



PGE Polska Grupa Energetyczna S.A.

**Report on review of the condensed
interim consolidated financial statements
For the period from 1 January 2016 to
30 June 2016**

11 August 2016
Report contains 3 pages



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**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS OF
THE PGE POLSKA GRUPA ENERGETYCZNA S.A. GROUP
FOR THE PERIOD
FROM 1 JANUARY 2016 TO 30 JUNE 2016**

To the Shareholders of PGE Polska Grupa Energetyczna S.A.

Introduction

We have reviewed the accompanying 30 June 2016 condensed interim consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Group (“the Group”), with its parent company’s registered office in Warsaw, ul. Mysia 2 (“the condensed interim consolidated financial statements”), which comprise:

- the consolidated statement of financial position as at 30 June 2016,
- the consolidated statement of comprehensive income for the six-month period ended 30 June 2016,
- the consolidated statement of changes in equity for the six-month period ended 30 June 2016,
- the consolidated statement of cash flows for the six-month period ended 30 June 2016, and
- notes to the interim consolidated financial statements.

Management of the parent company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the National Council of Certified Auditors as the National Standard on Assurance 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Assurance or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 24.1 to the condensed interim consolidated financial statements which describes that the estimates of compensations related to early termination of long-term agreements for the sale of electric power and energy and recognition of related revenues and settlements were based on the PGE Polska Grupa Energetyczna S.A. Group's own interpretations of the Act dated 29 June 2007, on rules of covering producer's costs related to early termination of long-term agreements for the sales of electric power and energy (Official Journal, No. 130, item 905, year 2007 with amendments) (the "LTC Act"), the expectations on the final outcome of the disputes with the President of the Energy Regulatory Office and on a number of significant assumptions. As described in note 2.4 to the accompanying condensed interim consolidated financial statements, the final outcome of the disputes with the President of the Energy Regulatory Office with respect to the interpretation of the LTC Act, as described in note 24.1 to the condensed interim consolidated financial statements, and potential changes in adopted assumptions, may significantly impact the estimates and as a consequence may lead to significant changes in the financial position and performance of the Group. As of the date of the condensed interim consolidated financial statements, the ultimate outcome of the disputes with the President of the Energy Regulatory Office cannot be determined.



In addition, we draw attention to note 1.4 to the condensed interim consolidated financial statements. In view of the circumstances described in note 1.4, Management of the parent company has decided to withdraw the condensed interim consolidated financial statements for the six-month period ended 30 June 2016, dated 9 August 2016, and to supersede those financial statements with the condensed interim consolidated financial statements for the six-month period ended 30 June 2016, dated 11 August 2016. Accordingly, we hereby withdraw our report dated 9 August 2016 with respect to the withdrawn condensed interim consolidated financial statements for the six-month period ended 30 June 2016, dated 9 August 2016.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
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Signed on the Polish original

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Marta Zemka
Key Certified Auditor
Registration No. 10427
Limited Liability Partner with power of attorney

11 August 2016