PGNiG

Polskie Górnictwo Naftowe i Gazownictwo SA

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR Q3 ENDED SEPTEMBER 30TH 2015

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 3 / 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 third quarter of the 2015 financial year, covering the period from **January 1st** to **October 30th 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).

November 6th 2015

(filing date)

POLSKIE GÓRNICTWO NAFTOWE i GAZOWNICTWO SPÓŁKA AKCYJNA

(company name)

PGNiG	**Fuels industry (pal)**
(abbreviated name)	(sector according to the WSE classification)
01-224	**Warsaw**
(postal code)	(city/town)
Marcina Kasprzaka	**25**
(street)	(number)
+48 22 589 45 55	**+48 22 691 82 73**
(telephone)	(fax)
pr@pgnig.pl	**www.pgnig.pl**
(email)	(website)
525–000–80–28	**012216736**
(NIP)	(REGON – Industry Identification Number)

FINANCIAL HIGHLIGHTS

Interim condensed consolidated financial data	PLNm		EURm	
	9 months ended Sep 30 2015	9 months ended Sep 30 2014	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Revenue	26,695	22,817	6,419	5,458
Operating profit/(loss)	3,236	3,084	778	738
Profit/(loss) before tax	3,031	2,869	729	686
Net profit/(loss) attributable to owners of the parent	2,155	2,135	518	511
Net profit/(loss)	2,157	2,136	519	511
Comprehensive income attributable to owners of the parent	2,042	2,120	491	507
Total comprehensive income	2,044	2,121	492	507
Net cash (used in)/generated by operating activities	4,915	4,424	1,182	1,058
Net cash (used in)/generated by investing activities	(2,291)	(1,894)	(551)	(453)
Net cash (used in)/generated by financing activities	(795)	(1,534)	(191)	(367)
Net increase/(decrease) in cash and cash equivalents	1,829	996	440	238
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares of the parent (in PLN and EUR)	0.37	0.36	0.09	0.09
	As at Sep 30 2015	As at Dec 31 2014	As at Sep 30 2015	As at Dec 31 2014
Total assets	48,739	48,926	11,499	11,479
Total liabilities	17,723	18,757	4,181	4,401
Total non-current liabilities	12,714	12,384	3,000	2,905
Total current liabilities	5,009	6,373	1,181	1,496
Total equity	31,016	30,169	7,318	7,078
Share capital	5,900	5,900	1,392	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)	5.26	5.11	1.24	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	
	9 months ended Sep 30 2015	9 months ended Sep 30 2014	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Revenue	13,399	17,729	3,222	4,241
Operating profit/(loss)	1,134	1,406	273	336
Profit/(loss) before tax	1,985	1,998	477	478
Net profit/(loss)	1,763	1,723	424	412
Total comprehensive income	1,661	1,675	399	401
Net cash (used in)/generated by operating activities	173	1,487	42	356
Net cash (used in)/generated by investing activities	2,558	(68)	615	(16)
Net cash (used in)/generated by financing activities	(1,595)	(1,145)	(384)	(274)
Net increase/(decrease) in cash and cash equivalents	1,136	274	273	66
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares (in PLN and EUR)	0.30	0.29	0.07	0.07
	As at Sep 30 2015	As at Dec 31 2014	As at Sep 30 2015	As at Dec 31 2014
Total assets	35,518	35,356	8,380	8,294
Total liabilities	11,258	11,576	2,656	2,716
Total non-current liabilities	7,108	7,385	1,677	1,733
Total current liabilities	4,150	4,191	979	983
Equity	24,260	23,780	5,724	5,578
Share capital	5,900	5,900	1,392	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)	4.11	4.03	0.97	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

	Sep 30 2015	Sep 30 2014	Dec 31 2014
Average exchange rate in period	4.1585	4.1803	4.1893
Exchange rate at end of period	4.2386	4.1755	4.2623

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I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 months ended Sep 30 2015	9 months ended Sep 30 2015	3 months ended Sep 30 2014	9 months ended Sep 30 2014
					restated
		unaudited	unaudited	unaudited	unaudited
Revenue	**4**	**6,305**	**26,695**	**6,436**	**22,817**
Raw materials and consumables used	5.1	(3,770)	(17,494)	(3,764)	(13,202)
Employee benefits expense		(525)	(1,806)	(631)	(2,004)
Depreciation and amortisation expense		(686)	(2,073)	(604)	(1,902)
Services	5.2	(583)	(1,861)	(625)	(2,025)
Work performed by the entity and capitalised		206	641	292	667
Other income and expenses	5.3	(320)	(866)	(189)	(1,267)
Total operating expenses	**10**	**(5,678)**	**(23,459)**	**(5,521)**	**(19,733)**
Operating profit/(loss)		**627**	**3,236**	**915**	**3,084**
Finance income	6	9	59	22	68
Finance costs	6	(105)	(213)	(131)	(283)
Share in net profit/(loss) of equity-accounted entities		(51)	(51)	-	-
Profit/(loss) before tax		**480**	**3,031**	**806**	**2,869**
Income tax	7	(188)	(874)	(190)	(733)
Net profit/(loss)		**292**	**2,157**	**616**	**2,136**
Attributable to:					
Owners of the parent		291	2,155	616	2,135
Non-controlling interests		1	2	-	1
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares of the parent (PLN)		0.05	0.37	0.10	0.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended Sep 30 2015	9 months ended Sep 30 2015	3 months ended Sep 30 2014	9 months ended Sep 30 2014
	unaudited	unaudited	unaudited	unaudited
Net profit/(loss)	**292**	**2,157**	**616**	**2,136**
Other comprehensive income that will be reclassified to profit or loss if specific conditions are met, relating to:	**(318)**	**(126)**	**192**	**(4)**
Exchange differences on translating foreign operations	(40)	(1)	37	52
Hedge accounting	(343)	(154)	191	(69)
Deferred tax	65	29	(36)	13
Other comprehensive income that will not be reclassified to profit or loss, relating to:	**1**	**13**	**-**	**(11)**
Actuarial gains/(losses) on employee benefits	6	21	-	(13)
Deferred tax	(5)	(8)	-	2
Other comprehensive income, net	**(317)**	**(113)**	**192**	**(15)**
Total comprehensive income	**(25)**	**2,044**	**808**	**2,121**
Attributable to:				
Owners of the parent	(26)	2,042	808	2,120
Non-controlling interests	1	2	-	1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at Sep 30 2015	As at Dec 31 2014
		unaudited	audited
ASSETS			
Non-current assets			
Property, plant and equipment	8	32,886	33,528
Investment property		7	9
Intangible assets		1,103	1,113
Investments in equity-accounted entities		840	856
Other financial assets		245	243
Deferred tax assets	1	1,360	1,783
Other non-current assets		154	160
Total non-current assets		**36,595**	**37,692**
Current assets			
Inventories		3,502	3,189
Trade and other receivables		2,810	4,236
Current tax assets		3	5
Other assets		301	132
Derivative financial instrument assets	9	575	567
Cash and cash equivalents		4,791	2,958
Assets held for sale		162	147
Total current assets		**12,144**	**11,234**
Total assets		**48,739**	**48,926**
EQUITY AND LIABILITIES			
Equity			
Share capital		5,900	5,900
Share premium		1,740	1,740
Accumulated other comprehensive income		(383)	(270)
Retained earnings/(deficit)		23,754	22,794
Equity attributable to owners of the parent		**31,011**	**30,164**
Equity attributable to non-controlling interests		5	5
Total equity		**31,016**	**30,169**
Non-current liabilities			
Borrowings and other debt instruments		5,914	5,069
Employee benefit obligations		534	604
Provisions	3	1,536	1,803
Deferred revenue		1,550	1,581
Deferred tax liabilities	1	3,102	3,250
Other non-current liabilities		78	77
Total non-current liabilities		**12,714**	**12,384**
Current liabilities			
Trade and other payables		2,613	3,589
Borrowings and other debt instruments		436	769
Derivative financial instrument liabilities	9	779	593
Current tax liabilities		44	191
Employee benefit obligations		318	284
Provisions	3	652	720
Deferred revenue		167	227
Total current liabilities		**5,009**	**6,373**
Total liabilities		**17,723**	**18,757**
Total equity and liabilities		**48,739**	**48,926**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
	unaudited	unaudited
Cash flows from operating activities		
Net profit/(loss)	2,157	2,136
Adjustments:		
Share in net profit/(loss) of equity-accounted entities	51	-
Depreciation and amortisation expense	2,073	1,902
Net foreign exchange gains/(losses)	11	70
Net interest and dividend	89	81
Gain/(loss) on investing activities	145	331
Current tax expense	874	733
Other items, net	284	287
Income tax paid	(678)	(553)
Cash flows from operating activities before movements in working capital	**5,006**	**4,987**
Movements in working capital:		
Change in receivables	1,408	1,191
Change in inventories	(313)	(936)
Change in employee benefit obligations	(37)	(93)
Change in provisions	(124)	(12)
Change in current liabilities	(729)	(613)
Change in other assets	(170)	(82)
Change in deferred revenue	(126)	(18)
Net cash (used in)/generated by operating activities	**4,915**	**4,424**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	48	21
Proceeds from disposal of shares in non-related entities	-	1
Payments for property, plant and equipment and intangible assets	(2,290)	(1,983)
Payments for shares in related entities	(57)	(1)
Interest received	-	4
Dividends received	2	2
Other items, net	6	62
Net cash (used in)/generated by investing activities	**(2,291)**	**(1,894)**
Cash flows from financing activities		
Proceeds from borrowings	1,547	199
Proceeds from issue of debt securities	199	1,585
Repayment of borrowings	(808)	(963)
Repayment of debt securities	(390)	(1,279)
Payment of finance lease liabilities	(29)	(39)
Proceeds from derivative financial instruments	84	84
Payment for derivative financial instruments	(61)	(74)
Dividends paid	(1,180)	(885)
Interest paid	(156)	(157)
Other items, net	(1)	(5)
Net cash (used in)/generated by financing activities	**(795)**	**(1,534)**
Net increase/(decrease) in cash and cash equivalents	**1,829**	**996**
Effects of exchange rate changes on the balance of cash held in foreign currencies	3	1
Cash and cash equivalents at beginning of period	**2,956**	**2,826**
Cash and cash equivalents at end of period	**4,785**	**3,822**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity (attributable to owners of the parent)							Equity (attributable to non-controlling interests)	Total equity
			Accumulated other comprehensive income, including:						
	Share capital	Share premium	Exchange differences on translating foreign operations	Hedging reserve	Actuarial gains/(losses) on employee benefits	Retained earnings/(deficit)	**Total**		
As at Jan 1 2015 (audited)	**5,900**	**1,740**	**(66)**	**(216)**	**12**	**22,794**	**30,164**	**5**	**30,169**
Dividend	-	-	-	-	-	(1,180)	**(1,180)**	-	**(1,180)**
Purchase of shares from non-controlling interests	-	-	-	-	-	-	**-**	(2)	**(2)**
Changes in the Group	-	-	-	-	-	(15)	**(15)**	-	**(15)**
Total comprehensive income	**-**	**-**	**(1)**	**(125)**	**13**	**2,155**	**2,042**	**2**	**2,044**
Net profit/(loss)	-	-	-	-	-	2,155	**2,155**	2	**2,157**
Other comprehensive income, net	-	-	(1)	(125)	13	-	**(113)**	-	**(113)**
As at Sep 30 2015 (unaudited)	**5,900**	**1,740**	**(67)**	**(341)**	**25**	**23,754**	**31,011**	**5**	**31,016**
As at Jan 1 2014 (audited)	**5,900**	**1,740**	**(84)**	**(1)**	**36**	**20,856**	**28,447**	**6**	**28,453**
Transferred	-	-	-	-	-	(1)	**(1)**	1	**-**
Dividend	-	-	-	-	-	(885)	**(885)**	-	**(885)**
Total comprehensive income	**-**	**-**	**52**	**(56)**	**(11)**	**2,135**	**2,120**	**1**	**2,121**
Net profit/(loss)	-	-	-	-	-	2,135	**2,135**	1	**2,136**
Other comprehensive income, net	-	-	52	(56)	(11)	-	**(15)**	-	**(15)**
As at Sep 30 2014 (unaudited)	**5,900**	**1,740**	**(32)**	**(57)**	**25**	**22,105**	**29,681**	**8**	**29,689**

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	48	33
Decrease	(440)	(100)
Exchange differences on translating deferred tax attributable to foreign operations	(31)	(67)
Tax relating to investment tax credit (Norway)	-	(14)
As at Sep 30 2015	**1,360**	**3,102**
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	(33)	(55)
Tax relating to investment tax credit (Norway)	(463)	29
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	433	2	-	1	68	42	217	6	-	**769**
Transfers	(6)	(2)	16	(8)	-	-	-	-	-	**-**
Used/reversed	(293)	(11)	(2)	-	-	(70)	(217)	-	-	**(593)**
Currency translation differences	25	3	-	-	-	1	-	-	-	**29**
As at Sep 30 2015	**2,565**	**49**	**22**	**35**	**793**	**86**	**786**	**45**	**1**	**4,382**
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 UOKiK fine	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	43	10	4	1	12	159	38	**267**
Used/reversed	(258)	(5)	-	(43)	-	(227)	(57)	**(590)**
Currency translation differences	(12)	-	-	-	-	-	-	**(12)**
As at Sep 30 2015	**1,381**	**65**	**98**	**45**	**176**	**160**	**263**	**2,188**
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

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
High-methane gas	21,096	16,394
Nitrogen-rich gas	1,048	984
Crude oil and natural gasoline	1,510	2,112
Helium	55	102
NGL	64	95
Electricity	1,095	1,251
Heat	738	699
Geophysical and geological services	77	219
Drilling and well services	186	356
Construction and installation services	109	113
Distribution services	206	36
Connection charge	78	75
Other sales	433	381
Total	**26,695**	**22,817**

5. Operating expenses

5.1. Raw materials and consumables used

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Cost of gas sold	(15,915)	(11,411)
Fuels for electricity and heat generation	(469)	(515)
Electricity for trading	(670)	(830)
Other raw materials and consumables used	(440)	(446)
Total	**(17,494)**	**(13,202)**

5.2. Services

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Transmission services	(795)	(804)
Cost of dry wells written off	(154)	(157)
Repair and construction services	(146)	(157)
Mineral resources production services	(129)	(83)
Rental services	(61)	(102)
Other services	(576)	(722)
Total	**(1,861)**	**(2,025)**

5.3. Other income and expenses

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Compensations, penalties, fines received	22	26
Other income	108	129
Net exchange differences related to operating activities	(75)	93
Net gain/(loss) on derivative instruments related to operating activities	28	(287)
Change in products	(53)	53
Change in impairment losses	(114)	(351)
Change in provisions	38	(152)
Taxes and charges	(546)	(530)
Other expenses	(274)	(248)
Total	**(866)**	**(1,267)**

6. Finance income and costs

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Finance income	**59**	**68**
Interest income	56	63
Dividends and other profit distributions	2	3
Other finance income	1	2
Finance costs	**(213)**	**(283)**
Loss on measurement and realisation of derivative financial instruments	(39)	(59)
Interest expense	(101)	(155)
Foreign exchange losses	(45)	(44)
Loss on disposal of investments	(4)	-
Commission fees paid on bank borrowings	(14)	(13)
Cost of guarantees	(2)	(2)
Other finance costs	(8)	(10)
Net finance income/(costs)	**(154)**	**(215)**

7. Income tax expense

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Profit/(loss) before tax	3,031	2,869
Tax rate applicable in period	19%	19%
Tax calculated at the applicable tax rate	(576)	(545)
Permanent differences between profit/(loss) before tax and taxable income and the difference in tax rates	(298)	(188)
Tax expense in the consolidated statement of profit or loss	**(874)**	**(733)**
Current tax expense	(530)	(535)
Deferred tax expense	(344)	(198)
Effective tax rate	29%	26%

In the current reporting period, certain PGNiG companies operated as part of the PGNiG Tax Group PTG), 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. (nominated in the tax group agreement 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.

The other Group companies are separate CIT taxpayers.

8. Property, plant and equipment by category

	As at Sep 30 2015	As at Dec 31 2014
Land	69	71
Buildings and structures	17,018	17,172
Plant and equipment	7,714	8,602
Vehicles and other	1,176	1,211
Total tangible assets	**25,977**	**27,056**
Tangible exploration and evaluation assets under construction	2,425	2,148
Other tangible assets under construction	4,484	4,324
Total property, plant and equipment	**32,886**	**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.

In the case of the Parent, all eligible transactions in the period January 1st–September 30th 2015 were accounted for using cash flow or fair value hedge accounting. In the period, the Company was party to CCIRS transactions, entered into in previous periods. They are excluded from hedge accounting, as 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–Q3 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.

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Net gain/(loss) on valuation of derivative financial instruments – unrealised	13	(208)
Net gain/(loss) on valuation of derivative financial instruments – realised	(167)	(408)
Total net gain/(loss) on valuation of derivative financial instruments recognised in profit or loss	**(154)**	**(616)**
including:		
recognised in raw materials and consumables used	(143)	(270)
recognised in other income and expenses	28	(287)
recognised in finance income or costs	(39)	(59)
Net gain/(loss) on valuation of derivative financial instruments recognised in other comprehensive income -– unrealised	**(154)**	**(69)**
Total net gain/(loss) on valuation of derivative financial instruments – recognised in equity	**(308)**	**(685)**

The table below presents the Group companies' open derivative transactions as at September 30th 2015.

Hedged item	Par value in currency	Currency / asset	Maturity date	Exercise price (exercise price range)	Measurement at fair value As at Sep 30 2015	Measurement at fair value As at Dec 31 2014	Hedged risk
Cross Currency Interest Rate Swap							
Euronotes	500	EUR	1-3 years	4.1580	139	193	currency exchange rate and interest rate
loan	2,940	NOK	1-3 years	0.5049	140	-	currency exchange rate and interest rate
loan	4,350	NOK	1-3 years	0.5033	-	53	currency exchange rate and interest rate
loan	730	NOK	1-3 months	0.5595	-	53	currency exchange rate and interest rate
					279	**299**	
Interest Rate Swap							
loan	1,500	PLN	more than 3 years	-	(90)	(106)	interest rate
					(90)	**(106)**	
Forward							
investment purchases	1	EUR	3-12 months	4.1406	-	-	currency exchange rate
CO_2 emission allowances	23.18	EUR	1-3 months	4.1748	2	-	currency exchange rate
CO_2 emission allowances	2	EUR	1-3 months	4.3180	-	-	currency exchange rate
investment purchases	1	EUR	1-3 years	4.2615	-	-	currency exchange rate
gas contracts	100	USD	1-3 months	3.7218	6	-	currency exchange rate
gas contracts	45	USD	1-3 months	3.7314	(2)	-	currency exchange rate
gas contracts	60.00	USD	3-12 months	3.7117	5	-	currency exchange rate
gas contracts	43.33	GBP	1-3 months	5.6257	(5)	-	currency exchange rate

gas contracts	9	EUR	1-3 months	4.2930	(1)	-	currency exchange rate
gas contracts	10	EUR	3-12 months	4.2997	-	-	currency exchange rate
trading activities	3	electricity	1-3 months	162.5261	10	-	energy prices
trading activities	1	electricity	1-3 months	164.1815	(10)	-	energy prices
trading activities	4	electricity	3-12 months	164.6437	29	-	energy prices
trading activities	2	electricity	3-12 months	163.1955	(28)	-	energy prices
trading activities	2	electricity	1–3 years	166.8023	14	-	energy prices
trading activities	1	electricity	1–3 years	166.6549	(14)	-	energy prices
trading activities	0.24	gas – OTC	more than 3 years	23.0325	(4)	-	gas prices
trading activities	3	gas – OTC	1-3 years	21.9282	(42)	-	gas prices
trading activities	2	gas – OTC	6-12 months	22.7726	(36)	-	gas prices
trading activities	1	gas – OTC	3-6 months	23.6903	(24)	-	gas prices
trading activities	0.42	gas – OTC	1-3 months	19.5467	(2)	-	gas prices
trading activities	0.50	gas – OTC	more than 3 years	22.1686	6	-	gas prices
trading activities	4	gas – OTC	1-3 years	22.3022	56	-	gas prices
trading activities	2	gas – OTC	6-12 months	22.2494	26	-	gas prices
trading activities	2	gas – OTC	3-6 months	23.9144	34	-	gas prices
trading activities	0.54	gas – OTC	1-3 months	19.9009	3	-	gas prices
trading activities	0.11	electricity – OTC	more than 3 years	32.1901	(2)	-	energy prices
trading activities	0.10	electricity – OTC	1-3 years	37.9815	(3)	-	energy prices
trading activities	0.11	electricity – OTC	3-6 months	52.2293	(9)	-	energy prices
trading activities	0.14	electricity – OTC	more than 3 years	33.0159	3	-	energy prices
trading activities	0.39	electricity – OTC	1-3 years	36.4768	11	-	energy prices
trading activities	0.03	electricity – OTC	6-12 months	34.9040	1	-	energy prices
trading activities	0.17	electricity – OTC	3-6 months	47.5436	10	-	energy prices
loan	850.00	NOK	3-12 months	0.4697	-	(5)	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
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
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	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	0.15	electricity – OTC	1-3 months	39.9000	-	(1)	energy prices
trading activities	2.08	electricity – OTC	6-12 months	50.7600	-	(33)	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	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
					34	**19**	
		Futures					
trading activities	3.10	CO_2 emission allowances	3-12 months	32.7455	11	-	prices of CO_2 emission allowances
trading activities	2.61	CO_2 emission allowances	3-12 months	29.6362	(11)	-	prices of CO_2 emission allowances
trading activities	0.14	gas – EEX AG	1-3 years	20.7344	(1)	-	gas prices
trading activities	0.02	gas – EEX AG	6-12 months	25.2500	(1)	-	gas prices
trading activities	0.15	gas – EEX AG	3-6 months	24.3000	(4)	-	gas prices
trading activities	0.11	gas – EEX AG	3-6 months	24.4729	3	-	gas prices
trading activities	0.19	gas – ICE ENDEX B.V.	1-3 years	19.7691	(1)	-	gas prices
trading activities	0.72	gas – ICE ENDEX B.V.	6-12 months	21.0508	(7)	-	gas prices
trading activities	0.18	gas – ICE ENDEX B.V.	3-6 months	21.0433	(2)	-	gas prices
trading activities	0.29	gas – ICE ENDEX B.V.	1-3 months	19.8527	(2)	-	gas prices
trading activities	0.22	gas – ICE ENDEX B.V.	1-3 years	20.2193	2	-	gas prices
trading activities	0.71	gas – ICE ENDEX B.V.	6-12 months	21.2104	7	-	gas prices
trading activities	0.14	gas – ICE ENDEX B.V.	3-6 months	20.1576	1	-	gas prices
trading activities	0.19	gas – ICE ENDEX B.V.	1-3 months	19.7440	1	-	gas prices
trading activities	0.39	gas – POWERNEXT SA	1-3 years	20.5906	3	-	gas prices
trading activities	0.38	gas – POWERNEXT SA	6-12 months	21.0545	4	-	gas prices
trading activities	0.18	gas – POWERNEXT SA	3-6 months	20.5150	1	-	gas prices
trading activities	0.10	gas – POWERNEXT SA	more than 3 years	20.1609	(1)	-	gas prices
trading activities	0.63	gas – POWERNEXT SA	1-3 years	20.7679	(5)	-	gas prices
trading activities	0.51	gas – POWERNEXT SA	6-12 months	21.2679	(5)	-	gas prices

trading activities	0.21	gas – POWERNEXT SA	3-6 months	20.8947	(2)	-	gas prices
trading activities	0.04	electricity – EEX AG	more than 3 years	32.0804	(1)	-	energy prices
trading activities	0.42	electricity – EEX AG	1-3 years	34.5228	(9)	-	energy prices
trading activities	0.12	electricity – EEX AG	3-6 months	36.6143	(2)	-	energy prices
trading activities	0.14	electricity – EEX AG	1-3 years	34.3952	3	-	energy prices
trading activities	0.07	electricity – EEX AG	3-6 months	35.2878	1	-	energy prices
trading activities	1.00	gas – EEX AG	3-6 months	25.2100	-	(3)	gas prices
trading activities	0.48	gas – EEX AG	3-6 months	25.7800	-	2	gas prices
trading activities	0.40	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	0.28	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
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	0.64	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
					(17)	**(5)**	
		Call options					
gas contracts	30	USD	1-3 months	3.9600	-	-	currency exchange rate
gas contracts	70	USD	3-12 months	3.8857	5	-	currency exchange rate
gas contracts	20	EUR	1-3 months	4.4326	-	-	currency exchange rate
gas contracts	33	EUR	3-12 months	4.4840	1	-	currency exchange rate
gas contracts	12	EUR	1-3 years	4.5334	1	-	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
					7	**50**	
		Commodity call options					
gas contracts	4.031	TTF	1-3 months	21.78	-	-	commodity prices
gas contracts	6.542	TTF	3-12 months	21.30	3	-	commodity prices
gas contracts	1.035	TTF	1-3 years	22.51	4	-	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
					7	**12**	
		Put commodity options					
gas contracts	0.024	FO	1-3 months	391.25	(10)	(7)	commodity prices
gas contracts	0.013	GO	1-3 months	672.12	(7)	(7)	commodity prices
gas contracts	0.263	TTF	1-3 years	19.00	(3)	-	commodity prices
					(20)	**(14)**	

		Commodity swap					
gas contracts	91.272	NBP	1-3 months	0.47	30	-	commodity prices
gas contracts	1.582	BRENT	1-3 months	58.46	(53)	-	commodity prices
gas contracts	0.063	FO	1-3 months	401.69	(29)	-	commodity prices
gas contracts	0.031	GO	1-3 months	730.90	(22)	-	commodity prices
gas contracts	3.994	TTF	1-3 months	22.21	(56)	-	commodity prices
gas contracts	0.728	TTF	1-3 years	19.25	1	-	commodity prices
gas contracts	8.013	TTF	1-3 years	20.76	(62)	-	commodity prices
gas contracts	0.150	FO	3-12 months	313.61	(46)	-	commodity prices
gas contracts	0.042	GO	3-12 months	535.73	(11)	-	commodity prices
gas contracts	16.062	TTF	3-12 months	20.79	(156)	-	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
					(404)	**(281)**	
			Total		**(204)**	**(26)**	
		including:	- positive valuation (assets)		**575**	**567**	
			- negative valuation (liabilities)		**(779)**	**(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 September 30th 2015 and September 30th 2014.

Period ended Sep 30 2015	Exploration and Production	Trade and Storage	Distribution	Generation	Other segments	Eliminations	Total
Statement of profit or loss							
Sales to external customers	2,437	22,901	404	805	148	-	26,695
Inter-segment sales	1,275	219	3,020	465	102	(5,081)	-
Segment's total revenue	3,712	23,120	3,424	1,270	250	(5,081)	26,695
Depreciation and amortisation expense	(1,037)	(126)	(662)	(235)	(13)	-	(2,073)
Other costs	(1,403)	(22,362)	(1,610)	(853)	(232)	5,074	(21,386)
Segment's total costs	(2,440)	(22,488)	(2,272)	(1,088)	(245)	5,074	(23,459)
Operating profit/(loss)	**1,272**	**632**	**1,152**	**182**	**5**	**(7)**	**3,236**
Net finance costs							(154)
Share in net profit/(loss) of equity-accounted entities		(51)					(51)
Profit/(loss) before tax							**3,031**
Income tax							(874)
Net profit/(loss)							**2,157**
STATEMENT OF FINANCIAL POSITION							
Segment's assets	14,922	17,716	13,885	3,953	301	(4,857)	45,920
Investments in equity-accounted entities		840					840
Unallocated assets							619
Deferred tax assets							1,360
Total assets							**48,739**
Total equity							31,016
Segment's liabilities	3,680	3,945	2,285	1,946	146	(4,557)	7,445
Unallocated liabilities							7,176
Deferred tax liabilities							3,102
Total equity and liabilities							**48,739**
Other information							
Capital expenditure on property, plant and equipment and intangible assets	(1,116)	(120)	(853)	(230)	(5)	34	**(2,290)**
Impairment losses on assets	(2,543)	(1,624)	(117)	(33)	(18)	-	**(4,335)**
Impairment losses on unallocated assets							**(47)**

Period ended Sep 30 2014	**Exploration and Production**	**Trade and Storage**	**Distribution**	**Generation**	**Other segments**	**Eliminations**	**Total**
Statement of profit or loss							
Sales to external customers	3,486	18,287	163	743	138	-	22,817
Inter-segment sales	1,373	319	2,940	583	97	(5,312)	-
Segment's total revenue	4,859	18,606	3,103	1,326	235	(5,312)	22,817
Depreciation and amortisation expense	(902)	(116)	(647)	(223)	(15)	1	(1,902)
Other costs	(1,924)	(18,324)	(1,618)	(1,017)	(271)	5,323	(17,831)
Segment's total costs	(2,826)	(18,440)	(2,265)	(1,240)	(286)	5,324	(19,733)
Operating profit/(loss)	**2,033**	**166**	**838**	**86**	**(51)**	**12**	**3,084**
Net finance costs							(215)
Share in net profit/(loss) of equity-accounted entities		-					-
Profit/(loss) before tax							**2,869**
Income tax							(733)
Net profit/(loss)							**2,136**
STATEMENT OF FINANCIAL POSITION							
Segment's assets	15,076	18,225	13,598	3,974	323	(5,613)	45,583
Investments in equity-accounted entities		728					728
Unallocated assets							239
Deferred tax assets							2,092
Total assets							**48,642**
Total equity							29,689
Segment's liabilities	4,987	3,904	2,353	1,930	150	(5,304)	8,020
Unallocated liabilities							7,689
Deferred tax liabilities							3,244
Total equity and liabilities							**48,642**
Other information							
Capital expenditure on property, plant and equipment and intangible assets	(837)	(149)	(806)	(164)	(8)	(19)	**(1,983)**
Impairment losses on assets	(1,984)	(1,592)	(117)	(32)	(21)	1	**(3,745)**
Impairment losses on unallocated assets							**(47)**

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 Q3 2015, income and expenses related to gas system balancing were disclosed on a net basis, while in the report for Q3 2014 they were presented separately. The table below contains consolidated statement of profit or loss for Q3 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

	9 months ended Sep 30 2014 before the change	Change in presentation of gas system balancing	9 months ended Sep 30 2014 after the change
Revenue	**22,819**	**(2)**	**22,817**
Raw materials and consumables used	(13,286)	84	(13,202)
Employee benefits expense	(2,004)	-	(2,004)
Depreciation and amortisation expense	(1,902)	-	(1,902)
Services	(2,025)	-	(2,025)
Work performed by the entity and capitalised	667	-	667
Other income and expenses	(1,185)	(82)	(1,267)
Total operating expenses	**(19,735)**	**2**	**(19,733)**
Operating profit/(loss)	**3,084**	**-**	**3,084**
Finance income	68	-	68
Finance costs	(283)	-	(283)
Share in net profit/(loss) of equity-accounted entities	-	-	-
Profit/(loss) before tax	**2,869**	**-**	**2,869**
Income tax	(733)	-	(733)
Net profit/(loss)	**2,136**	**-**	**2,136**

II. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS

	3 months ended Sep 30 2015	9 months ended Sep 30 2015	3 months ended Sep 30 2014	9 months ended Sep 30 2014
	unaudited	unaudited	unaudited	unaudited
Revenue	**3,176**	**13,399**	**4,040**	**17,729**
Raw materials and consumables used	(2,157)	(9,642)	(2,642)	(10,863)
Employee benefits expense	(151)	(432)	(157)	(565)
Depreciation and amortisation expense	(184)	(543)	(170)	(523)
Services	(401)	(1,324)	(642)	(3,567)
Work performed by the entity and capitalised	2	8	2	7
Other income and expenses	(186)	(332)	13	(812)
Total operating expenses	**(3,077)**	**(12,265)**	**(3,596)**	**(16,323)**
Operating profit/(loss)	**99**	**1,134**	**444**	**1,406**
Finance income	98	1,106	174	895
Finance costs	(124)	(255)	(175)	(303)
Profit/(loss) before tax	**73**	**1,985**	**443**	**1,998**
Income tax	(13)	(222)	(86)	(275)
Net profit/(loss)	**60**	**1,763**	**357**	**1,723**
Earnings/(loss) and diluted earnings/(loss) per share attributable to holders of ordinary shares (PLN)	0.01	0.30	0.06	0.29

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	3 months ended Sep 30 2015	9 months ended Sep 30 2015	3 months ended Sep 30 2014	9 months ended Sep 30 2014
	unaudited	unaudited	unaudited	unaudited
Net profit/(loss)	**60**	**1,763**	**357**	**1,723**
Other comprehensive income that will be reclassified to profit or loss if specific conditions are met, relating to:	**(275)**	**(106)**	**170**	**(46)**
Exchange differences on translating foreign operations	3	19	15	10
Hedge accounting	(343)	(154)	191	(69)
Deferred tax	65	29	(36)	13
Other comprehensive income that will not be reclassified to profit or loss, relating to:	**-**	**4**	**-**	**(2)**
Actuarial gains/(losses) on employee benefits	-	5	-	(3)
Deferred tax	-	(1)	-	1
Other comprehensive income, net	**(275)**	**(102)**	**170**	**(48)**
Total comprehensive income	**(215)**	**1,661**	**527**	**1,675**

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

	As at Sep 30 2015	As at Dec 31 2014
	unaudited	audited
ASSETS		
Non-current assets		
Property, plant and equipment	13,408	13,520
Investment property	-	1
Intangible assets	231	254
Shares	8,650	8,611
Other financial assets	3,313	4,403
Deferred tax assets	465	469
Other non-current assets	123	129
Total non-current assets	**26,190**	**27,387**
Current assets		
Inventories	2,906	2,506
Trade and other receivables	1,416	1,307
Other assets	52	20
Current financial assets	324	1,805
Derivative financial instrument assets	400	388
Cash and cash equivalents	4,220	1,942
Non-current assets held for sale	**10**	**1**
Total current assets	**9,328**	**7,969**
Total assets	**35,518**	**35,356**
EQUITY AND LIABILITIES		
Equity		
Share capital	5,900	5,900
Share premium	1,740	1,740
Accumulated other comprehensive income	(288)	(185)
Retained earnings/(deficit)	16,908	16,325
Total equity	**24,260**	**23,780**
Non-current liabilities		
Borrowings and other debt instruments	4,492	4,498
Employee benefit obligations	119	134
Provisions	1,197	1,414
Deferred revenue	677	690
Deferred tax liabilities	569	580
Other non-current liabilities	54	69
Total non-current liabilities	**7,108**	**7,385**
Current liabilities		
Trade and other payables	2,694	2,414
Borrowings and other debt instruments	339	656
Derivative financial instrument liabilities	616	423
Current tax liabilities	40	181
Employee benefit obligations	74	43
Provisions	386	472
Deferred revenue	1	2
Total current liabilities	**4,150**	**4,191**
Total liabilities	**11,258**	**11,576**
Total equity and liabilities	**35,518**	**35,356**

CONDENSED SEPARATE STATEMENT OF CASH FLOWS

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
	unaudited	unaudited
Cash flows from operating activities		
Net profit/(loss)	1,763	1,723
Adjustments:		
Depreciation and amortisation expense	543	523
Net foreign exchange gains/(losses)	(6)	(84)
Net interest and dividend	(861)	(708)
Gain/(loss) on investing activities	156	347
Current tax expense	222	275
Other items, net	1	446
Income tax paid	(268)	(428)
Cash flows from operating activities before movements in working capital	**1,550**	**2,094**
Movements in working capital:		
Change in receivables	(102)	1,267
Change in inventories	(400)	(869)
Change in employee benefit obligations	16	(64)
Change in provisions	(92)	6
Change in current liabilities	(747)	(911)
Change in other assets	(32)	(32)
Change in deferred revenue	(20)	(4)
Net cash (used in)/generated by operating activities	**173**	**1,487**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	10	9
Proceeds from disposal of short-term securities	989	-
Purchase of property, plant and equipment and intangible assets	(177)	(238)
Payments for tangible exploration and evaluation assets under construction	(747)	(598)
Payments for shares in related entities	(59)	(379)
Repayment of loans advanced	2,009	502
Loans advanced	(414)	(193)
Proceeds from derivative financial instruments	156	162
Payment for derivative financial instruments	(147)	(165)
Interest received	103	86
Dividends received	834	528
Proceeds from finance leases	12	13
Other items, net	(11)	205
Net cash (used in)/generated by investing activities	**2,558**	**(68)**
Cash flows from financing activities		
Proceeds from issue of debt securities	180	1,396
Repayment of debt securities	(474)	(1,501)
Proceeds from derivative financial instruments	84	84
Payment for derivative financial instruments	(61)	(74)
Dividends paid	(1,180)	(885)
Interest paid	(148)	(162)
Other items, net	4	(3)
Net cash (used in)/generated by financing activities	**(1,595)**	**(1,145)**
Net increase/(decrease) in cash and cash equivalents	**1,136**	**274**
Cash and cash equivalents at beginning of period	**1,673**	**1,683**
Cash and cash equivalents at end of period	**2,809**	**1,957**

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 June 30th 2015, the following companies participated in the cash pooling arrangement: PGNiG S.A., Polska Spółka Gazownictwa Sp. z o.o., Exalo Driling S.A., PGNiG Technologie S.A., Geofizyka Kraków S.A., Geofizyka Toruń S.A., Operator Systemu Magazynowego Sp. z o.o., PGNiG Serwis Sp. z o.o., PGNiG Termika S.A. and PGNiG Obrót Detaliczny Sp. z o.o. The main objective of the agreement is to manage the Group's current 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.

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Cash and cash equivalents at end of period in the statement of cash flows	**2,809**	**1,957**
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	5	2
Inflows/outflows of cash under cash pooling arrangement in the reporting period	1,137	87
Cash and cash equivalents at end of period in the statement of financial position	**4,220**	**2,046**

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Accumulated other comprehensive income, including: Exchange differences on translating foreign operations	Hedging reserve	Actuarial gains/(losses) on employee benefits	Retained earnings/(deficit)	**Total equity**
As at Jan 1 2015 (audited)	**5,900**	**1,740**	**16**	**(215)**	**13**	**16,325**	**23,780**
Dividend	-	-	-	-	-	(1,180)	**(1,180)**
Total comprehensive income	**-**	**-**	**19**	**(125)**	**4**	**1,763**	**1,661**
Net profit/(loss) for Q1–Q3 2015	-	-	-	-	-	1,763	**1,763**
Other comprehensive income, net, for Q1–Q3 2015	-	-	19	(125)	4	-	**(102)**
As at Sep 30 2015 (unaudited)	**5,900**	**1,740**	**35**	**(340)**	**17**	**16,908**	**24,260**
As at Jan 1 2014 (audited)	**5,900**	**1,740**	**(6)**	**(1)**	**20**	**15,315**	**22,969**
Dividend	-	-	-	-	-	(885)	**(885)**
Total comprehensive income	**-**	**-**	**10**	**(56)**	**(2)**	**1,723**	**1,675**
Net profit/(loss) for Q1–Q3 2014	-	-	-	-	-	1,723	**1,723**
Other comprehensive income, net, for Q1–Q3 2014	-	-	10	(56)	(2)	-	**(48)**
As at Sep 30 2014 (unaudited)	**5,900**	**1,740**	**4**	**(57)**	**18**	**16,153**	**23,759**

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	59	33
Decrease	(63)	(44)
As at Sep 30 2015	**465**	**569**
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 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	415	-	8	41	56	6	**526**
Transfers	-	12	(12)	-	-	-	**-**
Used/reversed	(282)	-	-	(69)	(39)	-	**(390)**
As at Sep 30 2015	**2,170**	**16**	**2,473**	**45**	**340**	**46**	**5,090**
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 UOKiK fine	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	43	10	-	1	12	58	14	**138**
Used/reversed	(259)	(5)	-	(1)	-	(166)	(10)	**(441)**
As at Sep 30 2015	**1,177**	**65**	**41**	**18**	**176**	**59**	**47**	**1,583**
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

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
High-methane gas	10,207	13,664
Nitrogen-rich gas	863	999
Crude oil and natural gasoline	804	1,387
Helium	55	102
LPG	37	60
LNG	33	43
Electricity	748	880
Entitlement to operate storage facilities	480	459
CO_2 emission allowances	-	37
Other sales of products and services	172	98
Total	**13,399**	**17,729**

5. Operating expenses

5.1. Raw materials and consumables used

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Cost of gas sold	(8,810)	(9,911)
Electricity for trading	(724)	(895)
Other raw materials and consumables used	(108)	(57)
Total	**(9,642)**	**(10,863)**

5.2. Services

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Purchase of transmission, distribution, and storage services	(853)	(3,044)
Cost of wells written off	(153)	(124)
Costs of seismic surveys written off	(47)	(41)
Other services	(271)	(358)
Total	**(1,324)**	**(3,567)**

5.3. Other income and expenses

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Change in impairment losses	(111)	(337)
Change in provisions	84	(143)
Taxes and charges	(159)	(160)
Foreign exchange differences	42	3
Derivative instruments	(106)	(188)
Compensation, penalties, fines, etc. received	5	4
Other	(87)	9
Total	**(332)**	**(812)**

6. Finance income and costs

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Finance income	**1,106**	**895**
Gain on measurement and realisation of derivative financial instruments	93	-
Interest income	176	282
Foreign exchange gains	-	80
Dividends and other profit distributions	834	530
Other finance income	3	3
Finance costs	**(255)**	**(303)**
Loss on measurement and realisation of derivative financial instruments	-	(159)
Interest expense	(101)	(99)
Foreign exchange losses	(120)	-
Revaluation of investments	(9)	(27)
Loss on disposal of investments	(4)	-
Commission fees paid on bank borrowings	(14)	(11)
Costs of guarantees received	(2)	(2)
Other finance costs	(5)	(5)
Net finance income/(costs)	**851**	**592**

7. Income tax expense

	9 months ended Sep 30 2015	9 months ended Sep 30 2014
Profit/(loss) before tax	1,985	1,998
Tax rate applicable in period	19%	19%
Tax calculated at the applicable tax rate	(377)	(380)
Permanent differences between profit/(loss) before tax and taxable profit	155	105
Tax expense in the statement of profit or loss	**(222)**	**(275)**
Current tax expense	(201)	(324)
Deferred tax expense	(21)	49
Effective tax rate	11%	14%

Dividend received, which in the current period amounted to PLN 834m (PLN 530m in the period ended September 30th 2014) was the main factor contributing to the effective tax rate of 11% in the period ended September 30th 2015 (14% in the period ended September 30th 2014).

8. Property, plant and equipment by category

	As at Sep 30 2015	As at Dec 31 2014
Land	24	25
Buildings and structures	6,287	6,385
Plant and equipment	2,082	2,159
Vehicles and other	131	111
Total tangible assets	**8,524**	**8,680**
Tangible exploration and evaluation assets under construction	2,306	2,097
Other tangible assets under construction	2,578	2,743
Total property, plant and equipment	**13,408**	**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 Q3 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 September 30th 2015 and its financial performance for the period January 1st–September 30th 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 the Group will continue as a going concern 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 Q3 2015 was approved for issue by the Parent's Management Board on November 6th 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 September 30th 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 2018;
- 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 July 17th 2015, the President of the Energy Regulatory Office ("President of URE") approved a new wholesale fuel gas distribution tariff for PGNiG S.A.

  Due to the persistently low prices of crude oil and relatively low prices of natural gas across wholesale markets in north-western Europe, PGNiG's total cost of gas procurement fell below the cost assumed for the purpose of calculating the Tariff effective until the end of July 2015. Therefore, the average trading price of gas fuel was reduced by 5% for high-methane gas and by 4.9% for nitrogen-rich gas.

  The term of the new Tariff was set from August 1st to December 31st 2015.

- On July 22nd 2015, Mr Wojciech Chmielewski resigned from the position of Chairman and Member of PGNiG's Supervisory Board, with effect as of that date.

- On July 28th 2015, the PGNiG Supervisory Board elected Ms Agnieszka Woś as Chairman of the Supervisory Board; previously, Ms Woś served as Vice-Chairman of the Board. Also, Mr Andrzej Janiak was elected Deputy Chairman of the PGNiG Supervisory Board.

- On August 13th 2015, the President of the Energy Regulatory Office ("President of URE") approved the amended PGNiG Obrót Detaliczny Gas Fuel Trading Tariff No. 1.

  Amended Tariff No. 1 provides for the following changes in gas fuel prices relative to the previous Tariff of PGNiG Obrót Detaliczny:

- for high-methane gas (group E) − reduction by 6.5%,
- for nitrogen-rich gas (group Lw) − reduction by 2.5%,
- for nitrogen-rich gas (group Ls) − reduction by 0.8%, applicable only to group Z-7B.

Following withdrawal of decompressed propane-butane (group B/P) from PGNiG Obrót Detaliczny's offer, relevant provisions concerning this type of gas fuel were deleted from the amended Tariff.

The term of the new Tariff ends on December 31st 2015.

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

At the end of Q3 2015, the PGNiG Group's revenue was PLN 26,695m, that is PLN 3,878m (or 17%) more than a year before, when revenue was reported at PLN 22,817m. With costs rising by PLN 3,726m (or 19%), the Group earned consolidated operating profit of PLN 3,236m at the end of Q3 2015. This represents an increase of PLN 152m (or 5%) on the same period of 2014.

Trade and Storage

The Trade and Storage segment improved operational efficiency. Its operating profit at the end of Q3 2015 was PLN 632m, which represents a PLN 466m increase year on year. The segment's performance in Q1−Q3 2015 was mainly driven by the cost and structure of gas fuel procurement.

The segment's revenue in Q1−Q3 2015 increased by PLN 4,514m (or 24.3%) year on year, driven principally by higher revenue from gas traded on the Polish Power Exchange, whose volume was 5.53 bcm after the first three quarters of 2015, relative to 1.17 bcm the year before (sales by PGNiG S.A.). The segment's operating expenses in Q1−Q3 2015 increased by PLN 4,048m (or 22%) year on year, mainly on the back of higher costs of gas fuel purchases on the Polish Power Exchange (by PGNiG Obrót Detaliczny Sp. z o.o.). Sale and purchase transactions carried out on the Polish Power Exchange by, respectively, PGNiG S.A. and PGNiG Obrót Detaliczny Sp. z o.o. (which commenced operations on August 1st 2014) are not eliminated in 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 other than the Polish Power Exchange and gas fuel imports were similar year on year). Changes in the structure and price of gas imports by PGNiG S.A. in relation to the same period of the previous year were as follows:

- higher share of imports from sources other than markets east of Poland − an increase of 17.2%, from 0.93 bcm to 1.09 bcm. These included mainly gas fuel imported from Western European markets, where prices of the fuel, in Polish zloty terms, fell by approximately 3% in Q1−Q3 2015 relative to the corresponding period of the previous year;
- share of gas fuel imports from sources east of Poland in Q1−Q3 2015 remained virtually unchanged year on year, while determinants affecting the price of gas fuel imported from markets east of Poland fell, i.e. the nine-month average price of crude oil dropped, in Polish zloty, by 11.6%, and market prices of gas in Western Europe went down, in Polish zloty, by approximately 3% year on year.

Stocks of gas in underground storage facilities totalled 2.8 bcm as at September 30th 2015, i.e. 3.7% more than a year before (2.7 bcm).

Exploration and Production

At the end of Q3 2015, operating profit of the Exploration and Production segment was PLN 1,272m, down by PLN 761m (37.4%) year on year. At PLN 2,309m, EBITDA was lower than a year before – by PLN 626m (21.3%).

The segment's revenue decreased by PLN 1,147m (23.6%) year on year, to PLN 3,712m, despite a 16.7% growth in the volume of crude oil sales (mainly from deposits in Norway, where sales grew by approximately 45%). The revenue decline reflected the fall in crude oil prices (in Polish zloty terms, the average price of Brent in Q1−Q3 2015 was approximately 37% lower than in Q1−Q3 2014). The decrease in crude oil prices, adversely affecting the profitability of exploration projects, also depressed the demand for exploration services provided by the Exploration and Production segment companies – revenue from geophysical and exploration services after the first three quarters of 2015 decreased by PLN 345m year on year.

A PLN 386m (13.7%) reduction in the segment's operating expenses was a result of lower impairment losses on the segment's assets (PLN 344m in Q1−Q3 2015 vs. PLN 523m in Q1−Q3 2014). In addition, reversal of provisions for well decommissioning costs added PLN 129m to the segment's operating profit, compared with a negative effect of PLN -28m in the same period of the previous year. The reversal was a result of the lower average decommissioning cost per well and the higher discount rate.

Distribution

The Distribution segment's operating profit in Q1–Q3 2015 grew 37.5% year on year, to PLN 1,152m, while EBITDA came in at PLN 1,814m, up by PLN 329m year on year. One of the contributing factors was higher revenues, which in Q1−Q3 2015 increased by PLN 321m compared with the same period in 2014. The revenue increase was primarily driven by:

- higher tariff for gas fuel distribution services, with the average year-on-year rise of 3%.
- lower quarterly average air temperature in Q1−Q2 (when gas fuel is used primarily for heating purposes) 2015 compared with the same period of the previous year.

Despite the PLN 321m increase in revenue, the segment's operating expenses remained virtually the same − up by only PLN 7m (0.3%), which is primarily attributable to reduced employee benefits expenses following the H1 2015 workforce streamlining as part of the Voluntary Redundancy Programme.

Generation

The segment's operating profit for Q1−Q3 2015 amounted to PLN 182m, a PLN 96m increase on the previous year. EBITDA was PLN 417m, an improvement of 35% year on year. The following factors contributed to the significant improvement:

- higher revenues from sales of heat, resulting mainly from a higher heat tariff (an increase on average of 6.8% in August 2014 and 5.3% in August 2015);
- lower procurement costs of coal, the segment's main fuel for heat production (the average price of coal in Q1−Q3 2015 was 6.6% lower than in the same period of the previous year).

6. Seasonality or cyclicality 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 September 30th 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. The Note Programme Agreement has been signed by the following banks: Bank Pekao S.A., ING Bank Śląski S.A., PKO Bank Polski S.A., Bank Handlowy w Warszawie S.A., Société Générale S.A. BNP Paribas S.A. Polish Branch, Bank Zachodni WBK S.A. and mBank S.A. On August 8th 2014, an annex was signed to the agreement, extending the Note Programme term until 2020. As at September 30th 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 September 30th 2015, nominal debt outstanding under the Euronotes was PLN 2,119.3m (translated at the mid rate quoted by the National Bank of Poland for September 30th 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 September 30th 2015, the nominal 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 September 30th 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. Under the Programme, PGNiG Termika S.A. may issue coupon or discount notes for up to PLN 1,500m. 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 in the terms of the Note Programme included:
  - extension of the Programme tenor by two years – until December 29th 2019;
  - reduction of the margin and underwriting fee.

  As at September 30th 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 translated 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 September 30th 2015, i.e. the date of these condensed financial statements:

- On October 19th 2015, the Extraordinary General Meeting of PGNiG removed Ms Agnieszka Woś from the Supervisory Board. On the same day, the General Meeting appointed Mr Grzegorz Nakonieczny to the Supervisory Board.
- On October 21st 2015, PGNiG and Qatar Liquefied Gas Company Limited (3) (Qatargas) of Doha, Qatar, signed a new supplementary agreement ("Agreement") to the LNG sale contract of June 29th 2009 ("Long-Term Contract").

  The Agreement extends the effective period for the terms of performance the Long-Term Contract as set out in a supplementary agreement of December 9th 2014.

  Pursuant to the Agreement, PGNiG and Qatargas changed the terms on which the Long-Term Contract will be performed in the first six months of 2016. In that period, Qatargas will place the volumes defined under the Long-Term Contract on other markets, and PGNiG will cover any difference between the LNG price specified in the Long-Term Contract and the market price obtained by Qatargas. Should the price be lower than PGNiG finds satisfactory, any unsold LNG supplies will be shifted to later years of the Long-Term Contract.

  Based on the currently available projections of global LNG prices and natural gas prices in Poland in H1 2016, the Agreement may enable PGNiG to achieve better results on trading in the natural gas supplied under the Long-Term Contract compared with the original arrangement.

  Further, given the need to ensure the security of natural gas supplies to Poland, the Agreement also specifies the terms on which PGNiG S.A. and Qatargas will agree on LNG supplies in the first half of 2016, if need be, once the Świnoujście terminal achieves full operational functionality.

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

Contingent receivables

	As at Sep 30 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	7	104
promissory notes received	13	52
other contingent assets	58	154
Total contingent receivables from other entities	**78**	**310**
Total contingent assets	**78**	**389**

Contingent liabilities

	As at Sep 30 2015	As at Dec 31 2014
To other entities		
guarantees and sureties issued*	8,147	7,889
promissory notes issued	1,482	1,559
other contingent liabilities	53	72
Total contingent liabilities to other entities	**9,682**	**9,520**
Total contingent liabilities	**9,682**	**9,520**

* Contingent liabilities in foreign currencies translated at exchange rates quoted by the National Bank of Poland for September 30th 2015.

As at the end of September 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 September 30th 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 110.6m (PLN 469m as translated at the exchange rate quoted by the National Bank of Poland for September 30th 2015). In addition, the weakening of the euro against the Polish zloty as at the end of Q3 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 2014–2022 adopted in December 2014.
- As a result of the rejection by the Employer on May 21st 2015 of demands put forward by trade unions active at PGNiG, a collective dispute was formally initiated concerning a rise in employee benefits. A detailed description of the trade unions' demand and the Management Board's position on the issue is included in the Directors' report on the operations of the PGNiG Group and PGNiG S.A. in H1 2015, issued on August 14th 2015.

  In July 2015, mediation between the parties began. An impartial mediator, proposed by the Minister of Labour and Social Policy, was engaged to find a solution that would be viable and acceptable to both parties.

  As the parties failed to reach an agreement, on September 24th 2015, a report detailing the issues agreed on and differences was drawn up in the presence of the mediator.

  On October 8th 2015, the trade unions announced a strike referendum scheduled for October 12th−30th 2015. Accordingly, as at the date of these financial statements the results of the referendum are not known.

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 September 30th 2015, the Group comprised PGNiG S.A. (the Parent), and 30 production and service companies, including:

- 20 direct subsidiaries of PGNiG S.A., and
- 10 indirect subsidiaries of PGNiG S.A.

The PGNiG Group also includes an equity-accounted company SGT EUROPOL GAZ S.A.

Equity-accounted joint ventures and associated entities

No.	Company name	Country	% ownership interest	
			Sep 30 2015	Sep 30 2014
1.	SGT EUROPOL GAZ S.A. 1)	Poland	51.18%	49.74%

1) Including a 48.00% direct interest and a 3.18% (1.74% as at September 30th 2014) interest held indirectly through GAS-TRADING S.A.

The list of the PGNiG Group companies as at September 30th 2015 is presented in the table below.

No.	Company name	Country	The Group's % ownership interest as at		Consolidation method as at	
	PGNiG S.A.'s direct subsidiaries		Sep 30 2015	Sep 30 2014	Sep 30 2015	Sep 30 2014
1	BSiPG Gazoprojekt S.A.	Poland	75%[1)]	75%[1)]	full	full
2	Exalo Drilling S.A.	Poland	100%	100%	full	full
3	GEOFIZYKA Kraków S.A.	Poland	100%	100%	full	full
4	GEOFIZYKA Toruń S.A.	Poland	100%	100%	full	full
5	Geovita S.A.	Poland	100%	100%	full	full
6	Operator Systemu Magazynowania Sp. z o.o.	Poland	100%	100%	full	full
7	PGNiG Obrót Detaliczny Sp. z o.o.	Poland	100%	100%	full	full
8	PGNiG Serwis Sp. z o.o.	Poland	100%	100%	full	full
9	PGNiG Technologie S.A.	Poland	100%	100%	full	full
10	PGNiG TERMIKA S.A.	Poland	100%	100%	full	full
11	Polska Spółka Gazownictwa Sp. z o.o.	Poland	100%	100%	full	full
12	PGNiG Finance AB	Sweden	100%	100%	full	full
13	PGNiG Sales & Trading GmbH	Germany	100%	100%	full	full
14	PGNiG Upstream International AS	Norway	100%	100%	full	full
15	Polish Oil and Gas Company - Libya B.V.	The Netherlands	100%	100%	full	full
16	BUD-GAZ P.P.U.H. Sp. z o.o. w likwidacji (in liquidation)	Poland	100%	100%	-	-
17	GAS TRADING S.A.	Poland	79.58%[2)]	43.41%	-	equity
18	PGNiG SPV 5 Sp. z o.o.	Poland	100%	100%	-	-
19	PGNiG SPV 6 Sp. z o.o.	Poland	100%	100%	-	-
20	PGNiG SPV 7 Sp. z o.o.	Poland	100%	100%	-	-
	PGNiG S.A.'s indirect subsidiaries					
21	CHEMKOP Sp. z o.o.	Poland	85.51%[3)]	85.51%[3)]	-	-
22	Gas Assets Management Sp. z o.o.	Poland	100%[4)]	-	-	-
23	Gas Trading Podkarpacie Sp. z o.o.	Poland	78.82%[5)]	42.99%[5)]	-	-
24	GAZ Sp. z o.o.	Poland	100%[6)]	80%[6)]	full	full
25	Powiśle Park Sp. z o.o.	Poland	100%[6)]	100%[6)]	full	full
26	Zakład Gospodarki Mieszkaniowej Sp. z o.o.	Poland	100%[7)]	100%[7)]	-	-
27	Oil Tech International F.Z.E.	United Arab Emirates	100%[7)]	100%[7)]	full	full
28	Poltava Services LLC	Ukraine	99%[7)]	99%[7)]	full	full
29	XOOL GmbH	Germany	100%[8)]	100%[8)]	full	full
30	PST Europe Sales GmbH	Germany	100%[8)]	-	full	-
	Companies which were not PGNiG's subsidiaries as at September 30th 2015 but were PGNiG's subsidiaries in the comparative period					
31	NYSAGAZ Sp. z o.o.[9)]	Poland	66.28%	66.28%	-	-
32	Polskie Elektrownie Gazowe Sp. z o.o. w likwidacji (in liquidation)	Poland	-	100%	-	-
33	Zakład Separacji Popiołów Siekierki Sp. z o.o.[9)]	Poland	70%	70%	-	-

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) PGNiG's direct interest is 43.41%, with a 36.17% interest held indirectly through Gas Assets Management Sp. z o.o.

3) PGNiG's interest held indirectly through Operator Systemu Magazynowania Sp. z o.o.

4) PGNiG S.A.'s indirect interest in the company is 100%, with 99% held through PGNiG SPV 6 Sp. z o.o. and 1% held through PGNiG SPV 5 Sp. z o.o.

5) PGNiG's interest held indirectly through GAS TRADING S.A.

6) PGNiG's interest held indirectly through Polska Spółka Gazownictwa Sp. z o.o.

7) PGNiG's interest held indirectly through Exalo Drilling S.A.

8) PGNiG's interest held indirectly through PGNiG Sales & Trading GmbH.

9) In accordance with the articles of association, decisions concerning significant activities require unanimous consent of the parties; as of June 30th 2015, the company became jointly controlled by PGNiG S.A.

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, restructuring or discontinuation of operations

The most important changes in the structure of the PGNiG Group in Q3 2015 were as follows:

- On July 15th 2015, the Extraordinary General Meeting of PGNiG SPV 6 Sp. z o.o. of Warsaw resolved to increase the company's share capital from PLN 250,000 to PLN 51,381,000, i.e. by PLN 51,131,000, by issuing 511,310 new shares with a par value of PLN 100 per share. The shares were subscribed for by PGNiG S.A. The increase was registered with the National Court Register on September 22nd 2015.
- On July 16th 2015, Gas Assets Management Sp. z o.o., an indirect subsidiary of PGNiG S.A., acquired from PHZ BARTIMPEX SA 21,523 shares in GAS-TRADING S.A., representing 36.17% of the share capital and total votes at the General Meeting of GAS-TRADING S.A. Following the acquisition, the PGNiG Group holds a total of 79.58% of shares and votes at the General Meeting of GAS-TRADING S.A.

  Accordingly, the PGNiG Group's aggregate equity interest in Gas-Trading Podkarpacie Sp. z o.o. (a subsidiary of GAS-TRADING S.A.) increased to 78.82%.
- On August 28th 2015, the Extraordinary General Meeting of PGNiG Obrót Detaliczny Sp. z o.o. adopted a resolution to reduce the company's share capital by PLN 490,950,000 (from PLN 1,091,000,000 to PLN 600,050,000), by reducing the par value of 10,910,000 shares (from PLN 100 per share to PLN 55 per share). The reduction may be registered after the lapse of a three-month period for lodging objections, if any, by the company's creditors.

In addition, as at the date of this report the following changes occurred in the Group's structure:

- On October 13th 2015, a spin-off of the assets related to the sale of natural gas and electricity to end users from PGNiG Sales & Trading GmbH of Munich (PST) was registered. The spun-off assets were contributed to PST Europe Sales GmbH (PST ES). The spun-off assets included 100% of shares in XOOL GmbH, PST's subsidiary. Accordingly, the share capital of PST ES was increased from EUR 500 thousand to EUR 1m. PST holds 100% of shares in PST ES. PST ES holds 100% of shares in XOOL GmbH.

  At the same time, a change of the company name from PST to PGNiG Supply & Trading GmbH was registered. The two companies have their registered offices in Munich, Germany.

  The division of the existing operations into two companies was necessary to meet the regulatory requirements. PST ES will trade in natural gas and electricity (sell them to end users). PGNiG Supply & Trading GmbH will continue wholesale trade in natural gas on the European market.

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.

Based on an analysis of the financial results, accounting for seasonality and risks inherent to the Group's business, the PGNiG Management Board does not expect 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 Q3 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 did not change in Q3 2015 and 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	4,271,708,411	72.402%	0.000%	72.402%	4,271,708,411
Other shareholders	1,628,291,589	27.598%	0.000%	27.598%	1,628,291,589
Total	**5,900,000,000**	**100.00%**	**0.00%**	**100.00%**	**5,900,000,000**

*As at June 30th 2015.
**As at September 30th 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:

- Anti-trust proceedings instigated by the President of the Polish Office of Competition and Consumer Protection (UOKiK) on December 28th 2010, concerning alleged abuse of dominant position on the domestic natural gas wholesale market by PGNiG S.A., consisting in:
  - inhibiting sale of gas against the interest of trading partners or consumers and
  - impeding the development of market conditions necessary for the emergence or development of competition

  by refusing to sell gas fuel under a general gas supply contract to an entrepreneur that intended to resell the gas, i.e. Nowy Gaz Sp. z o.o. of Warsaw.

  In its decision of July 5th 2012, the President of UOKiK found these actions to be anti-competitive practices, concluded that PGNiG S.A. discontinued those practices as of November 30th 2010, and imposed on the Company a fine of PLN 60m. On July 24th 2012, PGNiG S.A. filed an appeal against the decision of the President of UOKiK with the Competition and Consumer Protection Court (SOKiK) at the Regional Court of Warsaw. Under the ruling passed on May 12th 2014, the Competition and Consumer Protection Court dismissed the appeal in its entirety and ordered PGNiG S.A. to pay the costs of proceedings to the President of UOKiK. On June 4th 2014, PGNiG S.A. filed an appeal against the ruling. In the judgement of May 29th 2015, the Court of Appeals amended the decision issued by the President of the UOKiK where it referred to the amount of the fine by reducing the fine to PLN 5.5m. The judgement is final. Both PGNiG S.A. and the President of UOKiK filed cassation complaints against the Court of Appeals judgement. As at the date of preparing these financial statements, the Supreme Court issued no decision on whether to accept the cassation complaints for examination.

- Anti-trust proceedings instigated by the President of UOKiK on April 3rd 2013, concerning alleged abuse by PGNiG S.A. of its dominant position on the domestic wholesale and retail natural gas market, which consisted in impeding the development of market conditions necessary for the emergence or development of competition by:
  - limiting the ability of business customers to reduce the ordered volumes of gas fuel and contractual capacity,
  - limiting the ability of business customers to resell gas fuel,
  - requiring that business customers define the maximum volume of gas fuel purchased for resale in the contract,
  - refusing to grant wholesale customers the right to a partial change of supplier.

  In the course of the proceedings, PGNiG S.A submitted a motion to the President of the UOKiK for a commitment decision, in which it voluntarily agreed to revise certain provisions in its contracts with non-household customers. By virtue of a decision of December 31st 2013, the President of UOKiK resolved not to impose a fine on the Company and obliged the Company to fulfil its commitment. PGNiG S.A. performed its obligations set out in the President of UOKiK's commitment decision within the deadlines specified therein.

  On August 1st 2014, PGNiG Obrót Detaliczny Sp. z o.o. (PGNiG OD) took over the existing retail gas trading business from PGNiG S.A. and assumed all the rights and obligations arising from the decisions issued by the President of UOKiK under the Act on Competition and Consumer Protection in respect of agreements to which PGNiG OD became a party. PGNiG OD performed in full the obligations set forth in the conclusion of President of UOKiK's decision of December 31st 2013.

  On October 17th 2014, the President of UOKiK commenced administrative proceedings to impose a fine under Art. 107 of the Act on Competition and Consumer Protection of February

16th 2007 (Dz.U. No. 50, item 331, as amended) on PGNiG S.A. and PGNiG OD on suspicion of a delay in compliance with the President of UOKiK's decision of December 31st 2013 where it relates to a business customer's optional reduction of gaseous fuel quantities and capacity contracted for future years. In their response, PGNiG S.A. and PGNiG OD presented grounds for their actions and stated that by taking those actions they duly complied with the decision. On September 24th 2015, the President of UOKiK issued a decision to impose a financial penalty of PLN 10.4m on PGNiG S.A. for a delay in compliance with the decision referred to above. The Company is considering lodging an appeal against the decision to impose a penalty.

The President of UOKiK also decided to discontinue the proceedings against PGNiG OD. The President of UOKiK found that PGNiG OD had performed the obligations under the President of UOKiK's decision of December 31st 2013.

- 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 pending and the Company submits explanations and documents upon request.
- 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.

  Upon receipt of the written grounds of the judgment, in May 2015 the Company filed a cassation complaint. By the date of these financial statements, no final ruling was issued in the case.
- 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 course of administrative proceedings before the President of the Energy Regulatory Office (URE) concerning PGNiG S.A.'s failure to properly comply with the obligation referred to in Art. 49b of the Energy Law (exchange sale requirement) in 2013, on April 10th 2015, the Company filed an appeal with the Competition and Consumer Protection Court at the Regional Court of Warsaw against one of the interlocutory decisions made by the President of URE and concerning refusing the Company's attorney the right to inspect the case files. Following the appeal, the President of URE stayed the administrative proceedings. The Company awaits for the Competition and Consumer Protection Court at the Regional Court of Warsaw to adjudicate the appeal.

- On May 13th 2015, PGNiG S.A. called PAO Gazprom and OOO Gazprom Export to arbitration proceedings before the Arbitration Court in Stockholm. The dispute relates to change of the price terms under the contract for gas supply to Poland of September 25th 1996. Submitting the dispute for resolution by the Arbitration Court does not preclude trade negotiations and an amicable settlement with the supplier.

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,
- 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,
- processes connected with the continued deregulation of the gas trade market,
- 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 gas 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 maintenance of hydrocarbon production rates, 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, October 27th 2015