PGE Polska Grupa Energetyczna S.A. Capital Group

Condensed interim consolidated financial statements prepared in accordance with IFRS for the 3-month period ended March 31, 2013.

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Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended March 31, 2013	Period ended March 31, 2012 *(data restated)**
Continuing operations			
Total sales revenues	**10**	**7,817,740**	**7,908,227**
Costs of goods sold	**10**	(5,855,354)	(5,510,555)
Gross profit on sales		**1,962,386**	**2,397,672**
Other operating revenues	**10**	113,086	255,053
Distribution and selling expenses	**10**	(236,873)	(448,126)
General and administrative expenses	**10**	(175,349)	(178,719)
Other operating expenses	**10**	(115,311)	(66,761)
Operating profit		**1,547,939**	**1,959,119**
Financial revenues	**10**	78,322	228,585
Financial expenses	**10**	(97,622)	(113,094)
Share of profit of associates		(418)	55
Profit before tax		**1,528,221**	**2,074,665**
Corporate income tax	**12**	(294,449)	(414,711)
Net profit from continuing operations		**1,233,772**	**1,659,954**
Discontinued operations			
Profit for the period on discontinued operations		-	(2,012)
Net profit for the operating period		**1,233,772**	**1,657,942**
OTHER COMPREHENSIVE INCOME			
Valuation of available-for-sale financial assets		-	473
Foreign exchange differences from translation of foreign entities		1,176	(2,600)
Actuarial gains and losses			
Other comprehensive income for the period, net		**1,176**	**(2,127)**
TOTAL COMPREHENSIVE INCOME		**1,234,948**	**1,655,815**
Net profit attributable to:			
- equity holders of the parent company		1,227,360	1,637,873
- non-controlling interest		6,412	20,069
Total comprehensive income attributable to:			
- equity holders of the parent company		1,228,536	1,635,746
- non-controlling interest		6,412	20,069
Earnings per share (in PLN)			
– basic earnings per share for the period		0.66	0.88
– basic earnings from the continuing operations		0.66	0.88

* for details on comparative data restatement please refer to Note 6 of these financial statements

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at March 31, 2013 (not audited)	As at December 31, 2012 (audited) *(data restated)**	As at March 31, 2012 (not audited) *(data restated)**
ASSETS				
Non-current assets				
Property, plant and equipment		43,745,828	43,738,301	42,803,710
Investment property		27,497	28,283	29,513
Intangible assets		473,636	462,422	246,026
Loans and receivables		340,066	329,395	315,843
Available-for-sale financial assets		29,219	33,256	100,706
Shares in associates accounted for under the equity method		40,842	40,454	53,632
Other long-term assets		469,091	407,221	628,963
Deferred tax assets	**13**	267,661	367,079	228,564
Non-current assets related to discontinued operations		-	-	175,739
Total non-current assets		**45,393,840**	**45,406,411**	**44,582,696**
Currents assets				
Inventories		1,653,270	2,213,180	1,352,647
Emission rights	**14**	3,988,918	2,890,584	5,128,508
Income tax receivables		29,985	8,918	29,588
Short-term financial assets at fair value through profit or loss		2,750	5,526	-
Trade receivables		2,182,754	1,894,733	1,866,465
Other loans and financial assets		762,554	768,200	2,670,873
Available-for-sale short-term financial assets		4,258	4,377	697
Other current assets		969,816	806,233	1,031,177
Cash and cash equivalents		4,528,921	4,795,493	5,266,750
Assets classified as held-for-sale		6,076	9,385	32,683
Currents assets related to discontinued operations		-	-	62,304
Total currents assets		**14,129,302**	**13,396,629**	**17,441,692**
TOTAL ASSETS		**59,523,142**	**58,803,040**	**62,024,388**

* for details on comparative data restatement please refer to Note 6 of these financial statements.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY	Note	As at March 31, 2013 (not audited)	As at December 31, 2012 (audited) (data restated)*	As at March 31, 2012 (not audited) (data restated)*
Equity				
Share capital	15	18,697,608	18,697,608	18,697,837
Revaluation reserve		-	-	(304)
Treasury shares		-	-	(229)
Foreign exchange differences from translation of foreign entities		4,918	3,742	3,692
Reserve capital		9,687,596	9,687,596	8,553,143
Other capital reserves		49,779	49,779	49,779
Retained earnings		13,609,925	12,381,996	15,066,008
Non-controlling interest		301,552	295,865	396,924
Total equity		**42,351,378**	**41,116,586**	**42,766,850**
Long-term liabilities				
Interest-bearing loans and borrowings, bonds and lease	20	1,075,968	1,085,244	1,236,710
Other liabilities	20	21,794	22,038	17,158
Provisions	17	4,751,829	4,695,414	3,337,000
Deferred tax liabilities	13	1,586,873	1,572,131	1,403,264
Deferred income and government grants	18	1,125,971	1,124,754	1,278,403
Long-term liabilities related to discontinued operations		-	-	15,869
Total long-term liabilities		**8,562,435**	**8,499,581**	**7,288,404**
Short-term liabilities				
Trade liabilities	20	881,167	1,201,870	900,704
Financial liabilities at fair value through profit or loss		38,781	36,513	43,911
Interest-bearing loans, borrowings, bonds and lease	20	509,640	811,447	764,490
Other short-term financial liabilities	20	1,119,082	1,546,320	1,959,966
Other short-term non-financial liabilities		1,466,769	1,557,993	1,369,520
Income tax liabilities		188,209	231,234	630,460
Deferred income and government grants	18	777,375	123,401	1,408,217
Short-term provisions	17	3,628,306	3,678,095	4,860,305
Short-term liabilities related to discontinued operations			-	31,561
Total short-term liabilities		**8,609,329**	**9,186,873**	**11,969,134**
Total liabilities		**17,171,764**	**17,686,454**	**19,257,538**
TOTAL LIABILITIES AND EQUITY		**59,523,142**	**58,803,040**	**62,024,388**

* for details on comparative data restatement please refer to Note 6 of these financial statements.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the period ended March 31, 2013

(not audited)	Share capital	Revaluation reserve	Treasury shares	Foreign exchange differences from translation	Reserve capital	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total equity
As at January 1, 2013	**18,697,608**	**-**	**-**	**3,742**	**9,687,596**	**49,779**	**12,381,996**	**40,820,721**	**295,865**	**41,116,586**
Total comprehensive income for the period	**-**	**-**	**-**	***1,176***	**-**	**-**	***1,227,360***	***1,228,536***	***6,412***	***1,234,948***
Return of payment from the profit for the previous years	**-**	-	-	-	-	-	295	**295**	**-**	**295**
Settlement of purchase of additional shares in subsidiaries:	-	-	-	-	-	-	274	**274**	**(725)**	**(451)**
Value of the purchased non-controlling interest	-	-	-	-	-	-	*725*	***725***	***(725)***	**-**
The acquisition cost of shares and stocks in subsidiaries	-	-	-	-	-	-	*(451)*	***(451)***	**-**	***(451)***
As at March 31, 2013	**18,697,608**	**-**	**-**	**4,918**	**9,687,596**	**49,779**	**13,609,925**	**42,049,826**	**301,552**	**42,351,378**

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the year ended December 31, 2012

(data restated)	Share capital	Revaluation reserve	Treasury shares	Foreign exchange differences from translation	Reserve capital	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total equity
As at January 1, 2012	**18,697,837**	**(777)**	**(229)**	**6,292**	**8,553,143**	**49,779**	**13,393,571**	**40,699,616**	**413,994**	**41,113,610**
Total comprehensive income for the period	-	***777***	-	***(2,550)***	-	-	***3,486,590***	***3,484,817***	***27,532***	***3,512,349***
Retained earnings distribution	-	-	-	-	1,134,453	-	(1,134,453)	-	-	-
Dividend	-	-	-	-	-	-	(3,421,472)	**(3,421,472)**	(1,011)	**(3,422,483)**
Purchase of new companies	-	-	-	-	-	-	-	-	19,723	**19,723**
Redemption of shares	(229)	-	229	-	-	-	-	-	-	-
Adjustment of acquisition of shares cost in subsidiaries	-	-	-	-	-	-	(1,885)	**(1,885)**	-	**(1,885)**
Settlement of purchase of additional shares in subsidiaries:	-	-	-	-	-	-	22,313	**22,313**	(127,041)	**(104,728)**
Value of the purchased non-controlling interest	-	-	-	-	-	-	*127,041*	***127,041***	*(127,041)*	-
The acquisition cost of shares and stocks in subsidiaries	-	-	-	-	-	-	*(104,728)*	***(104,728)***	-	***(104,728)***
Change in equity as a result of a merger of entities within Capital Group	-	-	-	-	-	-	37,332	**37,332**	(37,332)	-
As at December 31, 2012	**18,697,608**	-	-	**3,742**	**9,687,596**	**49,779**	**12,381,996**	**40,820,721**	**295,865**	**41,116,586**

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the period ended March 31, 2012

(not audited) *(data restated)*	Share capital	Revaluation reserve	Treasury shares	Foreign exchange differences from translation	Reserve capital	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total equity
As at January 1, 2012	**18,697,837**	**(777)**	**(229)**	**6,292**	**8,553,143**	**49,779**	**13,393,571**	**40,699,616**	**413,994**	**41,113,610**
Total comprehensive income for the period	**-**	***473***	**-**	***(2,600)***	**-**	**-**	***1,637,873***	***1,635,746***	***20,069***	***1,655,815***
The surcharge to the acquisition cost of shares and stocks in subsidiaries	-	-	-	-	-	-	(1,885)	**(1,885)**	-	**(1,885)**
Acquisition of treasury shares by subsidiaries	-	-	-	-	-	-	(684)	**(684)**	(6)	**(690)**
Change in equity as a result of a of a merger of subsidiaries	-	-	-	-	-	-	37,133	**37,133**	(37,133)	**-**
As at March 31, 2012	**18,697,837**	**(304)**	**(229)**	**3,692**	**8,553,143**	**49,779**	**15,066,008**	**42,369,926**	**396,924**	**42,766,850**

* for details on comparative data restatement please refer to Note 6 of these financial statements

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Period ended March 31, 2013 (not audited)	Period ended March 31, 2012 (not audited) *(data restated)**
Cash flows – operating activities		
Profit before tax related to discontinued operations	**-**	**(1,950)**
Profit before tax from continuing operations	**1,528,221**	**2,074,665**
Adjustments for:		
Share of profit from associates accounted for under the equity method	418	(55)
Depreciation and amortization	733,766	713,481
Interest and dividend, net	8,945	(34,396)
Profit / loss on investment activities	(8,793)	(44,389)
Change in receivables	(226,253)	27,245
Change in inventories	559,929	(49,767)
Change in liabilities, excluding loans and bank credits	(461,069)	208,045
Change in other non-financial assets, prepayments and emission rights	(594,321)	(686,548)
Change in provisions	6,626	287,891
Income tax paid	(266,625)	(99,210)
Other	95,616	(18,410)
Net cash from operating activities	**1,376,460**	**2,376,602**
Cash flow from investing activities		
Disposal of property, plant and equipment and intangible assets	26,382	6.201
Purchase of property, plant and equipment and intangible assets	(1,323,511)	(1.289.158)
Purchase/ disposal of investment property	-	286
Disposal of financial assets	10,042	48.501
Purchase of financial assets and increase in share capital in Group companies	(4,446)	(18.408)
Purchase/ disposal of subsidiaries after deduction of acquired/returned cash	(8,740)	-
Dividends received	-	-
Interest received	382	624
Loans repaid	-	2
Loans granted	-	-
Other	2,052	748
Net cash from investing activities	**(1,297,839)**	**(1,251,204)**

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

	Period ended March 31, 2013 (not audited)	Period ended March 31, 2012 (not audited) *(data restated)**
Cash flow from financing activities		
Proceeds from the issue of shares acquired by the non-controlling interest	-	-
Proceeds from bank credits and issue of bonds	317,379	177,760
Repayment of bank credits, bonds and finance lease	(659,096)	(144,321)
Dividends paid	(202)	(56,680)
Interest paid	(7,719)	(11,558)
Return of dividends from non-controlling shareholders	-	148,260
Other	6,534	7,411
Net cash flow from financing activities	**(343,104)**	**120,872**
Net change of cash and cash equivalents	**(264,483)**	**1,246,270**
Effect of foreign exchange rate changes	1,275	8,103
Cash and cash equivalents at the beginning of the period	**4,789,910**	**4,040,902**
Cash and cash equivalents at the end of period, including	**4,525,427**	**5,287,172**
Restricted cash	417,088	423,810
Attributed to discontinued operations	-	30,660

* for details on comparative data restatement please refer to Note 6 of these financial statements.

EXPLANATORY NOTES

1. General information

PGE Polska Grupa Energetyczna S.A. Group ("Group", "Capital Group", "PGE Group") comprises the parent company PGE Polska Grupa Energetyczna S.A. and subsidiaries (described in Note 3).

PGE Polska Grupa Energetyczna S.A. ("parent company", the "Company", "PGE") was founded on the basis of the Notary Deed of August 2, 1990 and registered in the District Court in Warsaw, XVI Commercial Department on September 28, 1990. The Company was registered in the National Court Register of the District Court for the capital city of Warsaw, XII Commercial Department, under no. KRS 0000059307.

The parent company is seated in Warsaw at Mysia 2 Street.

As of the day of preparation of these consolidated financial statements, the Company is registered in the National Court Register of the District Court for the capital city of Warsaw, XII Commercial Department of the National Court Register, under no. KRS 0000059307

Core operations of the Group companies are as follows:

- production of electricity,
- distribution of electricity,
- wholesale trading and retail sale of electricity,
- production and distribution of heat,
- rendering of other services related to the above mentioned activities.

Business activities are conducted under appropriate concessions granted to particular Group entities.

The State Treasury is the major shareholder of the parent company.

The interim condensed consolidated financial statements of the Group comprise financial data for the period from January 1, 2013 to March 31, 2013 („financial statements", "consolidated financial statements").

2. The composition of the Management Board of the parent company

As at January 1, 2013 the composition of the Management Board was as follows:

- Mr. Krzysztof Kilian – the President of the Management Board,
- Mrs. Bogusława Matuszewska – the Vice-President of the Management Board,
- Mr. Wojciech Ostrowski – the Vice-President of the Management Board,
- Mr. Paweł Smoleń – the Vice-President of the Management Board,
- Mr. Piotr Szymanek – the Vice-President of the Management Board.

In the reporting period and until the date of the foregoing financial statements no changes took place in the composition of the Management Board.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

3. Structure of the Group

3.1. Entities included in the Group

During the reporting period, PGE Polska Grupa Energetyczna S.A. Group consisted of the enumerated below companies, consolidated directly and indirectly:

	Entity	Share of Group entities as at March 31, 2013	The entity holding shares as at March 31, 2013	Share of Group entities as at December 31, 2012	The entity holding shares as at December 31, 2012
	Segment: Wholesale Trading				
1.	PGE Polska Grupa Energetyczna S.A. *Warsaw*	The Parent Company of the Group			
2.	PGE Trading GmbH *Germany*	100.00%	PGE Polska Grupa Energetyczna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.
	Segment: Conventional Generation				
3.	PGE Górnictwo i Energetyka Konwencjonalna S.A. *Bełchatów*	91.20% 7.37%	PGE Polska Grupa Energetyczna S.A PGE Obrót S.A.	91.20% 7.37%	PGE Polska Grupa Energetyczna S.A PGE Obrót S.A.
4.	Przedsiębiorstwo Energetyki Cieplnej sp. z o.o. *Zgierz*	50.97%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	50.97%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
5.	Elektrownia Puławy sp. z o.o. *Puławy*	50.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	50.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
6.	PGE Gubin sp. z o.o. *Gubin*	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.
	Segment: Renewable Energy				
7.	PGE Energia Odnawialna S.A. *Warsaw*	100.00%	PGE Polska Grupa Energetyczna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.
8.	Bio-Energia S.A. *Warsaw*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
	Biogazownia Łapy sp. z o.o. *Warsaw*	-	-	100.00%	Bio-Energia S.A.
	Biogazownia Wożuczyn sp. z o.o. *Warsaw*	-	-	100.00%	Bio-Energia S.A.
9.	Elektrownia Wiatrowa Baltica-1 sp. z o.o. *Warsaw*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
10.	Elektrownia Wiatrowa Baltica-2 sp. z o.o. *Warsaw*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
11.	Elektrownia Wiatrowa Baltica-3 sp. z o.o. *Warsaw*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
12.	Pelplin sp. z o.o. *Warsaw*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
13.	Żuromin sp. z o.o. *Warsaw*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
14.	Eolica Wojciechowo sp. z o.o. *Gniewino*	100.00%	PGE Energia Odnawialna S.A.	50.00%	PGE Energia Odnawialna S.A.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

	Entity	Share of Group entities as at March 31, 2013	The entity holding shares as at March 31, 2013	Share of Group entities as at December 31, 2012	The entity holding shares as at December 31, 2012
	Segment: Distribution				
15.	PGE Dystrybucja S.A. *Lublin*	89.91% 10.07%	PGE Obrót S.A. PGE Polska Grupa Energetyczna S.A.	89.91% 10.05%	PGE Obrót S.A. PGE Polska Grupa Energetyczna S.A.
	Segment: Retail Sale				
16.	PGE Obrót S.A. *Rzeszów*	99.55%	PGE Polska Grupa Energetyczna S.A.	99.55%	PGE Polska Grupa Energetyczna S.A.
	Segment: Other operations				
17.	EXATEL S.A. *Warsaw*	99.98%	PGE Polska Grupa Energetyczna S.A.	99.94%	PGE Polska Grupa Energetyczna S.A.
18.	NOM sp. z o.o. *Warsaw*	100.00%	EXATEL S.A.	100.00%	EXATEL S.A.
19.	ENERGO-TEL S.A. *Warsaw*	51.10% 48.90%	EXATEL S.A. NOM sp. z o.o.	51.10% 48.90%	EXATEL S.A. NOM sp. z o.o.
20.	MEGA sp. z o.o. *Miłocin*	75.01%	PGE Energia Odnawialna S.A.	75.01%	PGE Energia Odnawialna S.A.
21.	„EnBud" sp. z o.o. w likwidacji *Czymanowo*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
22.	„ESP Usługi" sp. z o.o. w likwidacji *Warsaw*	100.00%	PGE Energia Odnawialna S.A.	100.00%	PGE Energia Odnawialna S.A.
	Budownictwo Hydro-Energetyka - Dychów sp. z o. o. *Dychów*	-	-	100.00%	PGE Energia Odnawialna S.A.
23.	ELBIS sp. z o.o. *Rogowiec*	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
24.	MEGAZEC sp. z o.o. *Bydgoszcz*	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
25.	„ELBEST" sp. z o.o. *Bełchatów*	91.31% 7.50% 1.11% 0.09%	PGE Górnictwo i Energetyka Konwencjonalna S.A. PGE Dystrybucja S.A. PGE Obrót S.A. PGE Energia Odnawialna S.A.	91.19% 7.50% 1.11% 0.09%	PGE Górnictwo i Energetyka Konwencjonalna S.A. PGE Dystrybucja S.A. PGE Obrót S.A. PGE Energia Odnawialna S.A.
26.	„Energoserwis – Kleszczów" sp. z o.o. *Kleszczów*	51.00%	ELBIS sp. z o.o.	51.00%	ELBIS sp. z o.o.
27.	„ELMEN" sp. z o.o. *Rogowiec*	100.00%	ELBIS sp. z o.o.	100.00%	ELBIS sp. z o.o.
28.	Przedsiębiorstwo Usługowo-Produkcyjne „ELTUR-SERWIS" sp. z o.o. *Bogatynia*	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
29.	Przedsiębiorstwo Produkcji Sorbentów i Rekultywacji „ELTUR–WAPORE" sp. z o.o. *Bogatynia*	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

	Entity	Share of Group entities as at March 31, 2013	The entity holding shares as at March 31, 2013	Share of Group entities as at December 31, 2012	The entity holding shares as at December 31, 2012
30.	Przedsiębiorstwo Usługowo-Produkcyjne „TOP SERWIS” sp. z o.o. *Bogatynia*	100.00%	Przedsiębiorstwo Usługowo-Produkcyjne ELTUR-SERWIS sp. z o.o.	100.00%	Przedsiębiorstwo Usługowo-Produkcyjne ELTUR-SERWIS sp. z o.o.
31.	ENESTA sp. z o.o. *Stalowa Wola*	84.85%	PGE Dystrybucja S.A.	84.85%	PGE Dystrybucja S.A.
		2.48%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	2.48%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
32.	RAMB sp. z o.o. *Piaski*	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
33.	Przedsiębiorstwo Transportowo Sprzętowe „BETRANS” sp. z o.o. *Bełchatów*	98.65%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	98.65%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
		1.16%	PGE Dystrybucja S.A.	1.16%	PGE Dystrybucja S.A.
		0.17%	PGE Obrót S.A.	0.17%	PGE Obrót S.A.
		0.02%	PGE Energia Odnawialna S.A.	0.02%	PGE Energia Odnawialna S.A.
34.	Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA sp. z o.o. *Rogowiec*	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	100.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.
35.	„EPO” sp. z o.o. *Opole*	50.00%	PGE Górnictwo i Energetyka Konwencjonalna S.A.	50.00%	PGE Elektrownia Opole S.A.
36.	Przedsiębiorstwo Transportowo-Usługowe „ETRA” sp. z o.o. *Białystok*	100.00%	PGE Dystrybucja S.A	100.00%	PGE Dystrybucja S.A
37.	Przedsiębiorstwo Produkcyjno-Handlowe EKTO sp. z o.o. *Białystok*	100.00%	PGE Dystrybucja S.A.	100.00%	PGE Dystrybucja S.A.
38.	Energetyczne Systemy Pomiarowe sp. z o.o. *Białystok*	100.00%	PGE Dystrybucja S.A.	100.00%	PGE Dystrybucja S.A.
39.	Zakład Obsługi Energetyki sp. z o.o. *Zgierz*	100.00%	PGE Dystrybucja S.A.	100.00%	PGE Dystrybucja S.A.
40.	ELECTRA Bohemia s.r.o. *(in liquidation)* *Czech Republic*	100.00%	PGE Polska Grupa Energetyczna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.
41.	PGE Systemy S.A. *Warsaw*	100.00%	PGE Polska Grupa Energetyczna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.
42.	PGE Inwest sp. z o.o. *Warsaw*	100.00%	PGE Polska Grupa Energetyczna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.
	PGE Inwest spółka z ograniczoną odpowiedzialnością II S.K.A. w likwidacji *Warsaw*	-	-	100.00%	PGE Polska Grupa Energetyczna S.A.
43.	PGE Energia Jądrowa S.A. *Warsaw*	100.00%	PGE Polska Grupa Energetyczna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

	Entity	Share of Group entities as at March 31, 2013	The entity holding shares as at March 31, 2013	Share of Group entities as at December 31, 2012	The entity holding shares as at December 31, 2012
44.	PGE EJ 1 sp. z o.o. *Warsaw*	51.00%	PGE Energia Jądrowa S.A.	51.00%	PGE Energia Jądrowa S.A.
		49.00%	PGE Polska Grupa Energetyczna S.A.	49.00%	PGE Polska Grupa Energetyczna S.A.
45.	PGE Dom Maklerski S.A. *Warsaw*	100.00%	PGE Polska Grupa Energetyczna S.A.	100.00%	PGE Polska Grupa Energetyczna S.A.

Changes in the structure of the PGE Group companies, which are subject to full consolidation, that took place during the period ended March 31, 2013 and until the preparation date of these statements are included in the table above and include inter alia following transformations:

- On January 21, 2013, all possessed shares of Budownictwo Hydro – Energetyka Dychów sp. z o.o. shares were sold. This company's shares constituted 0.01% of PGE Group's total assets before consolidation eliminations.
- On January 24, 2013 PGE Energia Odnawialna S.A. purchased 50% of shares in Eolica Wojciechowo sp. z o.o. and as a result reached 100% stake in that company. Starting from that date, the control was taken over Eolica Wojciechowo sp. z o.o. and the company has become subject to consolidation.
- On January 31, 2013 a merger of Bio-Energia S.A. with Biogazownia Łapy sp. z o.o. and Biogazownia Wożuczyn sp. z o.o. was registered.
- On March 5, 2013 a liquidation of PGE Inwest spółka z ograniczoną odpowiedzialnością II S.K.A. in liquidation with its seat in Warsaw had been completed and company was deleted from the National Court Register.
- On March 27, 2013 PGE Polska Grupa Energetyczna S.A. sold all possessed shares of PGE Gubin sp. z o.o. to PGE Górnictwo i Energetyka Konwencjonalna S.A.

In addition:

- On December 21, 2012 company MegaSerwis sp. z o.o. was set up. PGE GiEK S.A. holds 100% stake in the company. AS at the balance sheet date the company was in the course of organization and was not covered by these financial statements.
- On February 19, 2013 PGE Polska Grupa Energetyczna S.A. and Energa Hydro Sp. z o.o. (subsidiary of Energa S.A.) signed an agreement with Danish DONG Energy Wind Power A/S (“DONG”) under which the Company will take over from Danish company portfolio of wind farms in Poland and is expected to be completed in forthcoming months of 2013. The transaction requires the approval for concentration from the Office of Competition and Consumer Protection.
- On February 26, 2013, PGE Polska Grupa Energetyczna and Energa Hydro Sp. z o.o. signed an agreement with Renovables Energia, S.A.U., under which the Company will take over from the Spanish company, 75% of shares in Iberdrola Renewables Polska Sp. z o.o., which manages a portfolio of wind farms in Poland. PGE S.A. and Energa intend to acquire additional 25% of shares in Iberdrola Renewables Polska Sp. z o.o., owned by European Bank of Reconstruction and Development (EBRD). The value of the transaction involving acquisition of 75% of shares in Iberdrola Renewables Polska Sp. z o.o. will amount to approximately PLN 840 million, what translates into transaction value of PLN 1.1 billion for 100% of shares. It is expected that transaction will be finalized in forthcoming months of 2013. The transaction requires the approval for concentration from Office of Competition and Consumer Protection.
- On April 23, 2013 the Management Board of PGE S.A. made a decision on merger of PGE S.A. with its subsidiary PGE Energia Jądrowa S.A. Planned merger will not affect the values disclosed in the consolidated financial statements.
- On April 28, 2013 a decision on deletion of ELECTRA Bohemia s.r.o. in liquidation from the register became final.

4. The basis for the preparation of the financial statements

Statement of compliance

These Condensed Interim Consolidated Financial Statements of PGE Polska Grupa Energetyczna S.A. were prepared in accordance with International Accounting Standard 34 *Interim financial reporting*, in accordance with International Accounting Standards, which regard interim financial reporting as adopted by the European Union, published and effective during the period of preparation of these financial statements and in the scope required under the Minister of Finance Regulation of February 19, 2009 on current and periodic information provided by issuers of securities and conditions of recognition as equivalent information required by the law of a non-Member State (Official Journal no. 33, item 259) ("Regulation").

International Financial Reporting Standards ("IFRS") include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee (IFRIC).

Apart from IFRIC described in Note 6, these consolidated financial statements are prepared based on the same accounting policy and methods of computation as compared with the most recent annual consolidated financial statements. Financial statements are to be read together with the audited consolidated financial statements of the Capital Group PGE Polska Grupa Energetyczna S.A. prepared in accordance with IFRS for the year ended December 31, 2012.

General rules of preparation

These financial statements were prepared under the assumption that the Company will continue to operate as a going concern in the foreseeable future. As at the date of preparation of these financial statements, there is no evidence indicating that the Company will not be able to continue its operations as a going concern.

With regards to financial reporting obligations resulting from listing of the parent company PGE Polska Grupa Energetyczna S.A., the Management Board decided to implement the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The first consolidated financial statement of the PGE Group comprising a statement of unconditional compliance with IFRS were the consolidated financial statements prepared for the year ended December 31, 2007.

The most significant entities of the Capital Group PGE Polska Grupa Energetyczna S.A. maintain their accounting books in accordance with the IFRS approved by the EU. PGE Trading GmbH and ELECTRA Bohemia s.r.o., seated in Germany and Czech Republic, maintain their accounting books in compliance with German and Czech reporting regulations respectively. The accounting books in other entities are maintained in accordance with the accounting policies (rules) specified in the Accounting Act dated September 29, 1994 ("the Accounting Act") and related bylaws, and other regulations published on their basis, therefore the consolidated financial statements includes adjustments which were not included in the books of Group entities. The purpose of these adjustments was to make the financial statements of these entities compliant with IFRS adopted by the EU.

5. Presentation currency

The financial statements are presented in Polish Zloty („PLN") and all amounts are in PLN thousand, unless indicated otherwise.

The following exchange rates were applied to valuation of positions of the consolidated statement of financial position:

	March 31, 2013	December 31, 2012	March 31, 2012
USD	3.2590	3.0996	3.1191
EURO	4.1774	4.0882	4.1616

6. Changes in applied accounting policies and data presentation

During preparation of the consolidated financial statements for the year ended December 31, 2012 the Group changed selected accounting principles relating to implementation of amended IAS 19 *Employee Benefits*. Most important changes introduced by the amended IAS 19 in case of PGE Group companies relate to:

- liquidation of so called costs of past employment;
- recognition of the actuarial gains and losses relating to provisions for post-employment benefits in other comprehensive income.

Therefore, the Group restated the data presented in the comparable consolidated financial statements for the period ended March 31, 2013. The Group recognized provisions for so-called energy equivalent without amortization of costs of pas employment.

For reporting periods beginning after January 1, 2013 a new interpretation of IFRIC 20 applies that unifies the recognition of overburden removal costs in the production phase of a surface mine. According with the previously applied accounting rules, the Group recognised such costs in the consolidated statement of comprehensive income when incurred. Starting from January 1, 2013, part of the above mentioned costs are recognized as assets and depreciated accordingly.

The Group applied the interpretation of IFRIC 20 starting from the earliest presented reporting period. Therefore, the Group restated data presented in the consolidated financial statements for the comparable period of 2012.

The restatement is presented in the tables below. Information presented in other Notes to these financial statements was restated accordingly.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period ended March 31, 2012 *(data published)*	Implementation of IFRIC 20	Implementation of IAS 19	Period ended March 31, 2012 *(data restated)*
Operating activities				
Sales revenues	**7,908,227**	**-**	**-**	**7,908,227**
Costs of goods sold	(5,645,888)	132,306	3,027	(5,510,555)
Gross profit on sales	**2,262,339**	**132,306**	**3,027**	**2,397,672**
Other operating revenues	255,053	-	-	255,053
Distribution and selling expenses	(448,126)	-	-	(448,126)
General and administrative expenses	(178,719)	-	-	(178,719)
Other operating expenses	(66,761)	-	-	(66,761)
Profit from operations	**1,823,786**	**132,306**	**3,027**	**1,959,119**
Financial revenues	228,585	-	-	228,585
Financial expenses	(113,094)	-	-	(113,094)
Share of profit of associate	55	-	-	55
Profit before tax	**1,939,332**	**132,306**	**3,027**	**2,074,665**
Corporate income tax	(388,998)	(25,138)	(575)	(414,711)
Net profit from continuing operations	**1,550,334**	**107,168**	**2,452**	**1,659,954**
Discontinued operations				
Profit/ (loss) for the period on discontinued operations	(2,012)	-	-	(2,012)
Net profit for the operating period	**1,548,322**	**107,168**	**2,452**	**1,657,942**
Other comprehensive income for the period, net	**(2,127)**	-	-	**(2,127)**
TOTAL COMPREHENSIVE INCOME	**1,546,195**	**107,168**	**2,452**	**1,655,815**
Net profit attributable to:				
- equity holders of the parent company	1,529,870	105,580	2,423	1,637,873
- non-controlling interest	18,452	1,588	29	20,069
Total comprehensive income attributable to:				
- equity holders of the parent company	1,527,743	105,580	2,423	1,635,746
- non-controlling interest	18,452	1,588	29	20,069
Earnings per share (in PLN)				
- basic earnings per share for the period	0,82	0,06	0,00	0,88
- basic earnings from the continuing operations	0,82	0,06	0,00	0,88

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at March 31, 2012 (data published)	Implementation of IFRIC 20	Implementation of IAS 19	As at March 31, 2012 (data restated)
Non-current assets				
Property, plant and equipment	42,671,404	132,306	-	42,803,740
Investment property	29,513	-	-	29,513
Intangible assets	246,026	-	-	246,026
Loans and receivables	315,843	-	-	315,843
Available-for-sale financial assets	100,706	-	-	100,706
Shares in associates accounted for under the equity method	53,632	-	-	53,632
Other long-term assets	628,963	-	-	628,963
Deferred tax assets	228,564	-	-	228,564
Non-current assets related to discontinued operations	175,739	-	-	175,739
Total non-current assets	**44,450,390**	**132,306**	**-**	**44,582,696**

Equity (attributable to equity holders of the parent)				
Share capital	18,697,837	-	-	18,697,837
Revaluation reserve	(304)	-	-	(304)
Treasury shares	(229)	-	-	(229)
Foreign exchange differences from translation of foreign entities	3,692	-	-	3,692
Reserve capital	8,553,143	-	-	8,553,143
Other capital reserves	49,779	-	-	49,779
Retained earnings	15,017,257	105,580	(56,829)	15,066,008
Non-controlling interest	395,705	1,588	(369)	396,924
Total equity	**42,716,880**	**107,168**	**(57,198)**	**42,766,850**
Long-term liabilities				
Interest-bearing loans and borrowings, bonds and lease	1,236,710	-	-	1,236,710
Other liabilities	17,158	-	-	17,158
Provisions	3,266,386	-	70,614	3,337,000
Deferred tax liabilities	1,391,542	25,138	(13,416)	1,403,264
Deferred income and government grants	1,278,403	-	-	1,278,403
Long-term liabilities related to discontinued operations	15,869	-	-	15,869
Total long-term liabilities	**7,206,068**	**25,138**	**57,198**	**7,288,404**

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at December 31, 2012 *(data published)*	Implementation of IFRIC 20	Implementation of IAS 19	As at December 31, 2012 *(data restated)*
Non-current assets				
Property, plant and equipment	43,189,196	549,105	-	43,738,301
Investment property	28,283	-	-	28,283
Intangible assets	462,422	-	-	462,422
Loans and receivables	329,395	-	-	329,395
Available-for-sale financial assets	33,256	-	-	33,256
Shares in associates accounted for under the equity method	40,454	-	-	40,454
Other long-term assets	407,221	-	-	407,221
Deferred tax assets	367,079	-	-	367,079
Non-current assets related to discontinued operations	-	-	-	28,283
Total non-current assets	**44,857,306**	**549,105**	**-**	**45,406,411**
Equity (attributable to equity holders of the parent)				
Share capital	18,697,608	**-**	-	18,697,608
Revaluation reserve	-	**-**	-	-
Treasury shares	-	**-**	-	-
Foreign exchange differences from translation of foreign entities	3,742	**-**	-	3,742
Reserve capital	9,687,596	**-**	-	9,687,596
Other capital reserves	49,779	**-**	-	49,779
Retained earnings	11,943,593	438,403	-	12,381,996
Non-controlling interest	289,493	6,372	-	295,865
Total equity	**40,671,811**	**444,775**	**-**	**41,116,586**
Long-term liabilities				
Interest-bearing loans and borrowings, bonds and lease	1,085,244	**-**	-	18,697,608
Other liabilities	22,038	**-**	-	-
Provisions	4,695,414	-	-	-
Deferred tax liabilities	1,467,801	104,330	-	1,572,131
Deferred income and government grants	1,124,754	**-**	-	1,124,754
Long-term liabilities related to discontinued operations	-	**-**	-	
Total long-term liabilities	**8,395,251**	**104,330**	**-**	**8,499,581**

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Period ended March 31, 2012 *(data published)*	Implementation of IFRIC 20	Implementation of IAS 19	Period ended March 31, 2012 *(data restated)*
Cash flows – operating activities				
Profit before tax related to discontinued operations	**(1,950)**	-	**-**	**(1,950)**
Profit before tax from continuing operations	**1,939,332**	**132,306**	**3,027**	**2,074,665**
Adjustments for:				
Share of profit from associates accounted for under the equity method	(55)	-	-	(55)
Depreciation and amortization	713,013	468	-	713,481
Interest and dividend, net	(34,396)	-	-	(34,396)
Profit / loss on investment activities	(44,389)	-	-	(44,389)
Change in receivables	27,245	-	-	27,245
Change in inventories	(49,767)	-	-	(49,767)
Change in liabilities, excluding loans and bank credits	208,045	-	-	208,045
Change in prepayments	(686,548)	-	-	(686,548)
Change in provisions	290,918	-	(3,027)	287,891
Income tax paid	(99,210)	**-**	-	(99,210)
Other	(18,410)	-	-	(18,410)
Net cash from operating activities	**2,243,828**	**132,774**	**-**	**2,376,602**
Cash flow from investing activities				
Disposal of property, plant and equipment and intangible assets	6,201	**-**	**-**	6,201
Purchase of property, plant and equipment and intangible assets	(1,156,384)	(132,774)		(1,289,158)
Purchase/ disposal of investment property	286	-	-	286
Disposal of financial assets	48,501	-	-	48,501
Purchase of financial assets and increase in share capital in Group companies	(18,408)	-	-	(18,408)
Purchase/ disposal of subsidiaries after deduction of acquired cash	-	-	-	-
Dividends received	-	-	-	-
Interest received	624	-	-	624
Loans repaid	2	-	-	2
Loans granted	-	-	-	-
Other	748	-	-	748
Net cash from investing activities	**(1,118,430)**	**(132,774)**	**-**	**(1,251,204)**

7. New standards and interpretations published, not yet effective

The following standards, changes in already effective standards and interpretations are not approved by the European Union and are not effective as at January 1, 2013:

- IFRS 9 *Financial Instruments* (with amendments) – effective for the periods starting January 1, 2015.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interests in other entities* and IAS 27 *Separate financial statements* (issues related to investments in entities) – effective for the periods starting January 1, 2014.

The following standards, changes in already effective standards and interpretations are approved by the European Union but are not effective as at January 1, 2013:

- Amendments to IAS 32 *Financial Instruments: Presentation* – effective for the periods starting January 1, 2014.
- IFRS 10 *Consolidated Financial Statements* – effective for the periods starting January 1, 2014.
- IFRS 11 *Joint Agreements* – effective for the periods starting January 1, 2014.
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for the periods starting January 1, 2014.
- Amended IAS 27 *Separate Financial Statements* – effective for the periods starting January 1, 2014.
- Amended IAS 28 *Investments in Associates and Joint Ventures* – effective for the periods starting January 1, 2014.

The influence of new regulations on future financial statements of the Capital Group

The new IFRS 9 introduces fundamental changes to classifying, presenting and measuring of financial instruments. These changes will possibly have material influence on future financial statements of the Group. At the date of preparation of these financial statements IFRS 9 is not yet approved by the European Union and as a result its impact on the future financial statements of the PGE Group is not yet determined.

Other standards, interpretations and their changes should have no significant impact on future financial statements of the PGE Capital Group in current structure.

8. Change of estimates

In the period covered by the consolidated financial statements, the following significant changes to estimates influencing the numbers presented in the consolidated financial statements took place:

- Provisions are liabilities of uncertain timing or amount. During the reporting period, the Group changed estimations regarding the basis and amounts of some provisions. Changes of estimations are presented in Note 17 of these financial statements.
- During the reporting period the Group updated the value of impairment allowances on financial and other assets. The changes are described in Note 10 and 11 of these financial statements.

9. Operating segments

The Group presents the business segments in accordance with IFRS 8 *Operating segments* for the current and comparative reporting period. The Group reporting is based on business segments:

- Conventional Energy includes exploration and mining of lignite and production of energy in the Group's power plants and heat and power plants;
- Renewable Energy includes generation of energy in pumped storage power plants and from renewable sources.
- Wholesale includes trade in electricity on the wholesale market, trading of emissions certificates and property rights related to energy origin units of ownership and fuel trading;
- Distribution includes management over local distribution networks and delivery of electricity with the use of these networks;
- Retail sale includes sale of electricity and rendering services to end users;

Organization and management over the Group is based on the division into segments, taking into account the nature of the products and services. Each segment represents a strategic business unit, offering different products and serving different markets. Assignment of particular entities to operating segments is described in Note 3 of these financial statements. Transactions between segments are settled within the Group as if they were concluded with third parties – under market conditions.

Seasonality of business segments

Atmospheric conditions cause seasonality of demand for electricity and heat, and have an impact on technical and economic conditions of their production, distribution and transmission, and thus influence the results obtained by the companies of PGE Group.

The level of electricity sales per year is variable and depends primarily on air temperature and day length. As a rule, lower air temperature in winter and shorter days cause the growth of electricity demand, while higher temperatures and longer days during the summer contribute to its decline. Moreover, seasonal changes are evident among selected groups of end users. Seasonality effects are more significant in particular for households than for the industrial sector.

Sales of heat depend in particular on air temperature and are higher in winter and lower in summer.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

Information on business segments

Period ended March 31, 2013	Segment: Conventional Generation	Segment: Renewable Energy	Segment: Wholesale	Segment: Distribution	Segment: Retail sale	Other activities	Consolidation adjustments	Total continued operations
Revenues								
Revenues from sales to external customers	3 160 152	138 063	705 763	336 051	3 285 357	182 747	9 607	**7 817 740**
Revenues from sales between segments	203 841	20 427	2 730 664	1 099 168	79 303	188 099	(4 321 502)	**-**
Total revenues from segments	**3 363 993**	**158 490**	**3 436 427**	**1 435 219**	**3 364 660**	**370 846**	**(4 311 895)**	**7 817 740**
Financial result								
EBIT *)	**675 323**	**35 700**	**249 372**	**305 208**	**262 268**	**(10 779)**	**30 847**	**1 547 939**
EBITDA **)	**1 094 199**	**78 015**	**252 973**	**553 099**	**264 384**	**16 881**	**22 154**	**2 281 705**
Net financial revenues (expenses)								(19 300)
Share of profit of associates								(418)
Profit (loss) before tax								**1 528 221**
Income tax								(294 449)
Net profit (loss) for the period								**1 233 772**
Assets and liabilities								
Assets of the segment excluding trade receivables	32 569 957	2 469 472	612 029	14 494 984	750 838	1 065 014	(634 238)	51 328 056
Trade receivables	316 511	59 386	786 663	397 222	1 418 341	228 210	(1 023 579)	2 182 754
Shares in associates								40 842
Unallocated assets								5 971 490
Total assets								**59 523 142**
Liabilities of the segment excluding trade liabilities	9 130 098	171 775	448 485	1 576 017	1 291 694	359 945	(2 944 796)	10 033 218
Trade liabilities	509 448	25 298	394 924	200 588	601 399	144 481	(994 971)	881 167
Unallocated liabilities								6 257 379
Total liabilities								**17 171 764**
Other information on business segments								
Capital expenditures	541 414	64 715	2 084	181 836	2 034	30 940	(27 800)	795 223
Purchase of property, plant and equipment, net - within purchase of new companies	-	10 782	-	-	-	-	18 612	29 394
Revaluation write-offs on financial and non-financial assets	61 525	7 899	(832)	2 308	7 570	640	(13 686)	65 424
Amortisation and depreciation	418 876	42 315	3 601	247 891	2 116	27 660	(8 693)	733 766
Other non-monetary expenses***)	546 256	4 062	(128)	35 672	141 115	10 341	-	737 318

*) EBIT = profit (loss) before tax and financial revenues / expenses

**) EBITDA = EBIT + amortization

***) changes in provisions of non-monetary character, inter alia for gratuities, recultivation, CO2 emission rights, jubilee awards, employees' tariff recognised in financial result and in other comprehensive income

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

Period ended March 31, 2012 (data restated)	Segment: Conventional Generation	Segment: Renewable Energy	Segment: Wholesale	Segment: Distribution	Segment: Retail sale	Other activities	Consolidation adjustments	Total continued operations
Revenues								
Revenues from sales to external customers	3 654 564	135 786	272 085	280 403	3 360 699	196 656	8 034	**7 908 227**
Revenues from sales between segments	264 080	5 567	2 559 161	1 162 475	61 171	197 947	(4 250 401)	**-**
Total revenues from segments	**3 918 644**	**141 353**	**2 831 246**	**1 442 878**	**3 421 870**	**394 603**	**(4 242 367)**	**7 908 227**
Financial result								
EBIT *)	**1 492 875**	**40 998**	**73 353**	**278 369**	**56 474**	**1 301**	**15 749**	**1 959 119**
EBITDA **)	**1 915 761**	**73 684**	**78 334**	**510 347**	**58 663**	**27 593**	**8 218**	**2 672 600**
Net financial revenues (expenses)								115 491
Share of profit of associates								55
Profit (loss) before tax								**2 074 665**
Income tax								(414 711)
Net profit (loss) for the period								**1 659 954**
Assets and liabilities								
Assets of the segment excluding trade receivables	33 867 783	1 917 198	418 160	14 178 790	700 282	1 176 996	(1 038 665)	51 220 544
Trade receivables	336 627	46 918	546 868	432 607	1 301 879	229 014	(1 027 448)	1 866 465
Shares in associates								53 632
Unallocated assets								8 883 747
Total assets								**62 024 388**
Liabilities of the segment excluding trade liabilities	10 565 960	102 415	511 651	1 411 198	1 371 920	391 832	(80 495)	14 274 481
Trade liabilities	560 299	11 214	440 336	191 410	550 480	136 429	(989 464)	900 704
Unallocated liabilities								4 082 353
Total liabilities								**19 257 538**
Other information on business segments								
Capital expenditures	523 892	7 183	237	190 710	1 299	38 546	(24 718)	737 149
Revaluation write-offs on financial and non-financial assets	(7 967)	(2 892)	20 038	119	7 769	(187)	(3)	16 877
Amortisation and depreciation	422 886	32 686	4 981	231 978	2 189	26 292	(7 531)	713 481
Other non-monetary expenses***)	581 822	5 160	(18 238)	39 703	336 793	8 474	(4 293)	949 421

*) EBIT = profit (loss) before tax and financial revenues / expenses

**) EBITDA = EBIT + amortization

***) changes in provisions of non-monetary character, inter alia for gratuities, recultivation, CO2 emission rights, jubilee awards, employees' tariff recognised in financial result and in other comprehensive income

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

10. Revenues and expenses

10.1. Sales revenues

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Revenues from operating activities		
Sales of finished goods and merchandise with excise tax	*7,598,020*	*7,785,833*
Excise tax	*(121,044)*	*(114,140)*
Revenues from sale of finished goods and merchandise	7,476,976	7,671,693
Revenues from sale of services	129,165	171,511
Revenues from lease	10,181	8,794
Revenues from LTC compensations	201,418	56,229
Total sales revenues	**7,817,740**	**7,908,227**

The issue of revenues from LTC compensations is described in Note 25.1 of these financial statements.

10.2. Costs by type and functions

Cost by type	3-month period ended March 31, 2013	3-month period ended March 31, 2012 *(data restated)*
Depreciation/amortization	733,766	713,781
Materials and energy	1,090,135	1,129,029
External services	547,056	609,190
Taxes and charges	639,372	680,033
Personnel expenses	1,083,160	1,106,903
Other costs by type	77,206	81,151
Total costs by type	**4,170,695**	**4,319,787**
Change in inventories	(10,052)	(27,027)
Cost of products and services for the entity's own needs	(344,439)	(307,159)
Distribution and selling expenses	(236,873)	(448,126)
General and administrative expenses	(175,349)	(178,719)
Cost of merchandise and materials sold	2,451,372	2,151,799
Cost of goods sold	**5,855,354**	**5,510,555**

As it was described in Note 6 to these financial statements, the Capital Group changed selected accounting principles regarding the so called costs of past employment (implementation of amended IAS 19) and recognition of overburden removal costs in the production phase of a surface mine (implementation of IFRIC 20) . In order to ensure comparability, particular positions of costs by type for the period ended March 31, 2012 has been accordingly restated.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

10.3. Other operating revenues and expenses

Other operating revenues	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Adjustment of revenues from LTC compensations	-	130,318
Profit on disposal of property, plant and equipment	7,130	5,314
Reversal of impairment allowances for receivables	3,415	6,554
Reversal of impairment allowances for other assets	8,616	140
Provisions reversed	12,107	30,500
Compensations, penalties and fines received	65,818	64,729
Grants received	3,940	3,725
Taxes refunded	168	272
Court fees refunded	1,376	824
Assets acquired free of charge	1,324	765
Surpluses / disclosures of assets	295	932
Revenues from illegal energy consumption	3,304	1,765
Other	5,593	9,215
Total other operating revenues	**113,086**	**255,053**

Other operating expenses	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Impairment allowances raised for receivables	16,889	30,522
Impairment allowances raised for other assets	60,315	766
Loss on disposal of property, plant and equipment and intangible assets	152	61
Provisions raised	17,756	16,744
Donations granted	69	1,178
Compensation paid	1,131	852
Court fees paid	3,009	1,964
Liquidation of damages/ removal of failures	8,373	5,145
Scrapping of non-current assets	2,820	3,355
Forgiveness of receivables	610	930
Costs of social activities	933	1,105
Other	3,254	4,139
Total other operating expenses	**115,311**	**66,761**

Impairment allowances raised for other assets relates mainly to Project Opole II. This issue is described in Note 25.4 to these financial statements.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

10.4. Financial revenues and expenses

Financial revenues	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Financial revenues from financial instruments	**67,447**	**223,099**
Dividends	-	-
Interest revenue	52,309	101,167
Revaluation/ reversal of impairment allowances	4,556	4,394
Profit on disposal of investments	-	41,688
Exchange gains	10,582	75,850
Other financial revenues	**10,875**	**5,486**
Discount rate adjustment	-	352
Interest on statutory receivables	-	398
Provisions reversed	4,605	4,164
Other	6,270	572
Total financial revenues	**78,322**	**228,585**

Financial expenses	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Financial expenses from financial instruments	**51,554**	**62,125**
Interest expenses	18,351	23,752
Revaluation	8,079	47
Impairment losses	1,240	472
Loss on disposal of investments	-	-
Exchange losses	23,884	37,854
Other financial expenses	**46,068**	**50,969**
Interest expenses (including effect of discount unwinding)	45,186	50,102
Interest paid relating to state liabilities	261	628
Other	621	239
Total financial expenses	**97,622**	**113,094**

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

11. Impairment allowances of assets – recognition and reversal

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Impairment allowances on property plant and equipment		
- impairment allowance raised	61,132	-
- impairment allowance reversed	8,751	64
Impairment allowances on inventories		
- impairment allowance raised	18,108	7,019
- impairment allowance reversed	4,447	13,304

Impairment allowance raised on property, plant and equipment relates mainly to Project Opole II. This issue is described in Note 25.4 to these financial statements.

Impairment allowance on inventories relates mainly to energy origin certificates and was raised due to significant loss of market value of these assets.

Moreover impairment allowances raised and reversed for financial assets are described in Note 10 of these financial statements.

12. Income tax

	3-month period ended March 31, 2013	3-month period ended March 31, 2012 *(data restated)*
Income tax disclosed in the statement of comprehensive income		
Current income tax	230,872	317, 480
Deferred income tax	63,577	71,518
Total	**294,449**	**414,711**

Moreover, the Group recognized in other comprehensive income a deferred tax liability of PLN 111 thousand in the period ended March 31, 2012.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

13. Deferred tax asset and liability

Components of deferred tax liability	As at March 31, 2013	As at December 31, 2012
1996-2000 investment reliefs	829	838
Difference between tax value and carrying value of property, plant and equipment	2,221,318	2,153,022
Accrued interest on deposits, loans granted, bonds and receivables	47,336	52,520
Difference between tax value and carrying value of other financial assets	1,102	290
Difference between tax value and carrying value of financial liabilities	10,706	14,440
Current period revenues unrealized for tax purposes	154,736	140,800
Difference between tax value and carrying value of energy origin units of ownership	43,763	60,899
Revenues from accrued LTC compensations	632,319	632,633
Upward valuation of revenues	138,297	133,584
CO_2 emission rights	725,820	513,137
Other	44,146	55,931
Gross deferred tax liability	**4,020,372**	**3,758,094**

Components of deferred tax asset	As at March 31, 2013	As at December 31, 2012
Difference between tax value and carrying value of property, plant and equipment	429,285	414,365
Current period costs not realized for tax purpose	138,274	128,303
Provisions for employee benefits	511,202	503,836
Provisions for recultivation of excavations and recultivation of ash storages	382,270	376,243
Accrued employee bonuses	20,747	23,048
Difference between tax value and carrying value of financial assets	8,354	7,541
Difference between tax value and carrying value of financial liabilities	25,785	25,487
Difference between tax value and carrying value of inventories	28,061	27,367
Payroll and other employee benefits	19,980	19,330
Tax losses	4,834	1,542
Infrastructure acquired free of charge and connection payments received	159,162	161,365
Provision for purchase of CO_2 emission rights	486,730	405,136
Other provisions	58,657	51,276
Provision for energy origin units	46,623	142,715
Compensations from reversal of LTC	167,420	177,534
Other	214,437	88,807
Gross deferred tax asset	**2,701,821**	**2,553,895**
Impairment allowances on tax asset	661	853
Deferred tax asset before off-set of balances	**2,701,160**	**2,553,042**
After off-set of balances at the Group companies' level the deferred tax of the Group is presented as:		
Deferred tax asset	**267,661**	**367,079**
Deferred tax liability	**(1,586,873)**	**(1,572,131)**

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14. Greenhouse gases emission rights

A separate item in the statement of financial position is used for presentation of European Union Allowances (EUA) for carbon emissions, designated for the PGE Group companies' own purposes, and other units redeemed pursuant to greenhouse gas emissions (CER, ERU) – both received free of charge under the National Allowance Plan (NAP) and acquired otherwise. EUA received gratuitously under the NAP are recognized in the records at the beginning of the period for which they were assigned, at fair value effective as at the date of initial recognition. EUA received free of charge are recorded in correspondence with deferred income. Purchased allowances are presented at purchase price.

The units designed for own use are tested for impairment together with the respective cash generating unit.

	EUA		CER/ERU		Total
	Amount	Value	Amount	Value	value
As at January 1, 2013	**76,303**	**2,696,471**	**5,787**	**194,113**	**2,890,584**
Purchase	9,056	225,697	-	-	225,697
Allocation within NAP	33,196	872,637	-	-	872,637
Redemption	-	-	-	-	-
Reclassification to/ from inventories	-	-	-	-	-
As at March 31, 2013	**118,555**	**3,794,805**	**5,787**	**194,113**	**3,988,918**

15. Share capital

	As at March 31, 2013	As at December 31, 2012
Number of Series A ordinary Shares with a nominal value of 10 PLN each	1,470,576,500	1,470,576,500
Number of Series B ordinary Shares with a nominal value of 10 PLN each	259,513,500	259,513,500
Number of Series C ordinary Shares with a nominal value of 10 PLN each	73,228,888	73,228,888
Number of Series D ordinary Shares with a nominal value of 10 PLN each	66,441,941	66,441,941
Total number of shares	**1,869,760,829**	**1,869,760,829**

All shares of the Company are paid up.

Ownership structure of the Company as at the balance sheet dates.

	State Treasury	Other shareholders	Total
As at January 1, 2013	**61.89%**	**38.11%**	**100.00%**
As at March 31, 2013	**61.89%**	**38.11%**	**100.00%**

The ownership structure as at balance sheet dates was prepared on the basis of data available to the Company.

After the balance sheet data until the date of these financial statements the value of the share capital of the Company has not changed.

Condensed interim consolidated financial statements for the 3-month period ended March 31, 2013 prepared in accordance with IFRS (in PLN thousand)

15.1. Earnings per share

Earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

An entity shall calculate diluted earnings per share by dividing profit or loss attributable to ordinary equity holders of the Company (after deduction of interest on redeemable convertible preference shares) by the weighted average number of shares outstanding during the period (adjusted by the number of dilutive options or dilutive redeemable convertible preference shares).

16. Dividends paid and dividends declared

	Dividends paid or declared from the profit for the period/ year ended		
	March 31, 2013	**December 31, 2012**	**December 31, 2011**
Cash dividends from ordinary shares			
Dividend paid from retained earnings	-	-	3,421,662
Dividend paid from other capital reserve	-	-	-
Total cash dividends from ordinary shares	**-**	**-**	**3,421,662**
Cash dividends per share (in PLN)	-	**-**	**1.83**

Dividend from the profit for 2012

These financial statements were prepared before distribution of profit for the year ended December 31, 2012 and approval of the amount of the dividend

The Management Board of the Company recommends a dividend at a level of 50% of the net profit attributable to the equity holders of the parent, reported in the consolidated financial statements for the year ended December 31, 2012, i.e. PLN 1,607,994 thousand (what means PLN 0.86 per share). Whole profit recognized in the standalone financial statements and appropriate part of reserve capital will be allocated for the dividend.

Dividend from the profit for the period ended March 31, 2013

During the reporting period and until the date of preparation of these financial statements, the Company did not make any interim dividend payments.

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17. Provisions

	Post-employment benefits	Provisions for jubilee benefits	Provisions for third parties claims	Provisions for legal disputes	Provisions for obligatory redemption of CO_2 emission rights	Provisions for employee claims	Provisions for recultivation costs	Provisions for scrapping of property, plant and equipment	Provisions for energy origin units held for redemption	Other provisions	Total
As at January 1, 2013	**1,552,117**	**989,948**	**204,761**	**160,613**	**2,132,295**	**14,275**	**2,075,960**	**83,454**	**751,295**	**408,791**	**8,373,509**
Actuarial gains and losses	-	-	-	-	-	-	-	-	-	-	**-**
Interest costs	15,237	9,617	-	-	-	-	19,706	586	-	-	**45,146**
Costs of present employment / provisions used	(4,575)	1,756	(6,274)	(251)	-	(1,556)	-	(7,058)	(642,558)	(96,042)	**(756,558)**
Raised during the year	-	-	-	7,964	429,443	233	14,979	-	196,280	155,583	**804,482**
Reversed	-	-	(6,108)	(8,403)	-	(831)	-	-	(59,631)	(7,841)	**(82,814)**
Other changes	(410)	(593)	-	125	-	155	1,031	-	-	(3,938)	**(3,630)**
As at March 31, 2013	**1,562,369**	**1,000,728**	**192,379**	**160,048**	**2,561,738**	**12,276**	**2,111,676**	**76,982**	**245,386**	**456,553**	**8,380,135**
Short-term	**88,064**	**101,569**	**192,379**	**104,184**	**2,561,738**	**7,660**	**-**	**15,978**	**245,386**	**311,348**	**3,628,306**
Long-term	**1,474,305**	**899,159**	**-**	**55,864**	**-**	**4,616**	**2,111,676**	**61,004**	**-**	**145,205**	**4,751,829**

According to the current plans of recultivation of final excavation, lignite mines of the Group estimate that relevant costs will be incurred in the years 2032-2081 (for PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Kopalnia Węgla Brunatnego Bełchatów) and in the years 2041-2090 (for PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Kopalnia Węgla Brunatnego Turów).

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	Post-employment benefits	Provisions for jubilee benefits	Provisions for third parties claims	Provisions for legal disputes	Provisions for purchase of CO_2 emission rights	Provisions for employee claims	Provisions for recultivation costs	Provisions for scrapping of property, plant and equipment	Provisions for energy origin units held for redemption	Other provisions	Total
As at January 1, 2012	**1,300,312**	**762,532**	**408,333**	**127,679**	**3,099,855**	**13,926**	**1,102,039**	**84,649**	**633,290**	**391,768**	**7,924,383**
Changes in the composition of the Group	(1,216)	(2,786)								(778)	**(4,780)**
Costs of present employment	28,510	37,708	-	-	-	-	-	-	-	-	**66,218**
Actuarial gains and losses excluding discount rate adjustment	(102,023)	128,351	-	-	-	-	-	-	-	-	**26,328**
Revaluation of provision/ discount rate adjustments	304,208	115,354	-	-	-	-	886,201	-	-	-	**1,305,763**
Interest costs	72,791	40,400	-	-	-	-	40,926	4,142	-	6	**158,265**
Benefits paid/ provisions used	(58,593)	(92,960)	-	(2,379)	(2,791,459)	(1,179)	(602)	(5,083)	(969,297)	(448,586)	**(4,370,138)**
Raised during the year	-	-	1,070	97,062	1,823,899	7,675	43,068	150	1,108,870	534,874	**3,616,668**
Reversed	-	-	(204,642)	(61,955)	-	(4,961)	-	(404)	(22,537)	(70,884)	**(365,383)**
Other changes	8,128	1,349	-	206	-	(1,186)	4,328	-	969	2,391	**16,185**
As at December 31, 2012	**1,552,117**	**989,948**	**204,761**	**160,613**	**2,132,295**	**14,275**	**2,075,960**	**83,454**	**751,295**	**408,791**	**8,373,509**
Short-term	**85,622**	**98,459**	**204,761**	**105,443**	**2,132,295**	**9,659**	**-**	**23,035**	**751,295**	**267,526**	**3,678,095**
Long-term	**1,466,495**	**891,489**	**-**	**55,170**	**-**	**4,616**	**2,075,960**	**60,419**	**-**	**141,265**	**4,695,414**

17.1. Provisions for post-employment benefits

The value of provisions disclosed in the interim financial statements is calculated on the ground of forecasts prepared by the independent actuary.

17.2. Provisions for jubilee benefits

According to the corporate system of remuneration, the employees of the Group's entities are entitled to jubilee awards. These awards are paid after an employee has worked a specified period of time. The amount of awards paid depends on the period of employment and the average remuneration of the employee. The entity recognizes a provision for future obligations relevant to jubilee awards in order to assign costs to the periods they refer to. The value of provisions recognized in the interim financial statements is calculated on the ground of forecasts prepared by the independent actuary.

17.3. Provisions for liability due to carbon dioxide emission rights

Particular Group entities record provisions for liabilities of carbon dioxide emissions in relation to total amount of emissions. The provision is calculated taking into account the most accurate estimation of the expenditures needed to fulfil current obligation as at balance sheet date, including recorded EUA's value received as free of charge and acquired EUA, and also possible coverage of the deficiency of certificates CER or ERU.

17.4. Provisions for third-party claims

Provisions presented in this position relate mainly to dispute of the parent company with Alpiq Holding AG. The issue was described in Note 19.4 to these financial statements.

17.5. Provision for legal disputes

Provisions for the use of land

Entities of the PGE Group raise provisions for damages related to a non-agreed usage of property. This issue mainly relates to distribution companies, which own distribution networks. As of the reporting date the provision amounted to ca. PLN 80 million. The provision is created to cover claims under court proceedings.

17.6. Provisions for costs of recultivation

Provision for recultivation of mine excavation

According to regulations of the Act of February 3, 1995 on Agricultural and Forest grounds and regulations of the Act of February 4, 1994 on Geological and Mining Law, the entrepreneur causing loss or reduction of value in the use of the ground is obliged to recultivate the ground at the entrepreneur's expense.

PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Kopalnia Węgla Brunatnego Bełchatów and PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Kopalnia Węgla Brunatnego Turów raise provisions for recultivation of final mine excavations. Costs of recultivation of final excavations are reflected and settled throughout the period of the exploitation of mines, with the use of the depletion method based on the rate of coal excavation. The provision as at the end of the period is calculated as a product of the discounted total cost of recultivation divided by the rate of coal excavation, less period-end value of Mine Liquidation Fund created in accordance with Geological and Mining Law.

Provision for recultivation of ash storages

The PGE Group producers raise provisions for recultivation of ash storages. The provision is created with the use of the natural method - proportionally as the storage is filled. The provision at the end of each year is calculated as a product of the discounted value of total recultivation costs for the given year and the proportion in which the storage is filled.

17.7. Scrapping of property, plant and equipment

The provision for scrapping of property, plant and equipment relates to the part of assets of PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Elektrownia Turów, which is going to be excluded from the production by the end of 2013. The obligation of scrapping and recultivation of the area results from „The integrated permission for running electric energy and heat energy producing installation" in which the restitution of the area was specified. The amount of created provision was established on the basis of expected scrapping expenses and was recognized on the debit side in initial value of property, plant and equipment. Depreciation of activated scrapping expenses which is calculated on the basis of the estimated economic useful life of an appropriate item of property, plant and equipment as well as change in provision value resulting from the discount unwinding as at the balance sheet date influence the financial result of the Group. As at the balance sheet date, the value of provision amounts to PLN 77 million.

17.8. Provision for energy origin units held for redemption

The companies from the Group raise provision for the amount of certificates of origin related to sales in the current or previous reporting periods, in amount of certificates not redeemed till the balance sheet date. The provision amounted to PLN 245 million as at March 31, 2012.

17.9. Other provisions

Dispute concerning the scope of taxation with real estate tax

The main component of other provisions is a provision covering declared and predicted claims relating to real estate tax. The matter of dispute was described in detail in Note 24.2 of these financial statements.

Dispute concerning the redemption of energy origin units of ownership

PGE Obrót S.A is a party to proceedings against the Energy Regulatory Office, related to an obligation of redemption of energy units of origin – so called green and red certificates. As at March 31, 2013 the provision created to cover possible penalties amounted to PLN 18 million. The final value of possible penalties will depend on the results of the court proceedings and may be subject to change.

Annual bonus

Employees of PGE Group are entitled to the "annual bonus" paid on the basis of the corporate collective labour agreement or regulations applicable to individual entities. As at March 31, 2013 created provisions amounted to PLN 91 million.

Provision for unused annual holiday

The Group creates provision for employee benefits related to unused holiday. As at balance sheet date the provision amounted to PLN 118 million.

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18. Deferred income and government grants

Deferred income and government grants	As at March 31, 2013	As at December 31, 2012
Long-term:		
Government grants	277,796	264,945
Other deferred income	848,174	859,809
Long-term deferred income and government grants	**1,125,970**	**1,124,754**
Short-term:		
Government grants	10,299	9,734
Other deferred income	767,076	113,667
Short-term deferred income and government grants	**777,375**	**123,401**

The table below presents positions comprising government grants and deferred income.

Government grants	As at March 31, 2013	As at December 31, 2012
Redemption of loans from environmental funds	54,235	55,197
Grants received from NFEPWM (national environmental fund)	115,077	101,082
Grants from EU for CCS	85,363	85,492
Other government grants	33,420	32,908
Total deferred income, including:	**288,095**	**274,679**
Long-term	277,796	264,945
Short-term	10,299	9,734

Other deferred income	As at March 31, 2013	As at December 31, 2012
CO_2 emission rights	654,478	-
Property, plant and equipment acquired free of charge	154,592	155,094
Subsidies received and connection fees	750,606	760,972
Lease income	1,883	2,704
Other deferred income	53,692	54,706
Total deferred income, including:	**1,615,251**	**973,476**
Long-term	848,175	859,809
Short-term	767,076	113,667

The carbon dioxide emission rights disclosed in the table above constitute the value of emission rights acquired free of charge under the National Allocation Plan for the year 2013. The item is settled into the consolidated statement of comprehensive income during the reporting period.

Subsidies received in caption other deferred income comprise mainly fees received until July 1, 2010 for connection to power network, which are presented as donations to property, plant and equipment in these consolidated financial statements.

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19. Contingent liabilities and receivables. Legal claims

19.1. Contingent liabilities

Contingent liabilities	**As at March 31, 2013**	**As at December 31, 2012**
Liabilities due to bank guarantees	250	250
Contingent return of grants from environmental funds	295,589	294,304
Legal claims	9,057	8,282
Contractual fines and penalties	12,481	14,190
Employee claims	52,040	52,040
Compensations related to non-agreed usage of property	3,631	2,558
Other contingent liabilities	102,524	101,486
Total contingent liabilities	**475,572**	**473,110**

Contingent return of grants from environmental funds

Liabilities present the value of probable future reimbursements of funds received by PGE Group companies from environmental funds for the particular investments. The funds will be reimbursed, if the investment, for which they were granted, will not bring the expected environmental effect.

Liabilities related to legal claims

This caption presents mainly claims from contractors against Group companies related to services rendered or products delivered.

Claims related to contractual fines and penalties

The contingent liability comprises mainly accrued contractual fines relating to delay in realization of the investment issued by the Mayor of the City and Municipality of Gryfino to PGE Zespół Elektrowni Dolna Odra S.A. (currently PGE Górnictwo i Energetyka Konwencjonalna S.A.).

Employee claims

This caption mainly represents the values of potential claims which may be raised by some employees at one of the PGE Group entity employer, who work continuous shifts, regarding payment of overtime work compensation. Employees who work continuous shifts with this employer are entitled to a specific number of days off work in the given month, in accordance with the Labour Code and the Corporate Collective Labour Agreement.

Potential claims may be raised by these employees in relation to a sentence by a Regional Court, resolving on the interpretation of the concept of day off work (which is not defined by labour legislation) to the advantage of one of these employees. In the opinion of the Company, a day off work should mean 24 consecutive hours following the end of the employee's work on a given shift, which is the principle applied by the company when awarding days off work to employees. However, according to the sentence - with which the company does not agree - a day off work should mean 24 consecutive hours following the end of 24-hour workday and not following the end of work on a given shift.

Therefore, more employees may raise claims for payment of compensation for overtime work. Contingent liability was calculated for those employees who requested the employer to present their work timesheets for the last three years.

Other contingent liabilities

The other contingent liabilities comprise mainly the unsettled value of funds received by PGE Górnictwo i Energetyka Konwencjonalna S.A. on the basis of a signed agreement on financing of the demonstrative project under the name: “Construction of a Carbon Capture and Storage System” in the amount of PLN 88 million, the value of potential cash fines in the amount of almost PLN 14 million resulting from proceeding relating to environmental protection (breach of the conditions of disposal of sewage and deforestation in some PGE Group companies).

19.2. Other significant issues related to contingent liabilities

Non-agreed usage of property

Due to the nature of its activities the companies of the Group use many properties, on which the buildings and structures or devices used to the transmission of the electricity are based. In respect of many properties there are doubts as to the title of usage. In the case of property, for which the Group companies have no legal title or the title is doubtful, there is a risk of claims by their owners, the alleged owner or other person for compensation in respect of non-agreed usage of these properties. As described in note 17.5 to these consolidated financial statements the relevant provision is created to cover claims under court proceedings. Moreover, there are disputes in the Group at an early stage. There is also a possibility of increased number of disputes and increased value thereof in the future.

Contractual liabilities related to the purchase of commodities (fuel)

According to the concluded agreements on the purchase of fuels (mainly coal and gas), the PGE Group companies are obliged to collect the minimum volume of fuels and not to exceed the maximum level of collection of gas fuel in particular hours and months. If an entity does not collect a minimum volume of fuel specified in the contract, it is obliged to pay appropriate fee (the amount of gas fuel not collected by power plants but paid up, may be collected within the next three contractual years). In the opinion of the Group, the terms and conditions of fuel deliveries from PGNiG do not differ from other fuel deliveries conditions on the Polish market.

Project Opole II

In April 2013 a decision was made on closing of investment project Opole II. The consequences of this decision are described in detail in Note 25.4 to these financial statements.

19.3. Contingent receivables

As at balance sheet date, the Group has ca. PLN 61 million of contingent receivables related to financing received from the National Fund for Environmental Protection and Water Management to realize the project of building cogeneration unit, reimbursement of VAT and registered claims for compensations from insurers relating to fortuitous events.

Additionally, the matter of a possible excise tax refund for the years 2006-2008 were described in detail in note 24.1 to these financial statements.

19.4. Other legal claims and court issues

Dispute between PGE S.A. and ATEL (currently Alpiq Holding AG)

Since 2009 PGE Polska Grupa Energetyczna S.A. was a party to arbitration proceedings with the company Alpiq. The proceeding was held before the Arbitration Tribunal in Vienna. The subject of the arbitration proceeding was the claim of Alpiq, raised against PGE, resulting from the default on an electricity supply agreement signed on 28 October 1997. Claims submitted by Alpiq and changed on October 4, 2010 amounted to approximately EUR 155 million. The arbitration proceeding was held in written form and was based on the exchange of pleadings between the parties and presentation to the Tribunal of evidence by witnesses, experts and statements by the parties.

On September 12, 2012, the Arbitration Tribunal issued a final judgment in this case and obliged PGE to pay to Alpiq EUR 43,204 thousand plus interest due.

PGE S.A. and Alpiq reached agreement on execution of the above judgment. According to the agreement, PGE S.A. will pay the above amount plus interest until the verdict date, reduced by the proceeding cost judged from Alpiq for PGE S.A., in two instalments. First part in amount of EUR 22,898 thousand was paid on April 15, 2013 and the remaining amount is to be paid by the end of 2013.

Legal aspects connected with the Consolidation Programme

As a result of implementation of the Consolidation Programme, on August 3 and August 16, 2010 the extraordinary general meetings of the involved PGE Group entities, adopted resolutions concerning the mergers (merger resolutions). Few shareholders brought actions for statement of invalidity of the resolution together with the request for overruling of the merger resolutions. The lawsuits related to the merger resolution of PGE Elektrownia Opole S.A. and some merger resolutions within Conventional Generation segment (cases conducted by PGE Górnictwo i Energetyka Konwencjonalna S.A.) and merger resolution adopted by the shareholders of PGE Górnictwo i Energetyka S.A. (case conducted by PGE S.A.).

All trials had been lawfully concluded and the Courts dismissed in full the plaintiffs' appeals, confirming the viewpoint of the PGE companies that the shareholders' objections are apparent and the shareholders aim at contesting the exchange parity of shares, what is unallowable under appeal against the resolutions.

The shareholders used their proceeding rights and filed cassation appeals in cases against PGE Górnictwo i Energetyka Konwencjonalna S.A., PGE Elektrownia Opole S.A. and PGE Polska Grupa Energetyczna S.A. In case against PGE Górnictwo i Energetyka Konwencjonalna S.A. the Supreme Court refused to accept the cassation appeal for examination and in other cases dismissed the plaintiff's cassation appeals.

Moreover, in the last case for statement of invalidity of the merger resolution (eventually overruling), there is a risk of filing a cassation appeal against the verdict of the court of second instance that dismissed the appeal of the minority shareholder.

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20. Financial liabilities

Financial liabilities at amortized cost (As at March 31, 2013)	**Long-term**	**Short-term**	**Total**
Interest bearing loans and credits	1,073,936	507,942	**1,581,878**
Leasing	2,032	1,698	**3,730**
Trade liabilities	-	881,167	**881,167**
LTC compensations	-	340,340	**340,340**
Other financial liabilities	21,794	778,742	**800,536**
Total	**1,097,762**	**2,509,889**	**3,607,651**

Other financial liabilities comprise mainly liabilities due to purchase of property, plant and equipment in amount of PLN 225 million and received deposits in total amount of PLN 350 million (mainly deposit received by PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Elektrownia Opole from Rafako S.A. relating to construction of new power units).

In the caption loans and credits, the Group presents the following facilities:

- investment credit facility drawn by PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Elektrownia Bełchatów from Nordic Investment Bank to finance construction of 858 MW power plant - with a carrying value of PLN 621 million as at March 31, 2013;
- investment credit facilities drawn by PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Elektrownia Turów from Nordic Investment Bank, UBS Investment Bank AG and Bank Ochrony Środowiska S.A. for modernisation of the generation assets - with a carrying value of PLN 393 million as at March 31, 2013.

Additionally, as at March 31, 2013 PGE Polska Grupa Energetyczna S.A. held a possibility to issue bonds within 3 programmes: the programme addressed to external investors for the maximum amount of PLN 10 billion, the programme addressed to Polish capital market investors for the maximum amount of PLN 5 billion and the programme addressed to PGE Group companies for the maximum amount of PLN 5 billion.

21. Future investment commitment

As at the balance sheet date, the Group has committed to incur capital expenditures on property, plant and equipment in the amount of PLN 3.650 million. These amounts relate to construction of new units, modernization of Group's assets and purchase of machinery and equipment. Most significant investment commitments concern:

- modernization of power units no 7-12 in PGE Górnictwo i Energetyka Konwencjonalna S.A. Branch Elektrownia Bełchatów for the total amount of approx. PLN 2,274 million;
- investment commitments of PGE Dystrybucja S.A. of the total value of approximately PLN 662 million.

Issue of realisation of Project Opole II is described in Note 25.4 to these financial statements.

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22. Information on significant purchase transactions of property, plant and equipment

During the reporting period PGE Capital Group purchased property, plant and equipment and construction in progress of PLN 778 million. Majority of expenditures were incurred by PGE Górnictwo i Energetyka Konwencjonalna S.A. (PLN 539 million) and PGE Dystrybucja S.A. (PLN 180 million). The most significant expenditures of PLN 199 million are related to general reconstruction and modernization of power units 7-12 in Elektrownia Bełchatów and increase of fixed assets in amount of PLN 10 million as a result of control takeover of Eolica Wojciechowo sp. z o.o. by PGE Energia Odnawialna S.A. In current period there were no significant disposals of fixed assets.

23. Information on related parties

Transactions with related entities are concluded using current market prices for provided goods, products and services or are based on the cost of manufacturing.

23.1. Associates

	Sales to associates	Purchases from associates	Trade receivables from associates	Trade liabilities towards associates
Jan 1 - Mar 31 2013	2,525	127	2,022	30
Jan 1 - Mar 31 2012	2,292	56	788	34

23.2. Transactions with State Treasury entities

The State Treasury is the dominant shareholder of PGE Polska Grupa Energetyczna S.A. and as a result in accordance with IAS 24 *Related Party Disclosures*, State Treasury companies are recognized as related entities. The PGE Group companies identify in detail transactions with almost 40 of the biggest State Treasury related companies. The total value of transactions with such entities is presented in the table below.

	Sale to State Treasury entities	Purchases from State Treasury entities	Trade receivables from State Treasury entities	Trade liabilities towards State Treasury entities
Jan 1 - Mar 31 2013	952,845	968,124	437,203	440,933
Jan 1 - Mar 31 2012	538,367	1,283,909	171,000	483,236

The largest transactions with the participation of State Treasury companies involve PSE S.A., utility power plants, electricity trading companies, retailers involved in sales and purchases of coal from Polish mines.

Moreover, PGE Group concludes significant transactions on the energy market via Towarowa Giełda Energii S.A. However, because this entity is only engaged in organization of exchange trading activities, purchases and sales transacted through this entity are not recognized as transactions with related parties.

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23.3. Key management personnel remuneration

The key management comprises the Management Boards and Supervisory Boards of the parent company, group entities included in main business lines, PGE Energia Jądrowa S.A., PGE EJ1 sp. z o.o., PGE Systemy S.A. and Exatel S.A.

	Period ended March 31, 2013	Period ended March 31, 2012
Short-term employee benefits (salaries and salary related costs)	6,012	4,294
Post-employment and termination benefits	897	2,920
Total remuneration of key management personnel	**6,909**	**7,214**
Remuneration of key management personnel of entities of non-core operations	3,794	5,028
Total remuneration of management personnel	**10,703**	**12,242**

	Period ended March 31, 2013	Period ended March 31, 2012
The Management Board of the parent company	2,856	1,264
The Supervisory Board of the parent company	72	93
The Management Boards – subsidiaries	3,768	5,592
The Supervisory Boards – subsidiaries	213	265
Total	**6,909**	**7,214**
Remuneration of key management personnel of entities of non-core operations	3,794	5,028
Total remuneration of management personnel	**10,703**	**12,242**

The Members of the Management Boards of some of the Group companies are employed on the basis of civil law contracts for management (Management contracts). The mentioned remuneration is included in other costs by type in the statement of comprehensive income.

Data in the above table represents the remuneration expense of the management personnel recognized in the reporting period in the PGE Capital Group companies. The remuneration expense in the period ended March 31, 2013 includes the appropriate portion of the created provision for the awards, to which the key management personnel is entitled. Final amount of the bonus and awards will depend on the performance of individual units and the PGE Capital Group.

The increase of salaries of the parent's Management Board in the period ended March 31, 2013 as compared to the period ended March 31, 2012 is a result of incomplete composition of the Management Board in the first quarter of 2012.

24. Tax settlements

Tax obligations and rights are specified in the Constitution of the Republic of Poland, tax regulations and rectified international agreements. According to the tax ordinance, tax is defined as public, unpaid, obligatory and non-returnable cash liability toward the State Treasury, provincial or other regional authorities resulting from tax regulation. Taking into account the subject criterion, current taxes in Poland can be divided into five groups: taxation of incomes, taxation of turnover, taxation of assets, taxation of activities and other, not classified elsewhere.

From the point of view of economic units, the most important is the taxation of incomes (corporate income tax), taxation of turnover (value added tax, excise tax) followed by taxation of assets (real estate tax and vehicle tax). Other payments classified as quasi – taxes cannot be omitted. Among these there are social security charges.

Basic tax rates in 2013 were as follows: corporate income tax – 19%, basic value added tax rate – 23%, lowered: 8%, 5%, 0%, furthermore some goods and products are subject to tax exemption.

The tax system in Poland is characterized by a significant changeability of tax regulations, their complexity, high potential fees foreseen in case of commitment of a tax crime or violation as well as general pro-tax approach of tax authorities. Tax settlements and other activity areas subject to regulations (customs or currency controls) can be subject to controls of respective authorities that are entitled to issue fines and penalties with penalty interest. Controls may cover tax settlements for the period of 5 years after the end of calendar year in which the tax was due.

The significant proceedings regarding public and state settlement within the Group entities are presented below.

24.1. Excise tax

As a result of non-compliance of Polish legal regulations on excise tax on electricity with the European Union law, on February 11, 2009, power plants and heat and power stations of PGE Group filed adjusted excise tax declarations together with motions stating surplus payments of excise tax in the years 2006-2008 and the months January and February 2009. The total value of the surplus declared (without the cost of interest) in the subject motions amounted to ca. PLN 3.4 billion.

The matter of tax repayment is currently a subject of disputes between producers and tax authorities. Different aspects of these disputes are being subjects to legal proceedings held by administrative courts. Due to significant uncertainty regarding the final outcome of the above matter the Group does not recognize any consequences arising from the repayment of overpaid excise tax in financial statements.

Moreover, there is a risk that if the production entities of the PGE Group receive the refund of the excise tax excess payment, civil and legal claims might be filed against these entities by electric energy buyers, which have been actually economically burdened with the excise tax in the past (i.e. based on unjustified enrichment accusation). Currently, the estimation of the value of possible claims is not possible, however this matter may have a significant and unfavourable impact on the future activities, financial results or financial situation of the Group.

24.2. Real estate tax

There are tax proceedings carried out to determine the scope subject to real estate tax in PGE Group power plants. The issue mainly concerns generation units of Elektrownia Opole and Zespół Elektrowni Dolna Odra. The dispute is related to the subject of taxation and concerns mainly a decision whether installations in buildings and technical machinery should be taxed as autonomous constructions. Tax proceedings are currently at various levels in front of first instance authorities (village-mayor, mayor), local government board of appeals and appeal courts.

In view of the on-going disputes, PGE Capital Group has set up an adequate amount of the provision for potential increase of tax due.

25. Significant events during the reporting period and subsequent events

25.1. Compensation for long term contacts

As it was described in the previous financial statements, some generating entities of PGE Górnictwo i Energetyka Konwencjonalna S.A. („PGE GiEK S.A.") became entitled to receive funds to cover stranded costs (so-called "LTC compensation") pursuant to the Act of June 29, 2007 on the Rules of Coverage of Costs Occurring at Production Plants as a Consequence of Early Termination of Long-Term Power and Electricity Sales Contracts (Journal of Laws No. 130, item 905, of 2007) (the "LTC Act"). The LTC Act is ambiguous in many points and raise important questions of interpretation. The calculation of the estimated results of each entity and resulting compensations, annual adjustments of stranded costs and final adjustments as well as resulting revenues recognized in the statement of comprehensive income was performed by the Group with the best of its knowledge in this area and with support of external experts.

In the previous years entitled producers from PGE Group received decisions on annual adjustments of stranded costs and costs related to natural gas fired entities for 2008-2011 (decisions for 2012 will be issued by the end of July 2013). The majority of these decisions were disadvantageous for the particular entities and the Group believes that they were issued in violation of the Long-Term Contracts Act.

As a consequence, since 2009, a number of proceedings have been pending before the Regional Court in Warsaw - Competition and Consumer Protection Court ("CCP Court") and before the Court of Appeal concerning appeals by PGE Group producers against the Decision of the President of the Energy Regulatory Office. These proceedings are currently at various levels of advancement.

LTC cases as at the date of these financial statements are presented below:

- With regard to settlement of annual adjustment of the stranded costs due to PGE GiEK S.A. for 2008 with a claim value of PLN 434.7 million – three out of six proceedings (Elektrownia Turów, Elektrociepłownia Rzeszów and Elektrociepłownia Gorzów) with a claim value of PLN 186.8 million may be acknowledged as closed. Other cases are still pending before the courts.
- With regard to settlement of annual adjustment of the stranded costs and costs related to natural gas fired entities due to PGE GiEK S.A. for 2009 with a claim value of PLN 672.9 million - two appeals have not yet been examined (Elektrownia Turów and Elektrociepłownia Lublin Wrotków). Other six are still pending before CCP Court and the Court of Appeal.
- With regard to settlement of annual adjustment of the stranded costs and costs related to natural gas fired entities due to PGE GiEK S.A. for 2010 and 2011 with a claim value of PLN 545.3 million – cases have not yet been examined by the court.

The resolution of the above unfinished proceeding in accordance with the appeals of PGE GiEK S.A. would have caused the recognition of revenues in amount of PLN 838.0 million.

25.2. Agreement on the exploration for and extraction of shale gas.

On July 4, 2012 PGE S.A. signed a framework agreement on the exploration for and extraction of shale gas ("Agreement"). The parties to the Agreement are PGE Polska Grupa Energetyczna S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG"), ENEA S.A., KGHM Polska Miedź S.A. and TAURON Polska Energia S.A.

The subject-matter of the Agreement is exploration, evaluation and extraction of shale gas in geological formations for which concessions have been granted for the exploration and evaluation of deposits of crude oil and natural gas in relation to the Wejherowo concession held by PGNiG (the "Wejherowo Concession"). With respect to the Wejherowo Concession, there is a close cooperation involving an area of approximately 160 km2 ("Co-operation area"). The Agreement also provides for preferential treatment of the parties with regard to the possibility of cooperation in relation to the remaining area of the Wejherowo Concession (with the exception of a situation where PGNiG on its own engages in exploration, evaluation or extraction of shale gas and excluding the area in the vicinity of Opalino and Lubocino where PGNiG is already conducting exploratory work).

Estimated expenditures on exploration, evaluation and extraction with respect to the first three zones (the Kochanowo, Częstkowo and Tępcz pads) within the Co-operation area are projected to be in the amount of PLN 1.72 billion. According to the Agreement and annexes, details regarding the terms of cooperation, including a detailed project budget and timeline, the shares of the Parties in financing the expenditures arising from the agreed-on budget, shares in the project's profits and the principles of responsibility, including contractual penalties in the case of the failure, in particular by PGNiG, to fulfil certain obligations resulting from the Agreement, were to be agreed by May 4, 2013. The Agreement assumes that if details regarding the terms of cooperation are not agreed by the parties by May 4, 2013, the Agreement may be terminated by each of the Parties. Until the date of this report none of the parties terminated the framework agreement of July 4, 2012. Currently works are carried out in order to settle further terms of co-operation.

25.3. Signing of a Letter of Intent on joint participation in preparation, construction and exploitation of the first Polish nuclear power plant.

On September 5, 2012 PGE S.A. signed a Letter of Intent regarding participation in preparation, construction and exploitation of the nuclear power plant (“Project”). The parties of the Letter of Intent are: PGE Polska Grupa Energetyczna S.A., KGHM Polska Miedź S.A., Tauron Polska Energia S.A. and ENEA S.A. (jointly “Parties”).

On the grounds of the signed Letter of Intent Parties will cooperate in creating a draft sale-purchase agreement regarding shares in special purpose company PGE EJ1 sp. z o.o. ("Special Purpose Company"), which is directly responsible for preparation of the construction investment process and exploitation of the first Polish nuclear power plant. Draft agreement will comprise rights and liabilities of all the Parties while realization of the Project, on the assumption that PGE will take a leading position in the Project, directly or indirectly through its subsidiary. Conditions of the Special Purpose Company shares' acquisition will include financial expenditures related to the hitherto realized Project that were incurred by PGE or its subsidiaries.

On December 28, 2012 the Parties decided to prolong the validation of the Letter of Intent until March 31, 2013.

Currently works are carried out in order to determine details of further co-operation of the Parties of the Letter of Intent regarding participation in preparation, construction and exploitation of the first Polish nuclear power plant.

25.4. Project of construction of units in PGE GiEK S.A. Branch Elektrownia Opole.

On April 4, 2013 the Management Board of PGE Górnictwo i Energetyka Konwencjonalna S.A. decided to close the investment project Opole II of construction of new hard coal-fired units no 5 and 6 in Branch Elektrownia Opole, on the ground of analyses of changes on the energy market and in the macroeconomic environment that showed the lack of efficiency of the project.

In connection with this investment PGE Elektrownia Opole S.A. (currently PGE GiEK S.A. Branch Elektrownia Opole) signed a series of agreements with the contractors, including:

- agreement with the General Contractor (syndicate Rafako S.A., Polimex-Mostostal S.A. and Mostostal Warszawa S.A.) for construction of two power units with a total capacity of 1800 MW, with a net value of PLN 9,397 million,
- agreement with PSE S.A. for connection of units 5 and 6 to the transmission grid.

In connection with the decision on closing of the above investment project, the Capital Group recognized an impairment loss on fixed assets under construction in amount of PLN 56 million in the financial statements for the period ended March 31, 2013. This impairment loss relates to expenditures incurred so far for the Project Opole II. In addition, a provision was raised on future liabilities resulting from the necessity of settlements of agreements accompanying the agreements with the General Contractor. Estimated provision amounts to PLN 4.5 million. Above amounts do not include potential claims resulting from the necessity of termination and settlement of the agreement with the General Contractor and agreement with PSE S.A. for connection of units 5 and 6 to the transmission grid.

The agreement with the General Contractor includes clauses allowing for the termination of the agreement by the contracting party at any time. According to these clauses, in case of termination the contracting party is obliged to pay to the General Contractor certain expenditures relating to preparation and execution of the investment.

According to the clauses of the agreement, the General Contractor should apply to the contracting party within 60 days form the termination date for reimbursement of documented and feasible costs of the contractor incurred for organizational works started from the agreement signing date until the projected date of Notice to Proceed. These amounts may be deducted from the advance remitted to the General Contractor.

According to the clauses of the agreement with PSE S.A. for connection of units 5 and 6 to the transmission grid, in case when contracting party withdraws from a contract, contracting party is obliged to a one-time fee, reduced by fee paid in amount of PLN 19 million that covers the costs incurred by PSE S.A. in connection with connection, costs of termination of agreements with sub-contractors and costs of liquidation of existing elements of the terminals. Due to the lack of detailed financial data from PSE S.A., the Group is not able to assess the above costs in reliable way and the Group did not raise any provisions in this respect as at March 31, 2013.

Warsaw, May 14, 2013

Signatures of Members of the Management Board of PGE Polska Grupa Energetyczna S.A.

Wojciech Ostrowski	*Piotr Szymanek*
Vice-President of the Management Board	*Vice-President of the Management Board*