

ENERGA SA Group

Independent Registered Auditor's Opinion

Consolidated Financial Statements

Director's Report

Registered Auditor's Report on the audit of the consolidated financial statements

For the year from 1 January to 31 December 2015

Content:

Independent Registered Auditor's Opinion

prepared by PricewaterhouseCoopers Sp. z o.o.

Consolidated Financial Statements

prepared by ENERGA SA Group

Directors' Report

prepared by Management Board of ENERGA SA

Registered Auditor's Report on the audit of the consolidated financial statements

prepared by PricewaterhouseCoopers Sp. z o.o.



Independent Registered Auditor's Report

To the Shareholders' Meeting and the Supervisory Board of ENERGA SA

Report on the financial statements

We have audited the accompanying consolidated financial statements of the ENERGA SA Group (hereinafter called "the Group"), having ENERGA SA, Grunwaldzka 472 Street, Gdańsk, as its Parent Company, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement and consolidated statement of comprehensive income for the year from 1 January to 31 December 2015, the consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year and a summary of significant accounting policies and other explanatory notes.

Management and Supervisory Board's Responsibility for the consolidated financial statements

The Parent Company's Management Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and the Report on the Group's operations and for the correctness of the books of account in accordance with the applicable regulations. The Parent Company's Management Board is also responsible for internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board and Supervisory Board are obliged to ensure that the consolidated financial statements and the Report on the Group's operations meet the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" – Journal of Laws of 2013, item 330 as amended).

Auditor's Responsibility

Our responsibility was to perform an audit of the accompanying consolidated financial statements and to express an opinion and the report on whether the consolidated financial statements present, in all material respects, a true and fair view of the Group's financial position and its financial results in accordance with the regulations and the applicable accounting policies and on the correctness of the accounting records constituting the basis for their preparation.

We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Audit and Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

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PricewaterhouseCoopers Sp. z o.o. is entered into the National Court Register (KRS) maintained by the District Court in Warsaw, with the reference number (KRS) 0000044655, and tax identification number (NIP) 526-021-02-28. Share capital amounts to PLN 10,363,900. Headquarters in Warsaw, Al. Armii Ludowej 14.



estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements in all material respects:

- a. give a true and fair view of the Group's financial position as at 31 December 2015 and its financial performance and its cash flows for the year from 1 January to 31 December 2015, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- b. comply in terms of form and content with the applicable laws, including the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions of recognizing as equal information required by the law of other state, which is not a member state ("the Decree" – Journal of Laws of 2014, item 133);
- c. have been prepared on the basis of correctly maintained consolidation documentation.

Report on Other Legal and Regulatory Requirements

Opinion on the Report on the Group's operations

The information contained in the Report on the Group's operations for the year from 1 January to 31 December 2015 accommodates the requirements of article 49 paragraph 2 of the Accounting Act and the Decree and is consistent with the information contained in the audited consolidated financial statements.

Based on the knowledge of the Group and its environment obtained during our audit we have not identified any material misstatements in the Report on the Group's operations.

In the Statement of Corporate Governance, which is a separate part of the Report on the Group's operations, the Group included information in accordance with the scope defined in the Decree. This information complies with the applicable regulations and is consistent with the information contained in the consolidated financial statements.

Auditor conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Michał Potrykus

Key Registered Auditor
No. 11833

Gdańsk, 14 March 2016

Translation note:

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ENERGA SA Group

Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

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Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

To the General Shareholders' Meeting and the Supervisory Board of ENERGA SA

This report contains 14 consecutively numbered pages and consists of:

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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2015

I. General information about the Group

- a. ENERGA SA ("the Parent Company") with its seat in Gdańsk, Grunwaldzka 472 Street is the parent company of the ENERGA SA Group ("the Group").
- b. The Parent Company was formed on the basis of a Notarial Deed drawn up on 6 December 2006 at the Notary Public's Office of Paweł Błaszczak in Warsaw and registered with Rep. A No. 20821/2006. On 8 January, the Parent Company was entered in the Commercial Register maintained by the District Court in Gdańsk with the reference number 0000271591.
- c. The Parent Company was assigned a tax identification (NIP) 957-09-57-722 for the purpose of making tax settlements and a REGON number 220353024 for statistical purposes.
- d. As at 31 December 2015 the Parent Company's share capital amounted to PLN 4 522 million and consisted of 414,067,114 shares, with a nominal value of PLN 10,92 each. Total equity as at that date amounted to PLN 6 525 million.
- e. As at 31 December 2015, the Parent Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN)	Type of shares held	Votes (%)
<i>State Treasury</i>	<i>68.398.317</i>	<i>746.909.621,64</i>	<i>ordinary</i>	<i>64,1</i>
	<i>144.928.000</i>	<i>1.582.613.760,00</i>	<i>preference</i>	
<i>Other shareholders</i>	<i>200.740.797</i>	<i>2.192.089.503,24</i>	<i>ordinary</i>	<i>35,9</i>
	<u>414.067.114</u>	<u>4.521.612.884,88</u>		<u>100,0</u>

- f. In the audited year, the Group's operations comprised of production, distribution and sales of electric and heat energy.
- g. During the audited year, the Management Board of the Parent Company comprised:
 - 1) from 1 January to 29 April 2015:
 - a) Mirosław Bieliński - Chairman of the Board,
 - b) Roman Szyszko - Vice- President of the Board,
 - c) Wojciech Topolnicki - Vice- President of the Board,
 - 2) from 29 April to 6 October 2015 :
 - a) Andrzej Tersa - Chairman of the Board,
 - b) Seweryn Kędra - Vice- President of the Board,
 - c) Jolanta Szydłowska - Vice- President of the Board,
 - 3) from 6 October to 2 December 2015:
 - a) Andrzej Tersa - Chairman of the Board,
 - b) Seweryn Kędra - Vice- President of the Board,
 - c) Jolanta Szydłowska - Vice- President of the Board,
 - d) Waldemar Kamrat - Member of the Supervisory Board of ENERGA SA temporarily delegated to Management Board,
 - 4) from 2 to 7 December 2015 :
 - a) Andrzej Tersa - Chairman of the Board,

ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

- b) Seweryn Kędra - Vice- President of the Board,
- c) Jolanta Szydłowska - Vice- President of the Board,
- 5) from 7 December 2015 to 3 January 2016:
 - a) Roman Pionkowski - Member of the Supervisory Board of ENERGA SA temporarily delegated to Management Board to act as Chairman of Board,
 - b) Seweryn Kędra - Vice- President of the Board,
- 6) from 4 January 2016 to 1 February 2016:
 - a) Dariusz Kaśków - Chairman of the Board,
 - b) Roman Pionkowski - Vice- President of the Board,
 - c) Mariusz Rędaszka - Vice- President of the Board,
- 7) from 1 February to 26 February 2016 :
 - a) Dariusz Kaśków - Chairman of the Board,
 - b) Grzegorz Ksepko - Vice- President of the Board,
 - c) Roman Pionkowski - Vice- President of the Board,
 - d) Mariusz Rędaszka - Vice- President of the Board,
- 8) from 26 February to the date of preparation of this financial statement:
 - a) Dariusz Kaśków - Prezes Zarządu,
 - b) Grzegorz Ksepko - Vice- President of the Board,
 - c) Mariusz Rędaszka - Vice- President of the Board.

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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

h. As at 31 December 2015, the ENERGA SA Group comprised the following entities:

Name	Nature of equity relationship (interest in %)	Consolidation method	Auditor of the financial statements	Type of opinion	Balance sheet date
ENERGA SA	Parent Company	Not applicable	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR SA	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR Eksploatacja Elbląg Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR Eksploatacja Gdańsk Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR Eksploatacja Kalisz Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR Eksploatacja Płock Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR Eksploatacja Słupsk Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR Eksploatacja Toruń Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA-OPERATOR Techniczna Obsługa Odbiorców Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
Przedsiębiorstwo Budownictwa Elektroenergetycznego ENBUD Słupsk Sp. z o.o.	Subsidiary (100%)	Full	Biuro Ekspertyz i doradztwa finansowo-księgowego "FIN-EKSPERT" Sp. z o.o.	Unqualified	31 December 2015
Energetyka Kaliska – Usługi Techniczne Sp. z o.o.	Subsidiary (100%)	Full	Continuum Consulting Group Poland Sp. z o.o.	Unqualified	31 December 2015
ZEP - Centrum Wykonawstwa Specjalistycznego Sp. z o.o.	Subsidiary (100%)	Full	Saks Audit Sp. z o.o.	Unqualified	31 December 2015
Zakład Budownictwa Energetycznego Sp. z o.o.	Subsidiary (100%)	Full	Kancelaria doradztwa podatkowego i audytu "Debet" Halina Kozak	Unqualified	31 December 2015
ENERGA-OPERATOR Logistyka Sp. z o.o.	Subsidiary (100%)	Full	KPW Audytor Sp. z o.o.	Unqualified	31 December 2015
Zakład Energetyczny Toruń - ENERGOHANDEL Sp. z o.o. w likwidacji	Subsidiary (100%)	Full	n/a	n/a	31 December 2015

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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

ENERGA-OBRÓT SA	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA Obsługa i Sprzedaż Sp. z o.o.	Subsidiary (100%)	Full	Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek sp. z o.o.	Unqualified	31 December 2015
ENERGA Oświetlenie Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA SLOVAKIA s.r.o.	Subsidiary (100%)	Full	BMB Leitner Bratislava s.r.o.	Unqualified	31 December 2015
Enspirion Sp. z o.o. (poprzednio: ENERGA Innowacje Sp. z o.o.)	Subsidiary (100%)	Full	Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek sp. z o.o.	Unqualified	31 December 2015
EOB PGK1 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
EOB PGK2 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENERGA Wytwarzanie SA	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA Elektrownie Ostrołęka SA	Subsidiary (89,64%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA Kogeneracja Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ENERGA Ciepło Ostrołęka Sp. z o.o.	Subsidiary (99,99%)	Full	Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek sp. z o.o.	Unqualified	31 December 2015
ENERGA Serwis Sp. z o.o.	Subsidiary (94,81%)	Full	Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek sp. z o.o.	Unqualified	31 December 2015
ENERGA Ciepło Kaliskie Sp. z o.o.	Subsidiary (91,24%)	Full	Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek sp. z o.o.	Unqualified	31 December 2015
ENERGA Invest SA	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
ZEC Żychlin Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
Elektrownia Ostrołęka SA	Subsidiary (100%)	Full	Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek sp. z o.o.	Unqualified	31 December 2015
AEGIR 4 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
BORA Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015

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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2015

I. General information about the Group (cont.)

BREVA Sp. z o.o.	Subsidiary (-%)	Full	n/a	n/a	31 December 2015
Ekologiczne Materiały Grzewcze Sp. z o.o.	Subsidiary (100%)	Full	Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek sp. z o.o.	Unqualified	31 December 2015
Elektrownia CCGT Gdańsk Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
Elektrownia CCGT Grudziądz Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENERGA Centrum Usług Wspólnych Sp. z o.o.	Subsidiary (100%)	Full	Wielkopolskie Centrum Audytorsko-Księgowe Spółka z o.o.	Unqualified	31 December 2015
ENERGA Finance AB (publ)	Subsidiary (100%)	Full	KPMG AB	Unqualified	31 December 2015
ENERGA Informatyka i Technologie Sp. z o.o.	Subsidiary (100%)	Full	Wielkopolskie Centrum Audytorsko-Księgowe Spółka z o.o.	Unqualified	31 December 2015
RGK Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK1 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK2 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK3 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK4 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK5 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK6 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK7 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015
ENSA PGK8 Sp. z o.o.	Subsidiary (100%)	Full	n/a	n/a	31 December 2015

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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial
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I. General information about the Group (cont.)

- i. During the financial year, the following changes took place in the scope of consolidation:
 - 1. On 15 April 2015 merger of Breva Sp. z o.o. by ENERGA Wytwarzanie SA has been registered. The transaction took place without raising the equity of the acquiring party.
 - 2. On 30 December the National Court Register deleted the Company ENERGA Elektrociepłownia Kalisz SA w likwidacji, from the Register.

- j. The Parent Company is an issuer of securities admitted for trading on the Warsaw Stock Exchange. In accordance with the choice of selecting accounting policies permitted by the Accounting Act, the Company has decided to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

II. Information about the audit

- a. The audit of the consolidated financial statements as at and for the year from 1 January to 31 December 2015 was conducted by PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor, the Group's registered auditor Michał Potrykus (no. 11833).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Parent Company by Resolution No. 62/IV/2014 of the Supervisory Board of ENERGA SA dated 6 November 2014 in accordance with paragraph 17 of the Parent Company's Memorandum of Association.
- c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the entities belonging to the Group within the meaning of art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws of 2015, item 1011).
- d. The audit was conducted in accordance with an agreement dated 23 February 2015, in the period from 15 February to 14 March 2016.

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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

III. The Group's results, financial position and significant items of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015 (selected lines)

	31.12.2015 PLN mln	31.12.2014 PLN mln *	Change		Structure	
			PLN mln	(%)	31.12.2015 (%)	31.12.2014 (%) *
ASSETS						
Non-current assets	13 873	13 242	631	4,8	75,2	73,1
Current assets	4 583	4 876	(293)	(6)	24,8	26,9
Total assets	18 456	18 118	338	1,9	100,0	100,0
LIABILITIES AND EQUITY						
Share capital	8 770	8 516	254	3,0	47,5	47
Non-controlling interests	44	37	7	18,9	0,2	0,2
Long-term liabilities	7 402	7 250	152	2,1	40,1	40
Short-term liabilities	2 240	2 315	(75)	(3,2)	12,2	12,8
Total liabilities and equity	18 456	18 118	338	1,9	100,0	100,0

* - restated

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year from 1 January to 31 December 2015 (selected lines)

	2015 PLN mln	2014 PLN mln	Change		Structure	
			PLN mln	(%)	2015 (%)	2014 (%)
Revenue	10 804	10 590	214	2,0	100,0 ,0	100,0 ,0
Costs of sales	(8 786)	(8 464)	322	3,8	(81,3)	(79,9)
Gross profit on sales	2 018	2 126	(108)	(5,1)	18,7	20,1
Net profit	840	1 006	(166)	(16,5)	7,8	9,5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year from 1 January to 31 December 2015 (selected lines)

	2015 PLN mln	2014 PLN mln	Change		Structure	
			PLN mln	(%)	2015 (%)	2014 (%)
Net profit	840	1 006	(166)	(16,5)	7,8	9,5
Other net comprehensive income	17	(89)	106	119,1	0,1	(0,8)
Total net comprehensive income	857	917	(60)	(6,5)	7,9	8,7

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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

Selected ratios characterizing the Group's financial position and results

The following ratios characterise the Group's activities, results of operations during the year and its financial position as at the balance sheet date compared with previous years:

	2015	2014*
Asset ratios		
- receivables turnover	45 days	42 days
- inventory turnover	17 days	13 days
Profitability ratios		
- net profit margin	8%	10%
- gross margin	12%	14%
- return on capital employed	10%	12%
Liability ratios		
- gearing	52%	53%
- payables turnover	29 days	30 days
	31.12.2015	31.12.2014
Liquidity ratios		
- current ratio	2,0	2,1
- quick ratio	1,8	2,0

*- restated

The above ratios have been calculated on the basis of the consolidated financial statements

It was not the purpose of the audit to present the Group in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Group's operations and its circumstances.

Our audit did not cover detailed comparative data constituting the basis for calculating the ratios for the previous years.



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ENERGA SA Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2015

III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

The consolidated financial statements do not take into account the effects of inflation. The consumer price index (on a December to December basis) amounted to -0,5% in the audited year (-1,0% in 2014).

The following comments are based on information obtained during the audit of the consolidated financial statements.

The comparability of the financial statements for 2014 and 2015 and thus the information content of the financial ratios for these years, can be limited due to the impact of presentation changes relating to investment units in ENERGA Trading SFIO fund.

The factors described below had a significant impact on the Group's results of operations and on its financial position as at the balance sheet date:

- At the end of the financial year, the Group's total assets amounted to PLN 18.546 million. During the year total assets increased by PLN 338 million i.e. by 1,9%. This increase was financed mainly by net profit of PLN 840 million and increase in long term liabilities of PLN 152 million. At the same time, the Company paid out dividend of PLN 596 million.
- Trade receivables as at 31 December 2015 amounted to PLN 1.762 million. The PLN 211 million increase in trade receivables compared with the previous year was mainly due to increase in sales revenue in 2015.
- Total equity as at 31 December 2015 amounted to PLN 8.770 million. An increase of total equity by PLN 254 million (i.e. by 3%) was mainly due to net profit of PLN 840 million. Simultaneously, a dividend of PLN 596 million was paid out.
- Long term liabilities as at 31 December 2015 amounted to PLN 7.402 million and comprised mainly loans and borrowings of PLN 2.475 million, debt securities issued of PLN 3.116 million. The PLN 152 million increase in long term liabilities compared with the previous year resulted mainly from increase of loans and borrowings.
- Liability ratios and the structure of liabilities have changed. The gearing ratio decreased from 52% at the end of the previous year to 52% at the end of the current year. The payables turnover ratio decreased from 30 days to 29 days, respectively.
- The Group's core activities consisted of production, distribution and sales of electric and heat energy. Revenue amounted to PLN 10.804 million, which constituted a 2% increase compared with the previous year, which was mainly due to increase of sales and distribution revenue.
- The cost of goods for resale and materials sold was the largest item of operating expenses and amounted to PLN 4.960 million in the audited year, which constituted 52% of operating expenses. The cost of goods for resale and materials sold has increased by PLN 192 million, i.e. by 4% , mainly due to increase in Group's turnover.

Translation note:

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

- Profitability measured with net profit amounted to 8% and was 2 percentage points lower than in the previous year.
- The Group's liquidity has changed. In the audited year, the current and quick ratios, which amounted to 2,0 (2014: 2,1) and 1,8 (2014:2,0) respectively, deteriorated} mainly due to decrease of Group's current assets value.



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IV. The independent registered auditor's statements

- a. The Management Board of the Parent Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the accounting records and the disclosure of all contingent liabilities and post balance-sheet events which occurred up to the date on which that letter was signed.
- b. The scope of the audit was not limited.
- c. The consolidation of equity items and the determination of minority interests were carried out properly in all material respects.
- d. The elimination of mutual balances (receivables and payables) and transactions (revenue and costs) of the consolidated entities were carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- e. The elimination of unrealized gains/losses of consolidated entities included in the book value of assets and in respect of dividend payments was carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- f. The impact of the disposal or partial disposal of shares in subordinated entities was accounted for properly in all material respects, in accordance with IFRS as adopted by the European Union.
- g. The consolidation documentation was complete and accurate and it is stored in a manner ensuring proper safeguarding.
- h. The consolidated financial statements of the Group as at and for the year ended 31 December 2014 were approved by Resolution No. 20 passed by the General Shareholders' Meeting of the Parent Company on 29 April 2015 and filed with the National Court Register in Gdańsk on 6 May 2015.
- i. The notes to the consolidated financial statements, which include the introduction and additional notes and explanations present all the significant information in accordance with IFRS as adopted by the European Union.

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V. Final information

This report has been prepared in connection with our audit of the consolidated financial statements of the ENERGA SA Group having ENERGA SA, Grunwaldzka 472 street, Gdańsk, as its Parent Company. The consolidated financial statements were signed by the Parent Company's Management Board on 14 March 2016.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and the Supervisory Board of ENERGA SA dated 14 March 2016, concerning the said consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o. , Registered Audit Company No. 144:

Michał Potrykus

Key Registered Auditor
No. 11833

Gdańsk, 14 March 2016

Translation note:

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