



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

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2012**

The opinion contains 3 pages
The supplementary report contains 15 pages
Opinion of the independent auditor
and supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2012



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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 entity is PGE Polska Grupa Energetyczna S.A. with its registered office in Warsaw, ul. Mysia 2 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, 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 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 the 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 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 2012 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 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 were based on the Group's 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, including those 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.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

As required under the Accounting Act, we 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 No. 458
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

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

13 March 2013



TRANSLATION

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

**Supplementary report
on the audit of the
consolidated financial
statements
Financial Year ended
31 December 2012**

The supplementary report contains 15 pages
The supplementary report on the audit of the
consolidated financial statements
for the financial year ended
31 December 2012

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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 the balance sheet date:	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 2012, the Management Board of the Parent Company was comprised of the following members:

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

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.

According to the resolution of the Supervisory Board dated 3 July 2012 Mr. Paweł Skowroński was dismissed from the Management Board.

According to the resolution of the Supervisory Board dated 14 August 2012 Mr. Paweł Smoleń was appointed to the position of Vice President of the Management Board, effective 1 October 2012.

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2012, 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 Energia Jądrowa S.A.,
- PGE EJ 1 Sp. z o.o.,
- PGE Trading GmbH,
- ELECTRA Bohemia s.r.o. (*w likwidacji*),
- Budownictwo Hydro-Energetyka Dychów 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.,
- „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,
- Biogazownia Łapy Sp. z o.o.,
- Biogazownia Woźuczyn Sp. z o.o.,
- PGE Gubin Sp. z o.o.,
- Przedsiębiorstwo Energetyki Ciepłej 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.,
- MEGA Sp. z o.o.,
- Elektrownia Puławy Sp. z o.o.,
- Pelplin Sp. z o.o.,
- Żuromin Sp. z o.o.,
- PGE Dom Maklerski S.A.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2012, as a result of the Parent Company acquiring a controlling interest:

- Elektrownia Puławy Sp. z o.o. – subject to consolidation for the period from 18 June 2012 to 31 December 2012,
- Pelplin Sp. z o.o. – subject to consolidation for the period from 2 August 2012 to 31 December 2012,
- Żuromin Sp. z o.o. – subject to consolidation for the period from 15 October 2012 to 31 December 2012,

- PGE Dom Maklerski S.A.– subject to consolidation for the period from 1 February 2012 to 31 December 2012,

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

- MegaMed Sp. z o.o. – subject to consolidation for the period from 1 January 2012 to 5 December 2012.
- PGE Serwis Sp. z o.o. – subject to consolidation for the period from 1 January 2012 to 22 October 2012.

1.2.2 Entities excluded from consolidation

As at 31 December 2012, the following subsidiaries of the Group were not consolidated:

- Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A.,
- Energopomiar Sp. z o.o.,
- Ośrodek Wypoczynkowo Szkoleniowy „ENERGETYK” 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.,
- ELKOM 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

1.3.2 Audit Firm information

Name: KPMG Audyt Sp. z o.o.
Address of registered office: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000104753
Registration court: District Court for the Capital City of 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, maintained by the National Council of Certified Auditors, under number 458.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2011 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 30 May 2012.

The consolidated financial statements were submitted to the Registry Court on 18 June 2012 and were published in Monitor Polski B No. 1799.9951 on 21 August 2012.

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 2 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2012, 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 a summary of significant accounting policies and other explanatory information.

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 dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 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 4 February to 13 March 2013.

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.

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-Government, Audit Firms 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 2012 were audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion.

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.	31.12.2012	Unqualified opinion
PGE Dystrybucja S.A.	Deloitte Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Górnictwo i Energetyka Konwencjonalna S.A.	KPMG Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Energia Odnawialna S.A.	Deloitte Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
EXATEL S.A.	KPMG Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Energia Jądrowa S.A.	KPMG Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE EJ 1 Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
ELBIS Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Systemy S.A.	KPMG Audyt Sp. z o.o.	31.12.2012	in the course of audit
Przedsiębiorstwo Transportowo-Sprzętowe "BETRANS" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
"ELBEST" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Przedsiębiorstwo Usługowo-Produkcyjne "ELTUR-SERWIS" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
ENESTA Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
ENERGO-TEL S.A.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
NOM Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
RAMB Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Trading GmbH	Roedel & Partner GmbH	31.12.2012	in the course of audit
ELECTRA Bohemia s.r.o. (<i>w likwidacji</i>)	unaudited	31.12.2012	unaudited
Budownictwo Hydro-Energetyka Dychów Sp. z o.o.	PKF Audyt Sp. z o.o. Oddział Wrocław	31.12.2012	Unqualified opinion
"ESP Usługi" Sp. z o.o. w likwidacji	unaudited	31.12.2012	unaudited
Energetyczne Systemy Pomiarowe Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion

"EnBud" Sp. z o.o. w likwidacji	unaudited	31.12.2012	unaudited
Bio-Energia S.A.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
MEGAZEC Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
"ELMEN" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
"Energoserwis - Kleszczów" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
"EPO" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Przedsiębiorstwo Produkcji Sorbentów i Rekultywacji "ELTUR-WAPORE" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Przedsiębiorstwo Usługowo-Produkcyjne "TOP SERWIS" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Zakład Obsługi Energetyki Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Przedsiębiorstwo Transportowo-Usługowe "ETRA" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Przedsiębiorstwo Producyjno-Handlowe EKTO Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Inwest Sp. z o.o.	unaudited	31.12.2012	unaudited
Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Inwest Sp. z o.o. II S.K.A. w likwidacji	unaudited	31.12.2012	unaudited
Biogazownia Łapy Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Biogazownia Woźuczyn Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Gubin Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Elektrowania Wiatrowa Baltica-1 Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Elektrowania Wiatrowa Baltica-2 Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
Elektrowania Wiatrowa Baltica-3 Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
MEGA Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Disclaimer of opinion
Pelplin Sp. z o.o.	CSWP Audyt Spółka z o.o. Sp. k.	31.12.2012	in the course of audit
Żuromin Sp. z o.o.	CSWP Audyt Spółka z o.o. Sp. k.	31.12.2012	in the course of audit
Elektrownia Puławy Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2012	Unqualified opinion
PGE Dom Maklerski S.A.	Mazars Audyt Sp. z o.o.	31.12.2012	in the course of audit

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2012		31.12.2011	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	43,189,196	74.1	42,974,819	73.1
Investment property	28,283	0.0	33,286	0.1
Intangible assets	462,422	0.8	216,921	0.4
Loans and receivables	329,395	0.6	323,473	0.6
Available-for-sale financial assets	33,256	0.1	100,751	0.2
Shares in associates accounted for under equity method	40,454	0.1	55,062	0.1
Other long-term assets	407,221	0.7	440,157	0.7
Deferred tax assets	367,079	0.6	296,387	0.5
Non-current assets related to discontinued operations	0	-	4,077	0.0
Total non-current assets	44,857,306	77.0	44,444,933	75.6
Current assets				
Inventories	2,213,180	3.8	1,305,327	2.2
Emission rights	2,890,584	5.0	3,366,988	5.7
Income tax receivable	8,918	0.0	31,920	0.1
Short-term financial assets at fair value through profit and loss	5,526	0.0	0	-
Trade receivables	1,894,733	3.3	1,767,739	3.0
Other loans and financial receivables	768,200	1.3	2,784,000	4.7
Available-for-sale short-term financial assets	4,377	0.0	8,432	0.0
Other short-term assets	806,233	1.4	947,056	1.6
Cash and cash equivalents	4,795,493	8.2	4,052,238	6.9
Assets classified as held for sale	9,385	0.0	33,067	0.1
Current assets related to discontinued operations	0	-	20,931	0.0
Total current assets	13,396,629	23.0	14,317,698	24.4
TOTAL ASSETS	58,253,935	100.0	58,762,631	100.0



PGE Polska Grupa Energetyczna S.A. Group
*The supplementary report on the audit of the consolidated financial statements
for the financial year ended 31 December 2012*
TRANSLATION

EQUITY AND LIABILITIES	31.12.2012	% of total	31.12.2011	% of total
	PLN '000		PLN '000	
			restated*	
Equity				
Share capital	18,697,608	32.1	18,697,837	31.8
Revaluation reserve	0	-	(777)	0.0
Treasury shares	0	-	(229)	0.0
Exchange rate differences from translation of foreign entities	3,742	0.0	6,292	0.0
Reserve capital	9,687,596	16.6	8,553,143	14.6
Other reserve capital	49,779	0.1	49,779	0.1
Retained earnings	11,943,593	20.5	13,393,571	22.8
Minority interest	289,493	0.5	413,994	0.7
Total equity	40,671,811	69.8	41,113,610	70.0
Liabilities				
Interest-bearing loans, borrowings, bonds and lease	1,085,244	1.9	1,341,351	2.3
Other long-term liabilities	22,038	0.0	17,864	0.0
Provisions	4,695,414	8.1	3,289,921	5.6
Deferred tax liabilities	1,467,801	2.5	1,370,515	2.3
Deferred income and government grants	1,124,754	1.9	1,255,298	2.1
Long-term liabilities related to discontinued operations	-	-	667	0.0
Total non-current liabilities	8,395,251	14.4	7,275,616	12.4
Trade liabilities	1,201,870	2.1	1,117,172	1.9
Financial liabilities at fair value through profit or loss	36,513	0.1	48,093	0.1
Interest-bearing loans, borrowings, bonds and lease	811,447	1.4	697,661	1.2
Other short-term financial liabilities	1,546,320	2.7	1,826,613	3.1
Other short-term non-financial liabilities	1,557,993	2.7	1,499,755	2.6
Income tax liabilities	231,234	0.4	414,618	0.7
Deferred income and government grants	123,401	0.2	117,117	0.2
Provisions	3,678,095	6.3	4,634,462	7.9
Short-term liabilities related to discontinued operations	-	-	17,914	0.0
Total current liabilities	9,186,873	15.8	10,373,405	17.7
Total liabilities	17,582,124	30.2	17,649,021	30.0
TOTAL EQUITY AND LIABILITIES	58,253,935	100.0	58,762,631	100.0

* For information regarding restatement of comparatives please refer to note 13 of the financial statements.



PGE Polska Grupa Energetyczna S.A. Group
*The supplementary report on the audit of the consolidated financial statements
for the financial year ended 31 December 2012*
TRANSLATION

2.1.2 Consolidated statement of comprehensive income

	1.01.2012 - 31.12.2012 PLN '000	% of total sales	1.01.2011 - 31.12.2011 PLN '000	% of total sales
CONTINUING OPERATIONS				
			restated*	
Revenues	30,556,814	100.0	28,111,354	100.0
Cost of sales	(22,345,193)	73.1	(20,674,161)	73.5
Gross profit on sales	8,211,621	26.9	7,437,193	26.5
Other operating income	782,721	2.6	623,984	2.2
Distribution expenses	(1,495,512)	4.9	(1,638,285)	5.8
General and administrative expenses	(764,903)	2.5	(819,903)	2.9
Other operating expenses	(2,863,411)	9.4	(1,512,695)	5.4
Results from operating activities	3,870,516	12.7	4,090,294	14.6
Financial income	612,886	2.0	2,304,397	8.2
Financial expenses	(367,295)	1.2	(457,856)	1.6
Net financial income	245,591	0.8	1,846,541	6.6
Share in net profit of subsidiaries accounted for under equity method	(13,570)	0.0	174,373	0.6
Profit before tax	4,102,537	13.4	6,111,208	21.7
Income tax expense	(869,703)	2.8	(1,184,189)	4.2
Profit from continuing operations	3,232,834	10.6	4,927,019	17.5
DISCONTINUED OPERATIONS				
Profit from discontinued operation	278	0.0	1,704	0.0
Profit for the period	3,233,112	10.6	4,928,723	17.5
OTHER COMPREHENSIVE INCOME				
Valuation of available-for-sale financial assets	777	0.0	304	0.0
Exchange rate differences on translation of foreign entities	(2,550)	0.0	5,347	0.0
Actuarial gains and losses from the valuation of provisions for employee	(163,765)	0.5	51,215	0.2
Other comprehensive income for the period, net of income tax	(165,538)	0.5	56,866	0.2
Total comprehensive income for the period	3,067,574	10.0	4,985,589	17.7
Profit attributable to:				
Owners of the Company	3,211,070		4,892,695	
Non-controlling interest	22,042		36,028	
Profit for the period	3,233,112		4,928,723	
Total comprehensive income attributable to:				
Owners of the Company	3,046,414		4,949,020	
Non-controlling interest	21,160		36,569	
Total comprehensive income for the period	3,067,574		4,985,589	

* For information regarding restatement of comparatives please refer to note 13 of the financial statements.



2.2 Selected financial ratios

	2012	2011
		restated*
1. Return on sales		
$\frac{\text{net profit} \times 100\%}{\text{revenue}}$	10.6%	17.5%
2. Return on equity		
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	8.6%	13.6%
3. Debtors turnover		
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	25 days	25 days
4. Debt ratio		
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	30.2%	30.0%
5. Current ratio		
$\frac{\text{current assets}}{\text{current liabilities}}$	1.5	1.4

* For information regarding restatement of comparatives please refer to note 13 of the 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.

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 12.3 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 2.2 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.

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.

3.6 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 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 No. 458
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

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

13 March 2013