



ENERGA SA
Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2013

The opinion contains 3 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 2013

OPINION OF THE INDEPENDENT AUDITOR



KPMG Audyt
Spółka z ograniczoną
odpowiedzialnością sp.k.
Biuro w Gdańsku
al. Zwycięstwa 13a
80-219 Gdańsk
Poland

Telefon +48 58 772 95 00
Fax +48 58 772 95 01
E-mail gdansk@kpmg.pl
Internet www.kpmg.pl

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 ENERGA SA

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of ENERGA SA, with its registered office in Gdańsk, Al. Grunwaldzka 472 (“the Company”), which comprise the separate statement of financial position as at 31 December 2013, the separate statement of profit or loss, 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 comprising a summary of significant accounting policies and other explanatory information.

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

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these 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. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the 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, item 330 with amendments) (“the Accounting Act”), Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. 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 about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

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 of the Company, 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 ENERGA SA have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2013 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 the Company's activities of ENERGA SA 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 Spółka z ograniczoną
odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Zbigniew Libera
Key Certified Auditor
Registered No. 90047
Limited Liability Partner with power
of attorney

6 March 2014

REPORT OF THE INDEPENDENT AUDITOR

ENERGA SA
Supplementary report
on the audit of the separate
financial statements
Financial Year ended
31 December 2013

The supplementary report contains 10 pages

The supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2013

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translation in order to aid understanding. The binding Polish original should be
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1. General

1.1. General information about the Company

1.1.1. Company name

ENERGA SA

1.1.2. Registered office

Al. Grunwaldzka 472
80-309 Gdańsk

1.1.3. Registration in the National Court Register

Registration court: District Court Gdańsk-Północ in Gdańsk, VII Commercial
Department of the National Court Register
Date: 8 January 2007
Registration number: KRS 0000271591
Share capital as at
the end of reporting period: PLN 4,521,612,884.88

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2013, the Management Board of the Company was comprised of the following members:

- Mirosław Bieliński – President of the Management Board,
- Roman Szyszko – Vice-President of the Management Board,
- Wojciech Topolnicki – Vice-President of the Management Board.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Zbigniew Libera
Registration number: 90047

1.2.2. 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 into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period financial statements

The separate financial statements for the financial year ended 31 December 2012 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 23 April 2013 where it was resolved to allocate the net profit for the prior financial year of PLN 547,135,921.36 as follows:

- PLN 496,880,536.80 to be paid out as a dividend,
- PLN 50,255,384.56 for the reserve capital.

The separate financial statements were submitted to the Registry Court on 29 April 2013.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of ENERGA SA with its registered office in in Gdańsk, Al. Grunwaldzka 472 and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2013, the separate statement of profit or loss, 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 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 Extraordinary General Meeting dated 18 October 2012.

The separate financial statements were audited in accordance with the contract dated 15 October 2013, concluded on the basis of the resolution of the Supervisory Board dated 13 February 2013 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 separate financial statements at the Company during the period from 20 to 24 January 2014.

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-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).

2. Financial analysis of the Company

2.1. Summary analysis of the separate financial statements

2.1.1. Separate statement of financial position

| ASSETS | 31.12.2013 | % of total | <i>restated</i> | % of total |
|---|-------------------|-------------------|-------------------|-------------------|
| | PLN '000 | | 31.12.2012 | |
| | | | PLN '000 | |
| Non-current assets | | | | |
| Property, plant and equipment | 10,962 | 0.1 | 7,256 | 0.1 |
| Investment property | 11,079 | 0.1 | 11,736 | 0.1 |
| Intangible assets | 25,680 | 0.2 | 26,987 | 0.2 |
| Shares in subsidiaries and associated companies as at the purchase price | 6,170,698 | 53.4 | 5,953,106 | 57.4 |
| Other shares | - | - | 551 | - |
| Bonds | 4,104,817 | 35.5 | 3,147,730 | 30.4 |
| Deferred tax assets | - | - | 10,653 | 0.1 |
| Hedging derivatives | 13,017 | 0.1 | - | - |
| Other non-current assets | 129,028 | 1.1 | 182,994 | 1.8 |
| | 10,465,281 | 90.5 | 9,341,013 | 90.1 |
| Current assets | | | | |
| Inventories | 467 | - | 496 | - |
| Current tax receivables | - | - | 1,380 | - |
| Trade and other receivables | 39,864 | 0.4 | 22,600 | 0.2 |
| Shares | 1,000 | - | 11,119 | 0.1 |
| Bonds | 335,787 | 2.9 | 232,941 | 2.3 |
| Cash and cash equivalents | 710,399 | 6.1 | 688,261 | 6.6 |
| Other current assets | 12,289 | 0.1 | 67,628 | 0.7 |
| | 1,099,806 | 9.5 | 1,024,425 | 9.9 |
| TOTAL ASSETS | 11,565,087 | 100.0 | 10,365,438 | 100.0 |



ENERGA SA
*The supplementary report on the audit of the separate financial statements
for the financial year ended 31 December 2013
TRANSLATION*

| EQUITY AND LIABILITIES | 31.12.2013 | % of total | <i>restated</i> 31.12.2012 | % of total |
|---|-------------------|-------------------|--------------------------------------|-------------------|
| | PLN '000 | | PLN '000 | |
| Net assets attributable to owners | | | | |
| Equity | | | | |
| Share capital | 4,521,613 | 39.1 | 4,968,805 | 47.9 |
| Supplementary capital | 521,490 | 4.5 | 471,235 | 4.6 |
| Reserve capital | 447,192 | 3.9 | - | - |
| Cash flow hedge reserve | 26,539 | 0.2 | - | - |
| Retained earnings | 543,184 | 4.7 | 591,233 | 5.7 |
| Total equity | 6,060,018 | 52.4 | 6,031,273 | 58.2 |
| Non-current liabilities | | | | |
| Loans and borrowings | 3,866,077 | 33.4 | 2,000,547 | 19.3 |
| Bonds issued | 1,059,781 | 9.2 | 1,079,219 | 10.4 |
| Non-current provisions | 723 | - | 908 | - |
| Deferred income and non-current government grants | 62,057 | 0.5 | 67,975 | 0.7 |
| | 4,988,638 | 43.1 | 3,148,649 | 30.4 |
| Current liabilities | | | | |
| Trade liabilities and other liabilities | 23,468 | 0.2 | 23,911 | 0.2 |
| Current loans and borrowings | 266,545 | 2.3 | 349,491 | 3.4 |
| Bonds issued | 16,598 | 0.1 | 580,212 | 5.6 |
| Deferred income and government grants | 8,251 | 0.1 | 8,611 | 0.1 |
| Accruals | 7,949 | 0.1 | 4,353 | - |
| Provisions | 144 | - | 162 | - |
| Other current liabilities | 193,476 | 1.7 | 218,776 | 2.1 |
| | 516,431 | 4.5 | 1,185,516 | 11.4 |
| Total liabilities | 5,505,069 | 47.6 | 4,334,165 | 41.8 |
| TOTAL EQUITY AND LIABILITIES | 11,565,087 | 100.0 | 10,365,438 | 100.0 |

2.1.2. Separate statement of profit or loss

| | 31.12.2013 PLN '000 | % of total sales | 31.12.2012 PLN '000 | % of total sales |
|---|------------------------|---------------------|------------------------|---------------------|
| CONTINUING OPERATIONS | | | | |
| Sales of services | 79,651 | 98.3 | 53,040 | 96.2 |
| Rental income | 1,345 | 1.7 | 2,095 | 3.8 |
| Revenue | 80,996 | 100.0 | 55,135 | 100.0 |
| Cost of sales | (84,569) | (104.4) | (61,662) | (111.8) |
| Gross loss on sales | (3,573) | (4.4) | (6,527) | (11.8) |
| Other operating income | 7,588 | 9.4 | 7,284 | 13.2 |
| General and administrative expenses | (97,864) | (120.8) | (79,754) | (144.7) |
| Other operating expenses | (4,543) | (5.6) | (2,691) | (4.9) |
| Finance income | 942,948 | 1,164.2 | 995,776 | 1,806.1 |
| Finance costs | (341,089) | (421.2) | (393,266) | (713.3) |
| Profit before tax | 503,467 | 621.6 | 520,822 | 944.6 |
| Income tax | (4,418) | (5.5) | 9,354 | 17.0 |
| Net profit on continuing operations | 499,049 | 616.1 | 530,176 | 961.6 |
| Discontinued operations & non-current assets classified as held for sale | | | | |
| Net profit on disposal of non-current assets classified as held for sale | - | - | 15,419 | 28.0 |
| Net profit for the period | 499,049 | 616.1 | 545,595 | 989.6 |

2.1.3. Separate statement of comprehensive income

| | 31.12.2013 PLN '000 | % of profit | 31.12.2012 PLN '000 | % of profit |
|---|------------------------|----------------|------------------------|----------------|
| <i>Net profit for the period</i> | 499,049 | 100.0 | 545,595 | 100.0 |
| Net other comprehensive income | 26,577 | 5.3 | 1,541 | 0.3 |
| <i>Items that will never be reclassified to profit or loss</i> | <i>38</i> | <i>-</i> | <i>1,541</i> | <i>0.3</i> |
| Actuarial gains and (losses) on defined benefit plans | 46 | - | 1,903 | 0.3 |
| Deferred tax on other comprehensive income | (8) | - | (362) | - |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | <i>26,539</i> | <i>5.3</i> | <i>-</i> | <i>-</i> |
| Cash flow hedges | 32,765 | 6.5 | - | - |
| Deferred tax on other comprehensive income | (6,226) | (1.2) | - | - |
| <i>Total net other comprehensive income</i> | 26,577 | 5.3 | 1,541 | 0.3 |
| <i>Total comprehensive income</i> | 525,626 | 105.3 | 547,136 | 100.3 |

2.2. Selected financial ratios

| | 2013 | 2012 |
|--|----------|---------|
| 2. Return on equity | | |
| $\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$ | 9.0% | 9.9% |
| 3. Debtors' days | | |
| $\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$ | 100 days | 67 days |
| 4. Debt ratio | | |
| $\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$ | 47.6% | 41.8% |
| 5. Current ratio | | |
| $\frac{\text{current assets}}{\text{current liabilities}}$ | 2.1 | 0.9 |

- Revenue includes revenue from sales of finished products, services, 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 Spółka z ograniczoną
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Signed on the Polish original

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6 March 2014