



Energa

ENERGA SA

**Condensed Interim Financial Statements prepared in accordance with IAS 34
for the nine-month period ended 30 September 2013**

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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited) (restated)
Continuing operations		
Sales of services	51 242 600,38	33 200 498,76
Rental income	1 012 564,25	1 752 542,20
Revenue	52 255 164,63	34 953 040,96
Cost of sales	48 576 424,20	32 665 295,38
Gross profit	3 678 740,43	2 287 745,58
Other operating income	6 234 871,49	5 782 219,44
General and administrative expenses	66 727 700,02	61 376 707,84
Other operating expenses	3 560 660,63	1 072 533,62
Financial income	875 405 289,55	932 981 016,15
Financial costs	269 718 626,03	114 397 050,80
Profit before tax	545 311 914,79	764 204 688,91
Income tax	5 339 824,38	(8 142 131,73)
Net profit on continuing operations	539 972 090,41	772 346 820,64
Discontinued operations and assets classified as held for sale		
Net profit on disposal of assets classified as held for sale	-	15 198 274,34
Net profit for the period	539 972 090,41	787 545 094,98

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited) (restated)
Net profit for the period	539 972 090,41	787 545 094,98
<i>Items that are or may be reclassified subsequently to profit or loss</i>	28 272 747,00	-
Cash flow hedges	34 904 625,92	-
Income tax on items that are or may be reclassified subsequently to profit and loss	(6 631 878,92)	-
<i>Items that never be reclassified to profit or loss</i>	13 015,08	-
Actuarial gains and (losses) on defined benefit plans	16 068,00	-
Income tax on items that will never be reclassified to profit or loss	(3 052,92)	-
Net other comprehensive income	28 285 762,08	-
Total comprehensive income	568 257 852,49	787 545 094,98

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Mirosław Bieliński


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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As at 30 September 2013 (unaudited)	As at 31 December 2012
ASSETS		
Non-current assets		
Property, plant and equipment	8 657 233,83	7 256 296,79
Investment properties	11 166 810,55	11 736 140,62
Intangible assets	29 283 010,11	26 986 742,90
Investments in subsidiaries and associates at cost	5 999 479 701,10	5 953 106 101,19
Other investments	-	550 990,00
Bonds	4 091 851 272,27	3 147 729 794,87
Finance lease receivables	22 469 871,10	28 114 557,21
Other financial assets	197 018 913,05	133 165 221,41
Deferred tax assets	-	10 652 498,22
Hedging derivatives	50 368 796,18	-
Other non-current assets	30 306 595,36	21 713 630,81
	10 440 602 203,55	9 341 011 974,02
Current assets		
Inventories	480 035,58	496 103,77
Current tax receivables	-	1 379 915,00
Trade receivables and other financial receivables	22 344 016,22	22 600 154,06
Shares	1 000 000,00	11 119 000,00
Bonds	345 739 507,93	232 940 808,43
Cash and cash equivalents	815 330 654,82	688 261 373,32
Other current assets	30 735 547,95	67 628 426,67
	1 215 629 762,50	1 024 425 781,25
Assets classified as held for sale	20 500 111,40	-
TOTAL ASSETS	11 676 732 077,45	10 365 437 755,27

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 September 2013 (unaudited)	As at 31 December 2012
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	4 521 612 884,88	4 968 805 368,00
Supplementary capital	521 490 425,42	471 235 040,86
Reserve capital	447 192 483,12	-
Cash flow hedge reserve	28 272 747,00	-
Retained earnings	584 081 458,21	591 232 274,08
Total equity	6 102 649 998,63	6 031 272 682,94
Non-current liabilities		
Loans and borrowings	3 898 169 474,84	2 000 547 056,48
Bonds issued	1 060 926 486,76	1 079 219 213,53
Non-current provisions	831 005,00	908 370,00
Deferred tax liabilities	1 322 258,00	-
Deferred income and non-current government grants	63 536 434,07	67 974 842,03
	5 024 785 658,67	3 148 649 482,04
Current liabilities		
Trade and other financial liabilities	13 349 010,37	23 911 169,85
Current loans and borrowings	266 769 974,33	349 490 913,13
Bonds issued	13 834 966,05	580 212 136,99
Deferred income and government grants	8 251 846,93	8 611 438,90
Accruals	6 571 674,63	4 352 518,23
Provisions	707 151,86	161 659,00
Other current liabilities	239 811 795,98	218 775 754,19
	549 296 420,15	1 185 515 590,29
Total liabilities	5 574 082 078,82	4 334 165 072,33
TOTAL EQUITY AND LIABILITIES	11 676 732 077,45	10 365 437 755,27

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Condensed Interim Financial Statements
as at and for the period of 9 months ended 30 September 2013 (in PLN)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Reserve capital	Cash flow hedge reserve	Retained earnings	Total equity
As at 1 January 2013:	4 968 805 368,00	471 235 040,86	-	-	591 232 274,08	6 031 272 682,94
Cash flow hedges	-	-	-	28 272 747,00	-	28 272 747,00
Net profit for the period	-	-	-	-	539 972 090,41	539 972 090,41
Actuarial gains and (losses) on defined benefit plans	-	-	-	-	13 015,08	13 015,08
Total comprehensive income for the period	-	-	-	28 272 747,00	539 985 105,49	568 257 852,49
Retained earnings distribution	-	50 255 384,56	-	-	(50 255 384,56)	-
Dividends	-	-	-	-	(496 880 536,80)	(496 880 536,80)
Reduction of share capital	(447 192 483,12)	-	447 192 483,12	-	-	-
As at 30 September 2013 (unaudited)	4 521 612 884,88	521 490 425,42	447 192 483,12	28 272 747,00	584 081 458,21	6 102 649 998,63

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Reserve capital	Cash flow hedge reserve	Retained earnings	Total equity
As at 01 January 2012:	4 968 805 368,00	362 500 154,89	-	798 775 936,53	6 130 081 459,42
Net profit for the period	-	-	-	787 545 094,98	787 545 094,98
Total comprehensive income for the period	-	-	-	787 545 094,98	787 545 094,98
Retained earnings distribution	-	108 734 885,97	-	(108 734 885,97)	-
Dividends	-	-	-	(645 944 697,84)	(645 944 697,84)
As at 30 September 2012 (unaudited, restated)	4 968 805 368,00	471 235 040,86	-	831 641 447,70	6 271 681 856,56

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CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited) (restated)
Cash flows from operating activities		
Profit before tax	545 311 914,79	764 204 688,91
Profit on disposal of assets classified as held for sale	-	15 198 274,34
Adjustments for:	(597 990 929,09)	(784 044 162,26)
Foreign currency gains/(losses)	9 491 897,73	
Amortisation and depreciation	4 907 016,30	5 811 953,46
Net interest and dividends	(650 841 507,35)	(827 397 316,57)
(Profit)/loss on investing activities	60 937 443,45	(17 635 732,87)
Change in receivables	10 326 750,78	4 506 240,82
Change in inventories	16 068,19	(70 926,26)
Change in payables excluding loans and borrowings	(8 948 662,91)	55 167 347,06
Change in prepayments and accruals	(24 364 131,15)	(5 017 442,13)
Change in provisions	484 195,87	591 714,23
Income tax paid	(1 379 915,00)	800 452,00
Net cash from operating activities	(54 058 929,30)	(3 840 747,01)
Cash flows from investing activities		
Disposal of property, plant and equipment and intangible assets	38 699,23	52 280,86
Purchases of property, plant and equipment and intangible assets	(13 681 477,50)	(26 675 057,44)
Disposal of other financial assets	212 709 687,50	26 232 360,00
Purchase of other financial assets	(1 354 364 721,51)	(582 448 220,33)
Dividends received	686 887 669,32	822 956 139,05
Interest received	118 174 945,95	106 085 676,04
Other	7 505 766,80	8 341 459,89
Net cash from investing activities	(342 729 430,21)	354 544 638,07

CONDENSED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited) (restated)
Cash flows from financing activities		
Repurchase of bonds issued	(580 000 000,00)	-
Payment of finance lease liabilities	(234 804,57)	(265 269,56)
Proceeds from loans and borrowings	2 080 764 000,00	636 100 670,62
Repayment of loans and borrowings	(174 382 239,36)	-
Dividends paid	(495 409 488,46)	(645 705 160,16)
Interest paid	(181 674 428,49)	(98 899 653,61)
Net cash from financing activities	649 063 039,12	(108 769 412,71)
Net increase/(decrease) in cash and cash equivalents	252 274 679,61	241 934 478,35
Cash and cash equivalents at the beginning of the period	554 015 176,02	124 267 146,97
Cash and cash equivalents at the end of the period	806 289 855,63	366 201 625,32

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26 PAŹ. 2013

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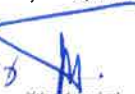
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ACCOUNTING PRINCIPLES (POLICIES) AND NOTES

1. General information

These condensed interim financial statements of ENERGA SA cover the period from 1 January to 30 September 2013 and include comparative information at 31 December 2012 for the condensed interim statement of financial position and for the period from 1 January to 30 September 2012 for the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity.

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

The Company has been given the statistical number REGON 220353024.

The Company's core business is holding business.

As at 30 September 2013, the Company's controlling entity was the State Treasury.

2. Basis for preparation of the financial statements

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

These condensed interim financial statements are presented in zloty ("PLN"), and all amounts are stated in PLN, unless otherwise indicated.

These condensed interim financial statements have been prepared based on the assumption that the Company 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 Company to continue its business activities as a going concern.

2.1. Statement of compliance

These condensed interim financial statements of ENERGA SA have been prepared in accordance with the International Accounting Standard 34 "Interim financial reporting" as adopted by the European Union. They do not contain all the information required in the full financial statements according to IFRS, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the most recent annual financial statements as at and for the year ended 31 December 2012.

2.2. Functional and presentation currency

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

3. Estimates

During the periods covered by these condensed interim 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 financial statements in accordance with IAS 34 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.

4. 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 ENERGA SA 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),
- 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),

- 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 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 Company, except for the following:

- application of the first phase of IFRS 9 will affect the classification and measurement of the Company's financial assets. The Company will assess this impact in combination with other phases, when published, to present a coherent assessment.

5. Significant accounting policies

In preparing these condensed interim financial statements the same generally accepted accounting principles were applied as those used in preparing the annual 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 Company has also implemented hedge accounting.

5.1. Amendments to standards and interpretations adopted by the EU applicable to the accounting periods beginning on or after 1 January 2013

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

ENERGA SA has not elected the early application of any standard, interpretation or amendment already published but not yet effective.

5.2. Hedge accounting

Hedging derivatives and hedge accounting

The Company has implemented the cash flow hedge accounting in order to eliminate accounting mismatches resulting from derivative-based hedges against the future cash flows related to foreign currency loans.

The Company may decide to designate selected derivatives as hedges under cash flow hedge for identified hedge relationship. The Company 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 Company 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 recognized 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 Company 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 Company 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 Company applies the following presentation:

- the effective portion of any change in the valuation of Cross Currency Interest Rate Swap (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.

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

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

The financial result for 3 quarters of 2013 includes all the dividends due to ENERGA SA from its subsidiaries for 2012.

7. Property, plant and equipment and intangible assets

In the 9 month period ended 30 September 2013, the Company:

- incurred expenditures in the amount of PLN 2,673,878.17 towards property, plant and equipment and PLN 10,336,249.52 towards intangible assets (including ones that have not yet been commissioned for use),
- acting as a lessor, handed over intangible assets worth PLN 670,000.00 under a lease agreement.

8. Cash and cash equivalents

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

	As at 30 September 2013 (unaudited)	As at 30 September 2012 (unaudited)
Cash at bank and in hand	7 568 339,00	(176 307 637,28)
Short-term deposits up to 3 months	340 339 815,17	7 807,19
Participation units in Energa liquidity funds	467 422 500,65	544 121 661,88
Total cash and cash equivalents presented in the statement of financial position, including:	815 330 654,82	367 821 831,79
Unrealised exchange rate differences and interest	(9 040 799,19)	(1 620 206,47)
Total cash and cash equivalents presented in the statement of cash flows	806 289 855,63	366 201 625,32

9. Assets classified as held for sale

As at 30 September 2013, non-current assets held for sale was PLN 20,500,111.40. The balance sheet item consists of shares in a company named Oświeetlenie Uliczne i Drogowe.

Oświeetlenie Uliczne i Drogowe Sp. z o.o. (OUIID) submitted a proposal to repurchase its shares held by ENERGA SA for the purpose 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 Oświeetlenie 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 OUIID shares by ENERGA SA. The a/m shares are expected to be sold in the fourth quarter of 2013.

10. Dividend

	Six-month period ended 30 September 2013 (unaudited)	Six-month period ended 30 September 2012 (unaudited)
Declared and paid during the period		
dividend declared for payment	496 880 536,80	645 944 697,84
dividend paid	495 409 488,46	645 705 160,16

11. Provisions

ENERGA SA raise 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 September 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, which was assumed at 4.42%.

	Post-employment benefits	Jubilee bonuses	TOTAL
As at 1 January 2013:	365 753,00	704 276,00	1 070 029,00
Current service cost	(56 010,00)	31 098,00	(24 912,00)
Actuarial gains and losses	(16 068,00)	(14 402,00)	(30 470,00)
Benefits paid	(819,00)	(172 517,00)	(173 336,00)
Interest cost	10 342,00	21 055,00	31 397,00
Other changes	-	-	-
As at 30 September 2013 (unaudited)	303 198,00	569 510,00	872 708,00
Short-term as at 30 September 2013 (unaudited)	34 041,00	7 662,00	41 703,00
Long-term as at 30 September 2013 (unaudited)	269 157,00	561 848,00	831 005,00

12. Investment commitments

On 24 June 2013 ENERGA SA signed an agreement with Infovide-Matrix S.A. for the development and implementation of the sales support system, including billing and customer relationship management systems (CRM, *Customer Relationship Management*) in the ENERGA Group and on the provision of warranty and repair services for that system. Under such agreement, the Company undertook to incur the following expenditures for property, plant and equipment and intangible assets for the total amounts of PLN 5,494,429.00 and PLN 63,197,110.00, respectively.

ENERGA SA and ENERGA – OPERATOR SA concluded agreements in a different form on the funding of investment processes. Commitments resulting from such agreements are described in note 17.

On 25 February 2009 ENERGA SA and ENERGA Elektrownie Ostrołęka SA became a strategic investor in Ostrołęckie Przedsiębiorstwo Energetyki Ciepłej Sp. z o. o. The acquired shares represent in total 99,88% of the share capital of OPEC Sp. z o. o. ENERGA SA holds 29.7% of the share capital. The agreement assumes that an investment program relating to the development of the heating will be carried out in the city of Ostrołęka. ENERGA SA and ENERGA Elektrownie Ostrołęka SA made a commitment that, within 10 years they will invest

no less than PLN 320 million in development of the distribution network and in heat production. By 30 September 2013, the capital expenditures of PLN 98.5 m were incurred.

13. Transactions with related entities

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

13.1. 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.

Remuneration paid to members of the ENERGA SA Management and Supervisory Boards in the current period was PLN 2,853,233.42 (PLN 867,422.97 in the same period of 2012).

13.2. Transactions involving State Treasury companies

In 2013, the main transactions involving State Treasury companies related to the purchase of fuel.

13.3. Transactions with affiliated companies

Subsidiaries	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited, restated)
Net revenues from sale of products, goods and materials	51 248 030,89	34 002 878,18
Costs of purchase	14 926 171,35	7 110 853,66
Other operating income	1 273 773,86	712 280,86
Other operating expenses	15 547,46	13 749,52
Financial income	831 100 667,49	930 467 441,32
Financial costs	44 729 171,02	679 279,79

	As at 30 September 2013 (unaudited)	As at 31 December 2012
Long-term receivables	22 469 871,10	28 114 557,21
Trade receivables due within 12 months	11 223 884,69	13 763 387,21
Other receivables	8 390 807,93	54 470 454,84
Non-current liabilities	2 103 933 700,00	-
Current liabilities	2 164 351,70	2 933 240,64
Other liabilities	235 697 297,17	788 842 507,54

Associates and other entities	Six-month period ended 30 September 2013 (unaudited)	Six-month period ended 30 September 2012 (unaudited, restated)
Costs of purchase	2 057 235,91	1 649 477,70
Net revenues from sales of products, goods and materials	306,00	68,00

	As at 30 September 2013 (unaudited)	As at 31 December 2012
Short-term trade liabilities due within 12 months	803,99	775,30
Trade receivables due within 12 months	41,82	41,82

14. Financial instruments

14.1. Carrying value of financial instruments by category and class

	As at 30 September 2013 (unaudited)	As at 31 December 2012
Classes of financial instruments		
Shares and holdings	-	2 139 990,00
Bonds, treasury bills and other debt instruments	4 437 590 780,20	3 380 670 603,30
Trade and other receivables	13 496 378,22	13 818 678,13
Cash and cash equivalents, including:	815 330 654,82	688 261 373,32
Units of participation in the ENERGA Trading SFIO fund	467 422 500,65	436 336 466,39
Capital contributions	197 018 913,05	133 165 221,41
Receivables from sale of property, plant & equipment and intangible assets	467 724,38	245 661,22
Receivables from sale of shares	-	45 930 000,00
Hedging derivatives (assets)	50 368 796,18	-
Total assets	5 514 273 246,85	4 264 231 527,38
Loans and borrowings	4 164 939 449,17	2 350 037 969,61
Bonds issued	1 074 761 452,81	1 659 431 350,52
Trade and other payables	11 434 208,50	17 614 267,15
Liabilities from the purchase of shares	189 825 000,00	216 135 300,00
Other financial liabilities	46 454 226,81	1 009 178,47
Liabilities from purchase of property, plant & equipment and intangible assets	1 914 801,87	6 296 902,70
Total liabilities	5 489 329 139,16	4 250 524 968,45
Categories of financial instruments		
Financial assets measured at fair value through profit or loss	815 330 654,82	690 401 363,32
Hedge derivatives	50 368 796,18	-
Investments held to maturity	4 437 590 780,20	3 380 670 603,30
Loans and receivables	210 983 015,65	193 159 560,76
Total assets	5 514 273 246,85	4 264 231 527,38
Financial liabilities measured at amortised cost	5 489 329 139,16	4 250 524 968,45
Total liabilities	5 489 329 139,16	4 250 524 968,45

14.2. Fair value of financial instruments

The book value of the following financial assets and liabilities carried at adjusted purchase price:

- investments held-to-maturity, based on variable interest rates,
- loans granted, receivables and other financial liabilities,

is a reasonable approximation of their fair value.

The financial assets listed below are carried at fair value:

- financial assets carried at fair value through profit or loss,
- hedge derivatives.

For non-listed shares and debt securities there is no active market, nor is it possible to apply to them any other valuation techniques providing reasonable output values, therefore the Company is not able to determine the range of their possible fair values. The table below analyses fair value measurements for financial assets and financial liabilities categorised into three level hierarchy:

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

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

Title	As at 30 September 2013 (unaudited)		
	Level 1	Level 2	Level 3
Assets			
Units of participation in the ENERGA Trading SFIO fund	-	467 422 500,65	-
Hedging derivatives (CCIRS)	-	50 368 796,18	-

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 5.

14.3. List of companies where the entity holds at least 20% of shares in the capital or of the total number of votes in the company's decision-making body; the list should contain information about the percentage of shares, the degree of participation in management

Company name	Registered office	The company's share capital	Share of ENERGA SA in the share capital (%)	Share of ENERGA SA in the total number of votes (%)	Share of ENERGA SA in the management (%)
		[PLN]			
ENERGA-OPERATOR SA	Gdańsk	4 471 125 317,11	100,00	100,00	100,00
ENERGA Elektrownie Ostrołęka SA	Ostrołęka	411 737 869,11	89,38	89,38	89,38
ENERGA Kogeneracja Sp. z o.o.	Elbląg	105 623 485,75	78,00	78,00	100,00
ENERGA - OBRÓT SA	Gdańsk	323 331 701,80	100,00	100,00	100,00
ENERGA Invest SA	Gdańsk	26 139 184,40	100,00	100,00	100,00
ENERGA Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	4 342 467,46	100,00	100,00	100,00
ENERGA Hydro Sp. z o.o.	Straszyn	169 027 507,64	100,00	100,00	100,00
Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. w likwidacji	Straszyn	6 643 747,55	100,00	100,00	100,00
ZEP - MOT Sp. z o.o.	Płock	0,00	100,00	100,00	100,00
KONGRES Sp. z o.o. w likwidacji	Nowe Rumunki	493 121,72	100,00	100,00	100,00
Energa Innowacje Sp. z o.o.	Gdańsk	5 002 000,00	50,01	50,01	100,00
Ekologiczne Materiały Grzewcze Sp. z o.o.	Gdańsk	16 802 181,90	100,00	100,00	100,00
Elektrownia Ostrołęka SA	Ostrołęka	268 119 559,77	100,00	100,00	100,00
ENERGA Informatyka i Technologie Sp. z o.o.	Gdańsk	32 415 700,00	100,00	100,00	100,00
ENERGA Finance AB	Sztokholm	85 307 853,00	100,00	100,00	100,00
Breva Sp. z o.o.	Gdańsk	26 151 947,85	100,00	100,00	100,00
Elektrownia CCGT Gdańsk Sp. z o.o.	Gdańsk	19 600 385,52	100,00	100,00	100,00
Elektrownia CCGT Grudziądz Sp. z o.o.	Grudziądz	18 100 385,52	100,00	100,00	100,00
AEGIR 5 Sp. z o.o.	Gdańsk	7 500 000,00	99,34	99,34	100,00
SOEN Sp. z o.o.	Grudziądz	1 000 000,00	48,50	48,50	48,50
Oświetlenie Uliczne i Drogowe Sp. z o.o.	Kalisz	20 500 111,40	42,20	42,20	42,20
RGK Sp. Z o.o.	Gdańsk	0,00	100,00	100,00	100,00

ENERGA SA's participation in management is different from ENERGA SA's share in the overall number of votes, since ENERGA SA manages companies through shares held by subsidiaries in the ENERGA SA Group. The above list does not present companies where the share of ENERGA SA in share capital is less than 20% and accordingly it does not include shares with the aggregated carrying value of PLN 2,015,285.00.

Shares in subsidiaries and associates are measured in accordance with IAS 27 at their purchase price.

The value of shares specified in the table above is the value at purchase price minus impairment write-offs.

As at 30 September 2013, the total amount of impairment write-offs for shares was PLN 257,968,094.30. The value of the write-offs, broken down to individual companies, is presented in note 14.4.

14.4. Revaluation write-offs for non-financial assets

Impairment write-downs of shares and holdings	As at 1 January 2013	Raise	Use	Release	As at 30 September 2013
Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o. w likwidacji	22 775 258,93	-	-	-	22 775 258,93
ZEP-MOT Sp. z o.o.	5 657 861,44	2 023 500,00	-	-	7 681 361,44
Energa BIO Sp. z o.o.	9 054 906,19	-	-	(9 054 906,19)	-
Energa Informatyka i Technologie Sp. z o.o.	4 813 132,76	-	-	-	4 813 132,76
RGK Sp. z o.o.	-	654 390,00	-	-	654 390,00
ENERGA Elektrownie Ostrołęka SA	-	72 330 000,00	-	-	72 330 000,00
Elektrownia Ostrołęka SA	126 980 620,23	-	-	-	126 980 620,23
Chłodnia Olsztyn Sp. z o.o.	509 243,02	-	(410 843,02)	(98 400,00)	-
SOEN sp. z o.o.	3 036 887,13	-	-	-	3 036 887,13
Oświetlenie Uliczne i Drogowe Sp. z o.o.	31 666 555,21	-	-	(11 970 111,40)	19 696 443,81
Biuro Handlowo Usługowe SA	1 192 979,74	924 000,00	(2 116 979,74)	-	-
SIDEN Sp. z o.o.	739 054,44	-	-	(739 054,44)	-
Total impairment write-downs of shares and holdings	206 426 499,09	75 931 890,00	(2 527 822,76)	(21 862 472,03)	257 968 094,30

Impairment write-downs of capital contributions	As at 1 January 2013	Raise	As at 30 September 2013
RGK Sp. z o.o.	18 334 778,59	7 039 027,84	25 373 806,43
ZEP-MOT Sp. z o.o.	-	3 782 600,00	3 782 600,00
Total impairment write-downs of capital contributions	18 334 778,59	10 821 627,84	29 156 406,43

Impairment test for shares in ENERGA Elektrownie Ostrołęka SA

In view of evidence found in relation to the subsidiary ENERGA Elektrownie Ostrołęka SA indicating a possible decrease in the value of the company's shares, an impairment test was carried out as at 31 March 2013.

The impairment test 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 CO2 allowances and the impact of the balance of demand and supply of electricity in the market, paths for prices of certificates of origin, on the basis of latest available report prepared by an independent agency for the Polish market as at 31 December 2012,
- CO2 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 from 1 April 2013 to 31 December 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.

As a result of the tests carried out on 31 March 2013, it was determined that an impairment write-off for the value of ENERGA Elektrownie Ostrołęka shares was required. Accordingly, a revaluation write-off of PLN 72,330,000.00 was made for the value of ENERGA Elektrownie Ostrołęka SA shares.

Equity investments in other companies

As a result of a merger between ENERGA BIO Sp. z o.o. and ENERGA Hydro Sp. z o.o., which was registered on 3 April 2013, the justification for impairment of ENERGA BIO Sp. z o.o. shares held by ENERGA SA ceased. Accordingly, the revaluation write-off for the value of those shares, in the amount of PLN 9,054,906.19, was dissolved.

After the sale of BHU SA shares, the revaluation write-off of PLN 2,116,979.74 was utilized.

As at 30 September 2013, ENERGA SA recognized an additional revaluation write-off in the total amount of PLN 7,693,417.84 concerning the shares it held in RGK Sp. z o.o. in the amount of PLN 654,390.00 and capital contributions to that company in the amount of PLN 7,039,027.84. As at 30 September 2013, the carrying amount of capital contributions to RGK Sp. z o.o. was PLN 21,326,193.57, while shares of RGK Sp. z o.o. are fully covered by the revaluation write-off.

In 2013, ENERGA SA took actions with respect to ZEP-MOT Sp. z o.o. aimed at selling all of the company's operations to a buyer from outside of the ENERGA Group. For this purpose, development of a concept for further steps and valuation of the company and the individual organized parts of the undertaking was commissioned. Following this valuation, impairment of assets held by ENERGA SA was found and an additional revaluation write-off was recognized in the aggregated amount of PLN 5,806,100.00, for shares held in the amount of PLN 2,023,500.00 and capital contributions in the amount of PLN 3,782,600.00. By 30 September 2013, no disposal plan or an active buyer search program have been developed.

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, which is discussed in note 9.

The remuneration set for the redemption of shares exceeded their carrying amount in ENERGA SA's ledgers. Accordingly, part of the revaluation write-off for OUiD's shares, in the amount of PLN 11,970,111.40 was reversed in order to equalize the carrying amount of those shares with their sale price.

14.5. Financial assets held to maturity

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

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

	As at 30 September 2013 (unaudited)	As at 31 December 2012
ENERGA-OPERATOR SA	2 936 227 125,45	3 057 280 118,64
ENERGA Hydro Sp. z o.o.	1 198 151 289,85	89 567 222,99
ENERGA Elektrownie Ostrołęka SA	167 231 143,41	99 136 178,82
ENERGA Kogeneracja Sp. z o.o.	135 981 221,49	134 687 082,85
Total, including:	4 437 590 780,20	3 380 670 603,30
Long-term	4 091 851 272,27	3 147 729 794,87
Short-term	345 739 507,93	232 940 808,43

14.6. Loans and borrowings

Loans and borrowings incurred as at 30 September 2013

	As at 30 September 2013 (unaudited)	
Currency	PLN	EUR
Reference Rate	WIBOR, Rediscount rate	Fixed
Value of the loan/ borrowing		
in currency	2 059 936 710,05	499 253 549,11
in PLN	2 059 936 710,05	2 105 002 739,12
Of which, repayable:		
up to 1 year (short-term)	265 700 935,21	1 069 039,12
1 to 2 years	254 339 055,14	-
2 to 3 years	328 306 218,75	-
3 to 5 years	440 397 443,54	-
over 5 years	771 193 057,41	2 103 933 700,00

Detailed information on contracted external financing is set out in Note 17.

14.7. Liabilities under notes issued

Liabilities under notes issued as at 30 September 2013

	As at 30 September 2013 (unaudited)
Currency	PLN
Reference Rate	WIBOR
Value of the issue	
in currency	1 074 761 452,81
in PLN	1 074 761 452,81
of which, repayable:	
up to 1 year (short-term)	13 834 966,05
1 to 2 years	7 355 552,02
2 to 3 years	7 432 616,02
3 to 5 years	14 735 223,94
over 5 years	1 031 403 094,78

Detailed information on issued notes is set out in Note 17.

14.8. Cash flow hedge accounting

The special purpose vehicle ENERGA AB (publ) (the issuer of Eurobonds – see description in Note 17) and ENERGA SA signed two loan agreements denominated in EUR for the total amount of EUR 499,000,000.00. In order to hedge future cash flow under these loans, the Company concluded CCIRS transactions.

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

As the hedge the Company designated CCIRS transactions under which the Company receives fixed-rate cash flows in EUR and pays fixed-rate cash flows in PLN. Cash flows received by the Company correspond with the cash flows under the intra-group loans. The Company expects that the hedged cash flows will continue from September 2013 to March 2020.

The fair value of the hedge at 30 September 2013 was PLN 50,368,796.18.

Under the cash flow hedge accounting the Company recognised PLN 28,272,747.00 during the reporting period in the revaluation reserve (the effective portion of changes in the value of the hedge after taking into account deferred income tax).

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

Changes in the cash flow hedge reserve within the reporting period	As at 30 September 2013 (unaudited)
Opening balance	-
Amount recognised in the cash flow hedge reserve during the period, equal to the change in the fair value of the hedge instrument	50 368 796,18
Accrued interest transferred from the reserve to the interest result	(4 144 170,26)
Revaluation of hedging instruments transferred from the equity to foreign exchange (gains)/losses	(11 320 000,00)
Income tax on the other comprehensive income	(6 631 878,92)
Closing balance	28 272 747,00

As at 30 September 2013, there was no ineffectiveness identified resulting from the applied cash flow hedge accounting.

15. Contingent assets and liabilities and other security granted

Security established as at the balance sheet date is presented in the table below.

Liabilities arising from	As at 30 September 2013 (unaudited)	As at 31 December 2012
guarantees	5 270 375 000,00	-
joint and several liability of ENERGA SA for the financial liabilities of Energa Group companies	196 468 433,22	185 867 338,49
surety issued	500 000 000,00	-
Total	5 966 843 433,22 *	185 867 338,49

* The maximum amount of ENERGA SA liabilities resulting from the concluded agreements, the secured liabilities as at 30 September 2013 reached PLN 2 303 933 366,99 zł.

On 15 November 2012, an EMTN Eurobond issue program was established for the amount up to EUR 1,000,000,000. Under the program Energa Finance AB (publ) a company registered under the Swedish law, acting as a subsidiary of ENERGA SA may issue Eurobonds with maturities from 1 year to 10 years. By the power of the agreement of 15 November 2012, ENERGA SA extended a guarantee for the liabilities of Energa Finance AB (publ) relating to the Eurobonds up to EUR 1,250,000,000 until 31 December 2024 inclusive. The first Eurobond issue in the amount of EUR 500,000,000 within the framework of this program was carried out on 19 March 2013.

In the current reporting period ENERGA SA granted to ENERGA – OBRÓT SA a surety for up to PLN 500,000,000 for the obligations arising from the trade agreement.

There are no significant contingent assets in the company.

16. Information on subsequent events

On 3 September 2013 the Extraordinary General Meeting of ENERGA SA adopted, inter alia, the resolution on share capital decrease (the "Resolution on the Share Capital Decrease") and resolution on determining the series of the company's shares and amending the Articles of Association (the "Resolution on Preferred Shares") (see note 17). Pursuant to the Resolution on Preferred Shares preference in respect of voting rights of series BB shares was introduced to the Articles of Association. On 16 October 2013, ENERGA SA was served with a statement of claim filed by a shareholder, i.e. FORTA Sp. z o.o. for repealing the Resolution on the Share Capital Decrease and annulment or, alternatively, repealing of the Resolution on Preferred Shares. In response ENERGA SA filed a submission challenging the lawsuit as a whole, pointing out that there are no grounds to repeal the challenged resolutions of the Extraordinary General Meeting of the company or annul them. As at the date of these interim financial statements no date of court hearing has been set.

17. Other information with material influence on the evaluation of the Company's assets and financial standing and its financial performance

Reverse split of ENERGA SA shares and reduction of share capital

On 3 September 2013, the Extraordinary Shareholder Meeting of ENERGA SA adopted a resolution on reverse split of ENERGA SA shares and reduction of the company's share capital. In the reverse split, the overall number of the company's shares, of all the series: A, B and C, was reduced pro rata from 4,968,805,368 shares to 414,067,114 shares. The share capital reduction was achieved by reducing the nominal value of all the existing

shares in the company from PLN 12 (the new nominal value of shares resulting from the reverse share split) to PLN 10.92 each. The company's share capital was reduced without any distributions to shareholders, including the State Treasury and resulted in a transfer of equity from share capital to reserve capital.

As a result of the resolutions adopted, as at 30 September 2013, the share capital of ENERGA SA amounts to PLN 4,521,612,884.88 and is divided into shares as specified below:

	As at 30 September 2013
Registered shares of Series AA nominal value of PLN 10.92 each	269 139 114
Registered shares of Series BB nominal value of PLN 10.92 each	144 928 000
The total number of shares	414 067 114

The amendments to the company's articles of association required due to the above resolutions were registered by the Court of Registration on 9 September 2013.

Loans to finance the investment program at ENERGA – OPERATOR SA

ENERGA SA has secured execution of the ENERGA-OPERATOR SA investment program until 2015 by taking out long-term financial liabilities.

On 16 December 2009, ENERGA SA jointly with ENERGA-OPERATOR SA signed a long-term loan agreement with the European Investment Bank (the amount of financing PLN 1,050 m), on 29 April 2010 an agreement with the European Bank for Reconstruction and Development (the amount of financing PLN 800 m) and on 30 April 2010 an agreement with the Nordic Investment Bank (the amount of financing PLN 200 m) to finance the investment program adopted by ENERGA-OPERATOR SA for years 2009-2011, with partial utilization of the funds in 2012. All of the above credit commitments have been fully utilized and are currently being repaid. The outstanding principal balance in these analysed liabilities was PLN 1,900.3 m as at 30 September 2013.

Another action taken to fulfil the investment requirements of ENERGA OPERATOR SA was to organize the funding for the investment program for the years 2012-2015, which was raised by issuing bonds on the domestic market (as discussed below) and further credit facilities concluded with the European Bank for Reconstruction and Development and the European Investment Bank (as discussed in item 16)

On 26 June 2013, ENERGA SA and its subsidiary ENERGA – OPERATOR SA signed the credit financing agreement with the European Bank for Reconstruction and Development for the amount of PLN 800 m under which the EBRD will finance PLN 400 m and the remainder will be provided by two commercial banks: PKO Bank Polski SA and ING Bank Śląski SA. The final repayment date of the loan is 18 December 2024.

The funds raised as described above will be used to finance the long-term investment program of ENERGA – OPERATOR SA. As at 30 September 2013, the EBRD loan was not utilized.

On 10 July 2013 ENERGA SA and its subsidiary ENERGA – OPERATOR SA signed a financing agreement for PLN 1 bn with the EIB. Funds received under the agreement will be used to finance the investment program 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 part of a new "smart grid" solution.

Loan agreements with NORDEA Bank Polska SA

- 1) On 8 September 2010, ENERGA signed an investment loan agreement of PLN 100 million with NORDEA Bank Polska SA to purchase 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 September 2013, the full amount of PLN 100,000,000 was committed under the loan, of which PLN 85 m remains to be repaid. The loan will be repaid until 7 September 2015.
- 2) On 17 December 2010, ENERGA signed an investment loan agreement of PLN 160 million with NORDEA Bank Polska SA for the purchase of bonds issued by ENERGA Kogeneracja Sp. z o.o. in connection with the investments carried out on the modernisation of the boiler including the implementation of the biomass joint combustion option, on the construction of a straw-based pellet production unit and on the construction of a new power unit. By 30 September 2013 the amount of PLN 134,700,000 under the loan has been disbursed, of which PLN 112.2 m remains outstanding. The loan will be repaid by 16 December 2015.
- 3) Under the agreement of 24 June 2010 for arranging loans for ENERGA Group companies with a total limit of PLN 75 m, as at 30 September 2013, the financing in the total amount of PLN 53.8 m was committed, out of which PLN 14.3 m was actually used. Under this agreement, ENERGA SA and ENERGA Group companies may take out working capital overdrafts, renewable and non-renewable, with maturities up to 12 months and investment loans with maturities not exceeding the term of the credit limit, i.e. 29 June 2015. The loans will be repaid by 16 December 2015.
- 4) Under the master agreement signed on 16 October 2012 with NORDEA Bank Polska SA to extend guarantees to ENERGA Group companies, amended by annex no. 1 of 26 April 2013 with a total limit of PLN 10 m, the limit of PLN 5.8 m was used as at 30 September 2013. The limit will expire on 15 October 2013.
- 5) On 12 October 2011, ENERGA SA signed an agreement with NORDEA Bank Polska SA for arranging loans for ENERGA SA with a limit of PLN 300 m. Proceeds under the agreement may be used to fund ENERGA SA's current operations or its equity investments. The credit limit expires on 11 October 2016. On 16 July 2012, a 1-year financing in the form of a renewable working capital loan of PLN 150 m was committed. As at 30 September 2013, the loan has not been used.

All of the above agreements are secured by financial covenants and the master agreements are secured by ENERGA SA's joint and several liability for liabilities of ENERGA Group companies through its accession to debt.

Loan agreements with 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 of 30 August 2011 to extend an overdraft limit to ENERGA SA and its subsidiaries with a total limit of PLN 150 m. Under this agreement, ENERGA SA and ENERGA Group companies may take out working capital overdrafts, renewable and non-renewable, with maturities up to 36 months, investment loans up to 15 years and bank guarantees up to 60 months. The loan agreement is unsecured. Repayment of liabilities of the subsidiaries is based on joint and several liability of ENERGA SA established by way of its accession to debt. As at 30 September 2013 the financing limit for PLN 117.4 m was committed of which PLN 4.4 m was actually used.

- 2) Master agreement of 20 September 2012 to extend an overdraft limit to ENERGA SA and its subsidiaries with a total limit of PLN 200 m. Under this agreement, ENERGA SA and ENERGA Group companies may incur renewable working capital overdrafts with maturities up to 12 months, investment loans up to 15 years and bank guarantees up to 60 months. The agreement is secured with financial covenants. Repayment of liabilities of the subsidiaries is based on joint and several liability of ENERGA SA established by way of its accession to debt. As at 30 September 2013 the financing limit for PLN 8.6 m was committed of which PLN 5.5 m was actually used. The facilities expire on 19 September 2017.

On 30 May 2012, ENERGA SA entered into a bonds issue agreement with PKO Bank Polski SA as part of the program with the aggregated value of up to PLN 100 million. Proceeds under the agreement may be used to subscribe to bonds issued by ENERGA Elektrownie Ostrołęka SA in connection with the implementation of the company's investment program. The final maturity of the bonds is 31 December 2022. The bonds are to be issued as short-term securities, while the Bank commits to subscribe to them under the terms of the issue agreement throughout the entire period of its duration. The agreement is secured with financial covenants. The first Eurobond issue of PLN 66 m under this financing program was carried out on 9 July 2012. In the period until 30 September 2013, the maturing bond amount was rolled over and replaced by new issue bonds. As at 30 September 2013, ENERGA SA has also issued bonds of another series with a total amount of PLN 66 m within the framework of the program. The currently outstanding bond series has the final maturity date of 9 October 2013.

Loan agreements with Pekao SA

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

- 1) Loan agreement of 13 October 2011 with a limit of PLN 200 m to be used to finance its current operations or equity investments. The credit limit expires on 12 October 2016. The agreement is secured with financial covenants. As at 30 June 2013 the loan was not used.
- 2) Loan agreement of 30 May 2012 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. The final maturity of the loan agreement is 29 May 2022. The agreement is secured by financial covenants. On 9 July 2012, ENERGA SA disbursed the first tranche of the loan within the framework of the committed funding of PLN 33 m. As at 30 September 2013, PLN 33 m of the loan was used.

Domestic bond issue program

On 21 September 2012, ENERGA SA entered into a bond issue agreement with Pekao SA and BRE Bank SA establishing a program of 7-year domestic bonds of up to PLN 4,000,000,000. The first bond issue of PLN 1,000,000,000 under this program was carried out on 19 October 2012, with the final maturity date of 18 October 2019. The issue was directed at Polish institutional investors. The structure of the bond issue by investors was as follows: Open-End Pension Funds 82%, insurance companies 6% and Mutual Fund Companies 12%. On 19 November 2012, 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, an application was filed with the Financial Supervision Authority to renew the proceedings to approve the issue prospectus prepared in connection with the intention to apply for bonds issued by ENERGA SA to be admitted and introduced into trading on the regulated market.

Due to the IPO process pending in the company, proceedings in this matter before KNF were suspended.

Eurobond issue program

On 15 November 2012, an EMTN Eurobond issue program was established for the amount up to EUR 1,000,000,000. Under the EMTN Program, Energa Finance AB (publ), a company registered under the Swedish law, acting as a wholly-owned subsidiary of ENERGA SA may issue Eurobonds with maturities from 1 year to 10 years.

The Eurobonds issued under the EMTN Program may be admitted into trading on a regulated market in Luxembourg pursuant to the base prospectus approved by the Financial Supervision Commission in Luxembourg on 15 November 2012.

On 19 March 2013, Energa Finance AB (publ) proceeded the first issue of Eurobonds of EUR 500,000,000 under the Euro Medium Term Note program. The first issue is comprised of Eurobonds with the par value of 99,704 each maturing in 7 years and paying an annual coupon of 3.250%.

Loan agreements

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

Ostrołęka C Project

In 2012 ENERGA SA 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 Company 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 Company actually did not receive any satisfactory proposals. Currently the Company 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.

Increase of the share capital of ENERGA Finance AB (publ)

On 13 February 2011, an increase of the share capital of ENERGA Finance AB by EUR 235,000.00 up to EUR 300,000 was registered. On 27 March 2013 a share capital increase by EUR 2,000,000 was registered; all the shares in the increased share capital were subscribed by the partner at ENERGA SA. On 19 June 2013, the Shareholders' Meeting of ENERGA Finance AB adopted a resolution in the matter of increasing the Company's share capital by EUR 20,000,000 thousand. All the new shares will be acquired by ENERGA SA.

Rating








On 10 October 2013, Fitch Ratings ("Agency") affirmed the Company's long-term ratings at the previous level of BBB (foreign rating) and A(pol) (local rating). The outlook for the ratings is stable. The Agency stated that the affirmation of the Company's ratings reflected the high share of the regulated distribution business in Energa's EBITDA, which contributed to cash flow predictability. The Agency also recognized the Company's progress in arranging external funding for its capital expenditures and ample liquidity, noting also the additional factors in the form of a relatively stable regulatory framework and the Company's accelerated development of its renewables capacity.

Optimization of ENERGA SA's ownership structure

The following transactions were conducted in the current period as ENERGA SA ordered its ownership structure:

- liquidation and removal of the company Elektrownie Wodne we Włocławku Sp. z o.o. in liquidation, with its registered office in Włocławek, from the National Court Register;
- merger of Energa Hydro Sp. z o.o. with its registered office in Straszyn with Energa Bio Sp. z o.o. seated in Pruszcz Gdański (as an acquired company);
- On 4 January 2013 ENERGA Bio Sp. z o.o. sold all its shares in Biogazownia Starogard Sp. z o.o.;
- Zakład Transportu Energetyki Sp. z o.o. in liquidation in Koszalin; as at 17 June 2013, the Company was removed from the National Court Register;
- On 25 June 2013 ENERGA SA sold its shares in SIDEn Sp. z o.o.;
- On 13 June 2013 the share capital of RGK Sp. z o.o. was increased by PLN 783,326,94 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 48,511,500, in exchange 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;
- On 5 March 2013, the National Court Register registered a share capital increase of AEGIR 5 Sp. z o.o. by the amount of PLN 7,550,000.00. ENERGA SA acquired 99.34% in the share capital of that company, while the remaining 0.66% of the shares is held by ENERGA Hydro Sp. z o.o.;
- 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.

Moreover, there is a pending liquidation process of the hotel companies: Kongres Sp. z o.o. and Międzynarodowe Centrum Szkolenia Energetyki Sp. z o.o.

<p>Director of Other Companies Service Department ENERGA Centrum Usług Wspólnych Sp. z o.o. Ewa Banaszak</p>  <p>(date and signature) 24 PAŹ. 2013</p>	<p>President of the Management Board ENERGA Centrum Usług Wspólnych Sp. z o.o. Artur Chmura</p>  <p>(date and signature) 24 PAŹ. 2013</p> <p>Vice-President of the Management Board ENERGA Centrum Usług Wspólnych Sp. z o.o. Katarzyna Ogródowska</p>  <p>(date and signature) 24 PAŹ. 2013</p>	<p>Director of the Finance Management Center ENERGA SA Aleksandra Gajda - Gryber</p>  <p>(date and signature) 24 PAŹ. 2013</p>	<p>Executive Vice-President of the Management Board Strategy and Investments ENERGA SA Wojciech Topolnicki</p>  <p>(date and signature) 24 PAŹ. 2013</p>	<p>Executive Vice-President of the Management Board Chief Financial Officer ENERGA SA Roman Szyszko</p>  <p>(date and signature) 24 PAŹ. 2013</p>	<p>President of the Management Board ENERGA SA Miroslaw Bieliński</p>  <p>(date and signature) 24 PAŹ. 2013</p>
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