



Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, July 26th 2016

Estimates of Q2 2016 consolidated financial highlights and information on the PGNiG Group's material impairment losses in Q2 2016

Current Report No. 71/2016

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG" or the "Company") announces preliminary estimates of PGNiG's consolidated financial information for Q2 2016.

According to preliminary estimates, the following Q2 2015 consolidated financial highlights are expected:

in PLN bn	Q2 2016	Q2 2016 excluding impairments
Consolidated revenue:	6.37	6.37
Consolidated EBITDA, herein:	0.74	1.41
<i>Exploration and Production</i>	-0.12	0.59
<i>Trade and Storage</i>	0.11	0.07
<i>Distribution</i>	0.67	0.67
<i>Generation</i>	0.09	0.09
Consolidated EBIT	0.07	0.75
Consolidated net result	-0.12	0.56

In reference to the current report no. 67/2016 dated July 7th, 2016 The Management Board of PGNiG informs that after performing of the tests for impairment of Group's assets, the negative impact of the impairment amounts ca. PLN 0.68bn and comprises:

- a) impairment losses recognised in Q2 2016 pertaining to:
- tangible assets under construction related to the exploration for and evaluation of mineral resources: ca. PLN 0.11bn (Exploration and Production segment),
 - hydrocarbon production assets: ca. PLN 0.60bn (Exploration and Production segment),

- other property, plant and equipment of PGNiG SA: ca. PLN 0.01bn (Trade and Storage segment),
- b) impairment losses reversed in Q2 2016 pertaining to:
- methane-rich gas inventories: ca. PLN 0.05bn (Trade and Storage segment).

In addition:

- seismic surveys and dry wells written off in Q2 2016 amounted ca. PLN 0.04bn (Exploration and Production segment),
- loss on hedging instruments amounted ca. PLN 0.27bn (Trade and Storage segment – ca. PLN 0.22bn including cost of gas hedges: PLN 0.20bn).

Furthermore, the Management Board announces that the estimated consolidated EBITDA for first half of 2016 is approximately PLN 3.13bn, on estimated consolidated revenue of PLN 17.35bn.

The estimates are based on preliminary data concerning the performance of the Company and its subsidiaries in January–June 2016 available to the Company's Management Board. The estimates reflect the Management Board's best knowledge at the time when they were made, based on the assumption that no circumstances would emerge which could materially affect the Company's financial results after the estimates are published.

The results have not yet been audited by an independent auditor, but will undergo such audit in accordance with applicable regulations.

The above revenue and EBITDA estimates will be monitored until the issue of the Company's half-year report for 2016 on August 12th 2016.