



ENERGA SA

**Condensed Interim Individual Financial Statements
prepared in accordance with IAS 34
for the nine-month period ended 30 September 2014**

TABLE OF CONTENTS

CONDENSED INTERIM INDIVIDUAL STATEMENT OF PROFIT OR LOSS.....	3
CONDENSED INTERIM INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME.....	4
CONDENSED INTERIM INDIVIDUAL STATEMENT OF FINANCIAL POSITION.....	5
CONDENSED INTERIM INDIVIDUAL STATEMENT OF CHANGES IN EQUITY.....	7
CONDENSED INTERIM INDIVIDUAL STATEMENT OF CASH FLOWS.....	8
1. General information.....	9
2. Approval of the financial statements.....	9
3. Basis for preparation of the financial statements.....	9
4. Estimates.....	9
5. New standards and interpretations, which have been applied and standards and interpretations already published, but not yet effective.....	10
6. Explanations regarding the seasonality and cyclicity of operations in the period under review.....	11
7. Property, plant and equipment and intangible assets.....	11
8. Investment commitments.....	12
9. Cash and cash equivalents.....	12
10. Dividend.....	12
11. Assets classified as held for sale.....	12
12. Transactions with related entities.....	12
13. Financial instruments.....	14
14. Contingent assets and liabilities.....	21
15. Other information significantly affecting the assessment of the Company's assets, financial position and its financial result.....	21
16. Subsequent events.....	21

CONDENSED INTERIM INDIVIDUAL STATEMENT OF PROFIT OR LOSS

	Three-month period ended 30 September 2014 (unaudited)	Nine-month period ended 30 September 2014 (unaudited)	Three-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)
Sales of services	13,430	41,126	22,642	51,243
Rental income	267	883	336	1,012
Revenue	13,697	42,009	22,978	52,255
Cost of sales	(9,550)	(33,136)	(22,647)	(48,576)
Gross profit on sales	4,147	8,873	331	3,679
Other operating income	2,302	6,245	1,762	6,235
General and administrative expenses	(18,863)	(57,361)	(20,880)	(66,728)
Other operating expenses	(747)	(4,730)	(757)	(3,560)
Financial income	89,531	968,487	60,222	875,405
Financial costs	(88,119)	(233,786)	(62,309)	(269,719)
Profit for the period	(11,749)	687,728	(21,631)	545,312
Income tax	(4,641)	(4,521)	(428)	(5,340)
Net profit for the period	(16,390)	683,207	(22,059)	539,972

CONDENSED INTERIM INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended 30 September 2014 (unaudited)	Nine-month period ended 30 September 2014 (unaudited)	Three-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)
Net profit for the period	(16,390)	683,207	(22,059)	539,972
<i>Items that are or may be reclassified subsequently to profit or loss</i>	(19,771)	(19,164)	3,801	28,273
Cash flow hedges	(24,408)	(23,659)	4,693	34,905
Income tax on other comprehensive income	4,637	4,495	(892)	(6,632)
<i>Items that will never be reclassified subsequently to profit or loss</i>	(14)	(8)	13	13
Actuarial gains and losses on defined benefit plans	(18)	(10)	16	16
Income tax on other comprehensive income	4	2	(3)	(3)
Net other comprehensive income	(19,785)	(19,172)	3,814	28,286
Total comprehensive income	(36,175)	664,035	(18,245)	568,258
Earnings per share (in PLN)				
Net profit per share (ordinary & diluted)	(0.04)	1.65	(0.05)	1.30

CONDENSED INTERIM INDIVIDUAL STATEMENT OF FINANCIAL POSITION

	As at 30 September 2014 (unaudited)	As at 31 December 2013
ASSETS		
Non-current assets		
Property, plant and equipment	10,611	10,962
Investment property	10,569	11,079
Intangible assets	33,990	25,680
Investments in subsidiaries and associates at cost	5,979,933	6,170,698
Bonds	4,727,676	4,104,817
Hedging derivatives	27,478	13,017
Other non-current assets	124,072	129,028
	10,914,329	10,465,281
Current assets		
Inventories	580	467
Trade receivables and other financial receivables	44,792	39,864
Shares	-	1,000
Bonds	317,383	335,787
Cash and cash equivalents	1,019,251	710,399
Other current assets	33,669	12,289
Assets classified as held for sale	2,015	-
	1,417,690	1,099,806
TOTAL ASSETS	12,332,019	11,565,087

CONDENSED INTERIM INDIVIDUAL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 September 2014 (unaudited)	As at 31 December 2013
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	4,521,613	4,521,613
Supplementary capital	606,472	521,490
Reserve capital	447,192	447,192
Cash flow hedge reserve	7,375	26,539
Retained earnings	727,334	543,184
Total equity	6,309,986	6,060,018
Non-current liabilities		
Loans and borrowings	4,498,074	3,866,077
Bonds issued	1,054,262	1,059,781
Non-current provisions	552	723
Deferred income and non-current grants	88,473	62,057
Financial derivatives	18,792	-
	5,660,153	4,988,638
Current liabilities		
Trade and other financial liabilities	10,688	23,468
Current loans and borrowings	299,233	266,545
Bonds issued	23,177	16,598
Deferred income and grants	18,518	8,251
Accruals	6,103	7,949
Provisions	23	144
Other current liabilities	4,138	193,476
	361,880	516,431
Total liabilities	6,022,033	5,505,069
TOTAL EQUITY AND LIABILITIES	12,332,019	11,565,087

ENERGA SA

Condensed Interim Individual Financial Statements
as at and for the period of 9 months ended 30 September 2014 (in thousands of PLN)



CONDENSED INTERIM INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Reserve capital	Cash flow hedge reserve	Retained earnings	Total equity
As at 1 January 2014	4,521,613	521,490	447,192	26,539	543,184	6,060,018
Cash flow hedges	-	-	-	(19,164)	-	(19,164)
Actuarial gains and losses on defined benefit plans	-	-	-	-	(8)	(8)
Net profit for the period	-	-	-	-	683,207	683,207
Total comprehensive income for the period	-	-	-	(19,164)	683,199	664,035
Retained earnings distribution	-	84,982	-	-	(84,982)	-
Dividends	-	-	-	-	(414,067)	(414,067)
As at 30 September 2014 (unaudited)	4,521,613	606,472	447,192	7,375	727,334	6,309,986

	Share capital	Supplementary capital	Reserve capital	Cash flow hedge reserve	Retained earnings	Total equity
As at 1 January 2013	4,968,805	471,235	-	-	591,233	6,031,273
Cash flow hedges	-	-	-	28,273	-	28,273
Actuarial gains and losses on defined benefit plans	-	-	-	-	13	13
Net profit for the period	-	-	-	-	539,972	539,972
Total comprehensive income for the period	-	-	-	28,273	539,985	568,258
Retained earnings distribution	-	50,255	-	-	(50,255)	-
Dividends	-	-	-	-	(496,881)	(496,881)
Reduction of share capital	(447,192)	-	447,192	-	-	-
As at 30 September 2013 (unaudited)	4,521,613	521,490	447,192	28,273	584,082	6,102,650

Accounting policy and additional explanatory notes to the individual financial statements
constitute an integral part thereof
(This is translation of the condensed interim financial statements originally issued in Polish)

CONDENSED INTERIM INDIVIDUAL STATEMENT OF CASH FLOWS

	Nine-month period ended 30 September 2014 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)
Cash flows from operating activities		
Profit before tax	687,728	545,312
Adjustments for:	(762,266)	(597,991)
Foreign currency gains/(losses)	1,409	9,492
Amortization and depreciation	4,957	4,907
Net interest and dividends	(730,754)	(650,842)
(Profit)/loss on investing activities	(1,590)	60,938
Change in receivables	(14,687)	10,327
Change in inventories	(113)	16
Change in payables excluding loans and borrowings	(9,305)	(8,949)
Change in prepayments and accruals	(12,089)	(24,364)
Change in provisions	(300)	484
Other	206	-
Income tax paid	-	(1,380)
Net cash from operating activities	(74,538)	(54,059)
Cash flows from investing activities		
Disposal of property, plant and equipment and intangible assets	7	39
Purchase of property, plant and equipment and intangible assets	(19,006)	(13,681)
Disposal/purchase of investment property	66	1,403
Disposal of financial assets	316,479	212,710
Purchase of financial assets	(920,000)	(1,354,365)
Dividends received	740,764	686,888
Interest received	195,745	118,175
Loans granted	(2,400)	-
Other	12,048	6,102
Net cash used in investing activities	323,703	(342,729)
Cash flows from financing activities		
Repurchase of bonds issued	(3,696)	(580,000)
Payment of finance lease liabilities	(394)	(235)
Proceeds from loans and borrowings	890,000	2,080,764
Repayment of loans and borrowings	(208,502)	(174,382)
Dividends paid	(414,067)	(495,409)
Interest paid	(206,342)	(181,675)
Net cash from financing activities	56,999	649,063
Net increase/(decrease) in cash and cash equivalents	306,164	252,275
Cash and cash equivalents at the beginning of the period	706,805	554,015
Cash and cash equivalents at the end of the period	1,012,969	806,290

ACCOUNTING PRINCIPLES (POLICY) AND ADDITIONAL EXPLANATORY NOTES

1. General information

The condensed interim individual financial statements of ENERGA SA present the financial standing of the Company as at 30 September 2014 and 31 December 2013, results of its activity for the period of 3 and 9 months ended 30 September 2014 and 30 September 2013 and cash flows and changes in equity for the period of 9 months ended 30 September 2014 and 30 September 2013.

ENERGA SA is entered in the Register of Entrepreneurs of the National Court Register held by the District Court Gdańsk-Północ, 7th Commercial Division of the National Court Register under number KRS 0000271591.

The Company has been given the statistical number REGON 220353024.

The primary activities of the Company is holding business.

As at 30 September 2014, the Company was controlled by the State Treasury. Since December 2013, the Company's shares have been publicly traded.

2. Approval of the financial statements

These condensed interim individual financial statements were approved for publication by the Company's Management Board on 6 November 2014.

3. Basis for preparation of the financial statements

These condensed interim individual financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss and hedging derivatives.

Unless stated otherwise, these condensed interim individual financial statements are presented in thousands of Polish zloty (PLN 000s).

These condensed interim individual financial statements have been prepared on the assumption that ENERGA SA would continue its business activities as a going concern in the foreseeable future and there are no circumstances indicating a threat to the Company's continuing operations.

3.1. Compliance Statement

These condensed interim individual financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim financial reporting" as adopted by the European Union. They do not contain all the information required in the full financial statements according to IFRS, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the most recent annual individual financial statements as at and for the year ended 31 December 2013.

3.2. Functional and presentation currency

The Company's functional currency and presentation currency used in these individual financial statements is the Polish zloty.

4. Estimates

During the period covered by these condensed interim individual financial statements no changes were made to the methods used in determining significant estimates. Changes of estimates resulted from events that occurred during the reporting period.

The preparation of the condensed interim individual financial statements in accordance with the International Accounting Standard 34 "Interim financial reporting" as adopted by the European Union ("EU") requires the Management Board to adopt certain assumptions and estimates that affect the amounts reported in these condensed interim individual financial statements and additional explanatory notes thereto. The assumptions and estimates are based on the Management Board's best knowledge of current and future activities and events. However actual results may differ from those anticipated.

5. New standards and interpretations, which have been applied and standards and interpretations already published, but not yet effective

Standards and interpretations applied for the first time in 2014

The accounting policies of the Company are applied on a continuous basis, except for the changes caused by amendments introduced in IFRS EU.

The following amendments to the existing standards published by the International Accounting Standards Board and endorsed in the EU, for which the Company has not chosen the early application option, came into force in 2014:

- Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities, endorsed in the EU on 13 December 2012 (applicable to annual periods beginning on or after 1 January 2014).
- Amendments to IAS 36 "Impairment of assets" – Recoverable Amounts Disclosures for Non-Financial Assets, endorsed in the EU on 19 December 2013 (applicable to annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting, endorsed in the EU on 19 December 2013 (applicable to annual periods beginning on or after 1 January 2014).

These amendments to the standards have had no significant impact on the Company's accounting policies applied so far.

Standards and interpretations already published and endorsed in the EU, which have not yet come into effect

In preparing these condensed interim financial statements the Company did not apply the following standards, amendments to standards and interpretations that were published and adopted by the EU but are not as yet become effective:

- IFRIC 21 "Levies" endorsed in the EU on 13 June 2014 (applicable to annual periods beginning on or after 17 June 2014),

Standards and interpretations adopted by IASB but not yet endorsed in the EU

IFRS as endorsed in the EU do not currently differ materially from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, amendments to standards and interpretations, which as at the date of approving these financial statements have not yet been adopted for application:

- IFRS 9 "Financial Instruments" (applicable to annual periods beginning on or after 1 January 2018),
- Amendments to IAS 19 "Employee Benefits" – Defined Benefit Plans: Employee Contributions (applicable to annual periods beginning on or after 1 July 2014),

- Amendments to various standards "Annual Improvements to IFRS (2010-2012 cycle)" – changes introduced during the annual cycle of improvements to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) aimed mainly at removing inconsistencies agreeing on the wording (applicable to annual periods beginning on or after 1 July 2014),
- Amendments to various standards "Annual Improvements to IFRS (2011–2013 cycle)" – changes introduced during the annual cycle of improvements to IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) aimed mainly at removing inconsistencies agreeing on the wording (applicable to annual periods beginning on or after 1 July 2014),
- IFRS 14 "Regulatory Deferral Accounts" (applicable to annual periods beginning on or after 1 January 2016).
- IFRS 15 "Revenue from Contracts with Customers" (applicable to annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 11 "Joint Arrangements" (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Acceptable methods of depreciation and amortisation (applicable to annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture – Bearer Plants" (applicable to annual periods beginning on or after 1 January 2016).
- Amendments to IAS 27 "Separate Financial Statements" – Equity Method in Separate Financial Statements (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sales or contributions of assets between an investor and its associate/joint venture (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to various standards "Annual Improvements to IFRS (2012-2014 cycle)" – changes introduced during the annual cycle of improvements to IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) aimed mainly at removing inconsistencies agreeing on the wording (applicable to annual periods beginning on or after 1 January 2016),

The Company believes that the introduction of the above-mentioned standards, amendments to standards and interpretations will not have any substantial impact on the accounting policies currently applied by the Company.

6. Explanations regarding the seasonality and cyclicity of operations in the period under review

Due to the inherent nature of the holding business, the Company's financial income fluctuates heavily during the year; it depends on the dates of resolutions to pay out dividends by the companies in which the Company holds shares, unless such resolutions indicate other dividend rights dates.

7. Property, plant and equipment and intangible assets

In the current reporting period, the Company:

- incurred expenditures in the amount of PLN 613 thousand towards property, plant and equipment and PLN 14,331 thousand towards intangible assets (including ones that have not yet been commissioned for use),
- acting as a lessor, handed over intangible assets worth PLN 2,257 thousand under a lease agreement.

8. Investment commitments

On 24 June 2013, ENERGA SA signed an agreement with Invoida-Matrix S.A. for the development and implementation of the sales support system, including billing and customer relationship management system in the ENERGA Group and on the provision of warranty and repair services for that system. Under that agreement, the Company undertook to incur the expenditures for property, plant and equipment and intangible assets in the amounts of PLN 5,494 thousand and PLN 63,197 thousand, respectively, of which uninvoiced contractual liabilities as at 30 September 2014 were about PLN 62,900 thousand.

9. Cash and cash equivalents

The balance of cash and cash equivalents presented in the cash flow statement consisted of the following items:

	As at 30 September 2014 (unaudited)	As at 30 September 2013 (unaudited)
Cash at bank and in hand	6,075	7,568
Short term deposits up to 3 months	277,263	340,340
Participation units in liquidity funds	715,707	467,423
Intra-group bonds with maturity up to 3 months	20,206	-
Total cash and cash equivalents presented in the statement of financial position, including:	1,019,251	815,331
Unrealised exchange rate differences and interest	(6,282)	(9,041)
Total cash and cash equivalents presented in the statement of cash flow	1,012,969	806,290

10. Dividend

On 20 May 2014, the Annual General Meeting adopted a resolution to allocate PLN 414,067 thousand for payment of dividend to the Company's shareholders, which is PLN 1 per share. By 30 September 2014, the entire amount was paid out, out of which PLN 144,928 thousand on preferred shares. The dividend was paid out of the net profit generated by the Company in 2013.

11. Assets classified as held for sale

As at 30 September 2014, non-current assets held for sale were PLN 2,015 thousand. This item consists of shares in ENERGA Serwis Sp. z o.o. In Q3 2014, action has been taken to sell shares held by the Company in ENERGA Serwis Sp. z o.o. The Company expects that the sales process will be completed in the next 12 months.

12. Transactions with related entities

Transactions with related entities are made based on market prices of goods, products or services delivered.

12.1. Transactions with members of Managements Board and Supervisory Boards

Remuneration of members of the ENERGA SA Management and Supervisory Boards in the current period was PLN 3,705 thousand (PLN 2,853 thousand in the same period of 2013).

During the reporting period, there were no loans or other material transactions with members of the Management Board and of the Supervisory Board of ENERGA SA.

12.2. Transactions involving State Treasury companies

In the current reporting period, the main transactions involving State Treasury companies related to the purchase of fuel for cars.

12.3. Transactions with related entities (without State Treasury companies)

Subsidiaries	Nine-month period ended 30 September 2014 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)
Net income from sale of products, goods and materials	40,972	51,248
Costs of purchase	11,950	14,926
Other operating income	200	1,274
Financial income	948,262	831,101
Financial costs	53,837	44,729

	As at 30 September 2014 (unaudited)	As at 31 December 2013
Assets		
Long-term receivables	18,760	24,818
Trade receivables	33,863	30,390
Derivatives	18,194	-
Long-term investments	4,727,676	4,104,817
Current investments with maturity over 3 months	317,383	335,787
Current investments with maturity up to 3 months	20,206	-
Other receivables	10,333	9,446
Liabilities		
Non-current liabilities	2,083,575	2,069,453
Trade liabilities	1,380	1,414
Other liabilities	1,605	211,298

Associated entities	Nine-month period ended 30 September 2014 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)
Costs of purchase	-	2,245

	As at 30 September 2014 (unaudited)	As at 31 December 2013
Liabilities		
Trade receivables	-	301

13. Financial instruments

13.1. Carrying value of financial instruments by category and class

	As at 30 September 2014 (unaudited)	As at 31 December 2013
Classes of financial instruments		
Bonds, treasury bills and other debt instruments	5,045,059	4,440,604
Trade receivables and other financial receivables	34,459	30,418
Loans	2,376	-
Cash and cash equivalents, including:	1,019,251	710,399
Units of participation in the ENERGA Trading SFIO fund	715,707	374,763
Capital contributions	63,376	66,480
Receivables from sale of shares	256	-
Derivatives (assets)	27,478	13,017
Total assets	6,192,255	5,260,918
Loans and borrowings	4,797,307	4,132,622
Bonds issued	1,077,439	1,076,379
Liabilities from the purchase of shares	1,075	189,825
Liabilities from purchase of property & equipment and intangible assets	3,105	7,166
Trade and other financial liabilities	7,583	16,302
Derivatives (liabilities)	18,792	-
Total liabilities	5,905,301	5,422,294
Categories of financial instruments		
Financial assets measured at fair value through profit or loss	1,037,445	710,399
Hedging derivatives (assets)	9,284	13,017
Investments held to maturity	5,045,059	4,440,604
Loans and receivables	100,467	96,898
Total assets	6,192,255	5,260,918
Financial liabilities measured at fair value through profit or loss	18,400	-
Financial liabilities measured at amortised cost	5,886,509	5,422,294
Hedging derivatives (liabilities)	392	-
Total liabilities	5,905,301	5,422,294

13.2. Fair value of financial instruments

Some of the Company's financial assets and liabilities are measured at fair value at the end of each reporting period.

The table below analyses fair value measurements for financial assets and financial liabilities categorised into three level hierarchy:

- level 1 – fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- level 2 – fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- level 3 – fair value based on unobservable inputs for the asset or liability.

Title	As at 30 September 2014 (unaudited)		
	Level 1	Level 2	Level 3
Assets			
Units of participation in the ENERGA Trading SFIO fund	715,707	-	-
Hedging derivatives (CCIRS)	-	9,284	-
Derivatives (IRS)	-	18,194	-
Liabilities			
Hedging derivatives (CCIRS)	-	392	-
Derivatives (IRS)	-	18,400	-

The value of participation units in the ENERGA Trading SFIO fund is measured as the product of their quantity and the value of a single participation unit. Measurement is made by the fund management company in accordance with the Act on investment funds of 27 May 2004.

Cross Currency Interest Rate Swaps (CCIRSs) and Interest Rate Swaps (IRSs) are measured at fair value by discounting future cash flows. The interest rates and the basis spread used in discounting are obtained from Bloomberg.

13.3. Fair value of financial instruments that are not measured at fair value on a recurring basis

Except for the information given in the table below, the carrying amounts of financial assets and liabilities do not depart in a material way from their fair values.

Title	Book value	As at 30 September 2014 (unaudited)		
		Level 1	Fair value Level 2	Level 3
Liabilities				
Liabilities from ENERGA Finance AB (publ)	2,084,559	-	2,218,298	-

The fair value measurement of liabilities under loans has been estimated on the basis of an analysis of future cash flows discounted using market interest rates updated for 30 September 2014.

For non-listed shares and debt securities there is no active market, nor is it possible to apply to them any other valuation techniques providing reasonable output values, therefore the Company is not able to determine the range of their possible fair values. These assets are measured at purchase price less impairment losses.

13.4. List of companies in which the entity holds directly at least 20% of shares in the capital or of the total number of votes in the company's decision-making body; including information about the percentage stake held and the extent of participation in management

No.	Company	Registered office	Value of the shares in the books of Energa SA	Share of ENERGA SA in the share capital (%)	Share of ENERGA SA in the total number of votes (%)	Share of ENERGA SA in control (%)
1	ENERGA – OPERATOR SA	Gdańsk	4,471,126	100.00	100.00	100.00
2	ENERGA – OBRÓT SA	Gdańsk	329,409	100.00	100.00	100.00
3	ENERGA Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	4,342	100.00	100.00	100.00
4	ENERGA Wytwarzanie SA	Gdańsk	1,051,090	100.00	100.00	100.00
5	Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o.	Straszyn	1,429	100.00	100.00	100.00
6	ENERGA Informatyka i Technologie Sp. z o.o.	Gdańsk	37,229	100.00	100.00	100.00
7	ENERGA Finance AB (publ)	Stockholm	85,308	100.00	100.00	100.00
8	RGK Sp. z o.o.	Gdańsk	-	100.00	100.00	100.00

The above list does not present companies where the share of ENERGA SA in share capital is less than 20% and accordingly it does not include shares with the aggregated carrying value of PLN 2,015 thousand (shares in ENERGA Serwis Sp. z o.o.). These shares are classified as assets held for sale.

The value of shares specified in the table above is the value at purchase price less impairment losses on. The total amount of impairment losses on for shares as at 30 September 2014 was PLN 28,645 thousand (the losses on pertain to shares held in RGK Sp. z o.o. and Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o.).

In order to tidy up the ownership structure, shares held by ENERGA SA in: ENERGA Elektrownie Ostrołęka SA, Elektrownia Ostrołęka SA and Ekologiczne Materiały Grzewcze Sp. z o.o., were contributed as a contribution-in-kind to ENERGA Wytwarzanie SA.

In the current period, shares held in SOEN Sp. z o.o. and ZEP-MOT Sp. z o.o. were also sold.

In connection with the planned merger of Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. with RGK Sp. z o.o., the Extraordinary General Meeting of the first company adopted a resolution on 30 September 2014 to discontinue the liquidation process of that company.

13.5. Financial assets held to maturity

The Company classifies the bonds it bought as assets held to maturity.

The purchased bonds are presented in the table below, broken down by issuers.

	As at 30 September 2014 (unaudited)	As at 31 December 2013
ENERGA – OPERATOR SA	3,651,818	2,913,931
ENERGA Wytwarzanie SA	1,102,470	1,211,462
ENERGA Elektrownie Ostrołęka SA	169,470	185,440
ENERGA Kogeneracja Sp. z o.o.	91,144	129,771
Breva Sp. z o.o.	30,157	-
Total, including:	5,045,059	4,440,604
Long-term	4,727,676	4,104,817
Short-term	317,383	335,787

13.6. Loans and borrowings

Loans and borrowings contracted as at 30 September 2014 and 31 December 2013 are presented in the table below:

	As at 30 September 2014 (unaudited)		As at 31 December 2013	
	PLN	EUR	PLN	EUR
Currency	PLN	EUR	PLN	EUR
Reference Rate	WBOR	Fixed	WBOR	Fixed
Value of the loan/ borrowing				
in currency	2,712,748	499,236	2,044,206	503,573
in PLN	2,712,748	2,084,559	2,044,206	2,088,416
of which, repayable:				
up to 1 year (short-term)	298,248	985	247,582	18,963
1 to 2 years	301,845	-	351,132	-
2 to 3 years	262,704	-	228,177	-
3 to 5 years	565,091	-	452,123	-
over 5 years	1,284,860	2,083,574	765,192	2,069,453

Detailed information on contracted external financing is set out in Note 13.8.

13.7. Liabilities under notes issued

Liabilities under notes issued as at 30 September 2014 and 31 December 2013 are presented in the table below:

	As at 30 September 2014 (unaudited)	As at 31 December 2013
Currency	PLN	PLN
Reference Rate	WBOR	WBOR
Value of the issue		
in currency	1,077,439	1,076,379
in PLN	1,077,439	1,076,379
of which, repayable:		
up to 1 year (short-term)	23,177	16,598
1 to 2 years	7,390	7,203
2 to 3 years	7,399	7,630
3 to 5 years	15,177	15,306
over 5 years	1,024,296	1,029,642

Detailed information on issued notes is set out in Note 13.8.

13.8. Available external financing

Loans to finance the investment programme at ENERGA – OPERATOR SA for the years 2009-2012

In the years 2009-2010 ENERGA SA together with its subsidiary ENERGA – OPERATOR SA entered into loan agreements to finance the investment programme of ENERGA – OPERATOR SA for the period 2009-2012 associated with the redevelopment and modernization of the distribution grid:

1. agreement with the European Investment Bank ("EIB") with the limit of up to PLN 1,050,000 thousand;
2. agreement with the European Bank for Reconstruction and Development ("EBRD") with the limit of up to PLN 800,000 thousand;
3. agreement with the Nordic Investment Bank ("NIB") with the limit of up to PLN 200,000 thousand.

The above funding has been fully utilised by the Company, of which the following amounts are still outstanding and remain to be repaid: to EIB – PLN 912,857 thousand with the final maturity of 15 December 2025, to EBRD – PLN 595,833 thousand with the final maturity of 18 December 2021, to NIB – PLN 167,568 thousand with the final maturity of 15 June 2022.

On 30 September 2014, ENERGA SA together with its subsidiary ENERGA – OPERATOR SA signed an Amendment Letter to the Finance Contract with EIB of 16 December 2009. The Amendment Letter changes some of the material clauses of the contract, including primarily the elimination of financial covenants and introduction of a rating loss clause. Signing of the Amendment Letter does not increase the available financing amount or extend the term of financing.

Loans to finance the investment programme at ENERGA – OPERATOR SA for the years 2012-2015

In 2013, ENERGA SA together with its subsidiary ENERGA – OPERATOR SA entered into loan agreements to finance the investment programme of ENERGA – OPERATOR SA for the period 2012-2015 associated with the redevelopment and modernization of the distribution grid:

1. agreement with EBRD with a limit of PLN 800,000 thousand: use of the loan as at 30 September 2014 was PLN 340,000 thousand (the final maturity of the loan is 18 December 2024);
2. agreement with EIB with a limit of PLN 1,000,000 thousand: use of the loan as at 30 September 2014 was PLN 600,000 thousand, with PLN 400,000 thousand remaining available for drawdown. The final maturity of the first tranche of the loan is 15 March 2029.

Loan agreements

On 21 March 2013 and 25 March 2013, ENERGA SA signed loan agreements with ENERGA Finance AB (publ) for the total amount of EUR 499,000 thousand. As at 30 September 2014, the loans have been used in full.

Domestic bond issue

In 2012 a domestic bond issue program for up to PLN 4,000,000 thousand was established. As part of the program, on 19 October 2012 ENERGA SA issued 7-year bonds for the total amount of PLN 1,000,000 thousand. Since 29 January 2014, the bonds issued by ENERGA SA have been listed on the regulated market run by BondSpot S.A.

Loans from NORDEA Bank Polska SA¹

ENERGA SA has entered into the following loan agreements with NORDEA Bank Polska SA:

1. investment loan agreement for PLN 100,000 thousand for the purchase of bonds issued by ENERGA Wytwarzanie SA in connection with the investment project carried out in the modernization of the pumped-storage power plant in Żydowo. By 30 September 2014, the full amount of PLN 100,000 thousand was committed under the loan, of which PLN 65,000 thousand remains to be repaid by 7 September 2015.
2. investment loan agreement for PLN 160,000 thousand for the purchase of bonds issued by ENERGA Kogeneracja Sp. z o.o. in connection with the investments carried out on the modernisation of the boiler including the implementation of the biomass joint combustion option, on the construction of a straw-based pellet production unit and on the construction of a new power unit. By 30 September 2014, the amount of PLN 134,700 thousand was committed under the loan, of which PLN 82,200 thousand remains to be repaid by 16 December 2015 according to the agreed schedule;
3. agreement for arranging loans for ENERGA Group's companies with a total limit of PLN 75,000 thousand. As at 30 September 2014, the financing amount of PLN 36,608 thousand was committed of which PLN 12,541 thousand has actually been used. The limit will expire on 29 June 2015.
4. master agreement for bank guarantees for ENERGA Group's companies with a total limit of PLN 30,000 thousand. As at 30 September 2014, PLN 7,883 thousand of the limit has been used. The term of the limit expired on 15 October 2014 and was not extended.
5. agreement for arranging loans for ENERGA SA with a total limit of PLN 300,000 thousand. As at 30 September 2014, the financing has not been used. The limit will expire on 11 October 2016.

Loans from Pekao SA

ENERGA SA has entered into the following loan agreements with Bank Pekao SA:

1. loan agreement with a limit of PLN 500,000 thousand. As at 30 September 2014, the loan has not been used. The final maturity of the loan is 29 May 2020;
2. loan agreement in the amount of PLN 85,000 thousand to be used to acquire bonds issued by ENERGA Elektrownie Ostrołęka SA in connection with the implementation of the investment program of the company. As at 30 September 2014, PLN 33,000 thousand of the loan has been used, of which PLN 30,000 thousand remains to be repaid by 29 May 2022.

Loans from PKO Bank Polski SA

ENERGA SA entered into the following loan agreements with PKO Bank Polski SA:

1. master agreement to extend an overdraft limit to ENERGA SA and its subsidiaries with a total limit of PLN 150,000 thousand. As at 30 September 2014, the financing limit for the aggregated amount of PLN

¹ On 31 October 2014, a legal merger of Nordea Bank Polska S.A. and PKO Bank Polski SA took place. Following registration of the merger in the National Court Register, PKO Bank Polski SA will automatically become a party of the agreements previously concluded with Nordea Bank Polska S.A.

147,026 thousand was committed of which PLN 6,316 thousand has been used. The limit will expire on 30 August 2016;

2. master agreement to extend an overdraft limit to ENERGA SA and its subsidiaries with a total limit of PLN 200,000 thousand. As at 30 September 2014, the financing limit for the aggregated amount of PLN 103,476 thousand was committed of which PLN 102,509 thousand has been used. The limit will expire on 19 September 2017.

Bonds issue through PKO Bank Polski SA

In 2012, ENERGA SA concluded with PKO Bank Polski SA a bond issue agreement where the funds raised under the agreement were to be used to acquire bonds issued by ENERGA Elektrownie Ostrołęka SA in connection with the implementation of the investment program. The bonds are issued as short-term securities, which, in quarterly cycles will be exchanged (rolled over) to bonds of a new issue, with the commitment of the Bank to cover them under the terms of the issue agreement throughout the entire period of its duration. The value of the issues under this financing programme was PLN 62,304 thousand as at 30 September 2014.

13.9. Cash flow hedge accounting

The special purpose vehicle ENERGA Finance AB (publ) (the issuer of Eurobonds) and ENERGA SA signed two loan agreements denominated in EUR for the total amount of EUR 499,000 thousand. In order to hedge currency risk under these loans, in 2013 and in July 2014, the Company concluded cross-currency interest rate swap transactions with nominal values of EUR 400,000 thousand (CCIRS I) and EUR 25,000 thousand (CCIRS II), respectively.

As a hedged position under the above hedging relationships the Company designated the foreign currency risk arising from intra-group loans denominated in EUR. The foreign currency risk is hedged at the level of 85% of the total nominal amount of loans.

As the hedge the Company designated CCIRS transactions under which the Company receives fixed-rate cash flows in EUR and pays fixed-rate cash flows in PLN. Cash flows received by the Company correspond with the cash flows under the intra-group loans. The Company expects that the hedged cash flows will continue until March 2020.

The fair value of hedges as at 30 September 2014 was:

- CCIRS I – PLN 9,284 thousand (recognized in the statement of financial position in assets as Hedging derivatives);
- CCIRS II – PLN 392 thousand (recognized in the statement of financial position in assets as Hedging derivatives);

Under cash flow hedge accounting, the cash flow hedge reserve (the effective portion of changes in the value of the hedge, less deferred tax) decreased in the reporting period by PLN 19,164 thousand.

The table below presents changes in the cash flow hedge reserve resulting from the hedge accounting in the reporting period:

Changes in the cash flow hedge reserve within the reporting period	As at 30 September 2014 (unaudited)
At the beginning of the reporting period	26,539
Amount recognized in the cash flow hedge reserve during the period, equal to the change in the fair value of hedge instruments	(4,125)
Accrued interest transferred from the reserve to the interest expense	(7,639)
Revaluation of hedging instruments transferred from the equity to foreign exchange (gains) / losses	(11,895)
Income tax on other comprehensive income	4,495
At the end of the reporting period	7,375

As at 30 September 2014, no inefficiencies were identified resulting from the applied cash flow hedge accounting.

13.10. Interest rate swap transactions (IRS)

In June 2014, the Company concluded interest rate swap transactions to hedge the interest rate risk arising from the financing used as at 30 September 2014 under (see description in note 13.8):

- loan agreement concluded with EIB in 2013;
- loan agreement concluded with EBRD in 2013;
- domestic bond issue program established in 2012.

The IRS transactions pertain to the financing contracted for the purposes of the investment program of the subsidiary ENERGA – OPERATOR SA, to which the external funds raised are transferred using intra-group bonds. Considering the above, internal transactions have been concluded between ENERGA SA and ENERGA – OPERATOR SA, which will be symmetrical to the external IRS transactions.

Accordingly, ENERGA SA holds open positions in two opposite hedge transactions and therefore the Company did not choose to apply hedge accounting.

14. Contingent assets and liabilities

There are no significant contingent assets and liabilities in the Company.

15. Other information significantly affecting the assessment of the Company's assets, financial position and its financial result

Proceedings initiated by FORTA Sp. z o.o.

On 3 September 2013 the Extraordinary General Meeting of ENERGA SA adopted, inter alia, the resolution on determining the series of the company's shares and amending the Articles of Association (the "Resolution on Preferred Shares"). Pursuant to the Resolution on Preferred Shares preference in respect of voting rights of series BB shares was introduced to the Articles of Association. On 16 October 2013, ENERGA SA was served with a statement of claim filed by shareholder FORTA Sp. z o.o. to: ("FORTA") to rule on invalidity of the Resolution on Preferred Shares or to repeal it, as the resolution was allegedly adopted in breach of good practices, hurting the Company's interest and aimed at harming a shareholder – FORTA. The Regional Court in Gdańsk in a judgment of 26 March 2014 dismissed FORTA's claim in this case. The judgment became final on 22 August 2014.

16. Subsequent events

On 23 October 2014, ENERGA SA signed a 12-year loan agreement in the amount of PLN 67.5 m with the Nordic Investment Bank to finance the Myślino wind farm construction project.

Signatures of Management Board Members and persons responsible for keeping accounts of ENERGA SA:

Mirostaw Bieliński
President of the Management Board

Roman Szyszko
Executive Vice-President of the Management Board, Chief Financial Officer

Wojciech Topolnicki
Executive Vice-President of the Management Board, Strategy and Investments

Aleksandra Gajda – Gryber
Director of the Finance and Corporate Governance Center

Karol Jacewicz
Chief Accountant

Artur Chmura
President of the Management Board
ENERGA Centrum Usług Wspólnych Sp. z o.o.

Katarzyna Ogrodowska
Vice-President of the Management Board
ENERGA Centrum Usług Wspólnych Sp. z o.o.

Ewa Banaszak
Director of the Other Companies Servicing Department
ENERGA Centrum Usług Wspólnych Sp. z o.o.

Gdańsk, 6 November 2014