



ENERGA SA

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

TABLE OF CONTENTS

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS	3
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	4
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	5
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	7
CONDENSED INTERIM 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	11
9. Cash and cash equivalents	12
10. Dividend	12
11. Transactions with related entities	12
12. Financial instruments	14
13. Contingent assets and liabilities	20
14. Other information significantly affecting the assessment of the Company's assets, financial position and its financial result	20
15. Subsequent events	21

CONDENSED INTERIM 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)	Six-month period ended 30 June 2013 (unaudited)
Continuing operations				
Sales of services	13 198	27 696	15 356	28 601
Rental income	292	616	335	676
Revenue	13 490	28 312	15 691	29 277
Cost of sales	(9 941)	(23 586)	(14 400)	(25 929)
Gross profit on sales	3 549	4 726	1 291	3 348
Other operating income	2 178	3 943	1 558	4 473
General and administrative expenses	(19 462)	(38 498)	(24 529)	(45 848)
Other operating expenses	(3 275)	(3 983)	(2 059)	(2 803)
Financial income	72 871	878 956	73 951	815 183
Financial costs	(76 950)	(145 667)	(66 768)	(207 410)
Profit of continuing operations	(21 089)	699 477	(16 556)	566 943
Income tax	(4 673)	120	(7 785)	(4 912)
Net profit of continuing operations	(25 762)	699 597	(24 341)	562 031

CONDENSED INTERIM 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)	Six-month period ended 30 June 2013 (unaudited)
Net profit for the period	(25 762)	699 597	(24 341)	562 031
Net other comprehensive income	(19 820)	613	24 472	24 472
<i>Items that are or may be reclassified subsequently to profit or loss</i>	(19 826)	607	24 472	24 472
Cash flow hedges	(24 477)	749	30 212	30 212
Deferred tax on other comprehensive income	4 651	(142)	(5 740)	(5 740)
<i>Items that never be reclassified subsequently to profit or loss</i>	6	6	-	-
Actuarial gains and losses on defined benefit plans	8	8	-	-
Deferred tax on other comprehensive income	(2)	(2)	-	-
Net other comprehensive income	(19 820)	613	24 472	24 472
Total comprehensive income	(45 582)	700 210	131	586 503
Earnings per share (in PLN)				
Net profit per share (ordinary & diluted)	(0,06)	1,69	(0,06)	1,36

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As at 30 June 2014 (unaudited)	As at 31 December 2013
ASSETS		
Non-current assets		
Property, plant and equipment	10 774	10 962
Investment property	11 456	11 079
Intangible assets	33 737	25 680
Investments in subsidiaries and associates at cost	5 979 933	6 170 698
Bonds	4 769 247	4 104 817
Hedging derivatives	18 877	13 017
Other non-current assets	124 584	129 028
	10 948 608	10 465 281
Current assets		
Inventories	482	467
Trade receivables and other financial receivables	36 553	39 864
Shares	2 015	1 000
Bonds	323 217	335 787
Cash and cash equivalents	1 105 828	710 399
Other current assets	23 975	12 289
	1 492 070	1 099 806
TOTAL ASSETS	12 440 678	11 565 087

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (continued)

	As at 30 June 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	27 146	26 539
Retained earnings	743 738	543 184
Total equity	6 346 161	6 060 018
Non-current liabilities		
Loans and borrowings	4 600 176	3 866 077
Bonds issued	1 056 009	1 059 781
Non-current provisions	564	723
Deferred income and non-current grants	90 535	62 057
Financial derivatives	3 584	-
	5 750 868	4 988 638
Current liabilities		
Trade and other financial liabilities	15 751	23 468
Current loans and borrowings	275 511	266 545
Bonds issued	21 629	16 598
Deferred income and grants	11 449	8 251
Accruals	4 287	7 949
Provisions	93	144
Other current liabilities	14 929	193 476
	343 649	516 431
Total liabilities	6 094 517	5 505 069
TOTAL EQUITY AND LIABILITIES	12 440 678	11 565 087

ENERGA SA

Condensed Interim Financial Statements
as at and for the period of 6 months ended 30 June 2014 (in thousands of PLN)



CONDENSED INTERIM 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	-	-	-	607	-	607
Net profit for the period	-	-	-	-	699 597	699 597
Actuarial gains and losses on defined benefit plans	-	-	-	-	6	6
Total comprehensive income for the period	-	-	-	607	699 603	700 210
Retained earnings distribution	-	84 982	-	-	(84 982)	-
Dividends	-	-	-	-	(414 067)	(414 067)
As at 30 June 2014 (unaudited)	4 521 613	606 472	447 192	27 146	743 738	6 346 161

	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	-	-	-	24 472	-	24 472
Net profit for the period	-	-	-	-	562 031	562 031
Total comprehensive income for the period	-	-	-	24 472	562 031	586 503
Retained earnings distribution	-	50 255	-	-	(50 255)	-
Dividends	-	-	-	-	(496 881)	(496 881)
As at 30 June 2013 (unaudited)	4 968 805	521 490	-	24 472	606 128	6 120 895

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
Cash flows from operating activities		
Profit before tax	699 477	566 943
Adjustments for:	(745 105)	(594 673)
Foreign currency gains/(losses)	1 052	8 823
Amortization and depreciation	3 302	3 310
Net interest and dividends	(733 989)	(658 428)
(Profit)/loss on investing activities	(1 660)	62 633
Change in receivables	(5 080)	5 261
Change in inventories	(15)	55
Change in payables excluding loans and borrowings	(3 192)	(9 966)
Change in prepayments and accruals	(8 905)	(12 870)
Change in provisions	(210)	(155)
Other	3 592	6 664
Income tax paid	-	(1 380)
Net cash from operating activities	(45 628)	(29 110)
Cash flows from investing activities		
Disposal of property, plant and equipment and intangible assets	596	20
Purchase of property, plant and equipment and intangible assets	(17 060)	(9 948)
Disposal of other financial assets	224 411	155 363
Purchase of other financial assets	(890 000)	(1 206 311)
Dividends received	740 764	686 888
Interest received	154 318	99 231
Loans granted	(2 400)	-
Other	9 066	(9 827)
Net cash used in investing activities	219 695	(284 584)
Cash flows from financing activities		
Repurchase of bonds issued	(3 696)	(580 000)
Payment of finance lease liabilities	(255)	-
Proceeds from loans and borrowings	890 000	2 080 764
Repayment of loans and borrowings	(139 002)	(238 010)
Dividends paid	(405 200)	(479 067)
Interest paid	(116 292)	(95 096)
Other	-	(158)
Net cash from financing activities	225 555	688 433
Net increase/(decrease) in cash and cash equivalents	399 622	374 739
Cash and cash equivalents at the beginning of the period	706 805	677 573
Cash and cash equivalents at the end of the period	1 106 427	1 052 312

ACCOUNTING PRINCIPLES (POLICIES) AND ADDITIONAL EXPLANATORY NOTES

1. General information

The condensed interim financial statements of ENERGA SA present the financial standing of the Company 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.

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 June 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 financial statements have been approved for publication by the Company's Management Board on 12 August 2014.

3. Basis for preparation of the financial statements

These condensed interim 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 financial statements have been drawn up in thousands of Polish zloty (PLN 000s).

These condensed interim 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. Statement of compliance

These condensed Interim 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 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 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 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" – 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 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" (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" (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 41 "Agriculture – Bearer Plants" (effective for 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 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, 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 445 thousand towards property, plant and equipment and PLN 12,414 thousand towards intangible assets (including ones that have not yet been commissioned for use),
- acting as a lessor, handed over intangible assets worth PLN 1,837 thousand under a lease agreement.

8. Investment commitments

On 24 June 2013, ENERGA SA signed an agreement with Infovide-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 contractual liabilities as at 30 June 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 June 2014 (unaudited)	As at 30 June 2013 (unaudited)
Cash at bank and in hand	6 182	216 143
Short term deposits up to 3 months	404 448	219 693
Participation units in liquidity funds Energa	695 198	633 302
Total cash and cash equivalents presented in the statement of financial position, including:	1 105 828	1 069 138
Unrealised exchange rate differences and interest	599	(16 826)
Total cash and cash equivalents presented in the statement of cash flow	1 106 427	1 052 312

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 June 2014, PLN 405,200 thousand 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. At the end of the reporting period, the liability on account of dividend from the 2013 profit amounted to PLN 8,867 thousand.

11. Transactions with related entities

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

11.1. 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 2,230 thousand (PLN 2,100 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.

11.2. Transactions involving State Treasury companies

In 2014, the main transactions involving State Treasury companies related to the purchase of fuel for cars.

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

Subsidiaries	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
Net income from sale of products, goods and materials	27 591	28 615
Costs of purchase	7 680	10 231
Other operating income	201	1 203
Financial income	866 279	778 764
Financial costs	35 783	27 008

	As at 30 June 2014 (unaudited)	As at 31 December 2013
Long-term receivables	21 079	24 818
Trade receivables	26 270	30 390
Long-term investments	4 769 247	4 104 817
Current investments	323 217	335 787
Other receivables	10 150	9 446
Non-current liabilities	2 076 289	2 069 453
Trade liabilities	1 553	1 414
Other liabilities	20 490	211 298

Associated entities	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
Costs of purchase	-	2 245

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

12. Financial instruments

12.1. Carrying value of financial instruments by category and class

	As at 30 June 2014 (unaudited)	As at 31 December 2013
Classes of financial instruments		
Bonds, treasury bills and other debt instruments	5 092 464	4 440 604
Trade receivables and other financial receivables	36 553	30 418
Loans	2 414	-
Cash and cash equivalents, including:	1 105 828	710 399
Units of participation in the ENERGA Trading SFIO fund	695 198	374 763
Capital contributions	63 376	66 480
Hedging derivatives (assets)	18 877	13 017
Total assets	6 319 512	5 260 918
Loans and borrowings	4 875 687	4 132 622
Bonds issued	1 077 638	1 076 379
Liabilities from the purchase of shares	1 075	189 825
Liabilities from purchase of property & equipment and intangible assets	3 979	7 166
Trade and other financial liabilities	13 022	16 302
Hedging derivatives (liabilities)	3 584	-
Total liabilities	5 974 985	5 422 294
Categories of financial instruments		
Financial assets measured at fair value through profit or loss	1 105 828	710 399
Hedge derivatives	18 877	13 017
Investments held to maturity	5 092 464	4 440 604
Loans and receivables	102 343	96 898
Total assets	6 319 512	5 260 918
Financial liabilities measured at fair value through profit or loss	3 584	-
Financial liabilities measured at amortised cost	5 971 401	5 422 294
Total liabilities	5 974 985	5 422 294

12.2. 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 June 2014 (unaudited)		
	Level 1	Level 2	Level 3
Assets			
Units of participation in the ENERGA Trading SFIO fund	695 198	-	-
Hedging derivatives (CCIRS)	-	18 877	-
Liabilities			
Derivatives (IRS)	-	3 584	-

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.

During the reporting period no significant changes in the financial risk management policy were introduced.

12.3. 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 June 2014 (unaudited)		
		Level 1	Fair value Level 2	Level 3
Liabilities				
Liabilities from ENERGA Finance AB (publ)	2 095 426	-	2 204 743	-

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 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 Company is not able to determine the range of their possible fair values. These assets are measured at purchase price less impairment losses.

12.4. List of companies where the entity holds at least 20% of shares in the capital or of the total number of votes in the company's decision-making body; the list should contain information about the percentage of shares, the degree 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	Straszyn	1 051 090	100,00	100,00	100,00
5	Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. w likwidacji	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	Sztokholm	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.

The value of shares specified in the table above is the value at purchase price less impairment allowances. As at 30 June 2014, the total amount of impairment allowances for shares was PLN 28,645 thousand.

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.

12.5. 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 June 2014 (unaudited)	As at 31 December 2013
ENERGA – OPERATOR SA	3 708 982	2 913 931
ENERGA Wytwarzanie SA	1 090 645	1 211 462
ENERGA Elektrownie Ostrołęka SA	175 258	185 440
ENERGA Kogeneracja Sp. z o.o.	117 579	129 771
Total, including:	5 092 464	4 440 604
Long-term	4 769 247	4 104 817
Short-term	323 217	335 787

12.6. Loans and borrowings

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

	As at 30 June 2014 (unaudited)		As at 31 December 2013	
Currency	PLN	EUR	PLN	EUR
Reference Rate	WBOR	Fixed	WBOR	Fixed
Value of the loan/ borrowing				
in currency	2 780 261	503 599	2 044 206	503 573
in PLN	2 780 261	2 095 426	2 044 206	2 088 416
Of which, repayable:				
up to 1 year (short-term)	256 374	19 137	247 582	18 963
1 to 2 years	345 348	-	351 132	-
2 to 3 years	256 701	-	228 177	-
3 to 5 years	578 238	-	452 123	-
over 5 years	1 343 600	2 076 289	765 192	2 069 453

Detailed information on contracted external financing is set out in Note 12.8.

12.7. Liabilities under notes issued

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

	As at 30 June 2014 (unaudited)	As at 31 December 2013
Currency	PLN	PLN
Reference Rate	WBOR	WBOR
Value of the issue		
in currency	1 077 638	1 076 379
in PLN	1 077 638	1 076 379
of which, repayable:		
up to 1 year (short-term)	21 629	16 598
1 to 2 years	7 279	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

Detailed information on issued notes is set out in Note 12.8.

12.8. 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 modernisation 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 934,286 thousand with the final maturity of 15 December 2025, to EBRD – PLN 625,000 thousand with the final maturity of 18 December 2021, to NIB – PLN 172,973 thousand 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 800,000 thousand: use of the loan as at 30 June 2014 was PLN 340,000 thousand (the final maturity of the loan is 18 December 2024).
2. agreement with EBRD with a limit of PLN 1,000,000 thousand: use of the loan as at 30 June 2014 was PLN 600,000 thousand, with PLN 400,000 thousand remaining available for use. 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 June 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 SA

In the years 2010-2011 ENERGA SA 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 Sp. z o.o. in connection with the investments carried out in the modernisation of the pumped-storage power plant in Żydowo. By 30 June 2014, the full amount of PLN 100,000 thousand was committed under the loan, of which PLN 70,000 thousand remains to be repaid by 7 September 2015 according to the agreed schedule;
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 June 2014, the amount of PLN 134,700 thousand was committed under the loan, of which PLN 89,700 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 June 2014, the financing amount of PLN 29,800 thousand was committed of which PLN 10,200 thousand 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 30,000 thousand. As at 30 June 2014, the limit was used in the amount of PLN 7,200 thousand. The limit will expire on 15 October 2016;
5. agreement for arranging loans for ENERGA SA with a total limit of PLN 300,000 thousand. As at 30 June 2014, the committed funding limit was not used. The limit will expire on 11 October 2016.

Loans from Pekao SA

In the years 2011-2012 ENERGA SA entered into the following loan agreements with Pekao SA:

1. loan agreement with a limit of PLN 500,000 thousand. 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 85,000 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. The use of the loan as at 30 June 2014 reached PLN 31,000 thousand. The loan is to be repaid by 29 May 2022.

Loans from PKO Bank Polski SA

In the years 2011-2012 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 June 2014, the financing limit for the aggregated amount of PLN 147,300 thousand was committed of which PLN 51,600 thousand was actually 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 June 2014, the financing limit for the aggregated amount of PLN 103,476 thousand was committed of which PLN 95,405 thousand was used. The limit will expire on 19 September 2017.

Bonds issue through PKO Bank Polski SA

In 2012 ENERGA SA entered into a bonds issue agreement with PKO Bank Polski SA. Proceeds under the agreement are to be used to acquire bonds issued by ENERGA Elektrownie Ostrołęka SA in connection with the implementation of the company's 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 62,300 thousand as at 30 June 2014.

12.9. Cash flow hedge accounting

The special purpose vehicle ENERGA 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 future cash flow under these loans, the Company concluded CCIRS transactions.

As a hedged position under the above hedging relationship the Company designates the cash flows under the fixed rate loans denominated in EUR that it took out.

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 the hedge at 30 June 2014 was PLN 18,877 thousand.

Under cash flow hedge accounting, the Company recognized the amount of PLN 607 thousand during the reporting period in the cash flow hedge reserve (the effective portion of changes in the value of the hedge, accrued interest and revaluation of hedge instruments after taking into account deferred income tax).

The table below presents changes in the balance of the revaluation reserve resulting from the hedge accounting in the reporting period:

Changes in the cash flow hedge reserve within the reporting period	As at 30 June 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	5 860
Accrued interest transferred from the reserve to the interest expense	369
Revaluation of hedging instruments transferred from the equity to foreign exchange (gains) / losses	(5 480)
Income tax on other comprehensive income	(142)
At the end of the reporting period	27 146

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

12.10. 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 June 2014 under (see description in note 12.8):

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

The IRS hedge 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 will be concluded in Q3 2014 between ENERGA SA and ENERGA – OPERATOR SA, which will be symmetrical with respect to the external IRS transactions.

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

13. Contingent assets and liabilities

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

14. 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 a 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.

15. Subsequent events

Conclusion of a CCIRS transaction

On 2 July 2014, the Company 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 12.9). 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.

Shares in ENERGA Serwis Sp. z o.o.

On 16 July 2014, the invitation to investors was signed to submit offers to purchase 100% shares in Energa Serwis Sp. z o.o., where ENERGA SA holds 14% of the share capital.

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

Miroław 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

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

Sebastian Cichowski
Proxy, Accounting Services Director
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, 12 August 2014