/S is 497,327. PGNiG holds 100% of shares in PGNiG Norway, representing 100% of votes at the shareholders meeting.
11. On 3 January 2008 the Management Board of PGNiG S.A. decided to appoint Mr. Jan Czerepok, Mr. Marek Dobryniewski, and Mr. Waldemar Wójcik as the Company's registered proxies. The proxy is a joint proxy, which means that in order for the actions effected by the proxies to be valid a proxy must act jointly with a member of the Management Board of PGNiG S.A.
12. On 7 January 2008 the District Court of Szczecin, XVII Commercial Division of the National Court Register, registered a share capital increase at Polskie LNG Sp. z o.o. ("PLNG") of Swinoujście. The share capital was increased by PLN 11,000 thousand – from PLN 39,000 thousand to PLN 50,000 thousand. The shares in the increased share capital were covered with a cash contribution by the company's sole shareholder – PGNiG S.A. Following the registration of the share capital increase, the total number of votes in the company amounts to 50,000. PGNiG S.A. holds 100% of shares in PLNG conferring the right to 100% of votes at its shareholders meeting.
13. On 29 January 2008 Geofizyka Kraków Sp. z o.o., a wholly-owned subsidiary of PGNiG S.A., established, together with a Libyan partner, a joint venture in the form of a joint-stock company incorporated under Libyan law, under the name of Geofizyka Kraków Libia Spółka Akcyjna, registered office in Janzur, Al - Jifara District ("Geofizyka Kraków Libia Spółka Akcyjna"). The shares in Geofizyka Kraków Libia Spółka Akcyjna are held by two shareholders:
 - Geofizyka Kraków Sp. z o.o. of Kraków – 6,000 shares with a par value of LYD 100 per share, worth in aggregate LYD 600 thousand, representing 60% of Geofizyka Kraków Libia Spółka Akcyjna's share capital and 60% of votes at its general shareholders meeting;

- BARARI Co of Trypolis, Lybia – 4,000 shares with a par value of LYD 100 per share, worth in aggregate LYD 400 thousand, representing 40% of Geofizyka Kraków Libia Spółka Akcyjna's share capital and 40% of votes at its general shareholders meeting.

The company's share capital amounts to LYD 1,000 thousand (equivalent of PLN 2,040 thousand, translated according to Exchange Rate Table No. 4/B/NBP/2008 of 23 January 2008) and is divided into 10,000 shares with a par value of LYD 100 per share. Taking into account the above division of the share capital and in accordance with Libyan law, at the time of incorporation of Geofizyka Kraków Libia Spółka Akcyjna the shareholders paid LYD 300 thousand, i.e. 30% of the monetary value of the company's share capital. The balance will be paid within five years from the date of registration of the company.

The shares acquired by Geofizyka Kraków Sp. z o.o. were paid for with cash.

The principal activities of the new company include in particular:

- Geological research to identify oil and gas deposits using various geological, geophysical and geochemical means;
- Planning and execution of geophysical tests;
- Interpretation and analysis of seismic data and preparation of geological reports.
- Processing and interpretation of data and provision of services related to data information technology.
- Drilling works for the purposes of seismic testing.
- Development of technical engineering and execution of work related to exploration drilling.
- Execution of studies and reports on soil strata.
- Provision of similar services in the area of oil engineering.

In addition to the links resulting from the acquisition of shares in Geofizyka Kraków Libia Spółka Akcyjna, as described above, there is another link between Geofizyka Kraków Sp. z o.o. and Geofizyka Kraków Libia Spółka Akcyjna, resulting from the fact that certain employees of Geofizyka Kraków Sp. z o.o. have been appointed to the governing body of Geofizyka Kraków Libia Spółka Akcyjna.

14. On 31 January 2008 the General Shareholders Meeting of PGNiG S.A. resolved:
 - to use funds from the capital reserve "Central Restructuring Fund for 2005–2007", in the amount of PLN 180 thousand, for one-off payments (social packages) to four former employees of ZUN Naftomet Sp. z o.o. of Krosno,
 - to approve the acquisition by PGNiG S.A. of a plot with a surface area of 11,159 m², situated at ul. Kasprzaka 25 A, Warsaw,
 - to approve of acquisition of new shares in Geofizyka Krakow Sp. z o.o.
15. On 24 January 2008 the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register issued a decision on registration of a share capital increase at Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o.o. ("MOSD"). The company's share capital was increased from PLN 930,819 thousand to PLN 1,217,350 thousand, i.e. by PLN 286,531 thousand, through the issue of 286,531 new, equal and indivisible shares with a par value of PLN 1,000 per share. The newly issued shares have been acquired by PGNiG S.A., the company's sole shareholder, in exchange for a contribution of non-current assets comprising the components of a transmission or distribution network. The value of the contributed assets as shown in the accounting books of PGNiG S.A. is PLN 286,531 thousand. Following the registration of the share capital increase, the total number of votes at MOSD is 1,217,350. PGNiG S.A. holds 100% of shares in MOSD, representing 100% votes at the shareholders meeting.
16. As of 7 February 2008 Mr Mirosław Szałuba resigned from the position of Member of the Supervisory Board of PGNiG S.A. The reason of the resignation is the fact that Mr Mirosław Szałuba applies for the position of Member of the Management Board of PGNiG S.A. elected by the Company's employees.