



Condensed interim separate financial statements for the 6 months period

ended 30 June 2014
in accordance with IFRS EU (in PLN million)

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SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June 2014 (reviewed)	Period ended 30 June 2013 (reviewed) <i>restated*</i>
STATEMENT OF PROFIT AND LOSS			
Revenues from sale of finished goods and merchandise	9	4.467	5.852
Revenues from sale of services		254	274
Revenues from leases		4	5
SALES REVENUE		4.725	6.131
Costs of goods sold	9	(4.359)	(5.577)
GROSS PROFIT ON SALES		366	554
Other operating revenues	9	2	5
Distribution and selling expenses	9	(9)	(8)
General and administrative expenses	9	(67)	(75)
Other operating expenses	9	(5)	(1)
OPERATING PROFIT		287	475
Financial revenues	9	251	1.466
Financial expenses	9	(72)	(10)
PROFIT BEFORE TAX		466	1.931
Income tax	11	(69)	(122)
NET PROFIT FOR THE OPERATING PERIOD		397	1.809
OTHER COMPREHENSIVE INCOME			
Other comprehensive income, which will be reclassified to profit or loss, including:		(13)	-
Valuation of hedging instruments		(13)	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(13)	-
TOTAL COMPREHENSIVE INCOME		384	1.809
EARNINGS PER SHARE (IN PLN)			
– basic earnings per share for the period		0,21	0,97
– basic earnings per share from the continuing operations		0,21	0,97

* For information regarding comparative figures please refer to note 6 of these financial statements

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2014 (reviewed)	As at 31 December 2013 (audited)	As at 30 June 2013 (reviewed) <i>restated*</i>
NON-CURRENT ASSETS				
Property, plant and equipment		193	196	203
Intangible assets		7	6	9
Loans and receivables	14	4.402	3.330	4.173
Shares in subsidiaries	14	24.668	24.382	23.661
Available-for-sale financial assets		3	-	3
TOTAL NON-CURRENT ASSETS		29.273	27.914	28.049
CURRENT ASSETS				
Inventories		405	282	327
Income tax receivables		10	-	-
Short-term financial assets at fair value through profit or loss	14	65	104	146
Trade receivables	14	414	771	704
Other loans and financial assets	14	2.741	100	389
Available-for-sale short-term financial assets		-	3	37
Other current assets		172	15	1.287
Cash and cash equivalents	14	746	2.190	1.816
TOTAL CURRENT ASSETS		4.553	3.465	4.706
TOTAL ASSETS		33.826	31.379	32.755

* For information regarding comparative figures please refer to note 6 of these financial statements

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2014 (reviewed)	As at 31 December 2013 (audited)	As at 30 June 2013 (reviewed) <i>restated*</i>
EQUITY				
Share capital	15	18.698	18.698	18.698
Revaluation reserve on financial instruments		(13)	-	-
Reserve capital		9.231	8.941	8.941
Other capital reserves		-	50	50
Retained earnings		397	2.297	1.765
TOTAL EQUITY		28.313	29.986	29.454
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings, bonds and lease	19	3.101	1.000	1.000
Non-current provisions	17	17	19	21
Deferred tax liability	12	36	35	73
TOTAL NON-CURRENT LIABILITIES		3.154	1.054	1.094
CURRENT LIABILITIES				
Trade liabilities	19	130	132	296
Financial liabilities at fair value through profit or loss	19	32	1	12
Interest-bearing loans and borrowings, bonds and lease	19	40	-	-
Other current financial liabilities	19	3	4	5
Other current non-financial liabilities		2.131	172	1.817
Income tax liabilities		-	-	16
Deferred income		-	1	36
Current provisions	17	23	29	25
TOTAL CURRENT LIABILITIES		2.359	339	2.207
TOTAL LIABILITIES		5.513	1.393	3.301
TOTAL EQUITY AND LIABILITIES		33.826	31.379	32.755

* For information regarding comparative figures please refer to note 6 of these financial statements

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserve on financial instruments	Reserve capital	Other capital reserves	Retained earnings	Total
AS AT 1 JANUARY 2014	18.698	-	8.941	50	2.297	29.986
Profit for the period	-	-	-	-	397	397
Other comprehensive income	-	(13)	-	-	-	(13)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	(13)	-	-	397	384
Retained earnings distribution	-	-	290	(50)	(240)	-
Dividend	-	-	-	-	(2.057)	(2.057)
AS AT 30 JUNE 2014	18.698	(13)	9.231	-	397	28.313

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Other capital reserves	Retained earnings	Total
AS AT 1 JANUARY 2013	18.698	9.688	50	817	29.253
Profit for the period	-	-	-	2.338	2.338
Other comprehensive income	-	-	-	3	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	2.341	2.341
Retained earnings distribution	-	77	-	(77)	-
Dividend	-	(824)	-	(784)	(1.608)
AS AT 31 DECEMBER 2013	18.698	8.941	50	2.297	29.986

SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>restated*</i>	Share capital	Reserve capital	Other capital reserves	Retained earnings	Total
AS AT 1 JANUARY 2013	18.698	9.688	50	817	29.253
Profit for the period	-	-	-	1.809	1.809
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	1.809	1.809
Retained earnings distribution	-	77	-	(77)	-
Dividend	-	(824)	-	(784)	(1.608)
AS AT 30 JUNE 2013	18.698	8.941	50	1.765	29.454

* For information regarding comparative figures please refer to note 6 of these financial statements

SEPARATE STATEMENT OF CASH FLOWS

	Period ended 30 June 2014 (reviewed)	Period ended 30 June 2013 (reviewed) <i>restated*</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	466	1.931
Adjustments for:		
Depreciation and amortization	6	8
Interest and dividend, net	(162)	(1.402)
Profit / loss on investment activities	56	-
Change in receivables	388	(122)
Change in inventories	(124)	179
Change in liabilities, excluding loans and bank credits	(117)	(36)
Change in prepayments and other non-financial assets	(66)	25
Change in provisions	(6)	(203)
Income tax paid	(60)	(139)
Other	27	(16)
NET CASH FROM OPERATING ACTIVITIES	408	225
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of property, plant and equipment and intangible assets	-	13
Purchase of property, plant and equipment and intangible assets	(9)	(9)
Purchase of bonds issued within GK PGE	(5.821)	(15.030)
Disposal of bonds issued within GK PGE	4.071	15.460
Purchase of other financial assets	(286)	(802)
Disposal of other financial assets	-	25
Deposits with a maturity over 3 months	(1.999)	-
Dividends received	-	-
Interest received	53	121
Loans repaid	41	-
Loans granted	-	(1)
Other	2	2
NET CASH FROM INVESTING ACTIVITIES	(3.948)	(221)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from loans, bank credits and issue of bonds	2.115	996
Repayment of loans, bank credits, bonds and finance lease	-	(143)
Dividends paid	-	-
Interest paid	(17)	(1)
Other	-	-
NET CASH FROM FINANCING ACTIVITIES	2.098	852
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1.442)	856
Effect of foreign exchange rate changes, net	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2.188	960
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	746	1.816
Restricted cash	65	60

* For information regarding comparative figures please refer to note 6 of these financial statements

1 General information

PGE Polska Grupa Energetyczna S.A. ("the Company", "PGE S.A.") was founded on the basis of the Notary Deed of 2 August 1990 and registered in the District Court in Warsaw, XVI Commercial Department on 28 September 1990. The Company was registered in the National Court Register of the District Court for the capital city of Warsaw, XII Commercial Department, under no. KRS 0000059307.

The parent company is seated in Warsaw, 2 Mysia Street.

PGE S.A. is the Parent Company of PGE Capital Group ("PGE CG", "PGE Group") and prepares consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The State Treasury is the dominant shareholder of the Company.

Core operations of the Company are as follows:

- activities of central and holding companies,
- guidance over effectiveness management,
- rendering of other services related to the above mentioned activities,
- sale of electricity.

Business activities are conducted under appropriate concessions granted.

These condensed interim separate financial statements of the Company comprise financial data for the period from 1 January 2014 to 30 June 2014 ("financial statements").

2 The composition of the Management Board of the Company

As at 1 January 2014 the composition of the Management Board was as follows:

- **Mr. Marek Woszczyk** – the President of the Management Board,
- **Mr. Jacek Drozd** – the Vice-President of the Management Board,
- **Mr. Grzegorz Krystek** – the Vice-President of the Management Board,
- **Mr. Dariusz Marzec** – the Vice-President of the Management Board.

During the reporting period and as at the date of preparation of these financial statements, there have been no changes in the composition of the Management Board.

3 The basis for the preparation of the financial statements

3.1 Statement of compliance

These Condensed Interim Separate Financial Statements of PGE Polska Grupa Energetyczna S.A. were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, in accordance with International Accounting Standards, which regard interim financial reporting as adopted by the European Union, published and effective during the period of preparation of these financial statements and in the scope required under the Minister of Finance Regulation of 19 February 2009 on current and periodic information provided by issuers of securities and conditions of recognition as equivalent information required by the law of a non-Member State (Official Journal no. 33, item 259) ("Regulation").

International Financial Reporting Standards ("IFRS") include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee (IFRIC).

With the exception of the implementation of hedge accounting, the foregoing separate financial statements are prepared based on the same accounting policy and methods of computation as compared with the most recent annual financial statements. Financial statements are to be read together with the audited separate financial statements of PGE S.A. prepared in accordance with IFRS for the year ended 31 December 2013. Amended accounting policy is described in note 6 of these financial statements.

3.2 General rules of preparation

These financial statements were prepared under the assumption that the Company will continue to operate as a going concern in the foreseeable future. As at the date of preparation of these financial statements, there is no evidence indicating that the Company will not be able to continue its operations as a going concern.

4 Presentation currency

The financial statements are presented in Polish Zloty („PLN”) and all amounts are in PLN million, unless indicated otherwise.

The following exchange rates were applied to valuation of positions of the statement of financial position:

	30 June 2014	31 December 2013	30 June 2013
USD	3,0473	3,0120	3,3175
EUR	4,1609	4,1472	4,3292

5 New standards and interpretations published, not yet effective

The following standards, changes in already effective standards and interpretations are not endorsed by the European Union and are not effective as at 1 January 2014:

- IFRS 9 *Financial Instruments (along with amendments)* – for the periods beginning 1 January 2018.
- IFRS 14 *Regulatory Deferral Accounts* – for periods beginning 1 January 2016.
- IFRS 15 *Revenue from Contracts with Customers* – for periods beginning 1 January 2017.
- Amendments to IFRS 11 (*Accounting for Acquisitions of Interests in Joint Operations*) – for periods beginning 1 January 2016
- Amendments to IAS 16 and IAS 38 (*Clarification of Acceptable Methods of Depreciation and Amortisation*) – for periods beginning 1 January 2016
- Amendments to IAS 16 and IAS 41 (*Bearer Plants*) – – for periods beginning 1 January 2016
- Amendments to IAS 19 *Employee Benefits* – for periods beginning 1 July 2014.
- Changes to various standards (IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38, IAS 40) – for periods beginning 1 July 2014.

In addition, the following standards are applicable from 1 January 2014. The Company benefited from early adaptation, and adopted these standards in 2013:

- Amendments to IAS 32 *Financial instruments: presentation*.
- IFRS 10 *Consolidated financial statements*.
- IFRS 11 *Joint agreements*.
- IFRS 12 *Disclosure of investments in other entities*.
- Revised IAS 27 *Separate financial statements*.
- Revised IAS 28 *Investments in associated entities and joint ventures*.

The influence of new regulations on future financial statements of the Company

The new IFRS 9 – financial instruments introduce fundamental changes to classifying, presenting and measuring of financial instruments. These changes will possibly have material influence on future financial statements of the Company. At the date of preparation of these financial statements IFRS 9 is not yet approved by the European Union and as a result its impact on the future financial statements of the PGE S.A is not yet determined.

The new IFRS 15 is to provide a framework for revenue recognition guidance (except for specifically regulated revenues in other IFRS/ IAS) and indicate the scope of required disclosures. The analysis of the impact of this standard on future financial statements of the Company has not been finished yet.

Other standards and their changes should have no significant impact on future financial statements of the Company.

6 Changes of accounting principles and data presentation

The implementation of hedge accounting

The Company has revised the accounting policy and has considered the applied principles of hedge accounting. The Company permits the use of cash flow hedge accounting, fair value hedge accounting and hedge of a net investments in foreign operations. Accordingly, the Company may decide to designate selected derivatives as a hedging instruments in the identified hedging relationship. The Company permits the application of hedge accounting only if they fulfill the defined criteria in IAS 39.

Applied accounting policies cash flow hedge

Changes in the fair value of derivative financial instruments designated as cash flow hedges are recognized in revaluation reserve in the portion determined to be an effective hedge, while the ineffective portion of the hedge is recognized in the profit or loss.

The amount of accumulated changes in fair value of hedging instrument, previously recognized in revaluation reserve are transferred to profit or loss in the period or periods in which the hedged item affects profit or loss. Alternatively, if the hedge of a planned transaction results in the recognition of non-financial assets or non-financial liabilities, the Company excludes the amount from equity and includes in the initial cost or other carrying amount of a non-financial asset or liability.

The implementation of hedge accounting has not caused the need to restate comparative data.

Merger of PGE S.A. with PGE Energia Jądrowa S.A.

As it was described in the separate financial statements for the year ended 31 December 2013, on 31 July 2013, the merger of PGE S.A. with the subsidiary - PGE Energia Jądrowa S.A. (the "acquired company") - was registered. The aim of the merger is to simplify the structure of PGE Capital Group, to limit the costs connected with the keeping of the separate entity and to increase the management efficiency of the preparation of the nuclear power plant construction project from the Corporate Centre level.

The merger took place by course of art. 492 § 1 p. 1 in connection with art. 515 § 1 and art. 516 § 5 and 6 of Code of Commercial Companies i.e. through transfer of all assets of the acquired company (i.e. PGE Energia Jądrowa) to PGE S.A. (merger through takeover) without raising the share capital of PGE S.A. and without the exchange of acquired company's shares for PGE S.A. shares.

The Company performed a settlement of the merger by summing the individual items of the relevant assets and liabilities, income and expenses of the merged companies as of the date of the merger, after initial implementation of the uniform valuation methods and elimination of transactions between entities merged.

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED
30 JUNE 2013**

	PGE S.A. Published data	PGE Energia Jądrowa S.A.	Restated data
PROFIT OR LOSS			
Revenues from sale of products and merchandise	5.852	-	5.852
Revenues from services rendered	268	6	274
Revenues from rent	5	-	5
SALES REVENUES	6.125	6	6.131
Costs of goods sold	(5.572)	(5)	(5.577)
GROSS PROFIT ON SALES	553	1	554
Other operating income	5	-	5
Distribution and selling expenses	(8)	-	(8)
General and administrative expenses	(71)	(4)	(75)
Other operating expenses	(1)	-	(1)
PROFIT FROM OPERATIONS	478	(3)	475
Financial income	1.466	-	1466
Financial expenses	(10)	-	(10)
PROFIT BEFORE TAX	1.934	(3)	1.931
Income tax	(122)	-	(122)
NET PROFIT FOR THE OPERATING PERIOD	1.812	(3)	1.809
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the period	-	-	-
TOTAL COMPREHENSIVE INCOME	1.812	(3)	1.809

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	PGE S.A. Published data	PGE Energia Jądrowa S.A.	Settlement of merger	Restated data
NON-CURRENT ASSETS				
Property, plant and equipment	202	1	-	203
Intangible assets	6	3	-	9
Loans and receivables	4.173	-	-	4.173
Shares in subsidiaries	23.718	57	(114)	23.661
Available-for-sale financial assets	3	-	-	3
TOTAL NON-CURRENT ASSETS	28.102	61	(114)	28.049
CURRENT ASSETS				
	327	-	-	327
Inventories	146	-	-	146
Income tax receivables	704	-	-	704
Short-term financial assets at fair value through profit or loss	389	-	-	389
Trade receivables	37	-	-	37
Other loans and financial assets	1.288	-	(1)	1.287
Available-for-sale short-term financial assets	1.810	6	-	1.816
Other current assets	4.701	6	(1)	4.706
Cash and cash equivalents				
TOTAL CURRENT ASSETS	32.803	67	(115)	32.755
EQUITY				
Share capital	18.698	114	(114)	18.698
Reserve capital	8.941	-	-	8.941
Other capital reserves	50	-	-	50
Retained earnings	-	(44)	-	(44)
Net profit/ (loss)	1.812	(3)	-	1.809
TOTAL EQUITY	29.501	67	(114)	29.454
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	1.000	-	-	1.000
Non-current provisions	21	-	-	21
Deferred tax liabilities	73	-	-	73
TOTAL NON-CURRENT LIABILITIES	1.094	-	-	1.094
CURRENT LIABILITIES				
Trade liabilities	296	-	-	296
Financial liabilities at fair value through profit or loss	12	-	-	12
Other current financial liabilities	5	-	-	5
Other current non-financial liabilities	1.818	-	(1)	1.817
Income tax liabilities	16	-	-	16
Deferred income	36	-	-	36
Current provisions	25	-	-	25
TOTAL CURRENT LIABILITIES	2.208	-	(1)	2.207
TOTAL LIABILITIES	3.302	-	(1)	3.301
TOTAL EQUITY AND LIABILITIES	32.803	67	(115)	32.755

SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2013

	PGE S.A. Published data	PGE Energia Jądrowa S.A.	Settlement of merger	Restated data
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	1.934	(3)	-	1.931
Adjustments for:				
Depreciation and amortization	7	1	-	8
Interest and dividend, net	(1.402)	-	-	(1.402)
Profit / loss on investment activities	-	-	-	-
Change in receivables	(124)	-	2	(122)
Change in inventories	179	-	-	179
Change in liabilities, excluding loans and bank credits	(34)	-	(2)	(36)
Change in non-financial assets	25	-	-	25
Change in provisions	(203)	-	-	(203)
Income tax paid	(141)	2	-	(139)
Other	(16)	-	-	(16)
NET CASH FROM OPERATING ACTIVITIES	225	-	-	225
CASH FLOW FROM INVESTING ACTIVITIES				
Disposal of property, plant and equipment	9	4	-	13
Purchase of property, plant and equipment and intangible assets	(6)	(3)	-	(9)
Disposal of financial assets	15.485	-	-	15.485
Purchase of financial assets	(15.832)	-	-	(15.832)
Interest received	121	-	-	121
Loans granted	(1)	-	-	(1)
Other changes	2	-	-	2
NET CASH FROM INVESTING ACTIVITIES	(222)	1	-	(221)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from loans, bank credits	996	-	-	996
Repayment of loans, bank credits, bonds and finance lease	(143)	-	-	(143)
Interest paid	(1)	-	-	(1)
NET CASH FROM FINANCING ACTIVITIES	852	-	-	852
NET CHANGE IN CASH AND CASH EQUIVALENTS	855	1	-	856
Effect of foreign exchange rate changes, net	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	953	7	-	960
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1.808	8	-	1.816

7 Changes in estimates

In the period covered by these financial statements, no significant changes to estimates influencing the numbers presented in the financial statements took place. As disclosed in note 17 the Company changed estimations regarding the amounts of provisions presented in the statement of financial position.

8 Fair value hierarchy

The rules for the valuation of inventories, derivatives, stocks, shares and non-quoted instruments on the active markets, for which the fair value is not possible to be determined, are the same as presented in the separate financial statements for year ended 31 December 2013.

	As at 30 June 2014		As at 31 December 2013	
	Level 1	Level 2	Level 1	Level 2
FAIR VALUE HIERARCHY				
- CO ₂ emission rights	388	-	246	-
Inventories	388	-	246	-
- commodity forward	-	51	-	95
- FX forward	-	14	-	9
Financial assets	-	65	-	104
- FX forward	-	1	-	1
- CCIRS valuation	-	5	-	-
- IRS valuation	-	26	-	-
Financial liabilities	-	32	-	1

In the reporting period and comparable period there have been no transfers in fair value hierarchy between the level 1 and 2 of financial instruments.

Valuation of hedging transactions CCIRS and IRS is disclosed in note 19 of these financial statements.

9 Revenues and expenses

9.1 Sales revenues

	Period ended 30 June 2014	Period ended 30 June 2013 <i>restated data</i>
REVENUES FROM SALE		
Sale of electricity	3.587	5.041
Sale of the property rights of energy origin	637	444
Other sales of merchandise and materials	243	367
Revenues from sale of services	254	274
Revenues from rent	4	5
TOTAL SALES REVENUES	4.725	6.131

The decrease in sales revenue for the period ended 30 June 2014 compared to the corresponding period is mainly due to the expiration of the contract with Energa Obrót S.A. and a decline in realized prices of electricity.

9.2 Cost by type and functions

	Period ended 30 June 2014	Period ended 30 June 2013 <i>restated data</i>
COSTS BY TYPE		
Depreciation/amortization	6	8
Materials and energy	2	2
External services	27	22
Taxes and charges	2	5
Personnel expenses	44	45
Other cost by type	37	43
TOTAL COSTS BY TYPE	118	125
Change in inventories	-	4
Cost of products and services for the entity's own needs	-	(1)
Distribution and selling expenses	(9)	(8)
General and administrative expenses	(67)	(75)
Cost of merchandise and materials sold	4.317	5.532
COST OF GOODS SOLD	4.359	5.577

Decrease of cost of sold merchandise and materials (mainly purchased electricity) in the period ended 30 June 2014 in comparison to the corresponding period of previous year is related to the decrease of electricity sales revenues described above.

9.3 Other operating revenues and expenses

In the period ended 30 June 2014 the Company included in other operating revenues of PLN 2 million (of which almost PLN 1 million related to grants received). In the first half of 2013 the Company recognized mainly PLN 3 million of revenues from reversal of provisions.

In the current period the Company recognized in other operating expenses mainly ceased investment projects of PLN 3 million, and in corresponding period of previous year a court fees of PLN 1 million.

9.4 Financial income and expenses

	Period ended 30 June 2014	Period ended 30 June 2013 <i>restated data</i>
FINANCIAL INCOME		
Dividends	92	1.279
Interest	113	138
Revaluation/Reversal of impairment allowance	23	22
Profit on sale of investment	-	1
Foreign exchange gain	23	22
FINANCIAL INCOME FROM FINANCIAL INSTRUMENTS	251	1.462
Provisions reversed	-	4
OTHER FINANCIAL INCOME	-	4
TOTAL FINANCIAL INCOME	251	1.466

In the period ended 30 June 2014 the Company recognized revenues from dividends received mainly from PGE Dystrybucja S.A. of PLN 91 million, and in corresponding period of previous year revenues from dividends received from PGE Obrót S.A. of PLN 1.184 million and from PGE Dystrybucja S.A. of PLN 94 million.

Receivables from dividends are presented in other non-current assets.

Interest income relate mainly to bonds issued by subsidiaries, and investing available cash in bank deposits.

Revaluation of financial instruments relates mainly to transactions relating to the market for carbon dioxide emissions.

	Period ended 30 June 2014	Period ended 30 June 2013 <i>restated data</i>
FINANCIAL EXPENSES		
Interest expense	21	5
Revaluation	26	-
Foreign exchange losses	24	1
FINANCIAL EXPENSES FROM FINANCIAL INSTRUMENTS	71	6
Other	1	4
OTHER FINANCIAL EXPENSES	1	4
TOTAL FINANCIAL EXPENSES	72	10

Interest expenses relate mainly to bonds issuance described in note 19 of these financial statements.

Revaluation includes valuation of hedging instruments CCIRS and IRS.

10 Impairment allowances of assets

In the reporting period and comparable period the Company has not recognized significant impairment allowances of assets.

11 Income tax

	Period ended 30 June 2014	Period ended 30 June 2013 <i>restated</i>
INCOME TAX PRESENTED IN THE STATEMENT OF PROFIT OR LOSS		
Current income tax	66	115
Deferred income tax	3	7
TOTAL	69	122

Additionally in the financial statements prepared as at 30 June 2014 in line other comprehensive income the Company recognized deferred tax asset on valuation of financial instruments of PLN 3 million.

The effective tax rate in the period ended 30 June 2014 amounts to approximately 15% due to the recognition of revenues from dividends, which are not included in the calculation of income tax base.

12 Deferred tax asset and liability

	As at 30 June 2014	As at 31 December 2013
COMPONENTS OF DEFERRED TAX ASSET		
Unrealized tax costs for the period	37	39
Difference between tax value and carrying value of financial liabilities	10	-
Difference between tax value and carrying value of inventories	1	13
Provisions for employee benefits	5	6
Payroll and other employee benefits	2	2
Other	3	-
DEFERRED TAX ASSET	58	60
COMPONENTS OF DEFERRED TAX LIABILITY		
Difference between tax value and carrying value of property, plant and equipment	25	25
Accrued interest on deposits, loans granted, bonds and receivables	56	49
Difference between tax value and carrying value of financial liabilities	12	20
Unrealized tax profits for the period	1	1
DEFERRED TAX LIABILITY	94	95
AFTER OFF-SET OF BALANCES , THE DEFERRED TAX OF THE GROUP IS PRESENTED AS:		
Deferred tax asset	-	-
Deferred tax liability	36	35

13 Property, plant and equipment

In the reporting period the Company did not purchased nor sold any significant property, plant and equipment.

14 Financial assets

The carrying amount of financial assets measured at amortized cost represents a reasonable estimate of their fair value.

14.1 Trade receivables

Trade receivables in amount of PLN 414 million relate mainly to the sale of electricity and services to subsidiaries in PGE Capital Group. As at 30 June 2014 the balance of three most important debtors, i.e. PGE Obrót S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A. and PGE Dystrybucja S.A., constituted for 90% of total balance of trade receivables. As at 30 June 2013, the trade receivables amounted to PLN 771 million.

14.2 Loans and other financial assets

As at the reporting date the most significant part of loans and other financial assets are bonds issued by subsidiaries in PGE Capital Group and deposits with a maturity date over 3 months.

	As at 30 June 2014		As at 31 December 2013	
	Non-current	Current	Non-current	Current
PURCHASED BONDS - ISSUER				
PGE Górnictwo i Energetyka Konwencjonalna S.A.	3.193	517	2.018	3
PGE Energia Odnawialna S.A.	728	1	728	1
PGE Energia Natury PEW sp. z o.o.	76	-	-	-
PGE Energia Natury Omikron sp. z o.o.	-	147	145	2
PGE Energia Natury Kappa sp. z o.o.	-	50	50	-
PGE Energia Natury S.A.	-	3	3	-
Autostrada Wielkopolska S.A.	376	-	358	-
TOTAL PURCHASED BONDS	4.373	718	3.302	6
LOANS GRANTED- BORROWER				
PGE Systemy S.A.	29	-	28	-
PGE EJ 1 sp. z o.o.	-	12	-	12
PGE Energia Natury Olecko sp. z o.o.	-	2	-	2
PGE Energia Natury PEW sp. z o.o.	-	-	-	23
PGE Energia Natury sp z o.o.	-	-	-	19
TOTAL LOANS GRANTED	29	14	28	56
BANK DEPOSITS	-	2.002	-	-
OTHER DEPOSITS	-	7	-	33
OTHER	-	-	-	5
TOTAL LOANS AND OTHER FINANCIAL ASSETS	4.402	2.741	3.330	100

Bonds issues by subsidiaries in PGE Capital Group

PGE S.A. acquires bonds issued by subsidiaries. Cash obtained from the issue of bonds is used for financing the investments, repayment of financial liabilities secured by the cession of long term power and electricity sale contracts, as well as for financing current operations. Interests are calculated on the basis of WIBOR (1M, 3M, 6M) plus margin.

Bank deposits

Bank deposits include an acquired deposit with a maturity date over 3 months. The value of deposit as at the reporting date amounts to PLN 2.002 million.

14.3 Shares in subsidiaries

	As at 30 June 2014	As at 30 June 2014	As at 31 December 2013
PGE Górnictwo i Energetyka Konwencjonalna S.A.		14.894	14.786
PGE Obrót S.A.		6.653	6.653
PGE Dystrybucja S.A.		950	950
Exatel S.A.		428	428
PGE Energia Natury S.A.		421	421
PGE Energia Odnawialna S.A.		415	415
PGE Energia Natury sp. z o.o.		392	-
EPW Energia sp. z o.o.		-	396
PGE EJ 1 sp. z o.o.		146	131
PGE Systemy S.A.		125	125
PGE Dom Maklerski S.A.		97	17
PGE Sweden AB (publ)		87	-
PGE Energia Natury Bukowo sp. z o.o.		28	28
PGE Energia Natury Karnice sp. z o.o.		16	16
PGE Trading GmbH		14	14
PGE Energia Natury Olecko sp. z o.o. (previously EPW Energia Olecko Sp. z o.o.)		1	1
PGE Inwest sp. z o.o.		1	1
Fundacja PGE Energia z serca		-	-
TOTAL		24.668	24.382

On 28 February 2014 the division of EPW Energia sp. z o.o. ended. The branches belonging to PGE S.A. were combined with PGE Energia Natury sp. z o.o. Simultaneously during the period, an adjustment was made to the purchase price.

On 8 April 2014, PGE S.A. purchased the company Goldcup 5812 AB based in Sweden. After the purchase, the company name was changed and is now known as PGE Sweden AB (publ). The purchase of the company is related to the ongoing work regarding the organization of financing for the PGE Capital Group as described in note 21.2 in these financial statements.

After the reporting date, PGE S.A. created 14 new limited liability subsidiaries. The Total equity of these subsidiaries amounts to PLN 140 thousand. The establishment of the companies is related with ongoing efforts on organizing Tax Capital Group.

14.4 Financial assets at fair value through profit or loss

	As at 30 June 2014	As at 30 June 2014	As at 31 December 2013
FINANCIAL ASSETS AT FAIR VALUE			
- commodity forward		51	95
- currency forward		14	9
TOTAL		65	104

Within financial assets at fair value through profit and loss the Company recognizes financial instruments related to carbon dioxide emissions trade- commodity forward and currency forward.

14.5 Cash and cash equivalents

	As at 30 June 2014	As at 31 December 2013
Cash on hand and at bank	201	281
Overnight deposits	95	208
Short-term deposits	450	1.701
TOTAL CASH AND CASH EQUIVALENTS	746	2.190

15 Equity

15.1 Share capital

	As at 30 June 2014	As at 31 December 2013
Number of series A ordinary shares with a nominal value of 10 PLN each	1.470.576.500	1.470.576.500
Number of series B ordinary shares with a nominal value of 10 PLN each	259.513.500	259.513.500
Number of series C ordinary shares with a nominal value of 10 PLN each	73.228.888	73.228.888
Number of series D ordinary shares with a nominal value of 10 PLN each	66.441.941	66.441.941
TOTAL NUMBER OF SHARES	1.869.760.829	1.869.760.829

During the reporting period there were no changes in the structure or the amount of share capital.

Ownership structure of the Company as at the reporting dates is presented below.

	State Treasury	Other Shareholders	Total
As at 1 January 2014	61,89%	38,11%	100,00%
As at 30 June 2014	61,89%	38,11%	100,00%

After the reporting date, that is on 2 July 2014 the State Treasury has disposed (directly and indirectly through Polskie Inwestycje Rozwojowe S.A.) 65.441.629 ordinary shares of the Company, representing 3,50% share in the share capital of the Company. According to the received notification from the Ministry of Treasury, after the above transaction, the share of State Treasury in Company's share capital amounts to 58,39%. According to information available to the Company on the date of publication of these financial statements, the only shareholder holding at least 5% of the total number of votes at the General Meeting of PGE S.A. was the State Treasury.

15.2 Revaluation reserve

Due to implementation of the hedge accounting, the Company recognized an amount of PLN 16 million in the revaluation reserve in the period ended 30 June 2014. After taking into account deferred tax effect, the revaluation reserve amounted to PLN 13 million.

The below table presents changes in revaluation reserve in the reporting period due to applied hedge accounting (amounts presented gross before deferred tax).

	Period ended 30 June 2014	Year ended 31 December 2013
Opening balance	-	-
Deferral of changes in fair value of hedging instruments recognized as an effective hedge	(5)	-
Accrued interest on derivatives transferred from revaluation reserve and recognized in interest expense	2	-
Currency revaluation of CCIRS transferred from revaluation reserve and recognized in result on foreign exchange differences	(13)	-
Ineffective portion of the changes in fair value of hedging derivatives recognized in the profit and loss	-	-
Change in revaluation reserve	(16)	-

16 Dividends paid and dividends declared

	Dividend paid or declared from the profit for the period/ for the year ended		
	30 June 2014	31 December 2013	31 December 2012
Dividend from retained earnings	-	2.057	784
Dividend from reserve capital	-	-	824
TOTAL CASH DIVIDEND FROM ORDINARY SHARES	-	2.057	1.608
Cash dividend per share (in PLN)	-	1,10	0,86

Dividend from the profit for the period ended 30 June 2014

During the reporting period and till the day of the preparation of these financial statements, the Company made no advance payments of dividends.

Dividend from the profit for the year 2013

On 6 June 2014, the General Shareholders Meeting of PGE S.A. resolved to distribute PLN 2.057 million from the net profit of 2013 as a dividend (that comprise dividend of PLN 1,10 per share). The dividend day was fixed on 5 September 2014 and dividend payment day on 26 September 2014.

In the statement of financial position prepared as at 30 June 2014 the liability resulting from declared dividends is presented in line other non-financial liabilities.

Dividend from the profit for the year 2012

On 27 June 2013, the General Shareholders Meeting of the Company resolved to distribute PLN 784 million from the net profit of 2012 as a dividend. In addition, the dividend payment was in part paid from the reserve capital in the amount of PLN 824 million. The dividend was declared by the resolution of the Ordinary General Meeting held on 27 June 2013 and paid on 26 September 2013.

17 Provisions

	Post-employment benefits	Provisions for jubilee awards	Provisions for third parties claims	Provisions for employee claims	Other	Total
AS AT 1 JANUARY 2014	18	4	2	20	4	48
Cost of present employment	(1)	-	-	-	-	(1)
Raised	-	-	-	12	-	12
Used	(2)	-	-	(17)	-	(19)
AS AT 30 JUNE 2014	15	4	2	15	4	40
CURRENT	1	1	2	15	4	23
NON-CURRENT	14	3	-	-	-	17

	Post-employment benefits	Provisions for jubilee awards	Provisions for third parties claims	Provisions for employee claims	Other	Total
AS AT 1 JANUARY 2013	20	4	206	16	4	250
Cost of present employment	2	1	-	-	-	3
Actuarial gains and losses excluding adjustment to discount rate	(3)	-	-	-	-	(3)
Benefits paid	(1)	(1)	-	-	-	(2)
Revaluation of provision/ discount rate adjustments	(1)	-	-	-	-	(1)
Interest costs	1	-	-	-	-	1
Raised	-	-	-	27	3	30
Reversed	-	-	(7)	-	(1)	(8)
Used	-	-	(197)	(23)	(2)	(222)
AS AT 31 DECEMBER 2013	18	4	2	20	4	48
CURRENT	2	1	2	20	4	29
NON-CURRENT	16	3	-	-	-	19

Provisions for third party claims reported in the comparative period related to the dispute with Alpiq. The dispute was terminated in 2013.

18 Contingent liabilities and receivables. Legal claims

18.1 Contingent liabilities

	As at 30 June 2014	As at 31 December 2013
Collaterals for repayment of bank guarantees granted	12.505	23
Other contingent liabilities	1	1
TOTAL CONTINGENT LIABILITIES	12.506	24

Surety for the obligations of PGE Sweden AB (publ)

In connection with the establishment of the eurobonds programme, disclosed in note 21.1. of these financial statements, on 22 May 2014 an agreement was concluded for the issue of guarantee by PGE S.A. for the liabilities of PGE Sweden AB (publ). Guarantee was granted to the total amount of EUR 2.500 million and will be valid until 31 December 2041.

Surety for the obligations of PGE Górnictwo i Energetyka Konwencjonalna S.A.

In January 2014, the Company granted three sureties to pay the bank guarantee issued for PGE Górnictwo i Energetyka Konwencjonalna S.A. The total value of securities is PLN 2.080 million. Granting guaranties is related to the conducted by PGE GiEK S.A. investment in the construction of the new power plants in Elektrownia Opole.

Surety for the obligations of PGE Trading GmbH

PGE Polska Grupa Energetyczna S.A. provided a surety for repayment of bank guarantees for the obligations of PGE Trading GmbH to foreign third parties. The obligation of the Company as at 30 June 2014 is limited to PLN 23 million.

18.2 Other significant issues related to contingent liabilities

Promise referring to ensuring financing of new investments in Group companies

Due to planned strategic investments in PGE Group, the Company committed in the form of promise to group companies, to ensure financing of planned investments. The promises relate to specific investments and may be used only for such purposes. As at 30 June 2014, as well as at 31 December 2013, the estimated value of the promise amounts to PLN 15,2 billion.

18.3 Legal claims

The issue of compensation for conversion of shares

Former shareholders of PGE Górnictwo i Energetyka S.A. are presenting to the courts a motion to summon PGE S.A. to attempt a settlement for payment of compensation for incorrect (in their opinion) determination of the exchange ratio of shares of PGE Górnictwo i Energetyka S.A. into shares of PGE S.A. during consolidation process that took place in 2010. The total value of claims resulting from the settlement directed by the former shareholders of PGE Górnictwo i Energetyka amounts to nearly PLN 8 million.

Independently from the settlement attempts stated above, Socrates Investment S.A. called for two trial settlements to the courts. The company demands from PGE S.A. compensation in a total amount of almost PLN 371 million for the losses in connection with incorrect (in their opinion) determination of the exchange ratio of shares in the merger between PGE Górnictwo i Energetyka S.A. with PGE S.A.

PGE S.A. does not recognize the claims of Socrates Investment S.A. and other shareholders who call for trial settlements. These claims are undocumented and unfounded. The value of the shares, which were subject to the process of consolidation (merger) were valued by the company PwC. The plan of the merger, including the exchange ratio of the company's shares which was merged with PGE S.A., was tested for correctness and fairness by the court-appointed expert, who found no irregularities. The independent court registered the merger. The former shareholders appearing before the courts have not established the basis on which, how nor based on what data or documents their claims were calculated.

In these cases, PGE S.A. refuses any settlements. It is to be noted, that there is a risk that Socrates Investment S.A. and other former shareholders will take a legal action lawsuit to receive compensation in claims previously claimed during the settlement attempts. For the reported claims, the Company has not created a provision.

Claim for annulment of the resolutions of the Extraordinary General Shareholders Meeting

On 1 April 2014, PGE S.A. received a copy of lawsuit filed to the District Court of Warsaw by one of the shareholders. In the lawsuit, the shareholder is seeking for annulment of the resolutions 1, 2 and 4 of the Extraordinary General Shareholders Meeting of the Company held on 6 February 2014. The Company filed a response to the claim. Currently the pleadings are exchanged.

18.4 Receivables and other contingent assets

As at 30 June 2014, as well as at 31 December 2013, the Company did not have significant contingent assets.

19 Financial liabilities

19.1 Financial liabilities valued at amortized cost

The carrying amount of financial liabilities represents a reasonable estimate of their fair value.

	As at 30 June 2014		As at 31 December 2013	
	Non-current	Current	Non-current	Current
FINANCIAL LIABILITIES VALUES AT AMORTIZED COST				
Interest bearing loans and borrowings	2.101	40	-	-
Bonds issued	1.000	-	1.000	-
Trade liabilities	-	130	-	132
Other financial liabilities	-	3	-	4
TOTAL LIABILITIES	3.101	173	1.000	136

Loans received from PGE Sweden AB (publ)

On item interest bearing loans and borrowings the Company recognized a loan of EUR 514 million drawn from subsidiary – PGE Sweden AB (publ). The financing provided by PGE Sweden AB (publ) is disclosed in note 21.2 of these financial statements.

Issuance of bonds on domestic market

In addition to above mentioned financing, the Company has the ability to finance its own operations through two bond issue programs:

- The bond issue program for the amount of PLN 5 billion directed towards investors from the Polish capital market. On 27 June 2013, the first non-public issuance took place of 5-year bonds, the coupon bearer bonds with a variable interest rate under this program. The nominal value of the issue was PLN 1 billion and the maturity of the bonds is 27 June 2018. On 29 August 2013 the bonds were floated in the Alternative Trading System organized by BondSpot S.A. and Giełda Papierów Wartościowych S.A.
- The bond issue program in the amount of PLN 5 billion directed towards entities within the PGE Capital Group.

Trade liabilities

Trade liabilities mainly relate to transactions on the electricity market.

19.2 Financial liabilities at fair value

	As at 30 June 2014	As at 30 June 2014	As at 31 December 2013
FINANCIAL LIABILITIES AT FAIR VALUE			
- IRS valuation		26	-
- CCIRS valuation		5	-
- FX forward valuation		1	1
TOTAL		32	1

IRS hedging transaction

In the reporting period the Company concluded 2 IRS transactions, hedging the interest rate on issued bonds with a nominal value of PLN 1 billion. Payments arising from IRS transactions are correlated with interest payments on bonds. Changes in fair value of IRS transaction are recognized fully in profit or loss.

CCIRS hedging transaction

In connection with loan received from PGE Sweden AB (publ), disclosed in note 21.1 of these financial statements, in June 2014 the Company concluded a CCIRS transaction, hedging both the exchange rate and interest rate. In these transactions, banks - contractors pay PGE S.A. interest based on a fixed rate in EUR and PGE S.A. pays interest based on a fixed rate in PLN. The nominal value, payment of interest and repayment of nominal value in CCIRS transaction are correlated with the relevant conditions arising from loan agreements.

For the CCIRS transaction the Company applies hedge accounting. The impact of hedge accounting is presented in note 15.2 of these financial statements.

20 Information on related parties

Transactions with related entities are concluded using current market prices for provided merchandise, products and services or are based on the cost of manufacturing.

20.1 Subsidiaries in PGE Capital Group

	Period ended 30 June 2014	Period ended 30 June 2013 <i>restated data</i>
Sales to related parties	4.657	4.891
Purchases from related parties	365	515

Sales to and purchases from subsidiaries in PGE Capital Group relate mainly electricity.

	As at 30 June 2014	As at 31 December 2013
Trade receivables from related parties	403	521
Trade payables to related parties	35	31

Additionally the Company holds in loans and receivables bonds issued by subsidiaries in the carrying amount of PLN 4.715 million as at 30 June 2014 and PLN 3.894 million as at 31 December 2013, as well as loans granted to subsidiaries of PLN 43 million as at 30 June 2014 and PLN 248 million as at 31 December 2013.

Furthermore, as at 30 June 2014, the Company recognizes liabilities resulting from loan received from subsidiary in the carrying amount of PLN 2.140 million.

20.2 Subsidiaries of the State Treasury

The State Treasury is the dominant shareholder of PGE Polska Grupa Energetyczna S.A. and as a result in accordance with IAS 24 *Related Party Disclosures*, State Treasury companies are recognized as related entities. The Company identifies in detail transactions with almost 40 of the biggest State Treasury related companies. The total value of transactions with such entities is presented in the table below.

	Period ended 30 June 2014	Period ended 30 June 2013 <i>restated data</i>
Sales to related parties	19	1.024
Purchases from related parties	82	778

	As at 30 June 2014	As at 31 December 2013
Trade receivables from related parties	4	203
Trade payables to related parties	12	8

The largest transactions with the participation of State Treasury companies involve Polskie Sieci Elektroenergetyczne S.A. Moreover, the Company concludes significant transactions on the energy market via the Towarowa Giełda Energii S.A. However, because this entity is only engaged in organization of exchange trading activities, purchases and sales transacted through this entity are not recognized as transactions with related parties. The significant decrease in sales and receivables from related parties is due to the expiry of contract with Energa Obrót S.A.

The decrease in purchases is related with the change of the entity responsible for purchases of hard coal within PGE Capital Group. In the comparative period hard coal used to be purchased by PGE S.A. and later was being resold to PGE Górnictwo i Energetyka Konwencjonalna S.A. Since IV quarter of 2013 the purchases of hard coal have been conducted directly by the subsidiary. Transactions related with the coal purchases and sales had been recognized by PGE S.A. as agency sales (i.e. in the statement of comprehensive income the Company had included only its remuneration as an agent).

20.3 Management personnel remuneration

The key management personnel comprises the Management Board and Supervisory Board of the Company.

<i>PLN thousand</i>	Period ended 30 June 2014	Period ended 30 June 2013
Remuneration to Management Board and Supervisory Board Members	3.196	4.687
Post-employment benefits	1.028	690
TOTAL REMUNERATION OF KEY MANAGEMENT PERSONNEL	4.224	5.377

<i>PLN thousand</i>	Period ended 30 June 2014	Period ended 30 June 2013
Management Board of the Company	4.064	5.232
Supervisory Board of the Company	160	145
TOTAL	4.224	5.377

The Members of the Management Board of the Company are employed on the basis of civil law contracts for management (Management contracts). The above remuneration is included in other costs by type disclosed in note 9.2 Costs by type and function.

The above remuneration does not include the remuneration of the management of PGE Energia Jądrowa S.A., the entity which was merged with PGE S.A. in 2013. The remuneration of Management Board and Supervisory Board of PGE EJ S.A. in the 6 month period ended 30 June 2013 was PLN 274 thousand.

21 Significant events of the reporting period and subsequent events after reporting date

21.1 Preparations for the construction and operation of the first Polish nuclear power plant

On 28 January 2014, the Council of Ministers adopted a resolution regarding the Polish Nuclear Power Program.

Adoption of the Program was one of the conditions required by the shareholders agreement between PGE Polska Grupa Energetyczna S.A., KGHM Polska Miedź S.A., Tauron Polska Energia S.A. and ENEA S.A. (further together as "Parties"). The second of the conditions is to obtain a favorable response from the President of the OCCP regarding the intention of the concentration.

The Shareholders agreement was initialed on 23 September 2013, as a result of the work related to the development of a draft agreement for the acquisition of shares in the target company responsible for the construction and operation of the nuclear power plant. In accordance, the Parties stated that the initialed document was a draft of the future shareholders agreement, which would be signed after obtaining necessary corporate approvals of all Parties.

Shareholders agreement commits the parties to conclude an agreement for the acquisition of shares in PGE EJ1 Sp. z o.o., the special purpose entity for the purpose of constructing and operating the nuclear power plant. In accordance with the Shareholders Agreement, PGE S.A. will sell, based on the remaining parties of the shareholders agreement, a package of shares representing a total of 30% of the share capital of PGE EJ1 Sp. z o.o., in which:

- PGE S.A. will possess 70% of the share capital of PGE EJ1 sp. z o.o.,
- KGHM Polska Miedź S.A. will possess 10% of the share capital of PGE EJ1 sp. z o.o.,
- Tauron Polska Energia S.A. will possess 10% of the share capital of PGE EJ1 sp. z o.o.,
- ENEA S.A. will possess 10% of the share capital of PGE EJ1 sp. z o.o..

Currently works are being finalized for the signing of the Agreement, in particular, the Supervisory Board of PGE SA approved the sale of shares in PGE EJ 1 Sp z o.o. to the parties of the Shareholders Agreement.

21.2 Establishment of the eurobonds programme

On 22 May 2014 PGE Polska Grupa Energetyczna S.A. along with PGE Sweden AB (publ), 100% subsidiary of PGE S.A., established a Euro Medium Term Note Programme. Under the Programme PGE Sweden AB (publ) may issue Eurobonds up to EUR 2 billion with a minimum maturity of 1 year.

On 9 June 2014 PGE Sweden AB (publ) issued eurobonds in the total amount of EUR 500 mln EUR with a five-year maturity. Then, on 10 June 2014 PGE Sweden AB (publ) concluded 3 loan agreements with PGE S.A. of EUR 514 million. According to the repayment schedule the loans were granted for the period of 5 years. The value of loans received as at the reporting date amounts to PLN 2.140 million.

After the reporting date, on 1 August 2014 PGE Sweden AB (publ) has issued bonds worth EUR 138 million with maturity date of 15 years

Warsaw, 26 August 2014

Signatures of the Members of the Board of PGE Polska Grupa Energetyczna S.A.

Marek Woszczyk

President of the Management Board

Jacek Drozd

***Vice-President of the
Management Board***

Grzegorz Krystek

***Vice-President of the
Management Board***

Dariusz Marzec

***Vice-President of the
Management Board***