PGE Polska Grupa Energetyczna S.A.

Condensed interim separate financial statements prepared in accordance with International Financial Reporting Standards for the period ended 30 June 2013.

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Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June 2013 (reviewed)	Period ended 30 June 2012 (reviewed) *restated data**
Revenues from sale of products and merchandise	**9**	5.851.715	4.879.442
Revenues from services rendered	**9**	268.365	178.445
Revenues from rent	**9**	5.379	4.215
Total sales revenue	**9**	**6.125.459**	**5.062.102**
Costs of goods sold	**9**	(5.571.693)	(4.849.176)
Gross profit on sales		**553.766**	**212.926**
Other operating revenues	**9**	5.454	34.317
Distribution and selling expenses	**9**	(8.150)	(7.057)
General and administrative expenses	**9**	(70.976)	(66.199)
Other operating expenses	**9**	(944)	(21.079)
Profit from operations		**479.150**	**152.908**
Financial revenues	**9**	1.466.020	286.419
Financial expenses	**9**	(10.495)	(29.607)
Profit before tax		**1.934.675**	**409.720**
Corporate income tax	**11**	(122.326)	(119.284)
Net profit from continuing operations		**1.812.349**	**290.436**
Net profit for the operating period		**1.812.349**	**290.436**
OTHER COMPREHENSIVE INCOME:			
Valuation of available-for-sale financial assets		-	776
Other comprehensive income for the period, net		**-**	**776**
TOTAL COMPREHENSIVE INCOME		**1.812.349**	**291.212**
Earnings per share			
– basic earnings per share for the period		0,97	0,16
– basic earnings from continuing operations		0,97	0,16

*) For information regarding restated comparative figures please refer to Note 6 of these financial statements.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2013 (reviewed)	As at 31 December 2012 (audited) *restated data**	As at 30 June 2012 (reviewed) *restated data**
Non-current assets				
Property, plant and equipment	**13**	202.176	203.673	209.280
Intangible assets		6.298	6.687	15.730
Loans and receivables	**14**	4.173.409	3.627.204	3.722.165
Shares in subsidiaries	**14**	23.718.012	23.163.156	23.150.611
Available-for-sale financial assets	**14**	3.135	3.135	67.644
Other non-current assets		2	-	-
Deferred tax asset	**12**	-	-	-
Total non-current assets		**28.103.032**	**27.003.855**	**27.165.430**
Current assets				
Inventories		326.926	492.218	205.171
Income tax receivables		-	-	-
Shares in subsidiaries	**14**	-	25.477	3.872
Financial assets at fair value through profit or loss	**14**	146.064	18.833	12
Trade receivables	**14**	704.454	739.278	529.557
Loans and financial assets	**14**	385.647	1.086.547	615.054
Available-for-sale financial assets	**14**	36.717	36.717	36.717
Other current assets		1.291.437	34.351	89.562
Cash and cash equivalents		1.810.295	953.282	4.616.521
Total current assets		**4.701.540**	**3.386.703**	**6.096.466**
TOTAL ASSETS		**32.804.572**	**30.390.558**	**33.261.896**

*) For information regarding restated comparative figures please refer to Note 6 of these financial statements.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2013 (reviewed)	As at 31 December 2012 (audited)	As at 30 June 2012 (reviewed) *restated data**
Equity				
Share capital	**15**	18.697.608	18.697.608	18.697.608
Revaluation reserve		-	-	-
Treasury shares		-	-	-
Reserve capital		8.941.152	9.687.596	9.687.596
Other capital reserves		49.779	49.779	49.779
Retained earnings		1.812.644	861.551	369.711
Total equity		**29.501.183**	**29.296.534**	**28.804.694**
Long-term liabilities				
Interest-bearing loans and borrowings, lease	**19**	1.000.000	-	-
Provisions	**17**	21.495	22.201	68.163
Deferred tax liability	**12**	73.493	66.242	18.604
Total long-term liabilities		**1.094.988**	**88.443**	**86.588**
Short-term liabilities				
Trade liabilities	**19**	296.050	478.992	379.653
Interest-bearing loans, borrowings, bonds and lease	**19**	276	142.785	-
Other short-term financial liabilities	**19**	5.070	4.048	4.412
Short-term financial liabilities at fair value through profit or loss		11.930	148	308
Other short-term non-financial liabilities		1.817.741	46.657	3.464.373
Income tax liability		16.457	69.615	87.035
Deferred income		36.343	36.172	30
Short-term provisions	**17**	24.534	227.164	434.803
Total short-term liabilities		**2.208.401**	**1.005.581**	**4.370.614**
Total liabilities		**3.303.389**	**1.094.024**	**4.457.202**
TOTAL LIABILITIES AND EQUITY		**32.804.572**	**30.390.558**	**33.261.896**

*) For information regarding restated comparative figures please refer to Note 6 of these financial statements.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2013 (reviewed)

	Share capital	Revaluation reserve	Treasury shares	Reserve capital	Other capital reserves	Retained earnings	Total
As at 1 January 2013	**18.697.608**	**-**	**-**	**9.687.596**	**49.779**	**861.551**	**29.296.534**
Profit for the period	-	-	-	-	-	1.812.349	1.812.349
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**1.812.349**	**1.812.349**
Retained earnings distribution	-	-	-	77.552	-	(77.552)	-
Dividend	-	-	-	(823.996)	-	(783.998)	(1.607.994)
Adjustment of distributions	-	-	-	-	-	294	294
As at 30 June 2013	**18.697.608**	**-**	**-**	**8.941.152**	**49.779**	**1.812.644**	**29.501.183**

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2012

	Share capital	Revaluation reserve	Treasury shares	Reserve capital	Other capital reserves	Retained earnings	Total
As at 1 January 2012	**18.697.837**	**(776)**	**(229)**	**8.553.142**	**49.779**	**4.635.391**	**31.935.144**
Profit for the period	-	-	-	-	-	783.998	783.998
Other comprehensive income	-	776	-	-	-	(1.913)	(1.137)
Total comprehensive income for the period	**-**	**776**	**-**	**-**	**-**	**782.085**	**782.861**
Redemption of Treasury shares	(229)		229	-	-	-	-
Retained earnings distribution	-	-	-	1.134.454	-	(1.134.454)	-
Dividend and adjustment of distributions	-	-	-	-	-	(3.421.471)	(3.421.471)
As at 31 December 2012	**18.697.608**	**-**	**-**	**9.687.596**	**49.779**	**861.551**	**29.296.534**

30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2012 (reviewed)

*(restated data)**	Share capital	Revaluation reserve	Treasury shares	Reserve capital	Other capital reserves	Retained earnings	Total
As at 1 January 2012	**18.697.837**	**(776)**	**(229)**	**8.553.142**	**49.779**	**4.635.391**	**31.935.144**
Profit for the period	-	-	-	-	-	290.436	290.436
Other comprehensive income	-	776	-	-	-	-	776
Total comprehensive income for the period	**-**	**776**	**-**	**-**	**-**	**290.436**	**291.212**
Redemption of Treasury shares	(229)	-	229	-	-	-	-
Retained earnings distribution	-	-	-	1.134.454	-	(1.134.454)	-
Dividend	-	-	-	-	-	(3.421.662)	(3.421.662)
As at 30 June 2012	**18.697.608**	**-**	**-**	**9.687.596**	**49.779**	**369.711**	**28.804.694**

*) For information regarding restated comparative figures please refer to Note 6 of these financial statements.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF CASH FLOWS

	Period ended 30 June 2013 (reviewed)	Period ended 30 June 2012 (reviewed)
Cash flow from operating activities		
Gross profit related to continuing operations	**1.934.675**	**409.720**
Adjustments for:		
Depreciation and amortization	7.222	9.836
Interest and dividend, net	(1.401.628)	(207.146)
Profit/ (loss) on investment activities	(115.368)	(19.994)
Change in receivables	19.613	68.478
Change in inventories	165.292	(172.704)
Change in liabilities, excluding loans and bank credits	(45.284)	(50.188)
Change in prepayments and other non-financial assets	22.073	5.720
Change in provisions	(203.336)	(5.200)
Income tax paid	(141.404)	(317.894)
Other	(15.524)	18.456
Net cash from operating activities	**226.331**	**(260.916)**
Cash flow from investing activities		
Disposal of property, plant and equipment and intangible assets	8.771	360
Purchase of property, plant and equipment and intangible assets	(6.125)	(3.391)
Disposal of financial assets	15.485.505	10.213.752
Purchase of financial assets	(15.832.203)	(6.593.083)
Dividends received	-	3.048
Interest received	121.443	222.195
Loans repaid	-	4.306
Loans granted	(1.400)	(3.000)
Other	1.619	4.360
Net cash from investing activities	**(222.390)**	**3.848.547**
Cash flow from financing activities		
Proceeds from loans, bank credits and issue of bonds	996.464	-
Repayment of loans, bank credits, bonds and finance lease	(142.785)	-
Dividends paid	-	-
Interest paid	(685)	(14)
Other	295	(2.700)
Net cash flow from financing activities	**853.289**	**(2.714)**
Net change of cash and cash equivalents	**857.230**	**3.584.917**
Effect of foreign exchange rate changes	(322)	(726)
Cash and cash equivalents at the beginning of the period	**952.994**	**1.018.203**
Cash and cash equivalents at the end of the period	**1.810.224**	**4.603.120**

1. General information

PGE Polska Grupa Energetyczna S.A. ("Company", "PGE S.A.") was founded on the basis of the Notary Deed of 2 August 1990 and registered in the District Court in Warsaw, XVI Commercial Department on 28 September 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.

Company is seated in Warsaw, Mysia Street 2.

Company PGE S.A. is the Parent Company of PGE Capital Group ("PGE CG", "PGE Group") and prepares consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

Company's controlling entity is the State Treasury.

Core operations of the Company comprise:

- activities of central and holding companies, excluding financial holdings,
- activities of financial holdings,
- guidance over effectiveness management,
- rendering of other services related to the above-mentioned activities,
- sale of electricity.

Business activities are conducted under appropriate concessions.

These condensed interim separate financial statements have been prepared for the period started 1 January 2013 and ended 30 June 2013 ("financial statements").

2. The composition of the Management Board

As at 1 January 2013 and as at 30 June 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.

On 17 July 2013 Mr. Paweł Smoleń resigned from the position of Vice-President of the Management Board, effectively from 19 July 2013.

As of the day of preparation of these financial statements, 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. Piotr Szymanek – the Vice-President of the Management Board.

3. The basis for the preparation of the financial statements

3.1 Statement of compliance

These 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 19 February 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).

The foregoing financial statements, taking into account the restatement of the comparative data described in note 6, are prepared based on the same accounting policy and methods of computation as compared with the most recent annual financial statements. Financial statements are to be read together with the audited separate financial statements of PGE Polska Grupa Energetyczna S.A. prepared in accordance with IFRS for the year ended 31 December 2012.

3.2 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.

Due to the reporting obligations resulting from listing of PGE Polska Grupa Energetyczna S.A.'s shares, the Management Board of the Company made a decision to implement the International Financial Reporting Standards ("IFRS") approved by the European Union ("EU"). The first separate financial statements of PGE Polska Grupa Energetyczna S.A., which included the unconditional statement of compliance with the IFRS adopted by the EU was the financial statement for the year ended 31 December 2011.

4. 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 statement of financial position:

	30 June 2013	31 December 2012	30 June 2012
USD	3,3175	3,0996	3,3885
EURO	4,3292	4,0882	4,2613

5. New standards and interpretations published, not yet effective

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

- IFRS 9 *Financial Instruments* (with amendments) – effective for the periods starting 1 January 2015.
- Amendments to IFRS 10 *Consolidated Financial Statements,* IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements (issues concerning interests in other entities)* - effective for the periods starting 1 January 2014.
- Amendments to IAS 36 *Impairment of Assets* (disclosures concerning recoverable amount of non-financial assets) - effective for the periods starting 1 January 2014.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (issues concerning novation of financial instruments and continuation of hedge accounting) - effective for the periods starting 1 January 2014.
- IFRIC 21 *Levies* – effective for the periods starting 1 January 2014.

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

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

The influence of new regulations on future financial statements of the Company

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 Company. 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 S.A. is not yet determined.

Other standards and their changes should have no significant impact on future financial statements of the Company.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

6. Restated comparative data

As described in the financial statements for the year ended 31 December 2012, PGE S.A. changed the principles (accounting policy) concerning valuation of shares and stocks in subsidiaries, jointly controlled entities and associates.

In 2013, the Company changed the principles for the valuation of purchased CO_2 emission rights.
In accordance with the revised accounting policy, part of the rights acquired in order to realize profits from fluctuations in market prices, is recognized as inventories at fair value less costs to sell. Forward contracts concluded for the purchase / sale of CO_2 emission rights are recognized as derivatives hold for trading. The fair value of financial instruments related to trade of CO_2 emission rights (currency and commodity forward contracts) is presented in the statement of financial position as financial instruments at fair value through profit or loss. Changes in the fair value of these instruments, as well as the change in valuation of inventories of emission rights at fair value (for trade) is recognized in a separate position in the note regarding financial income or expenses, accordingly.

Therefore, the Company restated the data presented in the comparative statement of financial position for the period ended 30 June 2012 (change of valuation of shares) and for the period ended 31 December 2012 (valuation of CO_2 emission rights) as well as in the comparative statement of comprehensive income. This restatement is presented in the following tables. Information presented in other notes to these financial statements has also been restated accordingly.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	As at 30 June 2012 (reviewed) *published data*	**Change in valuation of shares**	**As at 30 June 2012 (reviewed)** *restated data*
Non-current assets			
Property, plant and equipment	209.280	-	209.280
Intangible assets	15.730	-	15.730
Loans and receivables	3.722.165	-	3.722.165
Shares in subsidiaries	22.961.785	188.826	23.150.611
Available-for-sale financial assets	67.644	-	67.644
Other non-current assets	-	-	-
Deferred tax assets	-	-	-
Total non-current assets	**26.976.604**	**188.826**	**27.165.430**
Current assets			
Total current assets	**6.096.466**	**-**	**6.096.466**
TOTAL ASSETS	**33.073.070**	**188.826**	**33.261.896**

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	As at 30 June 2012 (reviewed) *published data*	**Change in valuation of shares**	**As at 30 June 2012 (reviewed)** *restated data*
Equity			
Share capital	18.697.608	-	18.697.608
Revaluation reserve	-	-	-
Treasury shares	-	-	-
Reserve capital	9.687.596	-	9.687.596
Other capital reserves	49.779	-	49.779
Retained earnings	216.667	153.044	369.711
Total equity	**28.651.650**	**153.044**	**28.804.694**
Long-term liabilities			
Deferred tax liabilities	32.381	35.782	68.163
Provisions	18.425	-	18.425
Total long-term liabilities	**50.806**	**35.782**	**86.588**
Total short-term liabilities	**4.370.614**	**-**	**4.370.614**
Total liabilities	**4.421.420**	**35.782**	**4.457.202**
TOTAL LIABILITIES AND EQUITY	**33.073.070**	**188.826**	**33.261.896**

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2012

	Period ended 30 June 2012 (reviewed) *published data*	**Change in valuation of emission rights**	**Period ended 30 June 2012 (reviewed)** *restated data*
Revenues from sale of products and merchandise	4.916.283	(36.841)	4.879.442
Revenues from services rendered	178.445	-	178.445
Revenues from rent	4.215	-	4.215
Total sales revenue	**5.098.943**	**(36.841)**	**5.062.102**
Costs of goods sold	(4.885.638)	36.462	(4.849.176)
Gross profit on sales	**213.305**	**(379)**	**212.926**
Other operating revenues	34.317	-	34.317
Distribution and selling expenses	(7.057)	-	(7.057)
General and administrative expenses	(66.199)	-	(66.199)
Other operating expenses	(21.079)	-	(21.079)
Profit from operations	**153.287**	**(379)**	**152.908**
Financial revenues	286.347	72	286.419
Financial expenses	(29.914)	307	(29.607)
Profit before tax	**409.720**	**-**	**409.720**

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	As at 31 December 2012 (audited) *published data*	**Change in valuation of emission rights**	**As at 31 December 2012 (audited)** *restated data*
Non-current assets			
Total non-current assets	**27.003.855**	**-**	**27.003.855**
Current assets			
Inventories	505.525	(13.307)	492.218
Income tax receivables	-	-	-
Shares in subsidiaries	25.477	-	25.477
Financial assets at fair value through profit or loss	5.526	13.307	18.833
Trade receivables	739.278	-	739.278
Loans and financial assets	1.086.547	-	1.086.547
Available-for-sale financial assets	36.717	-	36.717
Other current assets	34.351	-	34.351
Cash and cash equivalents	953.282	-	953.282
Assets classified as held for sale		-	
Total current assets	**3.386.703**	**-**	**3.386.703**
TOTAL ASSETS	**30.390.558**	**-**	**30.390.558**

7. Change of estimates

In the period covered by the financial statements no significant changes to estimates influencing the figures presented in the financial statement took place. As described in note 17, the Company updated the value of provisions presented in the statement of financial position.

8. Methods applied in determining fair values of financial instruments recognized in the statement of financial position at fair value (fair value hierarchy)

Financial instruments not quoted on active markets, for which the fair value can be estimated reliably

Fair value of instruments not quoted on active markets is measured by the Company with the use of an appropriate valuation method as long as a reliable measurement is possible with the use of prices from the most recent transactions conducted under standard market rules; a comparison with prices from other instruments' active markets, which are essentially identical; analysis of discounted cash flows and other methods/techniques for measurement commonly used in the market, suitable for the particular nature and characteristics of a measured financial instrument and the situation of the issuer (drawer).

Inventories

The Company owns greenhouse gases emission rights, part of which is acquired in order to realize gains from market prices fluctuations. This part of emission rights is recognized in inventories at fair value less costs to sell, cost is determined using specific identification of individual inventory items. Fair value is determined based on market quotations on Polish Power Exchange (Level 1).

Derivative instruments

The Company measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves for currencies and commodities quoted on active markets. Fair value of derivatives is based on discounted future flows related to contracted transactions as a difference between term price and translation price. Forward rates of exchange are not modeled as a separate risk factor, but they are a result of spot rate and forward interest rate for foreign currency in relation to PLN.

Derivative instruments are presented as assets, when their valuation is positive and as liabilities, when their valuation is negative. Gains and losses resulting from changes in fair value of derivative instruments, are recognized in a reporting year profit or loss.

In the position of financial assets measured at fair value through profit and loss the Company recognizes financial instruments related to the trade of greenhouse gases emission rights – foreign currency and commodity forward (Level 2).

In the position of financial liabilities measured at fair value through profit and loss the Company recognized foreign currency forward (Level 2).

Shares and stocks

Shares and stocks in subsidiaries, non-quoted on active markets, are presented in a separate caption of statement of financial position. In accordance with accounting policy, these assets are valued according to IAS 27 at acquisition cost less impairment losses, thus are excluded from the scope of IFRS 13.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

Fair value hierarchy

	As at 30 June 2013		As at 31 December 2012	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Inventories	**248.585**	**-**	**194.207**	**-**
Financial assets		**146.064**		**18.833**
- commodity forward		145.345		13.307
- foreign currency forward		719		5.526
Financial liabilities		**11.930**		**148**
- foreign currency forward		11.930		148

During the reporting period and comparative period there were no reclassifications of financial instruments in the Company between Level 1 and Level 2 of fair value hierarchy.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

9. Revenues and expenses

9.1 Sales revenues

	6 months ended 30 June 2013	6 months ended 30 June 2012 *restated data*
Revenues from sale of products and merchandise	5.851.715	4.879.442
Revenues from services rendered	268.365	178.445
Revenues from rent	5.379	4.215
Total sales revenue	**6.125.459**	**5.062.102**

The increase of revenues from sale of products and merchandise in reference to the comparative period is the result of the volume increase of electricity sold and volume increase of carbon dioxide emission rights.

9.2 Costs by type and functions

	6 months ended 30 June 2013	6 months ended 30 June 2012 *restated data*
Cost by type		
Depreciation/amortization	7.222	9.836
Materials and energy	2.190	1.635
External services	19.613	24.926
Taxes and charges	5.052	4.627
Personnel expenses	41.331	33.086
Other costs by type	42.944	38.772
Total costs by type	**118.352**	**112.882**
Distribution and selling expenses	(8.150)	(7.057)
General and administrative expenses	(70.976)	(66.199)
Cost of merchandise and materials sold	5.532.467	4.809.550
Cost of goods sold	**5.571.693**	**4.849.176**

The increase of cost of merchandise and materials sold in reference to the comparative period is the result of costs increase related to higher volume of electricity sold and higher volume of carbon dioxide emission rights sold.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

9.3 Other operating revenues

	6 months ended 30 June 2013	6 months ended 30 June 2012
Profit on disposal of property, plant and equipment	176	-
Reversal of impairment allowance for receivables	717	21
Provisions reversed	3.320	12.553
Compensations, penalties and fines received	9	20.194
Grants received	743	1.308
Taxes refunded	-	225
Court fees refunded	466	10
Other	23	6
Total other operating revenues	**5.454**	**34.317**

The revenues on provisions reversal in the comparative period are related mainly to the litigation with Alpiq Holding, described in Note 18.2 to the foregoing financial statements, whereas compensation, penalties and fines accrued result mainly from the Company's claims toward third parties on the coal market. Due to their character, the claims were covered by impairment allowance, recognized in other operating expenses.

9.4 Other operating expenses

	6 months ended 30 June 2013	6 months ended 30 June 2012
Impairment allowance raised for receivables	46	20.043
Loss on disposal of non-current assets	-	35
Compensations paid	150	-
Donations granted	-	1.000
Court fees paid	735	1
Scrapping of non-current assets	5	-
Other	8	-
Total other operating expenses	**944**	**21.079**

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9.5 Financial revenues

	6 months ended 30 June 2013	6 months ended 30 June 2012 *restated data*
Financial revenue from financial instruments	**1.461.918**	**284.408**
Dividends	1.278.989	-
Interest income	138.506	263.939
Revaluation / Reversal of impairment allowance	21.859	85
including revaluation of instruments related to carbon dioxide emission rights	*21.835*	*84*
Profit on disposal of investments	844	20.029
Exchange gains	21.720	355
Other financial revenues	**4.102**	**2.011**
Provision reversed	4.102	1.998
Interest on statutory receivables	-	13
Total financial revenues	**1.466.020**	**286.419**

Revenues from dividends relate mainly to PGE Obrót S.A. (PLN 1.184.455 thousands) and PGE Dystrybucja S.A. (PLN 94.115 thousands). As at 30 June 2013 receivables from dividends are presented in other current assets.

After the reporting day part of the dividend from PGE Obrót S.A. of PLN 303.075 thousands was distributed to PGE S.A. in kind of 16.865.600 shares of PGE Górnictwo i Energetyka Konwencjonalna S.A.

Moreover, during the reporting period the Company recognizes interest income mainly on bonds issued by subsidiaries and on deposits. Profit on disposal of investments in the comparative period relates mainly to disposal of minority interest of Polish Power Exchange shares.

9.6 Financial expenses

	6 months ended 30 June 2013	6 months ended 30 June 2012 *restated data*
Financial expenses from financial instruments	**6.425**	**20.042**
Interest expenses	5.020	2.870
Revaluation	-	380
Impairment allowance	-	6
Exchange losses	1.405	16.786
Other financial expenses	**4.070**	**9.565**
Interest expenses (including the effect of discount unwinding)	483	9.440
Interest paid relating to statutory liabilities	2	-
Other	3.585	125
Total financial expenses	**10.495**	**29.607**

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As described in note 6 of the foregoing financial statements in "financial instruments revaluation" in financial revenues and costs the Company recognizes result of transactions related to carbon dioxide emission rights on so called trading portfolio. The impact of particular items related to carbon dioxide emission rights on financial revenues and expenses is presented below.

	6 months ended 30 June 2013	6 months ended 30 June 2012
Financial revenues		
Commodity forward valuation	145.345	-
Foreign currency forward valuation	867	12
Profit on sale of carbon dioxide emission rights outside the PGE CG	1.284	-
Impairment allowance of commodity spot	555	459
Financial expenses		
Commodity spot valuation	(108.760)	-
Foreign currency forward valuation	(17.456)	(307)
Loss on sale of carbon dioxide emission rights outside the PGE CG	-	(80)
Financial revenues/ (expenses) related to carbon dioxide trading portfolio	**21.835**	**84**

10. Impairment allowances of assets – recognition and reversal

	6 months ended 30 June 2013	6 months ended 30 June 2012
Impairment allowances of inventories		
- recognition	-	-
- reversal	143	459

Impairment allowances of inventories recognized by the Company relate mainly to valuation of greenhouse gasses' emission rights.

11. Income tax

Income tax disclosed in the statement of comprehensive income	6 months ended 30 June 2013	6 months ended 30 June 2012
Current income tax	115.075	82.758
Deferred income tax	7.251	36.526
Total	**122.326**	**119.284**

Moreover, the Company recognized in the financial statements in other comprehensive income a reversal of deferred tax asset of PLN 182 thousand in the period ended 30 June 2012.

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12. Deferred tax asset and liability

Components of deferred tax asset	As at 30 June 2013	As at 31 December 2012
Current period costs not realized for tax purpose	-	180
Provisions for employee benefits	4.485	4.585
Accruals for employee bonuses	1.484	2.968
Difference between tax value and carrying amount of financial assets	2.319	-
Difference between tax value and carrying amount of financial liabilities	-	28
Difference between tax value and carrying amount of inventories	20.664	106
Payroll and other employee benefits	2.290	-
Other provisions	33	616
Other	807	238
Gross deferred tax asset	**32.082**	**8.721**
Revaluation write off on tax asset	**-**	**-**
Net deferred tax asset	**32.082**	**8.721**

Components of deferred tax liability	As at 30 June 2013	As at 31 December 2012
Difference between tax value and carrying amount of property, plant and equipment	25.680	26.307
Accrued interest on deposits, loans granted, bonds and receivables	51.548	47.606
Difference between tax value and carrying amount of other financial assets	27.752	1.050
Other	595	-
Deferred tax liability	**105.575**	**74.963**

After compensation of balances the Company's deferred tax is presented as:		
deferred tax asset	**-**	**-**
deferred tax liability	**(73.493)**	**66.242**

13. Property, plant and equipment

In the reporting period the Company has not made any significant acquisition or disposal of property, plant and equipment.

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14. Financial assets

	Carrying amount					
	30 June 2013			31 December 2012		
Categories and classes of financial assets:	**Long-term**	**Short-term**	**Total**	**Long-term**	**Short-term**	**Total**
Loans and receivables, including:						
(i) Trade receivables	-	704.454	704.454	-	739.278	739.278
(ii) Other financial loans and receivables	4.173.409	385.647	4.559.056	3.627.204	1.086.547	4.713.751
▪ Bonds, bill and notes receivable acquired	4.173.409	77.040	4.250.449	3.627.204	1.032.402	4.659.606
▪ Originated loans	-	247.846	247.846	-	-	-
▪ Other financial receivables	-	60.761	60.761	-	54.145	54.145
Total loans and receivables:	**4.173.409**	**1.090.101**	**5.263.510**	**3.627.204**	**1.825.825**	**5.453.029**
Shares in subsidiaries	**23.718.012**	**-**	**23.718.012**	**23.163.156**	**25.477**	**23.188.633**
Financial assets at fair value through profit or loss	-	**146.064**	**146.064**	**-**	**5.526**	**5.526**
Available-for-sale financial assets, including:						
(i) Shares in entities not quoted on active markets	3.135	36.717	39.852	3.135	36.717	39.852
Total available-for-sale financial assets:	**3.135**	**36.717**	**39.852**	**3.135**	**36.717**	**39.852**
Cash and cash equivalents	**-**	**1.810.295**	**1.810.295**	**-**	**953.282**	**953.282**

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14.1 Trade receivables

Trade receivables relate primarily to the sale of electricity and coal to related parties of the PGE Capital Group. As at 30 June 2013 the balance of three biggest customers, i.e. PGE Obrót S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A. and PGE Dystrybucja S.A. constitute 68% of the balance of trade receivables.

14.2 Loans and receivables, including acquired bonds, bill and notes

As at 30 June 2013	Long-term	Short-term
Bonds issued by PGE Górnictwo i Energetyka Konwencjonalna S.A.	2.971.991	66.515
Bonds issued by PGE Energia Odnawialna S.A.	845.156	10.525
Bonds issued by Autostrada Wielkopolska S.A.	356.262	-
Loan granted to PGE Gubin sp. z o.o.	-	1.423
Loan granted to DONG Energy Polska S.A.	-	225.525
Loan granted to DONG Energy Bukowo sp. z o.o.	-	18
Loan granted to DONG Energy Karnice III sp. z o.o.	-	706
Loan granted to DONG Energy Olecko sp. z o.o.	-	1.620
Loan granted to DONG Energy Renewables sp. z o.o.	-	18.554
Deposits	-	60.688
Other	-	73
Total	**4.173.409**	**385.647**

Acquisition of entities belonging to the Dong group was described in Note 21.3 to the foregoing financial statements.

Bonds issued by PGE Capital Group's entities

PGE S.A. acquires bonds issued by companies of the PGE Capital Group. The funds obtained from issuing of bonds are used to finance investments, repay financial liabilities secured by assignment of long-term power and electricity sales agreements and to finance the current activities. The bonds bear interest based on WIBOR (1M, 3M, 6M) plus a margin.

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14.3 Shares in subsidiaries

As at 30 June 2013	Long-term
PGE Górnictwo i Energetyka Konwencjonalna S.A.	14.483.032
PGE Obrót S.A.	6.653.224
PGE Dystrybucja S.A.	949.758
PGE Energia Odnawialna S.A.	414.989
Exatel S.A.	427.885
DONG Energy Polska S.A.	421.252
PGE Systemy S.A.	125.002
PGE Energia Jądrowa S.A.	113.500
PGE EJ 1 sp. z o.o.	54.390
DONG Energy Bukowo sp. z o.o.	28.029
PGE Dom Maklerski S.A.	16.501
DONG Energy Karnice III sp. z o.o.	14.015
PGE Trading GmbH	13.990
DONG Energy Olecko sp. z o.o.	1.385
PGE Inwest sp. z o.o.	1.050
Fundacja PGE Energia z serca	10
Total	**23.718.012**

Acquisition of entities belonging to the Dong group was described in Note 21.3 to the foregoing financial statements.

14.4 Shares in entities not quoted on active markets

As at 30 June 2013	Long-term	Short-term
Shares in jointly controlled entities		
Energopomiar Sp. z o.o.	3.135	-
Shares in associates		
Swe-Pol Link AB	-	36.717
Total	**3.135**	**36.717**

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15. Share capital

	As at 30 June 2013	As at 31 December 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	**1.869.760.829**	**1.869.760.829**

All shares of the Company are paid up.

Ownership structure of the Company in the reporting period is presented below:

	State Treasury	Other Shareholders	Total
As at 1 January 2013	**61.89%**	**38.11%**	**100.00%**
As at 30 June 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 reporting day and until the day of preparation of the foregoing financial statements there were no changes in the value of share capital of the Company.

15.1 Earnings per share

Basic 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).

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16. Dividends paid and dividends declared

	Dividends paid or declared from the profit for the period/ year ended		
	30 June 2013	**31 December 2012**	**31 December 2011**
Cash dividends from ordinary Shares			
Dividend from reserve capital	-	823.996	-
Dividend paid from retained earnings	-	783.998	3.421.662
Total cash dividends from ordinary shares	**-**	**1.607.994**	**3.421.662**
Cash dividends per share (in PLN)	-	0,86	1,83

Dividend from the profit for 2012

On 27 June 2013 the Ordinary General Meeting of PGE S.A. adopted the resolution to allocate Company's net profit for 2012 of PLN 783.998 thousand and part of reserve capital of PLN 823.996 thousand for dividend payment for shareholders of total PLN 1.607.994 thousand, that is PLN 0,86 per share.

The Ordinary General Meeting decided to allocate retained earnings of PLN 77.552 thousand, which result from change of accounting policy and actuary losses, to reserve capital.

The Ordinary General Meeting set the dividend day for 5 September 2013 and dividend payment day for 26 September 2013.

The declared dividend liabilities are disclosed in the statement of financial position as at 30 June 2013 as other non-financial liabilities.

Dividend from the profit for the period ended 30 June 2013

During the reporting period and till the date of preparation of these financial statements the Company made no advance payments of dividends.

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17. Provisions

Period ended 30 June 2013	Post-employment benefits	Provisions for jubilee benefits	Provisions for third parties claims	Provisions for employee claims, ıcluding provision for bonuses	Provisions for certificates of origin held for redemption	Other provisions	Total
As at 1 January 2013	**20.351**	**3.783**	**206.158**	**15.623**	**206**	**3.244**	**249.365**
Costs of present employment	204	157	-	-	-	-	361
Benefits paid	(1.039)	(333)	-	-	-	-	(1.372)
Costs of past employment	-	-	-	-	-	-	-
Interest costs	408	75	-	-	-	-	483
Created during the year	-	-	-	11.501	92	849	12.442
Reversed	-	-	(7.422)	-	(206)	(74)	(7.702)
Used	-	-	(196.269)	(11.279)	-	-	(207.548)
As at 30 June 2013	**19.924**	**3.682**	**2.467**	**15.845**	**92**	**4.019**	**46.029**
Short-term as at 30 June 2013	1.350	761	2.467	15.845	92	4.019	24.534
Long-term as at 30 June 2013	18.574	2.921	-	-	-	-	21.495

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Period ended 31 December 2012	Post-employment benefits	Provisions for jubilee benefits	Provisions for third parties claims	Provisions for employee claims including provision for bonuses	Provisions for certificates of origin held for redemption	Other provisions	Total
As at 1 January 2012	**17.658**	**3.411**	**410.799**	**10.520**	**225**	**15.814**	**458.427**
Costs of present employment	365	267	-	-	-	-	632
Actuarial gains and losses excluding discount rate adjustment	(751)	573	-	-	-	-	(178)
Benefits paid	(1.260)	(1.005)	-	-	-	-	(2.265)
Costs of past employment	-	-	-	-	-	-	
Discount rate adjustment	3.113	362	-	-	-	-	3.475
Interest costs	996	175		-	-	-	1.171
Created during the year	-	-	-	21.449	206	2.248	23.903
Reversed	-	-	(204.641)	-	(225)	(13.161)	(218.027)
Used	-	-	-	(16.346)	-	(1.657)	(18.003)
Other	230	-	-	-	-	-	230
As at 31 December 2012	**20.351**	**3.783**	**206.158**	**15.623**	**206**	**3.244**	**249.365**
Short-term as at 31 December 2012	1.284	649	206.158	15.623	206	3.244	227.164
Long-term as at 31 December 2012	19.067	3.134	-	-	-	-	22.201

17.1 Provisions for post employments benefits and jubilee benefits

The amount of provisions disclosed in the financial statements results from the forecast valuation prepared by the independent actuary.

According to the corporate system of remuneration the employees of the Company 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 the provision for jubilee benefits recognized in the financial statements is calculated based on the forecast valuation prepared by an independent actuary.

17.2 Provisions for third-party claims

Provision for claims relating to damage resulted from the failure of the CSTE system

The Company raised a provision for claims from contractors relating to damage resulted from the failure of the CSTE (Central System of Trading Electricity), which is provided to PGE Group companies. As at 30 June 2013 the provision amounted to PLN 2.467 thousand.

17.3 Provisions for employee claims, including employee bonuses

The Company raised provisions for remuneration including annual and quarterly bonuses for employees and others employed under civil law contracts for management, to which rights were obtained as at 30 June 2013. Bonus entitlements result from remuneration regulations and contracts of employment.

17.4 Provision for energy origin units held for redemption

The Company creates provision for the amount of certificates of energy origin related to sales in the current or previous periods, in amount of certificates not redeemed till the balance sheet date. In accordance with applicable regulations it is necessary to create a provision, which results from the obligation to redeem the certificates of energy origin and specific replacement fee for them.

17.5 Other provisions

Provisions for unused holiday

The provision for unused holiday is raised in the amount of the future remuneration associated with unused holiday leaves, to which employees has acquired the right in the past year and in previous years.

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18. Contingent liabilities and receivables. Legal claims

18.1 Contingent liabilities

Contingent liabilities	As at 30 June 2013	As at 31 December 2012
Collaterals for repayment of bank guarantees granted	23.839	22.469
Other contingent liabilities	869	869
Total contingent liabilities	**24.708**	**23.338**

Surety for the obligations of PGE Trading GmbH

PGE Polska Grupa Energetyczna S.A. provided a surety for repayment of bank guarantees for the obligations of PGE Trading GmbH to foreign third parties. The liability of the Company as at 30 June 2013 is limited to a total amount of PLN 21.155 thousand. The guarantees expire in years 2013-2015.

18.2 Legal and court issues

Spór PGE – ATEL (obecnie Alpiq Holding AG)

Since 2009 PGE Polska Grupa Energetyczna S.A. is a party to arbitration proceedings with the company Atel. The proceeding is held before the Court of Arbitration in Vienna. The subject of the arbitration proceeding is the claim of Atel, raised against PGE, resulting from the default on a electricity supply agreement signed on 28 October 1997. Claims submitted by Atel in a supplemented (rephrased) lawsuit from 4 October 2010 amount to EUR 155 million. After the exchange of the last pleadings (so called post-hearing briefs) Alpiq finally claimed for EUR 168 million plus interest. The arbitration proceeding is held in written form and were based on the exchange of pleadings between the parties and presentation of written statements of witnesses, experts and the parties as evidence to the Tribunal.

On 12 September 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 Atel reached an agreement on execution of the above judgment. According to the agreement, the Company has to pay the above amount plus interest until the verdict date, reduced by the proceeding cost judged from Alpiq for PGE S.A., in two installments. First part in amount of EUR 22.898 thousand was paid on 15 April 2013 and the remaining amount is to be paid by the end of 2013. The remaining amount is presented in other liabilities.

18.3 Other contingent liabilities

Promise referring to ensure financing of new investments in Group companies

Due to planned strategic investments in PGE Group companies, the Company committed in the form of promise to group companies, to ensure financing of planned investments. The promises relate to specific investments and may be used only for such purposes. As at 30 June 2013 the estimated value of the promise amounts to PLN 15,2 billion.

Employee claims

There are claims against the Company filed by former employees, who demand re-employment or compensation. In principle, the compensation amounts up to the value of a year remuneration. Taking into consideration the nature of disputes, it is considered that the amount of claims is immaterial for the Company.

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Compensation regarding conversion of shares

On 20 June 2013 and 12 August 2013 PGE Polska Grupa Energetyczna S.A. received a notice (with a notice to pay the total amount of PLN 294.658 thousand) from Socrates Inwestment S.A. concerning the acquisition from the former shareholders of PGE Górnictwo i Energetyka S.A. claims against PGE Polska Grupa Energetyczna S.A. concerning compensation for the damage due to incorrect determination of the share exchange ratio during merger of PGE Górnictwo i Energetyka S.A. and PGE Polska Grupa Energetyczna.

PGE S.A. acknowledges the demands of Socrates Inwestment S.A. as undocumented and completely unjustified, which was pointed out in response to notice from Socrates Inwestment S.A. There is a risk that Socrates Inwestment S.A. will file a suit against PGE for payment of above-mentioned amount. The Company did not create any provision regarding the claim.

18.4 Contingent receivables and other contingent assets

As at 30 June 2013, the Company did not report any material contingent receivables.

Excise tax reimbursement

During 2009, the Company filed a motion related to an excess payment of excise tax on imports and Intra-Community purchase of electric energy during the period from January 2006 to February 2009. The Company argues that the excess payment results from discrepancies between the Polish and Community law. As at the preparation date of these financial statements this issue has not been finally resolved. The total claim amounts to PLN 54 million plus interest.

19. Financial liabilities

Financial liabilities at amortized cost (as at 30 June 2013)	Long-term	Short-term	Total
Bonds issued	1.000.000	276	1.000.276
Trade liabilities	-	296.050	296.050
Other financial liabilities	-	5.070	5.070
Total	**1.000.000**	**301.396**	**1.301.396**

Trade liabilities relate mainly to transactions on the electricity market and purchase of hard coal.

In the I half of 2013 PGE Capital Group 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. On 27 June 2013 the Company issued bonds within the programme addressed to Polish capital market investors of PLN 1 billion. The maturity date of the issued bonds is set on 27 June 2018.

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20. 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.

20.1 Subsidiaries in the PGE Capital Group

	Sales to subsidiaries	Purchases from subsidiaries	Trade receivables from subsidiaries	Trade liabilities towards subsidiaries
01.01.-30.06.2013	4.885.419	514.624	484.121	28.044
01.01.-30.06.2012	4.604.986	811.460	452.058	124.329

Sales to subsidiaries in the PGE Capital Group relates mainly to coal and electricity. Purchases from subsidiaries in the PGE Capital Group relates mainly to electricity.

Moreover, as at 30 June 2013 the Company owned bonds issued by subsidiaries disclosed as loans and receivables of a carrying value of PLN 3.894.188 thousand and loans granted to subsidiaries of PLN 247.846 thousands.

20.2 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 Company identifies 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
01.01.-30.06.2013	1.024.137	777.832	193.212	159.551
01.01.-30.06.2012	195.860	952.454	19.901	136.561

The most important transactions with State Treasury entities refer to transactions on the electricity market with energy companies controlled by the State Treasury, PSE S.A. and purchase of coal from Polish mines. Furthermore, the Company made significant transactions on the energy market through the Polish Power Exchange. Due to the fact that this entity only deals with the organization of trading, purchases and sales through it are not treated as transactions with related parties.

The increase of sales value in comparison to the comparative period is the result of higher volume of electricity sold.

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20.3 Key management personnel remuneration

The key management comprises of the Management Board and Supervisory Board of PGE Polska Grupa Energetyczna S.A.

	6 months ended 30 June 2013	**6 months ended 30 June 2012** *(restated data)*
Remuneration to Management Board and Supervisory Board Members	4.687	3.370
Post-employment benefits	690	523
Total remuneration paid to key management	**5.377**	**3.893**

	6 months ended 30 June 2013	**6 months ended 30 June 2012** *(restated data)*
Management Board	5.232	3.713
Supervisory Board	145	180
Total	**5.377**	**3.893**

The above data present remuneration costs paid to key management recognized in the reporting period. For the period ended 30 June 2013 remuneration costs include also an appropriate part of provisions for bonuses, to which the management members are entitled on the basis of the contracts signed. The final amount of bonuses and premiums will depend, among others, on the results generated by the Company and the PGE Capital Group.

Increase in remuneration paid to the Management Board during period ended 30 June 2013 compared to period ended 30 June 2012 resulted from incomplete composition of the Management Board in the first quarter of 2012.

Members of the Management Board 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.

21. Significant events during the reporting period and subsequent events

21.1 Framework agreement on the exploration for and extraction of shale gas

On 4 July 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 of the agreement is the 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, the close cooperation involves an area of approximately 160 km2 (the Cooperation 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 Area of Cooperation 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 determined by the Parties until 4 May 2013. According to the agreement, if the Parties do not determine the details regarding the terms of cooperation, the agreement may be terminated by each Party. Until the day of preparation of the foregoing financial statements none of the Parties terminated the Agreement dated 4 July 2012. Currently further works on determining the cooperation details are in progress.

21.2 Signing a Letter of Intent concerning joint participation in development, construction and exploitation of the first Polish nuclear power plant

On 5 September 2012, PGE S.A. signed a Letter of Intent concerning participation in the development, construction and exploitation of a nuclear power plant (the „Project"). The parties to 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. (further together as „Parties").

On the basis of the Letter of Intent, the companies enumerated above will commence work on drafting a contract of purchase of shares in PGE EJ1 sp. z o.o. as a special-purpose vehicle ("SPV"), which will be in charge of direct preparation of the investment process of construction and exploitation of the first Polish nuclear power plant. The draft contract will account for each of the Parties' rights and obligations in Project implementation, assuming that PGE shall play a leading role in the project implementation process, whether directly or through a subsidiary. The terms and conditions of acquiring shares in SPV will incorporate the financial investments already made by PGE S.A. and its subsidiaries with respect to current advancement of the Project.

On 28 December 2012, the parties to the Letter of Intent concerning participation in development, construction and exploitation of a nuclear power plant, dated 5 September 2012, extended its validity till 30 June 2013.

On 25 June 2013, the parties to the Letter of Intent concluded an Agreement on the continuation of work regarding development of draft agreement to purchase shares of SPV to build and operate a nuclear power plant. The agreement is valid until 30 September 2013 with a possible extension of the period of one quarter provided that all parties agree.

21.3 Acquisition of wind farms

Acquisition of companies from Dong group

On 28 June 2013 PGE S.A. and Energa Hydro sp. z o.o. (subsidiary of Energa S.A.) concluded with Dong Energy Wind Power A/S („DONG Energy") acquisition agreement of shares in companies operating wind farms and developing portfolios of wind farms in Poland. Concluding of above-mentioned agreement results from conditional agreement concluded on 19 February 2013 and a further approval for concentration issued by the President of the Office of Competition and Consumer Protection dated 4 June 2013.

On the grounds of the concluded agreement with Dong Energy, PGE S.A. acquired operating wind farms in Karnice of 30 MW installed capacity and Jagniatkowo of 30.5 MW installed capacity with contracted off-take of electricity and certificates, respectively for Karnice wind farm until end of 2020 and for Jagniatkowo wind farm until end of 2017. Additionally, PGE S.A. acquired a portfolio of projects of total 555 MW potential planned capacity.

The value of acquired shares in companies from Dong group falling on PGE S.A. amounted to PLN 464 million. Moreover, according to the agreement PGE S.A. paid off intercompany liabilities of the acquired companies of PLN 246 million, as presented in Note 13.2 to the foregoing financial statements.

Acquisition of shares in Iberdrola Renewables Polska Sp. z o.o.

On 31 July 2013 PGE Polska Grupa Energetyczna S.A. and Energa Hydro sp. z o.o. concluded respectively with Iberdrola Renovables Energía, S.A.U. and European Bank for Reconstruction and Development two agreements for the acquisition of 100% shares in Iberdrola Renewables Polska Sp. z o.o. - a company operating wind farms in Poland.

Conclusion of the above-mentioned agreements results from the conditional agreements concluded with Iberdrola (on 26 February 2013) and with EBRD (on 21 June 2013) followed by approval for concentration issued by the President of the Office of Competition and Consumer Protection (dated 4 June 2013).

On the grounds of the concluded agreements with Iberdrola and EBRD, PGE S.A. acquired three operating wind farms with total installed capacity of 70.5 MW with contracted off-take of electricity and certificates until 2029.

Additionally, PGE acquired two projects in the advanced stage of development of 36 MW.

Transaction value (Enterprise Value) for Iberdrola Renewables Polska Sp. z o.o. assets acquired by PGE S.A. amounts to PLN 366 million and represents 32.7% equity share of the entity.

21.4 Letter of intent related to Opole Power Plant

On 27 June 2013 PGE S.A. together with Kompania Węglowa S.A. concluded a letter of intent concerning the cooperation on development of Opole Power Plant by two new blocks, in which both parties obligated to, among others, analyze economical and legal aspects of a long term agreement on hard coal supplies for Opole Power Plant.

On 13 August 2013 an agreement for hard coal supplies, in the period 2018 – 2038 was concluded. The parties of the agreement are: PGE Górnictwo i Energetyka Konwencjonalna S.A. i Kompania Węglowa S.A.

Condensed interim separate financial statements for the 6 month period ended 30 June 2013 prepared in accordance with IFRS (in PLN thousand)

21.5 Merger of PGE S.A. with PGE Energia Jądrowa S.A.

On 23 April 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. (the "acquired company"). The aim of the merger is to simplify the structure of PGE Capital Group, to limit the costs connected with the keeping of the separate entity and to increase the management efficiency of the preparation of the nuclear power plant construction project from the Corporate Centre level. The merger was registered on 31 July 2013.

The merger took place by course of art. 492 § 1 p. 1 in connection with art. 515 § 1 and art. 516 § 5 and 6 of Code of Commercial Companies i.e. through transfer of all assets of the acquired company (i.e. PGE Energia Jądrowa) to PGE S.A. (merger through takeover) without raising the share capital of PGE S.A. and without the exchange of acquired company's shares for PGE S.A. shares. Have the merger been registered on 30 June 2013, the equity of PGE S.A. would decrease by PLN 43.191 thousand of loss from prior periods and by PLN 4.558 thousand of loss for the period ended 30 June 2013. Particular items of statement of comprehensive income would have changed as follows:

	Period ended 30 June 2013
Total revenues	**6.051**
Total costs	**(10.681)**
Profit before tax	**(4.630)**
Net profit	**(4.558)**

Warsaw, 27 August 2013

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

Krzysztof Kilian
Prezes Zarządu

Bogusława Matuszewska
Wiceprezes Zarządu

Wojciech Ostrowski
Wiceprezes Zarządu

Piotr Szymanek
Wiceprezes Zarządu