POLSKIE GÓRNICTWO NAFTOWE I GAZOWNICTWO CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIOD ENDED 3O SEPTEMBER 2005 AND 2004
DRAWN IN LINE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Period ended			
	3rd quarter/2005 period from 2005-07-01 to 2005-09-30	3 quarters in increasing order / 2005 period from 2005-01-01 to 2005-09-30	3rd quarter / 2004 period from 2004-07-01 to 2004-09-30	3 quarters in increasing order / 2004 period from 2004-01-01 to 2004-09-30
	(in PLN '000)			
Sales revenues	**2 366 774**	**8 544 644**	**1 981 755**	**7 707 975**
Change in inventory	(54 009)	37 024	(34 836)	14 611
Manufacturing cost of benefits for internal purposes	160 748	354 065	139 012	364 831
Consumption of raw materials and materials	(1 119 614)	(4 174 070)	(861 987)	(3 657 810)
Employee benefits	(365 319)	(1 178 443)	(368 162)	(1 151 862)
Amortization	(331 004)	(1 106 476)	(375 371)	(1 133 889)
External services	(550 716)	(1 030 770)	(249 343)	(717 388)
Other operating expenses (net)	(72 962)	(495 604)	94 443	(324 278)
Operating expenses in total	**(2 332 876)**	**(7 594 274)**	**(1 656 244)**	**(6 605 785)**
Profit on operating activities	**33 898**	**950 370**	**325 511**	**1 102 190**
Financial revenues	249 086	612 321	211 066	571 731
Financial expenses	(150 947)	(707 370)	(266 495)	(811 067)
Share in profits/(losses) of controlled entities measured using the equity method	303	57 918	496	(84 694)
Gross profit	**132 340**	**913 239**	**270 578**	**778 160**
Income tax	(17 466)	(182 274)	(64 787)	(203 058)
Net profit on business activities before obligatory profit sharing	**114 874**	**730 965**	**205 791**	**575 102**
Profit sharing	(42 771)	(132 616)	(33 407)	(110 644)
Net profit on business activities	**72 103**	**598 349**	**172 384**	**464 458**
Discontinued operations				
Result for the financial year on discontinued operations	-	-	-	-
Net profit for the financial year	**72 103**	**598 349**	**172 384**	**464 458**
Assigned to:				
Shareholders of the holding company	71 209	597 429	172 304	464 286
Minority shareholders	894	920	80	172
Profit per share assigned per ordinary shareholder of the holding company				
- basic from profit for the financial year		0.12		0.09
- diluted from profit for the financial year		0.12		0.09

CONSOLIDATED BALANCE SHEET

	Period ended			
	Balance as of 30 September 2005 end of quarter / 2005	Balance as of 30 June 2005 end of previous quarter / 2005	Balance as of 31 December 2004 end of previous year / 2004	Balance as of 30 September 2004 end of quarter / 2004
ASSETS	(in PLN '000)			
Non-current assets (long-term)				
Tangible fixed assets	17 395 314	22 271 914	22 649 791	22 792 920
Investment property	10 939	11 013	11 279	11 276
Intangible assets	906 657	822 816	831 637	905 763
Investments in associated companies measured using the equity method	520 389	520 263	462 645	237 584
Financial assets available for sale	20 647	17 553	17 956	17 973
Other financial assets	4 207 687	1 473	1 371	1 053
Deferred tax asset	415 340	405 134	462 032	557 452
Other non-current assets	18 855	12 404	13 891	11 234
Total non-current assets (long-term)	**23 495 828**	**24 062 570**	**24 450 602**	**24 535 255**
Current assets (short-term)				
inventory	1 050 793	666 962	602 989	873 979
Trade and other receivables	1 646 806	1 201 256	1 912 925	1 296 894
Receivables due to current tax	6 337	12 439	31 775	22 525
Prepayments and accruals	64 596	113 750	13 684	32 403
Financial assets held for trading	117 217	63 193	268 325	18 841
Assets due to derivative financial instruments	308 555	317 682	232 620	503 620
Cash and cash equivalents	3 745 068	1 891 895	906 598	963 139
Total current assets (short-term)	**6 939 372**	**4 267 177**	**3 968 916**	**3 711 401**
Total assets	**30 435 200**	**28 329 747**	**28 419 518**	**28 246 656**
EQUITY AND LIABILITIES				
Equity				
Share capital	5 000 000	5 000 000	5 000 000	5 000 000
Revaluation reserve	1 086	1 086	1 086	1 086
Exchange differences from translation of foreign entities	(3 215)	(11 381)	(11 993)	(2 184)
Retained profits (losses)	12 962 856	12 777 587	12 751 368	12 422 592
Equity (assigned to the shareholders of the holding company)	**17 960 727**	**17 767 292**	**17 740 461**	**17 421 494**
Equity of minority shareholders	7 171	6 276	6 312	6 432
Total equity	**17 967 898**	**17 773 568**	**17 746 773**	**17 427 926**
Long-term liabilities				
Credits, loans and debt securities	57 232	192 373	322 891	4 002 870
Provisions	962 469	960 361	937 868	966 307
Deferred income	1 244 919	1 187 495	1 205 480	1 215 008
Provision for deferred tax	2 228 867	2 240 704	2 304 771	2 383 789
Total long-term liabilities	**4 493 487**	**4 580 933**	**4 771 010**	**8 567 974**
Short-term liabilities				
Trade and other liabilities	4 090 921	1 807 356	1 271 265	945 240
Credits, loans and debt securities	3 294 039	3 573 894	4 057 003	924 185
Liabilities due to derivative financial instruments	142 469	123 748	238 193	114 046
Liabilities due to current tax	78 690	79 127	4 214	5 111
Provisions	355 892	377 190	321 828	253 676
Deferred income	11 804	13 931	9 232	8 498
Total short-term liabilities	**7 973 815**	**5 975 246**	**5 901 735**	**2 250 756**
Total liabilities	**12 467 302**	**10 556 179**	**10 672 745**	**10 818 730**
Total equity and liabilities	**30 435 200**	**28 329 747**	**28 419 518**	**28 246 656**

CONSOLIDATED CASH FLOW STATEMENT

	Period ended			
	3rd quarter/2005 period from 2005-07-01 to 2005-09-30	3 quarters in increasing order / 2005 period from 2005-01-01 to 2005-09-30	3rd quarter / 2004 period from 2004-07-01 to 2004-09-30	3 quarters in increasing order / 2004 period from 2004-01-01 to 2004-09-30
	(in PLN '000)			
Cash flows from operating activities				
Net financial result	72 103	598 349	172 384	464 458
Adjusted by:				
Share in profits/(losses) of controlled entities measured using the equity method	(303)	(57 918)	(496)	84 694
Amortization	331 004	1 106 476	375 371	1 133 889
Net exchange gains (losses)	(108 560)	(174 045)	(132 968)	(261 290)
Net paid interest and dividends	12 224	143 055	92 072	299 030
Profit/loss on investment activities	(32 301)	96 762	(198 574)	24 691
Income tax for the current period	17 466	182 274	64 787	203 058
Paid income tax	(33 860)	(112 203)	(37 151)	(281 007)
Other net items	62 230	(68 845)	64 024	7 571
Net cash flows from operating activities before changes in working capital	**320 003**	**1 713 905**	**399 449**	**1 675 094**
Change in working capital:				
Change in net receivables	(212 833)	506 491	39 298	715 523
Change in inventory	(390 440)	(454 413)	(282 225)	(325 096)
Change in provisions	46 527	58 664	26 664	31 750
Change in short-term liabilities	101 041	349 885	30 623	(277 107)
Change in prepayments	41 637	(55 874)	114 479	80 706
Change in deferred income	(25 227)	(39 213)	(101 155)	(130 718)
Net cash flows from operating activities	**(119 292)**	**2 079 445**	**227 133**	**1 770 152**
Cash flows from investment activities				
Inflows from the purchase of tangible assets and tangible fixed assets	4 059	6 966	2 042	5 821
Inflows from the sale of shares in entities not included in consolidation	600	622	-	-
Inflows from the sale of short-term securities	(46 302)	147 484	78 259	218 290
Acquisition of intangible assets and tangible fixed assets	(378 208)	(965 684)	(297 056)	(857 922)
Acquisition of shares in entities not included in consolidation	-	-	-	-
Acquisition short-term securities	(1 615)	(1 615)	-	-
Received interest	64 301	74 812	8 781	18 336
Received dividends	611	1 290	248	1 108
Other net items	60 536	90 805	(1 081)	(10 875)
Net cash on investment activity	**(296 018)**	**(645 320)**	**(208 807)**	**(625 242)**
Cash flows from financial activities				
Net inflows from issuance of shares and other capital instruments and from capital contributions	2 682 000	2 682 000	-	-
Inflows from contracted credits and loans	488 810	2 923 856	(12 418)	12 527
Repayment of credits and loans	(765 995)	(1 015 348)	(262 803)	(633 324)
Inflows from issuance of debt securities	-	-	-	-
Redemption of debt securities	-	(2 799 327)	-	-
Repayment of liabilities due to financial lease	(38 977)	(45 453)	(3 189)	(8 370)
Inflows from forwards	11 433	52 338	13 403	60 223
Outflows from forwards	(41 704)	(130 181)	(68 237)	(127 115)
Paid dividends	(21 128)	(163 564)	(48 691)	(134 288)
Paid interest	(45 331)	(81 461)	(17 953)	(56 676)
Other net items	(786)	(18 956)	(2 274)	(7 338)
Net cash flows from financial activities	**2 268 322**	**1 403 904**	**(402 162)**	**(894 361)**
Change in the balance of net cash	**1 853 012**	**2 838 029**	**(383 836)**	**250 549**
Net exchange differences	163	442	688	226
Opening balance of cash and cash equivalents	**1 896 424**	**911 407**	**1 343 730**	**709 345**
Closing balance of cash and cash equivalents	**3 749 436**	**3 749 436**	**959 894**	**959 894**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Equity (assigned to the shareholders of the holding company)					**Minority equity**	**Total equity**
	Share capital	Revaluation reserve	Exchange differences from translation	Retained profits (losses)	**Total**		
	(in PLN '000)						
01.01.2004	**5 000 000**	**1 086**	**(1 517)**	**11 963 745**	**16 963 314**	**6 328**	**16 969 642**
Exchange differences from translation of foreign branches	-	-	(667)	-	**(667)**	-	**(667)**
Inclusion of a new company in consolidation	-	-	-	-	**-**	-	**-**
Share of minority shareholders in profit distribution	-	-	-	(2)	**(2)**	(68)	**(70)**
Dividend payment to the owner	-	-	-	(5 437)	**(5 437)**	-	**(5 437)**
Net profit for the 3rd quarter of 2004 in increasing order	-	-	-	464 286	**464 286**	172	**464 458**
30.09.2004	**5 000 000**	**1 086**	**(2 184)**	**12 422 592**	**17 421 494**	**6 432**	**17 427 926**
01.01.2004	**5 000 000**	**1 086**	**(1 517)**	**11 963 745**	**16 963 314**	**6 328**	**16 969 642**
Exchange differences from translation of foreign branches	-	-	(10 476)	-	**(10 476)**	-	**(10 476)**
Share of minority shareholders in profit distribution	-	-	-	(1)	**(1)**	(68)	**(69)**
Dividend payment to the owner	-	-	-	(5 437)	**(5 437)**	-	**(5 437)**
Net profit for 2004	-	-	-	793 061	**793 061**	52	**793 113**
31.12.2004	**5 000 000**	**1 086**	**(11 993)**	**12 751 368**	**17 740 461**	**6 312**	**17 746 773**
01.01.2005	**5 000 000**	**1 086**	**(11 993)**	**12 751 368**	**17 740 461**	**6 312**	**17 746 773**
Exchange differences from translation of foreign branches	-	-	8 778	-	**8 778**	-	**8 778**
Share of minority shareholders in profit distribution	-	-	-	(1)	**(1)**	(63)	**(64)**
Decrease of share in subsidiary – share of minority shareholders	-	-	-	5 000	**5 000**	-	**5 000**
Discontinued consolidation of a subsidiary	-	-	-	2 260	**2 260**	-	**2 260**
Dividend received from an associated company consolidated under the equity method	-	-	-	(174)	**(174)**	-	**(174)**
Result on fixed assets reassigned as dividend	-	-	-	106 974	**106 974**	-	**106 974**
Dividend payment to the owner	-	-	-	(500 000)	**(500 000)**	-	**(500 000)**
Net profit for the 3rd quarter of 2005 in increasing order	-	-	-	597 429	**597 429**	920	**598 349**
30.09.2005	**5 000 000**	**1 086**	**(3 215)**	**12 962 856**	**17 960 727**	**7 169**	**17 967 896**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Equity (assigned to the shareholders of the holding company)					**Minority equity**	**Total equity**
	Share capital	Revaluation reserve	Exchange differences from translation	Retained profits (losses)	**Total**		
	(in PLN '000)						
01.07.2005	**5 000 000**	**1 086**	**(11 381)**	**12 777 587**	**17 767 292**	**6 276**	**17 773 568**
Exchange differences from translation of foreign branches	-	-	8 166	-	**8 166**	-	**8 166**
Share of minority shareholders in profit distribution	-	-	-	-	**-**	(1)	**(1)**
Decrease in share in subsidiary – share of minority shareholders	-	-	-	5 000	**5 000**	-	**5 000**
Discontinued consolidation of a subsidiary	-	-	-	2 260	**2 260**	-	**2 260**
Dividend received from an associated company consolidated under the equity method	-	-	-	(174)	**(174)**	-	**(174)**
Dividend payment to the owner	-	-	-	-	**-**	-	**-**
Net profit for the 3rd quarter of 2005	-	-	-	71 209	**71 209**	894	**72 103**
30.09.2005	**5 000 000**	**1 086**	**(3 215)**	**12 855 882**	**17 853 753**	**7 169**	**17 860 922**

- **1. Information on principles applied during the preparation of the consolidated report for the 3rd quarter of 2005**

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

The consolidated financial statements for the third quarter of 2005 presented in this consolidated report were prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the provisions of the Ordinance of Council of Ministers of 19 October 2005 on current and periodic information provided by issuers of securities (Dz. U. No. 209 item 1749, "Ordinance") and cover the period from 1 January 2005 to 30 September 2005.
The consolidated financial statements are presented in PLN, and all figures, unless otherwise stated, are stated in PLN thousands.

1.2. Representation on compliance

In the consolidated financial statements the Capital Group applied International Financial Reporting Standards.

1.3. General principles for preparation of financial statements covered by the report

The same general principles have been applied during the preparation of the consolidated balance sheet, consolidated profit and loss account, statement of changes in consolidated equity and consolidated cash flow statement as during the preparation of the consolidated financial statements for the period ended 30 June 2005. The above principles have been recognized in the consolidated financial statements of the Capital Group for the period ended 30 June 2005, which were published on 30 September 2005.

1.4. Accounting principles applied

In the third quarter of 2005, the Company and the Capital Group did no introduce any material changes in the accounting principles as compared to the principles applied to the financial statements and consolidated financial statements for the period ended 30 June 2005. These principles have been included in the consolidated financial statements of the Capital Group for the period ended 30 June 2005, which were published on 30 September 2005.

1.5. General information on the Issuer and its Capital Group

Polskie Górnictwo Naftowe i Gazownictwo S.A. (hereinafter referred to as "PGNiG S.A.", "Company" or "holding company"), PGNiG Capital Group's holding company (hereinafter referred to as "PGNiG S.A. Capital Group" or the "Group") with registered office in Poland, 00-537 Warsaw, ul. Krucza 6/14. As of 23 September 2005, as a result of issue of shares, PGNiG S.A. was transformed from a company wholly owned by the State Treasury into a public company.
The holding company was created as result of the transformation of the state company Polskie Górnictwo Naftowe i Gazownictwo into a joint stock company wholly owned by the State Treasury. The transformation deed and the articles of association were signed in the form of a notarized deed of 21 October 1996.
While signing the above deed of transformation of the state enterprise, the Minister of Treasury followed the provisions of the Prime Minister's Ordinance of 30 September 1996 on transformation of the enterprise Polskie Górnictwo Naftowe i Gazownictwo with registered office in Warsaw into a joint-stock company wholly owned by the State Treasury (Dz. U. No. 116 of 1996, item 553).
On 30 October 1996 the Company was entered to the commercial register under number RHB 48382. As of the date of registration the Company acquired legal personality. On 27 December 2001 PGNiG S.A. was entered into the National Court Register (Register of Entrepreneurs) under number KRS 0000059492.
The joint stock company is a legal successor of the state enterprise. Asset and liabilities of the state enterprise were transferred via contribution in kind to the joint stock company and disclosed in accounting records at the value from the closing balance of the state enterprise.
The Company's core business includes seeking and exploration of crude oil and gas, gas import, transfer and distribution.

PGNiG Capital Group consists of commercial companies specialized in production, trade and services. The Group's holding company is Polskie Górnictwo Naftowe i Gazownictwo S.A.

The structure of PGNiG Capital Group

As of 30 June 2005 Polskie Górnictwo Naftowe i Gazownictwo S.A. possessed shares in 59 commercial companies, including:

25 companies, in which PGNiG S.A. held over 50% of shares;
17 companies, in which PGNiG S.A. held 20% - 50% of shares;
17 companies, in case of which PGNiG S.A. had a share of less than 20% in their share capital.

As of 30 September 2005, the total face value of the capital commitment of PGNiG S.A. in commercial companies equalled PLN 6,539.4 million.

Companies in which PGNiG S.A. holds shares are divided into three groups:

- "key" companies – six Gas Companies (operating since 2003, composed of the former branches of PGNiG SA – gas operators, whose area of operation covered all of Poland) and Górnictwo Naftowe Sp. z o.o. (established on 22 December 2000 in order to execute the amendment of the "Organizational restructuring program of the state owned public utility company Polskie Górnictwo Naftowe i Gazownictwo" approved by the Council of Ministers on 23 May 2000; the company's share capital is equal PLN 50,000.00, the company does not conduct any operating activity);

- "core" companies – of significant importance to PGNiG S.A., whose activities and actually fulfilled functions ensure the performance of the core tasks of PGNiG S.A. as well as which in general make diversifying the sources of acquiring gas and markets for selling gas easier. Most of the entities classified to this group were established from the branches of PGNiG S.A. These companies operate in the field of searching for deposits, geophysical testing and production for construction and assembly purposes. These entities were created as a result of the Antimonopoly Office's decision of 1993 concerning the division of the state enterprise Polskie Górnictwo Naftowe i Gazownictwo. The group of "core" companies includes entities established in order to execute the sector's business undertakings (including in the scope of projects concerning the use of natural gas in the energy sector), investment projects, financial activity and international treaties;

- "other" companies – entities not connected directly with the activity of PGNiG S.A., which conduct the construction, repair and renovation of gas pipelines and companies whose shares have been assumed as a result of bank composition proceedings, as well as companies, in which PGNiG S.A. does not possess significant packages of shares or whose goals do not justify remaining in capital relations with PGNiG S.A. Companies, in which PGNiG S.A. possesses shares, have been qualified to particular groups according to two criteria: the relationship between a company's scope of activity and the scope of the activity of PGNiG S.A. as well as the significance of the activity conducted by such a company to the realization of the goals of PGNiG S.A.

List of companies that comprise PGNiG Capital Group

The structure of the capital commitment of PGNIG S.A. in commercial companies, in which PGNiG S.A. possesses at least 5% of shares, as of 30 September 2005 is presented in the table below.

	Company	share capital (PLN)	The share of PGNiG S.A. in the company's share capital (PLN)	The % share of PGNiG S.A. in the company's share capital
Key companies				
1	Karpacka Spółka Gazownictwa Sp. z o.o.	1 566 205 000.00	1 566 205 000.00	100.00%
2	Górnośląska Spółka Gazownictwa Sp. z o.o.	1 288 403 000.00	1 288 403 000.00	100.00%
3	Mazowiecka Spółka Gazownictwa Sp. z o.o.	997 841 000.00	997 841 000.00	100.00%
4	Wielkopolska Spółka Gazownictwa Sp. z o.o.	864 071 000.00	864 071 000.00	100.00%
5	Pomorska Spółka Gazownictwa Sp. z o.o.	562 690 000.00	562 690 000.00	100.00%
6	Dolnośląska Spółka Gazownictwa Sp. z o.o.	551 108 000.00	551 108 000.00	100.00%
7	Górnictwo Naftowe Sp. z o.o.	50 000.00	50 000.00	100.00%
	TOTAL			
Core companies				
1	PNiG Jasło Sp. z o.o.	100 000 000.00	100 000 000.00	100.00%
2	PNiG Kraków Sp. z o.o.	98 850 000.00	98 850 000.00	100.00%
3	Geovita Sp. z o.o.	86 139 000.00	86 139 000.00	100.00%
4	PN "Diament" Sp. z o.o.	62 000 000.00	62 000 000.00	100.00%
5	PNiG NAFTA Sp. z o.o.	60 000 000.00	60 000 000.00	100.00%
6	BUG Gazobudowa Sp. z o.o.	39 220 000.00	39 220 000.00	100.00%
7	Geofizyka Kraków Sp. z o.o.	34 400 000.00	34 400 000.00	100.00%
8	Geofizyka Toruń Sp. z o.o.	33 000 000.00	33 000 000.00	100.00%
9	BN Naftomontaż Sp. z o.o. in bankruptcy	44 751 000.00	39 751 000.00	88.83%
10	Zakład Robót Górniczych Krosno Sp. z o.o.	26 802 000.00	26 802 000.00	100.00%
11	ZUN Naftomet Sp. z o.o.	23 500 000.00	23 500 000.00	100.00%
12	ZRUG Sp. z o.o. (in Pogórska Wola)	4 300 000.00	4 300 000.00	100.00%
13	PGNiG Finance B.V.	EUR 20 000	EUR 20 000	100.00%
14	"BUD - GAZ" Sp. z o.o.	51 760.00	51 760.00	100.00%
15	B.S. i P.G. "Gazoprojekt" S.A.	4 000 000.00	3 000 000.00	75.00%
16	PPUiH "TURGAZ" Sp. z o.o.	176 000.00	90 000.00	51.14%
17	"NYSAGAZ Sp. z o.o."	3 700 000.00	1 887 000.00	51.00%
18	InterTransGas GmbH	EUR 200 000	EUR 100 000	50.00%
19	INVESTGAS S.A.	500 000.00	245 000.00	49.00%
20	"Polskie Elektrownie Gazowe" Sp. z o.o.	2 500 000.00	1 212 000.00	48.48%
21	SGT EUROPOL GAZ S.A.	80 000 000.00	38 400 000.00	48.00%
22	PFK GASKON S.A.	13 061 325.00	6 000 000.00	45.94%
23	GAS - TRADING S.A.	2 975 000.00	1 291 350.00	43.41%
24	ZWUG "INTERGAZ" Sp. z o.o.	4 700 000.00	1 800 000.00	38.30%
25	"Dewon" ZSA	Hr 11 146 800	Hr 4 055 205.84	36.38%
26	"IZOSTAL" S.A.	22 488 000.00	1 360 000.00	6.05%
27	TENET - 7 Sp. z o.o. (former GRESPOL 7 Sp. z o.o.)	50 000.00	5 000.00	10.00%
28	Agencja Rynku Energii S.A.	1 376 000.00	100 000.00	7.27%

	TOTAL		#ADR!	
	Company	share capital (PLN)	The share of PGNiG S.A. in the company's share capital (PLN)	The % share of PGNiG S.A. in the company's share capital
Other companies				
1	ZRUG Warszawa S.A. in liquidation	6 000 000.00	2 940 000.00	49.00%
2	Sahara Petroleum Technology Llc	RO 150 000	73 500 RO	49.00%
3	"GAZOMONTAŻ" S.A.	1 498 850.00	677 200.00	45.18%
4	"ZRUG" Sp. z o.o. (in Poznań)	3 780 000.00	1 515 000.00	40.08%
5	HS "Szczakowa" S.A. in bankruptcy	16 334 989.44	5 439 494.72	33.30%
6	"ZRUG TORUŃ" S.A.	4 150 000.00	1 300 000.00	31.33%
7	Przeds. Wielobranżowe "MED - FROZ" S.A. in liquidation	151 700.00	35 000.00	23.07%
8	ZRUG Zabrze Sp. z o.o.	2 750 000.00	600 000.00	21.82%
9	"TE-MA" WOC Małaszewicze Terespol Sp. z o.o. in liquidation	262 300.00	55 000.00	20.97%
10	Zakład Remontowy Urządzeń Gazowniczych Wrocław Sp. z o.o. in bankruptcy	1 700 000.00	270 000.00	15.88%
11	Polski Serwis Płynów Wiertniczych sp z o.o.	250 000.00	35 000.00	14.00%
12	Walcownia Rur "JEDNOŚĆ" Sp. z o.o.	220 590 000.00	18 310 000.00	8.30%
13	PI GAZOTECH Sp. z o.o.	93 600.00	65 000.00	69.44%
14	Polskie Konsorcjum Energetyczne sp. z o.o.	100 000.00	9 500.00	9.50%
15	HSW - Zakład Mechaniczny Sp. z o.o. in bankruptcy	83 010 300.00	4 453 600.00	5.37%
	TOTAL		#ADR!	
TOTAL all companies			**6 539 435 925,89**	

1.6. The entities of the Capital Group included in consolidation for the third quarter of 2005

The following entities have been included in the consolidated financial statements for the third quarter of 2005: the Holding Company, twenty one subsidiaries, one co-subsidiary and two associated entities.

Name of the Company	Country	Percentage share in the share capital	
		30 September 2005	30 September 2004
Subsidiaries			
Geofizyka Kraków Sp. z o. o.	Poland	100.00%	100.00%
Geofizyka Toruń Sp. z o. o.	Poland	100.00%	100.00%
PNiG Jasło Sp. z o. o.	Poland	100.00%	100.00%
PNiG Kraków Sp. z o.o.	Poland	100.00%	100.00%
PNiG Piła Sp. z o.o.	Poland	100.00%	100.00%
Dolnośląska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Górnośląska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Karpacka Spółka Gazownictwa Sp. z o. o.	Poland	100.00%	100.00%
Mazowiecka Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Pomorska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Wielkopolska Spółka Gazownictwa Sp. z o.o.	Poland	100.00%	100.00%
Gazobudowa Zabrze Sp. z o.o.	Poland	100.00%	100.00%
Naftomontaż Krosno Sp. z o.o.	Poland	100.00%	100.00%
Naftomet Krosno Sp. z o.o.	Poland	100.00%	100.00%
Diament Sp. z o.o.	Poland	100.00%	100.00%
Gazoprojekt S.A.	Poland	75.00%	75.00%
PGNiG Finance B.V.	Holland	100.00%	100.00%
Geovita Sp. z o.o. Warsaw	Poland	100.00%	100.00%
ZRG w Krośnie Sp. z o.o.	Poland	100.00%	100.00%
Subsidiaries of Naftomontaż Krosno Sp. z o.o. – a subsidiary			
Naft-Trans Krosno Sp. z o. o. in liquidation	Poland	99.70%	99.70%
Naft-Stal Krosno Sp. z o.o.	Poland	98.50%	98.50%
Subsidiaries and Associated Entities			
EUROPOL GAZ S.A.	Poland	49.74%	49.74%
Gas Trading S.A.	Poland	43.41%	43.41%
INVESTGAS S.A.	Poland	49.00%	49.00%

Other subsidiaries and associated companies have not been consolidated, as they are immaterial for the Group financial statements

1.7. Materials events that occurred after the closing period, which were not discloser in the consolidated financial statements for the third quarter of 2005

By the date of preparation of the financial statements for the third quarter 2005, no events had occurred that should have been recognized in the accounting records of the reporting period.

1.8. Changes in the business entity structure, including the result of merger, acquisition or sale of entities of the capital group, long-term investments, restructuring and activity discontinuation

In the reporting period no business combinations, division, acquisitions or sale of entities of the Capital Group, or long-term investments, took place.
In order to comply with the EU legislation, PGNiG discontinued high pressure gas transmission as of 7 July 2005. Pursuant to the "Programme of restructuring and privatisation of the PGNiG", the above-mentioned operations have been taken over by OGP Gaz System Sp. z o.o., currently directly controlled by the State Treasury. A detailed description relating to the discontinued gas transmission activity has been presented in the consolidated financial statements of the Capital Group for the 1st half of 2005, which were published on 30 September 2005.

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

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

1.10. Information on segments of activity

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

The production and output segment is the supplier of gas, crude oil, geophysical and prospecting services. This segment covers the entire gas and crude oil production process, starting from geophysical testing which is undertaken before prospecting for production purposes is commenced and preparation of output for sale.

The transmission and trade segment deals in the purchase of gas, its transmissions in the gas pipeline network of the transmission system as well as its sale.

The distribution segment deals in the purchase, sale and supply of gas to end customers, primarily individual customers.

The others segment delivers services connected with designing and manufacture of machines for gas and crude oil equipment and facilities.

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

Liabilities of segments include all operational liabilities, mainly trade, payroll and tax liabilities, due as well as accrued, as well as provisions for liabilities that can be assigned a particular segment.
Neither assets nor liabilities of segment include deferred tax.
Internal transactions within segments have been eliminated.
All transactions between segments are concluded based on internally agreed prices.

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

1. On 6 July 2005 PGNIG S.A. and Gaz-System Sp. z o.o. concluded three agreements: (i) an agreement pursuant to which Gaz System will render to PGNIG S.A. services connected with mixing gas, which was concluded for a period of three months and whose value is equal approx. PLN 1 million, (ii) an agreement for the operational management of the volume of gas storage facilities by Gaz-System for the benefit of PGNIG S.A., which was concluded for a period of six months starting from the activation of the agreement for the transmission of gas (i.e. 8 July 2005) and whose value is equal approx. PLN 1.5 million, (iii) agreement for the compression of gas fuel in PGNIG S.A. in the Warsaw Branch in Odolanów for the purpose of the transmission system. This service will be rendered by PGNIG S.A. for the benefit of Gaz-System during the duration of the agreement, i.e. until the end of June 2006. The estimated value of the agreement is equal approx. PLN 6.5 million (six and a half million).

2. On 27 July 2005 PGNiG S.A. concluded an agreement for a syndicated loan of EUR 900,000,000 with a syndicate of banks. The agreement of 27 July 2005 concluded between PGNiG and Bank Handlowy w Warszawie S.A., Bank Polska Kasa Opieki S.A., Caylon S.A., Fortis Bank N.V., Powszechna Kasa Oszczędności Bank Polski S.A. and Société Générale S.A. branch in Poland. Pursuant to the agreement, the Company is to obtain a syndicated loan of EUR 900,000,000, which will consist of a forward credit of

EUR 600,000,000 and a revolving credit of EUR 300,000,000. The forward credit will be used to repay the syndicated loan of EUR 600,000,000, granted based on the agreement of 12 December 2003 concluded between the Company and Bank Austria Creditanstalt AG, Bank Przemysłowo–Handlowy PBK S.A., Bank Tokyo-Mitsubishi LTD, BNP Paribas, Bank Handlowy w Warszawie S.A., Credit Agricole Indosuez, Deutsche Bank AG, KBC Bank, Kredyt Bank S.A., Mizuho Corporate Bank LTD, Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Sumitomo Mitsui Banking Corporation Europe Limited, Westlb AG, London Branch, a Sumitomo Mitsui Banking Corporation Europe Limited as an agent, as described in this item of Chapter V of the Prospectus. The revolving credit will be used to repay instalments of other loans drawn by the Company or to finance the Company's general financial needs. The repayment date of the forward credit of EUR 600,000,000 is 27 July 2010. The repayment date of the revolving credit is 27 July 2008. The interest rate on the credit is equal EURIBOR, LIBOR or WIBOR (depending on the currency of the credit), plus a margin and costs foreseen in the agreement. The agreement is to be secured with guarantees granted by the Gas Companies, which are to be issued no later than within 6 months of when the Company first draws the revolving credit.

3. On 10 August 2005 the Company signed agreement no. PL/012216736/050029/DH/HB for the sale of natural gas, in which RosUkrEnergo AG with registered office in ZUG, Switzerland, was the seller and PGNiG S.A. the buyer. The subject of the agreement was the supply of natural gas of a quality specified in the agreement in the amount of up to 3,4 billion m^3 (according to GOST) under DAF conditions to the Polish/Ukrainian border with the point of delivery in Drozdowicze. Deliveries will be conducted in the period from 1 September 2005 to 31 December 2006, inclusive. The price for 1000 m3 is calculated every quarter according to the price formula specified in attachment 1 to the agreement. The formula has been based on a base price in USD for every 1000 m3, an arithmetic mean and the average base price of gasoline. A motion has been submitted to delay the publication of the estimated value of the agreement until the end of 2011.

4. On 9 August 2005, the President of the Office for Competition and Consumer Protection (UOKiK) issued a decision, pursuant to which the Company's actions were deemed as limiting competition on the market by misusing the dominant position of PGNiG S.A. on the domestic natural gas transmission market to limit the market for the disadvantage of counterparties and consumers, by declining to transmit natural gas produced outside Poland, and by undertaking counteractive measures against the formation of conditions necessary for the creation or development of competition by declining to transmit natural gas produced outside Poland and at the same time stated the such practices had been abandoned as of 2 June 2003. In the decision of 9 August 2005 the President of UOKiK imposed a fine of PLN 2,000,000 (two million) on PGNiG S.A. and obliged the Company to return the cost of court proceedings to PHZ Bartimpex S.A.

5. On 31 August 2005, PGNiG published a statement on adopting of corporate governance principles in accordance with Article 27 of the Warsaw Stock Exchange Regulations.

6. On 31 August 2005, PGNiG with the help of Bankowy Dom Maklerski PKO Bank Polski S.A. as the offering party submitted an application for the admittance of A and B series shares, 4,250,000,00 (four billion two hundred fifty million) and 900,000,000 (nine hundred million), for trading on the stock exchange. The aim of the Issuer was to introduce A and B series shares into trading on the official stock market, i.e. on primary market.

7. On 2 September 2005, the PGNiG announced the resolution passed by the General Shareholders Meeting as regards the dividend policy of PGNiG S.A. for 2005-2009.

8. On 7 September 2005, PGNiG signed the following agreements:

- for the operation of gas pipelines, gas stations and junctions, based on which GAZ-SYSTEM will render services to PGNiG (the Zielona Góra Branch); Services will be performed via approx. 455 km of direct and technological gas pipelines, 19 gas stations and 2 junctions in the scope of activities and tasks connected with the operation of gas pipelines, in accordance with gas pipeline technical operation conditions, gas pipeline anti-corrosion systems operation conditions and high pressure gas station technical operation conditions. The remuneration for the execution of these services is paid as a lump sum equal PLN 992,150.

- for the operation of gas pipelines, stations and junctions, pursuant to which GAZ-SYSTEM will render services to PGNiG (Odolanów Branch). Services will be performed via approx. 165 km of direct and technological gas pipelines in the scope of activities and tasks connected with the operation of gas pipelines, in accordance with gas pipeline technical operation conditions and gas pipeline anti-corrosion systems operation conditions. The remuneration for the execution of these services is paid as a lump sum equal PLN 257,850.
- for the operation of gas pipelines pursuant to which PGNiG S.A. (the Odolanów Branch) will render services to Gaz-System Sp. z o.o. Services will be performed via approx. 375 km of direct and technological gas pipelines in the scope of activities and tasks connected with the operation of gas pipelines, in accordance with gas pipeline technical operation conditions. The remuneration for the execution of these services is paid as a lump sum equal PLN 583,334.

9. On 9 September 2005, PGNiG announced that the Management Board of the National Depository of Securities by the resolution No. 501 of 13 September 2005, decided to mark the securities of Polskie Górnictwo Naftowe i Gazownictwo S.A. in the following manner:
    a. PLPGNIG00014 – 4,250,000,000 (four billion two hundred fifty million) ordinary unregistered shares of Polskie Górnictwo Naftowe i Gazownictwo S.A., created after the exchange of 4,250,000,000 (four billion two hundred fifty million) ordinary registered shares, marked PLPGNIG00014, on 13 September 2005;
    b. PLPGNIG00048 – 750.000.000 (four billion two hundred fifty million) of ordinary unregistered shares of Polskie Górnictwo Naftowe i Gazownictwo S.A., created after the exchange on 13 September 2005; 750.000.000 (seven hundred and fifty million) of ordinary registered shares marked PLPGNIG00014. On 30 June 2005, by the resolution No. 344 National Depository of Securities assigned the code PLPGNIG00014 5,000,000,000 (five billion) of ordinary registered series A shares of PGNiG S.A.

10. On 13 September 2005, the PGNiG announced the resolution passed by the General Shareholders Meeting as regards the start and end dates of Series B shares subscription and issue price per Series B share in the amount of PLN 2.98.

11. On 17 September 2005 the final assignment of B series shares available in the initial public offering was conducted in the following manner: (i) 290,000,000 shares were assigned as part of the Individual Investors Tranche, (ii) 350,000,000 shares were assigned as part of the Domestic Institutional Investors Tranche, and (iii) 260,000,000 as part of the Foreign Institutional Investors Tranche. The issue price in all tranches was equal to PLN 2.98 per B series share. Due to technical difficulties connected with settling transactions in the Foreign Institutional Investors Tranche, 11,277,000 B series shares were assigned to investors selected by HSBC Bank plc as part of an investment subissue agreement concluded by the Company with BDM PKO BP S.A.: HSBC Bank plc, HSBC Investment Services (Poland) Sp. z o.o. and ING Bank N.V. (London Branch) This assignment did not result in additional costs for the Company.

12. On 21 September 2005, PGNiG informed that the Management Board of the National Depository of Securities, by its resolution No. 531 of 20 September 2005 decided to accept to the National Depository of Securities 900,000,000 (nine hundred million) rights to ordinary unregistered B series shares of POLSKIE GÓRNICTWO NAFTOWE I GAZOWNICTWO S.A. with the face value of PLN 1 (one zloty) each and mark them with the following code PLPGNIG00055.

13. On 22 September 2005, PGNiG S.A. concluded an agreement with the Gas Companies concerning the issuance of guarantees in connection with the Loan Agreement concluded by PGNiG with a syndicate of banks on 27 July 2005, as mentioned in the PGNiG Management Board report No. 53 of 28 July 2005. Pursuant to the agreement, the Companies are obliged to issue the Bank Handlowy in Warsaw (Loan broker) a joint and several, irrevocable and unconditional loan repayment guarantee up to the amount of EUR 1,250,000,000 until the date falling 18 months after the termination of agreement regarding Tranche A, i.e. 27 January 2012. The Agreement also defines the applicable remuneration due to the Companies as an equivalent of percentage margin applied to the current debt within A and B Tranches and payable to the Companies on the interest payment date. In order to secure any potential recourse claims of the Companies, on 22 September 2005, PGNiG submitted a declaration of a voluntary submission to enforcement proceeding, pursuant to Art. 777, clause 1 item 5 and clause 2 of the Civil Proceedings Code up to the amount of EUR 1,250,000,000.

14. On 30 September 2005, PGNiG provided data on completion of the subscription.

15. On 6 October 2005 the District Court for the capital city of Warsaw, XIX Business Division of the National Court Register registered increase in the share capital of PGNiG. The previous share capital of PGNiG of PLN 5,000,000,000.00 was increased by PLN 900,000,000.00, i.e. up to the amount of PLN 5,900,000,000.00, by issue of 900,000,000 shares of B series with the face value of PLN 1 each. As a result of increase in the share capital the total number of shares in the share capital of PGNiG, where the value of each share is PLN 1.00, equals 5,900,000,000. One share gives one voting right at the shareholders meeting of PGNiG.

16. On 18 October 2005, PGNiG informed that the shareholders meeting has been called and will be held on 18 November 2005. The General Shareholders' Meeting will focus on issues such as appointment of one member of the Supervisory Board in accordance with § 36 of the Company's Articles of Association.

17. On 18 October 2005, the Management Board of the National Depository of Securities, by its resolution decided to accept to the National Depository of Securities 900,000,000 (nine hundred million) rights to ordinary unregistered B series shares of PGNiG with the face value of PLN 1.00 (one zloty) each and mark them with the following code PLPGNIG00055 as of 20 October 2005. As of 20 October 2005 5 150 000 000 (five billion and one-hundred fifty million) shares of PGNiG were marked with code PLPGNIG00014.

18. On 18 October 2005, the Management Board of the National Depository of Securities, introduced as of 20 October 2005 5 150 000 000 (five billion and one-hundred fifty million) shares of PGNiG with the face value of PLN 1.00 (one zloty) each to the stock exchange, including:

    - 4 250 000 000 (four billion two hundred and fifty million) of ordinary unregistered A series shares
    - 900 000 000 (nine hundred million) of ordinary unregistered B series shares marked by the National Depository of Securities with code PLPGNIG00014.

    Shares of PGNiG will be quoted under permanent quotation system under the abbreviated name "PGNiG" marked "PGN".

19. On 28 October 2005 PGNiG concluded "Gas mixing service agreement" with OGP GAZ-SYSTEM Sp. z o.o. The above agreement was concluded for the period of 3 years. The subject matter of the Agreement includes provision of service covering mixing of appropriate amount of gas on three Gas Mixing Facilities to obtain gas fuel with predefined quality parameters. The total net value of the agreement is PLN 13 348 800.00.

20. On 31 October 2005 PGNiG received a letter from OOO Gazexport, in which the supplier requested renegotiations of the price of gas delivered to Poland based on the contract of 25 September 1996.

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

ON 16 September 2005, PGNiG announced the decision of the President of the Energy Regulatory Authority of 12 September 2005, extending the Tariff No. 1/2003, previously approved by on 16 September 2003 (as amended by the decision of the Preside of ERA of 16 June 2005, decision of 1 March 2005, decision of 16 December 2004 and of 28 July 2004) until 31 December 2005 and approving the change in gas fuel tariff. Changes to the tariff were introduced in accordance with Article 47 clause 3 point 1 and Article 47 clause 4 of the Energy Law.

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

In the period from 1 July to 30 September 2005 no such events took place in the Capital Group.

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

On 29 April 2005, the General Meeting of Shareholders decided to allocate PLN 500,000.0 thousand for dividend payments to shareholders.

Declared dividend	500 000 000
Weighted average number of ordinary shares	5 000 000 000
Dividend per ordinary share (in PLN)	0.1

*The Company has no preference shares.

The Annual Shareholders' Meeting passed the resolution to distribute the net profit of PLN 746.7 million. The major portion of the above amount, i.e. PLN 500 million was allocated for the dividend paid to 100% shareholder – i.e. the State Treasury, whereas the remaining portion will be allocated to increase the supplementary capital. The dividend for the State Treasury will be paid in the non-pecuniary form, i.e. active elements of the transmission system, such as gas compression stations and gas stations.

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

Selected financial data have been presented in the "Interim consolidated financial statements of the PGNiG S.A. Capital Group for the 3rd quarter of 2005" and in the "Summary financial statements of PGNiG S.A. for the 3rd quarter of 2005".

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

PGNiG did not publish result forecast for 2005.

1.17. Identification of total number of shareholders with at least 5 votes at the general meeting of the shareholder directly or indirectly through subsidiaries, as of the date of submittal of the quarterly report, including indication of the number of shares held by such entities, their percent share in the share capital, the number of related votes and their percent share in total number of votes at the general meeting as well as indication of changes in ownership structure of major share packages of the issuer since submittal of the previous quarterly report.

Shareholder	Share in the number of votes at the Shareholders Meeting as of the date of submission of the previous quarterly report in %	Number of shares as of the date of submission of the previous quarterly report*	Percentage change in the period 15.04.2005 - 16.09.2005	Share in number of votes in % at the Shareholders Meeting as of the date of submission of the report	Number of shares as of the date of submission of the report**
State Treasury	100%	5 900 000 000	15.25%	84.75%	5 000 000 000
Other	0	0	15.25%	15.25%	900 000 000
Total:	100%	5 900 000 000		100%	5 900 000 000

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

	Number of shares, options as of the date of submission of the previous quarterly report	Acquisition	Sales	Increases, due to change in composition	Decreases, due to change of composition	Number of shares, options as of the date of submission of the report
Management Board	0	177 228	18 624	-	-	158 604
Supervisory Board	0	0	0	-	-	0

1.19. Information about pending court proceedings, and proceedings before the authority competent to the arbitrary proceedings or the state administration authority, including information on proceedings related to liabilities and receivables of the issuer or the issuer's subsidiary, if the total value constitutes the equivalent of at least 10 of the issuer's equity.

In the third quarter of 2005, except for proceedings referred to in Chapter V of the Prospectus, no other proceedings were initiated.

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

In the period from 1 July to 30 September 2005, there were no non-standard transactions in the Capital Group between related parties, where the transaction value exceeded EUR 500.0 thousand.

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

On 22 September 2005, PGNiG concluded an agreement with the Distribution Companies ("Companies") concerning the issuance of guarantees in connection with the Loan Agreement concluded by PGNiG with a syndicate of banks on 27 July 2005, as mentioned in the PGNiG Management Board report No. 53 of 28 July 2005. Pursuant to the agreement, the Companies are obliged to issue the Bank Handlowy in Warsaw (Loan broker) a joint and several, irrevocable and unconditional loan repayment guarantee up to the amount of EUR 1,250,000,000 until the date falling 18 months after the termination of agreement regarding Tranche A, i.e. 27 January 2012. The Agreement also defines the applicable remuneration due to the Companies as an equivalent of percentage margin applied to the current debt within A and B Tranches and payable to the Companies on the interest payment date. In order to secure any potential recourse claims of the Companies, on 22 September 2005, PGNiG submitted a declaration of a voluntary submission to enforcement proceeding, pursuant to Article 777, clause 1 item 5 and clause 2 of the Civil Proceedings Code up to the amount of EUR 1,250,000,000.

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

On 17 October 2005 Mr. Bogusław Kasprzyk resigned from the function of member of the Supervisory Board of PGNiG. Mr. Bogusław Kasprzyk did not explain the reasons of his resignation.

The Extraordinary Shareholders Meeting of PGNiG during the session held on 27 October 2005 appointed the following persons to the Supervisory Board selected by the Company's employees in line with § 37 clause 1 and 2 of the Company's By-Laws:

- Mr. Kazimierz Chrobak
- Mr. Mieczysław Kawecki
- Mr. Mirosław Szkałuba

1.23. Factors, which according to the issuer, will affect the results over at least one subsequent quarter

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

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

Key changes in contingent liabilities, which occurred since the end of the last financial year have been described in the consolidated financial statements of the PGNiG S.A. Capital Group drawn as of 30 June 2005, which were published on 30 September 2005, and in point 3.11. subparagraph 13 of these summary consolidated financial statements.

2. Additional explanatory notes to the financial statements

2.1. Deferred tax

Asset and provision due to deferred tax	Deferred tax asset	Provision for deferred income tax
Opening balance as of 1 January 2005	**462 032**	**2 304 771**
a) increases	28 837	36 274
b) decreases	-75 529	-112 178
Deferred tax closing balance on 30 September 2005	**415 340**	**2 228 867**

2.2. Revaluation write-downs

Revaluation write-downs on assets	Fixed assets	Other financial assets	Investments in associated companies measured using the equity method	Financial assets available for sale	Inventory	Short-term receivables	Due amount of long-term loans	Financial assets held for trading	Total
Opening balance as of 1 January 2005	**815 357**	**71**	**686 867**	**46 488**	**5 787**	**1 010 975**	**270 013**	**21 589**	**2 857 147**
a) increases	13 801	0	208 159	1 670	4 623	197 428	51 795	905	478 381
b) reclassification	0	-8	0	0	0	8	0	0	0
c) decreases	-36 551	-7	0	-1 896	-2 113	-229 722	-46 263	-12 864	-329 416
Closing balance of revaluation write-downs on assets on 30 September 2005	**792 607**	**56**	**895 026**	**46 262**	**8 297**	**978 689**	**275 545**	**9 630**	**3 006 112**

2.3. Provisions

Provision for retirement and similar benefits	Provision for jubilee bonuses	Provision for retirement severance pay	Provision for termination benefits	Provision for pension allowances	Company Social Benefits Fund	Other provisions for retirement and similar benefits	Total
Opening balance as of 1 January 2005	**213 057**	**96 278**	**14 466**	**112 424**	**85 449**	**852**	**522 526**
a) increases	18 201	15 658	945	3 803	48 077	3 841	90 525
b) reclassification	0	0	11	0	0	-11	0
c) decreases	-18 097	-6 006	-834	-12 068	-39 904	-661	-77 570
Closing balance of provisions for retirement and similar benefits as of 30 September 2005	**213 161**	**105 930**	**14 588**	**104 159**	**93 622**	**4 021**	**535 481**

Other provisions	Provision for reclamation of wells	Provision for liquidation of gas infrastructure	Provisions for joint and several liabilities to subcontractors of the subsidiary	Provision for gas pitch	Provision for penalties imposed by the Office for Competition and Consumer Protection	Provision for liabilities due to EuropolGaz interest	Fund for liquidation of a mine	Other provisions	Total
Opening balance as of 1 January 2005	**538 632**	**13 057**	**28 900**	**28 246**	**52 656**	**11 371**	**17 005**	**47 303**	**737 170**
a) increases	73 758	0	0	0	2 000	0	492	15 517	91 767
b) reclassification	0	0	0	1 188	0	0	0	-1 188	0
c) decreases	-4 787	-1 106	-28 900	0	-8	0	0	-11 256	-46 057
Closing balance of provisions as of 30 September 2005	**607 603**	**11 951**	**0**	**29 434**	**54 648**	**11 371**	**17 497**	**50 376**	**782 880**

2.4. Information on activity segments

Period ended 30 September 2005	Production and output	Trade, storage, transmission	Distribution	Other	Elimination	Total
Profit and loss account						
Sales to external customers	1 123 056	2 353 891	5 007 106	60 591	-	8 544 644
Sales between segments	648 064	3 532 956	19 091	111 932	(4 312 043)	-
Total segment revenues	1 771 120	5 886 847	5 026 197	172 523	(4 312 043)	8 544 644
Amortization	(322 936)	(284 296)	(490 483)	(8 761)	-	(1 106 476)
Other costs	(1 030 112)	(5 143 897)	(4 450 991)	(170 824)	4 308 026	(6 487 798)
Total segment costs	(1 353 048)	(5 428 193)	(4 941 474)	(179 585)	4 308 026	(7 594 274)
Result on the segment's operating activity	**418 072**	**458 654**	**84 723**	**(7 062)**	**(4 017)**	**950 370**
Net financial expenses						(95 049)
Share in profits/(losses) of controlled entities measured using the equity method		57 918				57 918
Gross result						**913 239**
Income tax						(182 274)
Result for the financial year on discontinued operations						-
Profit sharing						(132 616)
Net profit						**598 349**
Balance sheet						
Segment assets	7 508 834	11 759 447	10 654 813	246 925	(1 000 985)	29 169 034
Investments in entities measured using the equity method		520 389				520 389
Unassigned assets						330 437
Deferred tax asset						415 340
Total assets						**30 435 200**
Total equity						17 967 898
Segment liabilities	1 287 907	1 764 090	1 855 643	95 980	(1 007 223)	3 996 397
Unassigned liabilities						6 242 038
Provision for deferred tax						2 228 867
Total liabilities and equity						**30 435 200**
Other segment information						
Capital expenditure for tangible fixed assets	(430 074)	(183 369)	(348 659)	(3 582)	-	**(965 684)**
Revaluation write-downs on assets	(312 120)	(2 160 434)	(474 299)	(3 367)	-	**(2 950 220)**
Revaluation write-downs on unassigned assets						**(55 892)**

Period ended 30 September 2004	Production and output	Trade, storage, transmission	Distribution	Other	Elimination	Total
Profit and loss account						
Sales to external customers	886 897	2 074 334	4 692 324	54 420	-	7 707 975
Sales between segments	589 897	3 253 293	27 289	118 584	(3 989 063)	-
Total segment revenues	1 476 794	5 327 627	4 719 613	173 004	(3 989 063)	7 707 975
Amortization	(316 507)	(331 334)	(477 254)	(8 794)	-	(1 133 889)
Other costs	(913 487)	(4 136 786)	(4 242 320)	(173 559)	3 994 256	(5 471 896)
Total segment costs	(1 229 994)	(4 468 120)	(4 719 574)	(182 353)	3 994 256	(6 605 785)
Result on the segment's operating activity	**246 800**	**859 507**	**39**	**(9 349)**	**5 193**	**1 102 190**
Net financial expenses						(239 336)
Share in profits/(losses) of controlled entities measured using the equity method		(84 694)				(84 694)
Gross result						**778 160**
Income tax						(203 058)
Result for the financial year on discontinued operations						-
Profit sharing						(110 644)
Net profit						**464 458**
Balance sheet						
Segment assets	7 501 384	9 746 359	10 546 582	221 978	(1 089 637)	26 926 666
Investments in entities measured using the equity method		237 584				237 584
Unassigned assets						524 954
Deferred tax asset						557 452
Total assets						**28 246 656**
Total equity						17 427 926
Segment liabilities	1 102 345	1 486 654	2 017 477	(127 586)	(1 089 140)	3 389 750
Unassigned liabilities						5 045 191
Provision for deferred tax						2 383 789
Total liabilities and equity						**28 246 656**
Other segment information						
Capital expenditure for tangible fixed assets	(234 946)	(349 659)	(271 011)	(2 306)	-	**(857 922)**
Revaluation write-downs on assets	(409 100)	(1 811 015)	(502 070)	(4 266)	-	**(2 726 451)**
Revaluation write-downs on unassigned assets						**(75 457)**

2.5. Revenues from sales of products

	Period ended	
Sales revenues	30.09.2005	30.09.2004
High-methane gas	6 807 677	6 283 815
Nitrated gas	615 970	543 901
Crude oil	549 830	435 778
Helium	26 372	28 595
Propane-butane gas	23 739	20 574
Gasoline	10 142	7 941
Decompressed gas	960	1 051
Goods and materials	12 049	16 048
Other sales of products and services	497 905	370 273
Total	**8 544 644**	**7 707 975**

2.6. Inflows from the transmission system lease agreement

	30.09.2005	30.09.2004
Interest instalment (financial revenues)	73 431	-
Capital instalment (debt repayment)	59 558	-
Total	**132 989**	**-**

* Lease agreement came into force on 8 July 2005

2.7. Operating expenses

	30.09.2005	30.09.2004
Consumption of raw materials and materials		
Purchase of gas	(4 151 483)	(3 590 514)
Consumption of other materials	(22 587)	(67 296)
Total	**(4 174 070)**	**(3 657 810)**

	30.09.2005	30.09.2004
External services		
Purchase of transmission services from OGP Gaz System Sp. z o.o.	(270 617)	-
Other external services	(760 153)	(717 388)
Total	**(1 030 770)**	**(717 388)**

2.8. Adjustments to the consolidated financial statements prepared in accordance with Polish Accounting Standards (PAS)

	30.09.2005	30.09.2004
Net profit in accordance with PAS	**919 108**	**605 770**
Revaluation of tangible fixed assets on 1 January 2004	(323 777)	(145 449)
Adjustment of actuarial profits	(4 820)	(35)
Deferred tax on IFRS adjustments	62 402	27 638
Employee profit distribution payments	(55 484)	(23 638)
Profit of minority shareholders	920	172
Net profit in accordance with IFRS	**598 349**	**464 458**
	30.09.2005	30.09.2004
Equity according to PAS	**9 370 433**	**8 303 935**
Revaluation of tangible fixed assets on 1 January 2004	10 633 557	11 259 884
Adjustment of actuarial profits	(8 319)	(3 947)
Deferred tax on IFRS adjustments	(2 034 944)	(2 138 378)
Employee profit distribution payments	-	-
Equity of minority shareholders	7 171	6 432
Equity according to IFRS	**17 967 898**	**17 427 926**