

Energa Finance AB (publ)

Annual report 2013

for the period July 10, 2012 -- December 31, 2013

(Org. nr. 556898-6862)

Management report

Business

The business of the company is financial activities, mainly by issuing bonds or other financial instruments to institutional and private investors, onlending of the borrowed funds to group companies and to carry out other therewith compatible business. The business activities will however be limited to such business activities that do not require authorisation from the Finance Supervisory Inspection or any other authority. The reporting currency is EUR.

The financial year

The company was founded on July 2, 2012, was registered by the Companies' office on July 7, 2012 and hereby completes its first financial year.

On November 15, 2012 a program for issuance of medium term bonds up to a value of EUR 1 000 000 000 was established. In March 2013 the first tranche of EUR 500 000 000 in this programme was issued. The bonds are guaranteed by the parent company and the funds were on-lent to the parent company (EUR 499 000 000).

The company has made three issues of shares with the effect that the share capital has increased from EUR 6 000 to EUR 20 000 000.

Expected future development

It is assumed that the future activities of the company will be unchanged and no additional borrowings or lendings are currently planned.

Corporate governance report

All financial reports that are prepared by the Company are checked for accuracy by the parent company and the Board of Directors.

Public reports - Statutory annual report and reports according to IFRS - are in addition audited by the elected auditors. In view of the limited activities and low number of transactions the Board of Directors considers the control system described above to be appropriate.

See note 4 for information regarding the Company's sole shareholder.

Proposal for appropriation of retained earnings

The following profit is to be appropriated by the Annual
General Meeting of Shareholders

Retained earnings	€ 77 063
-------------------	----------

The Board of Directors proposes that the earnings are
appropriated as follows

Carried forward	€ 77 063
-----------------	----------

For further information please refer to the accompanying profit and loss statement,
balance sheet and notes.

Profit and loss statement

Amounts in EUR	Note	2012-07-10-- 2013-12-31
Interest income from parent company		13 251 231
Interest expense		-13 017 540
Other external expenses	1	<u>-114 243</u>
Income before financial items		119 448
Other interest income		9 618
Exchange gains/losses net	6	6 484
Income before appropriations		135 550
Appr. to profit equalization reserve		-32 693
Income before taxes		102 857
Current taxes		-25 795
Net income		77 063

Balance sheet

Amounts in EUR	Note	2013-12-31
Assets		
<i>Financial long term assets</i>		
Loan to the parent company	2	499 000 000
<i>Current assets</i>		
Accrued interest income, parent company		4 572 732
Prepaid expenses		6 885
Bank funds		26 470 204
Total assets		530 049 820

Balance sheet

Amounts in EUR	Note	2013-12-31
Liabilities and equity		
Equity		
<i>Restricted equity</i>	3,4	
Share capital (20 000 000 shares)		20 000 000
<i>Retained earnings</i>		
Earnings carried forward		-
Current profit		<u>77 063</u>
		77 063
Total equity		20 077 063
Untaxed reserves		
Profit equalization reserve		32 693
Liabilities		
<i>Long term borrowings</i>		
Bonds	5	496 641 558
<i>Short term liabilities</i>		
Liability, Value added tax		235 266
Income tax liability		25 795
Accrued expenses		12 268
Accrued interest expenses		13 017 539
Accounts payable		<u>7 639</u>
		13 298 507
Total liabilities		530 049 820
Total liabilities and equity		550 159 576
Pledged assets		None
Commitments		None

Statement of cash flow

2012-07-10--

Amounts in EUR

2013-12-31

Operating activities

Interest and other payments from parent company 8 678 499

Interest on bank account 9 618

Interest payments on Eurobond loan

Payments to suppliers -3 218 522**Cash flow from operating activities** **5 469 595****Investment activities**

Loan to parent company -499 000 000

Financing activities

Issue of shares, shareholders contribution 20 000 000

Issue of bonds 500 000 000

520 000 000

Net increase in cash**26 469 595**

Effect on foreign exchange in cash 609

Cash at the end of the period **26 470 204**

Comments and notes

Assets and liabilities are valued at cost and nominal value respectively if nothing else is stated. Assets and liabilities denominated in foreign currencies are translated at current rate. The annual report has been prepared in accordance with the Annual Accounts Act and the recommendations of the Accounting Standards Board. The long-term loan and long-term borrowings are valued using the effective interest rate method. This means that the difference between discounted value (book value) and nominal value is amortized over the term of the loan and borrowing respectively. These amortizations are included in the interest income and interest expense that consequently shows the effective interest on the respective loan/borrowing. Functional currency of the company is EUR.

Note 1 Other expenses

Other expenses include audit fee to KPMG amounting to EUR 7 000.

Note 2 Master loan to parent company

The whole loan is due for payment in March 2020.
The nominal value of the Bond Loan is EUR 500 000 000.

Note 3 Equity

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Current earnings</i>	<i>Total equity</i>
Opening balance	-	-	-	0
Original issue of shares	6 000			6 000
Additional issues of shares	19 994 000	-		19 994 000
Current profit	-	-	77 063	77 063
Total	20 000 000	0	77 063	20 077 063

Note 4 Parent company

The Company is a subsidiary of the Energa SA S.A., Gdansk, Poland.

Note 5 Floating rate NDS Notes

The whole borrowing is due for payment in March 2020.
The nominal value of the Senior Notes is EUR 245 000 000.

Note 6 Currency exposure

The company is exposed to currency fluctuations on VAT liabilities, bank funds and accrued audit expenses denominated in SEK. As per the reporting date the VAT-liability was SEK 2 100 532, the bank funds SEK 1 654 and accrued audit expenses SEK 62 500.

Stockholm 2014-

Aleksandra Gajda-Gryber
Managing Director

Juliusz Komorowski
Chariman

Magnus Sundström

Our audit report was issued 2014-
KPMG AB

Tobias Palmgren
Authorized auditor