INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
FROM 1 JANUARY 2013 TO 30 JUNE 2013

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013

To the Management of ENERGA SA

Introduction

We have reviewed the accompanying 30 June 2013 condensed interim consolidated financial statements of ENERGA SA Group with its parent company's registered office in Gdańsk, 472 Grunwaldzka Av. ("the condensed interim consolidated financial statements"), which comprise:

- the condensed interim consolidated profit and loss account for the three-month period and six-month period ended 30 June 2013,
- the condensed interim consolidated statement of comprehensive income for the three-month period and six-month period ended 30 June 2013,
- the condensed interim consolidated statement of financial position as at 30 June 2013,
- the condensed interim consolidated statement of changes in equity for six- month period ended 30 June 2013,
- the condensed interim consolidated statement of cash flows for six-month period ended 30 June 2013, and
- notes to the condensed interim consolidated financial statements.

Management of the Parent Entity is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with the IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the National Standard on Auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* issued by the National Council of Certified Auditors and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with national standards on auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2013 condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
registration number 3546
ul. Chłodna 51, 00-867 Warsaw

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

Gdansk, 23 August 2013

FINANCIAL STATEMENTS

Energa

ENERGA SA Group

Condensed Interim Consolidated Financial Statements prepared in accordance with IAS 34 for the six-month period ended 30 June 2013

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CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Three-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited) (restated)	Six-month period ended 30 June 2012 (unaudited) (restated)
Continuing operations				
Sales of products and goods for resale including excise tax	*1 975 062 808,78*	4 013 661 498,19	1 892 931 782,38	3 916 916 735,87
Excise tax	*(72 612 718,50)*	*(147 565 371,92)*	*(80 766 039,49)*	*(165 651 037,28)*
Sales of products and goods for resale	1 902 450 090,28	3 866 096 126,27	1 812 165 742,89	3 751 265 698,59
Sales of services	938 328 002,62	1 895 556 349,77	884 091 854,29	1 838 107 432,54
Rental income	14 951 959,83	27 891 704,07	13 471 867,97	25 856 027,04
Revenue	**2 855 730 052,73**	**5 789 544 180,11**	**2 709 729 465,15**	**5 615 229 158,17**
Cost of sales	2 239 115 892,86	4 732 092 332,58	2 180 589 179,49	4 569 820 751,41
Gross profit	**616 614 159,87**	**1 057 451 847,53**	**529 140 285,66**	**1 045 408 406,76**
Other operating income	37 244 488,28	60 683 809,05	30 921 944,11	50 315 845,84
Selling and distribution expenses	67 817 803,85	138 240 047,18	72 829 362,11	135 811 605,84
General and administrative expenses	88 989 157,72	182 489 277,07	91 358 395,37	187 153 654,82
Other operating expenses	28 799 297,17	46 668 548,06	37 691 494,18	57 855 817,21
Financial income	73 776 947,65	103 150 732,17	14 673 046,67	45 650 004,06
Financial costs	83 176 577,26	151 431 232,35	89 653 899,02	139 919 156,14
Share of profit (loss) of associates	112 185,97	(396 720,79)	(17 714,41)	(26 514,14)
Profit before tax	**458 964 945,77**	**702 060 563,30**	**283 184 411,35**	**620 607 508,51**
Income tax	106 195 605,40	166 870 146,85	57 439 970,97	125 512 219,03
Net profit on continuing operations	**352 769 340,37**	**535 190 416,45**	**225 744 440,38**	**495 095 289,48**
Discontinued operations & non-current assets classified as held for sale				
Net loss on discontinued operations	(962 542,30)	(2 575 776,92)	-	-
Net profit on disposal of non-current assets classified as held for sale	-	-	-	15 198 274,34
Net profit for the period	**351 806 798,07**	**532 614 639,53**	**225 744 440,38**	**510 293 563,82**
Attributable to:				
Equity holders of the Parent Company	353 275 035,31	545 637 283,56	225 198 963,83	509 472 865,25
Non-controlling interests	(1 468 237,24)	(13 022 644,03)	545 476,55	820 698,57
Earnings per share (in PLN)				
- basic	**0,07**	**0,11**	**0,05**	**0,10**
- diluted	**0,07**	**0,11**	**0,05**	**0,10**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited) (restated)	Six-month period ended 30 June 2012 (unaudited) (restated)
Net profit for the period	**351 806 798,07**	**532 614 639,53**	**225 744 440,38**	**510 293 563,82**
Items that will never be reclassified to profit or loss	*25 705 174,46*	*25 384 258,20*	*168 137,07*	*(292 373,28)*
Actuarial gains and (losses) on defined benefit plans	31 734 783,28	31 338 590,37	207 576,63	(360 954,67)
Income tax on items that will never be reclassified to profit or loss	(6 029 608,82)	(5 954 332,17)	(39 439,56)	68 581,39
Items that are or may be reclassified subsequently to profit or loss	*24 986 077,97*	*25 124 966,37*	*77 725,22*	*(99 731,72)*
Foreign exchange gains / (losses) arising on translation of foreign operations	514 154,42	653 042,82	77 725,22	(99 731,72)
Cash flow hedges	30 212 251,55	30 212 251,55	-	-
Income tax on items that are or may be reclassified subsequently to profit or loss	(5 740 328,00)	(5 740 328,00)	-	-
Net other comprehensive income	**50 691 252,43**	**50 509 224,57**	**245 862,29**	**(392 105,00)**
Total comprehensive income	**402 498 050,50**	**583 123 864,10**	**225 990 302,67**	**509 901 458,82**
Attributable to:	-	-	-	-
Equity holders of the Parent Company	403 905 106,03	596 085 326,42	225 444 826,12	509 080 760,25
Non-controlling interests	(1 407 055,53)	(12 961 462,32)	545 476,55	820 698,57

Director of the Consolidated Reporting Department	Director of the Finance Management Center	President of the Management Board	Executive Vice-President of the Management Board Chief Financial Officer	Executive Vice-President of the Management Board Strategy and Investments
Marek Perlkiewicz	Aleksandra Gajda – Gryber	Mirosław Bieliński	Roman Szyszko	Wojciech Topolnicki
(date and signature)	(date and signature)	(date and signature)	(date and signature)	(date and signature)
23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2013 (unaudited)	As at 31 December 2012
ASSETS		
Non-current assets		
Property, plant and equipment	10 477 051 073,24	10 000 916 278,54
Investment property	16 922 578,56	17 059 989,82
Intangible assets	372 004 860,27	378 562 656,81
Goodwill	78 977 874,63	28 627 373,91
Investments in associates accounted for under the equity method	2 143 759,35	2 580 465,79
Other investments	1 400 213,81	979 752,87
Deferred tax assets	168 867 292,19	209 870 367,02
Hedging derivatives	84 491 910,83	-
Other non-current assets	57 101 037,88	58 799 100,22
	11 258 960 600,76	**10 697 395 984,98**
Current assets		
Inventories	297 641 472,69	376 927 918,39
Current tax receivables	19 501 796,10	37 493 479,39
Trade receivables and other financial receivables	1 390 780 554,16	1 524 079 632,97
Deposits	20 213 479,45	26 783 927,04
Other financial assets	1 262 200,00	15 350 218,10
Cash and cash equivalents	3 334 282 179,94	2 069 058 235,48
Other current assets	255 469 712,25	155 515 557,95
	5 319 151 394,59	**4 205 208 969,32**
Assets classified as held for sale	142 286 678,78	10 167 784,37
TOTAL ASSETS	**16 720 398 674,13**	**14 912 772 738,67**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 June 2013 (unaudited)	As at 31 December 2012
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Parent		
Share capital	4 968 805 368,00	4 968 805 368,00
Foreign exchange gains / (losses) arising on translation	700 211,37	47 168,55
Reserve capital	521 490 425,42	471 235 040,86
Cash flow hedge reserve	24 471 923,55	-
Retained earnings	2 251 753 603,19	2 231 139 472,11
Non-controlling interests	**38 437 565,10**	**47 295 416,25**
Total equity	**7 805 659 096,63**	**7 718 522 465,77**
Non-current liabilities		
Loans and borrowings	1 880 128 847,85	2 026 137 871,20
Bonds issued	3 213 156 268,00	1 079 219 213,53
Non-current provisions	661 392 982,32	710 785 797,70
Deferred tax liabilities	524 837 169,20	519 686 227,18
Deferred income and non-current government grants	450 398 142,12	456 009 751,82
Trade and other non-current financial liabilities	1 757 057,66	1 716 671,65
Finance lease liabilities	2 495 001,95	7 293 035,79
Other non-current liabilities	90 261,56	612 677,83
	6 734 255 730,66	**4 801 461 246,70**
Current liabilities		
Trade and other financial liabilities	862 388 584,06	880 270 916,59
Current loans and borrowings	272 080 659,94	389 638 937,15
Bonds issued	33 348 327,45	-
Current income tax liability	14 278 301,18	34 661 674,59
Deferred income and government grants	30 112 562,09	28 932 720,91
Accruals	73 353 414,38	117 765 024,23
Provisions	410 349 136,42	555 345 320,17
Other current liabilities	412 585 380,75	386 174 432,56
	2 108 496 366,27	**2 392 789 026,20**
Liabilities related to assets classified as held for sale	71 987 480,57	-
Total liabilities	**8 914 739 577,50**	**7 194 250 272,90**
TOTAL EQUITY AND LIABILITIES	**16 720 398 674,13**	**14 912 772 738,67**

Director of the Consolidated Reporting Department	Director of the Finance Management Center	President of the Management Board	Executive Vice-President of the Management Board Chief Financial Officer	Executive Vice-President of the Management Board Strategy and Investments
Marek Pertkiewicz	*Aleksandra Gajda – Gryber*	*Mirosław Bieliński*	*Roman Szyszko*	*Wojciech Topolnicki*
(date and signature)	(date and signature)	(date and signature)	(date and signature)	(date and signature)
23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Parent Company							
	Share capital	Foreign exchange gains / (losses) arising on translation	Reserve capital	Cash flow hedge reserve	Retained earnings	Total	Non-controling interests	Total equity
As at 1 January 2013	**4 968 805 368,00**	**47 168,55**	**471 235 040,86**	**-**	**2 231 139 472,11**	**7 671 227 049,52**	**47 295 416,25**	**7 718 522 465,77**
Actuarial gains and (losses) on defined benefit plans	-	-	-	-	25 323 076,49	25 323 076,49	61 181,71	25 384 258,20
Foreign exchange gains / (losses) arising on translation of foreign operations	-	653 042,82	-	-	-	653 042,82	-	653 042,82
Cash flow hedges	-	-	-	24 471 923,55	-	24 471 923,55	-	24 471 923,55
Profit for the period	-	-	-	-	545 637 283,56	545 637 283,56	(13 022 644,03)	532 614 639,53
Total comprehensive income for the period	**-**	**653 042,82**	**-**	**24 471 923,55**	**570 960 360,05**	**596 085 326,42**	**(12 961 462,32)**	**583 123 864,10**
Retained earnings distribution	-	-	50 255 384,56	-	(50 255 384,56)	-	-	-
Dividends	-	-	-	-	(496 880 536,80)	(496 880 536,80)	(1 755 096,60)	(498 635 633,40)
Purchase and disposal of shares in subsidiaries	-	-	-	-	(3 210 307,61)	(3 210 307,61)	5 858 707,77	2 648 400,16
As at 30 June 2013 (unaudited)	**4 968 805 368,00**	**700 211,37**	**521 490 425,42**	**24 471 923,55**	**2 251 753 603,19**	**7 767 221 531,53**	**38 437 565,10**	**7 805 659 096,63**

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	Reserve capital	Cash flow hedge reserve	Retained earnings	Total	Non-controling interests	Total equity
As at 1 January 2012	**4 968 805 368,00**	**283 467,20**	**362 500 154,89**	**-**	**2 494 195 354,73**	**7 825 784 344,82**	**59 726 065,92**	**7 885 510 410,74**
Actuarial gains and (losses) on defined benefit plans	-	-	-	-	(292 373,28)	(292 373,28)	-	(292 373,28)
Foreign exchange gains / (losses) arising on translation of foreign operations	-	(99 731,72)	-	-	-	(99 731,72)	-	(99 731,72)
Profit for the period	-	-	-	-	509 472 865,25	509 472 865,25	820 698,57	510 293 563,82
Total comprehensive income for the period	**-**	**(99 731,72)**	**-**	**-**	**509 180 491,97**	**509 080 760,25**	**820 698,57**	**509 901 458,82**
Retained earnings distribution	-	-	108 734 885,97	-	(108 734 885,97)	-	-	-
Dividends	-	-	-	-	(645 944 697,84)	(645 944 697,84)	(8 183 902,21)	(654 128 600,05)
Purchase of shares in subsidiaries	-	-	-	-	(328 001,26)	(328 001,26)	363 001,26	35 000,00
As at 30 June 2012 (unaudited, restated)	**4 968 805 368,00**	**183 735,48**	**471 235 040,86**	**-**	**2 248 368 261,63**	**7 688 592 405,97**	**52 725 863,54**	**7 741 318 269,51**

Director of the Consolidated Reporting Department	Director of the Finance Management Center	President of the Management Board	Executive Vice-President of the Management Board Chief Financial Officer	Executive Vice-President of the Management Board Strategy and Investments
Marek Pertkiewicz	*Aleksandra Gajda – Gryber*	*Mirosław Bieliński*	*Roman Szyszko*	*Wojciech Topolnicki*
(date and signature)	(date and signature)	(date and signature)	(date and signature)	(date and signature)
23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited) (restated)
Cash flows from operating activities		
Profit before tax	**702 060 563,30**	**620 607 508,51**
Profit/(loss) before tax on discontinued operations and disposal of non-current assets classified as held for sale	**(2 575 776,92)**	**15 198 274,34**
Adjustments for:	**624 204 649,09**	**76 470 952,66**
Share of profit (loss) of associates	396 720,79	26 514,14
Foreign currency gains/(losses)	5 869 148,37	(99 731,71)
Amortisation and depreciation	377 095 412,58	352 380 113,03
Net interest and dividends	94 144 695,16	57 807 913,48
Loss on investing activities	117 836 504,31	23 975 297,23
Change in receivables	158 584 096,50	93 760 544,17
Change in inventories	56 880 166,52	(157 957 790,28)
Change in payables excluding loans and borrowings	120 379 867,47	(224 223 043,77)
Change in prepayments and accruals	(165 315 914,12)	(160 402 386,71)
Change in provisions	(173 004 638,86)	91 564 477,75
Other	31 338 590,37	(360 954,67)
Income tax paid	**(138 680 440,77)**	**(163 531 258,73)**
Net cash from operating activities	**1 185 008 994,70**	**548 745 476,78**
Cash flows from investing activities		
Disposal of property, plant and equipment and intangible assets	14 484 418,27	4 734 523,56
Purchase of property, plant and equipment and intangible assets	(727 235 139,30)	(868 732 615,64)
Disposal of shares in associates	-	8 067 360,00
Disposal of other financial assets	30 727 397,97	11 409 524,91
Acquisition of other investments	(20 213 479,45)	(64 770,01)
Disposal of subsidiary	1 450 000,00	-
Acquisition of subsidiary, net of cash acquired	(393 154 187,70)	-
Dividends received	67 756,00	7 320,00
Interest received	741 272,86	277 132,19
Net cash used in investing activities	**(1 093 131 961,35)**	**(844 301 524,99)**
Cash flows from financing activities		
Proceeds from bonds issued	2 088 700 000,00	-
Payment of finance lease liabilities	(5 847 226,83)	(692 278,47)
Proceeds from loans and borrowings	1 009 014,89	215 697 609,11
Repayment of loans and borrowings	(270 175 442,15)	(12 069 923,39)
Dividends paid	(480 782 304,55)	(31 037,54)
Interest paid	(96 237 041,17)	(67 590 968,06)
Other	(2 545 316,70)	(192 983,25)
Net cash from financing activities	**1 234 121 683,49**	**135 120 418,40**
Net increase /(decrease) in cash and cash equivalents	**1 325 998 716,84**	**(160 435 629,81)**
Cash and cash equivalents at the beginning of the period	**2 029 373 489,48**	**1 755 541 116,52**
Cash and cash equivalents at the end of the period	**3 355 372 206,32**	**1 595 105 486,71**

Director of the Consolidated Reporting Department	Director of the Finance Management Center	President of the Management Board	Executive Vice-President of the Management Board Chief Financial Officer	Executive Vice-President of the Management Board Strategy and Investments
Marek Pertkiewicz	*Aleksandra Gajda – Gryber*	*Mirosław Bieliński*	*Roman Szyszko*	*Wojciech Topolnicki*
(date and signature)	(date and signature)	(date and signature)	(date and signature)	(date and signature)
23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013	23. 08. 2013

Accounting principles (policy) and additional explanatory notes to the consolidated financial statements constitute an integral part thereof

ACCOUNTING PRINCIPLES (POLICIES) AND NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

ENERGA SA Group (the "Group") consists of ENERGA Spółka Akcyjna (the "Parent Company", the "Company"), its subsidiaries and the Group's interests in associates (see Note 2). These condensed interim consolidated financial statements cover the period from 1 January to 30 June 2013 and include comparative information at 31 December 2012 for the condensed interim consolidated statement of financial position and for the period from 1 January to 30 June 2012 for the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity.

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's statistical number is 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. trade in electricity,
4. street and road lighting.

As at 30 June 2013, the Polish State Treasury is the Company's parent and ultimate controlling party.

2. Entities included in the Group

As at 30 June 2013, the Group consists of ENERGA Spółka Akcyjna and the following consolidated companies:

a) Subsidiaries:

No.	Company name	Registered office	Scope of operations	Share capital of the entity [PLN]	Share of ENERGA SA in the share capital [%]	Share of ENERGA SA Group in the share capital [%]	Share of ENERGA SA Group in the total number of votes [%]
1	ENERGA – OPERATOR SA	Gdańsk	energy distribution	603,301,400.00	99.80	99.80	99.80
2	ENERGA Elektrownie Ostrołęka SA	Ostrołęka	energy production	223,000,000.00	89.38	89.38	89.38
3	ENERGA Kogeneracja Sp. z o.o. 1)	Elbląg	energy production	141,976,500.00	78.07	97.67	100.00 2)
4	ENERGA – OBRÓT SA	Gdańsk	electric energy trade	368,160,239.00	100.00	100.00	100.00
5	ENERGA Invest SA	Gdańsk	investment project management	3,250,000.00	100.00	100.00	100.00
6	ENERGA Obsługa i Sprzedaż Sp. z o.o.	Gdańsk	customer service	811,000.00	-	100.00	100.00
7	ENERGA Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	accounting and payroll services	4,052,000.00	100.00	100.00	100.00
8	ENERGA Hydro Sp. z o.o. 3)	Straszyn	energy production	268,462,500.00	100.00	100.00	100.00
9	ENERGA Oświetlenie Sp. z o.o.	Sopot	lighting services	191,621,500.00	-	100.00	100.00
10	Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. in liquidation	Straszyn	hotel and training services	31,966,000.00	100.00	100.00	100.00
11	ENERGA Elektrociepłownia Kalisz S.A. 4)	Kalisz	energy production	7,128,000.00	-	100.00	100.00
12	Energetyka Kaliska – Usługi Techniczne Sp. z o.o.	Kalisz	contracting and designing	1,712,000.00	-	99.80	100.00 2)
13	ENERGA – OPERATOR Produkcja Sp. z o.o.	Kalisz	manufacture of power equipment	813,000.00	-	99.80	100.00 2)
13	Multiserwis Sp. z o.o. in liquidation	Kalisz	transport and real estate management	914,000.00	-	96.08	96.28 2)
15	Zakład Budownictwa Energetycznego Sp. z o.o.	Koszalin	contracting and designing	27,980,000.00	-	99.80	100.00 2)
16	Zakład Transportu Energetyki Sp. z o.o. in liquidation 5)	Koszalin	renting and servicing of vehicles	-	-	-	-
17	ENERGA – OPERATOR Techniczna Obsługa Odbiorców Sp. z o.o.	Koszalin	technical customer service	4,838,500.00	-	99.80	100.00 2)
18	Zakład Energetyczny Płock - Dystrybucja Zachód Sp. z o.o. in liquidation	Sierpc	network operation and investment projects	757,500.00	-	99.80	100.00 2)
19	ENERGA – OPERATOR Eksploatacja i Inwestycje Płock Sp. z o.o.	Płock	network operation and investment projects	909,500.00	-	99.80	100.00 2)
20	ENERGA Bio Sp. z o.o. 3)	Pruszcz Gdański	investment project management	-	-	-	-
21	ZEP - Centrum Wykonawstwa Specjalistycznego Sp. z o.o.	Płock	contracting and designing	456,500.00	-	99.80	100.00 2)
22	ZEP - MOT Sp. z o.o.	Płock	sale and repair of motor vehicles	5,292,000.00	100.00	100.00	100.00
23	Zakład Energetyczny Płock - Centrum Handlowe Sp. z o.o	Płock	procurement	1,075,500.00	-	99.80	100.00 2)
24	ENERGA – OPERATOR Projektowanie Sp. z o.o.	Płock	contracting and designing	381,500.00	-	99.80	100.00 2)

No.	Company name	Registered office	Scope of operations	Share capital of the entity [PLN]	Share of ENERGA SA in the share capital [%]	Share of ENERGA SA Group in the share capital [%]	Share of ENERGA SA Group in the total number of votes [%]
25	Przedsiębiorstwo Wielobranżowe Energetyki „ELEKTROINSTAL" Sp. z o.o.	Raciąż	contracting and designing	244,000.00	-	99.80	100.00 [2)]
26	KONGRES Sp. z o.o. in liquidation	Nowe Rumunki	hotel and training services	550,000.00	100.00	100.00	100.00
27	ZEP - AUTO Sp. z o.o.	Płock	sale and repair of motor vehicles	50,000.00	-	100.00	100.00
28	ENERGETYK Sp. z o.o. in liquidation	Żychlin	contracting and designing	220,000.00	-	99.80	100.00 [2)]
29	Przedsiębiorstwo Budownictwa Elektroenergetycznego ENBUD Słupsk Sp. z o.o.	Słupsk	contracting and designing	300,000.00	-	99.80	100.00 [2)]
30	Zakład Transportu Energetyki ENTRANS Słupsk Sp. z o.o. in liquidation	Słupsk	sale of motor vehicles	2,500,000.00	-	99.80	100.00 [2)]
31	Zakład Energetyczny Toruń - ENERGOHANDEL Sp. z o.o.	Toruń	procurement	8,010,000.00	-	99.80	100.00 [2)]
32	Elektrownia Wodna we Włocławku Sp. z o.o. in liquidation [6)]	Włocławek	energy production	-	-	-	-
33	ENERGA SLOVAKIA s.r.o. [7)]	Bratislava	electric energy trade	2,839,833.00 €	-	100.00	100.00
34	ENERGA OPEC Sp. z o.o.	Ostrołęka	heat and energy distribution	13,919,000.00	-	99.91	99.91
35	Ekologiczne Materiały Grzewcze Sp. z o.o.	Gdańsk	biomass production	6,330,000.00	100.00	100.00	100.00
36	Elektrownia Ostrołęka SA	Ostrołęka	contracting and designing	395,100,000.00	100.00	100.00	100.00
37	ENERGA Innowacje Sp. z o.o. [8)]	Gdańsk	organisation and management of innovative power project developments	10,002,000.00	50.01	99.95	100.00 [2)]
38	ENERGA Serwis Sp. z o.o.	Ostrołęka	repairs and maintenance services	14,200,000.00	14.08	94.64	100.00 [2)]
39	ENERGA Informatyka i Technologie Sp. z o.o.	Gdańsk	ICT	35,343,500.00	100.00	100.00	100.00
40	ENERGA Agregator Sp. z o.o. [9)]	Gdańsk	electric energy trade	5,000,000.00	-	100.00	100.00
41	ENERGA – OPERATOR Eksploatacja i Inwestycje Słupsk Sp. z o.o.	Słupsk	network operation and investment projects	6,900,000.00	-	99.80	100.00 [2)]
42	ENERGA – OPERATOR Eksploatacja i Inwestycje Kalisz Sp. z o.o.	Kalisz	network operation and investment projects	5,600,000.00	-	99.80	100.00 [2)]
43	ENERGA – OPERATOR Eksploatacja i Inwestycje Toruń Sp. z o.o.	Toruń	network operation and investment projects	6,100,000.00	-	99.80	100.00 [2)]
44	ENERGA – OPERATOR Eksploatacja i Inwestycje Elbląg Sp. z o.o. [10)]	Elbląg	network operation and investment projects	7,900,000.00	-	99.80	100.00 [2)]
45	ENERGA – OPERATOR Eksploatacja i Inwestycje Gdańsk Sp. z o.o.	Gdańsk	network operation and investment projects	7,100,000.00	-	99.80	100.00 [2)]

No.	Company name	Registered office	Scope of operations	Share capital of the entity [PLN]	Share of ENERGA SA in the share capital [%]	Share of ENERGA SA Group in the share capital [%]	Share of ENERGA SA Group in the total number of votes [%]
46	AEGIR 1 Sp. z o.o.	Gdańsk	energy production	50,000.00	-	100.00	100.00
47	AEGIR 2 Sp. z o.o.	Gdańsk	energy production	50,000.00	-	100.00	100.00
48	AEGIR 3 Sp. z o.o.	Gdańsk	energy production	50,000.00	-	100.00	100.00
49	AEGIR 4 Sp. z o.o.	Gdańsk	energy production	50,000.00	-	100.00	100.00
50	AEGIR 5 Sp. z o.o. 11)	Gdańsk	energy production	7,550,000.00	99.34	100.00	100.00
51	ENERGA Finance AB (publ) 12)	Stockholm	financing activities	20,000,000.00 €	100.00	100.00	100.00
52	RGK Sp. z o.o. 13)	Gdańsk	financing activities	788,000.00	100.00	100.00	100.00
53	Breva Sp. z o.o. 14)	Szczecin	energy production	15,588,000.00	100.00	100.00	100.00
54	Zakład Energetyki Cieplnej w Żychlinie Sp. z o.o.	Żychlin	heat and energy distribution	2,458,300.00	-	97.67	100.00 2)
55	Elektrownia CCGT Gdańsk Sp. z o.o.	Gdańsk	energy production	19,500,000.00	100.00	100.00	100.00
56	Elektrownia CCGT Grudziądz Sp. z o.o.	Grudziądz	energy production	18,000,000.00	100.00	100.00	100.00
57	Ciepło Kaliskie Sp. z o.o.	Kalisz	heat and energy distribution	43,257,000.00	-	87.90	90.00 2)
58	DONG Energy Tuszyny Sp. z o.o.	Warsaw	energy production	2,500,000.00	-	100.00	100.00
59	DONG Energy Gąsiorowo Sp. z o.o.	Warsaw	energy production	1,700,000.00	-	100.00	100.00
60	DONG Energy Pancerzyn Sp. z o.o.	Warsaw	energy production	3,000,000.00	-	100.00	100.00
61	DONG Energy Karcino Sp. z o.o.	Warsaw	energy production	34,550,000.00	-	100.00	100.00
62	DONG Energy 3 Sp. z o.o.	Warsaw	energy production	500,000.00	-	100.00	100.00

1) On 7 June 2013 the share capital increase by PLN 48.5 m, in return for the in-kind contribution in the form of shares in ENERGA Elektrociepłownia Kalisz S.A and ENERGA OPEC Sp. z o.o. and cash contribution by ENERGA SA and ENERGA Elektrownie Ostrołęka SA was registered in the National Court Register.
2) The Group's share in the total number of votes is greater than its share in equity due to indirect shareholdings.
3) On 3 April 2013 the legal merger of the companies ENERGA Bio Sp. z o.o. and ENERGA Hydro Sp. z o.o. was registered.
4) The balance of share capital presented in the table includes the share capital reduction of PLN 9.3 m which as at the reporting date had not been registered in the National Court Register.
5) On 17 June 2013 the company was deleted from the National Court Register.
6) On 27 February 2013 the company was deleted from the National Court Register.
7) The balance of share capital disclosed in the table includes the share capital increase by EUR 2.5 m covered by a cash contribution from ENERGA – OBRÓT SA which as at the balance sheet date was not registered in the National Court Register.
8) On 27 March 2013 the share capital increase by PLN 5 m in return for a cash contribution by ENERGA SA was registered in the National Court Register.
9) On 18 July 2013 the company was renamed to ENSPIRION Sp. z o.o.
10) On 26 March 2013 the share capital increase by PLN 7.85 m in return for a cash contribution by ENERGA – OPERATOR SA was registered in the National Court Register.
11) On 5 March 2013 the share capital increase by PLN 7.5 m in return for a cash contribution by ENERGA SA was registered in the National Court Register.
12) On 13 February 2013 and 27 March 2013 the share capital increases were registered for EUR 235 thousand and EUR 1.7 m respectively in return for cash contributions by ENERGA SA. The balance of share capital presented in the table includes the share capital increase by EUR 18 m covered by a cash contribution from ENERGA SA which as at the reporting date had not been registered in the National Court Register.
13) The balance of share capital disclosed in the table includes the share capital increase by PLN 783 thousand covered by a contribution in kind from ENERGA SA in the form of minority shares and holdings which as at the balance sheet date was not registered in the National Court Register.
14) On 16 April 2013 and 31 May 2013 the share capital increases by PLN 1.3 m and PLN 14.2 m respectively in return for cash contributions by ENERGA SA were registered in the National Court Register.

b) associated entities accounted for under the equity method

No.	Company name	Registered office	Scope of operations	The company's share capital [PLN]	Share of ENERGA SA in the share capital [%]	Share of ENERGA SA Group in the share capital [%]	Share of ENERGA SA Group in the total number of votes [%]
1	Oświetlenie Uliczne i Drogowe Sp. z o.o.	Kalisz	lighting services	73,010,000.00	42.20	42.20	42.20
2	SOEN Sp. z o.o.	Grudziądz	hotel and administration services	1,000,000.00	48.50	48.50	48.50
3	Słupskie Towarzystwo Koszykówki Sportowa S.A.[1)]	Słupsk	sports activities	513,500.00	0.00	40.90	40.90
4	Bio - Power Sp. z o.o.	Międzyrzec Podlaski	energy production	2,139,900.00	0.00	25.00	25.00

1) On 17 July 2013 the company's shares held by ENERGA Group companies were sold.

Acquisition of interests

Acquisitions of interests in entities belonging to the Group are described in Note 21.

Disposals of shares

On 4 January 2013 the subsidiary ENERGA Bio Sp. z o.o. sold all its shares in Biogazownia Starogard Sp. z o.o. constituting 90% of the share capital of that company.

Liquidation

On 27 February 2013 Elektrownia Wodna we Włocławku Sp. z o.o. in liquidation was deregistered from the National Court Register which completed the process of its liquidation.

On 17 June 2013 Zakład Transportu Energetyki Sp. z o.o. in liquidation was deregistered from the National Court Register which completed the process of its liquidation.

3. 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 zloty ("PLN"), and all amounts are stated in PLN, unless otherwise indicated.

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.

3.1. 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 IFRS financial statements. 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 2012.

3.2. Functional and presentation currency

The functional currency of the Group 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 presentation 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 at the following rates: assets and liabilities, except equity - exchange rates at the reporting date; equity - exchange rates at the date of transaction and income and expenses - average exchange rates for the given 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 2013	31 December 2012
EURO	4,3292	4,0882

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

Average exchange rate in the period

Currency	1 January - 30 June 2013	1 January - 30 June 2012
EURO	4,2140	4,2246

4. Estimates

During the periods 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 periods.

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 application of accounting policies and 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. After December 31, 2012 there were no significant events that would result in the estimates as at December 31, 2012 being inappropriate or distorted.

5. New standards and interpretations already published, but not yet effective

The following standards and interpretations have been published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but have not yet become effective as at the date of these financial statements (not as yet adopted by the EU):

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015),
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - mandatory effective date and transitional provisions (effective for annual periods beginning on or after 1 January 2015),

- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" - investment entities (effective for 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 (effective for annual periods beginning on or after 1 January 2014),
- IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (effective for annual periods beginning on or after 1 January 2014).

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 are not as yet become effective:

- IFRS 10 "Consolidated Financial Statements", endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 11 "Joint Arrangements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 12 "Disclosure of Interests in Other Entities", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 27 (revised in 2011) "Separate Financial Statements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" - Transition Guidance, as adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014).

The Management believes that the introduction of the above-mentioned standards and interpretations will not have any substantial impact on the accounting policies applied by the Group, except for the following:

- application of the first phase of IFRS 9 will affect the classification and measurement of the Group's financial assets. The Group will assess this impact in combination with other phases, when published, to present a coherent assesment,
- IFRS 10 which may have an impact on the scope of consolidation.

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

Sales of electric energy and heat during the year are subject to seasonal fluctuations. Energy sales rise during the winter months and fall 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 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.

7. Significant accounting policies

In preparing these condensed interim consolidated financial statements the same generally accepted accounting principles were applied as those used in preparing the annual consolidated financial statements for the year ended 31 December 2012, with the exception of:

- amendments to standards and interpretations adopted by the EU which are effective for accounting periods beginning on or after 1 January 2013,
- the accounting of cash flow hedges.

Amendments to standards and interpretations adopted by the EU

For annual periods beginning on or after 1 January 2013, the following new standards and interpretations adopted by the EU became effective and the Group took these into account in the preparation of these condensed interim consolidated financial statements:

- Amendments to IAS 1 "Presentation of Financial Statements" - Presentation of Items of Other Comprehensive Income, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012),
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government Loans, adopted by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- IFRS 13 "Fair Value Measurement", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

The application of these changes had no significant effect on the financial position or operating results of the Group, or on the scope of information presented in these condensed interim consolidated financial statements of the Group.

Hedge accounting

Hedging derivatives and hedge accounting

The Group has implemented the cash flow hedge accounting in order to eliminate accounting mismatches resulting from derivative-based hedges against the currency risk arising from intra-group foreign currency loans (see description in Note 19.6).

The Group may decide to designate selected derivatives as hedges under cash flow hedge accounting under any identified hedge relationship. The Group allows the use of cash flow hedge accounting only if certain criteria as referred to in IAS 39 are met, i.e.:

- At the inception of the hedge the Group formally designates and documents the hedging relationship and the risk management objective as well as strategy for undertaking the hedge. The documentation includes the identification of the hedge instrument, the hedged position, the nature of risk and the method for a current assessment of the effectiveness of the hedge in offsetting the risk of changes in cash flows associated with the hedged risk;
- The hedge is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;
- The forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;
- The effectiveness of the hedge can be reliably assessed, i.e. cash flows related to the hedged position resulting from the hedged risk and the fair value of the hedge can be reliably determined;
- The hedge is assessed on an ongoing basis and determined to have been highly effective throughout the reporting periods for which the hedge was designated.

Applicable accounting principles for derivatives designated as hedges under cash flow hedge accounting

Changes in the fair valuation of derivative financial instruments designated as cash flow hedges are reported to the revaluation reserve in proportion thereof that is an effective hedge, whereas any ineffective portion of the hedge is recognised to the income statement

The amounts of the cumulative fair value revaluations to the hedge, previously recognised in the revaluation reserve, are recognised to the income statement in the period or periods when the hedged position affects the income statement.

The Group ceases to use the cash flow hedge accounting principles in the event of one or more of the following events:

- The hedging instrument expires or is sold, terminated or exercised (for this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy). In this case, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective remains separately recognised in equity until the forecast transaction occurs;

- The hedge no longer meets the hedge accounting criteria. In this case, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective remains separately recognised in equity until the forecast transaction occurs;
- The forecast transaction is no longer expected to occur, in which case any related cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective is recognised in profit or loss. The forecast transaction which ceases to be highly likely, may still be expected;
- The Group cancels any hedging relationship. For hedges of forecast transactions, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective remains separately recognised in equity until the forecast transaction occurs or is no longer expected to occur. If the transaction is no longer expected to occur, the cumulative gain or loss that was recognised directly in equity is recognised in profit or loss.

Presentation

In connection with the use of cash flow hedge accounting, the Group applies the following presentation:

- the effective portion of any change in the valuation of CCIRS hedges is recognised in the revaluation reserve,
- interest on CCIRS hedges is presented in the same line of the income statement in which the interest result on the hedged position is presented,
- any revaluation of CCIRS hedges is presented in the same line of the income statement in which the revaluation of the hedged position is presented,
- the ineffective portion of changes in the valuation of hedges is recognised in the result on financial instruments held for trading.

8. Restatement of comparative information

In these condensed consolidated financial statements comparative information for the six months ended 30 June 2012 have been restated as compared to the information previously reported in connection with:

- changes in accounting principles and in the presentation of information disclosed in the Group's consolidated financial statements for the year ended 31 December 2012, mainly resulting from an early adoption of the amendments to IAS 19 "Employee Benefits", relating to the post-employment benefits;
- changes in the presentation of certain operating costs introduced in the current financial year - the changes were intended to increase the transparency and the usefulness of the information presented in the financial statements without affecting the net result presented.

The adjustments relating to the prior period presented in the consolidated financial statements are presented in the table below:

Title	Previously reported (unaudited)	Adjustments	Restated (unaudited)
Revenue	5 633 588 064,77	(18 358 906,60)	5 615 229 158,17
Cost of sales	4 614 582 363,41	(44 761 612,00)	4 569 820 751,41
Other operating income	50 335 118,05	(19 272,21)	50 315 845,84
Selling and distribution expenses	100 018 660,78	35 792 945,06	135 811 605,84
General and administrative expenses	198 232 068,90	(11 078 414,08)	187 153 654,82
Other operating expenses	57 875 089,42	(19 272,21)	57 855 817,21
Financial income	60 848 278,40	(15 198 274,34)	45 650 004,06
Financial costs	139 919 156,14	-	139 919 156,14
Share of loss of associates	(26 514,14)	-	(26 514,14)
Profit before tax	**634 117 608,43**	**(13 510 099,92)**	**620 607 508,51**
Income tax	125 191 465,89	320 753,14	125 512 219,03
Net profit on continuing operations	**508 926 142,54**	**(13 830 853,06)**	**495 095 289,48**
Net profit on disposal of non-current assets classified as held for sale	-	15 198 274,34	15 198 274,34
Net profit for the period	**508 926 142,54**	**1 367 421,28**	**510 293 563,82**
Net other comprehensive income	**(99 731,72)**	**(292 373,28)**	**(392 105,00)**
Total comprehensive income	**508 826 410,82**	**1 075 048,00**	**509 901 458,82**
Attributable to:	-		-
Equity holders of the parent company	508 008 443,85	1 072 316,40	509 080 760,25
Non-controlling interests	817 966,97	2 731,60	820 698,57
	-		-
Earnings per share (in PLN)	**0,10**	**0,00**	**0,10**

9. Operating segments

The Group's internal and external reporting system is essentially based on industry segments. The Group's organisation and management are divided into segments, taking into account the nature of the products and services.

The Group distinguishes the following business segments: distribution of electricity, production, sales, services and others. In the previous reporting periods, the Group presented the segments (baseload power plants, Combined Heat Production and renewable sources of energy) which are currently disclosed as a single segment – generation.

In the sales segment, the Group changed the presentation of revenues and expenses related to the sale of electricity distribution services to end users. In the previous year, the Group presented expenses and revenues of the sales segment in relation to such services on a gross basis whereas since 2013 they are off set. Accordingly, revenues of the distribution segment from the sale of electricity distribution services to the sales segment were accounted for as sales to external customers and the value of eliminated sales revenues between segments was adjusted.

EBITDA is calculated as the result from continuing operations before tax and financial income/expenses, depreciation and amortization.

The tables below show the breakdown of revenues and expenses for the period from 1 January to 30 June 2013 and the assets and liabilities as at 30 June 2013 assigned to individual segments, together with comparative information restated according to the new presentation of segments and new presentation policy, as described above.

Six-month period ended 30 June 2013 or as at 30 June 2013 (unaudited)	Distribution of electricity	Sales	Generation	Services	Other	Total	Consolidation eliminations and adjustments	Total activity
Revenue								
Sales to external clients	1 857 752 285,95	3 376 477 249,49	541 139 517,13	2 309 340,39	11 865 787,15	5 789 544 180,11	-	5 789 544 180,11
Inter-segment sales	21 155 187,36	205 664 882,70	191 720 981,86	171 952 346,08	27 727 450,88	618 220 848,88	(618 220 848,88)	-
Total segment revenues	**1 878 907 473,31**	**3 582 142 132,19**	**732 860 498,99**	**174 261 686,47**	**39 593 238,03**	**6 407 765 028,99**	**(618 220 848,88)**	**5 789 544 180,11**
EBITDA	820 339 517,87	178 916 803,42	107 312 159,18	17 670 048,27	(35 707 956,31)	1 088 530 572,43	39 302 624,42	1 127 833 196,85
Profit/(loss) on continuing operations before tax and finance income/expense	497 409 904,76	165 812 103,14	62 088 271,05	10 474 260,64	(39 917 422,27)	695 867 117,32	54 870 666,95	750 737 784,27
Net finance income/expense	(40 538 291,35)	23 579 225,05	(5 650 974,73)	(141 720,62)	608 819 378,73	586 067 617,08	(634 348 117,26)	(48 280 500,18)
Share of profit/(loss) of associates	-	-	-	-	-	-	(396 720,79)	(396 720,79)
Profit/(loss) before tax	**456 871 613,41**	**189 391 328,19**	**56 437 296,32**	**10 332 540,02**	**568 901 956,46**	**1 281 934 734,40**	**(579 874 171,10)**	**702 060 563,30**
Income tax	98 045 885,67	35 107 374,22	10 476 554,51	2 265 100,02	298 934,54	146 193 848,96	20 676 297,89	166 870 146,85
Net loss on discontinued operations and disposal of assets classified as held for sale	-	-	-	-	(2 575 776,92)	(2 575 776,92)	-	(2 575 776,92)
Net profit/(loss) for the period	**358 825 727,74**	**154 283 953,97**	**45 960 741,81**	**8 067 440,00**	**566 027 245,00**	**1 133 165 108,52**	**(600 550 468,99)**	**532 614 639,53**
Assets and liabilities								
Cash and cash equivalents	831 575 799,61	331 736 938,00	1 047 346 905,05	52 347 531,57	1 071 275 005,71	3 334 282 179,94	-	3 334 282 179,94
Total assets	**11 137 000 729,15**	**2 264 265 893,63**	**3 498 201 040,23**	**219 144 341,04**	**10 933 839 530,90**	**28 052 451 534,95**	**(11 332 052 860,82)**	**16 720 398 674,13**
Financial liabilities	2 964 355 107,80	2 069 124,05	1 662 414 322,91	1 492 084,07	5 370 469 784,21	10 000 800 423,04	(4 602 086 319,80)	5 398 714 103,24
Total liabilities	**5 328 276 943,09**	**1 245 912 652,90**	**2 083 837 902,13**	**102 249 405,28**	**5 732 235 979,97**	**14 492 512 883,37**	**(5 577 773 305,87)**	**8 914 739 577,50**
Other segment information								
Capital expenditure	536 345 938,04	11 413 874,74	462 356 394,87	7 679 803,37	15 793 069,68	1 033 589 080,70	(6 502 935,35)	1 027 086 145,35
Depreciation	322 929 613,11	13 104 700,28	45 223 888,13	7 195 787,63	4 209 465,96	392 663 455,11	(15 568 042,53)	377 095 412,58
Impairment loss on property, plant and equipment and intangible assets	167 859,01	-	123 589 752,11	-	(2 129,84)	123 755 481,28	-	123 755 481,28

Six-month period ended 30 June 2012 (unaudited, restated) or as at 31 December 2012	Distribution of electricity	Sales	Generation	Services	Other	Total	Consolidation eliminations and adjustments	Total activity
Revenue								
Sales to external clients	1 809 906 948,93	3 291 190 134,59	491 185 461,44	5 829 486,14	17 117 127,07	5 615 229 158,17	-	5 615 229 158,17
Inter-segment sales	26 774 503,41	290 793 015,25	319 963 004,44	174 148 687,74	33 293 283,63	844 972 494,47	(844 972 494,47)	-
Total segment revenues	**1 836 681 452,34**	**3 581 983 149,84**	**811 148 465,88**	**179 978 173,88**	**50 410 410,70**	**6 460 201 652,64**	**(844 972 494,47)**	**5 615 229 158,17**
EBITDA	738 872 934,91	141 419 573,74	202 590 417,35	4 753 883,24	(29 853 897,47)	1 057 782 911,76	9 500 376,00	1 067 283 287,76
Profit/(loss) on continuing operations before tax and finance income/expense	442 513 991,40	129 424 913,82	152 289 980,13	(192 814,71)	(34 110 037,72)	689 926 032,92	24 977 141,81	714 903 174,73
Net finance income/expense	(77 613 898,44)	4 448 526,54	(2 431 108,14)	239 503,43	812 750 618,56	737 393 641,95	(831 662 794,03)	(94 269 152,08)
Share of profit/(loss) of associates	-	-	-	-	-	-	(26 514,14)	(26 514,14)
Profit/(loss) before tax	**364 900 092,96**	**133 873 440,36**	**149 858 871,99**	**46 688,72**	**778 640 580,84**	**1 427 319 674,87**	**(806 712 166,36)**	**620 607 508,51**
Income tax	65 182 590,36	26 356 551,21	32 543 487,70	1 089 725,67	(5 128 224,91)	120 044 130,03	5 468 089,00	125 512 219,03
Net profit on discontinued operations and disposal of assets classified as held for sale	-	-	-	-	15 198 274,34	15 198 274,34	-	15 198 274,34
Net profit/(loss) for the period	**299 717 502,60**	**107 516 889,15**	**117 315 384,29**	**(1 043 036,95)**	**798 967 080,09**	**1 322 473 819,18**	**(812 180 255,36)**	**510 293 563,82**
Assets and liabilities								
Cash and cash equivalents	715 428 864,26	246 149 828,69	396 599 606,77	20 490 914,73	690 389 021,03	2 069 058 235,48	-	2 069 058 235,48
Total assets	**11 313 144 590,12**	**2 385 320 353,81**	**2 193 746 100,22**	**227 882 719,59**	**9 389 415 280,64**	**25 509 509 044,38**	**(10 596 736 305,71)**	**14 912 772 738,67**
Financial liabilities	3 058 362 720,58	2 365 356,25	378 167 231,78	1 504 136,21	4 015 479 317,38	7 455 878 762,20	(3 960 882 740,32)	3 494 996 021,88
Total liabilities	**5 557 421 177,71**	**1 360 692 069,19**	**803 766 234,95**	**125 934 373,85**	**4 357 225 049,98**	**12 205 038 905,68**	**(5 010 788 632,78)**	**7 194 250 272,90**
Other segment information								
Capital expenditure	611 918 495,07	10 143 842,09	139 892 003,73	25 967 385,17	15 007 772,40	802 929 498,46	(1 985 546,46)	800 943 952,00
Depreciation	296 358 943,51	11 994 659,92	50 300 437,22	4 946 697,95	4 256 140,25	367 856 878,84	(15 476 765,81)	352 380 113,03
Impairment loss on property, plant and equipment and intangible assets	-	-	(147 266,75)	(3 331,30)	-	(150 598,05)	-	(150 598,05)

10. Property, plant and equipment

In the current reporting period, the Group:

- incurred capital expenditures on property, plant and equipment and property, plant and equipment under construction in the amount of PLN 645.5 m,
- acquired in business combinations (see description in Note 21) property, plant and equipment with a total value of PLN 340.1 m,
- sold and scrapped property, plant and equipment with a total value of PLN 9.9 m,
- recognised an impairment write-off on property, plant and equipment in the amount of PLN 123.7 m.

11. Impairment tests for property, plant and equipment

In view of evidence found in relation to the CGU Power Plant B (Production Segment) indicating a possible decrease in the recoverable value of property, plant and equipment of the CGU, as at 31 March 2013 an impairment test was carried out using projections for the period IV 2013-2017.

The test for impairment was performed taking into account among others the following assumptions:

- paths for electricity prices for the period 2013-2020, taking into account, among others, fuel costs, costs of CO_2 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 31 December 2012,
- CO_2 emission limits for the period 2013-2020 as reported in the Polish government's derogation statement sent to the European Commission,
- volumes of production from renewable energy sources and combined heat and power sources resulting from production capacities,
- maintaining the production capacities of the existing fixed assets following replacement investments.

The test was performed using the income method, determining the recoverable value based on the discounted value of estimated cash flows from operating activities. The calculations were carried out based on the summarised financial projections for the period IV 2013-2017 and a residual value.

For the purpose of the calculations, the discount rate equal to the weighted average cost of capital (WACC) at 8.45% before tax taking into account the risk-free rate (based on the yield on 10-year Treasury bonds - at 3.9%) and the risk premium for the relevant activities of the energy sector (5.5%) were applied. 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.

Macroeconomic and sectoral assumptions adopted for the projections are updated as often as indications requiring their change are observed on the market.

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

As a result of the test carried out on 31 March 2013, it was determined that an impairment allowance for property, plant and equipment of the CGU Power Plant B of ENERGA Elektrownie Ostrołęka was required. Therefore, an impairment write-off of property, plant and equipment of the Power Plant B in Ostrołęka in the amount of PLN 123.4 m was recognised as cost of sales.

The test for impairment on property, plant and equipment of the CGU Power Plant B in Ostrołęka was performed again as at 30 June 2013 using the income method, determining the recoverable value based on the discounted value of estimated cash flows from operating activities. The calculations were carried out based on the summarised financial projections for the period VII 2013-2018 and a residual value.

The test was reperformed due to significant changes in forecasted paths for electricity prices, certificates of origin and CO2 allowances, according to the report prepared by an independent agency for the Polish market as at 31 July 2013. The test was carried out based on operational assumptions prepared by the company as at 30 June 2013 and updated price paths. For the purpose of the calculations, the discount rate equal to the weighted average cost of capital (WACC) at 9,73% before tax was applied. Other assumptions remained unchanged as compared with those applied for the purpose of the test performed as at 31 march 2013.

Based on the test's results no additional impairment write-off was required.

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

12. 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 2013 (unaudited)	As at 30 June 2012 (unaudited)
Cash at bank and in hand	482 219 477,04	216 656 126,45
Short term deposits up to 3 months	1 970 453 007,34	412 596 334,21
Participation units in liquidity funds	881 609 695,56	1 020 452 896,64
Other	-	113 549,86
Total cash and cash equivalents presented in the statement of financial position	**3 334 282 179,94**	**1 649 818 907,16**
Unrealised exchange rate differences and interest	(18 674 150,70)	(4 019 354,41)
Cash and cash equivalents classified as assets held for sale	39 771 341,24	-
Current account overdrafts	(7 164,16)	(50 694 066,04)
Total cash and cash equivalents presented in the statement of cash flow	**3 355 372 206,32**	**1 595 105 486,71**

13. Earnings per share

The earnings and share information presented below were used to calculate basic earnings per share:

Title	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited) (restated)
Net profit on continuing operations attributable to the ordinary shareholders of the Parent Company	548 213 060,48	509 472 865,25
Net profit/ (loss) on discontinued operations attributable to the ordinary shareholders of the Parent Company	(2 575 776,92)	-
Net profit attributable to the ordinary shareholders of the parent company	**545 637 283,56**	**509 472 865,25**
Number of ordinary shares at the end of the period	4 968 805 368	4 968 805 368
Number of issued common shares used to calculate basic earnings per share	4 968 805 368	4 968 805 368
Earnings per share from continuing operations (ordinary and diluted)	**0,11**	**0,10**
Earnings per share from discontinued operations (ordinary and diluted)	**(0,00)**	**-**

14. Dividend

Title	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Dividends declared in the period		
dividend declared by subsidiaries to non-controlling interests	1 755 096,60	8 183 902,21
dividend declared by the Parent Company	496 880 536,80	645 944 697,84
Total	**498 635 633,40**	**654 128 600,05**
Dividends paid in the period		
dividend paid in the period	480 782 304,55	31 037,54
dividend per share paid by the Group	0,10	0,00

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15. Provisions

	Post-employment benefits	Jubilee bonuses	Legal claims	Employee matters	For reclamation of ash landfills	Provision for liabilities for gas emissions	Provision for redemption of energy certificates of origin	Restructuring provision	Other provisions	Total
As at 1 January 2013	**458 931 932,56**	**275 407 090,84**	**199 091 861,84**	**3 505 705,42**	**9 299 050,00**	**306 500,00**	**211 035 656,60**	**56 912 953,27**	**51 640 367,34**	**1 266 131 117,87**
Purchase/disposal of subsidiary	-	-	(393 750,00)	-	-	-	-	-	6 344 890,22	5 951 140,22
Current service cost	3 147 236,07	9 092 181,11	-	-	-	-	-	-	-	12 239 417,18
Actuarial gains and losses	(31 338 590,37)	(11 568 018,24)	-	-	-	-	-	-	-	(42 906 608,61)
Benefits paid	(6 428 011,58)	(5 676 058,79)	-	-	-	-	-	-	-	(12 104 070,37)
Interest cost	9 009 420,00	5 799 155,00	-	-	161 380,00	-	-	-	-	14 969 955,00
Raised during the period	-	-	28 213 087,89	1 115 266,25	-	-	104 613 451,96	455 800,14	39 067 054,78	173 464 661,02
Released	-	-	(43 414 617,24)	(355 569,90)	(2 174 098,00)	-	(2 744 773,87)	(691 585,09)	(1 323 975,88)	(50 704 619,98)
Used	-	-	(1 364 312,29)	(2 062 465,08)	-	(175 206,00)	(208 290 882,73)	(15 171 216,22)	(38 247 867,90)	(265 311 950,22)
Transfer to liabilities related to assets classified as held for sale	(19 635 121,95)	(10 045 699,60)	-	-	-	-	-	-	(306 101,82)	(29 986 923,37)
As at 30 June 2013 (unaudited)	**413 686 864,73**	**263 008 650,32**	**182 132 270,20**	**2 202 936,69**	**7 286 332,00**	**131 294,00**	**104 613 451,96**	**41 505 952,10**	**57 174 366,74**	**1 071 742 118,74**
Short-term as at 30 June 2013 (unaudited)	**11 089 642,69**	**18 815 935,95**	**182 132 270,20**	**2 202 936,69**	**-**	**131 294,00**	**104 613 451,96**	**40 675 662,41**	**50 687 942,52**	**410 349 136,42**
Long-term as at 30 June 2013 (unaudited)	**402 597 222,04**	**244 192 714,37**	**-**	**-**	**7 286 332,00**	**-**	**-**	**830 289,69**	**6 486 424,22**	**661 392 982,32**

The Group establishes provisions for post-employment benefits and jubilee bonuses in amounts calculated using actuarial methods. The amount of provisions recognised in these financial statements derives from the projection of provisions as at 30 June 2013, carried out by an independent actuary. The projection was based on the previously calculated amounts of provisions as at 31 December 2012 and based 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 2013 was applied at the level of 4.53% (31 December 2012: 3.80%).

	Post-employment benefits	Jubilee bonuses	Legal claims	Employee matters	For reclamation of ash landfills	Provision for liabilities for gas emissions	Provision for redemption of energy certificates of origin	Restructuring provision	Other provisions	Total
As at 1 January 2012 (restated)	**475 087 202,42**	**217 784 884,20**	**76 770 794,37**	**3 115 187,49**	**4 754 360,00**	**31 014 512,89**	**268 647 396,17**	**64 142 658,71**	**37 264 442,79**	**1 178 581 439,04**
Current service cost	15 364 245,80	8 750 205,99	-	-	-	-	-	-	-	24 114 451,79
Actuarial gains and losses	360 954,67	256 302,90	-	-	-	-	-	-	-	617 257,57
Benefits paid	(6 794 358,13)	(5 060 571,66)	-	-	-	-	-	-	-	(11 854 929,79)
Past service cost	-	-	-	-	-	-	-	-	-	-
Interest cost	12 489 555,50	5 346 484,60	-	-	-	-	-	-	-	17 836 040,10
Raised during the period	-	-	20 156 676,62	-	-	-	354 055 656,37	10 362 931,00	56 835 228,45	441 410 492,44
Released	-	-	(4 057 475,44)	(27 013,71)	-	(44 858,41)	(2 907 578,74)	(7 308 413,20)	(652 500,00)	(14 997 839,50)
Used	-	-	(854 055,85)	(628 079,32)	-	(30 665 654,48)	(257 951 427,61)	(45 973 103,27)	(29 488 674,35)	(365 560 994,88)
As at 30 June 2012 (unaudited, restated)	**496 507 600,26**	**227 077 306,03**	**92 015 939,70**	**2 460 094,46**	**4 754 360,00**	**304 000,00**	**361 844 046,19**	**21 224 073,24**	**63 958 496,89**	**1 270 145 916,77**
Short-term as at 30 June 2012 (unaudited, restated)	**16 740 247,19**	**19 389 616,02**	**92 015 939,70**	**2 460 094,46**	-	**304 000,00**	**361 844 046,19**	**20 006 812,24**	**63 958 496,89**	**576 719 252,69**
Long-term as at 30 June 2012 (unaudited, restated)	**479 767 353,07**	**207 687 690,01**	-	-	**4 754 360,00**	-	-	**1 217 261,00**	-	**693 426 664,08**

16. Assets classified as held for sale

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., ENERGA – OPERATOR Projektowanie Sp. z o.o., ENERGETYK Sp. z o.o. in liquidation.

Currently the Group is in search of prospective buyers for shares in those entities. The Group expects that the sales process will be completed in the next 12 months. Consequently, all the assets and liabilities of these entities were presented in the condensed interim consolidated statement of financial position as held for sale.

Oświetlenie Uliczne i Drogowe Sp. z o.o. (OUiD) submitted a proposal to repurchase its shares held by ENERGA SA for purposes of their redemption. Price negotiations are closed and drafts of resolutions of the Ordinary General Meeting and of the share purchase agreement have been agreed. On 26 June 2013 during the Ordinary General Meeting of Oświetlenie Uliczne i Drogowe Sp. z o.o. resolutions authorizing purchases against payment of its own shares from ENERGA SA for purposes of their further redemption were adopted. Such resolutions pave the way for an effective sale of OUiD shares by ENERGA SA. The a/m shares are expected to be sold in the fourth quarter of 2013.

The Group also presents a part of the assets of Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. (hotel and recreation and leisure facilities) and shares in BHU S.A., as assets held for sale.

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

Title	As at 30 June 2013 (unaudited)	As at 31 December 2012
ASSETS		
Property, plant and equipment	39 637 127,64	7 194 926,10
Investment property	3 042 064,12	2 306 329,20
Intangible assets	1 197 489,92	666 529,07
Deferred tax assets	5 483 501,36	-
Other non-current assets	1 630 742,97	-
Inventories	21 429 433,51	-
Current tax assets	1 097 409,00	-
Trade receivables and other financial receivables	4 923 185,38	-
Other investments	20 805 111,40	-
Deposits	30 000,00	-
Cash and cash equivalents	39 771 341,24	-
Other current assets	3 239 272,24	-
Assets classified as held for sale	**142 286 678,78**	**10 167 784,37**
LIABILITIES		
Non-current provisions	28 435 977,00	-
Deferred tax liabilities	436 722,35	-
Trade and other non-current financial liabilities	76 831,51	-
Finance lease liabilities	891 225,25	-
Trade and other financial liabilities	29 012 288,24	-
Accruals	1 721 696,47	-
Provisions	1 550 946,37	-
Other current liabilities	9 861 793,38	-
Liabilities related to assets classified as held for sale	**71 987 480,57**	**-**

17. Investment commitments

Distribution System Operator Commitments

The development plan for the subsidiary ENERGA OPERATOR SA, as agreed with the President of the Energy Regulatory Office provides for capital expenditures for the years 2013 - 2015 in the amount of respectively: 2013 - PLN 1,209.8 m, 2014 - PLN 1,135.6 m, 2015 - PLN 1,109.1 m (2010 constant prices). In the first half of 2013 realised capital expenditures reached PLN 553.4 m.

The development of the heat & power system in Ostrołęka

Following the 2009 acquisition of shares in ENERGA OPEC Sp. z o.o. (formerly Ostrołęckie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.) ENERGA SA and ENERGA Elektrownie Ostrołęka SA agreed to proceed with an investment program for the development of the heat and power system in the area of the city of Ostrołęka (at least PLN 320 m within 10 years).

By 30 June 2013, total expenditures for the development of the distribution network and the production of heat energy in Ostrołęka amounted to PLN 88.2 m.

Redevelopment of the heating network of ENERGA OPEC Sp. z o.o.

In 2011 the subsidiary ENERGA OPEC Sp. z o.o. entered into an agreement with the National Environment Protection and Water Management Fund in Warsaw for subsidising a project aimed at reducing transmission losses. The project is scheduled for the years 2011 - 2013 and its budgeted total cost is PLN 33.8 m. By 30 June 2013, the company incurred expenditures of PLN 10.0 m for the project.

„Intervention work" service contract

The "intervention work" service contract entered into by the subsidiary ENERGA Hydro Sp. z o.o. for PSE SA requires modernisation expenditures for Energa Hydro Sp. z o.o. generating units (power plant in Żydowo) in order to assure appropriate parameters of the services. The total planned expenditures for modernisation within the scope covered by the agreement will amount to PLN 134.3 m. By 30 June 2013 the total expenditures incurred in relation to the agreement with PSE SA reached PLN 130.3 m.

Investment program of ENERGA Kogeneracja Sp. z o.o.

The bond issue program for funding the investments of the subsidiary ENERGA Kogeneracja Sp. z o.o. covering the construction of a new power unit and the modernisation of the boiler through implementing a biomass joint combustion option is also classified as an investment commitment. The aggregate planned capital expenditures amount to PLN 224.5 m of which investments of PLN 178.8 m were already made, at 30 June 2013.

Construction of a gas - steam power plant in Grudziadz

The process of construction of the gas - steam power plant in Grudziadz is handled by a special purpose vehicle established in December 2012, Elektrownia CCGT Grudziądz Sp. z o.o. The total value of the Group's future commitment under the agreements for the investment amounts to PLN 8.2 m.

Development of the heat system in Kalisz

Following the acquisition on 9 April 2013 of 90% of the shares in Ciepło Kaliskie Sp. z o.o. (see Note 21.1), the subsidiary ENERGA Kogeneracja Sp. z o.o. committed to implement an investment programme in the acquired company for an amount of not less than PLN 15 m within 6 years.

Sales support system

On 24 June 2013 ENERGA SA signed an agreement for the development and implementation of the sales support system, including billing and customer relationship management systems (CRM, Customer Relationship Management) in the Group. Under such agreement ENERGA SA undertook to incur expenditures for property, plant and equipment and intangible assets for the total amounts of PLN 5.5 m and PLN 63.2 m - respectively.

18. Related party transactions

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 transactions with members of the Management Board and of the Supervisory Board of ENERGA SA.

The amount of remuneration paid to members of the Management Boards and Supervisory Boards of ENERGA SA Group companies in the first half of 2013 was approximately PLN 19.6 m (of which PLN 2.1 m was paid by the Parent Company).

18.2. Transactions involving State Treasury companies

As at	Receivables	Liabilities
30 June 2013 (unaudited)	86 310 540,32	35 207 407,87
31 December 2012	146 539 832,34	39 188 891,50

Period	Sales	Purchases
Six-month period ended 30 June 2013 (unaudited)	564 742 076,93	1 216 600 402,70
Six-month period ended 30 June 2012 (unaudited)	504 785 132,81	546 442 997,33

18.3. Transactions with associates

Six-month period ended 30 June 2013 or as at 30 June 2013 (unaudited)	Sales	Purchases	Receivables	Liabilities
Soen Sp. z o.o.	249 560,20	2 208 776,94	153 370,50	245 455,22
Słupskie Towarzystwo Koszykówki Sportowa Spółka Akcyjna	-	2 240 000,00	-	397 187,35
Oświetlenie Uliczne i Drogowe Sp. z o.o.	6 754 648,49	-	63 061,37	621 299,64
Total	**7 004 208,69**	**4 448 776,94**	**216 431,87**	**1 263 942,21**

As at the end of the reporting period there were no overdue receivables or liabilities under transactions with associates.

19. Financial instruments

19.1. Carrying value of financial instruments by category and class

Title	As at 30 June 2013 (unaudited)	As at 31 December 2012
Classes of financial instruments		
Deposits	20 213 479,45	26 783 927,04
Bonds, treasury bills and other debt instruments	14 728 307,72	27 107 314,83
(Non-consolidated) shareholdings	1 662 413,81	2 830 952,87
Trade and other receivables	1 375 249 070,43	1 521 621 657,06
Cash and cash equivalents, including:	3 334 282 179,94	2 069 058 235,48
Units of participation in the ENERGA Trading SFIO fund	881 609 695,56	705 911 173,67
Receivables from sale of property, plant & equipment and intangible assets	2 090 938,56	2 515 934,75
Other financial assets	-	3 969 018,10
Hedging derivatives (assets)	84 491 910,83	-
Total assets	**4 832 718 300,74**	**3 653 887 040,13**
Preferential loans and borrowings	970 183 582,69	996 129 192,30
Loans and borrowings	1 182 018 760,94	1 393 617 506,73
Current account overdraft	7 164,16	26 030 109,32
Bonds issued	3 246 504 595,45	1 079 219 213,53
Trade and other payables	741 995 731,90	717 100 810,70
Other financial liabilities	30 433 106,25	19 297 226,38
Liabilities from purchase of property, plant & equipment and intangible assets	87 099 930,79	139 033 963,05
Derivative instruments (liabilities)	1 702,91	-
Total liabilities	**6 258 244 575,09**	**4 370 428 022,01**
Categories of financial instruments		
Financial assets measured at fair value through profit or loss	3 335 944 593,75	2 075 858 206,45
Investments held to maturity	34 941 787,17	53 891 241,87
Loans and receivables	1 377 340 008,99	1 524 137 591,81
Hedging derivatives	84 491 910,83	-
Total assets	**4 832 718 300,74**	**3 653 887 040,13**
Financial liabilities measured at fair value through profit or loss	1 702,91	-
Financial liabilities measured at amortised cost	6 258 242 872,18	4 370 428 022,01
Total liabilities	**6 258 244 575,09**	**4 370 428 022,01**

19.2. Fair value of financial instruments

The book value of the following financial assets and liabilities:

- financial assets and liabilities measured at fair value through profit or loss,
- investments held-to-maturity, based on variable interest rates,
- hedge derivatives,
- loans granted, receivables and other financial liabilities,

is a reasonable approximation of their fair value.

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 cost less impairment losses.

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	As at 30 June 2013 (unaudited)		
	Level 1	Level 2	Level 3
Assets			
Units of participation in the ENERGA Trading SFIO fund	-	881 609 695,56	-
Hedging derivatives (CCIRS)	-	84 491 910,83	-
Liabilities	-	-	-
Derivative instruments	-	1 702,91	-

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) are measured at fair value by discounting future cash flows separately for each currency. Interest rates for each currency and basis spread used in discounting are obtained from Bloomberg.

During the reporting period no significant changes in the financial risk management policy were introduced except for hedge accounting, as described in note 19.6.

19.3. Loans and borrowings

	As at 30 June 2013 (unaudited)
Currency	PLN
Reference Rate	WIBOR, Rediscount rate
Value of the loan/ borrowing	**2 152 209 507,79**
Of which, repayable:	
up to 1 year (short-term)	272 080 659,94
1 to 2 years	268 872 699,90
2 to 3 years	337 780 148,14
3 to 5 years	445 037 014,90
over 5 years	828 438 984,91

Detailed information on contracted external financing is set out in Note 23.1.

19.4. Liabilities under notes issued

	As at 30 June 2013 (unaudited)	
Currency	PLN	EUR
Reference Rate	WIBOR	fixed
Value of the issue		
in currency	1 076 114 088,71	501 337 546,60
in PLN	1 076 114 088,71	2 170 390 506,74
of which, repayable:		
up to 1 year (short-term)	13 306 456,84	20 041 870,61
1 to 2 years	7 365 311,54	-
2 to 3 years	7 376 451,83	-
3 to 5 years	14 754 217,80	-
over 5 years	1 033 311 650,70	2 150 348 636,13

Detailed information on issued notes is set out in Note 23.1.

19.5. Liability repayment collateral

As at the reporting date assets with the following carrying amounts constituted collateral for the repayment of actual or contingent liabilities: do po prawy po ustaleniu odpisu na EEO

Group of assets on which collateral was established	30 June 2013 (unaudited)	31 December 2012
Property, plant and equipment	52 769 228,74	78 417 217,14
Receivables	450 000,00	300 000,00
Inventories	2 484 433,88	25 302 771,93
Cash resources	155 258 868,61	130 438 152,99
Total assets securing repayment of financial liabilities	**210 962 531,23**	**234 458 142,06**

19.6. Cash flow hedge accounting

The special purpose vehicle ENERGA Finance AB (publ) (the issuer of Eurobonds – see description in Note 23.1) 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, in accordance with IAS 39.80, 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.

The fair value of the hedge at 30 June 2013 was PLN 84.5 m.

Under the cash flow hedge accounting the Group recognised PLN 24.5 m during the reporting period in the revaluation reserve (the effective portion of changes in the value of the hedge less deferred 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 2013
Opening balance	-
Amount recognised in the cash flow hedge reserve during the period, equal to the change in the fair value of hedge instruments	84 491 910,83
Accrued interest transferred from the reserve to the interest expense	2 200 340,72
Revaluation of hedging instruments transferred from the equity to foreign exchange (gains) / losses	(56 480 000,00)
Income tax on other comprehensive income	(5 740 328,00)
Closing balance (unaudited)	**24 471 923,55**

As at 30 June 2013, there were no inefficiencies identified resulting from the applied cash flow hedge accounting.

20. Contingent assets and liabilities

20.1. Contingent liabilities and other security granted

Contingent liabilities and other securities granted as at the reporting date are presented in the table below:

Title	As at 30 June 2013 (unaudited)	As at 31 December 2012 (restated)
Contingent liabilities		
legal claims	116 380 015,07	144 065 627,81
other	13 454 360,21	13 440 666,74
Other security		
guarantees	5 883 145 204,25	476 787 827,79
sureties	509 091 320,00	8 585 220,00
bills of exchange	78 723 646,08	78 815 097,09
joint and several liability of ENERGA SA for the financial liabilities of Energa Group companies	181 489 240,20	185 867 338,49
Total	**6 782 283 785,81**	**907 561 777,92**

As at 30 June 2013 the Group reported mainly the following items as guarantees:

- guarantees issued by the banks acting on behalf of ENERGA – OBRÓT SA to business partners to cover liabilities under contracted trade agreements up to PLN 450 m;
- guarantee granted by ENERGA SA for the liabilities of Energa Finance AB (publ) under the Eurobonds issued for up to EUR 1,250 m.

In the current reporting period ENERGA SA granted to ENERGA – OBRÓT SA a surety for up to PLN 500 m for the obligations arising from the trade agreement.

In addition, other security granted by the Group disclosed as at 30 June 2013 include:

- sureties granted by ENERGA – OBRÓT SA for the obligations of ENERGA Slovakia s.r.o. arising from signed trade agreements;
- joint and several liability obligations of ENERGA SA for the financial liabilities incurred by the Group companies under loan agreements and agreements for the guarantees described in Note 23.1;

which were not disclosed in the financial statements for the comparative period. The comparative information presented in the table above has been restated accordingly.

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20.2. Contingent assets

In 2011, the Group recognised a contingent asset in association with the dispute described in note 23.5.

As at 30 June 2013 and as at 31 December 2012, the carrying value of such asset is PLN 27.9 m.

21. Business combinations

21.1. Acquisition of shares in Ciepło Kaliskie Sp. z o.o.

On 9 April 2013 the subsidiary ENERGA Kogeneracja Sp. z o.o. signed an agreement with the City of Kalisz to acquire a 90% stake in Ciepło Kaliskie Sp. z o.o. which manages an integrated heat distribution system in Kalisz and has a natural monopoly position on the market.

Fair value of acquired assets and liabilities as at the date of acquisition

Title	Fair value at the acquisition date (unaudited)
ASSETS	
Property, plant and equipment	38 390 753,40
Intangible assets	1 340,13
Trade receivables and other financial receivables	209 201,43
Cash and cash equivalents	2 355 670,66
Other current assets	54 858,96
TOTAL ASSETS	**41 011 824,58**
LIABILITIES	
Deferred income and non-current government grants	1 709 594,30
Trade and other financial liabilities	81 147,32
Other current liabilities	202 427,34
TOTAL LIABILITIES	**1 993 168,96**
Identifiable net assets at fair value	**39 018 655,62**

Goodwill on the acquisition

Title	Value at the acquisition date (unaudited)
Identifiable net assets at fair value	(39 018 655,62)
Non-controlling interests based on their proportionate interest in the recognised amounts of the net assets of acquired entity	4 721 257,33
Purchase price	45 743 925,00
Goodwill	**11 446 526,71**

The recognized goodwill results from the synergies and benefits expected from the combination of assets and operating areas of operation of Ciepło Kaliskie Sp. z o.o. with the operations of the Group.

Cash outflows in relation to the acquisition

Title	Six-month period ended 30 June 2013 (unaudited)
Expenses related to the acquisition of shares	(46 210 836,00)
Cash and cash equivalents acquired	2 355 670,66
Acquisition, net of cash acquired	**(43 855 165,34)**

Impact of acquisitions on the Group results

Since the date of the acquisition the Group's share in revenues and profit before tax of Ciepło Kaliskie Sp. z o.o. amounted to PLN 520 thousand and PLN (153) thousand respectively. If the combination had occurred as at the beginning of the year, the profit on continued operations of the Group would amount to approximately PLN 534,8 m and revenues from continued operations would amount to PLN 5,790 m.

Acquisition-related costs

Acquisition-related transaction costs incurred by the Group amounted to PLN 467 thousand and were recognised to the income statement as financial costs.

21.2. Acquisition of Dong Energy Wind Power A/S wind assets

On 19 February 2013 ENERGA Hydro Sp. z o.o. signed a preliminary purchase agreement for up to 100% of the shares in the companies making up the on-shore wind assets of Dong Energy Wind Power A/S in Poland as part of a consortium with the partner, Polska Grupa Energetyczna SA. The condition precedent to the transaction was obtaining, by way of a decision of the President of the Competition and Consumer Protection Office ("CCPO"), of consent for the concentration. CCPO's favourable decision was issued on 4 June 2013.

On 28 June 2013 the final sale agreement was entered into as a result of which the subsidiary ENERGA Hydro Sp. z o.o. acquired:

- 100% of the shares in Dong Energy Karcino Sp. z o.o.,
- 100% of the shares in Dong Energy Tuszyny Sp. z o.o.,
- 100% of the shares in Dong Energy Pancerzyn Sp. z o.o.,
- 100% of the shares in Dong Energy Gąsiorowo Sp. z o.o.,
- 100% of the shares in Dong Energy 3 Sp. z o.o.,
- 19% of the shares in Dong Energy Olecko Sp. z o.o.

After the acquisition of the foregoing entities ENERGA Group holds one active 51 MW wind farm and a portfolio of wind projects on different stages of development with an aggregate capacity of approximately 220 MW.

Fair value of acquired assets and liabilities as at the date of acquisition

Due to the fact that the acquisitions took place at the end of the current reporting period, work related to the determination of the fair value of the acquired assets and liabilities of the acquired entities over which the Group obtained control are not yet completed. Therefore these consolidated financial statements present only the estimated preliminary values of such items corresponding to their book value as at the date of acquisition.

Title	DONG Energy Karcino Sp. z o.o. (unaudited)	Other acquired companies (unaudited)	Total
ASSETS			
Property, plant and equipment	288 328 538,21	13 366 628,83	301 695 167,04
Intangible assets	-	562,50	562,50
Deferred tax assets	2 266 227,52	-	2 266 227,52
Other non-current assets	400 637,41	472 327,85	872 965,26
Inventories	3 903 139,42	-	3 903 139,42
Trade receivables and other financial receivables	1 988 180,90	-	1 988 180,90
Cash and cash equivalents	3 513 591,28	7 900 207,70	11 413 798,98
Other current assets	2 695 530,55	1 855 350,19	4 550 880,74
TOTAL ASSETS	**303 095 845,29**	**23 595 077,07**	**326 690 922,36**
LIABILITIES			
Non-current provisions	6 347 390,22	-	6 347 390,22
Deferred tax liabilities	2 255 172,87	-	2 255 172,87
Trade and other financial liabilities	1 253 060,93	522 176,62	1 775 237,55
Current loans and borrowings	194 059 697,63	868 259,37	194 927 957,00
Other current liabilities	34 015,44	1 684,00	35 699,44
TOTAL LIABILITIES	**203 949 337,09**	**1 392 119,99**	**205 341 457,08**
Identifiable net assets	**99 146 508,20**	**22 202 957,08**	**121 349 465,28**

Goodwill and bargain purchase gains arising from the acquisition

In accordance with the provisions of the preliminary agreement, for settlement purposes as at the date of acquisition, the initial purchase price of the entities over which the Group obtained control was agreed for the total amount of PLN 148,823 thousand. The final purchase price will depend on the actual level of net debt and net working capital of the acquired companies, determined as at the date of the acquisition, i.e. 28 June 2013.

Therefore the calculations of goodwill and bargain purchase gains from the acquisition are not final and will be adjusted after the final settlement of the transaction.

Title	DONG Energy Karcino Sp. z o.o. (unaudited)	Other acquired companies (unaudited)	Total
Identifiable net assets	(99 146 508,20)	(22 202 957,08)	(121 349 465,28)
Non-controlling interests at the proportionate share of the identifiable net assets	-	-	-
Purchase price	138 405 308,00	10 417 603,00	148 822 911,00
Goodwill	**39 258 799,80**	**8 330,65**	**39 267 130,45**
Gain on bargain purchase		**11 793 684,73**	**11 793 684,73**

The bargain purchase gains were recognised in the consolidated income statement as other operating income.

Cash outflows for the acquisition

Title	DONG Energy Karcino Sp. z o.o. (unaudited)	Other acquired companies (unaudited)	Total
Expenses related to the acquisition of shares	(152 563 735,18)		(152 563 735,18)
Cash and cash equivalents acquired	3 513 591,28	7 900 207,70	11 413 798,98
Acquisition, net of cash acquired			**(141 149 936,20)**

Impact of acquisitions on the Group results

If the combination had occurred as at the beginning of the year, the profit on continued operations of the Group would amount to approximately PLN 528,6 m and revenues from the continued operations would amount to PLN 5,802 m.

Acquisition-related costs

Acquisition-related transaction costs incurred by the Group by 30 June 2013 amounted to PLN 3.74 m and were recognised to the income statement as financial costs.

Items that are not part of the consideration paid for the acquired entity

Under the contractual arrangements relating to the acquisition of the shares, ENERGA Hydro Sp. z o.o. committed to pay the obligations of the acquired entities to Dong Energy Wind Power A/S (the seller). As a result a payment was made for PLN 194.9 m which corresponds to the estimated amount of the above liabilities as at 28 June 2013.

21.3. Consolidation of the production segment operations

In connection with the consolidation of the Group's activities in the production sector, the legal merger of the subsidiaries ENERGA Hydro Sp. z o.o. (acquiring company) and Energa Bio Sp. z o.o. (acquired company) was completed. The District Court Gdańsk – Północ in Gdańsk issued a decision on registration of the merger on April 3, 2013.

As the above mentioned mergers related to the subsidiaries of ENERGA SA, they did not affect the Group's assets, liabilities, revenues, expenses and cash flows presented in these consolidated financial statements.

22. Information on subsequent events

22.1. Agreement with the European Investment Bank

On 10 July 2013 ENERGA SA and its subsidiary ENERGA – OPERATOR SA signed a financing agreement for PLN 1 bn with the European Investment Bank ("EIB"). Funds received under the agreement will be used to finance the investment programme of ENERGA – OPERATOR SA for the years 2012-2015 which assumes, among others, the development of the distribution network and improvement of its effectiveness, including the implementation of advanced meters, as a part of a new "smart grid" solution.

The repayment period is 15 years from the date of drawing each tranche. The loan is unsecured and based on the customary contractual clauses. The borrower has the right to choose fixed or variable interest rates and PLN or EUR for individual tranches of the loan on terms and conditions laid down in the agreement.

22.2. Acquisition of shares in Iberdrola Renewables Polska Sp. z o.o.

On 31 July 2013 ENERGA Hydro Sp. z o.o. signed the final purchase agreements for shares in Iberdrola Renewables Polska Sp. z o.o. acting in a consortium with the partner, PGE Polska Grupa Energetyczna SA (see description in Note 23.2).

22.3. Privatisation process

In January 2013, the Minister of the State Treasury ("MST") decided to restart the process of privatisation of ENERGA SA. According to publicly available information, the intention of the MST is to sell a minority stake in ENERGA SA on the Warsaw Stock Exchange under an IPO-type transaction (Initial Public Offering).

As a result of proceedings aimed at selection of financial advisors, in July 2013 MST selected a syndicate of banks to run the IPO process of ENERGA SA. JP Morgan and UBS will act as global coordinators. The consortium also comprises such banks as: Citi Handlowy, UniCredit CAIB, Bank PKO BP, Banco Espirito Santo, Bank of America Merrill Lynch, IPOPEMA Securities, Dom Inwestycyjny BRE Banku and BNP Paribas.

The final decision of the MST regarding the date of the transaction will be subject to, inter alia, current market conditions.

22.4. Dispute with PSE SA

On 7 August 2013 the „Agreement on the terms of the settlement with PSE SA" was signed, in terms of which ENERGA – OPERATOR SA paid to PSE SA an amount of PLN 95.5 m (principal receivable amounts to PLN 62.5 m and statutory interest amounts to PLN 33.0 m) on 9 August 2013. A description of the dispute, ongoing from 2003, between the above parties is described in note 23.5.

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

23.1. Obtaining external funding

Eurobond issue process

As part of the EMTN medium-term Eurobond issue program for up to EUR1,000 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 maturing in 7 years and paying an annual coupon of 3.250%.

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 aimed at financing the investment program of ENERGA – OPERATOR SA for the period 2009 - 2012associated 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 1,011 m by 15 December 2025, to EBRD – PLN 742 m by 18 December 2021, to NIB – PLN 195 m by 15 June 2022.

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

On 26 June ENERGA SA and its subsidiary ENERGA – OPERATOR SA signed the loan agreement with EBRD for the amount of PLN 800 m under which the EBRD will provide PLN 400 m and the remainder will be covered by a consortium of two commercial banks: PKO Bank Polski SA and ING Bank Śląski SA.

Funds received under the agreement will be used to finance the investment programme of ENERGA – OPERATOR SA for the years 2012-2015 which includes development of the distribution network and improvement of its effectiveness, including the implementation of advanced meters, as part of a new "smart grid" solution.

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The final repayment date of the loan is 18 December 2024. The loan is unsecured and based on the customary contractual clauses. As at 30 June 2013 the loan was not used.

Domestic bond issue

In 2012 a domestic bond issue program for up to PLN 4,000 m was established. By 30 June 2013, as part of the program ENERGA SA issued 7-year bonds for the total amount of PLN 1,000 m. The issued bonds were introduced into trading on one of Catalyst markets – Alternatywny System Obrotu (ASO) platform operated by BondSpot SA.

On 28 June 2013 the Financial Supervision Authority received a prospectus filed in connection with the intention to apply for admission and introduction of the bonds issued by ENERGA SA to trading on a regulated Catalyst market operated by Giełda Papierów Wartościowych w Warszawie S.A. or BondSpot S.A. The Group's intention is to withdraw the bonds from trading on ASO and to transfer their trading to the regulated market as soon as possible.

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 m for the purchase of bonds issued by ENERGA Hydro 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 2013 the full amount of PLN 100 m was committed under the loan, of which PLN 90 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 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 2013 the amount of PLN 134.7 m was committed under the loan, of which PLN 119.7 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 2013 financing for PLN 26.3 m was committed of which PLN 8.2 m was actually used. The facilities expire on 29 June 2015.
4. master agreement for bank guarantees for ENERGA Group's companies with a total limit of PLN 10 m. As at 30 June 2013 the limit was used in the amount of PLN 5.3 m. The facilities 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 2013 the funding limit committed was not used. The facilities 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 total limit of PLN 200 m. As at 30 June 2013 the loan was not used. The loan is to be repaid by 12 October 2016;
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 (see Note 17). The aggregate use of the loan as at 30 June 2013 reached PLN 33 m. 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 m. As at 30 June 2013 the financing limit for PLN 149.2 m was committed of which PLN 4.8 m was actually used. The facilities 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 2013 the financing limit for PLN 18.4 m was committed of which PLN 2.3 m was actually used. The facilities 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 such financing is PLN 66 m.

23.2. Acquisition of shares in Iberdrola Renewables Polska Sp. z o.o.

On 26 February 2013, the subsidiary Energa Hydro Sp. z o.o. signed a preliminary agreement to acquire shares in Iberdrola Renewables Polska Sp. z o.o. ("Iberdrola"), as part of a consortium with PGE Polska Grupa Energetyczna SA ("PGE"), at the same time announcing about the intention to buy the remaining 25% of the shares held by the minority shareholder, EBRD. On 21 June 2013 ENERGA Hydro Sp. z o.o. together with PGE signed a preliminary agreement for the acquisition from EBRD of the 25% stake in Iberdrola.

The condition precedent to the transaction was obtaining, by way of a decision of the President of the Competition and Consumer Protection Office ("CCPO"), of consent for the concentration. CCPO's favourable decision was issued on 4 June 2013.

On 31 July 2013, the subsidiary Energa Hydro Sp. z o.o. signed a final agreements to acquire shares in Iberdrola Renewables Polska Sp. z o.o. Following the transaction, ENERGA Hydro Sp. z o.o. became the owner of 67.3% of the shares in the acquired company and now holds two operating wind farms with the capacity of 114 MW and a portfolio of wind projects at different stages of development with the total capacity of 1,186 MW.

According to the preliminary agreements, for the purpose of transaction settlement at of the acquisition date, the initial purchase price for the shares acquired by the Group amounts to PLN 803.889 thousand. The final purchase price will depend on the actual amount of net debt and net working capital of the acquired company calculated as of the acquisition date, i.e. 31 July 2013.

Taking into consideration the status of the purchase price allocation process, as at date of these condensed interim financial statements, the Group is not able to provide further disclosers as required by IFRS 3.B66.

23.3. Ostrołęka C Project

In 2012 the Group decided to suspend preparations for the construction of a coal unit in Ostrołęka. The reasons for suspending the project were, among others, difficulties in obtaining funding under the Project Finance formula and adverse conditions on the market of construction companies. In 2013 the Group was actively seeking for a partner interested in a joint implementation of the project or in a purchase thereof. Despite initial interest in participation in the project from a few prospective investors, the Group actually did not receive any satisfactory proposals. Currently the Group is considering alternative scenarios of further actions, including a reduction of the capacity of the unit in Ostrołęka, a switch to a gas fuel or suspension of the project.

23.4. Restructuring of the Group

As part of the efforts aimed at optimizing the Group structure in the current reporting period the following activities were undertaken:

- On 3 April 2013 the merger of the companies ENERGA Bio Sp. z o.o. and ENERGA Hydro Sp. z o.o. was registered (see description in Note 21.3);
- In June 2013 the share capital of RGK Sp. z o.o. was raised by PLN 783,0 thousand and covered by a contribution in kind in the form of minority shares and holdings by ENERGA SA;
- On 7 June 2013 the share capital increase at ENERGA Kogeneracja Sp. z o.o. by PLN 48.5 million, in return for a contribution in kind in the form of shares in ENERGA Elektrociepłownia Kalisz S.A and ENERGA OPEC Sp. z o.o. and cash contribution by ENERGA SA and ENERGA Elektrownie Ostrołęka SA was registered in the National Court Register;
- ENERGA – OPERATOR SA initiated activities aimed at selling the shares in the subsidiaries providing supporting services for the Distribution System Operator's business, i.e. designing and specialized power construction and production of power devices (see description in Note 16);
- Following the implementation of the plan for integrated services related to maintenance and use of non-power real estates (the so called Facility Management) of ENERGA – OPERATOR SA on 4 July 2013 the following two companies were established: DGP PROVIDER Sp. z o.o. and EKOTRADE SERWIS FM Sp. z o.o. Separate processes associated with the provision of these services along with their supporting employees will be assigned to the newly created entities. It is planned that the companies will ultimately be sold to sector investors.
- Following the completion of the compulsory purchase procedures for the shares in ENERGA – OPERATOR SA from minority shareholders, in July 2013 ENERGA SA became the sole shareholder of the company.

23.5. Dispute with PSE S.A. and PKN ORLEN S.A.

In July 2003 PSE S.A. (previously PSE – Operator S.A.) filed a court action against ENERGA – OPERATOR SA (previously Zakład Energetyczny Płock S.A. hereinafter referred to as „EOP") for the payment of PLN 62.5 m as charges for transmission services. When responding 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 25 June 2008 the judgment dismissing the action of EOP was pronounced. On 2 September 2008 EOP appealed against the judgment to the Court of Appeal in Warsaw. On 10 September 2009 the Court of Appeal in its judgment modified the appealed judgment so that the amount of PLN 46.2 m was awarded from PKN ORLEN SA to EOP together with statutory interest and awarded the reimbursement of the costs of proceedings. On 30 September 2009 PKN paid the entire awarded amount including interest, i.e. PLN 75.6 m and reimbursed the costs of proceedings. However, PKN filed a cassation appeal to the Supreme Court against that judgement. On 28 January 2011 the Supreme Court repealed the judgment of the Court of Appeal and returned the case to that court for re-examination. After re-examining the case, the Court of Appeal, in the judgment of 4 August 2011, repealed the judgment of the Regional Court dismissing the action of EOP and returned the case to that court for re-examination. As a result, the basis for the consideration paid by PKN to EOP ceased to exist. In view of the above, EOP returned the awarded amount together with the costs of the proceedings to PKN. At present, taking into account the procedural status of the case it can be assumed that EOP action against PKN is justified, and only the amount thereof is in dispute. As at the date of these financial statements, no final decisions were issued in that case.

In the action filed by PSE S.A. the Regional Court in Warsaw by the judgment of 25 March 2008 awarded from EOP to PSE the amount of PLN 62.5 m together with due interest. EOP appealed against the judgment but the appeal was dismissed by the Court of Appeal in the judgment of 19 March 2009. On 30 July 2009 EOP filed a cassation appeal to the Supreme Court against that judgment, which in the judgment of 26 March 2010 repealed the appealed judgment of the Court of Appeal and returned the case for re-examination. On 21 September 2011 the Court of Appeal, after re-examining the case and considering guidelines of the Supreme Court, changed the judgment of the Regional Court of 25 March 2008 and dismissed the action of PSE S.A. in its entirety awarding to EOP the amount of PLN 123 m as a reimbursement of the payment made by EOP pursuant to the judgment of 25 March 2008.

The judgment was appealed against by cassation appeals filed by both parties. On 11 January 2013 there was a hearing before the Supreme Court when the Court examined the appeals. As a result of the hearing the Supreme Court:

- dismissed the appeal by EOP and
- admitted the appeal by PSE and repealed the judgment of the Court of Appeal of 21 September 2011 and returned the case to that court for re-examination.

Considering the hitherto existing developments of the case, their duration and distant perspective of reaching final verdict, the Parties decided to start negotiations in order to amicably settle the dispute. On 16 May 2013 the "Agreement on starting negotiations to reach a settlement of the court dispute" was signed. Following their accession to the negotiations PSE S.A. together with EOP applied to the Court for a suspension of the proceedings until the conclusion of the negotiations with a possible settlement. On 14 and 20 May 2013 two negotiating meetings were held which were aimed at agreeing the terms of such settlement. On 2 August 2013 „Agreement on the terms of the settlement with PSE S.A." was signed, according to which on 9 August 2013 ENERGA – OPERATOR SA paid to PSE S.A. an amount of PLN 95.5 m (principal receivable amounts to PLN 62.5 m and statutory interest amounts to PLN 33.0 m, as at 30 June 2013 a provision for the total amount was recognised).

Director of the Consolidated Reporting Department
Marek Pertkiewicz
23. 08. 2013
(date and signature)

Director of the Finance Management Center
Aleksandra Gajda – Gryber
(date and signature) 23. 08. 2013

President of the Management Board
Mirosław Bieliński
(date and signature) 23. 08. 2013

Executive Vice-President of the Management Board
Chief Financial Officer
Roman Szyszko
(date and signature) 23. 08. 2013

Executive Vice-President of the Management Board
Strategy and Investments
Wojciech Topolnicki
(date and signature)
23. 08. 2013