



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

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

The opinion contains 2 pages  
The supplementary report contains 10 pages  
Opinion of the independent auditor  
and supplementary report on the audit  
of the separate financial statements  
for the financial year ended  
31 December 2012

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 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 separate financial statements of PGE Polska Grupa Energetyczna S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2012 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

### **Specific Comments on Other Legal and Regulatory Requirements**

#### *Report on the Company's Activities*

As required under the Accounting Act, we report that the report on PGE Polska Grupa Energetyczna S.A. 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 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.**

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

The supplementary report contains 10 pages  
The supplementary report on the audit  
of the separate financial statements  
for the financial year ended  
31 December 2012



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

*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. General information about the Company**

#### **1.1.1. Company name**

PGE Polska Grupa Energetyczna S.A.

#### **1.1.2. Registered office**

ul. Mysia 2  
00-496 Warsaw

#### **1.1.3. Registration 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 18,697,608,290.00

#### **1.1.4. Management of the Company**

The Management Board is responsible for management of the Company.

As at 31 December 2012, the Management Board of the Company was comprised of the following members:

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

According to the resolution of the Supervisory Board dated 1 March 2012, Mr. Krzysztof Kilian was appointed to the position of the President of the Management Board effective 5 March 2012.

According to the resolution of the Supervisory Board dated 1 March 2012, Mrs. Bogusława Matuszewska was appointed to the position of Vice President of the Management Board effective 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. Auditor information**

### **1.2.1. Key Certified Auditor information**

Name and surname: Marek Gajdziński  
Registration number: 90061

### **1.2.2. 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 into the register of audit firms, maintained by the National Council of Certified Auditors, under number 458.

## **1.3. Prior period financial statements**

The separate 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 separate financial statements were approved at the General Meeting on 30 May 2012 where it was resolved to distribute the net profit for the prior financial year of PLN 4,556,115,489.08 as follows:

- dividend for Shareholders in the amount of PLN 1.83 per share,
- reserve capital of the remaining part of net profit for the year 2011.

The separate financial statements were submitted to the Registry Court on 18 June 2012 and were published in Monitor Polski B No. 1799 on 21 August 2012.

## **1.4. 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 separate financial statements comprising: the separate statement of financial position as at 31 December 2012, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

The audited Company prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the Shareholders' Meeting dated 3 August 2012.

The separate 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 separate financial statements at the Company during the period from 4 February to 13 March 2013.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the 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 Company’s activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

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

All required statements, explanations and information were provided to us by Management of the Company 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-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649 with amendments).



## 2. Financial analysis of the Company

### 2.1. Summary analysis of the separate financial statements

#### 2.1.1. Separate statement of financial position

ASSETS	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
			restated*	
<b>Non-current assets</b>				
Property, plant and equipment	203,673	0.7	216,272	0.6
Intangible assets	6,687	-	17,538	0.1
Loans and receivables	3,627,204	12.0	4,783,679	14.4
Shares in subsidiaries	23,163,156	76.2	22,587,594	68.0
Available-for-sale financial assets	3,134	-	69,963	0.2
<b>Total non-current assets</b>	<b>27,003,855</b>	<b>88.9</b>	<b>27,675,045</b>	<b>83.3</b>
<b>Current assets</b>				
Inventories	505,525	1.7	32,466	0.1
Income tax receivable	0	-	0	-
Shares in subsidiaries	25,477	0.1	406,201	1.2
Short-term financial assets at fair value through profit and loss	5,526	-	0	-
Trade receivables	739,279	2.4	616,658	1.9
Other loans and financial assets	1,086,547	3.6	3,331,624	10.0
Available-for-sale short-term financial assets	36,717	0.1	39,067	0.1
Other current assets	34,351	0.1	94,672	0.3
Cash and cash equivalents	953,282	3.1	1,020,823	3.1
<b>Total current assets</b>	<b>3,386,703</b>	<b>11.1</b>	<b>5,541,513</b>	<b>16.7</b>
<b>TOTAL ASSETS</b>	<b>30,390,558</b>	<b>100.0</b>	<b>33,216,558</b>	<b>100.0</b>

\* For information regarding restatement of comparatives please refer to note 11 of the financial statements.





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

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2012</b>	<b>% of total</b>	<b>31.12.2011</b>	<b>% of total</b>
	<b>PLN '000</b>		<b>PLN '000</b>	
			<i>restated*</i>	
<b>Equity</b>				
Share capital	18,697,608	61.5	18,697,837	56.3
Revaluation reserve	0	-	(777)	-
Treasury shares	0	-	(229)	-
Reserve capital	9,687,596	31.9	8,553,143	25.7
Other reserve capital	49,779	0.2	49,779	0.1
Retained earnings	861,551	2.8	4,635,391	14.0
<b>Total equity</b>	<b>29,296,534</b>	<b>96.4</b>	<b>31,935,144</b>	<b>96.1</b>
<b>Non-current liabilities</b>				
Provisions	22,202	0.1	18,784	0.1
Deffered tax liabilities	66,242	0.2	31,455	0.1
<b>Total non-current liabilities</b>	<b>88,443</b>	<b>0.3</b>	<b>50,239</b>	<b>0.2</b>
<b>Current liabilities</b>				
Trade liabilities	478,992	1.6	423,573	1.3
Short-term financial liabilities at fair value through profit and loss	148	-	0	-
Interest-bearing loans, borrowings, bonds and lease	142,785	0.5	0	-
Other short-term financial liabilities	4,048	-	4,481	-
Other short-term non financial liabilities	46,657	0.2	45,017	0.1
Income tax liabilities	69,615	0.2	318,174	1.0
Deferred income	36,172	0.1	287	-
Short term provisions	227,164	0.7	439,643	1.3
<b>Total current liabilities</b>	<b>1,005,580</b>	<b>3.3</b>	<b>1,231,175</b>	<b>3.7</b>
<b>Total liabilities</b>	<b>1,094,024</b>	<b>3.6</b>	<b>1,281,413</b>	<b>3.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30,390,558</b>	<b>100.0</b>	<b>33,216,558</b>	<b>100.0</b>

\* For information regarding restatement of comparatives please refer to note 11 of the financial statements.



## 2.1.2. Separate 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
			restituted*	
<b>CONTINUING OPERATIONS</b>				
Revenues from sale of products and merchandise	10,129,171	100.0	9,889,874	100.0
Revenues from services rendered	466,630	4.6	239,572	2.4
Revenues from rent	8,460	0.1	8,448	0.1
<b>Revenues</b>	<b>10,604,261</b>	<b>104.7</b>	<b>10,137,893</b>	<b>102.5</b>
Cost of sales	(10,085,580)	99.6	(9,786,839)	99.0
<b>Gross profit on sales</b>	<b>518,681</b>	<b>5.1</b>	<b>351,054</b>	<b>3.5</b>
Other operating income	184,802	1.8	5,637	0.1
Distribution expenses	(12,413)	0.1	(17,330)	0.2
General and administrative expenses	(133,490)	1.3	(122,431)	1.2
Other operating expenses	(2,642)	-	(40,852)	0.4
Finance revenues	535,170	5.3	4,888,979	49.4
Finance expenses	(104,583)	1.1	(105,359)	1.1
<b>Profit before tax</b>	<b>985,526</b>	<b>9.7</b>	<b>4,959,698</b>	<b>50.1</b>
Corporate income tax expense	(201,528)	2.0	(406,143)	4.1
<b>Net profit from continued operations</b>	<b>783,998</b>	<b>7.7</b>	<b>4,553,556</b>	<b>46.0</b>
<b>Profit for the period</b>	<b>783,998</b>	<b>7.7</b>	<b>4,553,556</b>	<b>46.0</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Valuation of available-for-sale financial assets	777	-	304	-
Actuarial gains and losses	(1,913)	-	2,560	-
<b>Other comprehensive income for the period, net</b>	<b>(1,136)</b>	<b>-</b>	<b>2,864</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>782,862</b>	<b>7.7</b>	<b>4,556,420</b>	<b>46.1</b>

\* For information regarding restatement of comparatives please refer to note 11 of the financial statements.



## 2.2. Selected financial ratios

	2012	2011
		restated*
<b>1. Return on sales</b>		
$\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$	7.4%	44.9%
<b>2. Return on equity</b>		
$\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$	2.7%	16.6%
<b>3. Debtors' days</b>		
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	20 days	27 days
<b>4. Debt ratio</b>		
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	3.6%	3.9%
<b>5. Current ratio</b>		
$\frac{\text{current assets}}{\text{current liabilities}}$	3.4	4.5

\* For information regarding restatement of comparatives please refer to note 11 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 system**

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act, and reconciled and recorded the result thereof in the accounting records.

#### **3.2. Notes to the separate financial statements**

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

#### **3.3. Report on the Company's activities**

The report on the Company's activities includes, in all material respects, 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 separate financial statements.

On behalf of KPMG Audyt Sp. z o.o.  
Registration No. 458  
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*Signed on the Polish original*

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Partner with power of attorney

13 March 2013