



*OPINION AND REPORT OF INDEPENDENT
AUDITOR*

on audit of consolidated financial statements of

Capital Group PGNiG

seated in

Warsaw

for the financial year ended 31.12.2014

The opinion contains 2 pages

The report contains 12 pages

Opinion of the independent auditor
and report on the financial statements
for the financial year ended
31 December 2014

Capital Group PGNiG

*Opinion on audit of the consolidated financial statements
for the financial year ended 31 December 2014*

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OPINION OF THE INDEPENDENT AUDITOR**To the Shareholders and Supervisory Board of
Polskie Górnictwo Naftowe i Gazownictwo S.A.**

We have audited the accompanying consolidated financial statements of Capital Group PGNiG, seated in Warsaw at M. Kasprzaka 24 ("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 cash flow statement for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility

Management of the Parent Entity is responsible for preparation and fair presentation of these consolidated financial statements in accordance with in accordance with International Financial Reporting Standards, as adopted by European Union the requirements for issuers of securities admitted to trading on an official stock-exchange listing market and 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 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 2013, No. 330 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 Polish National Council of Certified Auditors and in matters not regulated by the national standards on auditing, when determining the detailed methodology for the planning and performing the audit and if in doubt - 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 and the accounting records from which they are derived 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

Capital Group PGNiG

*Opinion on audit of the consolidated financial statements
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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 basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of PGNiG 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, in accordance with International Accounting Standards, International Financial Reporting Standards as adopted by the European Union and related interpretations issued in form of regulation of European Commission and to the extent not regulated by those standards – in accordance the Accounting Act and related bylaws, the requirements for issuers of securities admitted to trading on an official stock-exchange listing market, are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

As required under the Accounting Act, we also report that the 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.

Signed on the Polish original

Mariusz Kuciński
Certified Auditor No. 9802

Key Certified Auditor
On behalf of PKF Consult Sp. z o.o.
registration number 477

6/1B Orzycka Street
02-695 Warsaw

Warsaw, 19 February 2015



Report on the audit
of consolidated financial statements of

Capital Group PGNiG

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for the financial year ended 31 December 2014

The report contains 12 pages
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Report on the audit of consolidated financial statements
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Contents

1.	General	3
1.1.	General information about the Group	3
1.1.1.	Name of the Group	3
1.1.2.	Registered office of the Parent Company of the Group	3
1.1.3.	Registration of the Parent Company in the National Court Register	3
1.1.4.	Share capital structure of the Parent Company	3
1.1.5.	Information about companies comprising the Group	3
1.1.5.1.	Companies included in the consolidated financial statements	3
1.1.5.2.	Entities excluded from consolidation	4
1.1.6.	Management of the Parent Company	4
1.2.	Auditor information	5
1.2.1.	Key certified auditor information	5
1.2.2.	Authorized auditor information	5
1.3.	Prior period consolidated financial statements	5
1.4.	Audit scope and responsibilities	6
1.5.	Information on audits of the financial statements of the consolidated companies	6
2.	Financial analysis of the Company	8
2.1.	Consolidated statement of financial position	8
2.2.	Consolidated statement of comprehensive income	9
2.3.	Selected financial ratios	10
3.	Detailed report	11
3.1.	Accounting principles, method of consolidation, correctness of documentation for consolidation	11
3.2.	Introduction and supplementary information and explanations to the consolidated financial statements	11
3.3.	Report on the Group's activities	11
3.4.	Consolidation of equity and calculation of minority interest	12
3.5.	Consolidation eliminations	12
3.6.	Information on the opinion of the independent auditor	12

Capital Group PGNiG
Report on the audit of 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.

1. General

1.1. General information about the Group

1.1.1. Name of the Group

Capital Group PGNiG

1.1.2. Registered office of the Parent Company of the Group

M. Kasprzaka 25 Street, Warsaw

1.1.3. Registration of the Parent Company in the National Court Register

Registration court: District Court in Warsaw, XII Commercial Department of the National Court Register
Date: 14.11.2001
Registration number: KRS 59492
REGON: 012216736
NIP: 525-000-80-28

1.1.4. Share capital structure of the Parent Company

At 31.12.2014 the share capital of the Parent Company in amount of 5,900,000,000.00 was divided as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal Value	Percentage of share
State Treasury	4,271,717,836	72,40%	4,271,717.836	72,40%
Others <5%	1,628,282,164	27,60%	1,628,282.164	27,60%
	5,900,000,000	100,00%	5,900,000.000	100,00%

The share capital is consistent with the National Court Register.

1.1.5. Information about companies comprising the Group

1.1.5.1. Companies included in the consolidated financial statements

As at 31 December 2014 the following companies were consolidated by the Group:

Parent Company:

- Polskie Górnictwo Naftowe i Gazownictwo S.A.

Subsidiaries consolidated on the full consolidation basis:

- Biuro Studiów i Projektów Gazownictwa Gazoprojekt S.A.,
- Exalo Drilling S.A.,
- GEOFIZYKA Kraków S.A.,
- GEOFIZYKA Toruń S.A.,
- Geovita S.A.,
- Operator Systemu Magazynowania Sp. z o.o.,
- PGNiG Obrót Detaliczny Sp. z o.o.,
- PGNiG Serwis Sp. z o.o.,
- PGNiG Technologie S.A.,
- PGNiG Termika S.A.,

Capital Group PGNiG
Report on the audit of consolidated financial statements
for the financial year ended 31 December 2014

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- Polska Spółka Gazownictwa Sp. z o.o.,
- PGNiG Finance AB,
- PGNiG Sales&Trading GmbH,
- PGNiG Upstream International AS,
- Polish Oil And Gas Company – Libya B.V

Indirect subsidiaries included in the consolidation:

- Gaz Sp. z o.o. (subsidiary of Polska Spółka Gazownictwa Sp. z o.o.);
- Powiśle Park Sp. z o.o. (subsidiary of Polska Spółka Gazownictwa Sp. z o.o.);
- Oil Tech International F.Z.E. (subsidiary of Exalo Drilling S.A.);
- Poltava Services LLC (subsidiary of Exalo Drilling S.A.);
- XOOOL GmbH, (subsidiary of PGNiG Sales&Trading GmbH).

Joint ventures and associates valued with equity method:

- GAS – TRADING S.A.
- SGT EUROPOL GAZ S.A.

1.1.5.2. Entities excluded from consolidation

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

- Direct subsidiaries:
 - PGNiG SPV 5 Sp. z o.o.,
 - PGNiG SPV 6 Sp. z o.o.,
 - PGNiG SPV 7 Sp. z o.o.,
 - BUD-GAZ P.P.U.H. Sp. z o.o. in liquidation,
 - Polskie Elektrownie Gazowe Sp. z o.o. in liquidation,
 - NYSAGAZ Sp. z o.o.
- Indirect subsidiaries:
 - CHEMKOP Sp. z o.o. Kraków
 - Zakład Gospodarki Mieszkaniowej Sp. z o.o.,
 - Zakład Separacji Popiołów Siekierki Sp. z o.o.,
 - Gas Assets Management Sp. z o.o. in organization.

Subsidiaries listed above, whose financial statements are immaterial for reliable and fair presentation of financial position and financial performance of the Group, have been excluded from consolidation.

1.1.6. Management of the Parent Company

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

Capital Group PGNiG
Report on the audit of consolidated financial statements
for the financial year ended 31 December 2014

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At 31 December 2014, the Management Board of the Company was comprised of the following members:

- Mariusz Zawisza – Chairman of the Management Board;
- Jarosław Bauc – Vice-Chairman of the Management Board;
- Zbigniew Skrzypkiewicz – Vice-Chairman of the Management Board;
- Waldemar Wójcik – Vice-Chairman of the Management Board.

Changes in the Management Board during the reporting period to the date of this opinion are described in the notes to the consolidated financial statements, see Note 1.6.

1.2. Auditor information

1.2.1. Key certified auditor information

Name and surname: Mariusz Kuciński
Registration number: 9802

1.2.2. Authorized auditor information

Name: PKF Consult Sp. z o.o.
Address: 6/1B Orzycka Street, 02-695 Warsaw
Registration number: KRS 0000034774
Registration court: District Court for the Capital City Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Share capital: PLN 128,050.00
NIP number: 521-05-27-710

PKF Consult Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 477.

The consolidated financial statements have been audited in accordance with the contract dated 05.02.2013, concluded on the basis of the resolution of the Supervisory Board dated 23 January 2013 on the appointment of the auditor.

We audited the consolidated financial statements in the Parent's head office during the period from 12 January 2015 to 19 February 2015.

Key certified auditor and PKF Consult Sp. z o.o. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649 as amended).

1.3. Prior period consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 2013 were audited by PKF Consult Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the Shareholders' Meeting of PGNiG S.A. on 15.05.2014.

The consolidated financial statements were submitted to the Registry Court on 22.05.2014.

Capital Group PGNiG
Report on the audit of consolidated financial statements
for the financial year ended 31 December 2014

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1.4. Audit scope and responsibilities

This report was prepared for the Shareholders and Supervisory Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. seated in Warsaw at M. Kasprzaka 25 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 cash flow statement for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the General Meeting dated 15.12.2006.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and in matters not regulated by the national standards on auditing, when determining the detailed methodology for the planning and performing the audit and if in doubt - International Standards on Auditing.

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, the requirements for issuers of securities admitted to trading on an official stock-exchange listing market 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 supplementing report on the consolidated financial statements based on our audit.

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

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

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 PKF Consult Sp. z o.o.

1.5. Information on audits of the financial statements of the consolidated companies

The audited consolidated financial statements of the Group consists of the separate financial statements of the Parent Company and subsidiaries as at 31 December 2014, which were audited and given an opinion:

Capital Group PGNiG
Report on the audit of consolidated financial statements
for the financial year ended 31 December 2014

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Entity's name	Authorised auditor	Type of auditor's opinion	Method of consolidation
BSiPG Gazoprojekt S.A.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
GK Exalo Drilling S.A.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
GEOFIZYKA Kraków S.A.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
GEOFIZYKA Toruń S.A.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
Geovita S.A.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
Operator Systemu Magazynowania Sp. z o.o.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
PGNiG Obrót Detaliczny Sp. z o.o.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
PGNiG Serwis Sp. z o.o.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
PGNiG Technologie S.A.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
PGNiG Termika S.A.	PKF Consult Sp. z o.o.	Unqualified opinion	Full
GK Polska Spółka Gazownictwa Sp. z o.o.	PKF Consult Sp. z o.o.	Unqualified opinion (**)	Full
PGNiG Finance AB	Deloitte AB	Unqualified opinion	Full
GK PGNiG Sales&Trading GmbH	PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft	Unqualified opinion (*)	Full
PGNiG Upstream International AS	Deloitte AS	Unqualified opinion	Full
Polish Oil And Gas Company – Libya B.V.	Deloitte Accountants B.V.	No opinion (***)	Full
GAS – TRADING S.A.	MS Rewident	No opinion	Equity method
SGT EUROPOL GAZ S.A	PricewaterhouseCoopers Sp. z o.o.	No opinion	Equity method

(*) – unqualified opinion from audit on consolidated package of PGNiG Sales&Trading GmbH.

(**) –an unqualified audit opinion was issued on the stand-alone financial statement of Polska Spółka Gazownictwa Sp. z o.o. and the unqualified review report was issued on the consolidation package of the Group Polska Spółka Gazownictwa.

(***) – assets of Polish Oil And Gas Company – Libya B.V. , expect from cash, are written down

Capital Group PGNiG
Report on the audit of consolidated financial statements
for the financial year ended 31 December 2014

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2. Financial analysis of the Company

2.1. Consolidated statement of financial position

ASSETS	2014-12-31	% of total	2013-12-31	% of total	The change in %
	mIn PLN		mIn PLN		(BZ - BO) BO)
Non-current assets					
Property, plant and equipment	33 528	68,53%	33 033	68,27%	1,50%
Investment property	9	0,02%	9	0,02%	0,00%
Intangible assets	1 113	2,27%	1 164	2,41%	-4,38%
Shares	856	1,75%	727	1,50%	17,74%
Other financial assets	243	0,50%	242	0,50%	0,41%
Deferred tax assets	1 783	3,64%	2 233	4,62%	-20,15%
Other non-current assets	160	0,33%	71	0,15%	125,35%
	37 692	77,04%	37 479	77,46%	0,57%
Current assets					
Inventories	3 189	6,52%	3 378	6,98%	-5,60%
Trade and other receivables	4 236	8,66%	4 086	8,44%	3,67%
Other assets	5	0,01%	48	0,10%	-89,58%
Current financial assets	132	0,27%	171	0,35%	-22,81%
Derivative financial instrument assets	567	1,16%	307	0,63%	84,69%
Cash and cash equivalents	2 958	6,05%	2 827	5,84%	4,63%
Assets held for sale	147	0,30%	88	0,18%	67,05%
	11 234	22,96%	10 905	22,54%	3,02%
Total assets	48 926	100,00%	48 384	100,00%	1,12%

LIABILITIES AND EQUITY	2014-12-31	% of total	2013-12-31	% of total	The change in %
	mIn PLN		mIn PLN		(BZ - BO) BO)
Equity					
Share capital	5 900	12,06%	5 900	12,19%	0,00%
Share premium	1 740	3,56%	1 740	3,60%	0,00%
Accumulated other comprehensive income	-270	-0,55%	-49	-0,10%	451,02%
Retained earnings/(deficit)	22 794	46,59%	20 856	43,11%	9,29%
Equity attributable to owners of the parent	30 164	61,65%	28 447	58,79%	6,04%
Equity attributable to non-controlling interests	5	0,01%	6	0,01%	-16,67%
	30 169	61,66%	28 453	58,81%	6,03%
Non-current liabilities					
Borrowings and other debt instruments	5 069	10,36%	5 385	11,13%	-5,87%
Employee benefit obligations	604	1,23%	502	1,04%	20,32%
Provisions	1 803	3,69%	1 405	2,90%	28,33%
Deferred income	1 581	3,23%	1 533	3,17%	3,13%
Deferred tax liabilities	3 250	6,64%	3 210	6,63%	1,25%
Other non-current liabilities	77	0,16%	58	0,12%	32,76%
	12 384	25,31%	12 093	24,99%	2,41%
Current liabilities					
Trade and other payables	3 589	7,34%	4 033	8,34%	-11,01%
Borrowings and other debt instruments	769	1,57%	2 276	4,70%	-66,21%
Derivative financial instrument liabilities	593	1,21%	124	0,26%	378,23%
Current tax liabilities	191	0,39%	184	0,38%	3,80%
Employee benefit obligations	284	0,58%	375	0,78%	-24,27%
Provisions	720	1,47%	645	1,33%	11,63%
Deferred income	227	0,46%	186	0,38%	22,04%
Liabilities related to assets held for sale	-	-	15	0,03%	-
	6 373	13,03%	7 838	16,20%	-18,69%
Total liabilities and equity	48 926	100,00%	48 384	100,00%	1,12%

Capital Group PGNiG
Report on the audit of consolidated financial statements
for the financial year ended 31 December 2014

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2.2. Consolidated statement of comprehensive income

	2014	% of total	2013	% of total	The change in %
	mIn PLN	sales	mIn PLN	sales	(BO - BZ) BO
Revenue	34 304	100,00%	32 044	100,00%	7,05%
Raw material and consumables used	-21 229	-61,88%	-19 873	-62,02%	6,82%
Employee benefits expense	-2 827	-8,24%	-3 214	-10,03%	-12,04%
Depreciation and amortisation expense	-2 502	-7,29%	-2 463	-7,69%	1,58%
Services	-2 843	-8,29%	-2 808	-8,76%	1,25%
Work performed by the entity and capitalised	980	2,86%	983	3,07%	-0,31%
Other income and expenses	-2 040	-5,95%	-1 520	-4,74%	34,21%
Total operating expenses	-30 461	-88,80%	-28 895	-90,17%	5,42%
Operating profit/(loss)	3 843	11,20%	3 149	9,83%	22,04%
Finance income	86	0,25%	69	0,22%	24,64%
Finance costs	-432	-1,26%	-465	-1,45%	-7,10%
Share in net profit/loss of equity-accounted entities	129	0,38%	-44	-0,14%	-393,18%
Profit/(loss) before tax	3 626	10,57%	2 709	8,45%	33,85%
Income tax	-804	-2,34%	-789	-2,46%	1,90%
Net profit/(loss)	2 822	8,23%	1 920	5,99%	46,98%
	2014	% of total	2013	% of total	The change in %
	mIn PLN	sales	mIn PLN	sales	(BO - BZ) BO
Net profit/(loss)	2 822	8,23%	1 920	5,99%	46,98%
Other comprehensive income that will be reclassified to profit or loss once specific conditions are met, relating to:	-197	-0,57%	5	0,02%	-4040,00%
Exchange differences on translating foreign operations	18	0,05%	-53	-0,17%	-133,96%
Hedge accounting	-265	-0,77%	72	0,22%	-468,06%
Deferred tax	50	0,15%	-14	-0,04%	-457,14%
Other comprehensive income that will not be reclassified to profit or loss, relating to:	-24	-0,07%	98	0,31%	-124,49%
Actuarial gains/(losses) on employee benefits	-32	-0,09%	117	0,37%	-127,35%
Deferred tax	8	0,02%	-19	-0,06%	-142,11%
Other comprehensive income, net	-221	-0,64%	103	0,32%	-314,56%
Total comprehensive income	2 601	7,58%	2 023	6,31%	28,57%

Capital Group PGNiG
Report on the audit of consolidated financial statements
for the financial year ended 31 December 2014

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2.3. Selected financial ratios

		2014	2013	2012
1. Return on sales	%	8,2%	6,0%	7,8%
(result on sale / net revenues) *100				
2. Return on equity	%	9,4%	6,7%	8,2%
(net result / average equity) *100				
3. Debtor's days	days	37	41	60
(average trade receivables net *365 days) / net revenues				
4. Debt ratio	%	38,3%	41,2%	43,3%
(liabilities and provisions for liabilities / total equity and liabilities) *100				
5. Current ratio		1,7	1,4	1,1
(current assets / current liabilities)				

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3. Detailed report

3.1. Accounting principles, method of consolidation, correctness of documentation for consolidation

The method of calculating goodwill arising on consolidation is described in the introduction to the consolidated financial statements.

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

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared completely and correctly, in accordance with the requirements of 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).

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. The accounting principles were presented 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, for the consolidation purposes.

3.2. Introduction and supplementary information and explanations to the consolidated financial statements

All information included in the introduction and the supplementary information and explanations to the consolidated financial statements is, in all material respects, presented correctly and completely. The introduction and supplementary information and explanations should be read in conjunction with the consolidated financial statements.

3.3. Report 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.

Capital Group PGNiG
Report on the audit of 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.

3.4. Consolidation of equity and calculation of minority 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 balance sheet date to the corresponding positions of the equity of the Parent Company. Only equity of the subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Minority interests in subsidiaries included in the consolidated financial statements were determined based on the minority shareholders' share in the subsidiaries' equity as at the balance sheet date.

3.5. Consolidation eliminations

Intercompany balances within the Group, sales between entities and other intercompany operating revenues and expenses, financial revenues and expenses, unrealized profits which were capitalized, dividends and results of sales of all or part of shares in subsidiaries were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Polskie Górnictwo Naftowe i Gazownictwo S.A. and agreed with information received from the subsidiaries.

3.6. Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2014, we have issued an unqualified opinion.

Signed on the Polish original

Mariusz Kuciński
Certified Auditor No. 9802

Key Certified Auditor
On behalf of PKF Consult Sp. z o.o.
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Warsaw, 19 February 2015