TRANSLATION

PGE Polska Grupa Energetyczna S.A.
Group

Opinion and Report of the Independent Auditor Financial Year ended 31 December 2014

The opinion contains 7 pages
The supplementary report contains 16 pages
Opinion of the independent auditor
and supplementary report on the audit
of the consolidated financial statements
for the finacial year ended
31 December 2014

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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.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent company is PGE Polska Grupa Energetyczna S.A. ("the Company") with its registered office in Warsaw, ul. Mysia 2 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, 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 comprising 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 company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with other applicable regulations, and for the preparation of the report on the Group's activities. Management of the parent company 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.

In preparing the consolidated financial statements, management of the parent company is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the parent company either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), management of the parent company 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.

Members of the Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are derived from properly maintained accounting records and are free from material misstatement, whether due to fraud or error, and to issue an auditor's opinion and report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with applicable standards described below will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with applicable standards described below, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the parent company and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with members of the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide members of the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with members of the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's opinion unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Basis for Opinion

We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing ("applicable standards"). We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 2014 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.

Key Audit Matters

On terms agreed with the Management Board of PGE Polska Grupa Energetyczna S.A., our audit work has been undertaken so that we might state to the Company's shareholders key audit matters that we are required to state to them in an auditor's opinion and, in respect of reporting as if International Standard on Auditing 700 (Revised January 2015) applied to this reporting period.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

1. Impairment of property, plant and equipment

The carrying amount of property, plant and equipment as at 31 December 2014: PLN 49,738 million; Impairment loss recognised in 2014: PLN 153 million.

We refer to the financial statements: Note A2.3 „Professional judgment of management and estimates", Note A2.4.16 "Accounting principles applied – Impairment of non-financial assets", Note A4 „Impairment test of property, plant and equipment and goodwill".

Key audit matter

Due to the unfavorable situation on the electric energy market in Poland which has resulted in, among others, decreasing electricity prices on the wholesale market, impairment tests were performed in respect of the mining and conventional energy segments.

Determining the recoverable amount of the assets requires a number of significant judgments and estimates, especially in respect of the amount of future cash flows and the applied discount rate. The projected operating cash flows are significantly influenced by long-term assumptions concerning prices of electricity, heat, coal, gas and carbon dioxide emission rights and certificates of origin for electric energy. The price projections are exposed to significant variability due to changing market conditions and significant legislative changes in the energy related regulations, inter alia, on support for renewable energy sources and cogeneration. In addition, the estimates of future cash flows depend on the amount of expected compensation resulting from termination of long term contracts for the sale of capacity and electricity (refer to Key Audit Matter 3 "Compensation resulting from termination of long term contracts for sale of capacity and electricity", below).

Our response

Our audit procedures included, among others:

- Assessing internal controls designed for identification of impairment indicators and the appropriateness of the Group's judgment regarding identification of assets which may be impaired;
- Evaluating the appropriateness of allocation of assets to cash generating units;
- Critically assessing the Group's assumptions and estimates used to determine the recoverable amount of property. plant and equipment and consequently any impairment losses recognised. This included:
  - testing the Group's discounted cash flow model using our internal valuations specialists,
  - assessing macroeconomic assumptions (including those relating to discount rates) against market data,
  - challenging assumptions in respect of prices and volumes by comparing them to analyses prepared at the request of the Group by external experts, whose competence and independence we assessed;
- Evaluating the Group's analysis of the sensitivity of the impairment tests' results and the adequacy of disclosures in respect of the impairment.

2. Provision for rehabilitation of post-exploitation mining properties

Provision for rehabilitation of post-exploitation mining properties as at 31 December 2014: PLN 3,047 million.

We refer to the financial statements: Note A2.3 „Professional judgment of management and estimates", Note A2.4.11 „Accounting principles applied – Property, plant and equipment – Costs of rehabilitation of post-exploitation surface mining properties", Note A2.4.27 „Accounting principles applied – Provisions", Note A5 „Changes of accounting principles and data presentation", Note B4 „Property, plant and equipment – Capitalization of changes in valuation of rehabilitation provision", Note B20.1 „Provision for rehabilitation and liquidation of property, plant and equipment".

Key audit matter	Our response
The Group entities operating surface mines recognise provisions for costs of rehabilitation of post-exploitation mining properties. The provision is recognised in operating expenses for the portion attributable to the mined lignite and as an increase in the value of the corresponding component of fixed assets in the part attributable to stripping cost, which represents a change in the accounting policy previously applied. The estimation of the provision requires significant judgments and assumptions regarding the methods of rehabilitation, the timing of execution, the amount of anticipated costs, the inflation rate and the discount rate used to determine the present value of provisions. The provision is very sensitive to assumptions regarding inflation rates and discount rates.	Our audit procedures included, among others: • Challenging the Group's assumptions regarding the methods of rehabilitation, the timing of execution and the amount of anticipated costs by comparison to reports obtained by the Group from external experts, whose competence and independence we assessed; • Assessing the appropriateness of adopted long-term inflation assumptions and the discount rate used to determine the provisions by comparing them against market benchmarks; • Evaluating the accounting treatment applied by the Group, including the legitimacy of the policy changes in respect of the recognition of part of the rehabilitation provision attributable to stripping costs; • Evaluating the completeness of the relevant disclosures.

3. Compensation resulting from early termination of long term contracts for sale of capacity and electricity ("LTC compensation")

Sales revenues in 2014: PLN 1,539 million; other operating revenues in 2014: PLN 246 million; the carrying amount of the receivable and liability as at 31 December 2014: PLN 968 million and PLN 767 million, respectively.

We refer to the financial statements: Note A2.3 „Professional judgment of management and estimates", Note A2.4.5 „Accounting principles applied" – „Revenues", Note B2.1 „Sales revenues", Note B2.8 „Other operating revenues and expenses", Note B24.1.1 „Loans and receivables", Note B24.1.5 „Other financial liabilities measured at amortised cost, Note B28.1 „Compensation resulting from termination of long term contracts".

Key audit matter

The revenues from compensations recognised by the Group are based on the Group's interpretation of the Act dated 29 June 2007 on the principles for coverage of costs incurred due to early termination of long-term contracts for sales of capacity and electricity ("LTC Act") and on a number of significant assumptions regarding future operating results and the anticipated outcome of disputes with the President of the Energy Regulatory Office with respect to settlement of LTC compensation for previous years. Changes in either the assumptions or interpretations applied, as well as a more or less favourable final outcome of disputes with the President of the Energy Regulatory Office may lead to significant changes in the amount of compensations for LTC in relation to the amounts recognised in the financial statements.

Our response

Our audit procedures included, among others assessing the model used for determining the amount of income from LTC compensations, including:

- testing the models compliance with accounting standards in terms of revenue recognition criteria and allocating revenues to periods to which they relate;
- testing the model's compliance with the LTC Act by comparing the applied interpretations of these regulations to external legal opinions obtained by the Group,
- evaluating the reasonableness of the assumptions that affect the Group's projected future operating results. The LTC model is based on the same assumptions as those applied in impairment tests (refer to our response to Key Audit Matter 1 "Impairment of property, plant and equipment", above),
- assessing the impact of the disputes resolved during 2014 with the President of the Energy Regulatory Office on the amount of LTC compensation that is still in dispute with the President of the Energy Regulatory Office.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

As required under the Accounting Act, we report that the accompanying report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original
....
Marek Gajdziński
Key Certified Auditor
Registration No. 90061
Limited Liability Partner
with power of attorney

17 February 2015

TRANSLATION

PGE Polska Grupa Energetyczna S.A.
Group

Supplementary report on the audit of the consolidated financial statements Financial Year ended 31 December 2014

The supplementary report contains 16 pages
The supplementary report on the audit of the consolidated financial statements for the financial year ended 31 December 2014

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

Contents

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 register of entrepreneurs of the National Court Register

Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
Date:	5 November 2001
Registration number:	KRS 0000059307
Share capital as at the end of reporting period:	PLN 18,697,608,290.00

1.1.4 Management of the parent company

The Management Board is responsible for management of the parent company.

As at 31 December 2014, the Management Board of the parent company was comprised of the following members:

- Marek Woszczyk – President of the Management Board,
- Jacek Drozd – Vice President of the Management Board,
- Grzegorz Krystek – Vice President of the Management Board,
- Dariusz Marzec – 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 2014, 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.,
- EXATEL S.A.,

- PGE EJ 1 Sp. z o.o.,
- ELBIS Sp. z o.o.,
- PGE Systemy S.A.,
- Pelplin Sp. z o.o.,
- PGE Energia Natury S.A.,
- PGE Energia Natury Sp. z o.o.,
- PGE Energia Natury Kappa Sp. z o.o.,
- PGE Energia Natury PEW Sp. z o.o.,
- PGE Energia Natury Omikron Sp. z o.o.,
- PGE Energia Natury Karnice Sp. z o.o.,
- PGE Energia Natury Olecko Sp. z o.o.,
- PGE Energia Natury Bukowo Sp. z o.o.,
- Przedsiębiorstwo Transportowo-Sprzętowe „BETRANS" Sp. z o.o.,
- „ELBEST" Sp. z o.o.,
- Przedsiębiorstwo Usługowo-Produkcyjne „ELTUR-SERWIS" Sp. z o.o.,
- ENESTA Sp. z o.o.,
- ENERGO-TEL S.A.,
- RAMB Sp. z o.o.,
- PGE Trading GmbH,
- Energetyczne Systemy Pomiarowe Sp. z o.o.,
- Bio-Energia S.A.,
- MEGAZEC Sp. z o.o.,
- „ELMEN" Sp. z o.o.,
- „Energoserwis – Kleszczów" Sp. z o.o.,
- Przedsiębiorstwo Produkcji Sorbentów i Rekultywacji EPORE Sp. z o.o.,
- Przedsiębiorstwo Usługowo-Produkcyjne „TOP SERWIS" Sp. z o.o.,
- Przedsiębiorstwo Transportowo-Usługowe „ETRA" Sp. z o.o.,
- Przedsiębiorstwo Produkcyjno-Handlowe EKTO Sp. z o.o.,
- PGE Obsługa Księgowo-Kadrowa Sp. z o.o. (dawniej PGE Inwest Sp. z o.o.),
- Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA Sp. z o.o.,
- PGE Gubin Sp. z o.o.,
- Przedsiębiorstwo Energetyki Cieplnej 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.,
- MegaSerwis Sp. z o.o.,
- PGE Dom Maklerski S.A.,
- Eolica Wojciechowo Sp. z o.o.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2014, as a result of the parent company's acquiring a controlling interest:

- PGE Sweden AB (publ) – subject to consolidation for the period from 8 April 2014 to 31 December 2014,
- PGE Inwest 2 Sp. z o.o. – subject to consolidation for the period from 19 August 2014 to 31 December 2014,
- PGE Inwest 3 Sp. z o.o. – subject to consolidation for the period from 25 August 2014 to 31 December 2014,
- PGE Inwest 4 Sp. z o.o. – subject to consolidation for the period from 25 August 2014 to 31 December 2014,
- PGE Inwest 5 Sp. z o.o. – subject to consolidation for the period from 19 August 2014 to 31 December 2014,
- PGE Inwest 6 Sp. z o.o. – subject to consolidation for the period from 27 August 2014 to 31 December 2014,
- PGE Inwest 7 Sp. z o.o. – subject to consolidation for the period from 5 September 2014 to 31 December 2014,
- PGE Inwest 8 Sp. z o.o. – subject to consolidation for the period from 12 September 2014 to 31 December 2014,
- PGE Inwest 9 Sp. z o.o. – subject to consolidation for the period from 26 August 2014 to 31 December 2014,
- PGE Inwest 10 Sp. z o.o. – subject to consolidation for the period from 26 August 2014 to 31 December 2014,
- PGE Inwest 11 Sp. z o.o. – subject to consolidation for the period from 12 September 2014 to 31 December 2014,
- PGE Inwest 12 Sp. z o.o. – subject to consolidation for the period from 19 August 2014 to 31 December 2014,
- PGE Inwest 13 Sp. z o.o. – subject to consolidation for the period from 25 August 2014 to 31 December 2014,
- PGE Inwest 14 Sp. z o.o. – subject to consolidation for the period from 12 September 2014 to 31 December 2014,

- PGE Inwest 15 Sp. z o.o. – subject to consolidation for the period from 21 August 2014 to 31 December 2014,
- PGE Inwest 16 Sp. z o.o. – subject to consolidation for the period from 29 October 2014 to 31 December 2014.

The following subsidiaries were consolidated until the date control by the parent company ceased:

- Zakład Obsługi Energetyki Sp. z o.o. – subject to consolidation for the period from 1 January 2014 to 22 August 2014,
- Niezależny Operator Międzystrefowy Sp. z o.o. – subject to consolidation for the period from 1 January 2014 to 29 September 2014,
- Elektrownia Puławy Sp. z o.o. – subject to consolidation for the period from 1 January 2014 to 23 December 2014.

1.2.2 Entities excluded from consolidation

As at 31 December 2014, the following subsidiaries of the Group were not consolidated:

- PTE Nowy Świat S.A.,
- ELKOM Sp. z o.o.,

1.3 Key Certified Auditor and Audit Firm Information

1.3.1 Key Certified Auditor information

Name and surname:	Marek Gajdziński
Registration number:	90061

1.3.2 Audit Firm information

Name:	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number:	527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2013 were audited by KPMG Audyt Sp. z o.o. and received an unmodified opinion.

The consolidated financial statements were approved at the General Meeting of the parent company on 6 June 2014.

The consolidated financial statements were submitted to the Registry Court on 13 June 2014.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of PGE Polska Grupa Energetyczna S.A. with its registered office in Warsaw, ul. Mysia 5 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2014, 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 comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements were audited in accordance with the contract dated 4 November 2014, concluded on the basis of the resolution of the Supervisory Board dated 9 September 2014 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements at the Group entities during the period from 8 December to 23 December 2014 and from 19 January to 13 February 2015.

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 supplementary report on the audit of the financial statements.

The Management Board of the parent company submitted a statement, dated as at the same date as this report, as to the true and fair presentation of the accompanying consolidated financial statements, 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 were provided to us by management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

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

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).

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

1.6.1 Parent company

The separate financial statements of the parent company for the year ended 31 December 2014 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unqualified.

1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
PGE Obrót S.A.	Ernst & Young Audyt Polska Sp. z o.o. sp. k.	31.12.2014	unmodified opinion
PGE Dystrybucja S.A.	Ernst & Young Audyt Polska Sp. z o.o. sp. k.	31.12.2014	unmodified opinion
PGE Górnictwo i Energetyka Konwencjonalna S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Odnawialna S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
EXATEL S.A.	Ernst & Young Audyt Polska Sp. z o.o. sp. k.	31.12.2014	unmodified opinion
PGE EJ 1 Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Systemy S.A.	Ernst & Young Audyt Polska Sp. z o.o. sp. k.	31.12.2014	unmodified opinion
Pelplin Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury Kappa Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury PEW Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury Omikron Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury Karnice Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury Olecko Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Energia Natury Bukowo Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Dom Maklerski S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
Elektrowania Wiatrowa Baltica-1 Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
Elektrowania Wiatrowa Baltica-2 Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
Elektrowania Wiatrowa Baltica-3 Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
Bio-Energia S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
MegaSerwis Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
Eolica Wojciechowo Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k	31.12.2014	unmodified opinion
PGE Trading GmbH	ARB GmbH Wirtschaftsprüfungsgesellschaft	31.12.2014	in the course of audit
Energetyczne Systemy Pomiarowe Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
PGE Sweden AB (publ)	KPMG AB	31.12.2014	unmodified opinion

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
Przedsiębiorstwo Transportowo-Sprzętowe "BETRANS" Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
"ELBEST" Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
ELBIS Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
Przedsiębiorstwo Usługowo-Produkcyjne "ELTUR-SERWIS" Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
ENESTA Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
ENERGO-TEL S.A.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
RAMB Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
MEGAZEC Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
"ELMEN" Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
"Energoserwis - Kleszczów" Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
Przedsiębiorstwo Produkcji Sorbentów i Rekultywacji EPORE sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
Przedsiębiorstwo Usługowo-Produkcyjne TOP SERWIS Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
Przedsiębiorstwo Transportowo-Usługowe "ETRA" Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
Przedsiębiorstwo Producyjno-Handlowe EKTO Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
PGE Gubin Sp. z o.o.	PKF Consult Sp. z o.o.	31.12.2014	unmodified opinion
PGE Inwest 2 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 3 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 4 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 5 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 6 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 7 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 8 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 9 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 10 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 11 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 12 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 13 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 14 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 15 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Inwest 16 Sp. z o.o.	not audited	31.12.2014	not audited
PGE Obsługa Księgowo-Kadrowa Sp. z o.o.	not audited	31.12.2014	not audited

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2014 PLN '000 000	% of total	31.12.2013 PLN '000 000 *restated**	% of total	1.01.2013 PLN '000 000 *restated**	% of total
Non-current assets						
Property, plant and equipment	49,738	75.1	46,127	75.3	44,323	77.4
Investment property	33	-	22	-	28	-
Intangible assets	763	1.2	718	1.2	513	0.9
Loans and receivables	13	-	392	0.6	329	0.6
Available-for-sale financial assets	15	-	25	0.1	33	0.1
Shares in associates accounted for under the equity method	9	-	9	-	40	0.1
Other non-current assets	1,228	1.9	644	1.1	359	0.6
Deferred tax assets	383	0.6	302	0.5	367	0.6
Total non-current assets	52,182	78.8	48,239	78.8	45,992	80.3
Current assets						
Inventories	2,175	3.3	1,684	2.7	2,200	3.8
CO2 emission rights	1,552	2.4	1,404	2.3	791	1.4
Income tax receivables	46	0.1	9	-	9	-
Short-term financial assets at vair value through profit and loss	11	-	104	0.2	19	-
Trade receivables	1,729	2.6	2,192	3.6	1,895	3.3
Other loans and financial assets	1,180	1.8	903	1.5	768	1.4
Available-for-sale short-term financial assets	16	-	9	-	4	-
Other current assets	1,012	1.5	748	1.2	807	1.4
Cash and cash equivalents	6,282	9.5	5,952	9.7	4,795	8.4
Current assets related to discontinued operations	16	-	8	-	9	-
Total current assets	14,019	21.2	13,013	21.2	11,297	19.7
TOTAL ASSETS	66,201	100.0	61,252	100.0	57,289	100.0

** For information regarding restatement of comparative figures please refer to note A.5 of financial statements.*

EQUITY AND LIABILITIES	**31.12.2014 PLN '000 000**	**% of total**	**31.12.2013 PLN '000 000** *restated**	**% of total**	**1.01.2013 PLN '000 000** *restated**	**% of total**
Equity						
Share capital	18,698	28.2	18,698	30.5	18,698	32.7
Revaluation reserve on financial assets and hedge accounting	(61)	0.1	-	-	-	-
Foreign exchange differences from translation of foreign entities	(1)	-	-	-	4	-
Reserve capital	9,231	14.0	8,941	14.6	9,688	16.9
Other capital reserves	-	-	50	0.1	50	0.1
Retained earnings	16,901	25.5	15,851	25.9	12,605	22.0
Equity attributable to shareholders of the parent	44,768	67.6	43,540	71.1	41,045	71.7
Non-controlling interests	116	0.2	268	0.4	299	0.5
Total equity	44,884	67.8	43,808	71.5	41,344	72.2
Non-current liabilities						
Non-current provisions	6,099	9.2	4,766	7.8	4,870	8.5
Interest-bearing loans, borrowings, bonds and lease	4,688	7.1	1,994	3.3	1,085	1.9
Deferred tax liabilities	2,090	3.2	1,702	2.8	1,625	2.8
Deferred income and government grants	1,158	1.7	1,181	1.9	1,125	2.0
Other financial liabilities	16	-	11	-	23	-
Total non-current liabilities	14,051	21.2	9,654	15.8	8,728	15.2
Current liabilities						
Current provisions	2,070	3.1	2,435	4.0	1,709	3.0
Interest-bearing loans, borrowings, bonds and lease	357	0.5	528	0.9	811	1.4
Financial liabilities at fair value through profit or loss	117	0.2	24	-	37	0.1
Trade liabilities	1,179	1.8	935	1.5	1,202	2.1
Income tax liabilities	81	0.1	155	0.3	231	0.4
Deferred income and government grants	142	0.2	151	0.2	123	0.2
Other current financial liabilities	1,953	3.0	1,944	3.2	1,546	2.7
Other current non-financial liabilities	1,367	2.1	1,618	2.6	1,558	2.7
Total current liabilities	7,266	11.0	7,790	12.7	7,217	12.6
Total liabilities	21,317	32.2	17,444	28.5	15,945	27.8
TOTAL EQUITY AND LIABILITIES	66,201	100.0	61,252	100.0	57,289	100.0

** For information regarding restatement of comparative figures please refer to note A.5 of financial statements.*

2.1.2 Consolidated statement of comprehensive income

	1.01.2014 - 31.12.2014 PLN '000 000	% of total sales	1.01.2013 - 31.12.2013 PLN '000 000 restated*	% of total sales
STATEMENT OF PROFIT OR LOSS				
Sales revenues	28,137	100.0	30,145	100.0
Cost of goods sold	(21,546)	76.6	(23,360)	77.5
Gross profit on sales	6,591	23.4	6,785	22.5
Other operating revenues	1,561	5.5	802	2.6
Distribution and selling expenses	(1,540)	5.5	(1,244)	4.1
General and administrative expenses	(831)	2.9	(795)	2.6
Other operating expenses	(685)	2.4	(701)	2.3
Operating profit	5,096	18.1	4,847	16.1
Financial income	385	1.4	314	1.0
Financial expenses	(868)	3.1	(313)	1.0
Share of profit of associates	-	-	(1)	-
Profit before tax	4,613	16.4	4,847	16.1
Income tax	(956)	3.4	(876)	2.9
Net profit for the reporting period	3,657	13.0	3,971	13.2
OTHER COMPREHENSIVE INCOME				
Other comprehensive income, which may be reclassified to profit or loss, including:				
Valuation of hedging instruments	(75)	0.3	-	-
Foreign exchange differences from translation of foreign entities	(1)	-	1	-
Deferred tax	14	-	-	-
Other comprehensive income, which will not be reclassified to profit or loss, including:				
Actuarial gains and losses from valuation of provisions for employee benefits	(397)	1.4	311	1.0
Deferred tax	75	0.3	(59)	0.2
Other comprehensive income for the period, net	*(384)*	*1.4*	*253*	*0.8*
Total comprehensive income	*3,273*	11.6	*4,224*	14.0
Net profit attributable to:				
- equity holders of the parent company	3,638		3,948	
- non-controlling interest	19		23	
Total comprehensive income attributable to:				
- equity holders of the parent company	3,255		4,200	
- non-controlling interest	18		24	
Earnings per share (in PLN)				
- basic earning per share for the period	1.95		2.11	
- diluted earnings per share	1.95		2.11	

* *For information regarding restatement of comparative figures please refer to note A.5 of financial statements.*

2.2 Selected financial ratios

	2014	2013 *restated**
1. Return on sales		
profit for the period x 100% / revenue	13.0%	13.2%
2. Return on equity		
profit for the period x 100% / equity - net profit	8.9%	10.0%
3. Debtors turnover		
average trade receivables (gross) x 365 days / revenue	29 days	28 days
4. Debt ratio		
liabilities x 100% / equity and liabilities	32.2%	28.5%
5. Current ratio		
current assets / current liabilities	1.9	1.7

** For information regarding restatement of comparative figures please refer to note A.5 of financial statements.*

- Revenue includes revenue from sales 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, with no deduction made for allowances.

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.

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

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 No. 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note A.2.4.1. of the notes to the consolidated financial statements.

3.4 Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note A.2.4.2. of the notes to the consolidated financial statements.

3.5 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.

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.

3.6 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.

3.7 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.

3.8 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 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

....
Marek Gajdziński
Key Certified Auditor
Registration No. 90061
Limited Liability Partner
with power of attorney

17 February 2015