



PGNiG

Polskie Górnictwo Naftowe
i Gazownictwo SA

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

FOR Q1

ENDED MARCH 31ST 2015

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 1 / 2015

quarter / year

(pursuant to Par. 82.2 and Par. 83.3 of the Regulation of the Minister of Finance of February 19th 2009 – Dz. U. No. 33, item 259, as amended)

for issuers of securities in the manufacturing, construction, trade, and services sectors

for the first quarter of the 2015 financial year, covering the period from **January 1st to March 31st 2015**, containing interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards in the Polish zloty (PLN), and interim condensed separate financial statements prepared in accordance with International Financial Reporting Standards in the Polish zloty (PLN).

May 8th 2015

(filing date)

POLSKIE GÓRNICTWO NAFTOWE i GAZOWNICTWO SPÓŁKA AKCYJNA	
(company name)	
PGNiG S.A.	Fuels industry (pal)
(abbreviated name)	(sector according to the WSE classification)
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FINANCIAL HIGHLIGHTS

Interim condensed consolidated financial data	PLNm		EURm	
	3 months ended	3 months ended	3 months ended	3 months ended
	Mar 31 2015	Mar 31 2014	Mar 31 2015	Mar 31 2014
Revenue	12,495	9,535	3,012	2,276
Operating profit/(loss)	1,662	1,558	401	372
Profit/(loss) before tax	1,590	1,520	383	363
Net profit/(loss) attributable to owners of the parent	1,243	1,181	300	282
Net profit/(loss)	1,244	1,180	300	282
Comprehensive income attributable to owners of the parent	1,361	1,044	328	249
Total comprehensive income	1,362	1,043	328	249
Net cash (used in)/generated by operating activities	3,016	2,901	727	692
Net cash (used in)/generated by investing activities	(851)	(684)	(205)	(163)
Net cash (used in)/generated by financing activities	(341)	(1,365)	(82)	(326)
Net increase/(decrease) in cash and cash equivalents	1,824	852	440	203
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares of the parent (in PLN and EUR)	0.21	0.20	0.05	0.05
	As at Mar 31 2015	As at Dec 31 2014	As at Mar 31 2015	As at Dec 31 2014
Total assets	49,509	48,926	12,108	11,479
Total liabilities	17,978	18,757	4,397	4,401
Total non-current liabilities	12,245	12,384	2,995	2,905
Total current liabilities	5,733	6,373	1,402	1,496
Total equity	31,531	30,169	7,711	7,078
Share capital	5,900	5,900	1,443	1,384
Weighted average number of shares (million)	5,900	5,900	5,900	5,900
Book value per share and diluted book value per share (in PLN and EUR)	5.34	5.11	1.31	1.20
Dividend per share declared or paid (in PLN and EUR)	0.20	0.15	0.05	0.04

Interim condensed separate financial data	PLNm		EURm	
	3 months ended	3 months ended	3 months ended	3 months ended
	Mar 31 2015	Mar 31 2014	Mar 31 2015	Mar 31 2014
Revenue	6,311	8,065	1,521	1,925
Operating profit/(loss)	932	886	225	211
Profit/(loss) before tax	960	922	231	220
Net profit/(loss)	773	744	186	178
Total comprehensive income	859	577	207	138
Net cash (used in)/generated by operating activities	1,461	2,002	352	478
Net cash (used in)/generated by investing activities	205	(221)	49	(53)
Net cash (used in)/generated by financing activities	(32)	(1,149)	(8)	(274)
Net increase/(decrease) in cash and cash equivalents	1,634	632	394	151
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares (in PLN and EUR)	0.13	0.13	0.03	0.03
	As at Mar 31 2015	As at Dec 31 2014	As at Mar 31 2015	As at Dec 31 2014
Total assets	35,802	35,356	8,756	8,294
Total liabilities	11,164	11,576	2,730	2,716
Total non-current liabilities	7,231	7,385	1,768	1,733
Total current liabilities	3,933	4,191	962	983
Equity	24,638	23,780	6,026	5,578
Share capital	5,900	5,900	1,443	1,384
Weighted average number of shares (million)	5,900	5,900	5,900	5,900
Book value per share and diluted book value per share (in PLN and EUR)	4.18	4.03	1.02	0.95

Items of the statement of profit or loss, statement of comprehensive income and statement of cash flows were translated at the EUR/PLN exchange rate computed as the arithmetic mean of mid rates quoted by the National Bank of Poland (NBP) for the last day of each calendar month in a given reporting period.

Items of the statement of financial position were translated at the average EUR/PLN exchange rate quoted by the NBP at the end of a given period.

Average EUR/PLN exchange rates quoted by the NBP

	Mar 31 2015	Mar 31 2014	Dec 31 2014
Average exchange rate in period	4.1489	4.1894	4.1893
Exchange rate at end of period	4.0890	4.1713	4.2623

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I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 months ended	3 months ended
		Mar 31 2015	Mar 31 2014
		restated	
		unaudited	unaudited
Revenue	4	12,495	9,535
Raw materials and consumables used	5.1	(8,837)	(5,864)
Employee benefits expense		(698)	(686)
Depreciation and amortisation expense		(664)	(623)
Services	5.2	(523)	(585)
Work performed by the entity and capitalised		206	190
Other income and expenses	5.3	(317)	(409)
Total operating expenses	10	(10,833)	(7,977)
Operating profit/(loss)		1,662	1,558
Finance income	6	62	32
Finance costs	6	(134)	(63)
Share in net profit/(loss) of equity-accounted entities		-	(7)
Profit/(loss) before tax		1,590	1,520
Income tax	7	(346)	(340)
Net profit/(loss)		1,244	1,180
Attributable to:			
Owners of the parent		1,243	1,181
Non-controlling interests		1	(1)
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares of the parent (PLN)		0.21	0.20

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended	3 months ended
	Mar 31 2015	Mar 31 2014
	unaudited	
	unaudited	unaudited
Net profit/(loss)	1,244	1,180
Other comprehensive income that will be reclassified to profit or loss if specific conditions are met, relating to:	118	(137)
Exchange differences on translating foreign operations	52	32
Hedge accounting	82	(208)
Deferred tax	(16)	39
Other comprehensive income, net	118	(137)
Total comprehensive income	1,362	1,043
Attributable to:		
Owners of the parent	1,361	1,044
Non-controlling interests	1	(1)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at Mar 31 2015	As at Dec 31 2014
		unaudited	audited
ASSETS			
Non-current assets			
Property, plant and equipment	8	33,420	33,528
Investment property		9	9
Intangible assets		1,134	1,113
Investments in equity-accounted entities		856	856
Other financial assets		250	243
Deferred tax assets	1	1,704	1,783
Other non-current assets		159	160
Total non-current assets		37,532	37,692
Current assets			
Inventories		2,214	3,189
Trade and other receivables		3,858	4,236
Current tax assets		6	5
Other assets		541	132
Derivative financial instrument assets	9	430	567
Cash and cash equivalents		4,783	2,958
Assets held for sale		145	147
Total current assets		11,977	11,234
Total assets		49,509	48,926
EQUITY AND LIABILITIES			
Equity			
Share capital		5,900	5,900
Share premium		1,740	1,740
Accumulated other comprehensive income		(152)	(270)
Retained earnings/(deficit)		24,037	22,794
Equity attributable to owners of the parent		31,525	30,164
Equity attributable to non-controlling interests		6	5
Total equity		31,531	30,169
Non-current liabilities			
Borrowings and other debt instruments		5,009	5,069
Employee benefit obligations		604	604
Provisions	3	1,803	1,803
Deferred revenue		1,575	1,581
Deferred tax liabilities	1	3,197	3,250
Other non-current liabilities		57	77
Total non-current liabilities		12,245	12,384
Current liabilities			
Trade and other payables		3,508	3,589
Borrowings and other debt instruments		430	769
Derivative financial instrument liabilities	9	530	593
Current tax liabilities		65	191
Employee benefit obligations		390	284
Provisions	3	591	720
Deferred revenue		219	227
Total current liabilities		5,733	6,373
Total liabilities		17,978	18,757
Total equity and liabilities		49,509	48,926

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
	unaudited	unaudited
Cash flows from operating activities		
Net profit/(loss)	1,244	1,180
Adjustments:		
Share in net profit/(loss) of equity-accounted entities	-	7
Depreciation and amortisation expense	664	623
Net foreign exchange gains/(losses)	(24)	(22)
Net interest and dividend	14	1
Gain/(loss) on investing activities	(28)	4
Current tax expense	346	340
Other items, net	166	73
Income tax paid	(459)	(294)
	1,923	1,912
Cash flows from operating activities before movements in working capital		
Movements in working capital:		
Change in trade and other receivables	374	242
Change in inventories	975	1,108
Change in employee benefit obligations	105	30
Change in provisions	(133)	(95)
Change in current liabilities	208	113
Change in other assets	(411)	(391)
Change in deferred revenue	(25)	(18)
	3,016	2,901
Net cash (used in)/generated by operating activities		
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	19	7
Payments for property, plant and equipment and intangible assets	(873)	(710)
Payments for shares in related entities	(6)	-
Other items, net	9	19
	(851)	(684)
Net cash (used in)/generated by investing activities		
Cash flows from financing activities		
Proceeds from borrowings	41	53
Proceeds from issue of debt securities	199	40
Repayment of borrowings	(164)	(221)
Repayment of debt securities	(390)	(1,209)
Payment of finance lease liabilities	(12)	(13)
Proceeds from derivative financial instruments	84	84
Payment for derivative financial instruments	(21)	(25)
Interest paid	(77)	(74)
Other items, net	(1)	-
	(341)	(1,365)
Net cash (used in)/generated by financing activities		
Net increase/(decrease) in cash and cash equivalents	1,824	852
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-
Cash and cash equivalents at beginning of period	2,956	2,826
Cash and cash equivalents at end of period	4,780	3,678

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity (attributable to owners of the parent)					Retained earnings/ (deficit)	Total	Equity (attributable to non-controlling interests)	Total equity
	Share capital	Share premium	Exchange differences on translating foreign operations	Hedging reserve	Actuarial gains/(losses) on employee benefits				
As at Jan 1 2015 (audited)	5,900	1,740	(66)	(216)	12	22,794	30,164	5	30,169
Total comprehensive income	-	-	52	66	-	1,243	1,361	1	1,362
Net profit/(loss)	-	-	-	-	-	1,243	1,243	1	1,244
Other comprehensive income, net	-	-	52	66	-	-	118	-	118
As at Mar 31 2015 (unaudited)	5,900	1,740	(14)	(150)	12	24,037	31,525	6	31,531
As at Jan 1 2014 (audited)	5,900	1,740	(84)	(1)	36	20,856	28,447	6	28,453
Total comprehensive income	-	-	32	(169)	-	1,181	1,044	(1)	1,043
Net profit/(loss)	-	-	-	-	-	1,181	1,181	(1)	1,180
Other comprehensive income, net	-	-	32	(169)	-	-	(137)	-	(137)
As at Mar 31 2014 (unaudited)	5,900	1,740	(52)	(170)	36	22,037	29,491	5	29,496

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Deferred tax

	Deferred tax assets	Deferred tax liabilities
As at Jan 1 2015	1,783	3,250
Increase	34	16
Decrease	(105)	(58)
Exchange differences on translating deferred tax attributable to foreign operations	(8)	(11)
As at Mar 31 2015	1,704	3,197
As at Jan 1 2014	2,233	3,210
Increase	231	201
Decrease	(188)	(138)
Exchange differences on translating deferred tax attributable to foreign operations	(4)	(26)
Tax used - investment tax credit (Norway)	(492)	-
Reclassification to/from assets held for sale	3	3
As at Dec 31 2014	1,783	3,250

2. Impairment losses

	Property, plant and equipment	Intangible assets	Assets and disposal groups held for sale	Other financial assets	Investments in equity-accounted entities	Inventories	Current receivables	Current portion of non-current loans	Other (current) assets	Total
As at Jan 1 2015	2,406	57	8	42	725	113	786	39	1	4,177
Increase	8	-	-	-	11	45	100	5	1	170
Used/reversed	(35)	-	-	-	-	(70)	(84)	-	-	(189)
Currency translation differences	28	3	-	-	-	1	-	-	-	32
As at Mar 31 2015	2,407	60	8	42	736	89	802	44	2	4,190
As at Jan 1 2014	1,678	37	15	45	834	35	660	31	-	3,335
Increase	1,344	17	2	3	-	229	553	8	1	2,157
Transfers	11	-	(7)	(4)	-	-	-	-	-	-
Used/reversed	(671)	(1)	(2)	(2)	(109)	(152)	(427)	-	-	(1,364)
Currency translation differences	44	4	-	-	-	1	-	-	-	49
As at Dec 31 2014	2,406	57	8	42	725	113	786	39	1	4,177

3. Provisions

	Provision for well decommissioning costs	Provision for penalty imposed by the Office of Competition and Consumer Protection	Provision for environmental liabilities	Provision for claims under extra-contractual use of land	Provision for liabilities associated with exploration work abroad	Provision for certificates of origin and energy savings certificates	Other provisions	Total
As at Jan 1 2015	1,608	60	94	87	164	228	282	2,523
Increase	11	-	-	6	14	77	39	147
Used/reversed	(6)	-	-	(9)	-	(227)	(31)	(273)
Currency translation differences	(2)	-	-	-	-	-	(1)	(3)
As at Mar 31 2015	1,611	60	94	84	178	78	289	2,394
As at Jan 1 2014	1,254	60	87	81	153	134	281	2,050
Increase	439	-	7	6	24	228	114	818
Used/reversed	(74)	-	-	-	(14)	(134)	(114)	(336)
Currency translation differences	(11)	-	-	-	1	-	1	(9)
As at Dec 31 2014	1,608	60	94	87	164	228	282	2,523

4. Revenue

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
High-methane gas	10,310	7,129
Nitrogen-rich gas	457	433
Crude oil and natural gasoline	461	658
Helium	19	42
NGL	24	32
Electricity	439	452
Heat	433	405
Geophysical and geological services	31	59
Drilling and well services	69	137
Construction and installation services	51	47
Connection charge	23	21
Other sales	178	120
Total	12,495	9,535

5. Operating expenses

5.1. Raw materials and consumables used

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Cost of gas sold	(8,206)	(5,177)
Fuels for electricity and heat generation	(274)	(320)
Electricity for trading	(203)	(231)
Other raw materials and consumables used	(154)	(136)
Total	(8,837)	(5,864)

5.2. Services

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Transmission services	(247)	(246)
Cost of dry wells written off	(2)	(38)
Other services	(274)	(301)
Total	(523)	(585)

5.3. Other income and expenses

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Compensations, penalties, fines received	9	10
Other income	49	35
Net exchange differences related to operating activities	(21)	55
Net gain/(loss) on derivative instruments related to operating activities	(26)	(206)
Change in products	186	243
Change in impairment losses	40	(11)
Change in provisions	(50)	(39)
Taxes and charges	(424)	(412)
Other expenses	(80)	(84)
Total	(317)	(409)

6. Finance income and costs

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Finance income	62	32
Gain on measurement and realisation of derivative financial instruments	-	10
Interest income	19	18
Foreign exchange gains	43	1
Dividends and other profit distributions	-	2
Other finance income	-	1
Finance costs	(134)	(63)
Loss on measurement and realisation of derivative financial instruments	(92)	-
Interest expense	(31)	(55)
Commission fees on bank borrowings	(5)	(4)
Cost of guarantees	(1)	(1)
Other finance costs	(5)	(3)
Net finance income/(costs)	(72)	(31)

7. Income tax expense

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Profit/(loss) before tax	1,590	1,520
Tax rate applicable in period	19%	19%
Tax calculated at the applicable tax rate	(302)	(289)
Permanent differences between profit/(loss) before tax and taxable income and the difference in tax rates	(44)	(51)
Tax expense in the consolidated statement of profit or loss	(346)	(340)
Current tax expense	(332)	(269)
Deferred tax expense	(14)	(71)
Effective tax rate	22%	22%

In the current reporting period, certain PGNiG companies operated as part of the PGNiG Tax Group, in accordance with the agreement of February 24th 2014. The PGNiG Tax Group commenced its operation on April 1st 2014. It comprises the following companies: PGNiG S.A. – specified in the agreement on the establishment of the tax group as the Representative Company, PGNiG Obrót Detaliczny Sp. z o.o., PSG Sp. z o.o., PGNiG Termika S.A., OSM Sp. z o.o., PGNiG SPV 5 Sp. z o.o., PGNiG SPV 6 Sp. z o.o. and PGNiG SPV 7 Sp. z o.o.

The PTG agreement covers three consecutive tax years, i.e.:

- the first tax year – from April 1st 2014 to December 31st 2014;
- the second tax year – from January 1st 2015 to December 31st 2015;
- the third tax year – from January 1st 2016 to December 31st 2016;

Other Group companies are separate CIT taxpayers.

8. Property, plant and equipment by category

	As at Mar 31 2015	As at Dec 31 2014
Land	71	71
Buildings and structures	17,113	17,172
Plant and equipment	8,379	8,602
Vehicles and other	1,202	1,211
Total tangible assets	26,765	27,056
Tangible exploration and evaluation assets under construction	2,309	2,148
Other tangible assets under construction	4,346	4,324
Total property, plant and equipment	33,420	33,528

9. Derivative financial instruments

The derivative transactions entered into by the PGNiG Group (the "Group") are used to hedge commodity, currency and interest rate risk exposures.

Furthermore, in the case of the Parent, all eligible transactions accounted for in the period January 1st–March 31st 2015 are covered by cash flow or fair value hedge accounting. In the period, the Parent was party to CCIRS transactions, entered into in previous periods. These transactions are not covered by hedge accounting, since the valuation of both the hedged item and the hedge (the derivative transaction) is recognised in profit or loss, which produces the same effect as if hedge accounting was applied.

In Q1 2015, as part of its trading activity, the Parent entered into transactions within the approved limits. The volume of hedging transactions does not exceed the amount of the hedged items.

Derivative transactions entered into by the Parent are based on the ISDA (International Swap & Derivatives Association) standards or Polish Master Agreements prepared in accordance with the guidelines of the Polish Banks Association (PMA).

The effect of the valuation of derivative instruments on profit or loss is presented in the table below.

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Net gain/(loss) on valuation of derivative financial instruments – unrealised	(109)	(148)
Net gain/(loss) on valuation of derivative financial instruments – realised	(20)	(47)
Total net gain/(loss) on valuation of derivative financial instruments recognised in profit or loss	(129)	(195)
including:		
recognised in raw materials and consumables used	(11)	1
recognised in other income and expenses	(26)	(206)
recognised in finance income or costs	(92)	10
Net gain/(loss) on valuation of derivative financial instruments recognised in other comprehensive income -- unrealised	82	(208)
Total net gain/(loss) on valuation of derivative financial instruments – recognised in equity	(47)	(403)

The table below presents the Group companies' open derivative transactions as at March 31st 2015.

Hedged item	Par value in currency	Currency / asset	Maturity date	Exercise price (exercise price range)	Measurement at fair value		Hedged risk
					As at Mar 31 2015	As at Dec 31 2014	
Cross Currency Interest Rate Swap							
Euronotes	500	EUR	1-3 years	4.1580	44	193	currency exchange rate and interest rate
loan	4,350	NOK	1-3 years	0.5033	121	53	currency exchange rate and interest rate
loan	730	NOK	1-3 months	0.5595	-	53	currency exchange rate and interest rate
					165	299	
Interest Rate Swap							
loan	1,500	PLN	more than 3 years	-	(105)	(106)	interest rate
					(105)	(106)	
Forward							
loan	850	NOK	3-12 months	0.4694	(1)	(5)	currency exchange rate
loan	538	NOK	3-12 months	0.4709	-	-	currency exchange rate
Termika investment purchases	0.25	EUR	1-3 years	4.4175	-	-	currency exchange rate
Termika investment purchases	0.29	EUR	1-3 months	4.3175	-	-	currency exchange rate
CO ₂ emission allowances	1	EUR	3-12 months	4.1359	-	-	currency exchange rate
CO ₂ emission allowances	13	EUR	3-12 months	4.2019	(1)	-	currency exchange rate
payments for gas	4	GBP	1-3 months	5.6017	-	-	currency exchange rate
payments for gas	10	GBP	1-3 months	5.6416	-	-	currency exchange rate
payments for gas	39	GBP	3-12 months	5.6752	1	-	currency exchange rate
payments for gas	45	GBP	3-12 months	5.6006	(3)	-	currency exchange rate
payments for gas	89	USD	1-3 months	3.8322	9	-	currency exchange rate
payments for gas	200	USD	3-12 months	3.7235	22	-	currency exchange rate
trading activities	1	electricity	1-3 months	171.7732	9	-	energy prices
trading activities	1	electricity	1-3 months	171.2939	(9)	-	energy prices
trading activities	3	electricity	3-12 months	171.5313	1	-	energy prices

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trading activities	3	electricity	3–12 months	171.9759	(1)	- energy prices
trading activities	1	electricity	1–3 years	172.0925	2	- energy prices
trading activities	1	electricity	1–3 years	171.7268	(2)	- energy prices
payments for gas	12	EUR	1-3 months	4.2525	(2)	- currency exchange rate
payments for gas	38	EUR	3-12 months	4.2869	(6)	- currency exchange rate
trading activities	3	gas – OTC	1-3 years	24.0200	(25)	- gas prices
trading activities	4	gas – OTC	6-12 months	23.5800	(40)	- gas prices
trading activities	-	gas – OTC	1-3 months	21.9800	(1)	- gas prices
trading activities	1	gas – OTC	more than 3 years	25.4500	14	- gas prices
trading activities	2	gas – OTC	1-3 years	23.4900	18	- gas prices
trading activities	4	gas – OTC	6-12 months	23.3100	34	- gas prices
trading activities	-	gas – OTC	1-3 months	21.7700	1	- gas prices
trading activities	-	electricity – OTC	1-3 years	38.0400	(2)	- energy prices
trading activities	-	electricity – OTC	6-12 months	51.7000	(24)	- energy prices
trading activities	-	electricity – OTC	1-3 years	38.4500	5	- energy prices
trading activities	-	electricity – OTC	6-12 months	48.1900	27	- energy prices
Termika investment purchases	0.01	API2	1-3 months	72.9000	-	- currency exchange rate
payments for gas	35	USD	1-3 months	3.3562	-	5 currency exchange rate
CO ₂ emission allowances	2	EUR	3-12 months	4.2354	-	- currency exchange rate
CO ₂ emission allowances	0.29	EUR	3-12 months	4.3175	-	- currency exchange rate
CO ₂ emission allowances	0.25	EUR	1-3 years	4.4175	-	- currency exchange rate
trading activities	1	electricity	1–3 months	168.8870	-	7 energy prices
trading activities	1	electricity	1–3 months	171.4998	-	(6) energy prices
trading activities	1.46	electricity	3–12 months	171.0307	-	12 currency exchange rate
trading activities	1.37	electricity	3–12 months	174.9214	-	(12) currency exchange rate
trading activities	0.13	electricity	1–3 years	179.7300	-	- currency exchange rate
trading activities	0.13	electricity	1–3 years	179.7300	-	- energy prices
payments for gas	65.00	EUR	1-3 months	4.2385	-	2 currency exchange rate
payments for gas	39.70	EUR	3-12 months	4.2732	-	1 currency exchange rate
payments for gas	10.10	EUR	1-3 years	4.2997	-	- currency exchange rate
trading activities	0.86	gas – OTC	up to 1 month	21.4900	-	- gas prices
trading activities	1.65	gas – OTC	1-3 months	22.5500	-	(3) gas prices
trading activities	6.25	gas – OTC	3-6 months	25.6800	-	(27) gas prices
trading activities	3.08	gas – OTC	6-12 months	24.2500	-	(11) gas prices
trading activities	0.98	gas – OTC	up to 1 month	21.9100	-	1 gas prices
trading activities	1.69	gas – OTC	1-3 months	22.7100	-	3 gas prices
trading activities	5.99	gas – OTC	3-6 months	25.0900	-	23 gas prices
trading activities	3.42	gas – OTC	6-12 months	24.1200	-	11 gas prices
trading activities	0.01	electricity – OTC	up to 1 month	17.0700	-	- energy prices
trading activities	0.15	electricity – OTC	1-3 months	39.9000	-	(1) energy prices
trading activities	0.06	electricity – OTC	3-6 months	37.6700	-	- energy prices
trading activities	2.08	electricity – OTC	6-12 months	50.7600	-	(33) energy prices

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trading activities	0.01	electricity – OTC	up to 1 month	17.2700	-	-	energy prices
trading activities	0.02	electricity – OTC	1-3 months	41.7200	-	-	energy prices
trading activities	0.23	electricity – OTC	3-6 months	41.3000	-	1	energy prices
trading activities	2.57	electricity – OTC	6-12 months	48.6000	-	36	energy prices
trading activities	18.80	gas – OTC	1-3 years	25.0900	-	(69)	gas prices
trading activities	0.004	gas – OTC	more than 3 years	22.9600	-	-	gas prices
trading activities	14.65	gas – OTC	1-3 years	24.8700	-	50	gas prices
trading activities	6.65	gas – OTC	more than 3 years	26.3100	-	32	gas prices
trading activities	0.36	electricity – OTC	1-3 years	39.2200	-	(2)	energy prices
trading activities	0.64	electricity – OTC	1-3 years	40.1100	-	4	energy prices
						26	19

Futures

trading activities	1	CO ₂ emission allowances	3–12 months	28.5714	1	-	prices of CO ₂ emission allowances
trading activities	1	CO ₂ emission allowances	3–12 months	28.5712	(1)	-	prices of CO ₂ emission allowances
trading activities	-	gas – EEX AG	1-3 years	21.6700	(1)	-	gas prices
trading activities	-	gas – EEX AG	6-12 months	24.0600	(5)	-	gas prices
trading activities	-	gas – EEX AG	1-3 years	20.6600	1	-	gas prices
trading activities	-	gas – EEX AG	6-12 months	24.3400	4	-	gas prices
trading activities	-	gas – ICE ENDEX B.V.	1-3 years	23.3100	(1)	-	gas prices
trading activities	-	gas – ICE ENDEX B.V.	6-12 months	21.0400	(1)	-	gas prices
trading activities	-	gas – ICE ENDEX B.V.	1-3 years	22.4700	1	-	gas prices
trading activities	-	gas – ICE ENDEX B.V.	6-12 months	21.3800	1	-	gas prices
trading activities	-	electricity – EEX AG	1-3 years	35.6100	(4)	-	energy prices
trading activities	-	electricity – EEX AG	6-12 months	35.9700	(5)	-	energy prices
trading activities	-	electricity – EEX AG	1-3 years	35.0700	2	-	energy prices
trading activities	-	electricity – EEX AG	6-12 months	35.3900	3	-	energy prices
trading activities	1	gas – EEX AG	3-6 months	25.2100	-	(3)	gas prices
trading activities	-	gas – EEX AG	3-6 months	25.7800	-	2	gas prices
trading activities	0.4	gas – EEX AG	6-12 months	24.2100	-	2	gas prices
trading activities	0.15	electricity – EEX AG	3-6 months	43.6500	-	(1)	energy prices
trading activities	1.80	electricity – EEX AG	6-12 months	35.8600	-	(6)	energy prices
trading activities	0.13	electricity – EEX AG	1-3 months	38.9300	-	1	energy prices
trading activities	1.24	electricity – EEX AG	6-12 months	35.1400	-	3	energy prices
trading activities	0.02	gas – ICE ENDEX B.V.	1-3 months	22.7900	-	-	gas prices
trading activities	0.28	gas – ICE ENDEX B.V.	3-6 months	23.4600	-	(1)	gas prices
trading activities	0.56	gas – ICE ENDEX B.V.	6-12 months	22.1500	-	(1)	gas prices
trading activities	0.60	gas – ICE ENDEX B.V.	3-6 months	25.2200	-	2	gas prices
trading activities	0.47	gas – ICE ENDEX B.V.	6-12 months	22.5500	-	1	gas prices

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trading activities	2.73	gas – EEX AG	1-3 years	24.3100	-	(9)	gas prices
trading activities	1.73	gas – EEX AG	1-3 years	24.2800	-	6	gas prices
trading activities	0.09	gas – ICE ENDEX B.V.	1-3 years	24.6700	-	-	gas prices
trading activities	0.09	gas – ICE ENDEX B.V.	1-3 years	23.7800	-	-	gas prices
trading activities	0.64	electricity – EEX AG	1-3 years	37.0800	-	(3)	energy prices
trading activities	0.49	electricity – EEX AG	1-3 years	35.9500	-	2	energy prices
						(5)	(5)

Call options

payments for gas	150	USD	1-3 months	3.6052	37	-	currency exchange rate
payments for gas	70	USD	3-12 months	3.8771	7	-	currency exchange rate
payments for gas	44	EUR	1-3 months	4.3666	-	-	currency exchange rate
payments for gas	37	EUR	3-12 months	4.4374	1	-	currency exchange rate
payments for gas	36	EUR	1-3 years	4.5068	2	-	currency exchange rate
payments for gas	25	EUR	1-3 months	4.3350	-	-	currency exchange rate
payments for gas	72	EUR	3-12 months	4.3915	-	4	currency exchange rate
payments for gas	45	EUR	1-3 years	4.4975	-	5	currency exchange rate
payments for gas	260	USD	1-3 months	3.4221	-	29	currency exchange rate
payments for gas	90	USD	3-12 months	3.4575	-	12	currency exchange rate
						47	50

Commodity call options

payments for gas	0.100	FO	1-3 months	580.73	-	-	commodity prices
payments for gas	0.096	FO	3-12 months	517.66	-	-	commodity prices
payments for gas	0.045	GO	1-3 months	883.16	-	-	commodity prices
payments for gas	0.036	GO	3-12 months	797.02	-	-	commodity prices
payments for gas	3.435	TTF	1-3 months	23.35	1	-	commodity prices
payments for gas	2.403	TTF	3-12 months	23.65	8	-	commodity prices
payments for gas	0.837	TTF	1-3 years	25.00	7	-	commodity prices
payments for gas	0.170	FO	1-3 months	626.12	-	-	commodity prices
payments for gas	0.195	FO	3-12 months	549.86	-	-	commodity prices
payments for gas	0.095	GO	1-3 months	940.39	-	-	commodity prices
payments for gas	0.081	GO	3-12 months	845.07	-	-	commodity prices
payments for gas	1.092	TTF	1-3 months	24.93	-	-	commodity prices
payments for gas	1.015	Title Transfer Facility (TTF)	3-12 months	23.67	-	4	commodity prices
payments for gas	1.091	Title Transfer Facility (TTF)	1-3 years	24.95	-	8	commodity prices
						16	12

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Put commodity options

payments for gas	0,024	FO	3-12 months	391.25	(10)	(7)	commodity prices
payments for gas	0,013	GO	3-12 months	672.12	(8)	(7)	commodity prices
					(18)	(14)	

Commodity swap

payments for gas	0.394	BRENT	1-3 months	50.54	10	-	commodity prices
payments for gas	0.156	BRENT	1-3 months	58.05	(1)	-	commodity prices
payments for gas	2.307	BRENT	3-12 months	55.09	31	-	commodity prices
payments for gas	0.923	BRENT	3-12 months	62.62	(14)	-	commodity prices
payments for gas	0.034	FO	1-3 months	538.08	(25)	-	commodity prices
payments for gas	0.102	FO	3-12 months	465.45	(62)	-	commodity prices
payments for gas	0.028	GO	1-3 months	803.01	(22)	-	commodity prices
payments for gas	0.079	GO	3-12 months	762.52	(61)	-	commodity prices
payments for gas	31.700	NBP	1-3 months	0.42	(6)	-	commodity prices
payments for gas	177.324	NBP	3-12 months	0.45	(28)	-	commodity prices
payments for gas	9.052	NBP	3-12 months	0.48	-	-	commodity prices
payments for gas	0.132	TTF	1-3 months	21.48	-	-	commodity prices
payments for gas	3.299	TTF	1-3 months	23.42	(24)	-	commodity prices
payments for gas	0.456	TTF	3-12 months	22.15	2	-	commodity prices
payments for gas	3.423	TTF	3-12 months	23.13	(20)	-	commodity prices
payments for gas	0.397	TTF	1-3 years	21.80	1	-	commodity prices
payments for gas	1.519	TTF	1-3 years	22.12	(7)	-	commodity prices
payments for gas	0.087	FO	1-3 months	598.25	-	(18)	commodity prices
payments for gas	0.136	FO	3-12 months	483.61	-	(77)	commodity prices
payments for gas	0.052	GO	1-3 months	896.24	-	(15)	commodity prices
payments for gas	0.107	GO	3-12 months	773.05	-	(71)	commodity prices
payments for gas	4.301	Title Transfer Facility (TTF)	1-3 months	24.24	-	(41)	commodity prices
payments for gas	4.692	Title Transfer Facility (TTF)	3-12 months	23.83	-	(58)	commodity prices
payments for gas	0.186	Title Transfer Facility (TTF)	1-3 years	23.90	-	(1)	commodity prices
					(226)	(281)	

Total

including: - positive valuation (assets)
- negative valuation (liabilities)

(100)	(26)
430	567
(530)	(593)

GO – Gasoil
FO – Fuel Oil
HFO – Heavy Fuel Oil
TTF – Natural Gas at the Title Transfer Facility

10. Financial information by operating segments

The type of conducted activities is the basic criterion for the division of the PGNiG Group into operating segments. The tables below present selected data of the Group's individual reporting segments for the periods ended March 31st 2015 and March 31st 2014.

Period ended Mar 31 2015	Exploration and Production	Trade and Storage	Distribution	Generation	Other Segments	Eliminations	Total
Statement of profit or loss							
Sales to third-party customers	811	11,071	91	457	65	-	12,495
Inter-segment sales	406	119	1,225	231	23	(2,004)	-
Segment's total revenue	<u>1,217</u>	<u>11,190</u>	<u>1,316</u>	<u>688</u>	<u>88</u>	<u>(2,004)</u>	<u>12,495</u>
Depreciation and amortisation expense	(317)	(40)	(219)	(83)	(5)	-	(664)
Other costs	(339)	(10,571)	(795)	(378)	(89)	2,003	(10,169)
Segment's total costs	<u>(656)</u>	<u>(10,611)</u>	<u>(1,014)</u>	<u>(461)</u>	<u>(94)</u>	<u>2,003</u>	<u>(10,833)</u>
Operating profit/(loss)	<u>561</u>	<u>579</u>	<u>302</u>	<u>227</u>	<u>(6)</u>	<u>(1)</u>	<u>1,662</u>
Net finance costs							(72)
Share in net profit/(loss) of equity-accounted entities		-					-
Profit/(loss) before tax							<u>1,590</u>
Income tax							(346)
Net profit/(loss)							<u>1,244</u>
STATEMENT OF FINANCIAL POSITION							
Segment's assets	15,504	18,798	14,384	4,060	364	(6,643)	46,467
Investments in equity-accounted entities		856					856
Unallocated assets							482
Deferred tax assets							1,704
Total assets							<u>49,509</u>
Total equity							31,531
Segment's liabilities	5,291	4,904	2,701	1,961	217	(6,329)	8,745
Unallocated liabilities							6,036
Deferred tax liabilities							3,197
Total equity and liabilities							<u>49,509</u>
Other information							
Capital expenditure on property, plant and equipment and intangible assets	(397)	(53)	(367)	-103%	(2)	49	(873)
Impairment losses on assets	(2,389)	(1,593)	(114)	(26)	(22)	-	(4,144)
Impairment losses on unallocated assets							(46)

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Period ended Mar 31 2014	Exploration and Production	Trade and Storage	Distribution	Generation	Other Segments	Eliminations	Total
Statement of profit or loss							
Sales to third-party customers	1,144	7,874	35	422	60	-	9,535
Inter-segment sales	473	75	1,217	229	26	(2,020)	-
Segment's total revenue	1,617	7,949	1,252	651	86	(2,020)	9,535
Depreciation and amortisation expense	(281)	(39)	(216)	(82)	(5)	-	(623)
Other costs	(491)	(7,721)	(627)	(435)	(97)	2,017	(7,354)
Segment's total costs	(772)	(7,760)	(843)	(517)	(102)	2,017	(7,977)
Operating profit/(loss)	845	189	409	134	(16)	(3)	1,558
Net finance costs							(31)
Share in net profit/loss of equity-accounted entities		(7)					(7)
Profit/(loss) before tax							1,520
Income tax							(340)
Net profit/(loss)							1,180
STATEMENT OF FINANCIAL POSITION							
Segment's assets	15,458	16,746	14,210	3,989	374	(5,950)	44,827
Investments in equity-accounted entities		721					721
Unallocated assets							251
Deferred tax assets							2,197
Total assets							47,996
Total equity							29,496
Segment's liabilities	4,994	4,410	2,690	1,940	169	(5,634)	8,569
Unallocated liabilities							6,731
Deferred tax liabilities							3,200
Total equity and liabilities							47,996
Other information							
Capital expenditure on property, plant and equipment and intangible assets	(242)	(66)	(368)	(39)	(2)	7	(710)
Impairment losses on assets	(1,655)	(1,484)	(119)	(34)	(20)	-	(3,312)
Impairment losses on unallocated assets							(45)

11. List and explanation of differences between the data disclosed in the financial statements and comparative financial data, and the data disclosed in previously published financial statements

Change in presentation of gas system balancing

In this report for Q1 2015, income and expenses related to gas system balancing were disclosed on a net basis, while in the report for Q1 2014 they were presented separately. The table below contains consolidated statement of profit or loss for Q1 2014 with income and expenses related to gas system balancing presented on a net basis.

Consolidated statement of profit or loss – restatement of comparative data

	3 months ended Mar 31 2014, before restatement	Change in presentation of gas system balancing	3 months ended Mar 31 2014, restated
Revenue	9,537	(2)	9,535
Raw materials and consumables used	(5,940)	76	(5,864)
Employee benefits expense	(686)	-	(686)
Depreciation and amortisation expense	(623)	-	(623)
Services	(585)	-	(585)
Work performed by the entity and capitalised	190	-	190
Other income and expenses	(335)	(74)	(409)
Total operating expenses	(7,979)	2	(7,977)
Operating profit/(loss)	1,558	-	1,558
Finance income	32	-	32
Finance costs	(63)	-	(63)
Share in net profit/(loss) of equity-accounted entities	(7)	-	(7)
Profit/(loss) before tax	1,520	-	1,520
Income tax	(340)	-	(340)
Net profit/(loss)	1,180	-	1,180

II. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
	unaudited	unaudited
Revenue	6,311	8,065
Raw materials and consumables used	(4,658)	(4,972)
Employee benefits expense	(136)	(208)
Depreciation and amortisation expense	(174)	(176)
Services	(371)	(1,602)
Work performed by the entity and capitalised	3	3
Other income and expenses	(43)	(224)
Total operating expenses	(5,379)	(7,179)
Operating profit/(loss)	932	886
Finance income	144	118
Finance costs	(116)	(82)
Profit/(loss) before tax	960	922
Income tax	(187)	(178)
Net profit/(loss)	773	744
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares (PLN)	0.13	0.13

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
	unaudited	unaudited
Net profit/(loss)	773	744
Other comprehensive income that will be reclassified to profit or loss if specific conditions are met, relating to:	86	(167)
Exchange differences on translating foreign operations	20	2
Hedge accounting	82	(209)
Deferred tax	(16)	40
Other comprehensive income, net	86	(167)
Total comprehensive income	859	577

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

	As at Mar 31 2015	As at Dec 31 2014
	unaudited	audited
ASSETS		
Non-current assets		
Property, plant and equipment	13,603	13,520
Investment property	1	1
Intangible assets	243	254
Shares	8,611	8,611
Other financial assets	4,306	4,403
Deferred tax assets	423	469
Other non-current assets	128	129
Total non-current assets	27,315	27,387
Current assets		
Inventories	1,637	2,506
Trade and other receivables	1,277	1,307
Other assets	110	20
Current financial assets	1,316	1,805
Derivative financial instrument assets	317	388
Cash and cash equivalents	3,829	1,942
Non-current assets held for sale	1	1
Total current assets	8,487	7,969
Total assets	35,802	35,356
EQUITY AND LIABILITIES		
Equity		
Share capital	5,900	5,900
Share premium	1,740	1,740
Accumulated other comprehensive income	(99)	(185)
Retained earnings/(deficit)	17,097	16,325
Total equity	24,638	23,780
Non-current liabilities		
Borrowings and other debt instruments	4,371	4,498
Employee benefit obligations	134	134
Provisions	1,419	1,414
Deferred revenue	688	690
Deferred tax liabilities	572	580
Other non-current liabilities	47	69
Total non-current liabilities	7,231	7,385
Current liabilities		
Trade and other payables	2,440	2,414
Borrowings and other debt instruments	633	656
Derivative financial instrument liabilities	418	423
Current tax liabilities	55	181
Employee benefit obligations	40	43
Provisions	345	472
Deferred revenue	2	2
Total current liabilities	3,933	4,191
Total liabilities	11,164	11,576
Total equity and liabilities	35,802	35,356

CONDENSED SEPARATE STATEMENT OF CASH FLOWS

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
	unaudited	unaudited
Cash flows from operating activities		
Net profit/(loss)	773	744
Adjustments:		
Depreciation and amortisation expense	174	176
Net foreign exchange gains/(losses)	(68)	(40)
Net interest and dividend paid	(45)	(76)
Gain/(loss) on investing activities	(24)	(16)
Current tax expense	187	178
Other items, net	92	189
Income tax paid	(225)	(233)
Cash flows from operating activities before movements in working capital	864	922
Movements in working capital:		
Change in receivables	36	366
Change in inventories	869	998
Change in employee benefit obligations	(4)	5
Change in provisions	(127)	(76)
Change in current liabilities	(85)	(109)
Change in other assets	(92)	(102)
Change in deferred revenue	-	(2)
Net cash (used in)/generated by operating activities	1,461	2,002
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	1	5
Proceeds from disposal of short-term securities	446	-
Purchase of property, plant and equipment and intangible assets	(152)	(101)
Payments for tangible exploration and evaluation assets under construction	(208)	(207)
Payments for shares in related entities	-	(19)
Repayment of loans advanced	560	152
Loans advanced	(408)	(27)
Proceeds from derivative financial instruments	44	84
Payment for derivative financial instruments	(111)	(135)
Interest received	31	26
Proceeds from finance leases	4	4
Other items, net	(2)	(3)
Net cash (used in)/generated by investing activities	205	(221)
Cash flows from financing activities		
Proceeds from issue of debt securities	471	365
Repayment of debt securities	(474)	(1,502)
Proceeds from derivative financial instruments	84	84
Payment for derivative financial instruments	(21)	(25)
Interest paid	(92)	(71)
Net cash (used in)/generated by financing activities	(32)	(1,149)
Net increase/(decrease) in cash and cash equivalents	1,634	632
Cash and cash equivalents at beginning of period	1,673	1,683
Cash and cash equivalents at end of period	3,307	2,315

On July 16th 2014, a cash pooling agreement was executed for an indefinite term between Bank Pekao S.A. and the companies of the PGNiG Group. As at March 31st 2015, the agreement covered the following companies: PGNiG S.A., Polska Spółka Gazownictwa Sp. z o.o., Exalo Drilling S.A., PGNiG Technologie S.A., Geofizyka Kraków S.A., Geofizyka Toruń S.A., Operator Systemu Magazynowego Sp. z o.o., and PGNiG Serwis Sp. z o.o. On April 1st 2015, the it was joined by PGNiG Termika S.A. The main purpose of the agreement is to manage the Group's current financial liquidity.

Therefore, the cash flows under the cash pooling transactions as well as exchange differences on translating cash and cash equivalents are presented in the statement of financial position under 'Cash and cash equivalents', and as an adjustment to cash and cash equivalents in the statement of cash flows.

The table below presents reconciliation of cash and cash equivalents as presented in the statement of cash flows with cash and cash equivalents as presented in the statement of financial position.

Reconciliation of cash and cash equivalents as presented in the statement of cash flows with cash and cash equivalents as presented in the statement of financial position.

Cash and cash equivalents at end of period in the statement of cash flows	3,307	2,315
Opening balance of net foreign exchange gains/(losses)	1	-
Opening balance of inflows/outflows of cash under cash pooling arrangement	268	-
Net foreign exchange differences for the reporting period	2	1
Inflows/(outflows) of cash under cash pooling arrangement in the reporting period	251	-
Cash and cash equivalents at end of period in the statement of financial position	3,829	2,316

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Accumulated other comprehensive income, including:			Retained earnings/(deficit)	Total equity
			Exchange differences on translating foreign operations	Hedging reserve	Actuarial gains/(losses) on employee benefits		
As at Jan 1 2015 (audited)	5,900	1,740	16	(215)	13	16,325	23,780
Total comprehensive income	-	-	20	66	-	773	859
Net profit/(loss) for Q1 2015	-	-	-	-	-	773	773
Other comprehensive income, net, for Q1 2015	-	-	20	66	-	-	86
As at Mar 31 2015 (unaudited)	5,900	1,740	36	(149)	13	17,098	24,638
As at Jan 1 2014 (audited)	5,900	1,740	(6)	(1)	20	15,315	22,969
Total comprehensive income	-	-	2	(169)	-	744	577
Net profit/(loss) for Q1 2014	-	-	-	-	-	744	744
Other comprehensive income, net, for Q1 2014	-	-	2	(169)	-	-	(167)
As at Mar 31 2014 (unaudited)	5,900	1,740	(4)	(170)	20	16,059	23,546

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

1. Deferred tax

	Deferred tax assets	Deferred tax liabilities
As at Jan 1 2015	469	580
Increase	8	30
Decrease	(54)	(38)
As at Mar 31 2015	423	572
As at Jan 1 2014	380	609
Increase	142	93
Decrease	(53)	(122)
As at Dec 31 2014	469	580

2. Impairment losses

	Property, plant and equipment and intangible assets	Non-current assets and disposal groups held for sale	Shares	Inventories	Current receivables	Loans advanced	Total
As at Jan 1 2015	2,037	4	2,477	73	323	40	4,954
Increase	6	-	-	45	40	4	95
Used/reversed	(30)	-	-	(69)	(25)	-	(124)
As at Mar 31 2015	2,013	4	2,477	49	338	44	4,925
As at Jan 1 2014	1,370	19	2,076	5	524	31	4,025
Increase	1,267	-	387	211	429	9	2,303
Transfers	-	(15)	15	-	-	-	-
Used/reversed	(600)	-	(1)	(143)	(630)	-	(1,374)
As at Dec 31 2014	2,037	4	2,477	73	323	40	4,954

3. Provisions

	Provision for well decommissioning costs	Provision for penalty imposed by the Office of Competition and Consumer Protection	Provision for environmental liabilities	Provision for claims under extra-contractual use of land	Provision for liabilities associated with exploration work abroad	Provision for certificates of origin and energy savings certificates	Other provisions	Total
As at Jan 1 2015	1,393	60	41	18	164	167	43	1,886
Increase	11	-	-	-	14	23	13	61
Used/reversed	(7)	-	-	-	-	(166)	(10)	(183)
As at Mar 31 2015	1,397	60	41	18	178	24	46	1,764
As at Jan 1 2014	1,134	60	41	15	153	134	53	1,590
Increase	334	-	-	3	24	167	25	553
Used/reversed	(75)	-	-	-	(13)	(134)	(35)	(257)
As at Dec 31 2014	1,393	60	41	18	164	167	43	1,886

4. Revenue

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
High-methane gas	5,047	6,594
Nitrogen-rich gas	395	440
Crude oil and natural gasoline	303	497
Helium	19	42
Propane-butane gas	12	23
LNG	12	15
Electricity	290	278
Entitlement to operate storage facilities	171	139
Other sales of products and services	62	37
Total	6,311	8,065

5. Operating expenses

5.1. Raw materials and consumables used

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Cost of gas sold	(4,338)	(4,669)
Electricity for trading	(286)	(282)
Other raw materials and consumables used	(34)	(21)
Total	(4,658)	(4,972)

5.2. Services

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Purchase of transmission, distribution, and storage services	(297)	(1,443)
Cost of dry wells written off	-	(37)
Other services	(74)	(122)
Total	(371)	(1,602)

5.3. Other income and expenses

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Change in impairment losses	37	12
Change in provisions	(10)	(50)
Taxes and charges	(117)	(121)
Foreign exchange differences	4	5
Derivative instruments	(26)	(149)
Compensation, penalties, fines, etc. received	4	2
Other	65	77
Total	(43)	(224)

6. Finance income and costs

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Finance income	144	118
Interest income	77	77
Foreign exchange gains	66	38
Dividends and other profit distributions	-	2
Other finance income	1	1
Finance costs	(116)	(82)
Loss on measurement and realisation of derivative financial instruments	(84)	(46)
Interest expense	(23)	(30)
Revaluation of investments	-	(1)
Commission fees on bank borrowings	(5)	(3)
Costs of guarantees received	(1)	(1)
Other finance costs	(3)	(1)
Net finance income/(cost)	28	36

7. Income tax expense

	3 months ended Mar 31 2015	3 months ended Mar 31 2014
Profit/(loss) before tax	960	922
Tax rate applicable in period	19%	19%
Tax calculated at the applicable tax rate	(182)	(175)
Permanent differences between profit/(loss) before tax and taxable profit	(5)	(3)
Tax expense in the statement of profit or loss	(187)	(178)
Current tax expense	(164)	(165)
Deferred tax expense	(23)	(13)
Effective tax rate	19%	19%

8. Property, plant and equipment by category

	As at Mar 31 2015	As at Dec 31 2014
Land	25	25
Buildings and structures	6,348	6,385
Plant and equipment	2,136	2,159
Vehicles and other	113	111
Total tangible assets	8,622	8,680
Tangible exploration and evaluation assets under construction	2,212	2,097
Other tangible assets under construction	2,769	2,743
Total property, plant and equipment	13,603	13,520

III. SUPPLEMENTARY INFORMATION TO THE REPORT

1. Basis of preparation and format of the financial statements contained in this report

These interim condensed consolidated financial statements and interim condensed separate financial statements for Q1 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. No. 33, item 259, as amended).

This report presents the financial condition of the PGNiG Group as at March 31st 2015 and its financial performance for the period January 1st–March 31st 2015, and the comparative data for the corresponding periods of 2014.

The financial data is stated in the Polish zloty (PLN), and all amounts, unless indicated otherwise, are stated in millions of the zloty. Differences, if any, between the totals and the sum of particular items are due to rounding off.

These financial statements of the PGNiG Group have been prepared based on the assumption that PGNiG S.A. ("PGNiG", the "Company", the "Parent") and its subsidiaries will continue as going concerns for at least 12 months subsequent to the balance-sheet date. As at the date of approval of these financial statements, no facts and circumstances were identified which would indicate any threat to the Group's continuing as a going concern.

This interim report for Q1 2015 has been approved for issue by the Parent's Management Board on May 8th 2015.

1.1. Functional and reporting currency

The Polish zloty (PLN) is the functional currency (measurement currency) and the reporting currency of all companies of the PGNiG Group with the exception of:

- POGC Libya B.V. – US dollar (USD),
- PGNiG Upstream International AS – Norwegian krone (NOK),
- PGNiG Sales & Trading GmbH – euro (EUR),
- PGNiG Finance AB – Swedish krona (SEK).

The method of translation of items denominated in foreign currencies is presented in the full-year consolidated financial statements for the period ended December 31st 2014.

2. Applied accounting policies

The policies applied to prepare these interim condensed consolidated financial statements and interim condensed separate financial statements are consistent with the general policies applied to draw up the full-year consolidated financial statements for the year ended December 31st 2014, issued on March 5th 2015, except that the following amendments to financial reporting standards and new interpretations effective for annual periods beginning on or after January 1st 2015 have been applied:

- Amendments to IFRS (2010–2012) – changes in the procedure of introducing annual amendments to IFRS – effective for reporting periods beginning on or after July 1st 2014;
- Amendments to IFRS (2011–2013) – changes in the procedure of introducing annual amendments to IFRS – effective for reporting periods beginning on or after July 1st 2014;
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions – effective for reporting periods beginning on or after July 1st 2014.

Application of the above amendments to standards has not caused any material changes in the accounting policies of the Group or in the presentation of data in its financial statements.

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

Standards and interpretations adopted by the International Accounting Standards Board, which as at March 31st 2015 had not been endorsed for use by the European Commission (EC) and therefore have not been applied in these financial statements:

- IFRS 9 Financial Instruments – effective for reporting periods beginning on or after January 1st 2018;
- Amendments to IFRS (2012–2014) – changes in the procedure of introducing annual amendments to IFRS – planned to be effective for reporting periods beginning on or after July 1st 2016;
- Amendments to IFRS 10 and IAS 28 Sales or Contributions of Assets between an Investor and Its Associate/Joint Venture – effective for reporting periods beginning on or after January 1st 2016;
- IFRS 14 Regulatory Deferral Accounts – effective for reporting periods beginning on or after January 1st 2016;
- IFRS 15 Revenue from Contracts with Customers – effective for reporting periods beginning on or after January 1st 2017;
- Amendments to IAS 16 Property, Plant and Equipment – effective for reporting periods beginning on or after January 1st 2016;
- Amendments to IAS 16 Property, Plant and Equipment, and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation – effective for reporting periods beginning on or after January 1st 2016;
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations – effective for reporting periods beginning on or after January 1st 2016;
- Amendments to IAS 1 Disclosure Initiative – effective for reporting periods beginning on or after January 1st 2016;
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – effective for reporting periods beginning on or after January 1st 2016;
- Amendments to IAS 27 Equity Method in Separate Financial Statements – effective for reporting periods beginning on or after January 1st 2016.

The Group estimates that the above standards and amendments to standards would not have had a material effect on the financial statements if they had been applied by the Group as at the end of the reporting period.

4. Brief description of significant achievements or failures in the reporting period, including identification of key events

- On January 9th 2015, the Parent and LOTOS Petrobaltic signed a joint operations agreement concerning the Górowo Iławeckie licence in north-eastern Poland.

The cooperation includes the acquisition of a total of 200.4 km of 2D seismics, with reprocessing of archive data. Based on the obtained results, a decision will be made whether to proceed to further stages of work on the Górowo Iławeckie licence.

PGNiG S.A. is the owner of the Górowo Iławeckie licence. The parties' joint work on the licence marks another step in the performance of the agreement on cooperation in exploration operations concluded on April 5th 2013.

- On January 20th 2015, PGNiG Upstream International (PUI) was awarded a 40% interest in the PL 799 licence in the Norwegian See as the licence operator. PUI's new licence partners are Statoil Petroleum AS, VNG Norge AS and Explora Petroleum AS, each holding a 20% interest.

The PL 799 licence is located close to the Skarv field, brought onstream in late 2012, and the Snadd field, for which a field development plan is being matured. PUI holds interest in both fields.

Geological and geophysical analyses will be performed in the next two years to make a precise estimate of the licence potential. In that period a drill-or-drop decision will be made.

At present, PUI holds interests in 17 licences on the Norwegian Continental Shelf on the North Sea, the Norwegian Sea and the Barents Sea.

5. Factors and events, particularly of a non-recurring nature, with a material effect on financial performance

The PGNiG Group's net profit after Q1 2015 was PLN 1,244m, up PLN 64m (or 5%) year on year.

Consolidated operating profit for Q1 2015 was PLN 1,662m, up by PLN 104m (or 7%) year on year, while operating profit before depreciation and amortisation (EBITDA) reached PLN 2,326m, up by PLN 145m year on year.

Trade and Storage

The Trade and Storage segment improved its operational efficiency. Its Q1 2015 operating profit came at PLN 579m, representing a PLN 390m increase from the operating profit of PLN 189m reported for the corresponding period of 2014. The segment's performance in Q1 2015 was mainly driven by the cost and structure of gas fuel procurement.

The segment's revenue in Q1 2015 was up by PLN 3,241m (or 40.8%) year on year, driven principally by higher revenue from gas traded on the Polish Power Exchange, whose volume was 2.86 bcm as at the end of Q1 2015, relative to 0.1 bcm the year before (sales by PGNiG S.A.). The segment's operating expenses in Q1 2015 were up by PLN 2,851m (or 10%) year on year, mainly on the back of higher costs of gas fuel purchases on the Polish Power Exchange (made by PGNiG Obrót Detaliczny Sp. z o.o.). Sales made on the Polish Power Exchange by PGNiG S.A. and purchases made on the Polish Power Exchange by PGNiG Obrót Detaliczny Sp. z o.o. (which commenced operations on August 1st 2014) are not subject to elimination from the consolidated financial statements.

Excluding the effect of higher revenue and expenses related to gas fuel purchases and sales on the Polish Power Exchange (described above), the segment's performance was also driven by changes in the structure and price of gas fuel imports (the volumes of gas fuel sold to third-party customers and gas fuel imports remained virtually unchanged year on year). The changes in the structure of gas fuel imports were as follows:

- higher share of imports from sources other than markets east of Poland – an increase to 45.1%, from 0.51 bcm to 0.74 bcm. These included mainly gas fuel imported from Germany, whose price at the TTF exchange, as expressed in the Polish zloty, fell by 13.47% in Q1 2015 relative to the corresponding period of the previous year;
- lower share of gas fuel imports from sources east of Poland – a drop of nearly 10%, from 2.03 bcm in Q1 2014 to 1.83 bcm in Q1 2015. The price of gas fuel imported from markets east of Poland was driven by the nine-month average price of crude oil which, as expressed in the Polish zloty, grew by 8.9%, as well as the spot market price which fell by 13.47% year on year, as mentioned above.

Stocks of gas in underground storage facilities totalled 1.25 bcm as at March 31st 2015 and remained virtually unchanged year on year (1.26 bcm).

Exploration and Production

The Q1 2015 operating profit of the Exploration and Production segment was PLN 561m, down by PLN 284m (33.6%) year on year. At PLN 878m, EBITDA was lower by PLN 248m than in the corresponding period of the previous year. The segment's revenue fell by PLN 400m (24.7%) year on year, to PLN 1,217m. The decline in revenue was driven chiefly by lower revenue from sales of crude oil, whose average quarterly price expressed in the Polish zloty fell by 39% year on year. Operating expenses in the Exploration and Production segment decreased by PLN 116m (15%), chiefly driven by the change in the net amount of impairment losses on assets, which fell by PLN 35m year on year, and the recognition of costs of dry wells in the amount of PLN 38m in Q1 2014, compared with PLN 2m in the current reporting period.

Distribution

In Q1 2015, the Distribution segment's operating profit decreased by 26% year on year, to PLN 302m, while EBITDA came in at PLN 521m, down by PLN 104m year on year. The segment's revenue in Q1 2015 was up by PLN 64m year on year, mainly on the back of higher revenue from gas fuel distribution services, which in turn followed from higher tariff rates for gas fuel distribution services (up by 3% on average, year on year). However, the segment's higher revenue was offset by a year-on-year increase in operating expenses of PLN 171m (20.3%). The increase was largely attributable to the recognition of a provision for workforce optimisation which lowered the segments' profit by PLN 96m in Q1 2015.

Generation

The Generation segment's revenue after Q1 2015 was PLN 688m, up by 5.7% year on year, while its operating expenses fell by 10.8%, or PLN 55m. Consequently, the segment's operating profit in Q1 2015 grew by PLN 93m (69.4%) year on year. The revenue growth was due mainly to higher tariff rates for heat (raised by 6% in August 2014). The operating expenses fell chiefly on the back of lower prices of coal, which remains the main fuel used to produce heat in the segment (the average price of coal in Q1 2015 was down 8.8% year on year).

6. Seasonality or cyclicity in the Company's operations during the reporting period

The sale, distribution and storage of gas fuels, as well as cogeneration of heat and electricity, which, in addition to hydrocarbon exploration and production, constitute the core business of the Group, are subject to significant seasonal fluctuations.

The revenue from sale of natural gas and heat in the winter season (Q1 and Q4) is substantially higher than in summer (Q2 and Q3). This is due to the seasonal changes in weather conditions in Poland, and the extent of the fluctuations is determined by the temperatures – low in winter and higher in summer. Gas and heat sales are subject to much greater seasonal changes in the case of households, where gas and heat are used for heating, than in the case of industrial customers.

In order to ensure uninterrupted gas supplies in periods of peak demand and to maintain the security of gas supplies, it is necessary to replenish the gas stocks of underground gas storage facilities in the summer, and to reserve higher transmission and distribution system capacities for the winter.

7. Material purchase and sale transactions on property, plant and equipment

In the reporting period, the Group entities did not execute any material purchase or sale transactions on property, plant and equipment.

8. Material liabilities related to purchase of property, plant and equipment

As at March 31st 2015, the Group entities did not carry any material liabilities related to purchase of property, plant and equipment.

9. Material settlements under court proceedings

In the current reporting period, the Group entities reported no material settlements arising in connection with any court proceedings.

10. Changes in the economic environment and trading conditions with a material bearing on the fair value of financial assets and liabilities of the entity

In the reporting period, the PGNiG Group recorded no changes in its economic environment or trading conditions which would have a material bearing on the fair value of its financial assets and liabilities.

11. Default under loans or breach of any material terms of loan agreements, with respect to which no remedial action had been taken by the end of the reporting period

In the current reporting period, there were no breaches of any material terms of loan agreements to which the Parent or its subsidiaries are parties.

12. Related-party transactions, concluded by the Company or any of its subsidiaries, which are individually or jointly material and were concluded on non-arms' length terms

In the period covered by this report, no transactions were concluded on non-arms' length terms between related entities of the PGNiG Group.

13. Issuance, redemption and repayment of equity and non-equity securities

In order to secure the Group's financial liquidity, the following debt issue programmes are currently open:

- Under the Note Programme agreement executed by the Parent on June 10th 2010, the Parent may issue discount or coupon notes maturing in one to twelve months, for an aggregate amount of up to PLN 7,000m. On August 8th 2014, an annex was signed to the agreement, extending the Note Programme term until 2020. As at March 31st 2015, no debt was outstanding under the agreement.
- On August 25th 2011, the Parent and PGNiG Finance AB executed documentation for a Euro Medium Term Notes Programme with Société Générale S.A., BNP Paribas S.A. and Unicredit Bank AG, pursuant to which PGNiG Finance AB may issue notes with maturities of up to ten years, up to the aggregate amount of EUR 1,200m. As at March 31st 2015, nominal value of the debt outstanding under the Euronotes was PLN 2,044.5m (translated at the mid rate quoted by the NBP for March 31st 2015).
- On May 22nd 2012, the Parent executed a PLN 4,500m Note Programme agreement with Bank Pekao S.A. and ING Bank Śląski S.A. In the period covered by these financial statements, PGNiG did not issue any notes under the Programme. As at March 31st 2015, nominal value of the debt outstanding under the Programme was PLN 2,500m;
- On October 2nd 2014, the Parent executed an agreement for the arrangement of a Note Programme for up to PLN 1bn with Bank Gospodarstwa Krajowego. The agreement expires on September 30th 2024. Under the Programme, PGNiG may issue notes with maturities of at least 12 months. In accordance with the agreement, the proceeds from the Programme may only be used to finance capital expenditure related to, among other things, maintenance of production capacity, diversification of gas supply sources, oil and gas exploration and appraisal, development of the power segment and ongoing projects involving the construction of storage infrastructure. In the period covered by these financial statements, PGNiG did not issue any notes under the Programme. As at March 31st 2015, no debt was outstanding under the agreement.
- On July 4th 2012, PGNiG Termika S.A. executed a Note Programme with the following banks: ING Bank Śląski S.A., PKO Bank Polski S.A., Nordea Bank Polska S.A. and Bank Zachodni WBK S.A. On November 1st 2014, two of the underwriters for the issue, PKO Bank Polski S.A. and Nordea Bank Polska S.A., merged. As a result of negotiations concerning the terms of the Note Programme held with three banks: PKO Bank Polski S.A., ING Bank Śląski S.A. and BZ WBK S.A., on December 15th 2014 annexes were signed to amend the underwriting, agency and deposit agreements. The changes made to the Note Programme pursuant to the annexes included:
 - extension of the Programme term by two years – until December 29th 2019;
 - reduction of the margin and underwriting fee.

Under the Programme, PGNiG Termika S.A. may issue coupon or discount notes for up to PLN 1,500m. In the current reporting period, the following events related to the Programme took place:

- in January and February 2015 – issue of discount notes with a total nominal value of PLN 200m, maturing in Q1 2015;
- in January–March 2015 – redemption of discount notes with a total nominal value of PLN 390m, including PLN 190m attributable to notes issued in Q4 2014.

As at March 31st 2015, no debt was outstanding under the Programme.

14. Dividend paid or declared

On April 16th 2015, the Annual General Meeting of PGNiG S.A. passed a resolution on distribution of the Company's 2014 net profit and decided to allocate PLN 1,180m to dividend. This would translate into dividend per share of PLN 0.20. The dividend record date and the dividend payment date were set for July 15th 2015 and August 4th 2015, respectively.

The dividend for 2013 was paid on September 4th 2014. In accordance with the decision of the Annual General Meeting of PGNiG S.A., the dividend was PLN 885m (PLN 0.15 per share), and the dividend record date was August 14th 2014.

15. Events subsequent to the date of the condensed financial statements, undisclosed in the financial statements but potentially significant to the Company's future financial performance

The following events with a potential bearing on the PGNiG's future financial performance took place after March 31st 2015, i.e. the date of these condensed financial statements:

- On April 16th 2015, the Annual General Meeting of PGNiG S.A. appointed Ms Irena Ozóg and Mr Maciej Mazurkiewicz as new Supervisory Board members.
- On April 16th 2015, the President of the Energy Regulatory Office (URE) made a decision to amend the PGNiG Gas Fuel Supply Tariff (wholesale tariff) and extend its term until July 31st 2015.

PGNiG's total cost of gas procurement was reduced due to the persistently low prices of crude oil and relatively low prices of natural gas across wholesale markets in north-western Europe. Consequently, the average high-methane gas price decreased by 7.1%, while the price of nitrogen-rich gas dropped on average by 3.2%. The reduced wholesale tariff was approved by the President of the Energy Regulatory Office for the period May 1st–July 31st 2015.

16. Changes in contingent liabilities or assets subsequent to the end of the previous financial year

Contingent receivables

	As at Mar 31 2015	As at Dec 31 2014
From related entities:		
guarantees and sureties received	-	1
promissory notes received	-	78
Total contingent receivables from related entities	-	79
From other entities:		
guarantees and sureties received	13	104
promissory notes received	24	52
other contingent assets	98	154
Total contingent receivables from other entities	135	310
Total contingent assets	135	389

Contingent liabilities

	As at Mar 31 2015	As at Dec 31 2014
To other entities		
guarantees and sureties issued*	8,136	7,889
promissory notes issued	1,434	1,559
other contingent liabilities	53	72
Total contingent liabilities to other entities	9,623	9,520
Total contingent liabilities	9,623	9,520

* Contingent liabilities in foreign currencies translated at exchange rates quoted by the National Bank of Poland for March 31st 2015

As at the end of March 2015, contingent receivables declined, primarily due to an analysis of the probability of consumption of economic benefits performed as at the reporting date, and the expiry of bank guarantees and performance bonds.

The amount of contingent liabilities towards other entities under guarantees and sureties as at March 31st 2015 was driven primarily by the issuance of new performance bonds by the Parent; the performance bonds were issued to third-party trading partners and totalled EUR 122.6m (PLN 501m as translated at the exchange rate quoted by the National Bank of Poland for March 31st 2015). In addition, the weakening of the euro against the Polish zloty as at the end of Q1 2015 reduced the PLN value of euro-denominated contingent liabilities held by the Parent.

17. Other information the Company believes to be material to the assessment of its human resources, assets, financial standing and performance, or changes in any of the foregoing, and information which is material to the assessment of the Company's ability to fulfil its obligations

In the current reporting period, PGNiG Group companies continued to implement the Efficiency Improvement Programme. The Programme is part of an effort to improve the Group's cost and organisational efficiency pursued under the PGNiG Group's Strategy for 2015–2022 adopted in December 2014.

Apart from the information disclosed in this report, the PGNiG Group is not aware of any information which could be material to the assessment of its staffing levels, assets, financial standing and performance, or changes in any of the foregoing, or information which could be material to the assessment of the Company's ability to fulfil its obligations.

IV. ADDITIONAL INFORMATION

1. General information on the Company and its Group

The parent of the PGNiG Group is Polskie Górnictwo Naftowe i Gazownictwo S.A.

PGNiG S.A. shares are listed on the Warsaw Stock Exchange ("WSE"). The Company's core business includes exploration for and production of crude oil and natural gas, import, storage and sale of gas fuels, as well as trade in electricity.

The PGNiG Group is the only vertically integrated company in the Polish gas sector, holding the leading position in all segments of the country's gas industry. It is also a significant domestic producer of heat and electricity. The scope of the PGNiG Group's business comprises oil and gas exploration and production, import, storage and distribution of and trade in gas fuels.

The Parent and the Group subsidiaries were incorporated for an unspecified time.

2. Organisation of the PGNiG Group and its consolidated entities

As at March 31st 2015, the Group comprised PGNiG S.A. (the Parent), and 29 production and service companies, including:

- 20 subsidiaries of PGNiG S.A., and
- 9 indirect subsidiaries of PGNiG S.A.

In addition, the Group holds shares in the following equity-accounted entities:

Equity-accounted joint ventures and associated entities			
Company name	Country	% ownership interest	
		Mar 31 2015	Mar 31 2014
1 GAS - TRADING S.A.	Poland	43.41%	43.41%
2 SGT EUROPOL GAZ S.A. ¹⁾	Poland	49.74%	49.74%

1) Including a 48.00% direct interest and a 1.74% interest held indirectly through GAS-TRADING S.A.

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The list of the PGNiG Group companies as at March 31st 2015 is presented in the table below.

No.	Company name	Country	Parent	% ownership interest as at		% share in total voting rights as at		Consolidation method as at	
				Mar 31 2015	Mar 31 2014	Mar 31 2015	Mar 31 2014	Mar 31 2015	Mar 31 2014
PGNiG S.A.'s direct subsidiaries									
1	BSiPG Gazoprojekt S.A.	Poland	PGNiG S.A.	22.5% ¹⁾	22.5% ¹⁾	22.5% ¹⁾	22.5% ¹⁾	full	full
2	Exalo Drilling S.A.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
3	GEOFIZYKA Kraków S.A.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
4	GEOFIZYKA Toruń S.A.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
5	Geovita S.A.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
6	Operator Systemu Magazynowania Sp. z o.o.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
7	PGNiG Obrót Detaliczny Sp. z o.o.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	-
8	PGNiG Serwis Sp. z o.o.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
9	PGNiG Technologie S.A.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
10	PGNiG TERMIKA S.A.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
11	Polska Spółka Gazownictwa Sp. z o.o.	Poland	PGNiG S.A.	100%	100%	100%	100%	full	full
12	PGNiG Finance AB	Sweden	PGNiG S.A.	100%	100%	100%	100%	full	full
13	PGNiG Sales & Trading GmbH	Germany	PGNiG S.A.	100%	100%	100%	100%	full	full
14	PGNiG Upstream International AS	Norway	PGNiG S.A.	100%	100%	100%	100%	full	full
15	Polish Oil and Gas Company - Libya B.V.	The Netherlands	PGNiG S.A.	100%	100%	100%	100%	full	full
16	Biogazownia Ostrowiec Sp. z o.o. w likwidacji (in liquidation) ²⁾	Poland	PGNiG S.A.	-	100%	-	100%	-	-
17	BUD-GAZ P.P.U.H. Sp. z o.o. w likwidacji (in liquidation)	Poland	PGNiG S.A.	100%	100%	100%	100%	-	-
18	NYSAGAZ Sp. z o.o.	Poland	PGNiG S.A.	66.28%	66.28%	66.28%	66.28%	-	-
19	PGNiG SPV 5 Sp. z o.o.	Poland	PGNiG S.A.	100%	100%	100%	100%	-	-
20	PGNiG SPV 6 Sp. z o.o.	Poland	PGNiG S.A.	100%	100%	100%	100%	-	-
21	PGNiG SPV 7 Sp. z o.o.	Poland	PGNiG S.A.	100%	100%	100%	100%	-	-
22	Polskie Elektrownie Gazowe Sp. z o.o. w likwidacji (in liquidation)	Poland	PGNiG S.A.	-	100%	-	100%	-	-
PGNiG S.A.'s indirect subsidiaries									
23	CHEMKOP Sp. z o.o.	Poland	Operator Systemu Magazynowania Sp. z o.o.	85.51%	85.51%	85.51%	85.51%	-	-
24	Gas Assets Management Sp. z o.o.	Poland	PGNiG SPV 6 Sp. z o.o.	99% ³⁾	-	99% ³⁾	-	-	-
25	GAZ Sp. z o.o.	Poland	Polska Spółka Gazownictwa Sp. z o.o.	80%	80%	80%	80%	full	full
26	Powisłe Park Sp. z o.o.	Poland	Polska Spółka Gazownictwa Sp. z o.o.	100%	100%	100%	100%	full	full
27	Zakład Gospodarki Mieszkaniowej Sp. z o.o.	Poland	Exalo Drilling S.A.	100%	100%	100%	100%	-	-
28	Zakład Separacji Popiołów Siekierki Sp. z o.o.	Poland	PGNiG TERMIKA S.A.	70%	-	70%	-	-	-
29	Oil Tech International F.Z.E.	United Arab Emirates	Exalo Drilling S.A.	100%	100%	100%	100%	full	full
30	Poltava Services LLC	Ukraine	Exalo Drilling S.A.	99%	99%	99%	99%	full	full
31	XOOL GmbH	Germany	PGNiG Sales & Trading GmbH	100%	100%	100%	100%	full	full

1) PGNiG's direct interest is 22.5%, with a 52.5% interest held indirectly through PGNiG Technologie S.A. PGNiG S.A. has the right to appoint the majority of the company's Supervisory Board members.

2) The company was deleted from the National Court Register on August 18th 2014.

3) PGNiG S.A.'s indirect interest in Gas Assets Management Sp. z o.o. is 100%, with 99% held through PGNiG SPV 6 Sp. z o.o. and 1% held through PGNiG SPV 5 Sp. z o.o.

3. Changes in the Group's structure, including changes resulting from mergers, acquisitions or disposals of Group entities, as well as long-term investments, demergers, restructurings or discontinuation of operations

The most important changes in the structure of the PGNiG Group in Q1 2015 were as follows:

- Gas Asset Management Sp. z o.o. w organizacji (in formation) was registered with the National Court Register on February 17th 2015 and as of that date the company has been operating as Gas Assets Management Sp. z o.o.
- On March 5th 2015, Polskie Elektrownie Gazowe Sp. z o.o. w likwidacji (in liquidation) was deleted from the National Court Register.
- On March 12th 2015, the share capital of Zakład Separacji Popiołów Siekierki Sp. z o.o. was increased by PLN 9m, to PLN 10m, through an issue of 90 thousand new equal and indivisible shares with a par value of PLN 100 per share. The new shares were acquired by the existing shareholders pro rata to their existing holdings. As a result, the percentage share of PGNiG Termika in the share capital and total voting rights has remained unchanged. The share capital increase was registered with the National Court Register on April 23rd 2015.

4. Management Board's position on the feasibility of meeting forecasts published for a given year in light of the results presented in the quarterly report

On February 5th 2015, the PGNiG Management Board published a financial forecast of the PGNiG Group's consolidated performance in 2015.

The forecast provides for the PGNiG Group's revenue of ca. PLN 40.9bn, EBITDA of ca. PLN 5.8bn and the debt ratio of no more than 2x EBITDA.

An analysis of the financial results for Q1 2015, in the context of the seasonality and risks of the Group's business, has not revealed any material deviation from earlier projections which would pose a threat to delivery of the results.

5. Shareholders holding, directly or indirectly through subsidiaries, 5% or more of total voting rights at the General Meeting of the Company as at the date of publication of the quarterly report, including information on the number of shares held by those shareholders, their interests in the Company's share capital, the resulting number of votes at the General Meeting and their share in total voting rights at the General Meeting, and any changes in the ownership structure of major holdings of the Company shares after the publication of the previous quarterly report

As at the date of issue of the Q1 2015 report, the State Treasury was the only shareholder holding 5% or more of total voting rights at the General Meeting of PGNiG S.A.

PGNiG S.A.'s shareholding structure was as follows:

Shareholder	Number of shares as at the date of issue of the previous interim report*	% share in total voting rights as at the date of issue of the previous interim report*	% change in the period	% share in total voting rights at GM as at the date of issue of this report**	Number of shares as at the date of issue of this report**
State Treasury	4,271,717,836	72.402%	0.000%	72.402%	4,271,717,836
Other shareholders	1,628,282,164	27.598%	0.000%	27.598%	1,628,282,164
Total	5,900,000,000	100.00%	0.00%	100.00%	5,900,000,000

*As at Dec 31 2014

**As at Mar 31 2015

6. Number of Company shares and options for Company shares held by the management and supervisory staff as at the date of the quarterly report, as well as changes in the number of Company shares and options for Company shares held by the management and supervisory staff after issue of the previous quarterly report (data presented separately for each persons)

	Number of shares and share options as at the date of issue of the previous interim report*	Purchase	Increase due to change of composition	Disposal	Decrease due to change of composition	Number of shares and share options as at the date of issue of this report*
Management staff	19,500	-	-	-	-	19,500
Waldemar Wójcik	19,500	-	-	-	-	19,500
Supervisory staff	19,500	-	-	-	-	19,500
Ryszard Wąsowicz	19,500	-	-	-	-	19,500

* As at the date of this interim report.

7. Court, arbitration or administrative proceedings for liabilities or debt claims of the Company or its subsidiaries

In the current reporting period, the following proceedings concerning the Group's liabilities or debt claims were pending:

- Proceedings instituted by the President of the Polish Office of Competition and Consumer Protection (UOKiK) on December 28th 2010 – the status of the proceedings did not change relative to that presented in the consolidated financial statements of the PGNiG Group (Note 40.1) for the period ended December 31st 2014, issued on March 5th 2015.
- Proceedings concerning abuse of dominant position by PGNiG S.A. on the domestic wholesale and retail natural gas market, instituted by the President of the Polish Office of Competition and Consumer Protection (UOKiK) on April 3rd 2013, and proceedings concerning non-compliance with the decision of December 31st 2013, instituted on October 17th 2014 – the details of the proceedings are presented in the consolidated financial statements of the PGNiG Group (Note 40.1) for the period ended December 31st 2014, issued on March 5th 2015.

In the course of the proceedings, the President of the Polish Office of Competition and Consumer Protection (UOKiK) submitted additional requests to PGNiG S.A. and PGNiG OD Sp. z o.o., to which the companies responded within the prescribed time limits. As at March 31st 2015, the President of UOKiK had not issued any final ruling on the case.

- Proceedings concerning failure to comply with the obligation to diversify gas supplies in 2012, instituted by the President of the Energy Regulatory Office on April 28th 2014 – the proceedings are currently pending.
- On January 14th 2015, the Court of Appeal in Warsaw, 6th Civil Division, issued a ruling concerning the Company's breach of the terms of the Licence to trade in natural gas with foreign partners in 2007 and 2008. The Court of Appeal's ruling changes the challenged ruling of the Competition and Consumer Protection Court of the Regional Court of Warsaw, dated October 10th 2013, issued with respect to the decision of the President of the Energy Regulatory Office of December 16th 2010, imposing a fine on PGNiG, which the Company subsequently challenged.

The fine was imposed on PGNiG for breach of the terms of the Licence to trade in natural gas with foreign partners. The breach consisted in failure to observe, in 2007 and 2008, the minimum level of diversification of foreign sources of gas supplies defined in the Council of Ministers' Regulation of October 24th 2000, as a result of which in that period the Company exceeded the maximum share of gas imported from a single country in total gas imports for each of the two years.

The Court of Appeal decided to change the challenged Decision by reducing the fine imposed on the Company to PLN 500 thousand, given the small extent of the breach, steps taken by PGNiG to meet the obligation to diversify gas supply sources, limited diversification opportunities and little harm involved in the breach. In the remaining part, the appeal was dismissed.

On March 24th 2015, PGNiG S.A. received written grounds to the ruling by the Court of Appeals of January 14th 2015. The Company is considering a cassation complaint to the Supreme Court.

- On March 18th 2015, proceedings concerning a dispute between PGNiG S.A. and PBG S.A. were discontinued. The details of the proceedings are presented in the consolidated financial statements of the PGNiG Group (Note 40.2) for the period ended December 31st 2014, issued on March 5th 2015.

In the reporting period, there were no proceedings concerning liabilities or debt claims of the Company or its subsidiaries pending before any court, arbitration tribunal or administrative authority whose value (in any one or a series of proceedings) would exceed 10% of PGNiG S.A.'s equity.

8. Loan sureties or guarantees issued by the Company or its subsidiary to an entity or its subsidiary where the total amount of outstanding sureties or guarantees issued to such entity or subsidiary represents 10% or more of the Company's equity

In the period covered by this report, the Parent and its subsidiaries did not issue any sureties with respect to borrowings or guarantees, whose total amount would represent 10% or more of the Parent's or the subsidiary's equity.

9. Factors which, in the Company's opinion, will affect its performance in the next quarter or beyond

In the forthcoming quarters, the financial performance of the PGNiG Group will be driven by the following factors:

- conditions prevailing on the currency markets, commodity markets (prices of crude oil and petroleum products), energy markets (prices of electricity and gas), as well as fluctuations in market prices of certificates of origin (red and green),
- regulatory and organisational changes in the upstream and gas sectors, in particular changes related to the gas market deregulation and hydrocarbon production taxing,
- regulations governing support programmes for electricity from high-efficiency co-generation and renewable sources as well as legislative changes relating to the Energy Efficiency Act,
- the ongoing gradual deregulation of the gas market; new regulations require the Group companies to take a number of steps designed to harmonise their business with the changing environment – in particular, these regulations will require the Parent to modify its business model,
- the position of the President of the Energy Regulatory Office on gas fuel sale and distribution tariffs and heat sale tariffs;
- the Qatar contract; following commencement of supplies under the contract, the Group's results may become more sensitive to fluctuations in petroleum product prices.

In the coming quarters, the Group intends to maintain a high level of capital expenditure. Spending will focus primarily on projects involving expansion of the underground storage capacities, maintenance of hydrocarbon production rates, and diversification of gas supply sources, as well as on projects in the exploration for and appraisal of crude oil and natural gas deposits, and development of the power generation segment.

Any future acquisitions of production assets outside Poland will also play an important role in the development of the PGNiG Group's business.

PGNiG Management Board:

President of the
Management Board

Mariusz Zawisza

.....

Vice-President of the
Management Board

Jarosław Bauc

.....

Vice-President of the
Management Board

Zbigniew Skrzypkiewicz

.....

Vice-President of the
Management Board

Waldemar Wójcik

.....

Warsaw, April 27th 2015