

BALANCE SHEET	28
PROFIT AND LOSS ACCOUNT (BY FUNCTION)	32
STATEMENT OF CHANGES IN EQUITY	33
CASH FLOW STATEMENT (INDIRECT METHOD)	35

B. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS 37

NOTE 1. INTANGIBLE ASSETS	37
NOTE 1.1. CHANGES IN INTANGIBLE ASSETS (BY TYPE)	37
NOTE 1.2. INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	38
NOTE 2. TANGIBLE FIXED ASSETS	38
NOTE 2.1. CHANGES IN FIXED ASSETS (BY TYPE)	42
NOTE 2.2. BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	44
NOTE 2.3. OFF-BALANCE SHEET FIXED ASSETS	44
NOTE 2.4. LAND IN PERPETUAL USUFRUCT	44
NOTE 2.5. VALUE OF FIXED ASSETS NOT SUBJECT TO DEPRECIATION OR ACCUMULATED DEPRECIATION	44
NOTE 3. LONG-TERM RECEIVABLES	44
NOTE 3.1. CHANGES IN LONG-TERM RECEIVABLES (BY TITLE)	45
NOTE 3.2. CHANGE IN REVALUATION WRITE-DOWNS ON LONG-TERM RECEIVABLES:	45
NOTE 3.3. LONG-TERM RECEIVABLES (BY CURRENCY)	45
NOTE 4. CHANGE IN REAL PROPERTY (BY TYPE)	45
NOTE 4.1. CHANGE IN INTANGIBLE ASSETS (BY TYPE)	45
NOTE 4.2. LONG-TERM FINANCIAL ASSETS	46
NOTE 4.3. CHANGE IN GOODWILL – SUBSIDIARIES	50
NOTE 4.4. CHANGE IN GOODWILL – CO-SUBSIDIARIES	50
NOTE 4.5. CHANGE IN GOODWILL – ASSOCIATED ENTITIES	50
NOTE 4.6. CHANGE IN NEGATIVE GOODWILL – SUBSIDIARIES	50
NOTE 4.7. CHANGE IN NEGATIVE GOODWILL – CO-SUBSIDIARIES	50
NOTE 4.8. CHANGE IN NEGATIVE GOODWILL – ASSOCIATED ENTITIES	50
NOTE 4.9. CHANGE IN LONG-TERM FINANCIAL ASSETS (BY TYPE)	51
NOTE 4.10. SHARES IN CONTROLLED ENTITIES	52
NOTE 4.11. SHARES IN OTHER ENTITIES	59
NOTE 4.12. SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (BY CURRENCY)	60
NOTE 4.13. SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (BY MARKETABILITY)	60
NOTE 4.14. ORIGINATED LONG-TERM LOANS (BY CURRENCY)	61
NOTE 4.15. OTHER LONG-TERM INVESTMENTS (BY TYPE)	61
NOTE 4.16. CHANGE IN OTHER LONG-TERM INVESTMENTS (BY TYPE)	61
NOTE 4.17. OTHER LONG-TERM INVESTMENTS (BY CURRENCY)	61
NOTE 5. CHANGE IN THE BALANCE OF DEFERRED TAX ASSETS	62
NOTE 5.1. NEGATIVE TEMPORARY DIFFERENCES IN DEFERRED TAX	64
NOTE 5.2. OTHER PREPAYMENTS AND ACCRUALS	64
NOTE 6. INVENTORY	65
NOTE 6.1. CHANGE IN REVALUATION WRITE-DOWNS ON RECEIVABLES	65
NOTE 7. SHORT-TERM RECEIVABLES	65

NOTE 7.1. SHORT-TERM RECEIVABLES FROM RELATED PARTIES	66
NOTE 7.2. CHANGE IN REVALUATION WRITE-DOWNS OF SHORT-TERM RECEIVABLES	66
NOTE 7.3. GROSS SHORT-TERM RECEIVABLES (BY CURRENCY)	66
NOTE 7.4. GROSS TRADE RECEIVABLES - BY MATURITY AS OF THE BALANCE SHEET DATE	67
NOTE 7.5. OVERDUE TRADE RECEIVABLES (GROSS) BY PERIOD OVERDUE	67
NOTE 8. DISPUTABLE AND OVERDUE RECEIVABLES	67
NOTE 9. SHORT-TERM FINANCIAL ASSETS.....	68
NOTE 9.1. SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (BY CURRENCY)	69
NOTE 9.2. SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (BY MARKETABILITY).....	70
NOTE 9.3. ORIGINATED SHORT-TERM LOANS (BY CURRENCY).....	71
NOTE 9.4. CHANGE IN REVALUATION WRITE-DOWNS ON SHORT-TERM LOANS.....	71
NOTE 9.5. CASH AND CASH EQUIVALENTS (BY CURRENCY)	71
NOTE 9.6. OTHER SHORT-TERM INVESTMENTS (BY TYPE)	71
NOTE 9.7. OTHER SHORT-TERM INVESTMENTS (BY CURRENCY)	71
NOTE 10. OTHER SHORT-TERM PREPAYMENTS AND ACCRUALS	72
NOTE 11. REVALUATION WRITE-DOWNS	72
NOTE 12. SHARE CAPITAL (STRUCTURE)	74
NOTE 12.1. SHARES OFFERED BY THE ISSUER	74
NOTE 12.2. SHARE CAPITAL (OWNERSHIP STRUCTURE)	74
NOTE 13. OWN SHARES	75
NOTE 13.1. ISSUERS' SHARES HELD BY CONTROLLED ENTITIES	75
NOTE 14. SUPPLEMENTARY CAPITAL.....	75
NOTE 15. REVALUATION RESERVE.....	75
NOTE 16. OTHER RESERVE CAPITALS (BY PURPOSE).....	75
NOTE 17. WRITE-OFF ON NET PROFIT DURING THE FINANCIAL YEAR (BY BASIS)	75
NOTE 18. CHANGE IN THE BALANCE OF PROVISION FOR DEFERRED TAX	76
NOTE 18.1. POSITIVE TEMPORARY DIFFERENCES IN DEFERRED TAX	78
NOTE 18.2. CHANGE IN LONG-TERM PROVISION FOR RETIREMENT AND SIMILAR BENEFITS (BY TITLE).....	79
NOTE 18.3. CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT AND SIMILAR BENEFITS (BY TITLE).....	80
NOTE 18.4. CHANGE IN OTHER LONG-TERM PROVISIONS (BY BASIS).....	81
NOTE 18.5. CHANGE IN OTHER SHORT-TERM PROVISIONS (BY BASIS).....	82
NOTE 19. LONG-TERM LIABILITIES	84
NOTE 19.1. LONG-TERM LIABILITIES BY MATURITY AS OF THE BALANCE SHEET DATE	84
NOTE 19.2. LONG-TERM LIABILITIES (BY CURRENCY)	84
NOTE 19.3. LONG-TERM CREDIT AND LOAN LIABILITIES	85
NOTE 19.4. LONG-TERM LIABILITIES DUE TO ISSUED FINANCIAL DEBT INSTRUMENTS.....	85
NOTE 19.5. STATEMENT OF LONG-TERM LIABILITIES SECURED ON ASSETS.....	85
NOTE 20. SHORT-TERM LIABILITIES	86
NOTE 20.1. SHORT-TERM LIABILITIES – EXCLUDING SPECIAL FUNDS (BY CURRENCY).....	86
NOTE 20.2. SHORT-TERM CREDIT AND LOAN LIABILITIES*	87
NOTE 20.3. SHORT-TERM LIABILITIES DUE TO ISSUED FINANCIAL DEBT INSTRUMENTS.....	87
NOTE 21. CHANGE IN NEGATIVE GOODWILL.....	88

NOTE 21.1. OTHER PREPAYMENTS AND ACCRUALS.....	88
NOTE 22. BOOK VALUE PER SHARE.....	88
NOTE 23. CONTINGENT RECEIVABLES FROM RELATED PARTIES (BY BASIS).....	88
NOTE 23.1. CONTINGENT LIABILITIES TO RELATED PARTIES (BY BASIS)	89
NOTE 24. NET REVENUES FROM SALES OF PRODUCTS (BY TYPE)	89
NOTE 24.1. NET REVENUES FROM SALES OF PRODUCTS (BY TERRITORY)	89
NOTE 25. REVENUES FROM SALES OF GOODS AND MATERIALS (BY TYPE).....	91
NOTE 25.1. REVENUES FROM SALES OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE).....	91
NOTE 26. EXPENSES BY TYPE	91
NOTE 27. OTHER OPERATING REVENUES.....	92
NOTE 28. OTHER OPERATING EXPENSES.....	93
NOTE 29. FINANCIAL REVENUES –DIVIDEND AND PROFIT SHARING	94
NOTE 29.1. FINANCIAL REVENUES DUE TO INTEREST	94
NOTE 29.2. OTHER FINANCIAL REVENUES.....	94
NOTE 30. FINANCIAL EXPENSES DUE TO INTEREST	96
NOTE 30.1. OTHER FINANCIAL EXPENSES	96
NOTE 31. GAIN (LOSS) ON SALE OF ALL OR A PART OF SHARES IN CONTROLLED ENTITIES..	97
NOTE 32. EXTRAORDINARY GAINS	98
NOTE 33. EXTRAORDINARY LOSSES	98
NOTE 34. CURRENT INCOME TAX	99
NOTE 34.1. DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT.	101
NOTE 34.2. TOTAL AMOUNT OF DEFERRED INCOME TAX RECOGNISED UNDER GOODWILL OR NEGATIVE GOODWILL.....	101
NOTE 34.3. DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT.	102
NOTE 35.1. OTHER STATUTORY REDUCTIONS IN PROFIT (INCREASES IN LOSS) DUE TO:....	103
NOTE 36. SHARE IN NET PROFITS (LOSSES) OF CONTROLLED ENTITIES MEASURED USING THE EQUITY METHOD	103
NOTE 37. SHARE IN NET PROFITS (LOSSES) OF ENTITIES	103
NOTE 38. EARNINGS PER SHARE	104
NOTE 39. STRUCTURE OF CASH AND CASH EQUIVALENTS	104
NOTE 39.1. REASONS FOR DIFFERENCES BETWEEN BALANCE SHEET CHANGES IN CERTAIN ITEMS AND CHANGES ARISING FROM THE CASH FLOW STATEMENT	106
NOTE 39.2 STATEMENT OF MATERIAL ADJUSTMENTS, INFLOWS AND EXPENSES CONCERNING 'OTHER' ITEMS.....	108

BALANCE SHEET

ASSETS	Notes	31 December 2005	31 December 2004
I. Non-current assets		13 884 658	11 820 225
1. Intangible assets, including:	1	12 375	18 600
- goodwill		-	-
2. Tangible fixed assets	2	4 465 479	6 403 098
3. Long-term receivables	3; 8	4 106 269	106
3.1. From related parties		-	-
3.2. From other entities		4 106 269	106
4. Long-term investments	4	5 006 261	5 002 791
4.1. Real property		-	-
4.2. Intangible assets		-	-
4.3. Long-term financial assets		5 006 255	5 002 786
a) in related parties		5 004 609	5 000 639
b) in other entities		1 646	2 147
4.4. Other long-term investments		6	5
5. Long-term prepayments	5	294 273	395 630
5.1. Deferred tax assets		288 355	394 279
5.2. Other prepayments and accruals		5 919	1 351
II. Current assets		5 319 230	2 744 429
1. Inventory	6	722 118	555 545
2. Short-term receivables	7; 8	1 678 056	1 077 760
2.1. From related parties		569 140	374 246
2.2. From other entities		1 108 916	703 514
3. Short-term investments		2 916 468	1 107 322
3.1. Short-term financial assets	9	2 916 468	1 107 322
a) in related parties		49 811	109 372
b) in other entities		120 273	478 087
c) cash and other pecuniary assets		2 746 384	519 863
3.2. Other short-term assets		-	-
4. Short-term prepayments and deferred income	10	2 588	3 802
Total assets		19 203 888	14 564 654

BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 December 2005	31 December 2004
I. Equity		11 367 043	8 122 230
1. Share capital	12	5 900 000	5 000 000
2. Called up share capital (negative value)		-	-
3. Own shares (negative value)	13	-	-
4. Supplementary capital	14	4 333 312	2 373 761
5. Revaluation reserve	15	1 503	1 756
6. Other reserve capitals	16	-	-
7. Previous year profit (loss)		-	-
8. Net profit (loss)		1 132 228	746 713
9. Write-offs on net profit during the financial year (negative value)	17	-	-
II. Liabilities and provisions for liabilities		7 836 845	6 442 424
1. Provisions for liabilities	18	1 045 221	1 029 031
1.1. Provision for deferred income tax		48 676	150 308
1.2. Provision for retirement and similar benefits		187 473	208 618
a) long-term		148 393	167 448
b) short-term		39 080	41 170
1.3. Other provisions		809 072	670 105
a) long-term		583 867	560 199
b) short-term		225 205	109 906
2. Long-term liabilities	19	2 317 096	304 596
2.1. To related parties		-	-
2.2. To other entities		2 317 096	304 596
3. Short-term liabilities	20	1 852 702	5 067 740
3.1. To related parties		228 654	2 980 159
3.2. To other entities		1 561 654	2 040 739
3.3. Special funds		62 394	46 842
4. Accruals	21	2 621 826	41 057
4.1. Negative goodwill		-	-
4.2. Other prepayments and accruals		2 621 826	41 057
a) long-term		2 452 985	34 524
b) short-term		168 841	6 533
Total liabilities and equity		19 203 888	14 564 654
Book value		11 367 933	8 122 230
Number of shares (items)		5 900 000 000	5 000 000 000
Book value per share (in PLN)	22	1,93	1,62
Number of diluted shares (items)		5 258 904 110	5 000 000 000
Diluted book value per share (in PLN)	22	2,16	1,62

Polskie Górnictwo Naftowe i Gazownictwo S.A.
Sprawozdanie finansowe za okres zakończony 31 grudnia 2005 roku
(w tysiącach złotych)

OFF-BALANCE SHEET ITEMS	Notes	31 December 2005	31 December 2004
1. Contingent receivables	23	39 397	6 625 465
1.1. From related parties (due to)		8 012	6 591 039
- guarantees and sureties received		-	-
- bills of exchange received		8 012	6 591 039
1.2. From other entities (due to)		31 385	34 426
- guarantees and sureties received		21 826	24 857
- bills of exchange received		9 559	9 569
2. Contingent liabilities	23	979 924	6 587 875
2.1. To related parties (due to)		62 592	82 388
- guarantees and sureties granted		-	-
- bills of exchange issued		-	-
- agreements, investment contracts signed		62 592	82 388
- operating lease liabilities		-	-
2.2. To other entities (due to)		917 332	6 505 487
- guarantees and sureties granted		870 423	6 192 757
- bills of exchange issued		9 252	259 832
- agreements, investment contracts signed		37 657	52 299
- operating lease liabilities		-	599
3. Other		2 314	18 242
- off-balance sheet fixed assets		1 140	16 987
- fixed assets under liquidation		1 174	1 255

PROFIT AND LOSS ACCOUNT (by function)

	Note s	31 December 2005	31 December 2004
I. Net revenues from sales of products, goods and materials, including:		9 867 803	8 447 521
- from related parties		5 327 590	4 682 658
1. Net revenues from sales of products	24	9 862 130	8 442 183
2. Net revenues from sales of goods and materials	25	5 673	5 337
II. Cost of products, goods and materials sold, including:		8 342 389	6 543 181
- from related parties		437 382	430 806
1. Manufacturing cost of products sold	26	8 337 246	6 504 638
2. Value of goods and materials sold		5 143	38 543
III. Gross profit (loss) on sales (I-II)		1 525 414	1 904 339
IV. Selling costs	26	21 944	75 510
V. General and administrative costs	29	212 376	229 985
VI. Profit (loss) on sales (III-IV-V)		1 291 094	1 598 844
VII. Other operating revenues		633 330	142 045
1. Gain on disposal of non-financial non-current assets		-	-
2. Subsidies		-	-
3. Other operating revenues	27	633 330	142 045
VIII. Other operating expenses		332 444	352 153
1. Loss on disposal of non-financial non-current assets		24 943	5 021
2. Revaluation of non-financial assets		85 923	221 253
3. Other operating expenses	28	221 578	125 879
IX. Operating profit (loss)		1 591 980	1 388 736
X Financial revenues	29	889 901	1 062 704
1. Dividend and profit sharing, including:		100 962	47 376
- from related parties		100 786	47 351
2. Interest, including:		319 968	114 216
- from related parties		27 324	38 052
3. Gain on disposal of investments	31	-	3 307
4. Revaluation of investments		60 714	7 596
5. Other		408 257	890 209
XI. Financial expenses	30	929 313	1 332 277
1. Interest, including:		327 783	280 123
- to related parties		221 404	196 152
2. Loss on disposal of investment	31	30 960	-
3. Revaluation of investments		92 897	24 314
4. Other		477 673	1 027 840
XII. Profit (loss) on business activities		1 552 568	1 119 163
XIII. Result on extraordinary events		(795)	(911)
1. Extraordinary gains	32	8	365
2. Extraordinary losses	33	803	1 276
XIV. Gross profit (loss)		1 551 773	1 118 252
XV. Income tax	34	252 703	225 764
a) current portion		249 739	149 347
b) deferred portion		2 964	76 417
XVI. Other statutory reductions in profit (increases in loss)	35	166 842	145 775
XVII. Share in net profits (losses) of controlled entities measured using the equity method	36	-	-
XVIII. Net profit (loss)		1 132 228	746 713

Net profit (loss) (annualised)		1 132 228	746 713
Weighted average number of ordinary shares (items)		5 258 904 110	5 000 000 000
Profit (loss) per ordinary share (in PLN)	38	0,22	0,15
Weighted average number of diluted ordinary shares (items)		5 258 904 110	5 000 000 000
Diluted profit (loss) per ordinary share (in PLN)	38	0,22	0,15

STATEMENT OF CHANGES IN EQUITY

	31 December 2005	31 December 2004
I. Opening balance of equity	8 122 230	7 394 405
a) changes in accounting principles applied	-	-
b) adjustments of fundamental errors	-	-
I.a. Opening balance of equity, after reconciliation with comparable data	8 122 230	7 394 405
1. Opening balance of share capital	5 000 000	5 000 000
1.1. Changes in share capital	900 000	-
a) increases (due to)	900 000	-
- <i>issuance of shares</i>	900 000	-
b) decreases (due to)	-	-
1.2. Closing balance of share capital	5 900 000	5 000 000
2. Opening balance of called up share capital	-	-
2.1. Changes in called up share capital	-	-
a) increases (due to)	-	-
b) decreases (due to)	-	-
2.2. Closing balance of called up share capital	-	-
3. Opening balance of own shares	-	-
3.1. Changes in own shares	-	-
a) increases (due to)	-	-
b) decreases (due to)	-	-
3.2. Closing balance of own shares	-	-
4. Opening balance of supplementary capital	2 373 761	2 121 266
4.1. Changes in supplementary capital	1 959 551	252 495
a) increases (due to)	1 959 551	252 495
- <i>distribution of previous year profit</i>	-	-
- <i>profit distribution</i>	219 458	252 495
- <i>from sales of shares over face value</i>	1 740 093	-
- <i>result on transfer of fixed assets as dividend to the Owner</i>	-	-
b) decrease (due to)	-	-
- <i>loss coverage</i>	-	-
4.2. Closing balance of supplementary capital	4 333 312	2 373 761
5. Opening balance of revaluation reserve	1 756	1 206
5.1. Changes in revaluation reserve	(253)	550
a) increases (due to)	-	550
- <i>exchange differences on measurement of a foreign branch</i>	-	550
b) decreases (due to)	(253)	-
- <i>exchange differences on measurement of a foreign branch</i>	(253)	-
5.2. Closing balance of revaluation reserve	1 503	1 756
6. Opening balance of other reserve capitals	-	-
6.1. Changes in other reserve capitals	-	-
a) increases (due to)	-	-
b) decreases (due to)	-	-
6.2. Closing balance of other reserve capitals	-	-

STATEMENT OF CHANGES IN EQUITY – CONT.

	31 December 2005	31 December 2004
7. Opening balance of previous year profit (loss)	746 713	-
7.1. Opening balance of previous year profit	746 713	-
a) changes in accounting principles applied	-	-
b) adjustments of fundamental errors	-	-
7.2. Opening balance of previous year profit, after reconciliation to comparable data	746 713	-
a) increases (due to)	-	271 933
- <i>distribution of previous year profit</i>	-	271 933
b) decreases (due to)	(746 713)	(271 933)
- <i>reclassification to supplementary capital</i>	(219 458)	(252 495)
- <i>write off to bonus fund</i>	(20 000)	(9 500)
- <i>write off to Company's Social Benefits Fund</i>	(7 255)	(4 500)
- <i>dividend for the owner</i>	(500 000)	(5 438)
7.3. Closing balance of previous year profit	-	-
7.4. Opening balance of previous year loss	-	-
a) changes in accounting principles applied	-	-
b) adjustments of fundamental errors	-	-
7.5. Opening balance of previous year loss, after reconciliation to comparable data	-	-
a) increases (due to)	-	-
b) decreases (due to)	-	-
7.6. Closing balance of previous year loss	-	-
7.7. Closing balance of previous year profit (loss)	-	-
8. Net result	1 132 228	746 713
a) net profit	1 132 228	746 713
b) net loss	-	-
c) write-offs on profit	-	-
II. Closing balance of equity	11 367 043	8 122 230
III. Equity including proposed profit distribution (loss coverage)	11 367 043	8 122 230

Cash flow statement (indirect method)

	31 December 2005	31 December 2004
A. Cash flows from operating activities		
I. Net profit (loss)	1 132 228	746 713
II. Adjusted by:	397 349	1 270 471
1. Amortization	486 570	563 391
2. Exchange gains (losses)	(279 364)	(551 560)
3. Interest and profit sharing (dividend)	(25 162)	339 267
4. Profit (loss) on investment activities	43 068	226 012
5. Change in provisions	(6 669)	55 916
6. Change in inventory	(177 304)	(74 666)
7. Change in receivables	(338 073)	219 235
8. Change in short-term liabilities excluding credits and loans	825 992	(275 634)
9. Change in prepayments and accruals	73 394	82 625
10. Other adjustments	(205 103)	685 887
III. Net cash flows from operating activities	1 529 577	2 017 183
B. Cash flows from investment activities		
I. Inflows	751 530	583 636
1. Disposal of intangible and tangible fixed assets	12 250	5 162
2. Disposal of investments in real property and intangible assets	-	-
3. From financial assets, including:	602 330	578 474
a) in related parties	215 665	208 251
- disposal of financial assets	600	-
- dividend and profit sharing	100 786	47 351
- repayment of originated long-term loans	91 036	132 042
- interest	23 243	28 858
- other inflows from financial assets	-	-
b) in other entities	386 665	370 223
- disposal of financial assets	240 536	369 683
- dividend and profit sharing	176	25
- repayment of granted long-term loans	-	-
- interest	145 953	516
- other inflows from financial assets	-	-
4. Other inflows from investment activities	136 950	-
II. Outflows	700 360	1 071 925
1. Purchase of intangible assets and tangible fixed assets	676 817	680 429
2. Investments in real property and intangible assets	-	-
3. For financial liabilities, including:	20 717	373 438
a) in related parties	20 717	355
- purchase of financial assets	1 698	355
- originated long-term loans	19 019	-
b) in other entities	-	373 084
- purchase of financial assets	-	373 084
- originated long-term loans	-	-
4. Other outflows from investment activities	2 826	18 058
III. Net cash flows from investment activities (I-II)	51 170	(488 289)

CASH FLOW STATEMENT (indirect method) CONT.

	31 December 2005	31 December 2004
C. Cash flows from financial activities		
I. Inflows	5 216 808	292 882
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	2 640 093	-
2. Credits and loans	2 299 860	-
3. Issuance of debt securities	-	-
4. Other inflows from financial activities	276 855	292 882
II. Outflows	4 571 042	1 791 482
1. Purchase of own shares	-	-
2. Dividend and other payments to shareholders	150 572	196 922
3. Profit distribution expenses other than payments to shareholders	20 000	-
4. Repayment of credits and loans	3 936 522	728 636
5. Redemption of debt securities	-	-
6. Payment of other financial liabilities	-	-
7. Payment of liabilities arising from financial leases	37 946	3 019
8. Interest	96 280	241 192
9. Other outflows from financial activities	329 722	621 714
III. Net cash flows from financial activities (I-II)	645 766	(1 498 601)
D. Total net cash flows (A.III.+/-B.III+/-C.III)	2 226 513	30 295
E. Balance sheet change in cash, including:	2 226 521	26 425
-change in cash due to exchange differences	8	(3 870)
F. Opening balance of cash	523 866	493 572
G. Closing balance of cash (F+/-D), including:	2 750 379	523 866
-of limited disposability	2 040	2 116

B. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. INTANGIBLE ASSETS

	31 December 2005	31 December 2004
a) R&D expenses	-	-
b) goodwill	-	-
c) concessions, patents, licenses and similar items, including:	12 375	18 165
- computer software	10 800	17 728
d) other intangible assets	-	435
e) advances for intangible assets	-	-
Total intangible assets	12 375	18 600

NOTE 1.1. CHANGES IN INTANGIBLE ASSETS (BY TYPE)

	a	b	c		d	e	Total intangible assets
	R&D costs	Goodwill	acquired concessions, patents, licenses and similar items	including: computer software	Other intangible assets	advances for intangible assets	
a) opening balance of gross value of intangible assets	-	-	55 889	52 231	3 511	-	59 400
b) increases due to:	-	-	2 610	801	-	-	2 610
- purchases – low-value	-	-	-	-	-	-	-
- reclassification of fixed under construction	-	-	2 172	363	-	-	2 172
- reclassifications from other groups	-	-	9	9	-	-	9
- other increases	-	-	29	29	-	-	29
- external increases*	-	-	400	400	-	-	400
c) decreases, due to:	-	-	2 883	2 883	141	-	3 024
- sales	-	-	1 782	1 782	-	-	1 782
- disposal	-	-	375	375	132	-	507
- reclassifications to other groups	-	-	-	-	9	-	9
- other decreases	-	-	-	-	-	-	-
- contribution in kind	-	-	250	250	-	-	250
- transferred under leasing	-	-	76	76	-	-	76
- external decreases*	-	-	400	400	-	-	400
d) closing balance of gross value of intangible assets	-	-	55 616	50 149	3 370	-	58 986
e) accumulated amortisation opening balance	-	-	37 724	34 503	3 076	-	40 800
f) increases :	-	-	7 817	7 146	437	-	8 254
- amortization for the period	-	-	7 502	6 837	437	-	7 939
- increases applicable to transfer from other groups	-	-	17	11	-	-	17
- other	-	-	31	31	-	-	31
- external increases*	-	-	267	267	-	-	267
g) decreases:	-	-	2 300	2 300	143	-	2 443
- regarding sold intangible assets	-	-	1 491	1 491	-	-	1 491
- regarding liquidated intangible assets	-	-	280	280	132	-	412
- related to reclassifications to other groups	-	-	6	6	11	-	17
- other	-	-	-	-	-	-	-
- contribution in kind	-	-	250	250	-	-	250
- transferred under leasing	-	-	6	6	-	-	6
- external decreases*	-	-	267	267	-	-	267
h) accumulated amortization closing balance	-	-	43 241	39 349	3 370	-	46 611
i) opening balance of impairment write-downs	-	-	-	-	-	-	-
- increase	-	-	-	-	-	-	-
- decrease	-	-	-	-	-	-	-
- regarding contribution in kind	-	-	-	-	-	-	-
j) closing balance of permanent impairment write-downs	-	-	-	-	-	-	-
k) closing balance of net value of intangible assets	-	-	12 375	10 800	-	-	12 375

*External increases and decreases regard turnover of fixed assets among PGNiG branches

NOTE 1.2. INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)

	31 December 2005	31 December 2004
a) own	12 375	18 600
b) assets used based on lease, rental or similar agreement, including leasing	-	-
Total balance sheet intangible assets	12 375	18 600

NOTE 2. TANGIBLE FIXED ASSETS

	31 December 2005	31 December 2004
a) fixed assets, including:	3 252 014	5 246 382
- land (including right to perpetual usufruct)	15 370	24 703
- buildings, premises, civil and water engineering structures	2 657 421	4 237 921
- technical equipment and machinery	562 831	950 709
- vehicles	6 229	16 688
- other fixed assets	10 163	16 361
b) fixed assets under construction	1 210 753	1 151 780
c) advances for fixed assets under construction	2 712	4 937
Total tangible fixed assets	4 465 479	6 403 099

All expenditure incurred as regards exploration and appraisal of gas reserves from work commencement to recognition of wells in fixed assets or finding it negative are capitalised in assets under construction, with the exception of expenses related to geological or surface geophysical research, which are not capitalized but charged to expenses at the moment of incurrence. The value of capitalised expenditure on exploration and appraisal work without a negative effect represents the actual historical cost. In case of each activated well, its net economic value is determined every 6 months, calculated as the sum of products of hydrocarbon quantities producible from a given well and their sales price decreased by planned expenditure on well adaptation, production and sales costs over subsequent years, discounted by a fixed percent rate reflecting the value of money over time and the risk rate related to the exploration activity – calculated as a weighted average of capital cost. The carrying value of individual wells is limited and cannot exceed the discounted cash streams. If actual historical costs exceed the net economic value of an individual well, write-downs of appropriate assets under construction are charged to other operating expenses. If there is insufficient information to determine the economic value of the well as at the date of the financial statements (wells under appraisal tests), expenditure on wells are disclosed in the balance sheet at historical costs.

When a well is commissioned, its book value is reclassified from assets under construction to tangible fixed assets.

The Company depreciates production wells based on depreciation rates consistent with applicable tax regulations. The current rate of 4,5% with maximum acceptable ratio of 1,4 for strenuous working conditions is also justified for balance sheet purposes, as the average well useful life is 20 years.

The wells are depreciated by the Company for tax and accounting purposes as fixed assets used for sales activities by the production plants, at depreciation rates defined in the applicable corporate income tax regulations as also justified for balance sheet purposes.

At the balance sheet date, fixed assets related to production activities are tested for impairment. The tests are performed for each mine separately by comparing the mine's book and economic value defined as the sum of discounted future net cash flows attainable over the assets' useful life. Calculations are performed based on the average weighted cost of capital. If the carrying value exceeds the economic value, a write-down is created by reducing the asset's value to its economic value or to zero, when the economic value is negative. The above write-down is recognized in the accounting records in correspondence with other operating expenses. In case the cause of permanent impairment of assets no longer exists, the value previously written-off is restored in correspondence with other operating revenues.

In the previous years, installation of gas service lines was usually financed by the users. Upon commissioning, the service lines were transferred to PGNiG S.A. and recognized at actual cost incurred by the user or based on valuation performed by PGNiG S.A. The value of service lines was added to fixed assets and deferred income.

Starting from 1 January 1999, expenditure on installation of service lines have also been covered by PGNiG S.A. with own funds, in exchange for a connection fee charged to the service line user. The value of service lines was added to fixed assets and deferred income.

While recording depreciation charges on gas service lines (both received free of charge and installed with in-house resources), the holding company simultaneously recognises in the profit and loss account equivalent amount of deferred income.

PGNiG S.A. has 7 underground natural gas storage facilities. At present, 6 underground gas storage facilities are used, including 5 located in depleted natural gas deposits and a cavern storage (PMG Mogilno). In the case of PMG Mogilno, 1st stage of construction was completed in October 2005 and 2 caverns were commissioned. At present, 10 caverns are used in total.

In PMG Mogilno, due to cavern convergence (salt condensing), the volume of actively used caverns has decreased by 11.74 million cubic meters. Salt condensing will continue to reduce the actively used cavern volume (based on observations, an annual cavern capacity loss of 0-5.5% can be expected, depending on cavern location depth and cavern working pressure).

Gas in underground storage is divided into buffer and working gas.

A portion of buffer gas comes from native deposit (in the quantities determined in the approved geological documentation), and its remaining portion has been pumped in order to obtain proper technical-geological parameters, required for the proper storage facility functioning. It applies to gas storage facilities located in depleted hydrocarbon deposits. In case of a storage facility located on a salt diapir (PMG Mogilno), buffer gas has been compressed and remained in the storage chamber during the first cycle of brine compression and ejection, upon completion of leaching process.

Native buffer gas in all storage facilities and additional buffer gas pumped in PMG Husów, PMG Brzeźnica, PMG Strachocina, PMG Swarzów and PMG Jaśniny has not been recognized in asset register (except for 27,969.2 thousand m³ recognized under fixed assets in PMG Husów). In PMG Wierzchowice, additionally pumped buffer gas in the amount of 782,192.0 thousand m³ is recognized as fixed asset, whereas 223,455.0 thousand m³ – as fixed assets under construction. In PMG Mogilno, additionally pumped buffer gas in the amount of 171,120.0 thousand m³ is recognized as fixed asset.

As of 31 December 2005, total active area of all PMG's was 1,631,730 thousand cubic meters. As of 31 December 2005, the balance of inventory in all storage facilities was as follows:

- balance of working gas – 1,127,886.3 thousand cubic meters
including:
 - balance of working gas owned by PGNiG S.A.– 1,086,441.3 thousand cubic meters of PLN 538,556.5 thousand in value.
 - balance of working gas owned by OGP GAZ-SYSTEM Sp. z o.o. – 41,445.0 thousand cubic meters.
- total cushion volume in storage facilities – 7,652,782.0 thousand cubic meters (including 4,588,120.0 thousand cubic meters of nitrated gas)
including:
 - native non-producible gas – 852,170.0 thousand cubic meters (including 500,000.0 thousand cubic meters of nitrated gas) with no set value.
 - native non-producible gas – 4,747,626.0 thousand cubic meters (including 4,088,120.0 thousand cubic meters of nitrated gas) with no set value.
 - pumped in cushion gas – 2,052,986.0 thousand cubic meters of PLN 407,957.6 thousand in value.

The above values in 4 so called local PMG's, cooperating with the transmission system (PMG: Swarzów, Strachocina, Brzeźnica, Jaśniny), located within property of PGNiG S.A., Sanok branch. As of 31 December 2005, the following gas volumes were stored in the storage facilities:

- balance of working gas – 135,129.2 thousand cubic meters of PLN 66,844.0 thousand in value.
- total cushion volume in storage facilities – 1,100,613.9 thousand cubic meters with no set value
including:
 - pumped in cushion gas – 523,818.0 thousand cubic meters with no set value.

The target volume of buffer gas required for all storages to operate properly constitutes a fixed-volume buffer throughout storage operation period. In exceptional cases, it is possible to produce cushion gas during PMG exploitation in volumes not affecting the operations of the storage facility. In the process of storage development, the volume of buffer gas will be increasing.

Buffer gas in PMG can be utilized upon completion of the storage exploitation. Nevertheless, at this stage it is impossible to determine whether the mine liquidation plan upon concession expiry will provide for gas depletion, the degree and moment of such depletion. In case of PMG Mogilno, the costs of filling the caverns with another filling agent will be significant.

At the moment, the Company does not plan liquidation of storage facilities and discontinuation of production of gas.

During exploitation period of the buffer gas in PMG Wierzchowice, upon completion of storage facility usage, the gas will be produced of variable methane content – from 94-68%.

Due to the above, as regards high-methane gas production, the development of this particular deposit will be rendered difficult – it will be necessary to build a denitrating plant, whose parameters are significantly different from those of KriO-Odolanów.

In case of all PMG's, the factor limiting the cushion gas exploitation will involve decreasing gas pressure, related to construction of deposit pumping stations.

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

NOTE 2.1. CHANGES IN FIXED ASSETS (BY TYPE)

	a	b	c	d	e	f	g	Total tangible fixed assets
	land (including right to perpetual usufruct)	buildings, premises, civil and water engineering structures	Technical equipment and machinery	vehicles	other fixed assets	fixed assets under construction	advances for fixed assets under construction	
a) opening balance of gross value of tangible fixed assets	123 602	10 484 082	2 540 230	82 007	97 294	1 346 470	4 937	14 678 622
b) increases due to:	6 876	711 054	160 782	1 659	6 168	1 103 903	13 556	2 003 998
- purchase of fixed assets under construction (including low-value assets)	-	-	-	-	-	686 187	-	686 187
- reclassification of fixed under construction	2 164	397 145	127 086	1 600	6 057	-	-	534 052
- reclassifications from other groups	-	5	3 421	42	27	-	-	3 495
- tangible fixed assets received free of charge	-	-	-	-	-	-	-	-
- other increases	3 483	112 477	4 907	17	44	-	13 556	134 484
- external increases*	1 229	201 427	25 368	-	40	417 716	-	645 780
including: - received free of charge	1 229	168 488	25 368	-	40	417 716	-	612 841
other	-	32 939	-	-	-	-	-	32 939
c) decreases, due to:	34 623	6 042 610	1 178 054	39 179	34 727	1 029 731	15 781	8 374 705
- sales	882	11 598	14 720	654	2 026	10 851	-	40 731
- liquidation	-	29 004	11 294	6	600	-	-	40 904
- reclassification to fixed assets	-	-	-	-	-	536 224	-	536 224
- reclassifications to other groups	-	-	78	-	3 417	-	-	3 495
- transferred free of charge	-	-	-	-	-	-	-	-
- other decreases	941	105 953	4 394	428	27	63 830	15 781	191 354
- contribution in kind	6 579	25 177	60 154	33 213	8 721	35	-	133 879
- transferred under leasing	19 948	5 143 758	731 002	25	8 500	-	-	5 903 233
- transferred by dividend	5 044	525 693	331 044	4 853	11 396	1 075	-	879 105
- external decreases*	1 229	201 427	25 368	-	40	417 716	-	645 780
including: - transferred free of charge	1 229	201 427	25 368	-	40	390 252	-	618 316
other	-	-	-	-	-	27 464	-	27 464
a) closing balance of gross value of tangible fixed assets	95 855	5 152 526	1 522 958	44 487	68 735	1 420 642	2 712	8 307 915

*External increases and decreases regard turnover of fixed assets among PGNiG S.A. branches

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

NOTE 2.1. CHANGES IN FIXED ASSETS (BY TYPE) CONT.

CHANGES IN TANGIBLE FIXED ASSETS (BY TYPE)	a land (including right to perpetual usufruct)	b buildings, premises, civil and water engineering structures	c technical equipment and machinery	d vehicles	e other fixed assets	f fixed assets under construction	g advances for fixed assets under construction	Total tangible fixed assets
<i>e) accumulated depreciation opening balance</i>	11 485	6 128 619	1 554 202	65 141	79 370	-	-	7 838 817
f) increases :	4 930	414 878	188 996	5 211	5 813	-	-	619 828
- depreciation for the period	4 574	287 890	175 636	5 142	5 729	-	-	478 971
- related to reclassifications from other groups	-	506	3 378	42	-	-	-	3 926
- other	195	33 261	2 202	27	44	-	-	35 729
- external increases*	161	93 221	7 780	-	40	-	-	101 202
g) decreases:	4 318	4 133 360	796 427	32 179	27 398	-	-	4 993 682
- regarding sold fixed assets	150	3 576	14 580	654	1 960	-	-	20 919
- regarding liquidated fixed assets	-	18 344	9 351	6	599	-	-	28 299
- related to reclassifications to other groups	-	-	499	-	3 427	-	-	3 926
- other	214	60 693	2 403	412	27	-	-	63 750
- contribution in kind	1 069	10 198	52 602	30 093	6 565	-	-	100 527
- transferred under leasing	1 974	3 636 721	456 146	17	5 578	-	-	4 100 436
- transferred by dividend	750	310 607	253 066	997	9 202	-	-	574 622
- internal decreases*	161	93 221	7 780	-	40	-	-	101 203
h) accumulated amortization closing balance	12 097	2 410 137	946 771	38 173	57 785	-	-	3 464 963
i) opening balance of permanent impairment write-downs	87 414	117 542	35 319	178	1 563	194 690	-	436 706
- increase	3 486	13 106	1 825	-	36	71 753	-	90 206
- decrease	17 860	40 360	23 243	59	553	56 554	-	138 629
- contribution in kind	4 652	5 320	545	34	259	-	-	10 810
j) closing balance of permanent impairment write-downs	68 388	84 968	13 356	85	787	209 889	-	377 473
a) closing balance of net value of tangible fixed assets	15 370	2 657 421	562 831	6 229	10 163	1 210 753	2 712	4 465 479

*External increases and decreases regard turnover of fixed assets among PGNiG S.A. branches

**Depreciation for current year in the amount of PLN 340,371.30 regards social facilities and is presented in the profit and loss account in item "other operating expenses"

NOTE 2.2. BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)

	31 December 2005	31 December 2004
a) own	3 244 522	5 195 311
b) used based on lease, rental or similar agreement, including:	7 492	51 071
Total balance sheet fixed assets	6 292	47 596

NOTE 2.3. OFF-BALANCE SHEET FIXED ASSETS

	31 December 2005	31 December 2004
assets used based on lease, rental or similar agreement	82	843
value of items (contractual) used based on operating leasing agreements	1 058	16 144
Total off-balance sheet fixed assets	1 140	16 987

NOTE 2.4. LAND IN PERPETUAL USUFRUCT

	31 December 2005	31 December 2004
surface (sq. m.)	7 658 438	7 910 929
value*	81 804	97 758

*Gross value of perpetual usufruct right entered into records as of 1 January 2002 and perpetual usufruct right reclassified from intangible asset value.

NOTE 2.5. VALUE OF FIXED ASSETS NOT SUBJECT TO DEPRECIATION OR ACCUMULATED DEPRECIATION

	31 December 2005	31 December 2004
Used based on lease, rental and other similar agreements	1 058	16 144
a) land	23	23
b) buildings, premises, civil and water engineering structures	188	280
c) technical equipment and machines	13	13
d) vehicles	834	2 839
e) other fixed assets	-	12 989
Used based on operating leasing agreements	82	843
a) land	-	-
b) buildings, premises, civil and water engineering structures	-	-
c) technical equipment and machines	82	195
d) vehicles	-	548
e) other fixed assets	-	100
Total value of fixed assets not depreciated by the entity	1 140	16 987

Note 3. LONG-TERM RECEIVABLES

	31 December 2005	31 December 2004
a) receivables from related parties, including:	-	-
- from subsidiaries (basis)	-	-
- sales of fixed assets under construction (different items)	-	-
b) from other entities (due to)	4 106 269	106
- different titles	-	106
- financial leases	4 106 269	-
Net long-term receivables	4 106 269	106
c) write-downs on receivables	-	-
Gross long-term receivables	4 106 269	106

NOTE 3.1. CHANGES IN LONG-TERM RECEIVABLES (BY TITLE)

	31 December 2005	31 December 2004
a) opening balance (gross)	106	-
- due to sale of fixed assets	-	-
- different titles	106	-
b) increases (due to)	4 500 015	106
- increases in receivables due to sale of fixed assets	-	106
- financial leases	4 500 013	-
- other titles	2	-
c) decreases, due to:	393 852	-
- reclassification to short-term receivables	267 967	-
- contribution in kind to gas companies	-	-
- repayment	125 886	-
d) closing balance (gross)	4 106 269	106

NOTE 3.2. CHANGE IN REVALUATION WRITE-DOWNS ON LONG-TERM RECEIVABLES:

	31 December 2005	31 December 2004
Opening balance	-	-
a) increases (due to)	-	-
b) decreases (due to)	-	-
- released revaluation write-downs	-	-
- contribution in kind to gas companies	-	-
Closing balance of revaluation write-downs on long-term receivables	-	-

NOTE 3.3. LONG-TERM RECEIVABLES (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	4 106 269	106
b) in foreign currencies (by currency and after translation into PLN)	-	-
- b1) currency - EUR	-	-
translated into PLN	-	-
- b2) currency - USD	-	-
translated into PLN	-	-
- b3) currency - CHF	-	-
translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total gross long-term receivables	4 106 269	106
Revaluation write-downs	-	-
Total long-term net receivables	4 106 269	106

NOTE 4. CHANGE IN REAL PROPERTY (BY TYPE)

Did not occur.

NOTE 4.1. CHANGE IN INTANGIBLE ASSETS (BY TYPE)

Did not occur.

NOTE 4.2. LONG-TERM FINANCIAL ASSETS

	31 December 2005	31 December 2004
a) in subsidiaries	4 952 134	4 881 428
- shares	4 952 134	4 881 428
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other long-term financial assets (by type)	-	-
-	-	-
b) in co-subsidiaries	38 400	38 400
- shares	38 400	38 400
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other long-term financial assets (by type)	-	-
-	-	-
c) in associated companies	14 076	80 811
- shares	14 076	80 811
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other long-term financial assets (by type)	-	-
-	-	-
d) in major investor	-	-
- shares	-	-
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other long-term financial assets (by type)	-	-
-	-	-
e) in the holding company	-	-
- shares	-	-
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other long-term financial assets (by type)	-	-
-	-	-
f) in other entities	1 646	2 147
- shares	1 646	2 147
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other long-term financial assets (by type)	-	-
-	-	-
Total long-term financial assets	5 006 255	5 002 786

As at 31 December 2005, the agreement DF/33/95 of 25 September 1995 with five subsequent appendices concluded between PGNiG and EuRoPol Gaz S.A. was still binding as regards a loan and guarantee for transit gas pipe system running through Poland. As of 31 December 2005 the loan principal amounted to PLN 223,568.4 thousand (USD 68,551.9 thousand, of which USD 68,551,9 thousand overdue), and interest - to PLN 29,102.2 thousand (USD 8,923.5 thousand). Total revaluation write-down as of the balance sheet date

amounted to PLN 252,670.6 thousand. In the financial statements, the Company presented the loan at net amount of PLN 0.0 thousand under short-term investments.

In 2003, PGNiG S.A. and SGT EuRoPol Gaz S.A. held negotiations on restructuring of debt of SGT EuRoPol Gaz S.A., regarding the debt restructuring method and the method of calculating interest on principal and interest for default. Each interested party interprets provisions of the loan agreement of 25 September 1995 differently.

Due to the above, on 27 February 2004, PGNiG S.A. lodged a claim to the Regional Court in Warsaw, Business Court, Business Division, to recover from SGT EuRoPol Gaz S.A. the equivalent in PLN of USD 8,317.7 thousand of interest for default as of 27 February 2004 together with statutory interest for the period from claim lodge date to the payment date.

At the meeting on 8 March 2004, the Management Board of PGNiG S.A. approved the draft of Annex 5 to Loan Agreement DF/35/95 on restructuring the debt of SGT EuRoPol Gaz S.A. and the Annex was signed on 16 March 2004. Pursuant to the present Annex, the debt is restructured in the amount not exceeding USD 80 million. The final amount of debt will be determined upon court's decision on the method of charging penalty interest and interest on principal, and the loan will be split into 96 equal monthly instalments due on the last business day of each month starting from 31 January 2005. Additionally, by the date of court judgement, interest on principal would be paid as an advance in the end of the month, in the amount corresponding to the equivalent in PLN of USD 580 thousand.

By the date of the present report and pursuant to Annex 5, SGT EuRoPol Gaz S.A. had paid two capital instalments USD 835 thousand each and two interest payments 580 thousand each. The payments are recognized in the above-listed balances.

Due to redemption of portion of shares by the Extraordinary Shareholders' Meeting of PI Gazotech Sp. z o.o., PGNiG S.A. became the majority shareholder in Gazotech on 23 April 2004. As a result of the resolutions adopted at the above Meeting, the Company was called up to an additional contribution to the share capital of PI Gazotech in the amount of PLN 52,000 thousand. The amounts and dates of individual tranche payments as well as additional penalty of 1/4 of called up share capital, in case of delay as well as default interest charged on individual payments have been provided for in the resolution of Extraordinary Meeting of Shareholders no. 8 of 23 April 2004.

On 29 June 2004⁷, at the Extraordinary Shareholders' Meeting of Gazotech Sp. z o.o., a resolution no. 1 was adopted, suspending the contribution payments determined in the resolution no. 8 of 23 April 2004.

As of yet, PGNiG S.A. has not made any tranche payments.

Since PGNiG S.A. did not participate in the Extraordinary Shareholders' Meeting on 23 April 2004, the Company appealed from resolutions passed at that Meeting. The first instance lawsuit lodged by PGNiG S.A. against PI Gazotech Sp. z o.o. was initiated in August 2004.

District Court dismissed the PGNiG S.A. motion by the decision of 2 August 2004. On 28 October 2004, pursuant to the appeal, the Appellate Court changed the court decision and decided to secure the class action by suspending the resolution on contributions in its entirety.

On 19 January 2005, at the Extraordinary Shareholders Meeting of PI Gazotech Sp. z o.o. another resolution was adopted on contributions in total amount of PLN 37,440,000 thousand. In accordance with the current shareholder structure, the PGNiG S.A. share amounts to PLN 25,999,998.0 thousand. On 18 February 2005, PGNiG S.A. lodged a claim to the District Court in Warsaw to revoke the resolution on payments and to order a temporary suspension of the resolution.

On 6 April 2005, PGNiG lodged a claim to the District Court in Warsaw to rule out a legal relation (rule out the existing resolution of the Shareholders Meeting of PI Gazotech Sp. z o.o. of 23 April 2004 on share redemption).

PGNiG S.A. had strong arguments for revocation or suspension of the resolutions in questions:

1. Violation of Article 238 of the Code of Commercial Companies – the resolution issue was not mentioned in the invitation to the Shareholder's Meeting, and not the entire share capital was represented at the Meeting. The argument was sustained by the Appellate Court in the substantiation to the aforementioned decision of 28 October 2004,
2. Violation of Article 9c item 4 of the Articles of Association of Gazotech Sp., i.e. PGNiG S.A. was denied the right to request share buy back by other shareholders before the resolution on payments has been adopted,
3. Violation of Article 20 of Code of Commercial Companies – resolutions on payments violate the principle of equal shareholder treatment, since the charges are not commensurable to the number of votes present at the Shareholders Meeting. In accordance with the above rule, provisions of the Articles of Association of Gazotech Sp. z o.o. regarding preference of votes of FK ABIT-INVEST S.A. are also illegal.
4. The resolutions violate good practices and have been adopted to the detriment of PGNiG S.A.

On 7 March 2006, District Court in Warsaw, XX Business Division, dismissed the claim of the Company as regards revocation of the resolutions, thus confirming the claim of PI Gazotech Sp. z o.o. requesting payment from PGNiG S.A. In such situation, the Company had to appeal and to file for cassation to the Supreme Court (in case of unfavorable appeal decision).

Due to the above, the Company assessed as probable the risk that resolutions PI Gazotech Sp. z o.o.'s Shareholders Meeting be executed. Due to the above, in the financial statements

for 2005, the Company recognized both liability to and receivables from PI Gazotech Sp. z o.o. in the amount of PLN 84,552.0 thousand and created a provision for potential expenses in the amount of PLN 924,0 thousand due to default on payments in accordance with the payment schedule. Since the receivable amount of PLN 84,552.0 thousand is recognized as the investment in Gazotech, and since as of the financial statements date, PGNiG S.A. had not have financial statements or long-term financial plan of Gazotech, a permanent impairment write-down was created in the amount of PLN 84,552.0 thousand, in accordance with the prudence principle. The increased write-down amount of PLN 82,472.0 thousand decreased the profit of 2005.

NOTE 4.3. CHANGE IN GOODWILL – SUBSIDIARIES

Did not occur.

NOTE 4.4. CHANGE IN GOODWILL –CO-SUBSIDIARIES

Did not occur.

NOTE 4.5. CHANGE IN GOODWILL – ASSOCIATED ENTITIES

Did not occur.

NOTE 4.6. CHANGE IN NEGATIVE GOODWILL – SUBSIDIARIES

Did not occur.

NOTE 4.7. CHANGE IN NEGATIVE GOODWILL –CO-SUBSIDIARIES

Did not occur.

NOTE 4.8. CHANGE IN NEGATIVE GOODWILL – ASSOCIATED ENTITIES

Did not occur.

NOTE 4.9. CHANGE IN LONG-TERM FINANCIAL ASSETS (BY TYPE)

	31 December 2005	31 December 2004
Opening balance of long-term investments (I+II+III+IV)	5 002 791	4 423 526
I. Shares in related parties		
a) opening balance	5 000 639	4 337 537
b) increases (due to)	51 910	702 055
- purchase of shares	37 190	353 407
- decrease in revaluation write-down	14 003	-
- reclassification from other companies to related parties	-	-
- reclassification of shares from short-term item to long-term item	-	348 649
- revaluation of shares	717	-
- revaluation	-	-
c) decreases, due to:	47 940	38 953
- disposal of shares	38 980	-
- increase in revaluation write-down	6 915	-
- reclassification from related parties to other companies	1 360	369
- reclassification of shares from long-term portion to short-term portion	-	-
- revaluation of shares	685	-
- revaluation	-	38 584
d) closing balance	5 004 609	5 000 639
II. Shares in other entities		
a) opening balance	2 147	4 169
b) increases (due to)	1 360	123
- purchase of shares	-	103
- decrease in revaluation write-down	-	-
- reclassification from related parties to other companies	1 360	-
- reclassification of shares from short-term item to long-term item	-	-
- revaluation of shares	-	-
- revaluation	-	20
c) decreases, due to:	1 861	2 146
- disposal of shares	-	1 170
- increase in revaluation write-down	1 861	169
- reclassification from other companies to related parties	-	-
- reclassification of shares from long-term portion to short-term portion	-	807
- revaluation of shares	-	-
- revaluation	-	-
d) closing balance	1 646	2 147
III. Loans granted to related parties		
a) opening balance	-	81 820
b) increases (due to)	30 751	-
- granting a loan	17 542	-
- decrease in revaluation write-down	-	-
- reclassification from short-term portion to long-term portion	12 990	-
- revaluation	220	-
- revaluation of loan	-	-
c) decreases, due to:	30 751	81 820
- revaluation	220	181
- increase in revaluation write-down	30 531	-
- revaluation of loan	-	-
- reclassification of due portion of the loan to short-term investments	-	56 639
- repayment	-	25 000
d) closing balance	-	-
IV. Other long-term investments	6	5
Closing balance of long-term investments (I+II+III+IV)	5 006 261	5 002 791

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

NOTE 4.10 SHARES IN CONTROLLED ENTITIES

a	b	c	d	e	f	g	h	i	j	k	l
name and legal form of the entity	registered office	core business:	relationship	applied consolidation method	date of taking over control/joint control/obtaining significant influence	value of shares at purchase cost.	revaluation adjustments (total)	carrying value of shares	percentage of the share capital held	share in the total number of votes at the general meeting	Other basis of control/joint-control/significant influence
Karpacka Spółka Gazownictwa Sp. z o.o.	Tarnów	Operation of low and medium pressure gas networks and transmission networks, non-tank underground gas storage, domestic and foreign trade within the Company's core business, machine and gas installation design, production, build and repair, import and export of gases, crude oil, other products, as well as other goods and services, producing electric energy and gas-powered heat, as well as trade and transfer and distribution of media, providing services to natural persons and economic entities in terms of gas industry, carrying out research and studies within the Company's core business, providing services in the area of building industry, handling geodesic works within the Company's core business.	subsidiary	consolidated	2000-12-22	1 570 832	297 829	1 273 003	100.00%	100.00%	-
Gornośląska Spółka Gazownictwa Sp. z o.o.	Zabrze	see above	subsidiary	consolidated	2000-12-22	1 288 403	180 308	1 108 095	100.00%	100.00%	-
Mazowiecka Spółka Gazownictwa Sp. z o.o.	Warsaw	see above	subsidiary	consolidated	2000-12-22	999 634	311 226	688 408	100.00%	100.00%	-
Wielkopolska Spółka Gazownictwa Sp. z o.o.	Poznań	see above	subsidiary	consolidated	2000-12-22	864 071	289 056	575 015	100.00%	100.00%	-
Pomorska Spółka Gazownictwa Sp. z o.o.	Gdańsk	see above	subsidiary	consolidated	2002-12-11	563 031	150 512	412 519	100.00%	100.00%	-
Dolnośląska Spółka Gazownictwa Sp. z o.o.	Wrocław	see above	subsidiary	consolidated	2002-12-11	552 762	100 256	452 506	100.00%	100.00%	-
PNiG Jasło Sp. z o.o.	Jasło	Exploration and drillings for minerals, mostly crude oil and natural gas, bore-holes: for exploitation, research, appraisal, exploration as well as geological, hydro geological, geothermal, freezing, bore-holes for the purpose of underground hydrocarbon and polluting waste storage, reconstruction and liquidation of bore-holes, services related to environmental protection and land reclamation after excavation and drilling works	subsidiary	consolidated	1998-04-06	100 000	4 683	95 317	100.00%	100.00%	-
PNiG Kraków Sp. z o.o.	Kraków	Geological drillings, for exploration and exploitation purposes aimed at confirmation of natural gas, crude oil and other natural deposits as well as other useful minerals, as well as reconstruction of bore-holes, services related to drillings, their sampling and exploitation, hydrological, geothermal drilling, as well as specialised drilling for mining industry, rescue and other.	subsidiary	consolidated	1998-04-06	98 850	9 664	89 186	100.00%	100.00%	-
PN Diament Sp. z o.o.	Zielona Góra	Handling drilling works, exploring and managing minerals, management, land reclamation and exploitation of excavation areas, work related to drilling of wells, building and installation services.	subsidiary	consolidated	1998-04-06	62 000	6 393	55 607	100.00%	100.00%	-
PNiG Piła Sp. z o.o.	Piła	Exploration for crude oil and natural gas deposits, particularly programming, designing, making and documenting drillings for research, recognition, exploration and exploitation upon request of	subsidiary	consolidated	1998-04-06	60 000	6 178	53 822	100.00%	100.00%	-

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

		domestic and foreign investors, drillings for exploration and exploitation of other minerals, providing specialised services in terms of drillings, programming, designing, making and documenting hydrological, geothermal and well drillings.									
BUG Gazobudowa Sp. z o.o.	Zabrze	Designing, building and repairing pipelines, oil mining and gas devices and equipment, installation and commissioning of oil mining and gas devices and equipment, installation and commissioning of installations for measuring and tests as well as telemetry.	subsidiary	consolidated	1998-03-16	39 220	26 438	12 782	100.00%	100.00%	-
Geofizyka Kraków Sp. z o.o.	Krakow	Programming, designing, making and documenting studies related to geophysics, preparation and interpretation of data from geophysical tests, handling of blaster and drilling works, technical designing and making treatments as well as specialised work in bore-holes, export of the above services, import of technologies, equipment, machinery and materials necessary to perform the above services.	subsidiary	consolidated	1998-04-06	34 400	5 427	28 973	100.00%	100.00%	-
Geofizyka Toruń Sp. z o.o.	Toruń	Design and execution of field works, processing and interpretation of surface and drilling geophysics for deposit and water exploration, public gas and mining services, design, execution and interpretation of shallow geophysical research for hydro geological, geophysical, engineering, geotechnical, environmental, archaeological and other purposes, execution of cathodic protection with design and build, geological-drilling works.	subsidiary	consolidated	1998-04-06	33 000	7 255	25 745	100.00%	100.00%	-
BN NAFTOMONTAŻ Sp. z o.o.	Krosno	General construction and civil engineering, specialized construction works, rental of building and branch plant and equipment and operator service.	subsidiary	consolidated	1998-03-16	39 751	39 751	-	88.83%	88.83%	-
ZUN Naftomet Sp. z o.o.	Krosno	Manufacture of mining and building plant and equipment, production of taps and valves, bearings and gear wheels, gear transmission and driving elements and mechanical tools	subsidiary	consolidated	1998-03-16	23 500	10 812	12 688	100.00%	100.00%	-
ZRUG Pogórska Wola Sp. z o.o.	Pogórska Wola	Repair, renovation and construction of gas infrastructure, construction of new gas infrastructure, engineering works for gas sector.	subsidiary	unconsolidated	1998-08-14	4 300	3 129	1 171	100.00%	100.00%	-
PGNiG Finance B.V.	Amsterdam (Holland)	Financial activity (intermediation).	subsidiary	consolidated	2001-09-14	77	-	77	100.00%	100.00%	-
Górnictwo Naftowe Sp. z o.o.	Warsaw	Searching, managing and exploitation of crude oil and natural gas deposits, geology, surface and drilling geophysics, searching for minerals and water and handling their exploitation, intensification, exploration, deposit tests as well as liquidation of bore-holes, storage of waste, environmental protection, designing, manufacturing, building of machines, devices and installations for producing, transferring and distributing, export of gases, crude oil, their processing, as well as other products and services, producing electric energy and gas heating, as well as trade, transfer and distribution of that media, mining rescuing, tests and studies related the Company's core business, bore-holes: for research, exploration, recognition and exploitation, as well as for geological, hydrological, geothermal, freezing purposes, bore-holes for the purpose of underground storage of carbon and storage of environment pollutant waste. research, exploration, recognition and exploitation, as well as for geological, hydrological, geothermal, freezing purposes, bore-holes for the purpose of underground storage of carbon and storage of environment pollutant waste.	subsidiary	unconsolidated	2000-12-22	50	-	50	100.00%	100.00%	-
Geovita Sp. z o.o.	Warsaw	Hotels, restaurants, sales of alcohol products, pharmaceuticals, tobacco products, travel offices, advertising, primary education, hospitals, paramedics	subsidiary	consolidated	2003-04-09	86 139	19 001	67 138	100.00%	100.00%	-
BUD - GAZ Sp. z o.o.	Warsaw	Construction and exploitation of gas networks and installations, construction of plastic pipelines, chemical analyses, including	subsidiary	unconsolidated	1989-03-21	28	-	28	100.00%	100.00%	-

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

		analysis of gas, liquid and solid fuels and their products	ry								
ZRG Krosno Sp. z o.o.	Krosno	services related to exploration of crude oil and natural gas fields, foundation engineering, drilling, well restoration, construction works, construction equipment rental, storage, research and development	subsidiary	consolidated	2005-06-30	26 802	3 727	23 075	100.00%	100.00%	-
BSiPG Gazoprojekt S.A.	Wroclaw	Architectural, engineering design, technical consultations, design of installations for production, storage, transmission and distribution of gas and distribution stations, design of gasification of new areas	subsidiary	consolidated	1995-06-16	3 649	-	3 649	75.00%	75.00%	-
PP-UiH TURGAZ Sp. z o.o.	Krosno	Installation of liquid gas car engine power unit, trade of propane-butane gas and other crude oil products.	subsidiary	unconsolidated	1995-09-08	90	-	90	51.14%	51.14%	-
Nysagaz Sp. z o.o.	Zgorzelec	Modernisation and exploitation of Zgorzelec, Bolesławiec and Wrocław thermal-electric power plants, power supply and production services and trade of power products, in particular electric energy, heat energy, gas and liquid gas.	subsidiary	unconsolidated	2000-10-25	1 887	412	1 475	51.00%	51.00%	-
InterTransGas GmbH	Potsdam	Design, build, operation and sale of gas transmission infrastructure capacity to third parties. Purchase of gas transmission infrastructure for internal purposes. Gas transmission in third-party networks	subsidiary	unconsolidated	2005-07-01	386	-	386	50.00%	50.00%	-
InterGasTrade GmbH	Potsdam	Trade of natural gas in Europe, in particular purchase, sales, transmission and storage of natural gas, also possible trade of liquid gas, electricity and other energy media	subsidiary	unconsolidated	2005-07-02	386	-	386	50.00%	50.00%	-
ZRUG Warszawa S.A.	Warsaw	Gas infrastructure renovation, refurbishment and construction projects, inspection programs for gas infrastructure, construction of new gas infrastructure objects.	associated company	unconsolidated	1999-04-20	2 940	2 940	-	49.00%	49.00%	-
Sahara Petroleum Technology Llc (Sp. z o.o.)	Muskata (Oman)	Exploratory bore holes and crude oil and gas production, bore hole maintenance, spare parts, import-export, commercial and agency services.	associated company	unconsolidated	2000-10-01	615	615	-	49.00%	49.00%	-
INVESTGAS S.A.	Warsaw	Organization and execution of investment works in relation to underground gas storage	associated company	equity method	1993-09-03	245	-	245	49.00%	49.00%	-
SGT EUROPOL GAZ S.A.	Warsaw	Construction and exploitation of gas pipeline systems, particularly: transport of gas through gas pipelines, organisation of investment processes, designing and building gas pipeline systems, building infrastructure necessary for construction and exploitation of gas pipeline systems, assuring complete deliveries of machines, devices and materials, including import, all necessary for construction and exploitation pipelines and related technological facilities and the infrastructure, management and exploitation of gas pipeline systems, associated technological facilities and the infrastructure, providing technical services, as well as services related to advisory, marketing, advertisement and other services related to designing, building and exploitation of gas pipelines, technological facilities and the infrastructure.	associated company	equity method	1993-09-23	38 400	-	38 400	48.00%	48.00%	-
Polskie Elektrownie Gazowe Sp. z o.o.	Warsaw	Production of electric energy and heat energy, mostly of high-methane and nitrated gas; identification, design and execution of investments related to gas usage in gas electric power plants.	associated company	unconsolidated	2000-11-14	1 212	-	1 212	48.48%	48.48%	-
PFK Gaskon S.A.	Warsaw	Organization and execution of capital investments, brokerage or financing of machine, plant, raw materials and services purchase.	associated	unconsolidated	1992-11-10	8 000	2 875	5 125	45.94%	45.94%	-

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

			compan y								
Gazomontaż S.A.	Wołomin	Construction and repair of pipelines in respect to diameters and pressure, steelwork.	associat ed compan y	unconsolidated	1995-08-24	468	-	468	45.18%	45.18%	-
Gas Trading S.A.	Warsaw	Consumer goods trade, import-export brokerage, construction, renovation and modernization of power stations and thermal-electric power stations, in particular powered by natural gas, participation in inter-stock exchange transactions, investment processes, design of industrial objects, construction and exploitation of other power objects, including gas pipelines	associat ed compan y	equity method	1992-12-04	1 291	-	1 291	43.41%	43.41%	-
ZRUG Poznań Sp. z o.o.	Poznań	Manufacturing, services and trade, repair and construction works in the gas industry.	associat ed compan y	unconsolidated	1993-12-21	1 515	-	1 515	40.08%	41.74%	-
ZWUG Intergaz Sp. z o.o.	Tarnowski e Góry	Production of gas meters, gas equipment and instrumentation	associat ed compan y	unconsolidated	1990-12-19	1 800	-	1 800	38.30%	38.30%	-
Dewon S.A.	Kiev (Ukraine)	Implementation of projects and other types of activity in which shareholders actively participate; production of crude oil, natural gas and condensate in the Ukraine; participation in other types of activities related to the oil-gas industry, including transport, reprocessing, preparation and supply of crude oil and natural gas, as well as reprocessed products, participation in all types of commercial operations related to the above activities, export and import of goods and services, their delivery to the territory of other countries, including sales for convertible currencies.	associat ed compan y	unconsolidated	1999-11-17	2 622	2 622	-	36.38%	36.38%	-
HS Szczakowa S.A.	Jaworzno	Manufacture and glass panel forming and working, production of blown glass and glass fibre, production and processing of other glass types (including technical glass), trade and commercial activity related to the above.	associat ed compan y	unconsolidated	1994-06-30	14 137	14 137	-	33.30%	33.30%	-
ZRUG Toruń S.A.	Toruń	Construction, modernisation and repair of gas infrastructure and engineering facilities as well as trade and tangible and intangible services.	associat ed compan y	unconsolidated	1998-04-22	1 300	1 300	-	31.33%	31.33%	-
MED-FROZ S.A.	Wrocław	Multibranch services, production, trade and construction as well as design services, in particular: medical services, wholesale and retail sale of pharmaceutical products and health care and protection products, production, cooperation and trade as well as medical equipment, instruments and environmental protection technical services.	associat ed compan y	unconsolidated	1991-06-19	35	35	-	23.07%	23.07%	-
ZRUG Zabrze Sp. z o.o.	Zabrze	Realisation of repair programs, renovation and construction of gas infrastructure, gas infrastructure inspection programs, construction of new gas infrastructure facilities and auxiliary production of necessary elements of gas equipment.	associat ed compan y	unconsolidated	1998-08-14	600	231	369	21.82%	21.82%	-
WOC TE-MA Sp. z o.o.	Terespol	Sales, service and repair of motor vehicles, retail sale of engine fuels.	associat ed compan y	unconsolidated	1989-07-21	55	55	-	20.97%	20.97%	-
TENET - 7 Sp. z o.o. (former Grespol - 7	Warsaw	Fixed telephony, mobile telephony, data transmission and IT, other telecommunication services, general construction works of line	related party	unconsolidated	1998-03-16	5	-	5	10.00%	10.00%	half of members

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

Sp. z o.o.)		objects: pipelines, power lines and local-telecommunication lines, production of insulated wire and cables, technical research and analyses									of the supervisor y board
Total						6 528 488	1 496 868	5 031 620			

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

NOTE 4.10 SHARES IN CONTROLLED ENTITIES CONT.

a	m						n		
	Equity of the entity, including:						Liabilities and provisions for liabilities of the entity, including:		
	Total	Share capital	Supplementary capital	Other equity, including:				Long-term liabilities	Short-term liabilities
name and legal form of the entity					Previous year profit (loss)	Net profit (loss)			
Karpacka Spółka Gazownictwa Sp. z o. o.	1 639 874	1 570 832	3 437	65 605	-	65 605	293 634	-	198 680
Gornośląska Spółka Gazownictwa Sp. z o.o.	1 293 507	1 288 403	-	5 104	(21 053)	26 157	256 440	-	193 497
Mazowiecka Spółka Gazownictwa Sp. z o.o.	1 061 801	999 634	5 793	56 374	-	56 374	353 000	-	187 568
Wielkopolska Spółka Gazownictwa Sp. z o.o.	871 650	864 071	-	7 579	(3 554)	11 133	302 460	1 486	223 892
Pomorska Spółka Gazownictwa Sp. z o.o.	582 358	563 031	-	19 327	(1)	19 328	182 121	-	121 020
Dolnośląska Spółka Gazownictwa Sp. z.o.o.	568 257	552 762	5 985	9 510	-	9 510	196 305	102	152 599
PNiG Jasło Sp. z o.o.	101 554	100 000	1 454	100	-	98	39 195	-	28 756
PNiG Kraków Sp. z o.o.	86 972	98 850	-	(11 878)	(6 644)	8 778	106 348	5 570	84 225
PN Diament Sp. z o.o.	64 761	62 000	318	2 443	-	2 443	17 381	-	8 584
PNiG Pila Sp. z o.o.	58 821	60 000	-	(1 179)	(4 321)	2 605	39 089	24	21 774
BUG Gazobudowa Sp. z o.o.	13 885	39 220	-	(25 335)	(25 804)	478	36 200	-	28 317
Geofizyka Kraków Sp. z o.o.	30 850	34 400	-	(3 550)	(4 585)	1 117	84 848	20 978	48 590
Geofizyka Toruń Sp. z o.o.	29 567	33 000	-	(3 433)	(5 497)	2 064	95 933	25 488	60 072
BN NAFTOMONTAŻ Sp. z o.o.	9 041	44 751	-	(35 710)	(44 929)	79	33 756	17 552	12 687
ZUN Naftomet Sp. z o.o.	12 688	23 500	-	(10 812)	(7 995)	(2 817)	8 088	-	3 097
ZRUG Pogórska Wola Sp. z o.o.	6 024	4 300	233	1 491	(150)	241	10 286	329	9 111
PGNiG Finance B.V.	4 354	76	-	4 278	5 068	(399)	66	-	66
Górnictwo Naftowe Sp. z o. o.	52	50	1	1	-	1	-	-	-
Geovita Sp. z o.o.	84 372	86 139	33	(1 800)	-	(1 800)	4 025	-	2 348
BUD - GAZ Sp. z o.o.	163	52	17	94	-	43	2 228	-	1 993
ZRG Krosno Sp. z o.o.	31 482	26 802	-	4 680	-	4 680	13 937	-	7 786
BSiPG Gazoprojekt S.A.	21 984	4 000	4 170	13 814	296	476	11 672	-	6 188
PP-UiH TURGAZ Sp. z o.o.	811	176	88	547	-	7	-	-	97
Nysagaz Sp. z o.o.	no data	no data	no data	no data	no data	(149)	32	6	26
InterTransGas GmbH	no data	no data	no data	no data	no data	no data	no data	no data	no data
InterGasTrade GmbH	no data	no data	no data	no data	no data	no data	no data	no data	no data
ZRUG Warszawa S.A.	6 000	6 000	-	-	-	-	6 628	-	6 628
Sahara Petroleum Technology Llc (Sp. z o.o.)	no data	RO 150 000	no data	no data	no data	no data	no data	no data	no data
INVESTGAS S.A.	9 397	500	7 689	1 208	-	1 208	11 192	29	3 205
SGT EUROPOL GAZ S.A.	2 914 630	80 000	259 917	2 574 713	-	204 987	3 890 571	3 178 374	460 853
Polskie Elektrownie Gazowe Sp. z o.o.	2 040	2 500	300	(760)	(542)	(218)	326	-	319
PFK Gaskon S.A.	no data	no data	no data	-	no data	no data	no data	no data	no data
Gazomontaż S.A.	no data	no data	no data	1 245	no data	1 245	22 902	36	18 675
Gas Trading S.A.	44 242	2 975	39 572	1 695	-	1 694	6 152	-	5 682
ZRUG Poznań Sp. z o.o.	13 083	3 782	4 593	4 708	(159)	1 214	6 981	90	6 341
ZWUG Intergaz Sp. z o.o.	no data	no data	no data	no data	no data	1 590	-	-	676
Dewon S.A.	(833)	7 410	41	(8 284)	(9 717)	1 433	22 699	8 808	13 891
HS Szczakowa S.A.	no data	no data	no data	-	no data	no data	no data	no data	no data
ZRUG Toruń S.A.	no data	no data	no data	no data	no data	562	6 255	254	5 349
MED-FROZ S.A.	no data	no data	no data	no data	no data	604	18 082	4 245	13 599
ZRUG Zabrze Sp. z o.o.	no data	no data	no data	no data	no data	543	4 847	-	4 649
WOC TE-MA Sp. z o.o.	(531)	1 852	-	(2 383)	(2 209)	(174)	2 151	-	2 151
TENET - 7 Sp. z o.o. (former Grespol 7 Sp. z o.o.)	1 500	50	933	517	-	517	84	-	84
Total									

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

NOTE 4.10 SHARES IN CONTROLLED ENTITIES CONT.

a	o			p	r	s	T
name and legal form of the entity	receivables of the entity			total assets of the entity	Sales revenues	value of shares in the entity not covered by the issuer	Dividends received or due from the entity for the last financial year
	total	long-term	short-term				
Karpacka Spółka Gazownictwa Sp. z o. o.	254 670	141	254 529	1 933 508	1 735 055	-	40 633
Gornośląska Spółka Gazownictwa Sp. z o.o.	242 713	-	242 713	1 549 947	1 284 498	-	-
Mazowiecka Spółka Gazownictwa Sp. z o.o.	340 189	-	340 189	1 414 801	1 643 084	-	58 333
Wielkopolska Spółka Gazownictwa Sp. z o.o.	245 931	203	245 728	1 174 111	1 229 381	-	-
Pomorska Spółka Gazownictwa Sp. z o.o.	154 025	-	154 025	764 479	814 977	-	-
Dolnośląska Spółka Gazownictwa Sp. z.o.o.	137 375	-	137 375	764 562	811 619	-	-
PNiG Jasło Sp. z o.o.	26 946	103	26 843	140 748	157 825	-	-
PNiG Kraków Sp. z o.o.	54 332	73	54 259	193 319	227 838	-	-
PN Diament Sp. z o.o.	19 855	-	19 855	82 142	94 480	-	368
PNiG Piła Sp. z o.o.	19 008	-	19 008	97 909	169 379	-	-
BUG Gazobudowa Sp. z o.o.	22 944	-	22 944	50 085	126 658	-	-
Geofizyka Kraków Sp. z o.o.	34 652	55	34 597	115 697	131 936	-	-
Geofizyka Toruń Sp. z o.o.	47 548	497	47 051	125 499	231 340	-	-
BN NAFTOMONTAŻ Sp. z o.o.	11 907	76	11 831	42 797	58 900	-	-
ZUN Naftomet Sp. z o.o.	2 087	-	2 087	20 776	26 647	-	-
ZRUG Pogórska Wola Sp. z o.o.	8 546	163	8 383	17 469	45 606	-	-
PGNiG Finance B.V.	709	-	709	4 420	-	-	-
Górnictwo Naftowe Sp. z o. o.	-	-	-	51	-	-	-
Geovita Sp. z o.o.	1 503	-	1 503	88 398	26 753	-	-
BUD - GAZ Sp. z o.o.	1 707	-	1 707	2 391	no data	-	-
ZRG Krosno Sp. z o.o.	12 310	-	12 310	45 418	38 809	-	-
BSiPG Gazoprojekt S.A.	6 220	-	6 220	33 657	23 333	-	186
PP-UiH TURGAZ Sp. z o.o.	86	-	86	1 492	2 780	no data	-
Nysagaz Sp. z o.o.	131	-	131	2 854	160	-	-
InterTransGas GmbH	no data	no data	no data	no data	no data	no data	-
InterGasTrade GmbH	no data	no data	no data	no data	no data	no data	-
ZRUG Warszawa S.A.	-	-	-	-	-	no data	-
Sahara Petroleum Technology Llc (Sp. z o.o.)	no data	no data	no data	no data	no data	no data	-
INVESTGAS S.A.	5 239	-	5 239	20 589	28 352	-	387
SGT EUROPOL GAZ S.A.	176 674	-	176 674	6 805 570	1 497 862	-	-
Polskie Elektrownie Gazowe Sp. z o.o.	232	-	232	2 366	841	-	-
PFK Gaskon S.A.	no data	no data	no data	no data	no data	no data	-
Gazomontaż S.A.	8 751	-	8 751	39 768	48 023	no data	-
Gas Trading S.A.	9 728	-	9 728	50 395	68 705	-	174
ZRUG Poznań Sp. z o.o.	8 421	81	8 339	20 064	31 192	-	43
ZWUG Intergaz Sp. z o.o.	2 530	-	2 530	19 861	26 650	no data	662
Dewon S.A.	no data	no data	no data	37 054	no data	no data	-
HS Szczakowa S.A.	no data	no data	no data	no data	no data	no data	-
ZRUG Toruń S.A.	5 128	-	5 128	8 671	9 777	no data	-
MED-FROZ S.A.	11 741	-	11 741	28 261	25 245	no data	-
ZRUG Zabrze Sp. z o.o.	5 963	-	5 963	7 475	12 705	no data	-
WOC TE-MA Sp. z o.o.	-	-	-	1 619	-	-	-
TENET - 7 Sp. z o.o. (former Grespol 7 Sp. z o.o.)	227	-	227	1 584	2 077	no data	-
Total							100 786

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

NOTE 4.11 SHARES IN OTHER ENTITIES

a	b	c	d	e		f	g	h	i
name and legal form of the entity	registered office	core business:	carrying value of shares	equity of the entity		percentage of the share capital held	share in the total number of votes at the general meeting	value of shares in the entity not covered by the issuer	dividends received or due from the entity for the last financial year (for 2003 paid in 2004)
				total*	including share capital**				
PI GAZOTECH Sp. z o.o.**		Production, trade and services, including consulting, organizational, design, construction and installation services related to gas distribution and heating equipment	-	19 457 061	1 203 800	69,44%	46,30%	-	-
Zakład Remontowy Urządzeń Gaz. Wrocław sp. z o.o.*	Wrocław	no data	-	(2 448)	1 700	15.88%	15.88%	-	-
Polski Serwis Płynów Wiertniczych sp z o.o. ****	Krosno	no data	35	5 366	no data	14.00%	14.00%	-	8
Polskie Konsorcjum Energetyczne sp. z o.o.***	Gdańsk	no data	-	334	100	9.50%	9.50%	-	-
Agencja Rynku Energii S.A.*	Warsaw	no data	28	3 677	1 376	7.27%	11.60%	-	8
Izostal S.A.*****	Zawadzkie	no data	-	12 573	22 488	6.05%	6.05%	-	-
Zakłady Metalowe DEZAMET S.A.****	Nowa Dęba	no data	-	34 695	no data	2.67%	2.67%	-	-
Agencja Rozwoju Regionalnego "Karpaty" S.A.****	Tarnów	no data	-	556	no data	1.96%	1.96%	-	-
Huta Stalowa Wola S.A.****	Stalowa Wola	no data	1 010	142 774	267 126	1.63%	1.63%	-	-
HSW - Zakład Kuźnia Matrycowa Sp.z o.o.**	Stalowa Wola	no data	570	35 856	38 198	1.49%	1.49%	-	-
Agencja Rozwoju Pomorza S.A.***	Gdańsk	no data	-	22 524	no data	0.77%	0.80%	-	-
AUTOSAN S.A.****	Sanok	no data	-	39 963	38 842	0.06%	0.06%	-	-
Jarlan S.A. in bankruptcy		no data	-	no data	no data	4.24%	4.24%	-	-
HSW -Zakłady Mechaniczne Sp. z o.o.	Stalowa Wola	no data	-	no data	no data	5.37%	5.37%	-	-
PZUO WARMA S.A.		no data	-	no data	no data	0.16%	0.16%	-	-
Walcownia Rur Huty Jedność Sp. z o.o.	Siemianowice Śląskie	no data	-	no data	no data	8.30%	8.30%	-	-
Spółdzielnia Mieszkaniowa TWÓJ DOM		no data	-	no data	no data	-	-	-	-
Spółdzielnia "Naftowa"		no data	-	no data	no data	-	-	-	-
Spółdzielnia Mieszkaniowa ENERGETYKA		no data	-	no data	no data	-	-	-	-
Housing cooperatives	Zielona Góra	no data	3	no data	no data	-	-	-	-
GAZSTAL S.A.(Company sold, presentation due to dividend)	Zielona Góra	Domestic and foreign wholesale and retail trade of metallurgic and metal products, machines and equipment, as well as other industrial products	-	no data	no data	-	-	-	160
Total			1 646						176

*Equity as of 30 June 2005

** Equity as of 31 December 2004

*** Equity as of 31 December 2005

****Equity F-01 fourth quarter 2005

*****Balance as of 31 December 2005

NOTE 4.12. SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	6 442 127	6 444 723
b) in foreign currencies (by currency and after translation into PLN)	4 086	3 247
- b1) currency - EUR	220	20
translated into PLN	849	76
- b2) currency – UAH*	4 055	4 055
translated into PLN	2 622	2 292
- b3) currency – OMR*	74	74
translated into PLN	615	879
c) other currencies translated into PLN	-	-
Total gross in PLN	6 446 213	6 447 970
Revaluation write-down	1 439 958	1 445 184
Total net in PLN	5 006 255	5 002 786

*UAH - hrywna (Ukraine), OMR - rial (Oman)

NOTE 4.13. SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (BY MARKETABILITY)

	31 December 2005	31 December 2004
A. with unlimited marketability, listed (carrying value)	-	536
a) shares (carrying value):	-	536
- revaluation adjustments (for the period)	(536)	-
- opening balance	536	536
- value at purchase cost	-	536
b) bonds (carrying value)	-	-
c) other – by type (carrying value):	-	-
B. with unlimited marketability, listed on OTC market (carrying value)	-	-
C. With unlimited marketability, not listed on a regulated market (carrying value)	5 006 252	5 002 247
a) shares (carrying value):	5 006 252	5 002 247
- revaluation adjustments (for the period)	(4 006)	49 412
- opening balance	5 002 246	5 736 938
- value at purchase cost	6 446 206	6 447 430
b) bonds (carrying value):	-	-
c) other – by type (carrying value):	-	-
D. With limited marketability (carrying value)	3	3
Total value at purchase cost	6 446 210	6 447 966
Total opening balance	5 002 786	5 737 474
Total revaluation adjustments (for the period)	(4 542)	49 412
Total carrying value	5 006 255	5 002 786

NOTE 4.14. ORIGINATED LONG-TERM LOANS (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	17 542	-
b) in foreign currencies (by currency and after translation into PLN)	12 989	-
- b1) currency - EUR	-	-
- translated into PLN	-	-
- b2) currency - USD	3 983	-
- translated into PLN	12 989	-
- b3) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total originated gross long-term loans	30 531	-
Revaluation write-down	30 531	-
Total originated net long-term loans granted	-	-

NOTE 4.15. OTHER LONG-TERM INVESTMENTS (BY TYPE)

	31 December 2005	31 December 2004
- With limited disposability	6	5
Other long-term investments in total	6	5

NOTE 4.16. CHANGE IN OTHER LONG-TERM INVESTMENTS (BY TYPE)

	31 December 2005	31 December 2004
a) opening balance	5	7
b) increases (due to)	1	-
- revaluation	1	-
- reclassification from inventory	-	-
c) decreases, due to:	-	2
- revaluation	-	2
d) closing balance	6	5

NOTE 4.17. OTHER LONG-TERM INVESTMENTS (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	-	-
b) in foreign currencies (by currency and after translation into PLN)	6	5
- b1) currency - EUR	-	-
- translated into PLN	-	-
- b2) currency - USD	2	2
- translated into PLN	6	5
- b3) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total other gross long-term investments	6	5
Revaluation write-down	-	-
Other long-term net investments in total	6	5

NOTE 5. CHANGE IN THE BALANCE OF DEFERRED TAX ASSETS

	31 December 2005	31 December 2004
1. Opening balance of deferred tax assets, including:	394 279	472 742
<i>a) charged to financial result</i>	<i>394 279</i>	<i>472 742</i>
Provisions due to payment of pension allowances	21 360	25 444
Provisions due to payment of retirement severance and jubilee bonuses	17 327	17 929
Provision for the valuation of forward transactions	45 257	16 917
Provision for payment of termination benefits	-	325
Provision for reclamation of wells	102 340	103 189
Provision for gas pitch	-	-
Revaluation write-downs on fixed assets	56 024	25 929
Revaluation write-down on shares	26 354	36 962
Revaluation write-downs on interest on loans	7 193	6 879
Exchange losses from valuation of credits from previous years	57 333	159 351
Provision for unused vacation	950	971
Accrued interest on loans and liabilities	1 315	1 489
Expenses related to transactions hedging against FX and interest rate risk	10 781	38 156
Revaluation write-downs on receivables	26 924	26 287
Exchange losses from revaluation of cash in foreign currencies	476	30
Other	20 645	12 884
2. Increases	6 001	70 512
<i>a) charged to financial result of the period due to increase in negative temporary differences (basis)</i>	<i>6 001</i>	<i>70 512</i>
Provisions due to payment of pension allowances	-	-
Provisions due to payment of retirement severance and jubilee bonuses	-	120
Provision for the valuation of forward transactions	-	28 340
Provision for payment of termination benefits	1 088	-
Provision for reclamation of wells	2 837	472
Provision for gas pitch	722	-
Revaluation write-downs on fixed assets	-	30 567
Revaluation write-down on shares	807	-
Revaluation write-downs on interest on loans	(7 193)	314
Exchange losses from valuation of credits from previous years	-	-
Provision for unused vacation	-	17
Accrued interest on loans and liabilities	272	-
Expenses related to transactions hedging against FX and interest rate risk	-	-
Revaluation write-downs on receivables	-	637
Exchange losses from revaluation of cash in foreign currencies	-	446
Selling costs (tax-deductible costs in the following month)	-	-
other	7 467	9 599
Asset transferred by gas companies	-	-
<i>b) charged to financial result of the current period due a change in the rate (basis)</i>	<i>-</i>	<i>-</i>
<i>c) charged to financial result of the period – deferred tax not recognised in the previous period (basis)</i>	<i>-</i>	<i>-</i>
Other	-	-
3. Decreases	110 586	148 691
<i>a) charged to financial result of the period due to decrease in negative temporary differences (basis)</i>	<i>110 586</i>	<i>148 691</i>
Provisions due to payment of pension allowances	1 851	4 084
Provisions due to payment of retirement severance and jubilee bonuses	4 628	450
Provision for the valuation of forward transactions	12 354	-
Provision for payment of termination benefits	-	325
Provision for reclamation of wells	-	1 321
Provision for gas pitch	-	-
Revaluation write-downs on fixed assets	(1 215)	472
Revaluation write-down on shares	-	10 608
Revaluation write-downs on interest on loans	-	-
Exchange losses from valuation of credits from previous years	53 763	102 018
Provision for unused vacation	461	26
Accrued interest on loans and liabilities	-	174
Expenses related to transactions hedging against FX and interest rate risk	6 858	27 375
Revaluation write-downs on receivables	26 924	-
Exchange losses from revaluation of cash in foreign currencies	472	-
Revaluation write-downs on doubtful receivables	-	-
Other	4 490	1 838

NOTE 5. CHANGE IN THE BALANCE OF DEFERRED TAX ASSETS CONT.

<i>b) charged to financial result of the current period due a change in the rate (basis)</i>	-	-
Provisions due to payment of pension allowances	-	-
Provisions due to payment of retirement severance and jubilee bonuses	-	-
Provision for the valuation of forward transactions	-	-
Provision for payment of termination benefits	-	-
Provision for reclamation of wells	-	-
Provision for gas pitch	-	-
Revaluation write-downs on fixed assets	-	-
Revaluation write-down on shares	-	-
Revaluation write-downs on interest on loans	-	-
Exchange losses from valuation of credits from previous years	-	-
Provision for unused vacation	-	-
Accrued interest on loans and liabilities	-	-
Expenses related to transactions hedging against FX and interest rate risk	-	-
Revaluation write-downs on receivables	-	-
Exchange losses from revaluation of cash in foreign currencies	-	-
Other	-	-
4. Decreases, due to contribution in kind	1 339	284
Provisions due to payment of pension allowances	-	-
Provisions due to payment of retirement severance and jubilee bonuses	1 111	272
Provision for the valuation of forward transactions	-	-
Provision for payment of termination benefits	-	-
Provision for reclamation of wells	-	-
Provision for gas pitch	-	-
Revaluation write-downs on fixed assets	-	-
Revaluation write-down on shares	-	-
Revaluation write-downs on interest on loans	-	-
Exchange losses from valuation of credits from previous years	-	-
Provision for unused vacation	5	12
Accrued interest on loans and liabilities	-	-
Expenses related to transactions hedging against FX and interest rate risk	-	-
Revaluation write-downs on receivables	-	-
Exchange losses from revaluation of cash in foreign currencies	3	-
Other	220	-
5. Decreases due to release of assets arising from their unrealisability	-	-
Provisions due to payment of retirement severance and jubilee bonuses	-	-
6. Closing balance of total deferred tax assets, including:	288 355	394 279
<i>a) charged to financial result</i>	<i>288 354</i>	<i>394 279</i>
Provisions due to payment of pension allowances	19 509	21 360
Provisions due to payment of retirement severance and jubilee bonuses	11 588	17 327
Provision for the valuation of forward transactions	32 903	45 257
Provision for payment of termination benefits	1 088	-
Provision for reclamation of wells	105 177	102 340
Provision for gas pitch	722	-
Revaluation write-downs on fixed assets	57 239	56 024
Revaluation write-down on shares	27 161	26 354
Revaluation write-downs on interest on loans	-	7 193
Exchange losses from valuation of credits from previous years	3 570	57 333
Provision for unused vacation	484	950
Accrued interest on loans and liabilities	1 587	1 315
Expenses related to transactions hedging against FX and interest rate risk	3 923	10 781
Revaluation write-downs on receivables	-	26 924
Exchange losses from revaluation of cash in foreign currencies	1	476
Selling costs (tax-deductible costs in the next month)	-	-
Other	23 403	20 645

NOTE 5.1. NEGATIVE TEMPORARY DIFFERENCES IN DEFERRED TAX

	31 December 2005	31 December 2004
1. Realisable temporary negative differences	1 517 656	2 075 151
Provisions due to payment of pension allowances	102 683	112 424
Provisions due to payment of retirement severance and jubilee bonuses	60 990	91 194
Provision for the valuation of forward transactions	173 177	238 193
Provision for payment of termination benefits	5 727	-
Provision for reclamation of wells	553 561	538 632
Revaluation write-downs on fixed assets	301 252	294 860
Revaluation write-down on shares	142 950	138 703
Revaluation write-downs on interest on loans	-	37 860
Exchange losses from valuation of credits from previous years	18 789	301 749
Provision for unused vacation	2 546	5 000
Accrued interest on loans and liabilities	8 356	6 923
Expenses related to transactions hedging against FX and interest rate risk	20 651	56 743
Revaluation write-downs on receivables	-	141 706
Exchange losses from revaluation of cash in foreign currencies	4	2 507
Selling costs (tax-deductible costs in the following month)	-	-
Other	126 970	108 657
2. Negative temporary differences unlikely to be realised	725 408	732 992
Provision for unused vacation	-	-
Provision for real estate tax	821	4 567
Revaluation write-downs on doubtful receivables	720 140	722 871
Revaluation write-downs on fixed assets	122	4 839
Other	4 325	715
Total temporary differences	2 243 064	2 808 143

NOTE 5.2. OTHER PREPAYMENTS AND ACCRUALS

	31 December 2005	31 December 2004
a) prepayments, including:	5 919	1 351
- fees for establishing mining usufruct	1 191	1 335
- financial costs settled over time	4 728	-
- other	-	16
Other accruals in total	5 919	1 351

NOTE 6. INVENTORY

	31 December 2005	31 December 2004
a) materials	717 259	549 977
b) semi-finished products and work in progress	-	1 428
c) finished products	4 676	3 934
d) goods	82	62
e) advances for deliveries	101	144
Total inventories	722 118	555 545

NOTE 6.1. CHANGE IN REVALUATION WRITE-DOWNS ON RECEIVABLES

	31 December 2005	31 December 2004
Opening balance	4 057	4 273
a) increases (due to)	20 253	1 791
- write-downs created	20 253	1 791
b) decreases (due to)	2 754	2 007
- write-downs released	2 111	2 007
- contribution in kind	643	-
Closing balance of revaluation write-downs on inventory	21 556	4 057

NOTE 7. SHORT-TERM RECEIVABLES

	31 December 2005	31 December 2004
a) from related parties	569 140	374 246
- trade liabilities, maturing:	566 315	351 671
- up to 12 months	566 315	351 671
- over 12 months	-	-
- other	2 825	22 575
- claimed at court	-	-
b) from other entities	1 108 916	703 514
- trade liabilities, maturing:	549 289	610 809
- up to 12 months	549 289	610 808
- over 12 months	-	1
- receivables from tax, subsidy, customs, social security, health and other benefits	271 221	63 065
- other	288 375	29 640
- claimed at court	31	-
Total net short-term receivables	1 678 056	1 077 760
c) revaluation write-downs on short-term receivables	721 563	866 116
Total gross short-term receivables	2 399 619	1 943 876

NOTE 7.1. SHORT-TERM RECEIVABLES FROM RELATED PARTIES

	31 December 2005	31 December 2004
a) trade receivables, including:	566 315	351 671
- from subsidiaries	562 919	349 156
- from associated companies	3 396	2 515
b) other, including:	2 825	22 575
- from subsidiaries	2 799	1 820
- from associated companies	26	20 755
d) claimed at court, including:	-	-
- from subsidiaries	-	-
- from associated companies	-	-
Total net short-term receivables from related parties	569 140	374 246
d) revaluation write-downs on receivables from related parties	130 475	43 921
Total gross short-term receivables from related parties	699 615	418 167

note 7.2. CHANGE IN REVALUATION WRITE-DOWNS OF SHORT-TERM RECEIVABLES

	31 December 2005	31 December 2004
Opening balance	866 116	907 429
a) increases (due to)	154 637	127 067
- created write-downs on unpaid receivables	154 433	127 035
- write-downs due to termination of the composition agreement	204	32
b) decreases (due to)	299 190	168 380
- write-downs on receivables released	212 260	141 062
- write-downs applied	86 506	27 005
- contribution in kind	424	313
Closing balance of revaluation write-downs on short-term receivables	721 563	866 116

NOTE 7.3. GROSS SHORT-TERM RECEIVABLES (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	2 365 053	1 918 726
b) in foreign currencies (by currency and after translation into PLN)	34 566	25 150
- b1) currency - EUR	796	1 309
- translated into PLN	3 073	5 339
- b2) currency - USD	9 657	6 625
- translated into PLN	31 493	19 811
- b3) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total gross short-term receivables	2 399 619	1 943 876
Revaluation write-downs on short-term receivables	721 563	866 116
Total net short-term receivables	1 678 056	1 077 760

NOTE 7.4. GROSS TRADE RECEIVABLES - BY MATURITY AS OF THE BALANCE SHEET DATE

	31 December 2005	31 December 2004
a) up to 1 month	1 110 869	734 977
b) over 1 month and up to 3 months	7 192	13 780
c) over 3 months and up to 6 months	242	172
d) over 6 months and up to 1 year	115	225
e) over 1 year	1 515	1 934
f) overdue receivables	584 825	1 042 366
Total (gross) trade receivables	1 704 758	1 793 454
g) revaluation write-downs on trade receivables	589 154	830 974
Total net trade receivables	1 115 604	962 480

NOTE 7.5. OVERDUE TRADE RECEIVABLES (GROSS) BY PERIOD OVERDUE

	31 December 2005	31 December 2004
a) up to 1 month	1 675	14 036
b) over 1 month and up to 3 months	16 806	230 018
c) over 3 months and up to 6 months	8 488	77 471
d) over 6 months and up to 1 year	18 775	101 171
e) over 1 year	539 081	619 670
Total gross overdue trade receivables	584 825	1 042 366
f) revaluation write-downs on overdue trade receivables	580 328	786 974
Total net overdue trade receivables	4 497	255 392

NOTE 8. DISPUTABLE AND OVERDUE RECEIVABLES

	31 December 2005	31 December 2004
1. Overdue	716 382	1 078 779
a) long-term (due to)	-	-
b) short-term (due to)	716 382	1 078 779
- trade receivables	584 824	1 042 365
- other receivables	131 558	36 414
2. Disputable receivables	48	247
a) long-term (due to)	-	-
b) short-term (due to)	48	247
- trade receivables not disclosed under receivables claimed at court	-	6
- other receivables not disclosed under receivables claimed at court	-	-
- receivables claimed at court	48	241
Total gross overdue and disputable receivables	716 430	1 079 026
including:		
a) overdue receivables not covered by write-downs	4 583	219 978
a) disputable receivables not covered by write-downs	-	-

NOTE 9. SHORT-TERM FINANCIAL ASSETS

	31 December 2005	31 December 2004
a) in subsidiaries	49 442	108 455
- shares	26 642	28 093
- receivables from dividend and other profit sharing	-	-
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	22 800	80 362
- other short-term financial assets (by type)	-	-
-	-	-
b) in co-subsidiaries	-	-
- shares	-	-
- receivables from dividend and other profit sharing	-	-
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other short-term financial assets (by type)	-	-
-	-	-
c) in associated companies	369	917
- shares	369	917
- receivables from dividend and other profit sharing	-	-
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other short-term financial assets (by type)	-	-
-	-	-
d) in major investor	-	-
- shares	-	-
- receivables from dividend and other profit sharing	-	-
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other short-term financial assets (by type)	-	-
-	-	-
e) in the holding company	-	-
- shares	-	-
- receivables from dividend and other profit sharing	-	-
- debt securities	-	-
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other short-term financial assets (by type)	-	-
-	-	-
f) in other entities	120 273	478 087
- shares	-	951
- receivables from dividend and other profit sharing	-	-
- debt securities	-	233 451
- other securities (by type)	-	-
-	-	-
- loans granted	-	-
- other short-term financial assets (by type)	120 273	243 685
- positive measurement of derivatives	120 273	173 177
g) cash and other pecuniary assets	2 746 384	519 863
- cash in hand and at bank	93 539	37 118
- other cash	2 652 845	481 995
- cash equivalents	-	750
Total short-term financial assets	2 916 468	1 107 322

NOTE 9.1. SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	233 896	579 171
b) in foreign currencies (by currency and after translation into PLN)	-	11 064
- b1) currency - EUR	-	-
- translated into PLN	-	-
- b2) currency - USD	-	3 700
- translated into PLN	-	11 064
- b3) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total (gross) securities, shares and other short-term financial assets	233 896	590 235
Revaluation write-down	86 612	83 138
Total (net) securities, shares and other short-term financial assets	147 284	507 097

NOTE 9.2. SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (BY MARKETABILITY)

	31 December 2005	31 December 2004
A. with unlimited marketability, listed (carrying value)	-	-
B. with unlimited marketability, listed on OTC market (carrying value)	-	62 393
c) other securities (carrying value)	-	62 392
a1) treasury bills (carrying value):	-	51 328
– revaluation adjustments (for the period)	-	-
- opening balance	51 328	-
- value at purchase cost	51 328	51 328
a2) term deposits (carrying value):	-	11 064
– revaluation adjustments (for the period)	-	-
- opening balance	11 064	-
- value at purchase cost	9 000	9 430
C. With unlimited marketability, not listed on a regulated market (carrying value)	27 011	212 084
a) shares (carrying value):	27 011	29 961
– revaluation adjustments (for the period)	3 474	(66 625)
- opening balance	29 961	453 784
- value at purchase cost	-	113 099
b) bonds (carrying value):	-	-
– revaluation adjustments (for the period)	-	-
- opening balance	182 123	-
- value at purchase cost	-	-
c) other – by type (carrying value):	-	182 123
c1) treasury bills (carrying value):	-	182 123
– revaluation adjustments (for the period)	-	-
- opening balance	-	225 478
- value at purchase cost	-	181 904
c2) other (carrying value):	-	-
– revaluation adjustments (for the period)	-	-
- opening balance	-	-
- value at purchase cost	-	-
D. With limited marketability (carrying value)	120 273	232 620
a) shares (carrying value):	-	-
b) bonds (carrying value):	-	-
c) other – by type (carrying value):	120 273	232 620
c1) forward transactions (carrying value):	120 273	232 620
– revaluation adjustments (for the period)	(112 347)	-
- opening balance	232 620	399 646
- value at purchase cost	-	-
Total value at purchase cost	60 328	355 761
Total opening balance	507 097	1 078 908
Total revaluation adjustments (for the period)	(108 873)	(66 625)
Total carrying value	147 284	507 097

NOTE 9.3. ORIGINATED SHORT-TERM LOANS (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	38 080	91 019
b) in foreign currencies (by currency and after translation into PLN)	254 056	275 089
- b1) currency - EUR	-	-
- translated into PLN	-	-
- b2) currency - USD	77 900	91 991
- translated into PLN	254 056	275 089
- b3) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total originated (gross) short-term loans	292 136	366 108
Revaluation write-down	269 336	285 746
Total originated (net) short-term loans	22 800	80 362

NOTE 9.4. CHANGE IN REVALUATION WRITE-DOWNS ON SHORT-TERM LOANS

	31 December 2005	31 December 2004
Opening balance	285 746	268 701
a) increases (due to)	57 066	20 417
- write-downs created	57 066	20 417
- reclassification of long-term portion	-	-
b) decreases (due to)	60 266	6 982
- write-downs released	60 266	6 982
	-	-
c) reclassification	13 209	3 610
- to long-term portion	13 209	3 610
Closing balance of revaluation write-downs on short-term receivables	269 336	285 746

NOTE 9.5. CASH AND CASH EQUIVALENTS (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	2 706 313	458 076
b) in foreign currencies (by currency and after translation into PLN)	40 071	61 787
- b1) currency - EUR	4 101	3 212
- translated into PLN	15 829	13 102
- b2) currency - USD	7 433	16 281
- translated into PLN	24 241	48 686
- b3) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total cash and other pecuniary assets	2 746 384	519 863

NOTE 9.6. OTHER SHORT-TERM INVESTMENTS (BY TYPE)

Did not occur.

NOTE 9.7. OTHER SHORT-TERM INVESTMENTS (BY CURRENCY)

Did not occur.

NOTE 10. OTHER SHORT-TERM PREPAYMENTS AND ACCRUALS

	31 December 2005	31 December 2004
a) prepayments, including:	2 200	254
- property insurance	21	155
- deferred advertising and marketing expenses	2	99
- costs of research and development settled over time	-	-
- financial costs settled over time	2 177	-
- other	-	-
b) other prepayments	388	3 548
- fees for establishing mining usufruct	143	2 421
- other	245	1 127
Total short-term prepayments	2 588	3 802

NOTE 11. REVALUATION WRITE-DOWNS

As described in item 11.3, of the introduction to additional information, as of 1 January 2002 the Company recorded perpetual usufruct of land acquired free of charge. The equivalent of recorded usufruct rights in the amount of PLN 224,126.2 thousand was recorded in correspondence with deferred income. For presentation purposes, deferred income is treated as a write-down of perpetual usufruct. In the period from 1 January to 31 December 2005, the revaluation write-down of perpetual usufruct was reduced by PLN 18,448.9 thousand, to PLN 63,898.5 thousand.

At the balance sheet date of 31 December 2005, the company tested its non-current assets (mine property and wells classified as fixed assets under construction) for impairment. The tests involved comparison of carrying and economic (useful) value calculated using the discounted cash flows method. In 2005, the tests indicated that in case of 28 mines revaluation write-downs on assets were required in total amount of PLN 82,261.6 thousand, which means an increase by PLN 14,567.0 thousand as compared with 2004.

In 2001 a write-down was created for net value of the spare turbine in Hołowczyce. Since commissioning in 2000, the turbine has been considered as spare due to insufficient gas flow at the gas supply point at Wysokoje. Between 1 January and 31 December 2005, the net revaluation write-down of the Hołowczyce turbine in the amount of PLN 13,631.4 was released in the total amount due to turbine transfer in the form of dividend in kind.

Additionally, as at 31 December 2005, a revaluation write-down was created for 29 activated wells and expenditure on test operation of 8 wells classified as fixed assets under construction. Between 1 January and 31 December 2005, the revaluation write-down on activated wells increased by PLN 23,551.6 thousand, to PLN 190,735.7 thousand.

The change and breakdown of revaluation write-downs on receivables are presented in note 7 write-downs on receivables.

During the financial year, the outlays connected with created write-downs are recorded under operating expenses, other operating revenues or other operating expenses in the profit and loss account. As at the balance sheet date, the Company analyse balances of all provisions

to verify their value. Calculated changes in write-downs are recognised in correspondence with other operating expenses or other operating revenues.

The balance of individual write-down groups as at the balance at the end of individual periods is presented below.

	31 December 2005	31 December 2004
Intangible assets	-	-
Fixed assets	373 631	436 706
- tangible fixed assets	163 742	242 016
- fixed assets under construction	209 889	194 690
Receivables	721 563	866 115
- long-term receivables	-	-
- short-term receivables	721 563	866 115
Investments	1 826 437	1 814 068
- long-term investments	1 470 489	1 445 184
- short-term investments	355 948	368 884
inventory	21 557	4 057
Total impairment revaluation write-downs	2 943 188	3 120 946

NOTE 12. SHARE CAPITAL (STRUCTURE)

Series / issue	Type of share	type of preference	Type of limitations on rights to shares	Number of shares (items)	face value of series/issue	Capital coverage method	Date of registration	Cum dividend (as of)
A	bearer shares	-	-	4 250 000 000	4 250 000 000	reclassification from start-up fund and company's fund	29.10.1996	date of the Annual Meeting.
A1	bearer shares	-	-	750 000 000	750 000 000	reclassification from start-up fund and company's fund	29.10.1996	date of the Annual Meeting.
B	bearer shares	-	-	900 000 000	900 000 000	Sales of shares	06.10.2005	date of the Annual Meeting.
Total number of shares								
Total share capital					5 900 000 000			
Face value per share (PLN)		PLN 1						

NOTE 12.1. SHARES OFFERED BY THE ISSUER

Number of shares (items)	Type	Face value per share (PLN)	Issue price per share (PLN)
900 000 000	bearer shares	1zł	2,98zł

NOTE 12.2. SHARE CAPITAL (OWHERSHIP STRUCTURE)

Shareholder	Number of votes (%) at the Shareholders Meeting as at submission of annual report for previous year	number of shares as at submission of annual report for previous year	Percentage change in the period 01.01.2005 - 31.12.2005	Number of votes (%) at the Shareholders Meeting as at report submission	Number of shares as at report submission
State Treasury	100.00%	5 900 000 000	15.25%	84.75%	5 000 000 000
Other	0.00%	0	15.25%	15.25%	900 000 000
TOTAL:	100.00%	5 900 000 000		100.00%	5 900 000 000

NOTE 13. OWN SHARES

Did not occur.

NOTE 13.1. ISSUERS' SHARES HELD BY CONTROLLED ENTITIES

Did not occur.

NOTE 14. SUPPLEMENTARY CAPITAL

	31 December 2005	31 December 2004
a) from sales of shares above face value	1 740 094	-
b) obligatory	1 966 667	1 666 667
c) created in accordance with Articles of Association above the statutory (minimum) value	626 551	707 094
d) from shareholders contributions	-	-
e) other (by type)	-	-
- result on transfer of fixed assets as dividend to the Owner	-	-
Total supplementary capital	4 333 312	2 373 761

NOTE 15. REVALUATION RESERVE

	31 December 2005	31 December 2004
a) due to revaluation of tangible fixed assets	1 086	1 086
b) due to gains/losses on the valuation of financial instruments, including:	-	-
- from the valuation of hedging instruments	-	-
c) due to deferred tax	-	-
d) exchange differences from translation of foreign branches	416	670
e) other (by type)	-	-
Total revaluation reserve	1 503	1 756

NOTE 16. OTHER RESERVE CAPITALS (BY PURPOSE)

Did not occur.

NOTE 17. WRITE-OFF ON NET PROFIT DURING THE FINANCIAL YEAR (BY BASIS)

Did not occur.

NOTE 18. CHANGE IN THE BALANCE OF PROVISION FOR DEFERRED TAX

	31 December 2005	31 December 2004
1. Opening balance of the provision for deferred tax, including:	150 308	152 070
<i>a) charged to financial result</i>	<i>150 308</i>	<i>152 070</i>
Exchange gains on credits	39 693	34 266
Exchange gains on deposits	-	15
Interest accrued on loans	7 227	7 480
Accrued interest on receivables	26 925	26 288
Deferred income due to measurement of property of branches transformed into companies	-	6 024
measurement of financial instruments	44 198	75 933
Financial leasing	-	305
Revenues from tax obligation in the following month	22 170	-
Provision for interest on BV Finance loan	8 937	-
Loan commission cost paid	-	-
Other	1 158	1 759
2. Increases	9 831	38 093
<i>a) charged to financial result of the period due to increase in positive temporary differences (basis)</i>	<i>9 831</i>	<i>38 093</i>
Exchange gains on credits	-	5 427
Exchange gains on deposits	51	-
Interest accrued on loans	-	-
Accrued interest on receivables	-	637
Deferred income due to measurement of property of branches transformed into companies	-	-
measurement of financial instruments	-	-
Financial leasing	8 275	-
Revenues from tax obligation in the following month	-	22 170
Provision for interest on BV Finance loan	-	8 937
Loan commission cost paid	1 312	-
Other	193	922
<i>b) charged to financial result of the current period due a change in the rate (basis)</i>	<i>-</i>	<i>-</i>
Exchange gains on credits	-	-
Exchange gains on deposits	-	-
Interest accrued on loans	-	-
Accrued interest on receivables	-	-
Deferred income due to measurement of property of branches transformed into companies	-	-
measurement of financial instruments	-	-
Financial leasing	-	-
Revenues from tax obligation in the following month	-	-
Loan commission cost paid	-	-
Other	-	-

NOTE 18. CHANGE IN THE BALANCE OF PROVISION FOR DEFERRED TAX CONT.

3. Decreases	111 453	39 855
<i>a) charged to financial result of the period due to reduction of positive temporary differences (basis)</i>	<i>111 453</i>	<i>39 855</i>
Exchange gains on credits	31 541	-
Exchange gains on deposits	-	15
Interest accrued on loans	7 227	253
Accrued interest on receivables	26 924	-
Deferred income due to measurement of property of branches transformed into companies	-	6 024
measurement of financial instruments	21 346	31 735
Financial leasing	-	305
Revenues from tax obligation in the following month	14 621	-
Provision for interest on BV Finance loan	8 937	-
Loan commission cost paid	-	-
Other	857	1 523
<i>b) charged to financial result of the current period due a change in the rate (basis)</i>	<i>-</i>	<i>-</i>
Exchange gains on credits	-	-
Exchange gains on deposits	-	-
Interest accrued on loans	-	-
Accrued interest on receivables	-	-
Deferred income due to measurement of property of branches transformed into companies	-	-
measurement of financial instruments	-	-
Financial leasing	-	-
Revenues from tax obligation in the following month	-	-
Loan commission cost paid	-	-
Other	-	-
4. Total contribution in kind	10	-
Other	10	-
5. Closing balance of total provisions for deferred tax	48 676	150 308
<i>a) charged to financial result</i>	<i>48 676</i>	<i>150 308</i>
Exchange gains on credits	8 152	39 693
Exchange gains on deposits	51	-
Interest accrued on loans	-	7 227
Accrued interest on receivables	(9)	26 925
Deferred income due to measurement of property of branches transformed into companies	-	-
measurement of financial instruments	22 852	44 198
Financial leasing	8 275	-
Revenues from tax obligation in the following month	7 549	22 170
Provision for interest on BV Finance loan	-	8 937
Loan commission cost paid	1 312	-
Other	494	1 158

NOTE 18.1. POSITIVE TEMPORARY DIFFERENCES IN DEFERRED TAX

	31 December 2005	31 December 2004
1. Realisable positive temporary differences	256 189	791 094
Exchange gains on credits	42 905	208 910
Exchange gains on deposits	269	-
Interest accrued on loans	-	38 037
Accrued interest on receivables	-	141 708
Deferred income due to measurement of property of branches transformed into companies	-	-
measurement of financial instruments	120 273	232 620
Financial leasing	43 553	-
Revenues from tax obligation in the following month	39 778	116 661
Provision for interest on BV Finance loan	-	47 037
Loan commission cost paid	6 904	-
Other	2 507	6 121
2. Positive temporary differences unlikely to be realised	-	1 389 619
Deferred income due to valuation of property of branches transformed into gas companies	-	1 389 619
Other	-	-
Total temporary differences	256 189	2 180 713

NOTE 18.2. CHANGE IN LONG-TERM PROVISION FOR RETIREMENT AND SIMILAR BENEFITS (BY TITLE)

	31 December 2005	31 December 2004
a) opening balance	167 448	189 710
- provision for jubilee bonuses	55 440	57 010
- provision for retirement benefits	23 641	24 575
- provision for welfare allowances	-	-
- provision for pension allowances	88 367	108 125
- provision for restructuring	-	-
b) increases (due to)	56 322	4 511
- provision for jubilee bonuses	18 233	3 123
- provision for retirement benefits	8 947	1 388
- provision for welfare allowances	9 017	-
- provision for pension allowances	15 256	-
- provision for restructuring	4 869	-
c) released, due to:	75 670	3 648
- provision for jubilee bonuses	34 998	2 482
- provision for retirement benefits	15 404	1 166
- provision for welfare allowances	-	-
- provision for pension allowances	25 268	-
- provision for restructuring	-	-
d) applied	-	12 321
- provision for jubilee bonuses	-	-
- provision for retirement benefits	-	-
- provision for welfare allowances	-	-
- provision for pension allowances	-	12 321
- provision for restructuring	-	-
e) reclassification to short-term	-	9 587
- provision for jubilee bonuses	-	1 352
- provision for retirement benefits	-	798
- provision for welfare allowances	-	-
- provision for pension allowances	-	7 437
- provision for restructuring	-	-
f) contribution in kind	-	1 217
- provision for jubilee bonuses	-	859
- provision for retirement benefits	-	358
- provision for welfare allowances	-	-
- provision for pension allowances	-	-
- provision for restructuring	-	-
c) reclassification from short-term portion	293	-
- provision for jubilee bonuses	129	-
- provision for retirement benefits	164	-
h) closing balance	148 393	167 448
- provision for jubilee bonuses	38 804	55 440
- provision for retirement benefits	17 348	23 641
- provision for welfare allowances	9 017	-
- provision for pension allowances	78 355	88 367
- provision for restructuring	4 869	-

NOTE 18.3. CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT AND SIMILAR BENEFITS (BY TITLE)

	31 December 2005	31 December 2004
a) opening balance	41 170	46 116
- provision for jubilee bonuses	8 053	8 470
- provision for retirement benefits	4 059	4 940
- provision for welfare allowances	-	1 713
- provision for pension allowances	24 058	25 792
- provision for unused vacation	5 000	5 201
b) increases (due to)	34 067	8 144
- provision for jubilee bonuses	3 632	613
- provision for retirement benefits	2 429	376
- provision for welfare allowances	-	-
- provision for pension allowances	25 561	3 395
- provision for unused vacation	2 445	3 760
c) reclassification from long-term portion	-	9 587
- provision for jubilee bonuses	-	1 352
- provision for retirement benefits	-	798
- provision for welfare allowances	-	-
- provision for pension allowances	-	7 437
- provision for unused vacation	-	-
d) applied (by title)	2 712	12 566
- provision for jubilee bonuses	-	-
- provision for retirement benefits	-	-
- provision for welfare allowances	-	-
- provision for pension allowances	2 712	12 566
- provision for unused vacation	-	-
e) released (by title)	33 152	9 856
- provision for jubilee bonuses	3 616	2 248
- provision for retirement benefits	2 059	1 972
- provision for welfare allowances	-	1 713
- provision for pension allowances	22 578	-
- provision for unused vacation	4 899	3 923
f) contribution in kind	-	255
- provision for jubilee bonuses	-	134
- provision for retirement benefits	-	83
- provision for welfare allowances	-	-
- provision for pension allowances	-	-
- provision for unused vacation	-	38
g) reclassification to long-term portion	293	-
- provision for retirement benefits	164	-
- provision for jubilee bonuses	129	-
g) closing balance	39 080	41 170
- provision for jubilee bonuses	7 940	8 053
- provision for retirement benefits	4 265	4 059
- provision for welfare allowances	-	-
- provision for pension allowances	24 329	24 058
- provision for unused vacation	2 546	5 000

NOTE 18.4. CHANGE IN OTHER LONG-TERM PROVISIONS (BY BASIS)

	31 December 2005	31 December 2004
a) opening balance	560 199	522 730
- provision for reclamation of wells	493 037	503 168
- provision for liquidation of gas infrastructure	13 057	1 125
- provisions for joint liabilities to subcontractors of the subsidiary entity	28 900	-
- provision for gas pitch	11 402	-
- provision for liabilities due to EuropolGaz interest	-	-
- other provisions	13 803	18 437
b) increases (due to)	118 656	75 822
- provision for reclamation of wells	113 858	21 798
- provision for liquidation of gas infrastructure	109	12 402
- provisions for joint liabilities to subcontractors of the subsidiary entity	-	28 900
- provision for gas pitch	3 800	11 402
- provision for liabilities due to EuropolGaz interest	-	-
- other provisions	889	1 320
c) reclassification from short-term portion (by title)	28 879	814
- provision for reclamation of wells	21 223	809
- provision for liquidation of gas infrastructure	-	-
- provisions for joint liabilities to subcontractors of the subsidiary entity	-	-
- provision for gas pitch	-	-
- provision for liabilities due to EuropolGaz interest	7 656	-
- other provisions	-	5
d) applied (by title)	5 601	1 553
- provision for reclamation of wells	5 601	-
- provision for liquidation of gas infrastructure	-	-
- provisions for joint liabilities to subcontractors of the subsidiary entity	-	-
- provision for gas pitch	-	-
- provision for liabilities due to EuropolGaz interest	-	-
- other provisions	-	1 553
e) reclassification to short-term (by title)	9 427	6 453
- provision for reclamation of wells	9 427	5 734
- provision for liquidation of gas infrastructure	-	-
- provisions for joint liabilities to subcontractors of the subsidiary entity	-	-
- provision for gas pitch	-	-
- provision for liabilities due to EuropolGaz interest	-	-
- other provisions	-	719
f) released (by title)	108 839	31 161
- provision for reclamation of wells	75 560	27 004
- provision for liquidation of gas infrastructure	3 140	470
- provisions for joint liabilities to subcontractors of the subsidiary entity	28 900	-
- provision for gas pitch	-	-
- provision for liabilities due to EuropolGaz interest	-	-
- other provisions	1 239	3 687
g) contribution in kind (due to)	-	-
- provision for reclamation of wells	-	-
- provision for liquidation of gas infrastructure	-	-
- provisions for joint liabilities to subcontractors of the subsidiary entity	-	-
- provision for gas pitch	-	-
- provision for liabilities due to EuropolGaz interest	-	-
- other provisions	-	-
h) closing balance	583 867	560 199
- provision for reclamation of wells	537 530	493 037
- provision for liquidation of gas infrastructure	10 026	13 057
- provisions for joint liabilities to subcontractors of the subsidiary entity	-	28 900
- provision for gas pitch	15 202	11 402
- provision for liabilities due to EuropolGaz interest	7 656	-
- other provisions	13 453	13 803

NOTE 18.5. CHANGE IN OTHER SHORT-TERM PROVISIONS (BY BASIS)

	31 December 2005	31 December 2004
a) opening balance	109 906	69 477
- provision for liquidation wells, diggings and excavation pits	45 595	40 670
- provision for potential liabilities	-	10 252
- provision for penalties imposed by the Office for Competition and Consumer Protection*	41 362	-
- provision for liabilities due to EuropolGaz interest	11 371	6 887
- provision for leased asset return	-	-
- provision for gas price renegotiations with Gazexport	-	-
- other provisions	11 578	11 668
b) increases (due to)	145 336	53 666
- provision for liquidation wells, diggings and excavation pits	949	-
- provision for potential liabilities	304	-
- provision for penalties imposed by the Office for Competition and Consumer Protection*	7 450	41 362
- provision for liabilities due to EuropolGaz interest	-	4 484
- provision for leased asset return	81 285	-
- provision for gas price renegotiations with Gazexport	50 224	-
- other provisions	5 124	7 820
c) reclassification from long-term portion (by title)	-	6 453
- provision for liquidation wells, diggings and excavation pits	-	5 734
- provision for potential liabilities	-	-
- provision for penalties imposed by the Office for Competition and Consumer Protection*	-	-
- provision for liabilities due to EuropolGaz interest	-	-
- provision for leased asset return	-	-
- provision for gas price renegotiations with Gazexport	-	-
- other provisions	-	719
d) applied (by title)	4 909	75
- provision for liquidation wells, diggings and excavation pits	-	-
- provision for potential liabilities	-	-
- provision for penalties imposed by the Office for Competition and Consumer Protection*	-	-
- provision for liabilities due to EuropolGaz interest	-	-
- provision for leased asset return	-	-
- provision for gas price renegotiations with Gazexport	-	-
- other provisions	4 909	75
e) released (by title)	5 676	18 801
- provision for liquidation wells, diggings and excavation pits	-	-
- provision for potential liabilities	-	10 252
- provision for penalties imposed by the Office for Competition and Consumer Protection*	-	-
- provision for liabilities due to EuropolGaz interest	3 715	-
- provision for leased asset return	-	-
- provision for gas price renegotiations with Gazexport	-	-
- other provisions	1 961	8 549
c) reclassification to long-term portion (by title)	19 452	814
- provision for liquidation wells, diggings and excavation pits	11 796	809
- provision for potential liabilities	-	-
- provision for penalties imposed by the Office for Competition and Consumer Protection*	-	-
- provision for liabilities due to EuropolGaz interest	7 656	-
- provision for leased asset return	-	-
- provision for gas price renegotiations with Gazexport	-	-
- other provisions	-	5
f) contribution in kind (due to)	-	-
- provision for liquidation wells, diggings and excavation pits	-	-
- provision for potential liabilities	-	-
- provision for penalties imposed by the Office for Competition and Consumer Protection*	-	-
- provision for liabilities due to EuropolGaz interest	-	-
- provision for leased asset return	-	-
- provision for gas price renegotiations with Gazexport	-	-
- other provisions	-	-
g) closing balance	225 205	109 906
- provision for liquidation wells, diggings and excavation pits	34 748	45 595
- provision for potential liabilities	304	-
- provision for penalties imposed by the Office for Competition and Consumer Protection*	48 812	41 362
- provision for liabilities due to EuropolGaz interest	-	11 371
- provision for leased asset return	81 285	-

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005

Explanatory notes
(in thousand PLN)

- provision for gas price renegotiations with Gazexport	50 224	-
- other provisions	9 832	11 578

NOTE 19. LONG-TERM LIABILITIES

	31 December 2005	31 December 2004
a) to subsidiaries	-	-
- credits and loans	-	-
- due to issue of debt securities	-	-
- other financial liabilities, including:	-	-
f) to other entities:	2 317 096	304 596
- credits and loans	2 315 880	269 261
- due to issue of debt securities	-	-
- other financial liabilities, including:	-	33 021
- financial leasing	-	33 021
- other (by type)	1 216	2 314
- liabilities due to take over of gas network	-	-
- other	1 216	2 314
Total long-term liabilities	2 317 096	304 596

NOTE 19.1. LONG-TERM LIABILITIES BY MATURITY AS OF THE BALANCE SHEET DATE

	31 December 2005	31 December 2004
a) over 1 year and up to 3 years	2 317 096	304 596
b) over 3 years and up to 5 years	-	-
c) over 5 years	-	-
Total long-term liabilities	2 317 096	304 596

NOTE 19.2. LONG-TERM LIABILITIES (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	1 176	51 776
b) in foreign currencies (by currency and after translation into PLN)	2 315 920	252 820
- b1) currency - EUR	600 010	240
- translated into PLN	2 315 920	979
- b2) currency - USD	-	84 216
- translated into PLN	-	251 841
- b3) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total long-term liabilities	2 317 096	304 596

NOTE 19.3. LONG-TERM CREDIT AND LOAN LIABILITIES

name and legal form of the entity	registered office	Amount of the credit/loan arising from the agreement (applied)			Outstanding amount of the credit/loan*			Interest rate	Repayment date	collateral
		(in PLN)	currency	currency	(in PLN)**	currency	currency			
Bank Handlowy - Agent	Warsaw	2 299 860	600 000	EUR	2 324 236	602 165	EUR	EURIBOR 3M + 0.25	27.07.2010	Guarantees of distribution companies
Liabilities (in PLN)					2 324 236					

* Including short-term portion and accrued interest due

** Translated at the NBP exchange rate as of 31 December 2005 (EUR 1 = PLN 3.8598 ; USD 1 = PLN 3.2613)

NOTE 19.4. LONG-TERM LIABILITIES DUE TO ISSUED FINANCIAL DEBT INSTRUMENTS

Did not occur.

NOTE 19.5. STATEMENT OF LONG-TERM LIABILITIES SECURED ON ASSETS

Did not occur.

NOTE 20. SHORT-TERM LIABILITIES

	31 December 2005	31 December 2004
a) to subsidiaries	169 658	2 909 906
- credits and loans, including:	1 979	2 799 352
- short-term portion of long-term items	-	-
- due to issue of debt securities	-	-
- due to dividends	-	-
- other financial liabilities	-	-
- trade liabilities, maturing:	36 037	107 380
- up to 12 months	36 037	107 380
- over 12 months	-	-
- received advances for deliveries	-	-
- bill of exchange liabilities	-	-
- other (by type)	131 642	3 174
b) to associated companies	58 996	70 253
- credits and loans, including:	-	-
- short-term portion of long-term items	-	-
- due to issue of debt securities	-	-
- due to dividends	-	-
- other financial liabilities	-	-
- trade liabilities, maturing:	55 152	70 184
- up to 12 months	55 152	70 184
- over 12 months	-	-
- received advances for deliveries	-	-
- bill of exchange liabilities	-	-
- other (by type)	3 844	69
c) to other entities	1 561 654	2 040 739
- credits and loans, including:	8 356	1 163 172
- short-term portion of long-term items	8 356	1 163 172
- due to issue of debt securities	-	-
- due to dividends	-	-
- other financial liabilities, including:	173 362	243 587
- financial leasing	185	5 394
- valuation of forward transactions	173 177	238 193
- trade liabilities, maturing:	634 509	405 513
- up to 12 months	634 509	405 513
- over 12 months	-	-
- received advances for deliveries	-	-
- bill of exchange liabilities	-	-
- tax, customs, insurance and other liabilities	695 083	211 444
- payroll liabilities	426	6 946
- other (by type)	49 918	10 077
- liabilities due to purchase of non-financed non-current assets	35 136	5 428
- tender bonds, deposits and guarantees	1 665	1 032
- other	13 117	3 617
d) special funds (by title)	62 394	46 842
- Company's Social Benefits Fund	24 588	29 810
- fund for reclamation of mining damages	25 764	17 005
- Company's award fund	43	-
- other funds	12 000	27
Total short-term liabilities	1 852 702	5 067 740

NOTE 20.1. SHORT-TERM LIABILITIES – EXCLUDING SPECIAL FUNDS (BY CURRENCY)

	31 December 2005	31 December 2004
a) in PLN	1 465 182	1 396 250
b) in foreign currencies (by currency and after translation into PLN)	325 126	3 624 648
- b1) currency - EUR	21 772	774 991
- translated into PLN	84 035	3 161 187
- b2) currency - USD	73 861	154 970
- translated into PLN	240 883	463 422
- b3) currency - GBP	37	7
- translated into PLN	208	39
- b4) currency - CHF	-	-
- translated into PLN	-	-
c) other currencies translated into PLN	-	-
Total short-term liabilities	1 790 308	5 020 898

NOTE 20.2. SHORT-TERM CREDIT AND LOAN LIABILITIES*

name and legal form of the entity	registered office	Amount of the credit/loan arising from the agreement (applied)			Outstanding amount of the credit/loan*			Interest rate	Repayment date	collateral	Other
		(in PLN)	currency	currency	(in PLN)**	currency	currency				
City Bank	Warsaw	-	-	PLN	-	-	PLN	-	-	-	overdraft
Liabilities (in PLN)					-						

* the Company does not disclose any short-term loans or credit Short-term liabilities due to loans and credit presented in the balance sheet in note 20 represent the due amount of long-term credit and loans, referred to in note 19.3.

NOTE 20.3. SHORT-TERM LIABILITIES DUE TO ISSUED FINANCIAL DEBT INSTRUMENTS

Did not occur.

NOTE 21. CHANGE IN NEGATIVE GOODWILL

Did not occur.

NOTE 21.1. OTHER PREPAYMENTS AND ACCRUALS

	31 December 2005	31 December 2004
a) accruals	2 395	5 011
- long-term (by title)	-	-
- short-term (by title)	2 395	5 011
- exploitation fee	-	2 865
- other	2 395	2 146
b) deferred income	2 619 431	36 046
- long-term (by title)	2 452 985	34 524
- net value of gas connections taken over free of charge	23	19 303
- connection fee	1 433	11 474
- deferred revenues due to uncollected gas	1 857	3 668
- contractual penalties	28	28
- Deferred income relating to fixed assets under leasing	2 449 593	
- other	51	51
- short-term (by title)	166 446	1 522
- net value of gas connections taken over free of charge	-	-
- connection fee	-	-
- accrued penalties	1 213	1 517
- Deferred income relating to fixed assets under leasing	158 038	-
- other	7 195	5
Other accruals in total	2 621 826	41 057

NOTE 22. BOOK VALUE PER SHARE

All the information on calculation of book value per share has been presented in the table directly under the balance sheet.

NOTE 23. CONTINGENT RECEIVABLES FROM RELATED PARTIES (BY BASIS)

	31 December 2005	31 December 2004
a) guarantees and sureties received, including:	-	-
- from subsidiaries	-	-
- from associated companies	-	-
b) received bills of exchange, including:	8 012	6 591 039
- from subsidiaries	8 012	6 591 039
- from associated companies	-	-
Total contingent receivables from related parties	8 012	6 591 039

NOTE 23.1. CONTINGENT LIABILITIES TO RELATED PARTIES (BY BASIS)

	31 December 2005	31 December 2004
a) guarantees and sureties granted, including:	-	-
- with subsidiaries	-	-
- with associated companies	-	-
b) other, including:	-	-
- with subsidiaries	-	-
- with associated companies	-	-
c) agreements, investment contracts signed, including:	62 592	82 388
- with subsidiaries	59 703	27 172
- with associated companies	2 889	55 216
d) liabilities due to operating leasing, including:	-	-
- with subsidiaries	-	-
- with associated companies	-	-
Total contingent liabilities to related parties	62 592	82 388

NOTE 24. NET REVENUES FROM SALES OF PRODUCTS (BY TYPE)

	31 December 2005	31 December 2004
High-methane gas	7 945 580	6 961 183
Nitrated gas	800 513	670 988
Crude oil	783 622	596 505
Helium	34 443	37 069
Propane-butane gas (LPG)	29 522	22 770
Gasoline	13 881	10 555
Liquefied natural gas (LNG)	8 450	-
Other sales	246 119	143 113
Total net revenues from sales of products	9 862 130	8 442 183
including: From related parties	5 326 679	4 682 387

NOTE 24.1. NET REVENUES FROM SALES OF PRODUCTS (BY TERRITORY)

	31 December 2005	31 December 2004
a) Sales revenues – domestic	9 549 295	8 254 790
including: From related parties	5 326 679	4 682 387
- high-methane gas	7 933 166	6 947 897
- nitrogen treated gas	800 513	670 988
- crude oil	510 954	452 090
- helium	8 328	8 338
- LPG	29 522	22 770
- gasoline	13 881	10 555
- decompressed gas	8 450	-
- other sales	244 481	142 152
b) Sales revenues – export	312 835	187 393

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

including: From related parties	-	-
- crude oil	272 668	144 415
Cyprus	-	105 688
Great Britain	272 668	38 727
- helium	26 115	28 731
Great Britain	25 970	28 464
Germany	17	109
Ukraine	28	41
Lithuania	100	65
Hungary		25
Latvia	-	-
Estonia	-	27
- high-methane gas	12 414	13 286
Germany	12 414	12 963
Slovakia	-	322
Czech Republic	-	1
- services	1 187	897
Germany	68	53
Oman	342	140
Holland	627	123
Czech Republic	144	156
Ukraine	6	424
- other	451	64
Czech Republic	-	59
Sweden	426	-
Latvia	25	-
Austria	-	5
Total net revenues from sales of products	9 862 130	8 442 183
including: From related parties	5 326 679	4 682 387

NOTE 25. REVENUES FROM SALES OF GOODS AND MATERIALS (BY TYPE)

	31 December 2005	31 December 2004
Sales due to:	5 673	5 337
- different goods and materials	5 673	5 337
Total net revenues from sales of goods and materials	5 673	5 337
including: From related parties	911	271

NOTE 25.1. REVENUES FROM SALES OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)

	31 December 2005	31 December 2004
a) Sales revenues – domestic	5 672	5 336
including: From related parties	911	271
b) Sales revenues – export	1	1
including: From related parties	-	-
- miscellaneous materials	1	1
Russia	-	-
Czech Republic	1	1
Total net revenues from sales of goods and materials	5 673	5 337
including: From related parties	911	271

NOTE 26. EXPENSES BY TYPE

	31 December 2005	31 December 2004
a) depreciation:	486 570	563 391
b) consumption of materials and energy	6 044 773	4 821 214
c) external services	1 467 124	825 700
d) taxes and charges	212 144	222 545
e) payroll	259 515	306 663
f) social security and other benefits	95 580	109 011
g) other expenses by type	22 007	26 237
Total expenses by type	8 587 713	6 874 761
Change in the balance of inventory, products and prepayments/accruals	(4 011)	(713)
Manufacturing cost of products for internal purposes (negative value)	(12 137)	(63 915)
Selling costs (negative value)	(21 944)	(75 510)
General and administrative costs (negative value)	(212 375)	(229 985)
Manufacturing cost of products sold	8 337 246	6 504 638

NOTE 27. OTHER OPERATING REVENUES

	31 December 2005	31 December 2004
a) provisions released	92 994	50 219
- for reclamation of wells	36 638	26 302
- for jubilee bonuses and retirement benefits	17 008	2 367
- for disposal of unused infrastructure	3 031	-
- for welfare allowances	-	1 713
- for vacation	2 408	43
- for tax liabilities	952	10 252
- for potential disputable liabilities	-	9 436
- provision for future liabilities	71	-
- provision for provision released for liabilities to Europolgaz	3 714	-
- provisions for joint liabilities to subcontractors of the subsidiary entity	28 900	-
- other	272	106
b) other	540 336	91 826
- revaluation write-down on receivables	97 658	45 847
- revaluation write-down on tangible fixed assets	102 597	14 213
- revaluation write-down on inventory	-	102
- expired liabilities written-off	-	2
- received damages, penalties and fines	1 732	6 906
Inflows related to operating revenues accrued previously as the deferred income	104 059	4 234
- revenues from activated wells	12 025	8 203
- Connection fee	12	517
- revenues from sales of social activities	1 106	2 630
- release of employment termination benefit fund	5 727	-
- difference arising from measurement of assets contributed by dividend	192 002	-
- other (different)	23 419	9 172
Other operating revenues in total	633 330	142 045

NOTE 28. OTHER OPERATING EXPENSES

	31 December 2005	31 December 2004
a) provisions created	173 083	104 826
– for unused vacation	-	-
- for pension allowances	14 135	3 395
- provisions for retirement benefits	-	-
- for welfare allowances	9 017	-
provision for restructuring	4 869	-
- for liquidation of unused infrastructure	-	11 932
- for real estate tax	-	1 581
- provision for penalties imposed by the Office for Competition and Consumer Protection	-	41 362
- for Mentor remuneration	394	1 190
- provision for liabilities of branch in Pakistan	824	-
- for gas pitch	3 800	11 402
- provisions for joint liabilities to subcontractors of the subsidiary entity	-	28 900
- provision for gas payments (price renegotiations with Gazexport)	50 224	-
- provision for leased asset return	81 285	-
– other	8 535	5 064
b) other	48 495	21 053
- expired, redeemed and irrecoverable receivables written-off	21	372
- excessive, obsolete, damaged, slow-moving inventory written off due to changes in their market prices	47	15
- penalties, damages and fines paid	839	91
- current assets and cash donated	1 443	1 134
- written-off costs of tangible fixed assets under construction without economic impact	2 933	1 113
- cost of maintenance of social centres	2 959	2 596
- depreciation of social facilities	340	310
- write off to mining damages fund	8 179	7 930
- write off to Restructuring Fund	12 000	-
- flat rate tax on PGNiG Finance interest	12 992	-
- other (membership premiums, fees, other different)	6 742	7 492
Other operating expenses in total	221 578	125 879

NOTE 29. FINANCIAL REVENUES –DIVIDEND AND PROFIT SHARING

	31 December 2005	31 December 2004
a) from related parties, including:	100 786	47 351
- from subsidiaries	99 520	46 470
- from associated companies	1 266	881
b) from other entities	176	25
Total financial revenues due to dividend and profit sharing	100 962	47 376

NOTE 29.1. FINANCIAL REVENUES DUE TO INTEREST

	31 December 2005	31 December 2004
a) on originated loans	172 250	37 494
- from related parties, including:	26 943	37 494
- from subsidiaries	4 616	9 563
- from associated companies	22 327	27 931
- from other entities	145 307	-
b) on commercial transactions	75 795	41 384
- from related parties, including:	382	557
- from subsidiaries	382	557
- from associated companies	-	-
- from other entities	75 413	40 827
c) on funds on bank accounts and deposits up to 3 months	71 278	34 647
d) on bank deposits above 3 months	645	691
Total financial revenues due to interest	319 968	114 216

NOTE 29.2. OTHER FINANCIAL REVENUES

	31 December 2005	31 December 2004
c) profit on exchange differences	123 391	594 363
- exchange gains	512 856	752 619
- <i>realised</i>	489 770	137 809
- <i>unrealised</i>	23 086	614 810
- exchange losses	389 465	158 256
- <i>realised</i>	308 367	75 882
- <i>unrealised</i>	81 098	82 374
b) other, including:	284 866	295 846
- revenues from the valuation of forwards and swaps	276 855	293 261
- <i>realised</i>	276 855	292 882
- <i>unrealised</i>	-	379
- released revaluation write-down on accrued interest	2 672	504
- financial leases	1 306	-
- other	4 033	2 081

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

Total other financial revenues	408 257	890 209
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NOTE 30. FINANCIAL EXPENSES DUE TO INTEREST

	31 December 2005	31 December 2004
a) on credits and loans	322 707	272 892
- to related parties, including:	221 383	195 757
- to subsidiaries	221 383	195 757
- to associated companies	-	-
- to other entities	101 324	77 135
b) on commercial transactions	238	985
- to related parties, including:	21	395
- to subsidiaries	7	383
- to associated companies	13	12
- to other entities	217	590
c) to State Budget	1 526	89
d) interest on financial leasing	3 312	6 155
e) other interest	-	2
Total financial expenses due to interest	327 783	280 123

NOTE 30.1. OTHER FINANCIAL EXPENSES

	31 December 2005	31 December 2004
a) loss on exchange differences;	-	-
- exchange gains	-	-
- realised	-	-
- unrealised	-	-
- exchange losses	-	-
- realised	-	-
- unrealised	-	-
b) other, including:	477 673	1 027 840
- costs of forwards and swaps	395 086	931 938
- realised	280 137	576 177
- unrealised	114 949	355 761
- revaluation write-down on accrued interest	42 503	31 958
- commission on loans and other	9 488	8 895
- fee paid for issued guarantees	17 844	36 654
- provision for interest on liabilities	317	901
- premium on Eurobonds	11 651	-
- costs of well reclamation	-	16 216
- other	784	1 278
Total other financial expenses	477 673	1 027 840

NOTE 31. GAIN (LOSS) ON SALE OF ALL OR A PART OF SHARES IN CONTROLLED ENTITIES

Not applicable, since the Company prepares consolidated financial statements.

NOTE 32. EXTRAORDINARY GAINS

	31 December 2005	31 December 2004
Casualty compensations	8,00	365,00
Other	-	-
Total extraordinary gains	8,00	365,00

NOTE 33. EXTRAORDINARY LOSSES

	31 December 2005	31 December 2004
Casualty costs	8	887
Other	795	389
Total extraordinary losses	803	1 276

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

NOTE 34. CURRENT INCOME TAX

	31 December 2005	31 December 2004
1. Gross profit (loss)	1 551 773	1 118 252
2. Differences between the gross profit (loss) and income tax base	(238 145)	(345 925)
- Revenues not included in the taxable income	2 057 614	1 415 035
- write-downs on receivables released	198 538	129 469
- release of other write-downs	163 433	31 775
- release of provision for real estate tax	-	-
- released provisions for liabilities to employees	56 052	13 580
- release of provisions for reclamation of wells	66 184	28 753
- release of provision for inventory	-	-
- other provisions released	47 952	12 814
- exchange gains due to revaluation	395 068	614 659
- Accrued interest on receivables	41 653	40 892
- revenues from prepayments regarding amortisation of connection fee	10 842	503
- revenues from prepayments in the amount equal to depreciation of fixed assets under leasing	71 619	-
- revenues from prepayments regarding amortisation of perpetual usufruct	738	963
- revenues from prepayments regarding depreciation of fixed assets obtained free of charge	4 583	5 689
- dividends received	100 962	47 376
- Export not confirmed by border Customs Office	-	-
- revenues from hedging transactions	-	379
- VAT	-	-
- PFRON adjustment	-	3 225
- Assets revealed during physical count	192 002	-
- Revenues due to rental, lease, sales of gas, utilities with tax liability in the following month	700 429	454 085
- other	7 559	30 873
- Costs not classified as tax-deductible expenses	1 953 784	1 365 234
- Revaluation write-downs on receivables	154 271	71 957
- Write-downs on shares and loans	-	-
- write-down on inventory	-	-
- other revaluation write-downs	179 424	220 218
- Provision for employee liabilities	50 771	12 655
- provision for reclamation of wells	29 546	42 492
- other provisions	160 813	81 771
- accrued payable interest	10 449	59 002
- expenses due to acquisition of shares and securities	37 920	-
- Transaction hedging costs	491 014	355 761
- depreciation of received infrastructure	-	1 512
- Amortisation of land perpetual usufruct right	5 190	4 749
- Other amortisation	29 210	15 804
- exchange losses	81 130	82 467
- additional write off to social fund	-	-
- PFRON	3 251	7 111
- VAT	22	130
- Pakistan costs	-	-
- Own cost of crude oil export	-	-
- subsidies	1 443	1 134
- costs of discontinued investments	2 933	9 521
- fixed asset losses	-	-
- interest, compensation, penalties, fines, fees	766	84
- external services, concession fee, adjustment of selling expenses	-	-

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

- adjustment of gas sales costs	660 323	365 428
– other	55 308	33 438
- Taxable income not classified to accounting revenues	740 979	49 621
- realised exchange gains	132 236	27 428
- Connection fee	749	2 472
- Received interest	5 060	2 737
- revenues from forward transactions	-	1 931
- Revenues due to rental, lease, sales of gas, utilities with tax liability in the following month	482 160	-
- financial lease – principal instalment	118 843	-
– other	1 931	15 053

NOTE 34. CURRENT INCOME TAX, CONT.

- Tax-deductible expenses, not classified to accounting expenses	873 851	345 367
- realised exchange losses	300 142	72 008
- interest paid	6 923	7 838
- additional write off to social fund	235	781
- fund for liquidation of a mine	-	-
- change of tax due to revaluation write-down on receivables	-	69
- Provision for allowances, jubilee bonuses, bonuses, payroll	-	-
- provision for the valuation of hedging transactions	105 308	187 442
- provision for Mentora and Gaztec	-	1 553
- revaluation of shares	-	49 576
- securities at sales value	-	10 782
- financial leases	77 600	12 427
- Expenses due to rental, lease, sales of gas, utilities payable in the following month	365 428	-
- other	18 215	2 891
- Deductions from income	1 443	378
- subsidies	1 443	378
3. Income tax base	1 313 628	772 327
- tax rate for the given period	0	0
4. Income tax	249 589	146 742
5. Increases, releases, exemptions, deductions and reductions of taxes	(150)	-
6. Current income tax disclosed in tax return for the period, including:	249 739	146 742
- disclosed in the profit and loss account	249 739	149 347

* Difference between income tax disclosed in the profit and loss account and current income tax disclosed in tax return for the period arises from recognition of adjustment of income tax for 2003 in the amount of PLN 2 605 681.36 in profit and loss account.

NOTE 34.1. DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT

	31 December 2005	31 December 2004
- decrease (increase) due to occurrence and reversal of temporary differences	(2 964)	(76 417)
- decrease (increase) due to change of tax rates	-	-
- decrease (increase) due to previously not recognised tax loss, tax relief or temporary difference of the previous period	-	-
- decrease (increase) due to write-off of deferred tax assets or lack of possibility to use the provisions of deferred tax	-	-
- other components of deferred tax assets	-	-
- unrecognised temporary differences from the previous period	-	-
Total deferred income tax	(2 964)	(76 417)

NOTE 34.2. TOTAL AMOUNT OF DEFERRED INCOME TAX RECOGNISED UNDER GOODWILL OR NEGATIVE GOODWILL

The item "Total amount of deferred income tax recognized in goodwill or negative goodwill" applies to individual financial statements in case of merger. No business combinations of PGNiG S.A. and other entities took place in the financial period.

NOTE 34.3. DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT

	31 December 2005	31 December 2004
- discontinued operations	-	-
- result on extraordinary events	-	-

NOTE 35.1. OTHER STATUTORY REDUCTIONS IN PROFIT (INCREASES IN LOSS) DUE TO:

	31 December 2005	31 December 2004
15% dividend to the owner (State Treasury)	166 842	145 775
Total other statutory reductions in profit (increases in loss)	166 842	145 775

NOTE 36. SHARE IN NET PROFITS (LOSSES) OF CONTROLLED ENTITIES MEASURED USING THE EQUITY METHOD

not applicable

The Company prepares consolidated financial statements and applies equity method to controlled entities.

NOTE 37. SHARE IN NET PROFITS (LOSSES) OF ENTITIES

The financial statements for 31 December 2004 were approved by the General Shareholders Meeting on 15 April 2005. The General Shareholders Meeting decided to distribute profit for 2004 in the amount of PLN 746,712.5 thousand as follows:

- PLN 219,457.5 thousand was allocated to the Company's supplementary capital,
- - PLN 7,225.0 thousand was written off to the Company's Social Benefits Fund.
- - PLN 20,000.0 thousand was written off to the Company's Bonus Fund payable from profit,
- PLN 500,000.0 was allocated to dividend payment to the State Treasury. The payment will be made in form of immovables, movables, property rights constituting active elements of transmission system, i.e. gas compressor and gas stations.

NOTE 38. EARNINGS PER SHARE

Weighted average number of shares was calculated as follows:

Start date	End date	Number of ordinary shares on the market	Number of days	Weighted average number of shares
31 December 2005				
2004-12-31	2005-09-17	5 000 000	260	3 561 644
2005-09-17	2005-12-31	5 900 000	105	1 697 260
Total			365	5 258 904
31 December 2004				
2003-12-31	2004-12-31	5 000 000	365	5 000 000
Total				5 000 000

Annualized profit was calculated as follows:

	31 December 2005		31 December 2004	
	Period	value	Period	value
Profit closing balance	From 1 January to 31 December 2005	1 133 118	From 1 January to 31 December 2004	746 713
Annualized profit	From 1 January to 31 December 2005	1 133 118	From 1 January to 31 December 2004	746 713

In 2005 and 2004 there were no instruments that would result in adjustment of the number of shares or net profit, which are the basis for calculation of diluted earnings per share. Due to the above, diluted earnings per share and earnings per share are equal.

In 2005 and 2004, all shares entitled to equal share in net profit for the period.

NOTE 39. STRUCTURE OF CASH AND CASH EQUIVALENTS

	31 December 2005	31 December 2004
cash in hand	173	279
cash at bank	93 365	36 839
a) current accounts	93 365	36 839

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

b) letters of credit	-	-
other cash	2 652 846	481 995
a) cheques and external bills of exchange under 3 months	-	-
b) cash in transit	3	3
c) bank deposits including related interest	701 598	297 035
d) bills (commercial, treasury, NBP, etc.), deposit certificates	1 951 245	184 957
e) other	-	-
cash equivalents	-	750
a) cheques and external bills of exchange over 3 months	-	-
b) dividend due	-	-
c) other	-	750
Total cash and cash equivalents	2 746 384	519 863

NOTE 39.1. REASONS FOR DIFFERENCES BETWEEN BALANCE SHEET CHANGES IN CERTAIN ITEMS AND CHANGES ARISING FROM THE CASH FLOW STATEMENT

	31 December 2005
Cash	
Balance sheet change in cash	2 226 521
Change in cash due to exchange differences	(8)
Change in cash disclosed in the cash flow statement	2 226 513
Provisions	
Balance-sheet change in provisions	16 189
Change in the provision for reclamation of wells adjusting fixed assets – related to investment activities	(28 892)
Contribution in kind to the entity established based on branch – adjustment of investment activity	6 061
Adjustment of presentation between provisions and prepayments and accruals	(27)
Change in provisions disclosed in the cash flow statement	(6 669)
inventory	
Balance-sheet change in inventory	(166 573)
Dividend in kind to the owner (State Treasury) – adjustment of financial activity	(7 169)
Contribution in kind to the entity established based on branch – adjustment of investment activity	(3 562)
Change in inventory disclosed in the cash flow statement	(177 304)
Receivables	
Balance-sheet change in net receivables	(4 706 458)
Receivables arising from commissioning of fixed assets based on leasing – adjustment of investment activity	4 494 292
Leasing liability repayment – adjustment of investment activity	(125 885)
Change in receivables due to sale of non-financial non-current assets – adjustment of investment activities	454
Exchange of receivables for shares in a subsidiary – adjustment of investment activity	(14 000)
Contribution in kind to the entity established based on branch – adjustment of investment activity	(1 383)
Change in receivables due to sale of shares – adjustment of investment activity	-
Change in balance of receivables from dividend (15%) to the State Treasury – adjustment of financial activity	12 528
Concession receivables reclassified from expenditure to fixed assets under construction – adjustment of investment activity	2 379
Change in receivables disclosed in the cash flow statement	(338 073)
Liabilities	
Balance-sheet change in short-term liabilities excluding credits and loans	(1 991 986)
Change in liabilities due to purchase of non-financial non-current assets – adjustment of investment activities	44 566
Contribution in kind to the entity established based on branch – adjustment of investment activity	11 203
Change in liabilities due to a loan contracted from a subsidiary – adjustment of financial activities	2 797 372
Change in balance of receivables from profit payment (15%) to the State Treasury – adjustment of financial activity	(28 798)
Elimination of special funds from profit write-off to the Company's Social Benefits Fund –	(7 255)

Polskie Górnictwo Naftowe i Gazownictwo S.A.
financial statements for the period ended 31 December 2005
Explanatory notes
(in thousand PLN)

adjustment of financial activities	
Change in liabilities in cash flow statements	825 102
Prepayments and accruals	
Balance-sheet change in prepayments and accruals	2 683 339
Deferred income from commissioning of fixed assets based on leasing – adjustment of investment activity	(2 679 250)
Deferred income from leased fixed assets – reclassification within operating activity	71 619
Contribution in kind to the entity established based on branch – adjustment of investment activity	(2 342)
Adjustment of presentation between prepayments and accruals and provisions	28
Change in prepayments and accruals disclosed in the cash flow statement	73 394

NOTE 39.2 STATEMENT OF MATERIAL ADJUSTMENTS, INFLOWS AND EXPENSES CONCERNING 'OTHER' ITEMS

	31 December 2005
I. Other adjustments, due to:	(205 103)
Change in exchange differences from translation of a foreign branch	(253)
Depreciation of social facilities	340
Adjustment regarding change in intangible assets – investment activities	72
Adjustment of balance in tangible fixed assets – investment activity	(63 699)
difference arising from measurement of assets contributed by dividend	(192 002)
Expenditure on non-financial non-current assets charged to costs – investment activity	58 519
Contribution in kind to the entity established based on branch – adjustment of investment activity	(3 382)
Adjustments of contribution in kind to the entity established based on branch – adjustment of investment activity	(12 017)
Revaluation write-down on shares contributed free of charge – investment activity	(19 954)
Exchange differences from restatement of other investments in foreign branch	1
Deferred income from leased fixed assets – reclassification within operating activity	(71 619)
Cost of discount from the valuation of financial leasing – financial activities	(1 306)
Hedging transactions – financial activity	50 612
Commission on credits paid – financial activities	20 089
Expenses due to loan repayment guarantees received from distribution companies – financial activities	17 844
Premium paid for earlier redemption of Eurobonds – financial activity	11 652
II. Other inflows from investment activities due to:	136 950
Expiration of a 3 month deposit	11 064
Leasing liability repayment – adjustment of investment activity	125 886
III. Other outflows from investment activities due to:	2 826
Advances for fixed assets under construction	2 712
Expenses incurred due to sale and liquidation of non-financial non-current assets	114
IV. Other inflows from financial activities due to:	276 855
Revenues from unrealised hedging transactions	276 855
V. Other outflows from financial activities due to:	329 722
Commission paid on credits	20 088
Expenses due to loan repayment guarantees received from distribution companies	17 844
Premium paid for earlier redemption of Eurobonds	11 652
Expenses due to realised hedging transactions	280 137

