



*OPINION AND REPORT OF INDEPENDENT
AUDITOR*

on consolidated financial statements of

Capital Group PGNiG

seated in

Warsaw

for the financial year ended 31.12.2013

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2013

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OPINION OF THE INDEPENDENT AUDITOR

To the Shareholders and Supervisory Board of Polskie Górnictwo Naftowe i Gazownictwo S.A.

We have audited the accompanying consolidated financial statements of Capital Group PGNiG, seated in Warsaw at M. Kasprzaka 24 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility

Management of the Parent Entity is responsible for preparation and fair presentation of these consolidated financial statements in accordance with in accordance with International Financial Reporting Standards, as adopted by European Union the requirements for issuers of securities admitted to trading on an official stock-exchange listing market and other applicable regulations and preparation of the Report on the Group's activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, No. 330 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and in matters not regulated by the national standards on auditing, when determining the detailed methodology for the planning and performing the audit and if in doubt - International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the accounting records from which they are derived are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

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*Opinion on consolidated financial statements
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evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of PGNiG Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and its cash flows for the year then, in accordance with International Accounting Standards, International Financial Reporting Standards as adopted by the European Union and related interpretations issued in form of regulation of European Commission and to the extent not regulated by those standards – in accordance the Accounting Act and related bylaws, the requirements for issuers of securities admitted to trading on an official stock-exchange listing market, are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

As required under the Accounting Act, we also report that the Report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

Signed on the Polish original

Mariusz Kuciński
Certified Auditor No. 9802

Key Certified Auditor
On behalf of PKF Consult Sp. z o.o.
registration number 477

6/1B Orzycka Street
02-695 Warsaw

Warsaw, 19 February 2014



Report supplementing the auditor's opinion
on the consolidated financial statements of

Capital Group PGNiG

seated in
Warsaw

for the financial year ended 31 December 2013

The report supplementing the auditor's opinion
contains 12 pages
Report supplementing the auditor's opinion
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1. General

1.1. General information about the Group

1.1.1. Name of the Group

Capital Group PGNiG

1.1.2. Registered office of the Parent Company of the Group

M. Kasprzaka 25 Street, Warsaw

1.1.3. Registration of the Parent Company in the National Court Register

| | |
|----------------------|------------------------------------------------------------------------------------|
| Registration court: | District Court in Warsaw, XII Commercial Department of the National Court Register |
| Date: | 14.11.2001 |
| Registration number: | KRS 59492 |
| REGON: | 012216736 |
| NIP: | 525-000-80-28 |

1.1.4. Share capital structure of the Parent Company

At 31.12.2013 the share capital of the Parent Company in amount of 5,900,000,000.00 was divided as follows:

| Name of the Shareholder | Number of shares | Voting rights (%) | Nominal value | Percentage of share |
|-------------------------|------------------|-------------------|---------------|---------------------|
| State Treasury | 4,271,740,477 | 72.4% | 4,271,740.5 | 72.4% |
| Others< 5% | 1,628,259,523 | 27.6% | 1,628,259.5 | 27.6% |
| | 5,900,000,000 | 100% | 5,900,000.0 | 100% |

The share capital is consistent with the National Court Register.

1.1.5. Information about companies comprising the Group

1.1.5.1. Companies included in the consolidated financial statements

As at 31 December 2013 the following companies were consolidated by the Group:

Parent Company:

- Polskie Górnictwo Naftowe i Gazownictwo S.A.

Subsidiaries consolidated on the full consolidation basis:

- Biuro Studiów i Projektów Gazownictwa Gazoprojekt S.A.,
- Exalo Drilling S.A.,
- GEOFIZYKA Kraków S.A.,
- GEOFIZYKA Toruń S.A.,
- Geovita S.A.,
- Operator Systemu Magazynowania Sp. z o.o.,
- PGNiG Serwis Sp. z o.o.,
- PGNiG Technologie S.A.,
- PGNiG Termika S.A.,

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- Polska Spółka Gazownictwa Sp. z o.o.,
- PGNiG Finance AB,
- PGNiG Sales&Trading GmbH,
- PGNiG Upstream International AS,
- Polish Oil And Gas Company – Libya B.V

Indirect subsidiaries included in the consolidation:

- Gaz Sp. z o.o. (subsidiary of Polska Spółka Gazownictwa Sp. z o.o.);
- Powiśle Park Sp. z o.o. (subsidiary of Polska Spółka Gazownictwa Sp. z o.o.);
- Oil Tech International F.Z.E. (subsidiary of Exalo Drilling S.A.);
- Poltava Services LLC (subsidiary of Exalo Drilling S.A.);
- XOOL GmbH, (subsidiary of PGNiG Sales&Trading GmbH).

Joint ventures and associates valued with equity method:

- GAS – TRADING S.A.
- SGT EUROPOL GAZ S.A.

1.1.5.2. Entities excluded from consolidation

As at 31 December 2013 the following subsidiaries of the Group were not consolidated:

➤ **Direct subsidiaries:**

- PGNiG Obrót Detaliczny Sp. z o.o.,
- PGNiG SPV 5 Sp. z o.o.,
- PGNiG SPV 6 Sp. z o.o.,
- PGNiG SPV 7 Sp. z o.o.,
- BUD-GAZ P.P.U.H. Sp. z o.o. in liquidation,
- Polskie Elektrownie Gazowe Sp. z o.o.,
- NYSAGAZ Sp. z o.o.,
- Biogazownia Ostrowiec Sp. z o.o. in liquidation,

➤ **Indirect subsidiaries:**

- CHEMKOP Sp. z o.o. Kraków
- Zakład Gospodarki Mieszkaniowej Sp. z o.o.,
- PT Geofizyka Toruń Indonezja LLC in liquidation.

Subsidiaries listed above, whose financial statements are immaterial for reliable and fair presentation of financial position and financial performance of the Group, have been excluded from consolidation.

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1.1.6. Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

At 31 December 2013, the Management Board of the Company was comprised of the following members:

- Mariusz Zawisza – Chairman of the Management Board;
- Jarosław Bauc – Vice-Chairman of the Management Board;
- Jerzy Kurella – Vice-Chairman of the Management Board;
- Andrzej Parafianowicz – Vice-Chairman of the Management Board;
- Zbigniew Skrzypkiewicz – Vice-Chairman of the Management Board.

Changes in the Management Board during the reporting period to the date of this opinion are described in the notes to the consolidated financial statements, see Note 1.7.

1.2. Auditor information

1.2.1. Key certified auditor information

Name and surname: Mariusz Kuciński
Registration number: 9802

1.2.2. Authorized auditor information

Name: PKF Consult Sp. z o.o.
Address: ul. Orzycka 6 lok. 1B, 02-695 Warsaw
Registration number: KRS 0000034774
Registration court: District Court for the Capital City Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Share capital: PLN 128,050.00
NIP number: 521-05-27-710

PKF Consult Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 477.

The consolidated financial statements have been audited in accordance with the contract dated 05.02.2013, concluded on the basis of the resolution of the Supervisory Board dated 23 January 2013 on the appointment of the auditor.

We audited the consolidated financial statements in the Parent's head office during the period from 07.01.2014 to 19.02.2014.

Key certified auditor and PKF Consult Sp. z o.o. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649).

1.3. Prior period consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 2012 were audited by Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and received an unqualified opinion.

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The consolidated financial statements were approved at the Shareholders' Meeting of PGNiG S.A. on 22.05.2013.

The consolidated financial statements were submitted to the Registry Court on 04.06.2013.

1.4. Audit scope and responsibilities

This report was prepared for the Shareholders and Supervisory Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. seated in Warsaw at M. Kasprzaka 25 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the General Meeting dated 15.12.2006.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and in matters not regulated by the national standards on auditing, when determining the detailed methodology for the planning and performing the audit and if in doubt - International Standards on Auditing.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements for issuers of securities admitted to trading on an official stock-exchange listing market and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the consolidated financial statements based on our audit.

The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of PKF Consult Sp. z o.o.

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1.5. Information on audits of the financial statements of the consolidated companies

The audited consolidated financial statements of the Group consists of the separate financial statements of the Parent Company and subsidiaries as at 31 December 2013, which were audited and given an opinion:

| Entity's name | Authorised auditor | Type of auditor's opinion | Method of consolidation |
|-------------------------------------------|---------------------------------------------------------------------------|---------------------------|-------------------------|
| BSiPG Gazoprojekt S.A. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| GK Exalo Drilling S.A. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| GEOFIZYKA Kraków S.A. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| GEOFIZYKA Toruń S.A. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| Geovita S.A. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| Operator Systemu Magazynowania Sp. z o.o. | PKF Consult Sp. z o.o. | No opinion (*) | Full |
| PGNiG Serwis Sp. z o.o. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| PGNiG Technologie S.A. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| PGNiG Termika S.A. | PKF Consult Sp. z o.o. | Unqualified opinion | Full |
| GK Polska Spółka Gazownictwa Sp. z o.o. | PKF Consult Sp. z o.o. | Unqualified opinion (**) | Full |
| PGNiG Finance AB | Deloitte AB | Unqualified opinion | Full |
| GK PGNiG Sales&Trading GmbH | PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft | Unqualified opinion | Full |
| PGNiG Upstream International AS | Deloitte AS | Unqualified opinion | Full |
| Polish Oil And Gas Company – Libya B.V. | Deloitte Accountants B.V. | No opinion (***) | Full |
| GAS – TRADING S.A. | MS Rewident | No opinion | Equity method |
| SGT EUROPOL GAZ S.A. | | No opinion | Equity method |

(*) the financial data of subsidiaries were audited and confirmed for the consolidation purposes.

(**) –an unqualified audit opinion was issued on the stand-alone financial statement of Polska Spółka Gazownictwa Sp. z o.o. and the unqualified review report was issued on the consolidation package of the Group Polska Spółka Gazownictwa.

(***) – assets of Polish Oil And Gas Company – Libya B.V. , except from cash, are written down

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2. Financial analysis of the Company

2.1. Consolidated statement of financial position

| ASSETS | 2013-12-31 | % of total | 2012-12-31 | % of total | the change in % |
|-----------------------------------------------------------------|---------------|----------------|---------------|----------------|------------------|
| | mln PLN | | mln PLN | | (BZ - BO) BO) |
| NON-CURRENT ASSETS | | | | | |
| Tangible fixed assets | 33 033 | 70.07% | 33 784 | 70.49% | -2.22% |
| Investment property | 9 | 0.02% | 11 | 0.02% | -18.18% |
| Intangible assets | 1 164 | 2.47% | 1 146 | 2.39% | 1.57% |
| Investments in associates measured using the equity method | 727 | 1.54% | 771 | 1.61% | -5.71% |
| Financial assets available for sale | 51 | 0.11% | 48 | 0.10% | 6.25% |
| Other financial assets | 191 | 0.41% | 124 | 0.26% | 54.03% |
| Deferred tax assets | 993 | 2.11% | 1 136 | 2.37% | -12.59% |
| Other non-current assets | 71 | 0.15% | 76 | 0.16% | -6.58% |
| | 36 239 | 76.87% | 37 096 | 77.40% | -2.31% |
| CURRENT ASSETS | | | | | |
| Inventories | 3 378 | 7.17% | 3 064 | 6.39% | 10.25% |
| Trade and other | 4 086 | 8.67% | 5 374 | 11.21% | -23.97% |
| Receivables related to current income tax | 48 | 0.10% | 150 | 0.31% | -68.00% |
| Other receivables | 171 | 0.36% | 84 | 0.18% | 103.57% |
| Assets related to derivative financial instruments | 307 | 0.65% | 105 | 0.22% | 192.38% |
| Cash and cash equivalents | 2 827 | 6.00% | 1 948 | 4.06% | 45.12% |
| Assets classified as held for sale | 88 | 0.19% | 108 | 0.23% | -18.52% |
| | 10 905 | 23.13% | 10 833 | 22.60% | 0.66% |
| TOTAL ASSETS | 47 144 | 100.00% | 47 929 | 100.00% | -1.64% |
| EQUITY AND LIABILITIES | | | | | |
| | 2013-12-31 | % of total | 2012-12-31 | % of total | the change in % |
| | mln PLN | | mln PLN | | (BZ - BO) BO) |
| EQUITY | | | | | |
| Share capital | 5 900 | 12.51% | 5 900 | 12.31% | 0.00% |
| Reserve capital from the sale of shares above the nominal price | 1 740 | 3.69% | 1 740 | 3.63% | 0.00% |
| Accumulated other comprehensive income | -49 | -0.10% | -152 | -0.32% | -67.76% |
| Retained earnings | 20 856 | 44.24% | 19 705 | 41.11% | 5.84% |
| Equity attributable to equity holders of the parent | 28 447 | 60.34% | 27 193 | 56.74% | 4.61% |
| Equity attributable to non-controlling interests | 6 | 0.01% | 4 | 0.01% | 50.00% |
| | 28 453 | 60.35% | 27 197 | 56.74% | 4.62% |
| LONG-TERM LIABILITIES | | | | | |
| Credits and loans | 5 385 | 11.42% | 5 509 | 11.49% | -2.25% |
| Liabilities for employee benefits | 502 | 1.06% | 381 | 0.79% | 31.76% |
| Provision | 1 405 | 2.98% | 1 792 | 3.74% | -21.60% |
| Deferred income | 1 533 | 3.25% | 1 448 | 3.02% | 5.87% |
| Deferred tax liability | 1 970 | 4.18% | 1 936 | 4.04% | 1.76% |
| Other long-term liabilities | 58 | 0.12% | 53 | 0.11% | 9.43% |
| | 10 853 | 23.02% | 11 119 | 23.20% | -2.39% |
| SHORT-TERM LIABILITIES | | | | | |
| Trade and other liabilities | 4 033 | 8.55% | 3 667 | 7.65% | 9.98% |
| Credits and loans | 2 276 | 4.83% | 4 702 | 9.81% | -51.60% |
| Liabilities related to derivative financial instruments | 124 | 0.26% | 393 | 0.82% | -68.45% |
| Liabilities related to current income tax | 184 | 0.39% | 24 | 0.05% | 666.67% |
| Liabilities for employee benefits | 375 | 0.80% | 356 | 0.74% | 5.34% |
| Provision | 645 | 1.37% | 350 | 0.73% | 84.29% |
| Deferred income | 186 | 0.39% | 101 | 0.21% | 84.16% |
| Liabilities related to assets held for sale | 15 | 0.03% | 20 | 0.04% | -25.00% |
| | 7 838 | 16.63% | 9 613 | 20.06% | -18.46% |
| TOTAL EQUITY AND LIABILITIES | 47 144 | 100.00% | 47 929 | 100.00% | -1.64% |

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2.2. Consolidated statement of comprehensive income

| | 2013 | % of total | 2012 | % of total | the change |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| | mIn PLN | sales | mIn PLN | sales | (BO - BZ) BO |
| Net revenues from the sale | 32 120 | 100.00% | 28 730 | 100.00% | 11.80% |
| Merchandise and raw materials | -19 512 | -60.75% | -17 603 | -61.27% | 10.84% |
| Employee benefits | -3 214 | -10.01% | -3 047 | -10.61% | 5.48% |
| Amortization | -2 463 | -7.67% | -2 069 | -7.20% | 19.04% |
| Other services | -3 245 | -10.10% | -3 060 | -10.65% | 6.05% |
| Cost of products and services for own needs | 983 | 3.06% | 1 006 | 3.50% | -2.29% |
| Other operating revenues and expenses | -1 520 | -4.73% | -1 417 | -4.93% | 7.27% |
| Cost of finished products, merchandise and raw materials sold | -28 971 | -90.20% | -26 190 | -91.16% | 10.62% |
| Operating profit/(loss) | 3 149 | 9.80% | 2 540 | 8.84% | 23.98% |
| Financial income | 69 | 0.21% | 216 | 0.75% | -68.06% |
| Financial costs | -465 | -1.45% | -380 | -1.32% | 22.37% |
| Share of profit of investments accounted for under the equity method | -44 | -0.14% | 173 | 0.60% | -125.43% |
| Profit/(loss) before taxation | 2 709 | 8.43% | 2 549 | 8.87% | 6.28% |
| Corporate income tax | -789 | -2.46% | -309 | -1.08% | 155.34% |
| Net profit/(loss) | 1 920 | 5.98% | 2 240 | 7.80% | -14.29% |

| | 2013 | % of total | 2 012 | % of total | the change |
|---------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|---------------|-----------------|
| | mIn PLN | sales | mIn PLN | sales | (BO - BZ) BO |
| Net profit/(loss) | 1 920 | 5.98% | 2 240 | 7.80% | -14.29% |
| Foreign currency translation differences for foreign operations | -53 | -0.17% | -2 | -0.01% | 2550.00% |
| Application of hedge accounting | 72 | 0.22% | -250 | -0.87% | -128.80% |
| Deferred tax related to hedge accounting | -14 | -0.04% | 48 | 0.17% | -129.17% |
| Other comprehensive income, which will be a reclassified to profit or loss upon fulfillment of certain requirements | 5 | 0.02% | -204 | -0.71% | -102.45% |
| Actuarial gains (losses) | 117 | 0.36% | 14 | 0.05% | 735.71% |
| Deferred tax | -19 | -0.06% | -3 | -0.01% | 533.33% |
| Other comprehensive income that will not be reclassified to profit or loss | 98 | 0.31% | 11 | 0.04% | 790.91% |
| Other comprehensive income net | 103 | 0.32% | -193 | -0.67% | -153.37% |
| Total comprehensive income | 2 023 | 6.30% | 2 047 | 7.12% | -1.17% |

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2.3. Selected financial ratios

| | 2013 | 2012 | 2011 |
|------------------------------------------------------------------------------------------|--------|--------|--------|
| 1. Return on sales | | | |
| <u>result on sale x 100%</u> net revenues | 6.0 % | 7.8 % | 7.6 % |
| 2. Return on equity | | | |
| <u>net result x 100%</u> average equity | 6.7 % | 8.2 % | 7.0 % |
| 3. Debtors' days | | | |
| <u>average trade receivables (net) x 365 days</u> net revenues | 41 | 60 | 46 |
| 4. Debt ratio | | | |
| <u>liabilities and provisions for liabilities x 100%</u> total equity and liabilities | 39.6 % | 43.3 % | 35.0 % |
| 5. Current ratio | | | |
| <u>current assets</u> current liabilities | 1.4 | 1.1 | 0.9 |

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3. Detailed report

3.1. Accounting principles, method of consolidation, correctness of documentation for consolidation

The method of calculating goodwill arising on consolidation is described in the introduction to the consolidated financial statements.

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company, to the extent required by Art. 10 of the Accounting Act.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared completely and correctly, in accordance with the requirements of the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 r., No 169, item 1327).

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. The accounting principles were presented in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Company, for the consolidation purposes.

3.2. Introduction and supplementary information and explanations to the consolidated financial statements

All information included in the introduction and the supplementary information and explanations to the consolidated financial statements is, in all material respects, presented correctly and completely. The introduction and supplementary information and explanations should be read in conjunction with the consolidated financial statements.

3.3. Report on the Group's activities

The Report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

Capital Group PGNiG
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for the financial year ended 31 December 2013

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3.4. Consolidation of equity and calculation of minority interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements, in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the balance sheet date to the corresponding positions of the equity of the Parent Company. Only equity of the subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Minority interests in subsidiaries included in the consolidated financial statements were determined based on the minority shareholders' share in the subsidiaries' equity as at the balance sheet date.

3.5. Consolidation eliminations

Intercompany balances within the Group, sales between entities and other intercompany operating revenues and expenses, financial revenues and expenses, unrealized profits which were capitalized, dividends and results of sales of all or part of shares in subsidiaries were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Polskie Górnictwo Naftowe i Gazownictwo S.A. and agreed with information received from the subsidiaries.

3.6. Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2013, we have issued an unqualified opinion.

Signed on the Polish original

Mariusz Kuciński
Certified Auditor No. 9802

Key Certified Auditor
On behalf of PKF Consult Sp. z o.o.
registration number 477

6/1B Orzycka Street
02-695 Warsaw

Warsaw, 19 February 2014