



ENERGA SA Group

**Condensed Interim Consolidated Financial Statements
prepared in accordance with IAS 34
for the six-month period ended 30 June 2014**

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2014 (unaudited)	Three-month period ended 30 June 2013 (unaudited) (restated)	Six-month period ended 30 June 2013 (unaudited) (restated)
Continuing operations				
Sales of products and goods for resale including excise tax	1 602 045	3 358 064	1 975 062	4 013 661
Excise tax	(61 312)	(129 026)	(72 612)	(147 565)
Sales of products and goods for resale	1 540 733	3 229 038	1 902 450	3 866 096
Sales of services	976 621	2 013 562	938 328	1 895 556
Rental income	21 173	43 906	14 952	27 892
Revenue	2 538 527	5 286 506	2 855 730	5 789 544
Cost of sales	(1 943 554)	(4 132 333)	(2 246 295)	(4 746 882)
Gross profit on sales	594 973	1 154 173	609 435	1 042 662
Other operating income	16 557	64 515	37 245	60 684
Selling and distribution expenses	(67 158)	(121 826)	(67 818)	(138 240)
General and administrative expenses	(89 144)	(176 963)	(88 989)	(182 489)
Other operating expenses	(32 672)	(62 225)	(27 321)	(45 190)
Financial income	22 676	60 227	73 776	103 150
Financial costs	(81 187)	(160 014)	(83 176)	(151 431)
Share of profit (loss) of associates	-	(157)	112	(397)
Profit before tax	364 045	757 730	453 264	688 749
Income tax	(69 798)	(148 107)	(105 112)	(164 341)
Net profit on continuing operations	294 247	609 623	348 152	524 408
Discontinued operations				
Net loss on discontinued operations	(2 193)	(3 147)	(963)	(2 576)
Net profit for the period	292 054	606 476	347 189	521 832
Attributable to:				
Equity holders of the Parent Company	283 345	595 403	348 951	535 905
Non-controlling interests	8 709	11 073	(1 762)	(14 073)
Earnings per share (in PLN)				
- basic	0,69	1,45	0,85	1,30
- diluted	0,69	1,45	0,85	1,30
Loss per share from discontinued operations (in PLN)				
- basic	(0,01)	(0,01)	(0,00)	(0,01)
- diluted	(0,01)	(0,01)	(0,00)	(0,01)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2014 (unaudited)	Three-month period ended 30 June 2013 (unaudited) (restated)	Six-month period ended 30 June 2013 (unaudited) (restated)
Net profit for the period	292 054	606 476	347 189	521 832
Items that will never be reclassified to profit or loss	(39 310)	(41 137)	25 705	25 384
Actuarial gains and losses on defined benefit plans	(48 530)	(50 786)	31 734	31 338
Income tax on items that will never be reclassified to profit or loss	9 220	9 649	(6 029)	(5 954)
Items that are or may be reclassified subsequently to profit or loss	(22 923)	(1 904)	24 986	25 125
Foreign exchange gains / (losses) arising on translation of foreign operations	(252)	334	514	653
Cash flow hedges	(27 989)	(2 763)	30 212	30 212
Income tax on items that are or may be reclassified subsequently to profit or loss	5 318	525	(5 740)	(5 740)
Net other comprehensive income	(62 233)	(43 041)	50 691	50 509
Total comprehensive income	229 821	563 435	397 880	572 341
Attributable to:				
Equity holders of the Parent Company	221 879	552 984	399 581	586 353
Non-controlling interests	7 942	10 451	(1 701)	(14 012)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2014 (unaudited)	As at 31 December 2013 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	11 757 950	11 760 776
Investment property	17 230	15 189
Intangible assets	394 855	398 677
Goodwill	156 773	156 773
Deferred tax assets	210 358	245 086
Hedging derivatives	18 877	13 017
Other non-current financial assets	15 698	17 727
Other non-current assets	62 880	42 291
	12 634 621	12 649 536
Current assets		
Inventories	270 797	302 043
Current tax receivables	45 230	43 427
Trade receivables	1 498 886	1 469 543
Deposits	20 018	4 121
Other current financial assets	24 095	8 891
Cash and cash equivalents	2 653 001	2 352 305
Other current assets	335 572	145 574
Assets classified as held for sale	898	109 116
	4 848 497	4 435 020
TOTAL ASSETS	17 483 118	17 084 556

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 30 June 2014 (unaudited)	As at 31 December 2013
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Parent Company		
Share capital	4 521 613	4 521 613
Foreign exchange gains / (losses) arising on translation of foreign operation	(1 976)	(2 310)
Reserve capital	447 192	447 192
Supplementary capital	606 472	521 490
Cash flow hedge reserve	24 301	26 539
Retained earnings	2 576 318	2 519 955
Non-controlling interests	24 267	13 816
Total equity	8 198 187	8 048 295
Non-current liabilities		
Loans and borrowings	2 528 771	1 811 548
Bonds issued	3 121 171	3 119 453
Non-current provisions	637 397	549 499
Deferred tax liabilities	548 359	544 001
Deferred income and non-current grants	519 615	489 234
Other financial non-current liabilities	13 941	4 873
Other non-current liabilities	3 525	1 406
	7 372 779	6 520 014
Current liabilities		
Trade liabilities	595 894	889 902
Other financial liabilities	97 381	234 725
Current loans and borrowings	320 393	274 177
Bonds issued	42 509	70 584
Current income tax liability	14 753	6 838
Deferred income and grants	35 837	32 048
Accruals	75 694	126 813
Provisions	279 299	444 108
Other current liabilities	450 392	355 733
Liabilities related to assets classified as held for sale	-	81 319
	1 912 152	2 516 247
Total liabilities	9 284 931	9 036 261
TOTAL EQUITY AND LIABILITIES	17 483 118	17 084 556

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Foreign exchange gains / (losses) arising on translation of foreign operations	Reserve capital	Supplementary capital	Cash flow hedge reserve	Retained earnings		
As at 1 January 2014	4 521 613	(2 310)	447 192	521 490	26 539	2 519 955	13 816	8 048 295
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	(40 515)	(622)	(41 137)
Foreign exchange gains / (losses) arising on translation of foreign operations	-	334	-	-	-	-	-	334
Cash flow hedges	-	-	-	-	(2 238)	-	-	(2 238)
Profit for the period	-	-	-	-	-	595 403	11 073	606 476
Total comprehensive income for the period	-	334	-	-	(2 238)	554 888	10 451	563 435
Retained earnings distribution	-	-	-	84 982	-	(84 982)	-	-
Dividends	-	-	-	-	-	(414 067)	-	(414 067)
Disposal of shares in subsidiaries	-	-	-	-	-	524	-	524
As at 30 June 2014 (unaudited)	4 521 613	(1 976)	447 192	606 472	24 301	2 576 318	24 267	8 198 187

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Equity attributable to equity holders of the Parent Company								
	Share capital	Foreign exchange gains / (losses) arising on translation of foreign operations	Reserve capital	Supplementary capital	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2013	4 968 805	48	-	471 235	-	2 231 138	7 671 226	47 296	7 718 522
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	25 323	25 323	61	25 384
Foreign exchange gains / (losses) arising on translation of foreign operations	-	653	-	-	-	-	653	-	653
Cash flow hedges	-	-	-	-	24 472	-	24 472	-	24 472
Profit for the period	-	-	-	-	-	535 905	535 905	(14 073)	521 832
Total comprehensive income for the period	-	653	-	-	24 472	561 228	586 353	(14 012)	572 341
Retained earnings distribution	-	-	-	50 255	-	(50 255)	-	-	-
Dividends	-	-	-	-	-	(496 881)	(496 881)	(1 755)	(498 636)
Purchase of shares in subsidiaries	-	-	-	-	-	(1 894)	(1 894)	6 412	4 518
Disposal of shares in subsidiaries	-	-	-	-	-	(1 316)	(1 316)	(553)	(1 869)
As at 30 June 2013 (unaudited) (restated)	4 968 805	701	-	521 490	24 472	2 242 020	7 757 488	37 388	7 794 876

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited) (restated)
Cash flows from operating activities		
Profit before tax from continuing operations	757 730	688 749
Loss before tax on discontinued operations and disposal of non-current assets classified as held for sale	(3 147)	(2 576)
Adjustments for:	(111 882)	637 516
Share of loss of associates	157	397
Foreign currency (gains)/losses	(1 452)	5 869
Amortization and depreciation	423 635	377 095
Net interest and dividends	99 289	94 145
Loss on investing activities	4 919	117 837
Change in receivables	(68 884)	158 584
Change in inventories	39 041	56 880
Change in payables excluding loans and borrowings	(290 815)	120 380
Change in prepayments and accruals	(164 992)	(165 316)
Change in provisions (excluding actuarial gains and losses on provisions for post-employment benefits)	(152 780)	(128 355)
Income tax paid	(92 735)	(138 680)
Net cash from operating activities	549 966	1 185 009
Cash flows from investing activities		
Disposal of property, plant and equipment and intangible assets	21 539	14 484
Purchase of property, plant and equipment and intangible assets	(575 158)	(727 235)
Disposal of shares in associates	3 188	-
Disposal of other financial assets	34 524	30 727
Acquisition of other investments	(28 763)	(20 213)
Disposal of subsidiary	20 525	1 450
Acquisition of subsidiary, net of cash acquired	-	(393 154)
Dividends received	116	68
Interest received	287	741
Net cash used in investing activities	(523 742)	(1 093 132)
Cash flows from financing activities		
Proceeds from bond issue	-	2 088 700
Payment of finance lease liabilities	(4 008)	(5 847)
Proceeds from loans and borrowings	939 180	1 009
Repayment of loans and borrowings	(154 769)	(270 175)
Dividends paid	(405 200)	(480 782)
Interest paid	(150 021)	(96 237)
Other	(3 313)	(2 546)
Net cash from financing activities	221 869	1 234 122
Net increase in cash and cash equivalents	248 093	1 325 999
Cash and cash equivalents at the beginning of the period	2 350 713	2 029 373
Cash and cash equivalents at the end of the period	2 598 806	3 355 372

ACCOUNTING PRINCIPLES (POLICY) AND ADDITIONAL EXPLANATORY NOTES**1. General information**

ENERGA SA Group (the "Group") consists of ENERGA Spółka Akcyjna ("Parent Company", "Company") and its subsidiaries (see Note 2). The condensed interim consolidated financial statements of the Group present the financial position of the Group as at 30 June 2014 and 31 December 2013, results of its activity for the period of 3 and 6 months ended 30 June 2014 and 30 June 2013 and cash flows and changes in equity for the period of 6 months ended 30 June 2014 and 30 June 2013.

The Parent Company 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 Parent Company received a statistical number REGON 220353024.

The primary activities of the Group companies are as follows:

1. distribution and sales of electricity and heat energy,
2. production of electricity and heat energy,
3. trading in electricity.

As at 30 June 2014, the Polish State Treasury is the Company's parent and ultimate controlling party.

2. Composition of the Group and its changes

2.1. Composition of the Group at the end of the reporting period

As at 30 June 2014, the Group consists of ENERGA SA and the following companies:

Subsidiaries

No.	Company name	Registered office	Line of business	% of the Group's share capital as at	
				30 June 2014	31 December 2013
1	ENERGA – OPERATOR SA	Gdańsk	distribution of electricity	100.00	100.00
2	ENERGA-OBROT SA	Gdańsk	trading in electricity	100.00	100.00
3	ENERGA Wytwarzanie SA (formerly ENERGA Wytwarzanie Sp. z o.o.) ^{1,2}	Straszyn ⁴	energy production	100.00	100.00
4	AEGIR 1 Sp. z o.o. ²	Gdańsk	energy production	-	100.00
5	AEGIR 2 Sp. z o.o. ²	Gdańsk	energy production	-	100.00
6	AEGIR 3 Sp. z o.o. ²	Gdańsk	energy production	-	100.00
7	AEGIR 4 Sp. z o.o.	Gdańsk	energy production	100.00	100.00
8	AEGIR 5 Sp. z o.o. ²	Gdańsk	energy production	-	100.00
9	Breva Sp. z o.o.	Gdańsk	energy production	100.00	100.00
10	Ciepło Kaliskie Sp. z o.o.	Kalisz	heat and energy distribution	91.24	90.00
11	Ekologiczne Materiały Grzewcze Sp. z o.o.	Gdańsk	biomass production	100.00	100.00
12	Elektrownia CCGT Gdańsk Sp. z o.o.	Gdańsk	energy production	100.00	100.00
13	Elektrownia CCGT Grudziądz Sp. z o.o.	Grudziądz	energy production	100.00	100.00
14	Elektrownia Ostrołęka SA	Ostrołęka	contracting and designing	100.00	100.00
15	ENERGA – OPERATOR Eksploatacja Elbląg Sp. z o.o. (formerly ENERGA – OPERATOR Eksploatacja i Inwestycje Elbląg Sp. z o.o.)	Elbląg	network operation and investment projects	100.00	100.00
16	ENERGA – OPERATOR Eksploatacja Gdańsk Sp. z o.o. (formerly ENERGA – OPERATOR Eksploatacja i Inwestycje Gdańsk Sp. z o.o.)	Gdańsk	network operation and investment projects	100.00	100.00
17	ENERGA – OPERATOR Eksploatacja Kalisz Sp. z o.o. (formerly ENERGA – OPERATOR Eksploatacja i Inwestycje Kalisz Sp. z o.o.)	Kalisz	network operation and investment projects	100.00	100.00
18	ENERGA – OPERATOR Eksploatacja Płock Sp. z o.o. (formerly ENERGA – OPERATOR Eksploatacja i Inwestycje Płock Sp. z o.o.)	Płock	network operation and investment projects	100.00	100.00
19	ENERGA – OPERATOR Eksploatacja Słupsk Sp. z o.o. (formerly ENERGA – OPERATOR Eksploatacja i Inwestycje Słupsk Sp. z o.o.)	Słupsk	network operation and investment projects	100.00	100.00
20	ENERGA – OPERATOR Eksploatacja Toruń Sp. z o.o. (formerly ENERGA – OPERATOR Eksploatacja i Inwestycje Toruń Sp. z o.o.)	Toruń	network operation and investment projects	100.00	100.00
21	ENERGA – OPERATOR Produkcja Sp. z o.o. ²	Kalisz	production of power devices	-	100.00
22	ENERGA – OPERATOR Techniczna Obsługa Odbiorców Sp. z o.o.	Koszalin	technical customer service	100.00	100.00

No.	Company name	Registered office	Line of business	% of the Group's share capital as at	
				30 June 2014	31 December 2013
23	ENERGA Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	accounting, payroll and administrative services	100.00	100.00
24	ENERGA Elektrociepłownia Kalisz S.A.	Kalisz	energy production	100.00	100.00
25	ENERGA Elektrownie Ostrołęka SA	Ostrołęka	energy production	89.38	89.38
26	ENERGA Finance AB (publ)	Stockholm	financing activities	100.00	100.00
27	ENERGA Informatyka i Technologie Sp. z o.o.	Gdańsk	ICT	100.00	100.00
28	ENERGA Innowacje Sp. z o.o.	Gdańsk	organisation and management of development of innovative power projects	100.00	100.00
29	ENERGA Invest SA ²	Gdańsk	investment project management	100.00	100.00
30	ENERGA Kogeneracja Sp. z o.o.	Elbląg	energy production	100.00	100.00
31	ENERGA Obsługa i Sprzedaż Sp. z o.o.	Gdańsk	customer service	100.00	100.00
32	ENERGA OPEC Sp. z o.o.	Ostrołęka	heat and energy distribution	99.99	99.99
33	ENERGA Oświetlenie Sp. z o.o.	Sopot	lighting services	100.00	100.00
34	ENERGA Serwis Sp. z o.o.	Ostrołęka	repairs and maintenance services	94.68	94.68
35	ENERGA SLOVAKIA s.r.o.	Bratislava	trading in electricity	100.00	100.00
36	ENERGETYK Sp. z o.o. w likwidacji (in liquidation) ²	Płock	contracting and designing	-	100.00
37	Energetyka Kaliska – Usługi Techniczne Sp. z o.o.	Kalisz	contracting and designing	100.00	100.00
38	ENSPIRION Sp. z o.o.	Gdańsk	energy consulting and management of demand for electricity	100.00	100.00
39	EPW 1 Sp. z o.o. ²	Pruszcz Gdański	energy production	-	100.00
40	EPW 2 Sp. z o.o. ²	Pruszcz Gdański	energy production	-	100.00
41	EPW 3 Sp. z o.o. ²	Pruszcz Gdański	energy production	-	100.00
42	EPW Energia Olecko Sp. z o.o. ³	Warsaw	energy production	-	19.00
43	EPW Energia Sp. z o.o. ^{2,3}	Warsaw	energy production	-	67.30
44	EPW Parsówek Sp. z o.o. ²	Pruszcz Gdański	energy production	-	100.00
45	Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. w likwidacji (in liquidation)	Straszyn	hotel and training services	100.00	100.00
46	Przedsiębiorstwo Budownictwa Elektroenergetycznego ENBUD Słupsk Sp. z o.o.	Słupsk	contracting and designing	100.00	100.00
47	Przedsiębiorstwo Wielobranżowe Energetyki "ELEKTROINSTAL" Sp. z o.o. ²	Raciąż	contracting and designing	-	100.00
48	RGK Sp. z o.o.	Gdańsk	financing activities	100.00	100.00
49	Zakład Budownictwa Energetycznego Sp. z o.o.	Koszalin	contracting and designing	100.00	100.00
50	Zakład Energetyczny Płock - Centrum Handlowe Sp. z o.o.	Płock	procurement	100.00	100.00

No.	Company name	Registered office	Line of business	% of the Group's share capital as at	
				30 June 2014	31 December 2013
51	Zakład Energetyczny Plock - Dystrybucja Zachód Sp. z o.o. w likwidacji (in liquidation) ²	Sierpc	network operation and investment projects	-	100.00
52	Zakład Energetyczny Toruń - ENERGOHANDEL Sp. z o.o.	Toruń	procurement	100.00	100.00
53	ZEC Żychlin Sp. z o.o.	Żychlin	heat and energy distribution	100.00	100.00
54	ZEP - AUTO Sp. z o.o. ²	Plock	sale and repair of motor vehicles	-	100.00
55	ZEP - Centrum Wykonawstwa Specjalistycznego Sp. z o.o.	Plock	contracting and designing	100.00	100.00
56	ZEP - MOT Sp. z o.o. ²	Plock	sale and repair of motor vehicles	-	100.00

¹ Transformation of ENERGA Wytwarzanie Sp. z o.o. into a joint stock company ("SA") was registered on 3 June 2014.

² See description in Note 2.2.

³ See description in Note 21.4.

⁴ On 22 July 2014, the Extraordinary General Meeting of the company adopted a resolution to change its registered office to Gdańsk.

Associates

No.	Company name	Registered office	Scope of operations	% of the Group's share capital as at	
				30 June 2014	31 December 2013
1	Bio - Power Sp. z o.o. ¹	Międzyrzec Podlaski	energy production	-	25.00
2	SOEN Sp. z o.o. ¹	Grudziądz	hotel and administration services	-	48.50

¹ See description in Note 2.2.

2.2. Changes in the composition of the Group

Disposals of shares in subsidiaries

ENERGA – OPERATOR SA sold all of its shares (i.e. 100%) in companies: ENERGA – OPERATOR Produkcja Sp. z o.o. and Przedsiębiorstwo Wielobranżowe Energetyki „ELEKTROINSTAL” Sp. z o.o. pursuant to a sale agreement concluded on 6 February 2014 with an entity from outside of the ENERGA Group. The sale agreement was concluded with a condition precedent, that is for the President of the Office of Competition and Consumer Protection to grant his approval for concentration. The approval was issued on 27 February 2014 and therefore the ownership title to the shares of the companies mentioned above was transferred to the new shareholder.

On 15 May 2014, ENERGA SA sold the shares it held in ZEP-MOT Sp. z o.o. This also resulted in selling all of the Group's shares in ZEP-AUTO Sp. z o.o., which is fully owned by ZEP-MOT Sp. z o.o.

Disposal of shares in associates

On 1 April 2014 ENERGA SA signed a conditional sale agreement of the shares it held in the associate SOEN Sp. z o.o. The suspending condition was satisfied on 13 May 2014 and thus the ownership title to the shares was transferred to the new shareholder.

On 28 April 2014 ENERGA Wytwarzanie SA signed a sale agreement of the shares it held in the associate Bio-Power Sp. z o.o.

Liquidation of subsidiaries

On 17 February 2014, Zakład Energetyczny Płock – Dystrybucja Zachód Sp. z o.o. w likwidacji (in liquidation) was deregistered from the Register of Entrepreneurs of the National Court Register which completed the process of its liquidation.

On 16 April 2014 ENERGETYK Sp. z o.o. w likwidacji (in liquidation) was deleted from the Register of Entrepreneurs of the National Court Register, which completed the process of its liquidation.

Combinations of subsidiaries

On 8 January 2014, a merger of AEGIR 4 Sp. z o.o. (acquiring company), AEGIR 1 Sp. z o.o., AEGIR 2 Sp. z o.o. and AEGIR 3 Sp. z o.o. (acquired companies) was registered.

On 30 April 2014, a merger of the following subsidiaries: ENERGA Invest SA (as the acquiring company) and EPW 1 Sp. z o.o., EPW 2 Sp. z o.o., EPW 3 Sp. z o.o., EPW Parsówek Sp. z o.o. and AEGIR 5 Sp. z o.o. (acquired companies) was registered.

On 21 May 2014, a merger of ENERGA Wytwarzanie Sp. z o.o. (acquiring company) and EPW Energia Sp. z o.o. (acquired company) was registered.

3. Approval of the financial statements

These condensed interim consolidated financial statements have been approved for publication by the Company's Management Board on 12 August 2014.

4. Basis for preparation of the financial statements

These condensed interim consolidated 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.

These condensed interim consolidated financial statements are presented in thousands of zloty ("PLN 000s").

These condensed interim consolidated financial statements have been prepared based on the assumption that the Group would continue as a going concern in the foreseeable future.

As at the date of these financial statements there is no evidence indicating significant uncertainty as to the ability of the Group to continue its business activities as a going concern.

4.1. Statement of compliance

These condensed interim consolidated financial statements of ENERGA SA Group have been prepared in accordance with the International Accounting Standard 34 "Interim financial reporting" as adopted by the European Union. They do not include all the information required for a complete set of financial statements compliant with the International Financial Reporting Standards ("IFRS"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

4.2. Functional and presentation currency

The functional currency of the parent company and other Polish companies covered by these condensed interim consolidated financial statements and the presentation currency of these condensed interim consolidated financial statements is the Polish zloty except for ENERGA SLOVAKIA s.r.o. and ENERGA Finance AB (publ) where the functional currency of their individual financial statements is euro. For the purpose of these financial statements, the underlying accounts of the above-mentioned companies have been translated into PLN as follows: data in the statement of financial position, except equity - exchange rates at the reporting date; equity - exchange rates at the date of transaction and data in the statement of profit or loss - at the weighted average exchange rate for the financial period.

The following exchange rates were used for valuation purposes in the statement of financial position:

Exchange rate at the end of each respective reporting period		
Currency	30 June 2014	31 December 2013
EURO	4,1609	4,1472

The average exchange rates for each respective reporting period are as follows:

Average exchange rate in the period		
Currency	1 January - 30 June 2014	1 January - 30 June 2013
EURO	4,1784	4,2140

5. Estimates

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

The preparation of the condensed interim consolidated 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 consolidated financial statements and 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.

6. Significant accounting policies

The accounting policies of the Group are applied on a continuous basis, except for

- the changes resulting from amendments introduced in IFRS EU.
- changes in the presentation of CO₂ emission allowances.
- change in the rules for recognizing provisions for gas emission liabilities.

Amendments to standards adopted for the first time in 2014

The following amendments to the existing standards published by the International Accounting Standards Board ("IASB") and endorsed in the EU 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" – disclosures concerning the recoverable amount of 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 Group's accounting policies applied so far.

Change in the presentation of CO₂ emission allowances

In the previous reporting periods, the Group presented the CO₂ emission allowances acquired for redemption in non-current assets, as intangible assets. Currently, the Group presents the CO₂ emission allowances in current assets, as inventories.

As at 31 December 2013, there were no such assets and accordingly the Group has not restated the comparative information.

Provision for gas emission liabilities

In the previous reporting periods, the Group recognized provisions for gas emission liabilities when CO₂ emissions exceeded the quantity of free-of-charge emission allowances held as at the end of the reporting period. At present, the provisions are recognized gradually over the annual reporting period, based on actual CO₂ emissions, while taking into account the free emission allowances according to the following rules and order:

- in the part covered by the awarded free allowances (pro rata to the total quantity of free emission allowances awarded for the year) - at zero.
- in the part covered by acquired allowances - at purchase price,
- in the part not covered by allowances held or receivable - based on the contracted allowance purchase prices and then based on market prices of those allowances at the end of the reporting period.

These changes were aimed at increasing the usefulness of data presented in the financial statements and its comparability with other industry peers.

The Group has restated the information presented in the comparative consolidated statement of financial position, consolidated statement of profit or loss and the consolidated statement of cash flows and the information presented in notes to these consolidated financial statements.

The data presented in the consolidated statement of profit or loss for the three months ended 30 June 2014 have also been restated accordingly.

The adjustment amounts applied to the comparative data are presented in note 8.

6.1. 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 Group did not apply the following standards, amendments to standards and interpretations that were published and adopted by the EU but have not yet come into effect:

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

6.2. 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" (effective for 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" (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 11 "Joint Arrangements" (effective for 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 (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture – Bearer Plants" (effective for annual periods beginning on or after 1 January 2016).

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

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

Sales and distribution of electric energy and heat during the year are subject to seasonal fluctuations. The volume of energy sold and distributed rises during the winter months and falls in the summer months. This is dependent on the ambient temperature and length of the day. The extent of fluctuations is determined by low temperatures and shorter days in winter and higher temperatures and longer days in summer. The seasonal nature of electric energy sales and distribution applies to a greater extent to small individual customers than to industrial sector clients. Observations from previous years indicate that mainly due to weather conditions, but also market conditions associated with the contracting processes, the ENERGA SA Group usually generates better results in the first half of the year.

8. Restatement of comparative information

In these condensed consolidated financial statements, comparative information:

- for the period of three and six months ended 30 June 2013 have been restated as compared to the information previously reported, in connection with the change in:
 - the rules for recognizing provisions for gas emission liabilities (see description in note 6);
 - presentation of certain revenues and costs, introduced in the consolidated financial statements for 2013;
- presented in the statement of financial position as at 31 December 2013 has been restated as compared to the information approved in connection with the reallocation of the acquisition price of the wind assets acquired in 2013 from EPW Energia Sp. z o.o. (formerly Iberdrola Renewables Polska Sp. z o.o.). As a result, the goodwill recognized on the transaction has been increased by PLN 11.8 m.

The adjustments amounts relating to the previous periods presented in these interim consolidated financial statements are presented in the table below:

Title	As at 31 December 2013 (previously reported)	Adjustments	As at 31 December 2013 (restated)
Property, plant and equipment	11 772 576	(11 800)	11 760 776
Goodwill	144 973	11 800	156 773

Title	Six-month period ended 30 June 2013 (previously reported)	Adjustments	Six-month period ended 30 June 2013 (restated)
Revenue	5 789 544	-	5 789 544
Cost of sales	(4 732 092)	(14 790)	(4 746 882)
Other operating income	60 684	-	60 684
Selling and distribution expenses	(138 240)	-	(138 240)
General and administrative expenses	(182 489)	-	(182 489)
Other operating expenses	(46 669)	1 479	(45 190)
Financial income	103 150	-	103 150
Financial costs	(151 431)	-	(151 431)
Share of loss of associates	(397)	-	(397)
Profit before tax	702 060	(13 311)	688 749
Income tax	(166 870)	2 529	(164 341)
Net profit on continuing operations	535 190	(10 782)	524 408
Net profit/loss on discontinued operations and on disposal of assets classified as held for sale	(2 576)	-	(2 576)
Net profit for the period	532 614	(10 782)	521 832
Attributable to:			
Equity holders of the Parent Company	545 637	(9 732)	535 905
Non-controlling interests	(13 023)	(1 050)	(14 073)
Earnings per share (in PLN)	1,32	(0,02)	1,30

9. Operating segments

The Group is organized and managed in the following operating segments: distribution, generation, sales of electricity and other.

In the previous reporting period, the Group presented as separate certain segments (services and other) which are currently presented as a single segment – other. Additionally, in the current reporting period:

- the companies ENERGA Invest SA and Ekologiczne Materiały Grzewcze Sp. z o.o. were included in the generation segment (previously service segment);
- ENERGA Innowacje Sp. z o.o. was included in the sales segment (previously service segment).

The Group does not present information by geographic segments since its operations conducted for international clients do not have a significant impact on the Group's results.

The tables below show the breakdown of revenues and expenses for the period from 1 January to 30 June 2014 and the assets and liabilities as at 30 June 2014 assigned to individual segments, together with comparative information restated according to the new presentation of segments.

ENERGA SA Group

*Condensed interim consolidated financial statements
as at and for the period of 6 months ended 30 June 2014 (in thousands of PLN)*



Six-month period ended 30 June 2014 (unaudited) or as at 30 June 2014 (unaudited)	Distribution	Sales	Generation	Other	Total	Consolidation eliminations and adjustments	Total activity
Revenue							
Sales to external clients	1 957 158	2 589 193	733 418	6 737	5 286 506	-	5 286 506
Inter-segment sales	26 799	263 073	166 325	67 415	523 612	(523 612)	-
Total segment revenues	1 983 957	2 852 266	899 743	74 152	5 810 118	(523 612)	5 286 506
EBITDA	793 774	126 260	373 490	(26 774)	1 266 750	14 559	1 281 309
Profit/(loss) on continuing operations before tax and finance income/expense	448 962	111 562	305 520	(37 915)	828 129	29 545	857 674
Net finance income/expense	(70 396)	20 076	(37 622)	719 462	631 520	(731 307)	(99 787)
Share of profit/(loss) of associates	-	-	-	-	-	(157)	(157)
Profit/(loss) before tax	378 566	131 638	267 898	681 547	1 459 649	(701 919)	757 730
Income tax	(67 477)	(27 298)	(50 988)	3 524	(142 239)	(5 868)	(148 107)
Net loss on discontinued operations and disposal of assets classified as held for sale	-	-	-	(3 147)	(3 147)	-	(3 147)
Net profit/(loss) for the period	311 089	104 340	216 910	681 924	1 314 263	(707 787)	606 476
Assets and liabilities							
Cash and cash equivalents	1 095 015	129 300	227 371	1 201 315	2 653 001	-	2 653 001
Total assets	11 812 354	2 123 944	4 344 315	12 658 036	30 938 649	(13 455 531)	17 483 118
Financial liabilities	3 714 464	46 404	1 404 485	5 947 123	11 112 476	(5 099 632)	6 012 844
Total liabilities	5 899 705	1 266 191	1 856 891	6 133 614	15 156 401	(5 871 470)	9 284 931
Other segment information							
Capital expenditure	318 354	12 634	70 916	20 289	422 193	(3 057)	419 136
Amortization and depreciation	344 812	14 698	67 970	11 141	438 621	(14 986)	423 635
Impairment losses on property, plant and equipment, intangible assets and investment property	-	-	10 494	1 773	12 267	-	12 267

ENERGA SA Group

*Condensed interim consolidated financial statements
as at and for the period of 6 months ended 30 June 2014 (in thousands of PLN)*



Six-month period ended 30 June 2013 (unaudited) (restated) or as at 31 December 2013 (restated)	Distribution	Sales	Generation	Other	Total	Consolidation eliminations and adjustments	Total activity
Revenue							
Sales to external clients	1 857 752	3 376 205	541 465	14 122	5 789 544	-	5 789 544
Inter-segment sales	21 155	206 864	192 954	73 788	494 761	(494 761)	-
Total segment revenues	1 878 907	3 583 069	734 419	87 910	6 284 305	(494 761)	5 789 544
EBITDA	820 340	177 796	99 125	(24 167)	1 073 094	41 428	1 114 522
Profit/(loss) on continuing operations before tax and finance income/expense	497 410	164 675	53 080	(34 644)	680 521	56 906	737 427
Net finance income/expense	(40 538)	23 661	(5 364)	608 306	586 065	(634 346)	(48 281)
Share of profit/(loss) of associates	-	-	-	-	-	(397)	(397)
Profit/(loss) before tax	456 872	188 336	47 716	573 662	1 266 586	(577 837)	688 749
Income tax	(98 046)	(35 123)	(9 316)	(1 177)	(143 662)	(20 679)	(164 341)
Net loss on discontinued operations and disposal of assets classified as held for sale	-	-	-	(2 576)	(2 576)	-	(2 576)
Net profit/(loss) for the period	358 826	153 213	38 400	569 909	1 120 348	(598 516)	521 832
Assets and liabilities							
Cash and cash equivalents	606 098	456 995	448 330	840 882	2 352 305	-	2 352 305
Total assets	11 338 567	2 508 896	4 733 905	10 764 274	29 345 642	(12 261 086)	17 084 556
Financial liabilities	2 917 002	1 768	1 555 834	5 241 799	9 716 403	(4 440 641)	5 275 762
Total liabilities	5 246 806	1 461 340	2 106 327	5 595 304	14 409 777	(5 373 516)	9 036 261
Other segment information							
Capital expenditure	536 346	11 437	461 839	21 029	1 030 651	(3 565)	1 027 086
Amortization and depreciation	322 930	13 121	46 045	10 477	392 573	(15 478)	377 095
Impairment losses on property, plant and equipment, intangible assets and investment property	168	-	123 589	(2)	123 755	-	123 755

10. Property, plant and equipment

In the current reporting period, the Group:

- incurred expenditures for property, plant and equipment in the amount of PLN 381.8 m (PLN 645.5 m in the corresponding period of 2013);
- sold and scrapped property, plant and equipment with a total book value of PLN 18.2 m (PLN 9.9 m in the corresponding period of 2013);
- recognized impairment losses on property, plant and equipment in the amount of PLN 12.2 m (PLN 123.7 m in the corresponding period of 2013);
- did not acquire any property, plant and equipment as part of merger transactions (PLN 340.1 m in the corresponding period of 2013).

11. Impairment tests for property, plant and equipment and goodwill

In connection with changes arising in its market environment, the Group has identified certain indications, which may result in a decline of recoverable amount of property, plant and equipment of the companies in the generation segment.

The impairment tests were performed using the income method, determining the recoverable amount based on the discounted value of estimated cash flows from operating activities, taking into account, among others, the following assumptions:

- a) paths for electricity prices for the period 2014-2035, taking into account, among others, fuel costs, costs of CO₂ allowances and the impact of the balance of demand and supply of electricity in the market, paths for prices of certificates of origin, on the basis of latest available report prepared by an independent agency for the Polish market as at 30 May 2014,
- b) allocation of free CO₂ emission allowances in the 3rd EU-ETS trading period (2013-2020) as specified in the Regulation of the Council of Ministers of 31 March 2014 (Item 439) and 8 April 2014 (Item 472),
- c) volumes of production from renewable energy sources and combined heat and power sources resulting from production capacities,
- d) maintaining the production capacities of the existing fixed assets following replacement investments.

The performed sensitivity analyses show that the most important factors affecting the estimated value in use of cash generating units are the projected wholesale electricity prices and fuel prices.

In case of significant changes in market conditions there is a risk that test results will be different in the future.

Power Plant B in Ostrołęka ("CGU B")

The impairment test of CGU B was performed as at 30 June 2014. The value in use was calculated on the basis of financial projections for the period of July 2014 - Dec 2022 and residual value. To calculate the value in use of CGU B, a discount rate equal to the weighted average cost of capital (WACC) was assumed at 8.93% before tax (8.21% after tax) taking into account the risk-free rate (based on the yield on 10-year Treasury bonds, i.e. 3.67%) and the risk premium for the relevant activities of the energy sector (5.5%). The growth rate used to extrapolate cash flow projections beyond the period covered by detailed planning was adopted at the level of 2.0% which does not exceed the average long-term inflation growth rates in Poland.

Based on the results of the test, the Group has found no need to change the impairment allowance for CGU B.

Wind Farms

As at 31 May 2014, impairment tests have also been conducted for:

- individual wind farms;
- goodwill allocated to the group of cash generating units comprising the wind assets acquired in 2013.

On account of the assumed 25-year period of operation of the wind farms, the calculations were made on the basis of the financial projections for the full duration of their operation. The discount rates at the pre-tax weighted-average cost of capital (WACC) used for calculation fell within the range from 8.42% to 8.67%.

Based on the results no impairment allowances were required.

12. Investment commitments

At the end of the reporting period, the Group's commitments to incur expenditures for the purchase of property, plant and equipment and intangible assets, which have not yet been included in the statement of financial position, were about PLN 6,989.0 m, of which:

- undertakings covered by the development plan of ENERGA – OPERATOR SA to satisfy the current and future demand for electricity in the years 2014-2019 (agreed upon with the President of the Energy Regulatory Office) – approx. PLN 6,694.5 m;
- execution of wind projects (mainly the Myślino Wind Farm) – approx. PLN 103.1 m;
- sales support system – approx. PLN 62.9 m.
- heat source for the City of Ostrołęka – approx. PLN 48.2 m;
- gas-steam power plants in Grudziadz and Gdansk – approx. PLN 38.8 m;
- biomass unit in Elblag – approx. PLN 21.1 m;
- expansion of a heating system in Kalisz – approx. PLN 8.2 m;
- photovoltaic power plant – approx. PLN 6.4 m;
- modernization of hydro power plants – approx. PLN 5.8 m.

13. Cash and cash equivalents

The balance of cash and cash equivalents presented in the statement of cash flows comprises the following items:

Title	As at 30 June 2014 (unaudited)	As at 30 June 2013 (unaudited)
Cash at bank and in hand	741 240	482 219
Short term deposits up to 3 months	1 099 686	1 970 453
Participation units in liquidity funds	812 075	881 610
Total cash and cash equivalents presented in the statement of financial position	2 653 001	3 334 282
Unrealised exchange rate differences and interest	(3 892)	(18 674)
Cash and cash equivalents classified as assets held for sale	-	39 771
Current account overdrafts	(50 303)	(7)
Total cash and cash equivalents presented in the statement of cash flow	2 598 806	3 355 372

14. Earnings per share

The following data regarding profit and shares were used to calculate the basic and diluted earnings per share ratio:

Title	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
Net profit on continuing operations attributable to the shareholders of the Parent Company	598 550	538 481
Net loss on discontinued operations attributable to the shareholders of the Parent Company	(3 147)	(2 576)
Net profit attributable to the ordinary shareholders of the Parent Company	595 403	535 905
Number of shares at the end of the period (in thousands)	414 067	4 968 805
Number of shares used to calculate earnings per share* (in thousands)	414 067	414 067
Earnings per share from continuing operations (basic and diluted) (in PLN)	1,45	1,30
Earnings per share from discontinued operations (basic and diluted) (in PLN)	(0,01)	(0,01)

*for calculation of earnings per share for the previous period, the number of shares after the reverse split was used

15. Dividend

Title	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
Dividends declared in the period		
dividend declared by subsidiaries	-	1 755
dividend declared by the Parent Company	414 067	496 881
Total	414 067	498 636
Dividends paid in the period		
dividend paid in the period by subsidiaries to non-controlling interests	-	1 715
dividend paid in the period by the Parent Company	405 200	479 067
including dividend paid to preferred shares	114 982	-
Total	405 200	480 782

On 20 May 2014, the Annual General Meeting of the parent company adopted a resolution to allocate PLN 414,067 thousand for payment of dividend to the Company's shareholders, which is PLN 1 per share. The dividend was paid out of the net profit generated by the Company in 2013.

16. Assets classified as held for sale

In 2013, the Group has taken steps to sell shares in the following subsidiaries operating as supporting services providers for the Distribution System Operator business (ENERGA – OPERATOR SA), i.e. design and specialized power construction and the production of power devices: Przedsiębiorstwo Budownictwa Elektroenergetycznego "ENBUD" Słupsk Sp. z o.o., Zakład Budownictwa Energetycznego Sp. z o.o., ZEP – Centrum Wykonawstwa Specjalistycznego Sp. z o.o., Energetyka Kaliska – Usługi Techniczne Sp. z o.o., ENERGA – OPERATOR Produkcja Sp. z o.o., Przedsiębiorstwo Wielobranżowe Energetyki "ELEKTROINSTAL"

Sp. z o.o. In the previous reporting periods, assets and liabilities of these entities were presented in the consolidated statement of financial position as held for sale.

On 6 February 2014, conditional sales agreements were concluded for 100% stakes in ENERGA – OPERATOR Produkcja Sp. z o.o. and Przedsiębiorstwo Wielobranżowe Energetyki "ELEKTROINSTAL" Sp. z o.o. The condition precedent was for the President of Office of Competition and Consumer Protection to issue an approval for concentration, which was issued on 27 February 2014.

During the 12 months after the assets and liabilities of the subsidiaries: Przedsiębiorstwo Budownictwa Elektroenergetycznego „ENBUD” Słupsk Sp. z o.o., Zakład Budownictwa Energetycznego Sp. z o.o., ZEP – Centrum Wykonawstwa Specjalistycznego Sp. z o.o., Energetyka Kaliska – Usługi Techniczne Sp. z o.o. were classified as held for sale, the Group did not receive any binding purchase offers. Since there has been no real interest from potential buyers, the Group suspended the activities aimed at selling shares in these companies.

Accordingly, the Group ceased to classify the assets and liabilities of these companies as held for sale. The amount of non-current assets was adjusted for depreciation, which would have been recognized had they been not classified as held for sale. This adjustment of PLN 3,431 thousand was charged to cost of sales.

At the end of this reporting period, assets held for sale recognized by the Group comprise part of assets of Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. w likwidacji (in liquidation) (hotel and recreation and leisure facilities).

Main categories of assets and liabilities making up the operations classified as held for sale at the end of the reporting period are presented in the following table:

Title	As at 30 June 2014 (unaudited)	As at 31 December 2013
ASSETS		
Property, plant and equipment	479	44 568
Investment property	-	3 029
Intangible assets	419	1 156
Deferred tax assets	-	4 217
Other non-current assets	-	900
Inventories	-	8 038
Current tax receivables	-	1 473
Trade receivables	-	4 959
Deposits	-	24 057
Cash and cash equivalents	-	14 439
Other current assets	-	2 280
Assets classified as held for sale	898	109 116
LIABILITIES		
Non-current provisions	-	20 632
Deferred tax liabilities	-	506
Other financial non-current liabilities	-	951
Trade liabilities	-	39 208
Other financial liabilities	-	2 199
Accruals	-	1 941
Provisions	-	1 286
Other current liabilities	-	14 596
Liabilities related to assets classified as held for sale	-	81 319

17. Provisions

	Post-employment benefits	Jubilee bonuses	Employee matters	Restructuring provision	Total provisions for employee benefit	Provision for legal claims*	Provision for reclamation and decommissioning costs of property, plant and equipment	Provision for gas emission liabilities	Provision for redemption of energy certificates of origin	Other provisions	Total other provisions	Total
As at 1 January 2014	334 415	226 754	1 345	80 687	643 201	100 192	23 808	62 746	116 603	47 057	350 406	993 607
Disposal of subsidiary	(37)	-	-	-	(37)	-	-	-	-	-	-	(37)
Current service cost	5 383	7 156	-	-	12 539	-	-	-	-	-	-	12 539
Actuarial gains and losses	50 786	18 597	-	-	69 383	-	-	-	-	-	-	69 383
Benefits paid	(7 825)	(5 025)	-	-	(12 850)	-	-	-	-	-	-	(12 850)
Interest cost	7 699	5 152	-	-	12 851	-	504	-	-	-	504	13 355
Raised	-	-	-	18 835	18 835	14 558	3 038	18 757	58 558	43 228	138 139	156 974
Released	(5 599)	(5 172)	-	(15 518)	(26 289)	(36 170)	-	(36 112)	-	(1 813)	(74 095)	(100 384)
Used	-	-	-	(53 940)	(53 940)	(1 594)	-	(24 889)	(116 603)	(38 369)	(181 455)	(235 395)
Reclassified	(4 664)	(2 324)	-	6 988	-	-	-	-	-	-	-	-
Transfer from liabilities related to assets classified as held for sale	12 083	7 093	-	-	19 176	-	-	-	-	328	328	19 504
As at 30 June 2014 (unaudited)	392 241	252 231	1 345	37 052	682 869	76 986	27 350	20 502	58 558	50 431	233 827	916 696
Short-term as at 30 June 2014 (unaudited)	14 610	19 815	1 345	37 052	72 822	76 986	-	20 502	58 558	50 431	206 477	279 299
Long-term as at 30 June 2014 (unaudited)	377 631	232 416	-	-	610 047	-	27 350	-	-	-	27 350	637 397

* Provisions for legal claims include mainly provisions for disputes relating to power infrastructure of ENERGA – OPERATOR SA located on private land.

ENERGA SA Group

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	Post- employment benefits	Jubilee bonuses	Employee matters	Restructuring provision	Total provisions for employee benefit	Provision for legal claims	Provision for reclamation of property, plant and equipment	Provision for gas emission liabilities	Provision for redemption of energy certificates of origin	Other provisions	Total other provisions	Total
As at 1 January 2013	458 932	275 407	3 505	56 913	794 757	199 092	9 299	307	211 036	51 640	471 374	1 266 131
Purchase of subsidiary	-	-	-	-	-	(394)	-	-	-	6 345	5 951	5 951
Current service cost	428	8 405	-	-	8 833	-	-	-	-	-	-	8 833
Actuarial gains and losses	(31 338)	(11 568)	-	-	(42 906)	-	-	-	-	-	-	(42 906)
Benefits paid	(6 427)	(5 676)	-	-	(12 103)	-	-	-	-	-	-	(12 103)
Interest cost	9 009	5 799	-	-	14 808	-	161	-	-	-	161	14 969
Raised	-	-	1 115	456	1 571	28 213	-	13 311	104 613	39 067	185 204	186 775
Released	(2 719)	(687)	(356)	(692)	(4 454)	(43 415)	(2 174)	-	(2 745)	(1 324)	(49 658)	(54 112)
Used	-	-	(2 061)	(15 171)	(17 232)	(1 364)	-	(176)	(208 291)	(38 248)	(248 079)	(265 311)
Transfer to liabilities related to assets classified as held for sale	(19 635)	(10 046)	-	-	(29 681)	-	-	-	-	(306)	(306)	(29 987)
As at 30 June 2013 (unaudited) (restated)	408 250	261 634	2 203	41 506	713 593	182 132	7 286	13 442	104 613	57 174	364 647	1 078 240
Short-term as at 30 June 2013 (unaudited) (restated)	5 652	17 441	2 203	40 676	65 972	182 132	-	-	104 613	50 819	337 564	403 536
Long-term as at 30 June 2013 (unaudited) (restated)	402 598	244 193	-	830	647 621	-	7 286	13 442	-	6 355	27 083	674 704

The Group establishes provisions for post-employment benefits and jubilee bonuses in amounts calculated using actuarial methods. The amount of provisions recognized in these financial statements derives from the projection of provisions as at 30 June 2014, carried out by an independent actuary. The projection was based on the previously calculated amounts of provisions as at 31 December 2013 and on the main assumptions used as at that date, except the discount rate. The discount rate applied for the projections of the provisions as at 30 June 2014 was assumed at 3.71% (31 December 2013: 4.66%).

18. Transactions with related entities

Transactions with related entities are made based on market prices of goods, products or services delivered resulting from their manufacturing costs.

18.1. Transactions with members of Managements Board and Supervisory Boards

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.

The amount of remuneration paid or due to members of the Management Boards and Supervisory Boards of ENERGA SA Group companies in the period of 6 months ended 30 June 2014 was approximately PLN 18.7 m (of which PLN 2.2 m was paid by the Parent Company).

18.2. Transactions involving State Treasury companies

The Group's parent is the State Treasury. Accordingly, other entities related to the State Treasury are treated by the Group as related parties.

Transactions with entities related to the State Treasury were concluded in regular business dealings and pertained mainly to the purchase and sale of electricity and property rights, sale of electricity distribution services (including transit), settlements with the transmission system operator in the balancing market, for transmission services, system services and intervention work services and the purchase and transportation of fuel (mainly coal). The Group does not keep records that would allow it to aggregate the value of all transactions concluded with all state institutions and with subsidiaries of the State Treasury.

18.3. Transactions with associates

In the current reporting period, there were no material transactions with associates.

19. Financial instruments

19.1. Carrying value of financial instruments by category and class

Title	As at 30 June 2014 (unaudited)	As at 31 December 2013
Classes of financial instruments		
Deposits	20 018	4 121
Bonds, treasury bills and other debt instruments	14 728	14 728
(Non-consolidated) shareholdings	1 231	1 314
Trade receivables	1 498 886	1 469 543
Cash and cash equivalents, including:	2 653 001	2 352 305
Units of participation in the ENERGA Trading SFIO fund	812 075	567 249
Receivables from sale of property, plant & equipment and intangible assets	1 902	1 979
Other financial assets	27 877	7 528
Hedging derivatives (assets)	18 877	13 017
Total assets	4 236 520	3 864 535
Preferential loans and borrowings	1 466 576	935 800
Loans and borrowings	1 332 285	1 140 656
Current account overdraft	50 303	9 269
Bonds issued	3 163 680	3 190 037
Trade liabilities	595 894	889 902
Other financial liabilities	34 513	12 462
Liabilities from purchase of property, plant & equipment and intangible assets	66 723	219 640
Hedging derivatives (liabilities)	3 476	-
Total liabilities	6 713 450	6 397 766
Categories of financial instruments		
Financial assets measured at fair value through profit or loss	2 682 109	2 361 147
Financial assets available for sale	14 728	14 728
Investments held to maturity	20 018	4 121
Loans and receivables	1 500 788	1 471 522
Hedging derivatives	18 877	13 017
Total assets	4 236 520	3 864 535
Financial liabilities measured at amortized cost	6 709 974	6 397 766
Hedging derivatives	3 476	-
Total liabilities	6 713 450	6 397 766

19.2. Fair value of financial instruments measured at fair value on an ongoing basis

Some of the Group'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 Group 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	30 June 2014 (unaudited)		
	Level 1	Level 2	Level 3
Assets			
Units of participation in the ENERGA Trading SFIO fund	812 075	-	-
Hedging derivatives (CCIRS)	-	18 877	-
Liabilities			
Hedging derivatives (IRS)	-	3 476	-
Derivatives (IRS)*	-	108	-

97% of the nominal value of the concluded IRS transactions was designated for hedge accounting (see description in note 19.8).

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. The measurement is analyzed by the Group on an ongoing basis.

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.

19.3. 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	30 June 2014 (unaudited)		
		Level 1	Fair value Level 2	Level 3
Liabilities				
Liabilities arising from the issue of Eurobonds	2 087 624	2 229 785	-	-

Fair value measurement of liabilities arising from the issue of Eurobonds has been estimated on the basis of quotations from the Bloomberg system from 30 June 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 Group is not able to determine the range of their possible fair values. These assets are measured at purchase price less impairment losses.

19.4. Loans and borrowings

	As at 30 June 2014 (unaudited)	As at 31 December 2013
Currency	PLN	
Reference Rate	WIBOR, Rediscount rate	
Value of the loan/ borrowing	2 849 164	2 085 725
Of which, repayable:		
up to 1 year (short-term)	320 393	274 177
1 to 2 years	346 006	361 109
2 to 3 years	258 088	229 592
3 to 5 years	580 880	454 902
over 5 years	1 343 797	765 945

Detailed information on contracted external financing is set out in Note 19.6.

19.5. Liabilities under notes issued

	As at 30 June 2014 (unaudited)	As at 31 December 2013
Currency	PLN	
Reference Rate	WIBOR	
Value of the issue	1 076 056	1 076 379
of which, repayable:		
up to 1 year (short-term)	21 361	16 598
1 to 2 years	5 965	7 203
2 to 3 years	7 397	7 630
3 to 5 years	15 142	15 306
over 5 years	1 026 191	1 029 642

	As at 30 June 2014 (unaudited)	As at 31 December 2013
Currency	EUR	
Reference Rate	fixed	
Value of the issue		
in currency	501 724	509 659
in PLN	2 087 624	2 113 658
of which, repayable:		
up to 1 year (short-term)	21 148	53 986
1 to 2 years	-	-
2 to 3 years	-	-
3 to 5 years	-	-
over 5 years	2 066 476	2 059 672

Detailed information on issued notes is set out in Note 19.6.

19.6. 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 modernisation of the distribution grid:

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

The above funding has been fully utilised of which the following amounts are still outstanding and remain to be repaid: to EIB – PLN 934.3 m with the final maturity of 15 December 2025, to EBRD – PLN 625.0 m with the final maturity of 18 December 2021, to NIB – PLN 173.0 m with the final maturity of 15 June 2022.

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 modernisation of the distribution grid:

1. agreement with EBRD with a limit of PLN 800 m: use of the loan as at 30 June 2014 was PLN 340.0 m (the final maturity of the loan is 18 December 2024);
2. agreement with EIB with a limit of PLN 1,000 m: use of the loan as at 30 June 2014 was PLN 600.0 m, with PLN 400.0 m remaining available for use. The final maturity of the first tranche of the loan is 15 March 2029.

Eurobond issue program

As part of the EMTN medium-term Eurobond issue program launched in 2012 for up to EUR 1,000 m, on 19 March 2013, the subsidiary Energa Finance AB (publ) proceeded with the first issue of Eurobonds with the value of EUR 500 m. The first issue includes Eurobonds with a 7-year maturity paying an annual coupon of 3.250%. The Eurobonds are listed at the Luxembourg exchange.

Domestic bond issue

In 2012 a domestic bond issue program for up to PLN 4,000 m 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 m. 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 SA

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

1. investment loan agreement for PLN 100 m 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 June 2014, the full amount of PLN 100 m was committed under the loan, of which PLN 70.0 m remains to be repaid by 7 September 2015.
2. investment loan agreement for PLN 160 m for the purchase of bonds issued by ENERGA Kogeneracja Sp. z o.o. in connection with the investments carried out on the modernization 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 June 2014 the amount of PLN 134.7 m was committed under the loan, of which PLN 89.7 m remains to be repaid by 16 December 2015.

3. agreement for arranging loans for ENERGA Group's companies with a total limit of PLN 75 m. As at 30 June 2014, the financing amount of PLN 29.8 m was committed of which PLN 10.2 m was actually 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 m. As at 30 June 2014, the limit was used in the amount of PLN 7.2 m. The limit will expire on 15 October 2016.
5. agreement for arranging loans for ENERGA SA with a total limit of PLN 300 m. As at 30 June 2014, the financing was not used. The limit will expire on 11 October 2016.

Loans from Pekao SA

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

1. renewable loan agreement with a limit of PLN 500.0 m. As at 30 June 2014, the loan was not used. The final maturity of the loan is 29 May 2020;
2. loan agreement in the amount of PLN 85 m to be used to acquire bonds issued by ENERGA Elektrownie Ostrołęka SA in connection with the implementation of the investment program of the company. The use of the loan as at 30 June 2014 was PLN 31.0 m. The final maturity of the loan is 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 m. As at 30 June 2014, the financing limit for the aggregated amount of PLN 147.3 m was committed of which PLN 51.6 m was 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 m. As at 30 June 2014, the financing limit for the aggregated amount of PLN 103.5 m was committed of which PLN 95.4 m was 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 bond issues under this financing programme was PLN 62.3 m as at 30 June 2014.

19.7. Liability repayment collateral

At the end of the reporting period, assets with the following carrying amounts constituted collateral for the repayment of actual or contingent liabilities:

Group of assets on which collateral was established	Carrying value of assets securing repayment of liabilities as at	
	As at	As at
	30 June 2014 (unaudited)	31 December 2013
Property, plant and equipment	54 553	44 227
Receivables	1 844	1 500
Inventories	-	1 709
Cash	73 150	154 140
Total assets securing repayment of financial liabilities	129 547	201 576

19.8. Cash flow hedge accounting

FX risk hedging

The special purpose vehicle ENERGA Finance AB (publ) (the issuer of Eurobonds – see description in Note 19.6) and ENERGA SA signed two loan agreements denominated in EUR for the total amount of EUR 499 m. In order to hedge the currency risk under such loans, the Group concluded CCIRS transactions.

As a hedged position under the above hedging relationship the Group designates the foreign currency risk arising from intra-group loans denominated in EUR. The foreign currency risk is hedged at the level of 80% of the total nominal amount of loans.

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

Interest rate risk hedging

In June 2014, the Group concluded interest rate swap transactions to hedge the interest rate risk arising from the financing used as at 30 June 2014 under (see description in note 19.6):

- loan agreement concluded with EIB in 2013;
- domestic bond issue program established in 2012;
- loan agreement concluded with EBRD in 2013 (the hedging applies to interest flows accruing on the principal of PLN 330.6 m. Interest accruing on principal over and above this amount remain outside of hedge accounting).

As hedged positions under hedging relationships, the Group designated the risk related to the WIBOR 3M interest rate arising from interest payments on the financial liabilities stated above in the period no longer than 2 years from the date of the hedging transactions.

As the hedge the Group designated the IRS transactions under which the Group receives floating-rate cash flows in PLN and pays fixed-rate cash flows in PLN. Interest cash flows received by the Group correspond with interest cash flows under the hedged financial liabilities. The Group expects that the hedged cash flows will continue until June 2016.

Fair value of hedges

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

- CCIRS – PLN 18.9 m (recognized in the statement of financial position in assets as Hedging derivatives);
- IRS – PLN 3.5 m (captured in the statement of financial position in liabilities and equity as Other non-current financial liabilities).

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 2.2 m.

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

	Six-month period ended 30 June 2014 (unaudited)
Changes in the cash flow hedge reserve within the reporting period	
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	2 277
Accrued interest transferred from the reserve to the interest expense	440
Revaluation of hedging instruments transferred from the equity to foreign exchange (gains) / losses	(5 480)
Income tax on other comprehensive income	525
At the end of the reporting period	24 301

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

20. Contingent assets and liabilities

20.1. Contingent liabilities

Contingent liabilities at the end of the reporting period are presented in the table below:

Title	As at 30 June 2014 (unaudited)	As at 31 December 2013
Contingent liabilities		
legal claims against the group	158 529	180 474
other	11 624	11 624
Total	170 153	192 098

The Group presents as contingent liabilities mostly disputes relating to power infrastructure of ENERGA – OPERATOR SA where it is located on private land.

20.2. Contingent assets

As at 30 June 2014, the Group recognized contingent assets in the amount of PLN 57.5 m.

The major items making up the above amount include damages for default in performance of agreements by counterparties to the Group's companies and the disputed case concerning PKN ORLEN SA described in note 21.3.

21. Other information significantly affecting the assessment of assets, financial position and the financial result of the Group

21.1. CO₂ emission allowances

On 8 April 2014, the European Commission completed the analysis of the report on the fulfillment of investment tasks by Polish power companies in the period of June 2009 - June 2013, which was used as the grounds for issuing free CO₂ emission allowances to power sector entities for 2013. On the same date, the government adopted a regulation listing power generating installations covered by the trading system of greenhouse gas emission allowances in the period starting on 1 January 2013 and the number of emission allowances awarded to them in successive years in the period 2013-2020. By the date of approval of these financial statements, the Group companies received the CO₂ emission allowances for 2013 in numbers stated in the regulation.

Accordingly, the Group reversed part of the provision for gas emission liabilities (PLN 35.8 m) corresponding to the provision recognized as at 31 December 2013 for unreceived free CO₂ emission allowances for 2013.

21.2. 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. ("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. As at the approval date of these financial statements, the judgment has not become legal.

21.3. Dispute with PSE SA and PKN ORLEN SA

In July 2003 PSE SA (formerly PSE–Operator SA) filed a court action against ENERGA – OPERATOR SA (formerly Zakład Energetyczny Płock S.A. hereinafter referred to as "EOP") for the payment of PLN 62.5 m as charges for transmission services. In response to the action EOP sued PKN ORLEN S.A. ("PKN"). On 30 June 2004 EOP filed in the Regional Court in Warsaw an action against PKN for the payment of PLN 46.2 m as a system fee pursuant to § 36 of the Tariff Ordinance.

On 2 August 2013, the "Agreement on terms of the settlement with PSE SA" was signed ("Settlement Agreement"), under which EOP paid to PSE the amount of PLN 95.5 m (including the principal of PLN 62.5 m and statutory interest of PLN 33.0 m) on 9 August 2013. On 4 February 2014, a court settlement was concluded on the terms and conditions set forth in the "Settlement Agreement".

On the other hand, taking into account the procedural status of the case between EOP and PKN, it can be assumed that EOP's action against PKN is justified, and only the amount thereof is in dispute. In connection with the current status of the case, the Group recognized a contingent asset of PLN 27.9 m. As at the date of these financial statements, no final decisions were issued in that case.

21.4. Restructuring of the Group

In the current reporting period, the following actions were taken involving a restructuring of the Group's structure:

- On 10 January 2014, Extraordinary General Meetings of EPW Energia Sp. z o.o., EPW Parsówek Sp. z o.o. and PGE Energia Natury Sp. z o.o. were held. They adopted resolutions to divide EPW Energia Sp. z o.o. by transferring two parts of the company's assets, as:
 - branches under the business name of: EPW Energia Sp. z o.o. "Kisielice/Malbork" Wrocław Branch and EPW Energia Sp. z o.o. "Galicja" Orzechowce Branch, to PGE Energia Natury Sp. z o.o. with its registered office in Warsaw,
 - branch under the business name of EPW Energia Sp. z o.o. Branch "Pipeline" Pruszcz Gdański, to EPW Parsówek Sp. z o.o. with its registered office in Pruszcz Gdański.

In connection with the division of EPW Energia Sp. z o.o., an increase of the share capital of EPW Parsówek Sp. z o.o. was registered on 4 February 2014 and a reduction of the share capital of EPW Energia Sp. z o.o. was registered on 10 February 2014. On 28 February 2014, a capital increase in PGE Energia Natury Sp. z o.o. was registered, which was tantamount to registration of a split of EPW Energia Sp. z o.o.

- On 10 January 2014, Extraordinary General Meetings of EPW Energia Olecko Sp. z o.o. and EPW 1 Sp. z o.o. were held. They adopted resolutions to divide EPW Energia Olecko Sp. z o.o. by transferring part of assets of the company being divided, i.e. a branch under the name of EPW Energia Olecko Sp. z o.o. Branch in Kętrzyn to EPW 1 Sp. z o.o. The division of the company was registered on 11 February 2014. As a result, EPW 1 Sp. z o.o. took over the assets spun off from EPW Energia Olecko Sp. z o.o.
- On 18 March 2014, an increase of the share capital of ENERGA Wytwarzanie SA by PLN 512,531,500 up to PLN 1,171,382,000 was registered.

New shares in the increased share capital of the company were subscribed by ENERGA SA by making a contribution-in-kind in the following form:

- 100 % shares in the share capital of Ekologiczne Materiały Grzewcze Sp. z o.o.
- 100 % shares in Elektrownia Ostrołęka SA
- 89.38 % shares in ENERGA Elektrownie Ostrołęka SA
- On 9 May 2014, an increase of the share capital of Ciepło Kaliskie Sp. z o.o. by PLN 6,118,000 to PLN 49,375,000 was registered. New shares in the increased share capital of the company were subscribed by ENERGA Elektrociepłownia Kalisz S.A. by making a contribution-in-kind in the form of an organized part of an enterprise.

Changes in the composition of the Group are presented in Note 2.2.

22. Subsequent events

- On 1 July 2014, the Extraordinary General Meeting of a subsidiary ENERGA Elektrociepłownia Kalisz S.A. adopted a resolution to dissolve the company and appoint a liquidator.
- On 1 July 2014, the subsidiary Zakład Energetyczny Płock – Centrum Handlowe Sp. z o.o. ("ZEP-Handel") took over the assets of the subsidiary Zakład Energetyczny Toruń – Energohandel Sp. z o.o. that were necessary for ZEP-Handel to provide logistic and storage support of the ongoing trading activity of ENERGA – OPERATOR SA and other ENERGA Group companies and for the external market.
- On 2 July 2014, the Group concluded a cross-currency interest rate swap transaction CCIRS with a nominal value of EUR 25 m to further hedge the currency risk arising from the loans between ENERGA Finance AB (publ) and ENERGA SA (see description in note 19.8). This transaction was designated as a hedging

instrument, as a result of which as at the approval date of these financial statements, the currency risk associated with 85% of total principal value of intra-group loans has been hedged.

- On 16 July 2014, an invitation was published in which investors were invited to submit their offers to purchase 100% shares in ENERGA Serwis Sp. z o.o.
- On 29 July 2014, the subsidiary ENERGA Invest SA acquired 100% in the share capital of a special-purpose vehicle BORA Sp. z o.o. holding the right to develop the Czaplinek Wind Farm project. The purchase price was PLN 250 thousand.

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

Mirosław 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

Marek Pertkiewicz
Director of the Corporate Governance and Consolidation Department

Gdańsk, 12 August 2014