PGNiG

Polskie Górnictwo Naftowe i Gazownictwo SA

CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER PERIODS ENDED ON 31 MARCH 2007 AND 31 MARCH 2006

(in thousands of zlotys)

SELECTED FINANCIAL DATA

	1 quarter / 2007 from 2007-01-01 to 2007-03-31	1 quarter / 2006 from 2006-01-01 to 2006-03-31	1 quarter / 2007 from 2007-01-01 to 2007-03-31	1 quarter / 2006 from 2006-01-01 to 2006-03-31
	(in PLN '000)		(in EUR '000)	
I. Net revenues from sales of products, goods and materials	5 048 535	5 098 575	1 292 408	1 325 820
II. Profit (loss) on operating activities	917 879	802 147	234 974	208 588
III. Gross profit (loss)	996 528	817 269	255 108	212 521
IV. Net profit (loss)	787 024	628 324	201 476	163 388
V. Net cash flows from operating activities	1 633 526	1 399 166	418 177	363 836
VI. Net cash flows from investment activities	(428 040)	(697 544)	(109 577)	(181 388)
VII. Net cash flows from financial activities	(46 726)	(67 220)	(11 962)	(17 480)
VIII. Total net cash flows	1 158 760	634 402	296 639	164 968
IX. Total assets	31 482 004	31 301 861	8 135 936	7 953 315
X Liabilities and provisions for liabilities	9 487 578	9 899 284	2 451 887	2 515 254
XI. Long-term liabilities	6 619 865	6 715 003	1 710 780	1 706 178
XII. Short-term liabilities	2 867 713	3 184 281	741 107	809 076
XIII. Equity	21 994 426	21 402 577	5 684 049	5 438 061
XIV. Share capital	5 900 000	5 900 000	1 524 745	1 499 098
XV. Number of shares (average weighted in PLN '000)	5 900 000	5 900 000	5 900 000	5 900 000
XVI. Profit (loss) per ordinary share (in PLN/EUR)	0,13	0,11	0,03	0,03
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	0,13	0,11	0,03	0,03
XVIII. Book value per share (in PLN/EUR)	3,73	3,63	0,96	0,92
XIX. Diluted book value per share (in PLN/EUR)	3,73	3,63	0,96	0,92
XX. Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

The table items from I. to VIII., from XVI. to XVII. were translated using the average EUR exchange rate in the reporting periods. The table items from IX. to XIV. were translated using the EUR exchange rate for the last day of the presented periods.

AVERAGE EUR EXCHANGE RATE DETERMINED BY THE NBP

	1 quarter / 2007 from 2007-01-01 to 2007-03-31	1 quarter / 2006 from 2006-01-01 to 2006-03-31
average exchange rate in the reporting period	3,9063	3,8456
lowest exchange rate in the reporting period	3,8270	3,7565
highest exchange rate in the reporting period	3,9385	3,9617
exchange rate for the last day of the reporting period	3,8695	3,9357

(in thousands of zlotys)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1st quarter / 2007 from 2007-01-01 to 2007-03-31	1st quarter / 2006 from 2006-01-01 to 2006-03-31*
	(in PLN '000)	
Sales revenues	**5 048 535**	**5 098 575**
Consumption of raw materials and materials	(2 711 547)	(2 800 866)
Employee benefits	(417 880)	(375 604)
Amortization	(328 604)	(318 613)
External services	(661 975)	(764 649)
Manufacturing cost of benefits for internal purposes	123 790	95 563
Other operating expenses (net)	(134 440)	(132 259)
Operating expenses in total	**(4 130 656)**	**(4 296 428)**
Profit on operating activities	**917 879**	**802 147**
Financial revenues	125 820	159 243
Financial expenses	(47 476)	(144 380)
Share in profits/(losses) of controlled entities measured using the equity method	305	259
Gross profit	**996 528**	**817 269**
Income tax	(209 504)	(188 945)
Net profit for the financial year	**787 024**	**628 324**
Assigned to:		
Shareholders of the holding company	786 774	627 675
Minority shareholders	250	649
	787 024	**628 324**

* The comparative data for the first quarter of 2006 were reconciled to the final audited version of the financial statement for the year 2005.

Profit per share assigned per ordinary shareholder of the holding company

- average weighted number of shares	5 900 000 000	5 900 000 000
- basic from profit for the financial year	0,13	0,11
- diluted from profit for the financial year	0,13	0,11

* The comparative data for the first quarter of 2006 were reconciled to the final audited version of the financial statement for the year 2005.

(in thousands of zlotys)

CONSOLIDATED BALANCE SHEET

	As of 2007-03-31 end of the first quarter / 2007	As of 2006-12-31 end of year / 2006*	As of 2006-03-31 end of the first quarter / 2006*
ASSETS		(in PLN '000)	
Non-current assets (long-term)			
Tangible fixed assets	18 705 785	18 762 056	18 297 633
Investment real property	6 709	6 765	10 431
Intangible assets	79 143	80 807	72 118
Investments in associated companies measured using the equity method	589 588	589 284	512 334
Financial assets available for sale	21 005	18 112	21 691
Other financial assets	3 225 525	3 275 379	4 043 087
Deferred tax asset	374 637	440 596	396 575
Other non-current assets	53 729	48 672	15 899
Total non-current assets (long-term)	**23 056 121**	**23 221 671**	**23 369 768**
Current assets (short-term)			
Inventory	719 497	1 351 203	343 607
Trade and other receivables	2 673 759	2 476 148	2 776 737
Receivables due to current tax	18 088	17 187	24 772
Prepayments and accruals	276 946	33 123	261 714
Financial assets held for sale	24 402	23 265	526 813
Assets due to derivative financial instruments	2 969	5 723	180 592
Cash and cash equivalents	4 710 222	3 539 305	3 817 858
Total current assets (short-term)	**8 425 883**	**7 445 954**	**7 932 093**
Total assets	**31 482 004**	**30 667 625**	**31 301 861**
EQUITY AND LIABILITIES			
Equity			
Share capital	5 900 000	5 900 000	5 900 000
Exchange differences from translation	(16 318)	(15 609)	(7 483)
Surplus from sale of shares above their face value	1 740 093	1 740 093	1 740 093
Other reserve capitals	2 888 981	2 890 068	2 624 883
Retained profits (losses)	11 473 749	10 685 888	11 137 164
Equity (assigned to the shareholders of the holding company)	**21 986 505**	**21 200 440**	**21 394 657**
Equity of minority shareholders	7 921	7 671	7 920
Total equity	**21 994 426**	**21 208 111**	**21 402 577**
Long-term liabilities			
Credits, loans and debt securities	2 365 670	2 343 846	2 415 498
Provisions	1 180 710	1 179 882	983 559
Deferred income	1 072 657	1 082 084	1 160 384
Provision for deferred tax	2 000 828	2 056 074	2 155 562
Total long-term liabilities	**6 619 865**	**6 661 886**	**6 715 003**
Short-term liabilities			
Trade and other liabilities	2 106 703	2 170 595	2 260 476
Credits, loans and debt securities	91 370	113 621	85 603
Liabilities due to derivative financial instruments	31 941	55 067	127 160
Liabilities due to current tax	316 224	184 556	173 142
Provisions	189 821	181 614	470 681
Deferred income	131 654	92 175	67 219
Total short-term liabilities	**2 867 713**	**2 797 628**	**3 184 281**
Total liabilities	**9 487 578**	**9 459 514**	**9 899 284**
Total Equity and Liabilities	**31 482 004**	**30 667 625**	**31 301 861**

* The comparative data for the first quarter of 2006 were reconciled to the final audited version of the financial statement for the year 2005.
The comparative data for the first quarter of 2006 and year 2006 were corrected to ensure comparability with the first quarter of 2007 on elimination of assets and liabilities concerning Company's Social Benefits Fund

(in thousands of zlotys)

CONSOLIDATED CASH FLOW STATEMENT

	1st quarter / 2007 from 2007-01-01 to 2007-03-31	1st quarter / 2006 from 2006-01-01 to 2006-03-31*
	(in PLN '000)	
Cash flows from operating activities		
Net financial result	787 024	628 324
Adjusted by:		
Share in profits/(losses) of controlled entities measured using the equity method	(305)	(259)
Amortization	328 604	318 613
Net exchange gains (losses)	11 681	44 259
Net paid interest and dividends	(40 728)	(63 377)
Profit/loss on investment activities	(9 341)	(32 119)
Income tax for the current period	209 504	188 945
Paid income tax	(68 023)	(66 340)
Other net items	(27 508)	(86 674)
Net cash flows from operating activities before changes in working capital	**1 190 908**	**931 372**
Change in working capital:		
Change in net receivables	(127 245)	(240 126)
Change in inventory	620 836	471 737
Change in provisions	25 105	135 567
Change in short-term liabilities	167 900	364 449
Change in prepayments	(248 826)	(242 871)
Change in deferred income	4 848	(20 962)
Net cash flows from operating activities	**1 633 526**	**1 399 166**
Cash flows from investment activities		
Inflows from the sale of tangible and intangible fixed assets	6 535	6 654
Inflows from the sale of shares in entities not included in consolidation	-	-
Inflows from the sale of short-term securities	6 852	-
Acquisition of intangible assets and tangible fixed assets	(550 853)	(380 305)
Acquisition of shares in entities not included in consolidation	(300)	-
Acquisition of short-term securities	-	(475 182)
Received interest	60 190	82 137
Received dividends	-	-
Inflows from financial lease	52 092	64 143
Other net items	(2 556)	5 009
Net cash on investment activity	**(428 040)**	**(697 544)**
Cash flows from financial activities		
Net inflows from issuing shares and other capital instruments and surcharges for capital	-	-
Inflows from contracted credits and loans	14 578	6 859
Repayment of credits and loans	(26 503)	(6 436)
Inflows from issuance of debt securities	-	-
Redemption of debt securities	-	-
Repayment of liabilities due to financial lease	(7 728)	(7 007)
Inflows from forwards	16 080	4 229
Outflows from forwards	(16 563)	(46 044)
Paid dividends	-	-
Paid interest	(25 435)	(18 300)
Other net items	(1 155)	(521)
Net cash flows from financial activities	**(46 726)**	**(67 220)**
Change in the balance of net cash	**1 158 760**	**634 402**
Net exchange differences	12 158	2 210
Opening balance of cash and cash equivalents	**3 559 441**	**3 185 864**
Closing balance of cash and cash equivalents	**4 718 201**	**3 820 266**

* The comparative data for the first quarter of 2006 were reconciled to the final audited version of the financial statement for the year 2005 and were corrected to ensure comparability with the first quarter of 2007 on elimination of assets and liabilities concerning Company's Social Benefits Fund

(in thousands of zlotys)

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**	**10 509 489**	**20 760 337**	**7 243**	**20 767 580**
Exchange differences from translation of foreign branches	-	6 603	-	-	-	**6 603**	-	**6 603**
Other changes	-	-	-	42	-	**42**	28	**70**
Net profit for the first quarter of 2006	-	-	-	-	627 675	**627 675**	649	**628 324**
2006-03-31 end of first quarter 2006*	**5 900 000**	**(7 483)**	**1 740 093**	**2 624 883**	**11 137 164**	**21 394 657**	**7 920**	**21 402 577**
2006-01-01	**5 900 000**	**(14 086)**	**1 740 093**	**2 624 841**	**10 509 489**	**20 760 337**	**7 243**	**20 767 580**
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	-	-	-	-	1 323 050	**1 323 050**	475	**1 323 525**
2006-12-31 end of year 2006	**5 900 000**	**(15 609)**	**1 740 093**	**2 890 068**	**10 685 888**	**21 200 440**	**7 671**	**21 208 111**
2007-01-01	**5 900 000**	**(15 609)**	**1 740 093**	**2 890 068**	**10 685 888**	**21 200 440**	**7 671**	**21 208 111**
Exchange differences from translation of foreign branches	-	(709)	-	-	-	**(709)**	-	**(709)**
Transfers	-	-	-	(1 087)	1 087	**-**	-	**-**
Net profit for the first quarter of 2007	-	-	-	-	786 774	**786 774**	250	**787 024**
2007-03-31 end of the first quarter 2007	**5 900 000**	**(16 318)**	**1 740 093**	**2 888 981**	**11 473 749**	**21 986 505**	**7 921**	**21 994 426**

* The comparative data for the first quarter of 2006 were reconciled to the final audited version of the financial statement for the year 2005.

1. Information on principles applied during the preparation of the consolidated report for the 1st quarter of 2007

1.1. Basis for the report and format of financial statement included in the report

The consolidated financial statements for the first quarter of 2007 presented in this consolidated 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"). The consolidated financial statement covers the period from 1 January 2007 to 31 March 2007 and the corresponding period of the year 2006.

The consolidated balance sheet, consolidated profit and loss account, consolidated cash flow statement and statement of changes in consolidated equity was prepared in accordance with the same accounting principles as those applied in the consolidated financial statements for the period ended 31 December 2006 published on 26 April 2007.

The consolidated financial statement is presented in PLN, and all figures, unless otherwise stated, are stated in PLN thousands.

1.2. Accounting principles applied

The consolidated balance sheet, consolidated profit and loss account, consolidated cash flow statement and statement of changes in consolidated equity was prepared in accordance with the same accounting principles as those applied in the consolidated financial statements for the period ended 31 December 2006 published on 26 April 2007.

In the first 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.

1.3. 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"), PGNiG Capital Group's holding company (hereinafter referred to as "PGNiG S.A. 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 March 2007 PGNiG S.A. held shares in 62 companies incorporated under the commercial law, including:

- 31 companies in which PGNiG held over 50% of shares;
- 17 companies in which PGNiG held between 20% and 50% of shares;
- 14 companies with PGNiG's shareholding below 20%.

The inclusive nominal value of equity involvement in the companies as of 31 March 2007 accounted for PLN 6.574,7 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).

<u>Key entities</u>

The key entities in the PGNiG Capital Group are six Gas Companies. These companies conduct service and trade activities within retail sales and distribution of gas, as well as activities within the scope of exploitation, maintenance, repair and development of gas distribution network. The Gas Companies were composed in the way of contribution of assets of former branches of PGNiG S.A. – 23 gas operators – and their area of operation covers all of Poland. The Gas Companies provide gas to more than six million customers – both industrial and households. The most numerous group of customers are individual receivers (95%).

(in thousands of zlotys)

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. Most of the entities classified to this group were established from the branches of PGNiG S.A. These companies operate in the field of searching for deposits, geophysical testing and production for construction and assembly purposes.

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 .

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. To this group the following companies were included: "BUD-GAZ" PPUH Sp. z o.o., BUG Gazobudowa Sp. z o.o., ZRUG Sp. z o.o. in Pogórska Wola, ZUN Naftomet Sp. zo.o. and Geovita Sp. z o.o.

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 March 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.	Carpathian Gas Company	1 570 832 000,00	1 570 832 000,00	100,00%
2.	Upper Silesian Gas Company	1 292 551 000,00	1 292 551 000,00	100,00%
3.	Mazovian Gas Company	999 634 000,00	999 634 000,00	100,00%
4.	Greater Poland Gas Company	893 019 000,00	893 019 000,00	100,00%
5.	Pomeranian Gas Company	563 031 000,00	563 031 000,00	100,00%
6.	Lower Silesian Gas Company	552 762 000,00	552 762 000,00	100,00%
7.	Karpacka Spółka Obrotu Gazem Sp. z o.o.	50 000,00	50 000,00	100,00%
8.	Górnośląska Spółka Obrotu Gazem Sp. z o.o.	50 000,00	50 000,00	100,00%
9.	Mazowiecka Spółka Obrotu Gazem Sp. z o.o.	50 000,00	50 000,00	100,00%
10.	Wielkopolska Spółka Obrotu Gazem Sp. z o.o.	50 000,00	50 000,00	100,00%
11.	Pomorska Spółka Obrotu Gazem Sp. z o.o.	50 000,00	50 000,00	100,00%
12.	Dolnośląska Spółka Obrotu Gazem Sp. z o.o.	50 000,00	50 000,00	100,00%
	Core entities			
13.	PNiG Jasło Sp. z o.o.	100 000 000,00	100 000 000,00	100,00%
14.	PNiG Kraków Sp. z o.o.	98 850 000,00	98 850 000,00	100,00%
15.	PN "Diament" Sp. z o.o.	62 000 000,00	62 000 000,00	100,00%
16.	PNiG NAFTA Sp. z o.o.	60 000 000,00	60 000 000,00	100,00%
17.	GEOFIZYKA Kraków Sp. z o.o.	34 400 000,00	34 400 000,00	100,00%
18.	GEOFIZYKA Toruń Sp. z o.o.	33 000 000,00	33 000 000,00	100,00%
19.	Zakład Robót Górniczych Krosno Sp. z o.o.	26 802 000,00	26 802 000,00	100,00%
20.	BSiPG "Gazoprojekt" S.A.	4 000 000,00	3 000 000,00	75,00%
21.	SGT „EUROPOL GAZ" S.A.	80 000 000,00	38 400 000,00	48,00%
22.	GAS - TRADING S.A.	2 975 000,00	1 291 350,00	43,41%

(in thousands of zlotys)

	Target entities			
23.	Górnictwo Naftowe Sp. z o.o.	50 000,00	50 000,00	100,00%
24.	PGNiG Finance B.V. [EUR]*	20 000,00	20 000,00	100,00%
25.	NYSAGAZ Sp. z o.o.	3 700 000,00	1 887 000,00	51,00%
26.	InterTransGas GmbH [EUR]*	200 000,00	100 000,00	50,00%
27.	„INVESTGAS" S.A.	502 250,00	502 250,00	100,00%
28.	"Polskie Elektrownie Gazowe" Sp. z o.o.	2 500 000,00	1 212 000,00	48,48%
29.	"Dewon" Z.S.A. [UAH]*	11 146 800,00	4 055 205,84	36,38%
	Other business-critical entities			
30.	Geovita Sp. z o.o.	86 139 000,00	86 139 000,00	100,00%
31.	BUG Gazobudowa Sp. z o.o.	39 220 000,00	39 220 000,00	100,00%
32.	ZUN Naftomet Sp. z o.o.	23 500 000,00	23 500 000,00	100,00%
33.	ZRUG Sp. z o.o. (w Pogórskiej Woli)	4 300 000,00	4 300 000,00	100,00%
34.	"BUD - GAZ" PPUH Sp. z o.o.	51 760,00	51 760,00	100,00%
	Other not business-critical entities			
35.	BN Naftomontaż Sp. z o.o. w upadłości	44 751 000,00	39 751 000,00	88,83%
36.	PPUiH "TURGAZ" Sp. z o.o.	176 000,00	90 000,00	51,14%
37.	PFK GASKON S.A.	13 061 325,00	6 000 000,00	45,94%
38.	ZWUG "INTERGAZ" Sp. z o.o.	4 700 000,00	1 800 000,00	38,30%
39.	"IZOSTAL" S.A.	22 488 000,00	1 360 000,00	6,05%
40.	TeNET 7 Sp. z o.o.	50 000,00	5 000,00	10,00%
41.	Agencja Rynku Energii S.A.	1 376 000,00	100 000,00	7,27%
42.	ZRUG Warszawa S.A. w likwidacji	6 000 000,00	2 940 000,00	49,00%
43.	Sahara Petroleum Technology Llc [RO]*	150 000,00	73 500,00	49,00%
44.	"GAZOMONTAŻ" S.A.	1 498 850,00	677 200,00	45,18%
45.	"ZRUG" Sp. z o.o. (w Poznaniu)	3 781 800,00	1 515 000,00	40,06%
46.	HS "Szczakowa" S.A. w upadłości	16 334 989,44	5 439 494,72	33,30%
47.	"ZRUG TORUŃ" S.A.	4 150 000,00	1 300 000,00	31,33%
48.	Przeds. Wielobranżowe "MED - FROZ" S.A. w likwidacji	151 700,00	35 000,00	23,07%
49.	ZRUG Zabrze Sp. z o.o.	2 750 000,00	600 000,00	21,82%
50.	"TE-MA" WOC Małaszewicze Terespol Sp. z o.o. w likwidacji	262 300,00	55 000,00	20,97%
51.	Zakład Remontowy Urządzeń Gazowniczych Wrocław Sp. z o.o. w upadłości	1 700 000,00	270 000,00	15,88%
52.	Polski Serwis Płynów Wiertniczych Sp. z o.o.	250 000,00	35 000,00	14,00%
53.	„Walcownia Rur JEDNOŚĆ" Sp. z o.o.	220 590 000,00	18 310 000,00	8,30%
54.	PI GAZOTECH Sp. z o.o.	1 203 800,00	65 000,00	69,44%
55.	Polskie Konsorcjum Energetyczne Sp. z o.o.	100 000,00	9 500,00	9,50%

The only changes in the structure of PGNiG Capital Group in the first quarter 2007 was registering by the National Court Register six gas trading companies: Mazowiecka Spółka Obrotu Gazem Sp. z o.o., Karpacka Spółka Obrotu Gazem Sp. z o.o., Wielkopolska Spółka Obrotu Gazem Sp. z o.o., Górnośląska Spółka Obrotu Gazem Sp. z o.o., Dolnośląska Spółka Obrotu Gazem Sp. z o.o., Pomorska Spółka Obrotu Gazem Sp. z o.o.

The business activities of the above Companies comprise in particular trading in gaseous fuels.

Apart from the relations resulting from the acquisition of shares in the share capitals of the companies referred to above, employees of PGNiG S.A. and employees of the gas companies in which PGNiG S.A. is the sole shareholder have been appointed to the management and supervisory bodies of the above companies.

(in thousands of zlotys)

1.4. The entities of the Capital Group included in consolidation for the first quarter of 2007

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

Name of the Company	Country	Percentage share in the share capital	
		31 March 2007	31 March 2006
Subsidiaries			
Geofizyka Kraków Sp. z o. o.	Polska	100,00%	100,00%
Geofizyka Toruń Sp. z o. o.	Polska	100,00%	100,00%
PNiG Jasło Sp. z o. o.	Polska	100,00%	100,00%
PNiG Kraków Sp. z o. o.	Polska	100,00%	100,00%
PNiG Piła Sp. z o. o.	Polska	100,00%	100,00%
ZRG w Krośnie Sp. z o.o.	Polska	100,00%	100,00%
Lower Silesian Gas Company	Polska	100,00%	100,00%
Upper Silesian Gas Company	Polska	100,00%	100,00%
Carpathian Gas Company	Polska	100,00%	100,00%
Mazovian Gas Company	Polska	100,00%	100,00%
Pomeranian Gas Company	Polska	100,00%	100,00%
Greater Poland Gas Company	Polska	100,00%	100,00%
Gazobudowa Zabrze Sp. z o. o.	Polska	100,00%	100,00%
Naftomontaż Krosno Sp. z o. o.	Polska	88,83%	88,83%
Naftomet Krosno Sp. z o. o.	Polska	100,00%	100,00%
Diament Sp. z o.o.	Polska	100,00%	100,00%
Gazoprojekt S.A.	Polska	75,00%	75,00%
PGNiG Finance B.V.	Holandia	100,00%	100,00%
Geovita Sp. z o.o. Warszawa	Polska	100,00%	100,00%
INVESTGAS S.A.*	Poland	100,00%	49,00%
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 on 24 July 2006 became a wholly-owned subsidiary of PGNiG S.A

1.5. Materials events that occurred after the closing period, which were not discloser in the consolidated financial statements for the first quarter of 2007

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

1.6. 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 the period from 1 January to 31 March 2007 no changes in composition of the PGNiG Capital Group occurred.

1.7. 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.

1.8. 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.

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.

1.9. 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 17 January 2007 PGNiG S.A. received from the District Court in Warsaw a copy of citation submintted by PGNiG's shareholders Mr. Bolesław Potryła, Mr. Józef Rył and Mr. Julisz Wroński, regarding the repeal of the resolution no. 2 of the Extraordinary General Meeting of Shareholders of PGNiG S.A. dated 26 October 2006 regarding changes in the PGNiG's Articles of Association.
2. On 28 February 2007 the Management Board of PGNiG S.A. adopted a resolution on the intention to merge PGNiG S.A. with six 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.

   PGNiG S.A. holds 100% of shares and 100% of votes at the general shareholders meetings of the above gas trading companies. The above companies are primarily engaged in sale of gaseous fuels.

   Pursuant to Resolution No. 5 of the Extraordinary General Shareholders Meeting of PGNiG S.A. held on 3 November 2006, PGNiG S.A.'s Management Board is authorised by the General Shareholders Meeting of PGNiG S.A. to take any steps with a view to executing the merger of the six companies and PGNiG S.A., as the acquirer, in accordance with the "The Restructuring Plan for the PGNiG Group concerning Integration of the Trading Business at PGNiG S.A. and Transformation of the Gas Companies into Distribution System Operators." Pursuant to Art. 492.1.1 of the Commercial Companies Code (merger through acquisition) the merger will be executed without increasing the acquirer's share capital.

   The Energy Law and "Restructuring and Privatisation Programme for PGNiG S.A.", adopted by the Council of Ministers on 5 October 2004, implementing the objectives of Directive 2003/55/EC of the European Parliament and of the Council, impose the requirement to legally separate gas trading from distribution by 1 July 2007. The requirement refers in particular to six regional Gas Companies (Dolnośląska Spółka Gazownictwa, Górnośląska Spółka Gazownictwa, Karpacka Spółka Gazownictwa, Mazowiecka Spółka Gazownictwa, Pomorska Spółka Gazownictwa and Wielkopolska

Spółka Gazownictwa) operating as part of the PGNiG Group. All the companies distribute gas and conduct trading activities, including customer service.

The plan of merger, signed on 27 February 2007, is an outcome of the process of separating gas trading from distribution and establishing Distribution System Operators at the six Gas Companies, currently underway in the PGNiG Group. As part of the process, gas trading will be transferred from six Gas Companies to six Gas Trading Companies (division of Gas Companies by way of a spin-off, within the meaning of the Commercial Companies Code) and subsequently integrated within PGNiG S.A. through merger of the Gas Trading Companies and PGNiG S.A. as described above.

Furthermore, the Management Board of PGNiG S.A. publishes the plan of merger, prepared in accordance with Art. 499 of the Commercial Companies Code, together with the attached documents. As PGNiG S.A. is acquiring its wholly-owned companies, a simplified merger procedure has been applied (Art. 515.6 of the Commercial Companies Code). For this reason, Art. 501 of the Commercial Companies Code (preparation of the Director's Report) and Art. 503.1 of the Commercial Companies Code (written opinion of an auditor) shall not apply.

3. On 28 February 2007 PGNiG S.A., as the buyer, and Mobil Development Norway A/S and ExxonMobil Production Norway Inc., as the seller, concluded the conditional agreement to purchase a 15% interest in the Norwegian exploration licenses PL 212, PL 212B, PL 262 containing the Scarv and Snadd fields on the Norwegian Continental Shelf. In accordance with the Agreement, PGNiG S.A. will purchase a 15% interest in the Licenses for the price of 360 million USD on a post tax basis (equivalent to the amount of approximately PLN 1,069.2m in accordance with the foreign exchange rate table No. 42/A/NBP/2007 of the National Bank of Poland of 28 February 2007).

Execution of the agreement is subject to a number of conditions:

a) approval of the general shareholders' meeting of PGNiG S.A. and other required PGNiG S.A. approvals;
b) approval by the Ministry of Petroleum and Energy according to section 10-12 of the Norwegian Petroleum Act;
c) the Ministry of Finance having issued a tax ruling in accordance with section 10 of the Petroleum Taxation Act;
d) no pre-emption rights being exercised.

The Agreement can be terminated if at least one of the following conditions is not met, that is:

1. if condition a) is not be met by 15 May 2007, and
2. the remaining conditions are not met by 1 November 2007.

Moreover, in order to execute the Agreement, it is necessary for PGNiG S.A. to obtain a so-called Pre-qualification and Qualification from the Norwegian Ministry of Petroleum and Energy, which is a standard procedure for investors considering an investment in the oil industry in Norway. In addition to obtaining the qualification by the time all of the conditions are met ("the Completion Date") PGNiG S.A. is also required to obtain a gas shipper licence not later than 2 months after the Completion Date.

On the date of acquisition of the Licenses, the Company will become a party to a number of agreements related to the organisation and exploration of the resources.

Within the area covered by the Licences, which are the subject of the Agreement, recoverable resources ("the Resources") have been discovered to-date in the Skarv and Snadd fields. The Resources are located in the Norwegian Sea, around 200 km west of Sandnessjoen, at a depth of between 300 m and 400 m.
According to the data approved by the NPD (*Norwegian Petroleum Directorate*) (2006 Fact Book), all Resources, in which PGNiG S.A. will purchase the above-mentioned interest from ExxonMobil, are estimated as follows:

- 35.8 bcm of natural gas;
- 18.3 mmcm of crude oil and condensate (approx. 15 m tonnes);
- 5.8 m tonnes of NGL (*Natural Gas Liquids*).

It is likely that these numbers will increase by about 20 per cent as a result of unitisation with the Idun field; however, PGNiG S.A. interest in the unitised area would then be decreased.
British Petroleum is the operator of the development and the other partners include: Shell, Statoil and Norsk Hydro.

The development is currently at the Front End Engineering Design ("FEED") stage and is expected to advance to the Plan for Development ("PDO") stage in mid 2007. The production of natural gas and crude oil is expected to start in mid-2011. PGNiG S.A. estimates capital expenditure for development of the Resources will amount to approximately US$5bn, out of which, accordingly, PGNiG S.A.'s capital expenditure will amount to approximately US$600m (equivalent to the amount of approximately PLN 1,781.9m in accordance with foreign exchange rate table No. 42/A/NBP/2007 of the National Bank of Poland of 28 February 2007).

The acquisition of these three exploration and production licenses in Norway marks PGNiG S.A.'s first major international acquisition in the upstream sector. This acquisition is in line with PGNiG S.A.'s stated strategy to expand its upstream oil & gas reserves outside of Poland and to secure more diverse sources of gas supply. PGNiG S.A. believes that the Norwegian Continental Shelf is highly prospective and the Company's entry into Norway represents an important milestone in its strategic development.
PGNiG S.A.'s investment in the Licenses is a long-term investment. The law which governs the purchase agreement is the law of Norway.

4. On 16 March 2007 PGNiG S.A. was informed by the Energy Regulatory Office of the decision of the President of the Energy Regulatory Office dated 14 March 2007 on extending the effective term of tariff No. 4 for gaseous fuel prices originally approved on 17 March 2006 No. DTA-4212-3(11)/2006/652/IV/TK as amended under the decision of URE dated 15 December 2006 No. DTA-4212-3(62)/2006/652/IV/PB. The validity term of Tariff No. 4 for gaseous fuels has been extended for another 6 months, that is until 30 September 2007.

   The table with the gaseous fuel prices for tariff groups of high-methane gas and nitrogenised gas customers, as well as the standing charges for PGNiG's customers effective from 1 January 2007 to 30 September 2007 is presented in point 1.10 of the report.

5. On 27 March 2007 PGNiG S.A. signed a General Terms and Conditions for Gas Sales with TOTAL E&P NORGE AS, Norway. The General Terms and Conditions, as a frame of agreement, will serve as a basis for concluding individual contracts for the supply of natural gas. It stipulates the general terms of cooperation in the area of gas supplies, while the detailed terms of individual supplies, such as quantity and price, will be specified on a case by case basis in Transaction Agreement to be concluded in the future. The General Terms and Conditions includes provisions guaranteeing PGNiG's access to delivery points of Norwegian gas in Europe. This will enable PGNiG S.A. to purchase gas in the periods of higher demand and freely sell possible gas surpluses.
   The General Terms and Conditions was concluded for unspecified time.

6. On 29 March 2007 the Extraordinary General Shareholders Meeting of PGNiG S.A. resolved to approve establishment of a dedicated company for implementation of the LNG regasification project and taking up of shares in such company.

7. On 17 April 2007 PGNiG S.A. incorporated Polskie LNG limitedliability company ("**PLNG**") with its registered office in Świnoujście.

   All shares in PLNG share capital were acquired by the sole shareholder of PGNiG S.A., specifically 28,000 shares, with a par value of PLN 1,000.00 per share, representing 100% of PLNG's share capital of PLN 28,000 thousand, and conferring the right to 100% of the total vote at the PLNG General Shareholders Meeting. The acquired shares were paid by PGNiG S.A. in form of cash contribution.

   The business activities of PLNG encompassing in particular regasification of gaseous fuels. Apart from the relations resulting from the acquisition of shares in the share capital of PLNG referred to above, employees of PGNiG S.A. have been appointed to the management and supervisory body of PLNG.

8. On 17 April 2007 PGNiG S.A. received a letter, in which the Shareholder – the State Treasury, represented by the competent minister for the State Treasury affairs, expressed, in accordance with Article 17.2 of the Articles of Association of the Company, the consent for the acquisition of 15% interest in the license blocks PL212, PL212B and PL262 comprising Skarv and Snadd fields in the Norwegian Continental Shelf, which are the subject of the conditional sale agreement concluded on 28 February 2007 between PGNiG S.A., as the buyer, and Mobil Development Norway A/S and ExxonMobil Production Norway Inc., as the seller. The consent of the Shareholder – the State Treasury, represented by the competent minister for the State Treasury affairs, fulfils one of the conditions precedent contained in the agreement.

9. On 18 April 2007 the District Court of Toruń, VII Commercial Division of the National Court Register, registered a share capital increase at Geofizyka Toruń Sp. z o.o. of Toruń.

   The share capital was increased by PLN 33,000 thousand – from PLN 33,000 thousand to PLN 66,000 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 66,000. PGNiG S.A. holds 100% of shares in Geofizyka Toruń conferring the right to 100% of votes at its shareholders meeting.

   The scope of Geofizyka Toruń's business includes geological and exploration activities, geological and engineering excavation and drilling work, as well as research and development work in the area of Earth sciences, natural sciences, technical sciences and environment.

10. On 25 April 2007 the Management Board of PGNiG S.A. adopted a resolution on recommending to PGNiG's General Shareholders Meeting the distribution of the 2006 profit. The recommended distribution of the 2006 profit is presented in point 1.12 of the report.

11. On 26 April 2007 PGNiG S.A. obtained the consent of the General Shareholders Meeting for the acquisition of 15% interest in the license blocks PL212, PL212B and PL262 comprising Skarv and Snadd fields in the Norwegian Continental Shelf, which are the subject of the conditional sale agreement concluded on 28 February 2007 between PGNiG S.A., as the buyer, and Mobil Development Norway A/S and ExxonMobil Production Norway Inc., as the seller. The adoption of the resolution by the General Shareholders Meeting of PGNiG S.A. fulfils one of the conditions precedent contained in the agreement.

    The General Shareholders Meeting of PGNiG expressed a consent to the formation of a dedicated company to be incorporated by PGNiG under the Norwegian law in order to carry out the above-described undertaking, and to the disposal to such company, without a bidding process, of the interests acquired by PGNiG in the license blocks in the Norwegian Continental Shelf. The company's scope of business will include, in particular, production of crude oil and natural gas and other similar activities, as well as all other related activities.

12. On 27 April 2007 PGNiG S.A. signed an annex to the syndicated loan agreement of 27 July 2005, concluded by the Company with a bank syndicate with Bank Handlowy w Warszawie S.A. as the Agent ("the Annex") and reported on in the Company's Current Report No. 53/2005 of 28 July 2005. The Annex provides for the possibility of prepaying the term loan of EUR 600,000 thousand, being part of the syndicated loan, and making available to the Company a revolving loan in the same amount. Performance of the Annex will not result in any change to the amount of funds made available to the Company under the syndicated loan or the availability period. The change concerns only the terms of advancing the funds to the Company. The term part of the credit facility will be replaced with a multi-currency (PLN, EUR, USD) revolving facility under which the Company will be able to draw funds for a selected interest period. The drawn amounts will bear interest at WIBOR, EURIBOR or LIBOR rates plus the applicable margin and, if the threshold specified in the Agreement is exceeded, a drawdown fee. Should the Company make no drawdowns, the only cost will be a commitment fee.

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

On 16 December 2006 the Energy Regulatory Office informed of the decision of the President of the Energy Regulatory Office dated 15 December 2006 approving the change in the tariff for gaseous fuel prices. On 15 March 2007 the President of the Energy Regulatory Office extended the effective term of tariff for another 6 months. The tariff will be valid for 9 months, starting form 1 January 2007.

(in thousands of zlotys)

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, effective from 1 January 2007 to 30 September 2007.

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**

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

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

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

On 25 April 2007 the Management Board of PGNiG S.A. adopted a resolution on recommending to PGNiG S.A.'s General Shareholders Meeting the distribution of the 2006 profit.
The Company's Management Board recommends the following distribution of the 2006 balance-sheet profit of PLN 1,582,268 thousand:

a) PLN 663,312 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 885,000 thousand to be allocated to payment of dividend (which means dividend of PLN 0,15 per share), including:
    - PLN 750,000 thousand to be paid out as cash- or non-cash dividend to the State Treasury, the assets to be distributed as dividend and the valuation method will be defined in a resolution of the General Shareholders Meeting of PGNiG S.A.,
    - PLN 135,000 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.

The above recommendation on the profit distribution must be approved by way of a resolution by the Supervisory Board and the Annual General Shareholders Meeting of PGNiG S.A..

1.13. Selected financial data, with basic items of the summary financial statements (also recalculated into EUR)

Selected financial data of the PGNiG Capital Group have been presented in the herein financial report. Selected financial data of the PGNiG S.A. have been presented in the "Summary financial statements of PGNiG S.A. for the 1st quarter of 2007".

1.14. 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.

(in thousands of zlotys)

1.15. 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, including indication of the number of shares held by such entities, their percent share in the share capital, the number of related votes and their percent share in total number of votes at the general meeting as well as indication of changes in ownership structure of major share packages of the issuer since submittal of the previous 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 2007-03-01 - 2007-05-15	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	100%	5 900 000 000	0	84.75%	5 000 000 000
Other	0	0	0	15.25%	900 000 000
Total:	100%	5 900 000 000		100%	5 900 000 000

1.16. 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	0	0	0	0	857
Supervisory Board	0	0	0	0	0	0

1.17. 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, if the total value constitutes the equivalent of at least 10 percent of the issuer's equity

In the first 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.

1.18. Information on issuer's or issuer subsidiary's related party transaction or transactions, if the total value of these transactions (total value of all transactions concluded in the period from the beginning of the financial year) exceeds the equivalent of EUR 500,000

In the period from 1 January to 31 March 2007, there were no non-standard transactions in the Capital Group between related parties, where the transaction value exceeded EUR 500.0 thousand.

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

In the period from 1 January to 31 March 2007 there was no such guarantee or surety granted in the Capital Group.

1.20. Other information deemed by the issuer as relevant to the evaluation of issuer's employment and financial standing as well as financial result and any relevant changes as well as other information relevant to the assessment of the issuer's standing

In the period from 1 January to 31 March 2007 there was no events, which are significant to the evaluation of issuer's employment and financial standing as well as financial result.

1.21. Factors, which according to the issuer will affect the results over at least one subsequent 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 crude oil and petrochemicals prices on the international market.

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

In the first quarter 2007 there was no significant changes in contingent liabilities or contingent assets.

(in thousands of zlotys)

2. Additional explanatory notes to the financial statements

2.1. Deferred tax

	Deferred tax asset	Provision for deferred income tax
Opening balance as of 1 January 2007	**440 596**	**2 056 074**
a) increases	11 405	6 399
b) decreases	(77 364)	(61 645)
Closing balance on 31 March 2007	**374 637**	**2 000 828**

2.2. Revaluation write-downs on assets

	Fixed assets	Other financial assets	Investments in associated companies measured using the equity method	Financial assets available for sale	Inventory	Short-term receivables	Due amount of long-term loans	Financial assets held for sale	Total
Opening balance as of 1 January 2007	**12 238 473**	**7 421**	**780 537**	**53 326**	**32 034**	**865 206**	**198 820**	**2 808**	**14 178 625**
a) increases	544	385	-	127	699	31 983	8 997	-	**42 735**
b) reclassification	-	(1 290)	-	-	-	-	1 290	-	**-**
b) decreases	(6 833)	(342)	(40 567)	(124)	(803)	(36 306)	(17 770)	-	**(102 745)**
Closing balance on 31 March 2007	**12 232 184**	**6 174**	**739 970**	**53 329**	**31 930**	**860 883**	**191 337**	**2 808**	**14 118 615**

(in thousands of zlotys)

2.3. 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**	**24 879**	**459 336**
a) increases	-	-	-	13 524	**13 524**
b) transfers	-	-	-	(9 740)	**(9 740)**
c) decreases	(780)	(1)	(257)	(6 489)	**(7 527)**
Closing balance on 31 March 2007	**336 719**	**82 197**	**14 503**	**22 174**	**455 593**

Other provisions	Provision for reclamation of wells	Fund for liquidation of a mine	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	**686 690**	**53 956**	**4 068**	**85 153**	**-**	**72 293**	**902 160**
a) increases	-	403	-	-	-	8 949	**9 352**
b) reclassification	-	-	-	(481)	9 740	481	**9 740**
c) decreases	-	-	(2 068)	(60)	(1 041)	(3 145)	**(6 314)**
Closing balance on 31 March 2007	**686 690**	**54 359**	**2 000**	**84 612**	**8 699**	**78 578**	**914 938**

(in thousands of zlotys)

2.4. Industry segments

Period ended 31 March 2007	Exploration and production	Trade and storage	Distribution	Other	Elimination	Total
Profit and loss						
External sales	514 799	1 277 965	3 239 563	16 208		5 048 535
Sales between lines of business	277 697	2 463 555	3 128	55 117	(2 653 263)	-
Total revenue	792 496	3 741 520	3 242 691	71 325	(2 653 263)	5 048 535
Amortization	(123 232)	(30 900)	(172 036)	(2 436)		(328 604)
Other costs	(407 596)	(3 307 225)	(2 824 363)	(62 436)	2 653 334	(3 802 052)
Total cost	(530 828)	(3 338 125)	(2 996 399)	(64 872)	2 653 334	(4 130 656)
Result on operating activity	**261 668**	**403 395**	**246 292**	**6 453**	**71**	**917 879**
Net interest and other financial expenses						78 344
Share in profits/(losses) of controlled entities measured using the equity method		305				305
Gross profit						**996 528**
Income tax						(209 504)
Dividend						-
Net profit/loss						**787 024**
Balance sheet						
Segment assets	7 851 475	11 436 965	11 746 760	270 151	(815 416)	30 489 935
Shares in associated entities		589 588				589 588
Unassigned assets						27 844
Deferred tax asset						374 637
Total assets						**31 482 004**
Total equity						21 994 426
Liabilities of the line of business	1 272 968	1 609 249	2 540 969	76 499	(813 786)	4 685 899
Unassigned liabilities						2 800 851
Provision for deferred tax						2 000 828
Total Equity and Liabilities						**31 482 004**
Other segmental information						
Capital expenditure for tangible fixed assets	(118 913)	(149 644)	(280 979)	(1 317)		**(550 853)**
Revaluation write-downs on assets	(2 620 033)	(2 058 818)	(9 380 371)	(3 256)		**(14 062 478)**
Revaluation write-downs on unassigned assets						(56 137)

(in thousands of zlotys)

Period ended 31 March 2006*	Exploration and production	Trade, storage, transmission	Distribution	Other	Elimination	Total
Profit and loss						
External sales	498 092	1 086 512	3 489 728	24 243	-	5 098 575
Sales between lines of business	214 718	2 522 705	2 975	30 720	(2 771 118)	-
Total revenue	712 810	3 609 217	3 492 703	54 963	(2 771 118)	5 098 575
Amortization	(116 744)	(33 252)	(165 910)	(2 707)	-	(318 613)
Other costs	(359 920)	(3 347 491)	(2 993 928)	(47 594)	2 771 118	(3 977 815)
Total cost	(476 664)	(3 380 743)	(3 159 838)	(50 301)	2 771 118	(4 296 428)
Result on operating activity	**236 146**	**228 474**	**332 865**	**4 662**	**-**	**802 147**
Net interest and other financial expenses						14 863
Share in profits/(losses) of controlled entities measured using the equity method		259				259
Gross profit						**817 269**
Income tax						(188 945)
Dividend						-
Net profit/loss						**628 324**
Balance sheet						
Segment assets	7 201 969	11 997 885	11 588 789	236 554	(836 069)	30 189 128
Shares in associated entities		512 334				512 334
Unassigned assets						203 824
Deferred tax asset						396 575
Total assets						**31 301 861**
Total equity						21 402 577
Liabilities of the line of business	1 026 629	2 188 015	2 478 069	78 021	(836 069)	4 934 665
Unassigned liabilities						2 809 057
Provision for deferred tax						2 155 562
Total Equity and Liabilities						**31 301 861**
Other segmental information						
Capital expenditure for tangible fixed assets	(67 185)	(94 210)	(217 512)	(1 398)		**(380 305)**
Revaluation write-downs on assets	(2 725 868)	(1 714 363)	(9 588 985)	(3 202)		**(14 032 418)**
Revaluation write-downs on unassigned assets						(58 053)

* The comparative data for the first quarter of 2006 were reconciled to the final audited version of the financial statement for the year 2005 and were corrected to ensure comparability with the first quarter of 2007 on elimination of assets and liabilities concerning Company's Social Benefits Fund

(in thousands of zlotys)

2.5. Revenues from sales of products, goods and materials

	1st quarter / 2007 from 2007-01-01 to 2007-03-31	1st quarter / 2006 from 2006-01-01 to 2006-03-31
High-methane gas	4 050 001	4 166 579
Nitrated gas	401 623	402 678
Crude oil	138 370	227 599
Helium	8 275	7 557
Propane-butane gas	10 291	12 277
Gasoline	478	1 886
LNG	4 446	4 318
Geophysical and geological services	138 913	87 588
Prospecting services	106 131	55 729
Goods and materials	5 234	7 038
Other sales of products and services	184 773	125 326
Total	**5 048 535**	**5 098 575**

2.6. Revenues from leasing payments

	1st quarter / 2007 from 2007-01-01 to 2007-03-31	1st quarter / 2006 from 2006-01-01 to 2006-03-31
Interest	56 238	77 008
Repayments	49 890	59 395
Total*	**106 128**	**136 403**

*The leasing contract became effective on 8th July 2005

2.7. Operating expenses

Consumption of raw materials and materials	1st quarter / 2007 from 2007-01-01 to 2007-03-31	1st quarter / 2006 from 2006-01-01 to 2006-03-31
Gas purchase	(2 577 628)	(2 681 155)
Consumption of other raw materials and materials	(133 919)	(119 711)
Total	**(2 711 547)**	**(2 800 866)**

External services	1st quarter / 2007 from 2007-01-01 to 2007-03-31	1st quarter / 2006 from 2006-01-01 to 2006-03-31
Purchase of transmission	(408 678)	(556 533)
Other external services	(253 297)	(208 116)
Total	**(661 975)**	**(764 649)**