



PGE Polska Grupa Energetyczna S.A.
Group
Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2011

The opinion contains 3 pages
The report supplementing the auditor's opinion
contains 18 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011

OPINION OF THE INDEPENDENT AUDITOR



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This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of PGE Polska Grupa Energetyczna S.A.

We have audited the accompanying consolidated financial statements of PGE Polska Grupa Energetyczna S.A. Group, whose parent entity is seated in Warsaw, ul. Mysia 2 (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Consolidated Financial Statements

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

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) (“the Accounting Act”), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of PGE Polska Grupa Energetyczna S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Emphasis of Matter

Without qualifying our opinion, we draw attention to:

- 1) Note 45.1 of the explanatory notes to the accompanying consolidated financial statements, and to the fact that the estimates of compensation related to early termination of long-term agreements for the sales of electric power and energy and recognition of related revenues and receivables prepared by the Group were based on the Group's own interpretations of the Act dated 29 June 2007, on rules of covering producer's costs related to early termination of long-term agreements for the sales of electric power and energy (Official Journal, No. 130, item 905, from 2007) ("The LTC Act"), the expectations on the final outcome of the dispute with the President of the Energy Regulation Office and a number of other significant assumptions, some of which are outside of the Group's control.

The final outcome of the dispute with the President of the Energy Regulation Office with respect to the interpretation of the LTC Act, as stated in the Note 45.1, and potential changes in adopted assumptions, may significantly impact the estimates and accordingly lead to significant changes in the financial position and results of the Group. As of the date of these financial statements the ultimate outcome of the dispute with the President of the Energy Regulation Office cannot be reasonably determined.

- 2) the information presented in Notes 25 and 43.11 of the explanatory notes to the consolidated financial statements in which the Management Board of the parent company describes the uncertainty relating to future settlement of prepayments made by the parent company resulting from execution of the agreement described in the above mentioned notes.

Other Matters

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

On behalf of KPMG Audyt Sp. z o.o. registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

Signed on the Polish original

.....
Certified Auditor No. 11003
Bartłomiej Lachowicz

.....
Certified Auditor No. 90061
Marek Gajdziński

13 March 2012
Warsaw

REPORT OF THE INDEPENDENT AUDITOR



TRANSLATION

**PGE Polska Grupa Energetyczna S.A.
Group**

**Report supplementing
the auditor's opinion
on the consolidated financial
statements
Financial Year ended
31 December 2011**

The report supplementing the auditor's opinion
contains 18 pages
Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011



PGE Polska Grupa Energetyczna S.A. Group
*Report supplementing the opinion on the consolidated financial statements
for the financial year ended 31 December 2011*

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

PGE Polska Grupa Energetyczna S.A. Group

1.1.2 Registered office of the Parent Company of the Group

ul. Mysia 2
00-496 Warsaw

1.1.3 Registration of the Parent Company in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Date:	5 November 2001
Registration number:	KRS 0000059307
Share capital as at balance sheet date:	PLN 18,697,837,270.00

1.1.4. Management of the Parent Company

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

At 31 December 2011, the Management Board of the Parent Company was comprised of the following members:

- Paweł Skowroński – acting as President of the Management Board,
- Wojciech Ostrowski – Vice President of the Management Board,
- Piotr Szymanek – Vice President of the Management Board.

According to the resolution of Supervisory Board dated 5 January 2011 Mr. Wojciech Topolnicki was dismissed from the position of Vice President of the Management Board for Financial Affairs.

According to the resolution of Supervisory Board dated 16 March 2011 Mr. Marek Trawiński was dismissed from the position of Vice President of the Management Board for Operating Affairs.

According to the resolution of Supervisory Board dated 16 March 2011 Mr. Wojciech Ostrowski was appointed to the position of Vice President of the Management Board for Financial Affairs effective on 17 March 2011.

According to the resolution of Supervisory Board dated 16 March 2011 Mr. Paweł Skowroński was appointed to the position of Vice President of the Management Board for Commercial Affairs effective on 17 March 2011.

On 14 December 2011 Supervisory Board accepted Mr. Tomasz Zadroga's resignation from the position of President of the Management Board. The Supervisory Board entrusted the duties of President of the Management Board to Mr. Paweł Skowroński.

According to the resolution of Supervisory Board dated 14 December 2011 Mr. Marek Szostek was dismissed from the position of Vice President of the Management Board for Operating Affairs.

On 1 March 2012 the Supervisory Board adopted a resolution to appoint Mr. Krzysztof Kilian as a President of the Management Board, and Mrs. Bogusława Matuszewska as a Vice-President of the Management Board, effectively from 5 March 2012.

Therefore as at the date of signing the foregoing opinion, the composition of the Management Board was as follows:

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

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2011, the following companies were consolidated by the Group:

Parent Company:

- PGE Polska Grupa Energetyczna S.A.

Subsidiaries consolidated on the full consolidation basis:

- PGE Obrót S.A.,
- PGE Dystrybucja S.A.,
- PGE Górnictwo i Energetyka Konwencjonalna S.A.,
- PGE Energia Odnawialna S.A.,
- PGE Elektrownia Opole S.A.,
- EXATEL S.A.,
- PGE Energia Jądrowa S.A.,
- PGE EJ 1 Sp. z o.o.,
- Elektrownia Wiatrowa Kamieńsk Sp. z o.o.,
- ELECTRA Deutschland GmbH,
- ELECTRA Bohemia s.r.o.,
- PGE Serwis Sp. z o.o. w likwidacji,
- Budownictwo Hydroenergetyka - Dychów Sp. z o.o.,

- Dychowskie Przedsiębiorstwo Eksploatacji Elektrowni ELDEKS Sp. z o.o.,
- ESP Usługi Sp. z o.o. w likwidacji,
- Energetyczne Systemy Pomiarowe Sp. z o.o.,
- EnBud Sp. z o.o. w likwidacji,
- Bio-Energia S.A.,
- MEGAZEC Sp. z o.o.,
- NOM Sp. z o.o.,
- Energo-Tel S.A.,
- ELMEN Sp. z o.o.,
- Energoserwis – Kleszczów Sp. z o.o.,
- Niepubliczny Zakład Opieki Zdrowotnej MegaMed Sp. z o.o.,
- ELBEST Sp. z o.o.,
- Przedsiębiorstwo Transportowo Sprzętowe BETRANS Sp. z o.o.,
- RAMB Sp. z o.o.,
- EPO Sp. z o.o.,
- Przedsiębiorstwo Produkcji Sorbentów i Rekultywacji ELTUR-WAPORE Sp. z o.o.,
- Przedsiębiorstwo Usługowo-Produkcyjne ELTUR-SERWIS Sp. z o.o.,
- Przedsiębiorstwo Usługowo-Produkcyjne TOP SERWIS Sp. z o.o.,
- Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA Sp. z o.o.,
- Zakład Obsługi Energetyki Sp. z o.o.,
- ENESTA Sp. z o.o.,
- Przedsiębiorstwo Transportowo-Usługowe ETRA Sp. z o.o.,
- Przedsiębiorstwo Produkcyjno-Handlowe EKTO Sp. z o.o.,
- PGE Systemy S.A.,
- PGE Inwest Sp. z o.o.,
- PGE Inwest Sp. z o.o. II S.K.A w likwidacji,
- Elektrownia Wiatrowa Resko Sp. z o.o.,

- Biogazownia Łapy Sp. z o.o.,
- Biogazownia Wozuczyn Sp. z o.o.,
- PWE Gubin Sp. z o.o.,
- Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.,
- Elektrownia Wiatrowa Turów Sp. z o.o.,
- Elektrownia Wiatrowa Baltica-1 Sp. z o.o.,
- Elektrownia Wiatrowa Baltica-2 Sp. z o.o.,
- Elektrownia Wiatrowa Baltica-3 Sp. z o.o.,
- ELBIS Sp. z o.o.,
- Elektrownia Wiatrowa Gniewino Sp. z o.o.,
- MEGA Sp. z o.o.

1.2.2 Entities excluded from consolidation

As at 31 December 2011, the following subsidiaries of the Group were not consolidated due to the insignificant value of total assets and turnover in relation to the consolidated financial statements:

- Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A.,
- Energopomiar Sp. z o.o.,
- Ośrodek Wypoczynkowo Szkoleniowy „ENERGETYK” Sp. z o.o.,
- KE Dolna Odra Sp. z o.o.,
- PROZEL-Lublin Sp. z o.o.,
- Pracownicze Towarzystwo Emerytalne Nowy Świat S.A.,
- Electra Slovakia s.r.o.,
- E-connections S.A.,
- Telmatik Polska Sp. z o.o.,
- E-Telbank S.A.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname: Marek Gajdziński
Registration number: 90061

Name and surname: Bartłomiej Lachowicz
Registration number: 11003



1.3.2 Audit auditor information

Name: KPMG Audyt Sp. z o.o.
Registered office: Warsaw
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000104753
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court Register
Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of audit firms under number 458.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion with the following emphasis of matter:

“Without qualifying our opinion, we draw attention to:

- 1) the Note 45.1 of the explanatory notes to the accompanying consolidated financial statements, and to the fact that the estimates of compensation related to early termination of long-term agreements for the sales of electric power and energy and recognition of related revenues and receivables prepared by the Group were based on the Group’s own interpretation of the Act dated 29 June 2007, on rules of covering producer’s costs related to early termination of long-term agreements for the sales of electric power and energy (Official Journal, No. 130, item 905, year 2007) (“The LTC Act”) and a number of significant assumptions, some of which are outside of the Group’s control.

An unfavourable outcome of the dispute with the President of the Energy Regulation Office with respect to the interpretation of the LTC Act and changes in assumptions used will significantly impact the estimates and as a consequence will lead to significant changes in the financial position and results of the Group. The final outcome of the dispute with the President of the Energy Regulation Office cannot be reasonably determined as at the date of the opinion.

- 2) the information presented in Note 45.2.2 of the explanatory notes to the accompanying consolidated financial statements in which the Management Board describes the court proceeding resulting from disputed registration of the merger of 12 companies with PGE Elektrownia Bełchatów S.A. (currently PGE Górnictwo i Energetyka Konwencjonalna S.A.). During the course of reconsideration, the District Court may decide again to register the merger or to refuse to register the merger and to remove the existing merger to determine the probability of each scenario or the realization date thereof. The consolidated financial statements do not reflect the consequences of a possible change in the District Court’s decision on the registration of the companies’ merger.
- 3) the information presented in Notes 25 and 43.12 of the explanatory notes to the consolidated financial statements in which the Management Board of the parent company describes the uncertainty relating to future settlement of prepayments made by the parent company resulting from execution of the agreement described in the above mentioned notes.”

The consolidated financial statements were approved at the General Meeting on 29 June 2011.

The consolidated financial statements were submitted to the Registry Court on 6 July 2011 and were published in Monitor Polski B No. 2130 on 9 November 2011.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of PGE Polska Grupa Energetyczna S.A. seated in Warsaw, ul. Mysia 2 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting dated 18 September 2008.

The consolidated financial statements have been audited in accordance with the contract dated 15 November 2010, concluded on the basis of the resolution of the Supervisory Board dated 30 September 2010 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's head office during the period from 6 February to 13 March 2012.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Group's activities.

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

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

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

Key certified auditors and KPMG Audyt Sp. z o.o. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649).

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

1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2011 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością, certified auditor number 458, and received an unqualified opinion with the following emphasis of matter:

“Without qualifying our opinion, we draw attention to the information presented in note 38.4.2 of the supplementary information and explanations to the financial statements, in which the Management Board describes the uncertainty relating to future settlement of prepayments made by the Company resulting from the execution of the agreement described in the above mentioned Note. “

1.6.2 Other consolidated entities

<u>Entity's name</u>	<u>Authorised auditor</u>	<u>Financial year end</u>	<u>Type of auditor's opinion</u>
PGE Obrót S.A.	Deloitte Audyt Sp. z o.o.	31.12.2011	Unqualified opinion
PGE Dystrybucja S.A.	Deloitte Audyt Sp. z o.o.	31.12.2011	Unqualified opinion
PGE Górnictwo i Energetyka Konwencjonalna S.A.	KPMG Audyt Sp. z o.o.	31.12.2011	Unqualified opinion with emphasis of matter
PGE Energia Odnawialna S.A.	Deloitte Audyt Sp. z o.o.	31.12.2011	Unqualified opinion with emphasis of matter
PGE Elektrownia Opole S.A.	KPMG Audyt Sp. z o.o.	31.12.2011	Unqualified opinion with emphasis of matter
EXATEL S.A.	KPMG Audyt Sp. z o.o.	31.12.2011	Unqualified opinion with emphasis of matter
PGE Energia Jądrowa S.A.	KPMG Audyt Sp. z o.o.	31.12.2011	Unqualified opinion with emphasis of matter
PGE EJ 1 Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2011	Unqualified opinion with emphasis of matter
PGE Elektrownia Wiatrowa Kamieńsk Sp. z o.o.	Deloitte Audyt Sp. z o.o.	31.12.2011	in the course of audit
ELECTRA Deutschland GmbH	Roedl & Partner GmbH	31.12.2011	Unqualified opinion

ELECTRA Bohemia s.r.o.		31.12.2011	not audited
PGE Serwis Sp. z o.o. w likwidacji		31.12.2011	not audited
Budownictwo Hydroenergetyka - Dychów Sp. z o.o.	PKF Audyty Sp. z o.o. Oddział Łódź	31.12.2011	Unqualified opinion
Dychowskie Przedsiębiorstwo Eksploatacji Elektrowni ELDEKS Sp. z o.o.	"ForBiznes Audyty - Libsz Kępk Zielińska - biegli rewidenty" spółka partnerska	31.12.2011	in the course of audit
ESP Usługi Sp. z o.o. w likwidacji		31.12.2011	not audited
Energetyczne Systemy Pomiarowe Sp. z o.o.	Kancelaria Księgowo-Audytorska "Buchalteria" Sp. z o.o.	31.12.2011	Unqualified opinion
EnBud Sp. z o.o. w likwidacji		31.12.2011	not audited
Bio-Energia S.A.	"Auxilium Audyty" Krystyna Adamus, Jadwiga Faron Spółka Komandytowa	31.12.2011	Unqualified opinion
MEGAZEC Sp. z o.o.	Justan Audytor Sp. z o.o.	31.12.2011	Unqualified opinion
NOM Sp. z o.o.	PKF Audyty Sp. z o.o.	31.12.2011	in the course of audit
Energo-Tel S.A.	PKF Audyty Sp. z o.o.	31.12.2011	Unqualified opinion
ELMEN Sp. z o.o.	"ForBiznes Audyty - Libsz Kępk Zielińska - biegli rewidenty" spółka partnerska	31.12.2011	Unqualified opinion
Energoserwis - Kleszczów Sp. z o.o.	"ForBiznes Audyty - Libsz Kępk Zielińska - biegli rewidenty" spółka partnerska	31.12.2011	Unqualified opinion
Niepubliczny Zakład Opieki Zdrowotnej MegaMed Sp. z o.o.	PKF Audyty Sp. z o.o. Oddział Łódź	31.12.2011	Unqualified opinion
ELBEST Sp. z o.o.	DORADCA Zespół Doradców Finansowo-Księgowych Sp. z o.o.	31.12.2011	Unqualified opinion
Przedsiębiorstwo Transportowo Sprzętowe BETRANS Sp. z o.o.	DORADCA Zespół Doradców Finansowo-Księgowych Sp. z o.o.	31.12.2011	Unqualified opinion
RAMB Sp. z o.o.	PKF Audyty Sp. z o.o. Oddział Łódź	31.12.2011	Unqualified opinion
EPO Sp. z o.o.	Kancelaria Rachunkowo-Podatkowa Biegły Rewident Bernarda Sobczyk	31.12.2011	in the course of audit
Przedsiębiorstwo Produkcji Sorbentów i Rekultywacji ELTUR-WAPORE Sp. z o.o.	DORADCA Zespół Doradców Finansowo-Księgowych Sp. z o.o.	31.12.2011	Unqualified opinion
Przedsiębiorstwo Usługowo-Produkcyjne ELTUR-SERWIS Sp. z o.o.	KPMG Audyty Sp. z o.o.	31.12.2011	Unqualified opinion
Przedsiębiorstwo Usługowo-Produkcyjne TOP SERWIS Sp. z o.o.		31.12.2011	not audited
Zakład Obsługi Energetyki Sp. z o.o.		31.12.2011	not audited
ENESTA Sp. z o.o.	Justan Audytor Sp. z o.o.	31.12.2011	Unqualified opinion
Przedsiębiorstwo Transportowo-Usługowe ETRA Sp. z o.o.	Zespół Biegłych Rewidentów "Audytor" Sp. z o.o.	31.12.2011	Unqualified opinion
Przedsiębiorstwo Produkcyjno-Handlowe EKTO Sp. z o.o.	Justan Audytor Sp. z o.o.	31.12.2011	Unqualified opinion
PGE Systemy S.A.	KPMG Audyty Sp. z o.o.	31.12.2011	in the course of audit
PGE Inwest Sp. z o.o.		31.12.2011	not audited
Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA Sp. z o.o.	POL-TAX Sp. z o.o.	31.12.2011	Unqualified opinion



PGE Polska Grupa Energetyczna S.A. Group
*Report supplementing the opinion on the consolidated financial statements
for the financial year ended 31 December 2011*
TRANSLATION

PGE Invest Sp. z o.o. II S.K.A. w likwidacji		31.12.2011	not audited
Elektrowania Wiatrowa Resko Sp. z o.o.	Progres Biegli Rewidenci	31.12.2011	in the course of audit
Biogazownia Łapy Sp. z o.o.		31.12.2011	not audited
Biogazownia Woźuczyn Sp. z o.o.		31.12.2011	not audited
PWE Gubin Sp. z o.o.	Kancelaria Audytorsko-Doradcza Mirosław Urbanowicz	31.12.2011	Unqualified opinion
Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.		31.12.2011	not audited
Elektrownia Wiatrowa Turów Sp. z o.o.	"ForBiznes Audyt - Libsz Kępka Zielińska - biegli rewidenci" spółka partnerska	31.12.2011	Unqualified opinion
Elektrowania Wiatrowa Baltica-1 Sp. z o.o.	Doradca Auditors Sp. z o.o.	31.12.2011	Unqualified opinion
Elektrowania Wiatrowa Baltica-2 Sp. z o.o.	Doradca Auditors Sp. z o.o.	31.12.2011	Unqualified opinion
Elektrowania Wiatrowa Baltica-3 Sp. z o.o.	Doradca Auditors Sp. z o.o.	31.12.2011	Unqualified opinion
ELBIS Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2011	Unqualified opinion
Elektrownia Wiatrowa Gniewino Sp. z o.o.	Doradca Auditors Sp. z o.o.	31.12.2011	Unqualified opinion
MEGA Sp. z o.o.		31.12.2011	not audited

2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2011 PLN '000	% of total	31.12.2010 PLN '000	% of total
			(restated)*	
Non-current assets				
Property, plant and equipment	42,974,819	73.1	41,442,181	76.9
Investment properties	33,286	0.1	24,959	-
Intangible assets	216,921	0.4	202,629	0.4
Loans and receivables	323,473	0.5	407,831	0.8
Available-for-sale financial assets	100,751	0.2	95,242	0.2
Shares in associates accounted for under the equity method	55,062	0.1	1,408,465	2.6
Other long-term assets	440,157	0.7	264,432	0.5
Deferred tax assets	296,387	0.5	286,621	0.5
Non-current assets related to discontinued operations	4,077	-	5,062	-
Total non-current assets	44,444,933	75.6	44,137,422	81.9
Current assets				
Inventories	1,305,327	2.2	1,090,549	2.0
Emission rights	3,366,988	5.7	2,625,535	4.9
Income tax receivables	31,920	0.1	29,976	0.1
Trade receivables	1,767,739	3.0	1,618,591	3.0
Other loans and financial assets	2,784,000	4.8	796,663	1.5
Available-for-sale short-term financial assets	8,432	-	80,251	0.1
Other short-term assets	947,056	1.6	752,914	1.4
Cash and cash equivalents	4,052,238	6.9	2,730,423	5.1
Assets classified as held-for-sale	33,067	0.1	7,572	-
Current assets related to discontinued operations	20,931	-	10,095	-
Total current assets	14,317,698	24.4	9,742,569	18.1
TOTAL ASSETS	58,762,631	100.0	53,879,991	100.0

* For details on 2010 data restatement please refer to Note 13 of the foregoing financial statements.



PGE Polska Grupa Energetyczna S.A. Group
*Report supplementing the opinion on the consolidated financial statements
for the financial year ended 31 December 2011*
TRANSLATION

LIABILITIES AND EQUITY	31.12.2011	% of total	31.12.2010	% of total
	PLN '000		PLN '000	
			(restated)*	
Equity attributable to equity holders of the parent				
Share capital	18,697,837	31.8	18,697,837	34.7
Revaluation reserve	(777)	-	(1,081)	-
Treasury shares	(229)	-	(229)	-
Foreign exchange differences from translation of foreign entities	6,292	-	945	-
Reserve capital	8,553,143	14.6	6,727,589	12.5
Other capital reserves	49,779	0.1	49,779	0.1
Retained earnings	13,452,823	22.9	11,483,867	21.3
Non-controlling interest	414,392	0.7	595,958	1.1
Total equity	41,173,260	70.1	37,554,665	69.7
Long-term liabilities				
Interest-bearing loans, borrowings, bonds and lease	1,341,351	2.3	1,804,429	3.3
Other long-term liabilities	17,864	-	14,403	-
Provisions	3,216,279	5.5	3,362,235	6.3
Deferred tax liabilities	1,384,507	2.3	1,176,599	2.2
Deferred income and government grants	1,255,298	2.1	1,112,553	2.1
Long-term liabilities related to discontinued operations	667	-	1,366	-
Total long-term liabilities	7,215,966	12.2	7,471,585	13.9
Short-term liabilities				
Trade liabilities	1,117,172	1.9	980,224	1.8
Financial liabilities at fair value through profit or loss	48,093	0.1	41,165	0.1
Interest-bearing loans, borrowings, bonds and lease	697,661	1.2	914,956	1.7
Other short-term financial liabilities	1,826,613	3.1	1,265,555	2.3
Other short-term non-financial liabilities	1,499,755	2.6	1,396,213	2.6
Income tax liabilities	414,618	0.7	218,158	0.4
Deferred income	117,117	0.2	100,157	0.2
Short-term provisions	4,634,462	7.9	3,931,024	7.3
Short-term liabilities related to discontinued operations	17,914	-	6,289	-
Total short-term liabilities	10,373,405	17.7	8,853,741	16.4
Total liabilities	17,589,371	29.9	16,325,326	30.3
TOTAL LIABILITIES AND EQUITY	58,762,631	100.0	53,879,991	100.0

* For details on 2010 data restatement please refer to Note 13 of the foregoing financial statements.

2.1.2 Consolidated statement of comprehensive income

	1.01.2011 - 31.12.2011 zł '000	% of total sales	1.01.2010 - 31.12.2010 zł '000	% of total sales
(restated)*				
Continuing operations				
Total sales revenues	28,111,354	100.0	20,471,430	100.0
Costs of goods sold	(20,620,787)	73.4	(14,252,380)	69.6
Gross profit on sales	7,490,567	26.6	6,219,050	30.4
Other operating revenues	623,984	2.2	666,403	3.3
Distribution and selling expenses	(1,638,068)	5.8	(1,535,628)	7.5
General and administrative expenses	(819,308)	2.9	(793,014)	3.9
Other operating expenses	(1,512,695)	5.4	(407,575)	2.0
Financial revenues	2,304,397	8.2	395,086	1.9
Financial expenses	(457,856)	1.6	(531,188)	2.6
Share of profit of associates	174,373	0.6	227,019	1.1
Profit before tax	6,165,394	21.9	4,240,153	20.7
Corporate income tax	(1,194,484)	4.2	(666,542)	3.2
Net profit	4,970,910	17.7	3,573,611	3.2
Discontinued operations				
Profit for the period on discontinued operations	1,704	-	24,237	0.1
Net profit for the operating period	4,972,614	17.7	3,597,848	17.6
OTHER COMPREHENSIVE INCOME				
Valuation of available-for-sale financial assets	304	-	80	-
Foreing exchange differences from translation of foreing entities	5,347	-	1,757	-
Other comprehensive income for the period, net	5,651	-	1,837	-
TOTAL COMPREHENSIVE INCOME	4,978,265	17.7	3,599,685	17.6
Net profit attributable to:				
- equity holders of the parent company	4,936,095	17.6	2,990,269	14.6
- non-controlling interest	36,519	0.1	607,579	3.0
Total comprehensive income attributable to:				
- equity holders of the parent company	4,941,746	17.6	2,992,106	14.6
- non-controlling interest	36,519	0.1	607,579	3.0
Earnings per share (in PLN)				
- basic earnings per share for the period	2.64	-	1.68	-
- basic earnings per share from the continuing operations	2.64	-	1.68	-

* For details on 2010 data restatement please refer to Note 13 of the foregoing financial statements.



2.2 Selected financial ratios

	2011	2010
		restated*
1. Return on sales		
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	17.7%	17.6%
2. Return on equity		
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	13.7%	10.6%
3. Debtors turnover		
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	25 days	33 days
4. Debt ratio		
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	29.9%	30.3%
5. Current ratio		
$\frac{\text{current assets}}{\text{current liabilities}}$	1.4	1.1

* For details on 2010 data restatement please refer to Note 13 of the foregoing financial statements.

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

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

3.3 Method of consolidation

The method of consolidation is described in notes from 12.1 to 12.4 of the notes to the consolidated financial statements.

3.4 Consolidation of equity and calculation of non-controlling interest

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

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

3.5 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of PGE Polska Grupa Energetyczna S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.6 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.7 Report of the Management Board of the Parent Company on the Group's activities

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

3.8 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2011, we have issued an unqualified opinion with the following emphasis of matter:

“Without qualifying our opinion, we draw attention to:

- 1) Note 45.1 of the explanatory notes to the accompanying consolidated financial statements, and to the fact that the estimates of compensation related to early termination of long-term agreements for the sales of electric power and energy and recognition of related revenues and receivables prepared by the Group were based on the Group's own interpretations of the Act dated 29 June 2007, on rules of covering producer's costs related to early termination of long-term agreements for the sales of electric power and energy (Official Journal, No. 130, item 905, from 2007) (“The LTC Act”), the expectations on the final outcome of the dispute with the President of the Energy Regulation Office and a number of other significant assumptions, some of which are outside of the Group's control.



The final outcome of the dispute with the President of the Energy Regulation Office with respect to the interpretation of the LTC Act, as stated in the Note 45.1, and potential changes in adopted assumptions, may significantly impact the estimates and accordingly lead to significant changes in the financial position and results of the Group. As of the date of these financial statements the ultimate outcome of the dispute with the President of the Energy Regulation Office cannot be reasonably determined.

- 2) the information presented in Notes 25 and 43.11 of the explanatory notes to the consolidated financial statements in which the Management Board of the parent company describes the uncertainty relating to future settlement of prepayments made by the parent company resulting from execution of the agreement described in the above mentioned notes.”

On behalf of KPMG Audyt Sp. z o.o. registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 11003
Bartłomiej Lachowicz

13 March 2012
Warsaw

Signed on the Polish original

.....
Certified Auditor No. 90061
Marek Gajdziński