



Energa

ENERGA SA

**Condensed Interim
Financial Statements
prepared in accordance
with IAS 34
for the nine-month period
ended 30 September 2015**

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

	Three-month period ended 30 September 2015 (unaudited)	Nine-month period ended 30 September 2015 (unaudited)	Three-month period ended 30 September 2014 (unaudited)	Nine-month period ended 30 September 2014 (unaudited)
Revenue	15,694	44,573	13,697	42,009
Cost of sales	(15,777)	(41,617)	(9,550)	(33,136)
Gross profit on sales	(83)	2,956	4,147	8,873
Other operating income	2,287	10,855	2,302	6,245
General and administrative expenses	(20,934)	(58,529)	(18,863)	(57,361)
Other operating expenses	(4,875)	(6,695)	(747)	(4,730)
Financial income	55,571	1,088,400	89,531	968,487
Financial costs	(65,520)	(196,641)	(88,119)	(233,786)
Profi before tax	(33,554)	840,346	(11,749)	687,728
Income tax	5,645	27,421	(4,641)	(4,521)
Net profit from continuing operations	(27,909)	867,767	(16,390)	683,207
Earnings per share (in PLN)				
Earnings per share basic and diluted	(0.07)	2.10	(0.04)	1.65

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended 30 September 2015 (unaudited)	Nine-month period ended 30 September 2015 (unaudited)	Three-month period ended 30 September 2014 (unaudited)	Nine-month period ended 30 September 2014 (unaudited)
Net profit for the period	(27,909)	867,767	(16,390)	683,207
<i>Items that will never be reclassified to profit or loss</i>	-	(14)	(14)	(8)
Actuarial gains and (losses) on defined benefit plans	-	(18)	(18)	(10)
Deferred tax on other comprehensive income	-	4	4	2
<i>Items that are or may be reclassified subsequently to profit or loss</i>	(4,899)	25,338	(19,771)	(19,164)
Cash flow hedges	(6,049)	31,281	(24,408)	(23,659)
Deferred tax on other comprehensive income	1,150	(5,943)	4,637	4,495
Net other comprehensive income	(4,899)	25,324	(19,785)	(19,172)
Total comprehensive income	(32,808)	893,091	(36,175)	664,035

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (restated)	As at 1 January 2014 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	8,949	10,467	10,962
Investment properties	37	3,470	11,079
Intangible assets	51,633	37,489	25,680
Investments in subsidiaries and associates at cost	5,982,047	5,980,032	6,170,698
Bonds	4,645,851	4,632,543	4,104,817
Deferred tax assets	22,409	10,479	-
Derivative financial instruments	69,512	51,165	13,017
Other non-current assets	120,308	131,918	129,028
	10,900,746	10,857,563	10,465,281
Current assets			
Inventories	869	658	467
Trade receivables and other financial receivables	34,318	31,533	39,864
Shares	-	-	1,000
Bonds	457,241	284,175	335,787
Portfolio of financial assets	500,876	626,360	374,763
Cash and cash equivalents	602,708	279,440	335,636
Other current assets	87,944	35,261	12,289
Assets classified as held for sale	-	2,015	-
	1,683,956	1,259,442	1,099,806
TOTAL ASSETS	12,584,702	12,117,005	11,565,087
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	4,521,613	4,521,613	4,521,613
Reserve capital	447,192	447,192	447,192
Supplementary capital	660,754	606,472	521,490
Cash flow hedge reserve	25,376	38	26,539
Retained earnings	911,851	694,637	543,184
Total equity	6,566,786	6,269,952	6,060,018
Non-current liabilities			
Loans and borrowings	4,615,260	4,504,675	3,866,077
Bonds issued	1,000,000	1,000,000	1,059,781
Non-current provisions	684	757	723
Deferred income and non-current grants	115,020	86,412	62,057
Derivative financial instruments	12,645	22,748	-
	5,743,609	5,614,592	4,988,638
Current liabilities			
Trade and other financial liabilities	15,761	18,006	23,468
Current loans and borrowings	178,868	168,970	266,545
Bonds issued	15,318	14,108	16,598
Income tax liability	28,277	-	-
Deferred income and grants	25,926	18,331	8,251
Accruals	6,919	9,970	7,949
Provisions	54	23	144
Other current liabilities	3,184	3,053	193,476
	274,307	232,461	516,431
Total liabilities	6,017,916	5,847,053	5,505,069
TOTAL EQUITY AND LIABILITIES	12,584,702	12,117,005	11,565,087

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Supplementary capital	Cash flow hedge reserve	Retained earnings	Total equity
As at 1 January 2015	4,521,613	447,192	606,472	38	694,637	6,269,952
Cash flow hedges	-	-	-	25,338	-	25,338
Actuarial gains and (losses) on defined benefit plans	-	-	-	-	(14)	(14)
Net profit for the period	-	-	-	-	867,767	867,767
Total comprehensive income for the period	-	-	-	25,338	867,753	893,091
Retained earnings distribution	-	-	54,282	-	(54,282)	-
Dividends	-	-	-	-	(596,257)	(596,257)
As at 30 September 2015 (unaudited)	4,521,613	447,192	660,754	25,376	911,851	6,566,786

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Nine-month period ended 30 September 2015 (unaudited)	Nine-month period ended 30 September 2014 (unaudited) (restated)
Cash flows from operating activities		
Profit before tax	840,346	687,728
Adjustments for:		
Foreign currency (gains)/losses	817	1,409
Amortization and depreciation	3,739	4,957
Net interest and dividends	(888,258)	(730,754)
(Profit)/loss on investing activities	(642)	(1,590)
Changes in working capital:		
Change in receivables	(36,956)	(14,687)
Change in inventories	(211)	(113)
Change in payables excluding loans and borrowings	35,497	(9,305)
Change in prepayments and accruals	11,872	(12,089)
Change in provisions	(59)	(300)
Other	(110)	206
Income tax paid	(8,369)	-
Net cash from operating activities	(42,334)	(74,538)
Cash flows from investing activities		
Disposal of property, plant and equipment and intangible assets	22	7
Purchase of property, plant and equipment and intangible assets	(15,280)	(19,006)
Disposal/purchase of investment property	4,410	66
Disposal of other financial assets	573,755	316,479
Purchase of other financial assets	(780,000)	(920,000)
Disposal of ENERGA Trading SFIO Fund units	126,469	-
Purchase of ENERGA Trading SFIO Fund units	-	(339,610)
Dividends received	914,048	740,764
Interest received	173,483	195,745
Proceeds from loans	-	(2,400)
Other	12,629	12,048
Net cash from investing activities	1,009,536	(15,907)
Cash flows from financial activities		
Repurchase of bonds issued	-	(3,696)
Payment of finance lease liabilities	(605)	(394)
Proceeds from loans and borrowings	267,163	890,000
Repayment of loans and borrowings	(127,099)	(208,502)
Dividends	(596,257)	(414,067)
Interest paid	(184,507)	(206,342)
Net cash from financing activities	(641,305)	56,999
Net increase/(decrease) in cash and cash equivalents	325,897	(33,446)
Cash and cash equivalents at the beginning of the period	277,405	339,697
Cash and cash equivalents at the end of the period	603,302	306,251

ACCOUNTING PRINCIPLES (POLICIES) AND NOTES

1. General information

These Condensed Interim Financial Statements of ENERGA SA cover the nine-month period ended 30 September 2015 and contains the relevant comparative data.

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

The Company has been given the statistical number REGON 220353024.

The primary activities of the Company is holding business.

As at 30 September 2015, the Company is controlled by the State Treasury.

Changes in the composition of the Management Board

In the period from 1 January to 29 April 2015, the Management Board of the Parent Company was as follows:

- Mirosław Bieliński – President of the Management Board,
- Roman Szyszko – Vice President, Chief Financial Officer,
- Wojciech Topolnicki – Vice-President, Strategy and Investments.

On 28 April 2015, the Company's Supervisory Board adopted a resolution to appoint the Management Board for the next term of office, comprised of:

- Andrzej Tersa – President of the Management Board,
- Seweryn Kędra – Vice-President of the Management Board for Financial Matters,
- Jolanta Szydłowska – Vice-President of the Management Board for Corporate Matters.

2. Approval of the financial statements

These financial statements were approved for publication by the Company's Management Board on 16 November 2015.

3. Basis for preparation of the financial statements

These 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.

The financial statements have been prepared based on the assumption that ENERGA SA would continue as a going concern in the foreseeable future.

3.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim financial reporting" as adopted by the European Union ("EU") They do not contain all the information required in the full financial statements according to the International Financial Reporting Standards ("IFRS"), however, selected notes are included to explain the 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 2014.

3.2. Functional and presentation currency

The functional currency of the Company and other Polish subsidiaries and the presentation currency of these financial statements is the Polish zloty and all the numbers are given in thousands of Polish zloty ("PLN thousand") unless stated otherwise.

4. Estimates

In the current reporting period no changes were made in the methods used to make material estimations. Changes of estimates resulted from events that occurred during the reporting period.

The preparation of the condensed interim financial statements in accordance with the International Accounting Standard 34 "Interim financial reporting" as adopted by the EU requires the Management Board to adopt certain assumptions and estimates that affect the amounts reported in these condensed interim 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.

5. Significant accounting policies

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

- the changes caused by amendments in IFRS EU,
- the changes in the presentation of investments in participation units of the ENERGA Trading SFIO fund.

Presentation of participation units of the ENERGA Trading SFIO fund

In the previous reporting periods, the Company recognized its investments in participation units of the ENERGA Trading SFIO fund ("Fund") as cash equivalents. In the current reporting period, the Group decided to change this presentation practice by creating a separate current assets item "Portfolio of financial assets". The Management Board of the Company believes that such a presentation is a better reflection of the risks associated with the investment in the Fund.

The adjustments made to comparative data are presented in note 7.

5.1. Standards and interpretations adopted for the first time in 2015

The following amendments to the existing standards published by the International Accounting Standards Board ("IASB") and endorsed in the EU came into force in 2015:

- IFRIC 21 "Levies" interpretation endorsed in the EU on 13 June 2014 (applicable to annual periods beginning on or after 17 June 2014).
- Amendments to various standards "Annual Improvements to IFRS (2011-2013 cycle)" – changes introduced during the annual cycle of improvements to IFRS (IFRS 1, IFRS 3, IFRS 13, and IAS 40) aimed mainly at removing inconsistencies agreeing on the wording - endorsed in the EU on 18 December 2014 (applicable to annual periods beginning on or after 1 January 2015).

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

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

When approving these financial statements, the Company did not apply the following standards, amendments to standards and interpretations that were published and endorsed in the EU but have not yet become effective:

- Amendments to IAS 19 “Employee Benefits” – Defined Benefit Plans: Employee Contributions - endorsed in the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015),
- Amendments to various standards “Annual Improvements to IFRS (2010-2012 cycle)” – changes introduced during the annual cycle of improvements to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) aimed mainly at removing inconsistencies agreeing on the wording - endorsed in the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015).

The Company estimates that the above amendments to standards would have had no material influence on the financial statements, had they been applied by the Company as at the end of this reporting period.

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

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

- IFRS 9 “Financial Instruments” (applicable to annual periods beginning on or after 1 January 2018),
- IFRS 14 “Regulatory Deferral Accounts” (applicable to annual periods beginning on or after 1 January 2016).
- IFRS 15 “Revenue from Contracts with Customers” (applicable to annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 11 “Joint Arrangements” (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” – Acceptable methods of amortization and depreciation (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture – Bearer Plants” (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sales or contributions of assets between an investor and its associate/joint venture (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities:

Applying the Consolidation Exception (applicable to annual periods beginning on or after 1 January 2016),

- Amendments to various standards “Annual Improvements to IFRS (2012-2014 cycle)” – changes introduced during the annual cycle of improvements to IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) aimed mainly at removing inconsistencies agreeing on the wording (applicable to annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure Initiative (applicable to annual periods beginning on or after 1 January 2016).

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

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

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

7. Restatement of comparative information

Following the change in the presentation of participation units of the ENERGA Trading SFIO fund (see note 5), the Company restated the statements of financial position as at 31 December 2014 and as at 1 January 2014.

This change did not affect the comparative data presented in the statement of profit or loss and the earnings per share amount. The adjustments made to comparative data are presented in the tables below:

	As at 31 December 2014 (previously reported)	Adjustments	As at 31 December 2014 (restated)
Assets			
Portfolio of financial assets	-	626,360	626,360
Cash and cash equivalents	905,800	(626,360)	279,440

	As at 1 January 2014 (previously reported)	Adjustments	As at 1 January 2014 (restated)
Assets			
Portfolio of financial assets	-	374,763	374,763
Cash and cash equivalents	710,399	(374,763)	335,636

	Nine-month period ended 30 September 2014 (previously reported)	Adjustments	Nine-month period ended 30 September 2014 (restated)
Cash flow from investing activities			
Purchase of units in the ENERGA Trading SFIO Fund	-	(339,610)	(339,610)
Net increase / (decrease) in cash and cash equivalents	306,164	(339,610)	(33,446)
Cash and cash equivalents at the beginning of the period	706,805	(367,108)	339,697
Cash and cash equivalents at the end of the period	1,012,969	(706,718)	306,251

8. Investment commitments

On 24 June 2013, ENERGA SA signed an agreement with Infovide-Matrix S.A. for the development and implementation of the sales support system, including billing and customer relationship management system in the ENERGA Group and on the provision of warranty and repair services for that system. Under that agreement, the Company undertook to incur the expenditures for property, plant and equipment and intangible assets in the amounts of PLN 5,494 thousand and PLN 63,197 thousand, respectively, of which uninvoiced contractual liabilities as at 30 September 2015 were about PLN 62,315 thousand.

9. Cash and cash equivalents

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

	As at 30 September 2015 (unaudited)	As at 30 September 2014 (unaudited) (restated)
Cash at bank and in hand	78,757	6,075
Short term deposits up to 3 months	523,951	297,469
Total cash and cash equivalents presented in the statement of financial position, including:	602,708	303,544
Unrealised exchange rate differences and interest	594	2,707
Total cash and cash equivalents presented in the statement of cash flow	603,302	306,251

10. Dividends

On 29 April 2015, the Annual General Meeting adopted a resolution to distribute the 2014 profit, out of which PLN 596,257 thousand, i.e. PLN 1.44 per share, was allocated to a dividend for the Company's shareholders.

By 30 September 2015, the entire dividend declared was paid out, out of which PLN 208,696 thousand on preferred shares.

11. Assets classified as held for sale

As at 30 September 2015, ENERGA SA had no assets held for sale. The actions taken to sell shares in ENERGA Serwis Sp. z o.o. have been discontinued. The shares in ENERGA Serwis Sp. z o.o. in the amount of PLN 2,015 thousand were reclassified to "Shares in subsidiaries and associates".

12. Information on related entities

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

12.1. Transactions involving entities related to the State Treasury

The Company's parent entity is the State Treasury. ENERGA SA concludes transactions with other related entities and with the State Treasury associated with normal, daily business operations. These transactions are concluded on an arms' length basis and their terms and conditions do not deviate from transactions with other entities. They do not constitute material transactions. The Company does not keep records that would allow it to aggregate the value of all transactions concluded with all state institutions and with subsidiaries of the State Treasury.

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

	Nine-month period ended 30 September 2015 (unaudited)	Nine-month period ended 30 September 2014 (unaudited)
Net income from sale of products, goods and materials	44,432	40,972
Costs of purchase	12,190	11,950
Other operating income	4,422	200
Financial income, including:	1,063,639	948,262
<i>Dividends</i>	914,048	740,764
Financial costs	63,542	53,837

	As at 30 September 2015 (unaudited)	As at 31 December 2014
Assets		
Long-term receivables	40,150	25,160
Trade receivables	6,603	20,172
Derivative financial instruments	12,509	22,503
Long-term Bonds	4,645,851	4,632,543
Short-term Bonds	457,241	284,175
Other short-term receivables	73,763	10,998
Other current assets	-	2,305
Liabilities		
Non-current liabilities	2,115,061	2,126,888
Trade liabilities	2,041	1,184
Other liabilities	1,849	19,784

12.3. Compensation of key management

	Nine-month period ended 30 September 2015 (unaudited)	Nine-month period ended 30 September 2014 (unaudited)
Management Board	1,726	3,488
Supervisory Board	247	217
Other key management	5,021	4,529
Total	6,994	8,234

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

13. Shares in subsidiaries and associates

No. Company	Registered office	Value of the shares in the books of Energa SA	Share of ENERGA SA in the share capital, in the total number of votes and in control (%)
1 ENERGA-OPERATOR SA	Gdańsk	4,471,125	100.00
2 ENERGA-OBRÓT SA	Gdańsk	329,409	100.00
3 ENERGA Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	4,342	100.00
4 ENERGA Wytwarzanie SA	Gdańsk	1,051,090	100.00
5 RGK Sp. z o.o.	Gdańsk	1,429	100.00
6 ENERGA Informatyka i Technologie Sp. z o.o.	Gdańsk	37,229	100.00
7 ENERGA Finance AB (publ)	Sztokholm	85,308	100.00
8 Energa Serwis Sp. z o.o.	Ostrołęka	2,015	14.08
9 ENSA PGK1 Sp. z o.o.	Gdańsk	10	100.00
10 ENSA PGK2 Sp. z o.o.	Gdańsk	10	100.00
11 ENSA PGK3 Sp. z o.o.	Gdańsk	10	100.00
12 ENSA PGK4 Sp. z o.o.	Gdańsk	10	100.00
13 ENSA PGK5 Sp. z o.o.	Gdańsk	10	100.00
14 ENSA PGK6 Sp. z o.o.	Gdańsk	10	100.00
15 ENSA PGK7 Sp. z o.o.	Gdańsk	10	100.00
16 ENSA PGK8 Sp. z o.o.	Gdańsk	10	100.00
17 EOB PGK1 Sp. z o.o.	Gdańsk	10	100.00
18 EOB PGK2 Sp. z o.o.	Gdańsk	10	100.00
Total value of shares		5,982,047	

The value of shares specified in the table above is the value at purchase price less impairment losses. As at 30 September 2015, the total amount of impairment losses on shares was PLN 28,644 thousand and was related in full to shares held in RGK Sp. z o.o.

14. Financial instruments

14.1. Carrying value of financial instruments by category and class

As at 30 September 2015 (unaudited)	Financial assets measured at fair value through profit or loss	Loans and receivables	Cash and cash equivalents	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Hedging derivatives	Financial assets out of scope of IAS 39	Total
Assets								
Trade receivables	-	42,890	-	-	-	-	-	42,890
Receivables from sale of investment properties	-	11,618	-	-	-	-	-	11,618
Receivables from sale of shares	-	169	-	-	-	-	-	169
Lease receivables	-	-	-	-	-	-	19,960	19,960
Portfolio of financial assets	500,876	-	-	-	-	-	-	500,876
Cash and cash equivalents	-	-	602,708	-	-	-	-	602,708
Derivative financial instruments	12,509	-	-	-	-	57,003	-	69,512
Bonds, treasury bills and other debt instruments	-	5,103,092	-	-	-	-	-	5,103,092
Capital contributions	-	68,276	-	-	-	-	-	68,276
Total financial assets	513,385	5,226,045	602,708	-	-	57,003	19,960	6,419,101
Liabilities								
Loans and borrowings	-	-	-	-	4,794,129	-	-	4,794,129
<i>Preferential loans and borrowings</i>	-	-	-	-	1,564,383	-	-	1,564,383
<i>Loans and borrowings</i>	-	-	-	-	3,229,746	-	-	3,229,746
Bonds issued	-	-	-	-	1,015,318	-	-	1,015,318
Derivative financial instruments	-	-	-	12,645	-	-	-	12,645
Trade liabilities	-	-	-	-	11,048	-	-	11,048
Other financial liabilities	-	-	-	-	4,713	-	-	4,713
<i>Liabilities from purchase of property & equipment and intangible</i>	-	-	-	-	4,713	-	-	4,713
Total financial liabilities	-	-	-	12,645	5,825,208	-	-	5,837,853

As at 31 December 2014 (restated)	Financial assets measured at fair value through profit or loss	Loans and receivables	Cash and cash equivalents	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Hedging derivatives	Financial assets out of scope of IAS 39	Total
Assets								
Trade receivables	-	20,535	-	-	-	-	-	20,535
Receivables from sale of investment properties	-	7,995	-	-	-	-	-	7,995
Receivables from debt sale	-	2,305	-	-	-	-	-	2,305
Receivables from sale of shares	-	236	-	-	-	-	-	236
Lease receivables	-	-	-	-	-	-	28,164	28,164
Portfolio of financial assets	626,360	-	-	-	-	-	-	626,360
Cash and cash equivalents	-	-	279,440	-	-	-	-	279,440
Derivative financial instruments	22,503	-	-	-	-	28,662	-	51,165
Bonds, treasury bills and other debt instruments	-	4,916,718	-	-	-	-	-	4,916,718
Capital contributions	-	67,876	-	-	-	-	-	67,876
Total financial assets	648,863	5,015,665	279,440	-	-	28,662	28,164	6,000,794
Liabilities								
Loans and borrowings	-	-	-	-	4,673,645	-	-	4,673,645
<i>Preferential loans and borrowings</i>	-	-	-	-	1,421,818	-	-	1,421,818
<i>Loans and borrowings</i>	-	-	-	-	3,251,827	-	-	3,251,827
Bonds issued	-	-	-	-	1,014,108	-	-	1,014,108
Derivative financial instruments	-	-	-	22,748	-	-	-	22,748
Trade liabilities	-	-	-	-	15,137	-	-	15,137
Other financial liabilities	-	-	-	-	2,969	-	-	2,969
<i>Liabilities from purchase of property & equipment and intangible</i>	-	-	-	-	2,869	-	-	2,869
<i>Liabilities from shares purchase</i>	-	-	-	-	100	-	-	100
Total financial liabilities	-	-	-	22,748	5,705,859	-	-	5,728,607

In the current reporting period, the Company reviewed the classification of financial assets in different categories of financial instruments. As a result, the data presented in the tables above are based on a different presentation of some of the instrument classes than in the previous periods (data for the previous year were restated accordingly). This change has no effect on data presented in the statement of financial position.

14.2. Fair value of financial instruments

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

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

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

	As at 30 September 2015 (unaudited)		
	Level 1	Level 2	Level 3
Assets			
Portfolio of financial assets	-	500,876	-
Hedging derivatives (CCIRS)	-	57,003	-
Derivatives (IRS)	-	12,509	-
Liabilities			
Derivatives (IRS)	-	12,645	-

The Company measures participation units in the ENERGA Trading SFIO fund as the product of their quantity and the value of a single participation unit, as measured by the fund management company pursuant to the Mutual Funds Act of 27 May 2004.

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

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

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

	Book value	As at 30 September 2015 (unaudited)		
		Level 1	Fair value Level 2	Level 3
Liabilities				
Liabilities from ENERGA Finance AB (publ)	2,115,984	-	2,259,965	-

The fair value measurement of liabilities under loans has been estimated on the basis of an analysis of future cash flows discounted using market interest rates updated for 30 September 2015.

For non-listed shares and debt securities there is no active market, nor is it possible to apply to them any other valuation techniques providing reasonable output values, therefore the Company is not able

to determine the range of their possible fair values. These assets are measured at purchase price less impairment losses.

14.4. ENERGA Trading SFIO fund

The Company has been investing in a portfolio of assets financed through the Fund in which it has 100% participation units.

The Fund has been established to manage financial surpluses of ENERGA Group companies and is an alternative to bank deposits, including overnight deposits. The fund is high liquidity and low risk. Mechanisms embedded in the fund settlement system offer the redemption of Fund units to cash on the same or the next business day. Additionally, ENERGA Group companies may offset their mutual receivables and liabilities using the units in the Fund.

The Company classifies the following assets within the Fund portfolio structure:

- treasury bills and bonds,
- corporate debt instruments – financial sector,
- corporate debt instruments – non-financial sector,
- bonds issued by Bank Gospodarstwa Krajowego,
- mortgage bonds,
- municipal bonds,
- other.

14.5. Loans and receivables

In the loans and receivables item, the Company recognizes mainly the bonds it has purchased.

The purchased bonds, by issuer, are presented in the table below.

	As at 30 September 2015 (unaudited)	As at 31 December 2014
ENERGA-OPERATOR SA	3,494,095	3,466,507
ENERGA Wytwarzanie SA	1,210,903	1,113,203
ENERGA Elektrownie Ostrołęka SA	145,835	163,573
ENERGA Kogeneracja Sp. z o.o.	72,150	105,013
Breva Sp. z o.o. (*)	-	68,422
ENERGA-OBRÓT SA	180,109	-
Total, including:	5,103,092	4,916,718
Long-term	4,645,851	4,632,543
Short-term	457,241	284,175

(*) on 15 April 2015, the merger of ENERGA Wytwarzanie SA (acquiring company) and Breva Sp. z o.o. (acquired company) was registered

14.6. Loans and borrowings

As at the end of the reporting period, there was no collateral established on the Company's assets.

Loans and borrowings contracted as at 30 September 2015 and 31 December 2014 are presented in the table below:

	As at 30 September 2015 (unaudited)		As at 31 December 2014	
	PLN	EUR	PLN	EUR
Currency	PLN	EUR	PLN	EUR
Reference Rate	WIBOR	Fixed	WIBOR	Fixed
Value of the loan/borrowing				
in currency	2,678,144	499,218	2,527,342	503,555
in PLN	2,678,144	2,115,984	2,527,342	2,146,303
Of which, repayable:				
up to 1 year (short-term)	177,945	923	149,555	19,415
1 to 2 years	203,851	-	185,999	-
2 to 3 years	248,620	-	208,048	-
3 to 5 years	553,335	2,115,061	510,647	-
over 5 years	1,494,393	-	1,473,093	2,126,888

Detailed information on contracted external financing is provided in Note 14.8.

14.7. Liabilities under bonds issued

Liabilities under bonds issued as at 30 September 2015 and 31 December 2014 are presented in the table below:

	As at 30 September 2015 (unaudited)	As at 31 December 2014
	PLN	PLN
Currency	PLN	PLN
Reference Rate	WIBOR	WIBOR
Value of the issue		
in currency	1,015,318	1,014,108
in PLN	1,015,318	1,014,108
of which, repayable:		
up to 1 year (short-term)	15,318	14,108
1 to 2 years	-	-
2 to 3 years	-	-
3 to 5 years	1,000,000	1,000,000

Detailed information on bonds issued is provided in Note 14.8.

14.8. Available external financing

In the current reporting period:

- a tranche of PLN 200,000 thousand was committed under the credit facility agreement with the European Investment Bank ("EIB") with the limit of up to PLN 1,000,000 thousand;
- an investment loan from the Nordic Investment Bank ("NIB") was committed in the full amount of PLN 67,500 thousand;
- The Company concluded a master loan agreement with Bank Handlowy w Warszawie SA with a limit of PLN 75,000 thousand.

In the current reporting period and as at the last day of the reporting period and as at the date of approving these financial statements for publication, there were no events of default on contractual obligations under the terms and conditions of any external funding acquired.

Details on the external funding was presented below:

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

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

- agreement with the EIB with the limit of up to PLN 1,050,000 thousand;
- agreement with the European Bank for Reconstruction and Development (“EBRD”) with the limit of up to PLN 800,000 thousand;
- agreement with the NIB with the limit of up to PLN 200,000 thousand.

The above funding has been fully utilised by the Company, of which the following amounts are still outstanding and remain to be repaid: to EIB – PLN 827,143 thousand with the final maturity of 15 December 2025, to EBRD – PLN 537,703 thousand with the final maturity of 18 December 2024, to NIB – PLN 145,946 thousand with the final maturity of 15 June 2022.

In 2014, ENERGA SA with ENERGA-OPERATOR SA and EBRD amended the above loan agreement, as a result of which, among others, the available loan amount increased by PLN 275,833 thousand and is to be used to fund ENERGA-OPERATOR SA’s capital expenditures, with the funds available for drawdown by the end of 2015. As at 30 September 2015, the available financing amount has not been drawn down.

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

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

1. agreement with EBRD with a limit of PLN 800,000 thousand: the utilization of the loan as at 30 September 2015 was PLN 340,000 thousand. PLN 460,000 thousand remains available. The final maturity of the loan is 18 December 2024;
2. agreement with the EIB with a limit of PLN 1,000,000 thousand – as at 30 September 2015, PLN 800,000 thousand of the loan has been utilized, out of which PLN 200,000 thousand was committed in Q1 2015 (PLN 216,667 thousand is subject to repayment in the period from 1 to 5 years, while the remaining amount matures in over 5 years). PLN 200,000 thousand remains available. The final maturity of the drawn loan is 15 March 2030.

Loan agreements

On 21 March 2013 and 25 March 2013, ENERGA SA signed loan agreements with ENERGA Finance AB (publ) for the total amount of EUR 499,000 thousand. As at 30 September 2015, the loans were used in full.

Domestic bond issue

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

Loans from PKO Bank Polski SA

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

1. master agreement to extend an overdraft limit to ENERGA SA and its subsidiaries, with a total limit of PLN 150,000 thousand. As at 30 September 2015, a financing limit in the

aggregated amount of PLN 113,101 thousand was committed of which PLN 66,172 thousand was used by the subsidiaries, including PLN 683 thousand in the form of bank guarantees. The limit will expire on 30 August 2016;

2. master agreement to extend an overdraft limit to ENERGA SA and its subsidiaries with a total limit of PLN 200,000 thousand. As at 30 September 2015, a financing limit in the aggregated amount of PLN 117,232 thousand was committed of which PLN 103,741 thousand was used by the subsidiaries, all in the form of bank guarantees. The limit will expire on 19 September 2017,
3. agreement for arranging loans for ENERGA SA with a total limit of PLN 300,000 thousand. As at 30 September 2015, the financing was not used. The limit will expire on 11 October 2016.

Loans from Bank Pekao SA

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

1. loan agreement with a limit of PLN 500,000 thousand. As at 30 September 2015, the loan was not used. The final maturity of the loan is 29 May 2020;
2. loan agreement in the amount of PLN 85,000 thousand to be used to acquire bonds issued by ENERGA Elektrownie Ostrołęka SA in connection with the implementation of the investment program of the company. The use of the loan as at 30 September 2015 was PLN 26,000 thousand. The final maturity of the loan is 29 May 2022.

Loans from Bank Handlowy w Warszawie SA

On 14 May 2015, ENERGA SA concluded a master agreement with Bank Handlowy w Warszawie SA setting forth the terms and conditions of availability of different forms of loan transactions for ENERGA Group entities up to the limit amount of PLN 75,000 thousand. As at 30 September 2015, the financing was not used. The limit will expire on 30 May 2020.

Bonds issue through PKO Bank Polski SA

In 2012, ENERGA SA concluded with PKO Bank Polski SA a bond issue agreement where the funds raised under the agreement were to be used to acquire bonds issued by ENERGA Elektrownie Ostrołęka SA in connection with the implementation of the investment program. The bonds may only be issued as short-term securities. As at 30 September 2015, no bond issue has been carried out under the agreement. As at 30 September 2015, PLN 80,600 thousand was available under the bond issue agreement.

NIB loan

On 23 October 2014, ENERGA SA signed an investment loan agreement with NIB in the amount of PLN 67,500 thousand to finance the Myślino wind farm construction project. The entire amount of the loan was committed in Q1 2015. The final maturity of the loan is 15 September 2026, of which PLN 27,000 thousand is to be repaid within 1 to 5 years and the remaining amount in the period of above 5 years.

14.9. Cash flow hedge accounting

The special purpose vehicle ENERGA Finance AB (publ) (the issuer of Eurobonds) and ENERGA SA signed two loan agreements denominated in EUR for the total amount of EUR 499,000 thousand.

In order to hedge currency risk under these loans, the Company concluded cross-currency interest rate swap transactions with nominal values of EUR 400,000 thousand (CCIRS I) and EUR 25,000 thousand (CCIRS II), respectively. The transactions swap payments linked to the service of debt denominated in EUR and bearing interest at a fixed interest rate to payments linked to the service of debt denominated in PLN and bearing interest at a fixed interest rate.

As a result of the concluded hedging transactions in the overall amount of EUR 425,000 thousand, about 85% of the exposure to FX risk and interest rate risk for the EUR currency on account of two

loans from ENERGA Finance AB (publ) has been hedged.

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

The fair value of hedges as at 30 September 2015 was:

- CCIRS I – PLN 54,262 thousand,
- CCIRS II – PLN 2,741 thousand.

CCIRS I and CCIRS II were recognized in the statement of financial position in assets as Derivative financial instruments.

Under cash flow hedge accounting, the cash flow hedge reserve (the effective portion of changes in the value of the hedge, less deferred tax) increased in the reporting period by PLN 25,338 thousand.

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

	As at 30 September 2015 (unaudited)
At the beginning of the reporting period	38
Amount recognized in the cash flow hedge reserve during the period, equal to the change in the fair value of hedge instruments	28,342
Accrued interest transferred from the reserve to the interest expense	(7,133)
Revaluation of hedging instruments transferred from the equity to foreign exchange (gains) / losses	10,072
Income tax on other comprehensive income	(5,943)
At the end of the reporting period	25,376

As at 30 September 2015, no inefficiencies were identified resulting from the applied cash flow hedge accounting.

15. Contingent assets and liabilities

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

16. Other information significantly affecting the assessment of assets, financial position and the financial result of the Company

Tax Group (“PGK”)

On 27 January 2015, ENERGA SA and its related entities: ENERGA-OPERATOR SA, ENERGA-OBRÓT SA, ENERGA Wytwarzanie SA, ENERGA Informatyka i Technologie Sp. z o.o., ENERGA Centrum Usług Wspólnych Sp. z o.o., RGK Sp. z o.o., ENSA PGK1 Sp. z o.o., ENSA PGK2 Sp. z o.o., ENSA PGK3 Sp. z o.o., ENSA PGK4 Sp. z o.o., ENSA PGK5 Sp. z o.o., ENSA PGK6 Sp. z o.o., ENSA PGK7 Sp. z o.o., ENSA PGK8 Sp. z o.o., EOB PGK1 Sp. z o.o. and EOB PGK2 Sp. z o.o., concluded a tax group agreement for a tax group under the name of PGK ENERGA. The agreement was registered by the Head of the Pomorski Tax Authority on 27 February 2015. ENERGA SA was selected as the company representing PGK ENERGA in respect to the duties arising from the Corporate Income Tax Act and the Tax Ordinance Act.

The launch date of PGK ENERGA’s activity is 1 May 2015. The agreement was concluded for 3 fiscal years, that is until 31 December 2017. Income tax will be calculated on income earned in the fiscal year equal to the surplus of aggregated income of all companies comprising the group over their aggregate losses.

17. Subsequent events

On 6 October 2015, the Company's Supervisory Board delegated Mr. Waldemar Kamrat to temporarily discharge the function of the Vice-President of the Management Board for Development Strategy.

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

Andrzej Tersa
President of the Management Board

Seweryn Kędra
Vice-President of the Management Board for Financial Matters

Jolanta Szydłowska
Vice-President of the Management Board for Corporate Matters

Waldemar Kamrat
Vice-President of the Management Board for Development Strategy

Marek Pertkiewicz
Director of the Finance Department

Karol Jacewicz
Director of the Financial Reporting Unit
Chief Accountant

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

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

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

Gdańsk, 16 November 2015