

**PGE Polska Grupa Energetyczna S.A.  
Group**

**Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2013**

**The opinion contains 3 pages  
The supplementary report contains 16 pages  
Opinion of the independent auditor  
and supplementary report on the audit  
of the consolidated financial statements  
for the financial year ended  
31 December 2013**

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## OPINION OF THE INDEPENDENT AUDITOR

*To the General Meeting of PGE Polska Grupa Energetyczna S.A.*

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is PGE Polska Grupa Energetyczna S.A. with its registered office in Warsaw, ul. Mysia 2 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's and Supervisory Board's Responsibility for the Consolidated Financial Statements*

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group's activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. 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 our 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, we consider internal control relevant to the entity'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 estimates made by management of the Parent Entity, 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 opinion.

### *Opinion*

In our opinion, the accompanying consolidated financial statements of PGE Polska Grupa Energetyczna S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to note 45.1 of the explanatory notes to the accompanying consolidated financial statements, and to the fact that the estimates of compensation related to early termination of long-term agreements for the sales of electric power and energy and recognition of related revenues and receivables were based on the Group's interpretations of the Act dated 29 June 2007, on rules of covering producer's costs related to early termination of long-term agreements for the sales of electric power and energy (Official Journal, No. 130, item 905, from 2007) ("The LTC Act"), the expectations on the final outcome of the dispute with the President of the Energy Regulation Office and a number of other significant assumptions, including those outside of the Group's control.

The final outcome of the dispute with the President of the Energy Regulation Office with respect to the interpretation of the LTC Act, as stated in the Note 45.1, and potential changes in adopted assumptions, may significantly impact the estimates and accordingly lead to significant changes in the financial position and results of the Group. As of the date of these financial statements the ultimate outcome of the dispute with the President of the Energy Regulation Office cannot be reasonably determined.

## **Specific Comments on Other Legal and Regulatory Requirements**

### *Report on the Group's Activities*

As required under the Accounting Act, we report that the report on PGE Polska Grupa Energetyczna S.A. Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No. 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Sp. z o.o.  
Registration No. 458  
ul. Chłodna 51  
00-867 Warsaw

### *Signed on the Polish original*

.....  
Marek Gajdziński  
Key Certified Auditor  
Registration No. 90061  
Partner with power of attorney

12 March 2014



TRANSLATION

**PGE Polska Grupa Energetyczna S.A.  
Group**

**Supplementary report  
on the audit of the  
consolidated financial  
statements  
Financial Year ended  
31 December 2013**

**The supplementary report contains 16 pages  
The supplementary report on the audit of the  
consolidated financial statements  
for the financial year ended  
31 December 2013**

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## **1. General**

### **1.1 Identification of the Group**

#### **1.1.1 Name of the Group**

PGE Polska Grupa Energetyczna S.A. Group

#### **1.1.2 Registered office of the Parent Company of the Group**

ul. Mysia 2  
00-496 Warsaw

#### **1.1.3 Registration of the Parent Company in the National Court Register**

Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Date:	5 November 2001
Registration number:	KRS 0000059307
Share capital as at the balance sheet date:	PLN 18,697,608,290.00

#### **1.1.4. Management of the Parent Company**

The Management Board is responsible for management of the Parent Company.

As at 31 December 2013, the Management Board of the Parent Company was comprised of the following members:

- |                    |   |
|--------------------|---|
| • Marek Woszczyk   | – President of the Management Board,      |
| • Jacek Drozd      | – Vice President of the Management Board, |
| • Grzegorz Krystek | – Vice President of the Management Board, |
| • Dariusz Marzec   | – Vice President of the Management Board. |

On 17 July 2013 Mr. Paweł Smoleń resigned from the position of Vice President of the Management Board, effective 19 July 2013.

On the basis of the resolution of Supervisory Board dated 25 October 2013 Mrs. Bogusława Matuszewska and Mr. Wojciech Ostrowski were recalled from the position of Vice Presidents of the Management Board.

On the basis of the resolution of Supervisory Board dated 14 November 2013 Mr. Grzegorz Krystek, Member of the Supervisory Board, was assigned temporary to the position of Member of the Management Board during the period from 18 November 2013 to 18 February 2014.

On the basis of the resolution of Supervisory Board dated 14 November 2013 Mr. Jacek Drozd, Member of the Supervisory Board, was assigned temporary to the position of Member of the Management Board during the period from 21 November 2013 to 21 February 2014.

On 18 November 2013 Mr. Krzysztof Kilian resigned from the position of President of the Management Board.



On the basis of the resolution of Supervisory Board dated 23 December 2013 Mr. Piotr Szymanek was recalled from the position of Vice President of the Management Board.

On the basis of the resolution of Supervisory Board dated 23 December 2013 Mr. Marek Woszczyk was appointed to the position of President of the Management Board.

On the basis of the resolution of Supervisory Board dated 23 December 2013 Mr. Grzegorz Krystek, Dariusz Marzec and Jacek Drozd were appointed to the position of Vice Presidents of the Management Board.

## **1.2 Information about companies comprising the Group**

### **1.2.1 Companies included in the consolidated financial statements**

As at 31 December 2013, the following companies were consolidated by the Group:

Parent Company:

- PGE Polska Grupa Energetyczna S.A.

Subsidiaries consolidated on the full consolidation basis:

- PGE PGE Obrót S.A.,
- PGE Dystrybucja S.A.,
- PGE Górnictwo i Energetyka Konwencjonalna S.A.,
- PGE Energia Odnawialna S.A.,
- EXATEL S.A.,
- PGE EJ 1 Sp. z o.o.,
- ELBIS Sp. z o.o.,
- PGE Systemy S.A.,
- Pelplin Sp. z o.o.,
- Żuromin Sp. z o.o.,
- Przedsiębiorstwo Transportowo-Sprzętowe "BETRANS" Sp. z o.o.,
- "ELBEST" Sp. z o.o.,
- Przedsiębiorstwo Usługowo-Produkcyjne "ELTUR-SERWIS" Sp. z o.o.,
- ENESTA Sp. z o.o.,
- ENERGO-TEL S.A.,
- Niezależny Operator Międzystrefowy sp. z o.o.,
- RAMB Sp. z o.o.,
- PGE Trading GmbH,
- Energetyczne Systemy Pomiarowe Sp. z o.o.,



- Bio-Energia S.A.,
- MEGAZEC Sp. z o.o.,
- "ELMEN" Sp. z o.o.,
- "Energoserwis - Kleszczów" Sp. z o.o.,
- Epore Sp. z o.o.,
- "TOP SERWIS" Sp. z o.o.,
- Zakład Obsługi Energetyki Sp. z o.o.,
- Przedsiębiorstwo Transportowo-Usługowe "ETRA" Sp. z o.o.,
- Przedsiębiorstwo Produkcyjno-Handlowe EKTO Sp. z o.o.,
- PGE Inwest Sp. z o.o.,
- Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA Sp. z o.o.,
- PGE Gubin Sp. z o.o.,
- Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.,
- Elektrownia Wiatrowa Baltica-1 Sp. z o.o.,
- Elektrownia Wiatrowa Baltica-2 Sp. z o.o.,
- Elektrownia Wiatrowa Baltica-3 Sp. z o.o.,
- Elektrownia Puławy Sp. z o.o.,
- PGE Dom Maklerski S.A.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2013, as a result of the Parent Company acquiring a controlling interest:

- Eolica Wojciechowo Sp. z o.o. – subject to consolidation for the period from 24 January 2013 to 31 December 2013,
- PGE Energia Natury S.A. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,
- PGE Energia Natury Sp. z o.o. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,
- PGE Energia Natury Kappa Sp. z o.o. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,
- PGE Energia Natury PEW Sp. z o.o. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,

- PGE Energia Natury Omikron Sp. z o.o. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,
- PGE Energia Natury Karnice Sp. z o.o. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,
- EPW Energia Olecko Sp. z o.o. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,
- PGE Energia Natury Bukowo Sp. z o.o. – subject to consolidation for the period from 28 June 2013 to 31 December 2013,
- EPW Energia Sp. z o.o. – subject to consolidation for the period from 31 July 2013 to 31 December 2013,
- MegaSerwis Sp. z o.o. – subject to consolidation for the period from 30 June 2013 to 31 December 2013.

The following subsidiaries were consolidated until the Parent lost control:

- „EnBud” Sp. z o.o. w likwidacji – subject to consolidation for the period from 1 January 2013 to 30 September 2013,
- „ESP Usługi” Sp. z o.o. – subject to consolidation for the period from 1 January 2013 to 30 September 2013,
- ELECTRA Bohemia s.r.o. w likwidacji – subject to consolidation for the period from 1 January 2013 to 31 March 2013,
- Mega Sp. z o.o. – subsidiary was put into liquidation in April 2013,
- Budownictwo Hydro-Energetyka Dychów Sp. z o.o. – sold on 21 February 2013,
- PGE Inwest sp. z o.o. II S.K.A. – subsidiary removed from the National Court Register on 5 March 2013.

### **1.2.2 Entities excluded from consolidation**

As at 31 December 2013, the following subsidiaries of the Group were not consolidated:

- Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A.,
- Energopomiar Sp. z o.o.,
- Ośrodek Wypoczynkowo Szkoleniowy „ENERGETYK” Sp. z o.o.,
- PROZEL-Lublin Sp. z o.o.,
- Pracownicze Towarzystwo Emerytalne Nowy Świat S.A.,

- E-conections S.A.,
- Telmatik Polska Sp. z o.o.,
- ELKOM Sp. z o.o.

### **1.3 Key Certified Auditor and Audit Firm Information**

#### **1.3.1 Key Certified Auditor information**

Name and surname: Marek Gajdziński  
Registration number: 90061

#### **1.3.2 Audit Firm information**

Name: KPMG Audyt Sp. z o.o.  
Address of registered office: ul. Chłodna 51, 00-867 Warsaw  
Registration number: KRS 0000104753  
Registration court: District Court for the Capital City of Warsaw in Warsaw,  
XII Commercial Department of the National Court Register  
Share capital: PLN 125,000  
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of audit firms, maintained by the National Council of Certified Auditors, under number 458.

### **1.4 Prior period consolidated financial statements**

The consolidated financial statements for the financial year ended 31 December 2012 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 27 June 2013.

The consolidated financial statements were submitted to the Registry Court on 4 July 2013.

### **1.5 Audit scope and responsibilities**

This report was prepared for the General Meeting of PGE Polska Grupa Energetyczna S.A. with its registered office in Warsaw, ul. Mysia 2 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements were audited in accordance with the contract dated 15 November 2010, concluded on the basis of the resolution of the Supervisory Board dated 30 September 2010 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements at the Group entities during the period from 25 November 2013 to 29 November 2013 and from 10 February 2014 to 12 March 2014.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the financial statements.

The Management Board of the Parent Company submitted a statement, dated as at the same date as this report, as to the true and fair presentation of the accompanying consolidated financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).

## **1.6 Information on audits of the financial statements of the consolidated companies**

### **1.6.1 Parent Company**

The separate financial statements of the Parent Company for the year ended 31 December 2013 were audited by KPMG Audyt Spółka z o.o., certified auditor number 458, and received an unqualified opinion.

## 1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
PGE Obrót S.A.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Dystrybucja S.A.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Górnictwo i Energetyka Konwencjonalna S.A.	KPMG Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
PGE Energia Odnawialna S.A.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
EXATEL S.A.	KPMG Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
PGE EJ 1 Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
ELBIS Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
PGE Systemy S.A.	KPMG Audyt Sp. z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
Pelplin Sp. z o.o.	CSWP Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
Zuromin Sp. z o.o.	CSWP Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Energia Natury S.A.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Energia Natury sp. z o.o.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Energia Natury Kappa sp. z o.o.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Energia Natury PEW sp. z o.o.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Energia Natury Omikron Sp. z o.o.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Energia Natury Karnice sp. z o.o.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
EPW Energia Olecko sp. z o.o.	unaudited	31.12.2013	unaudited
PGE Energia Natury Bukowo sp. z o.o.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
EPW Energia sp. z o.o.	BDO Sp. z o.o.	31.12.2013	Unqualified opinion
Przedsiębiorstwo Transportowo-Sprzętowe "BETRANS" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
"ELBEST" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Przedsiębiorstwo Usługowo-Produkcyjne "ELTUR-SERWIS" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
ENESTA Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
ENERGO-TEL S.A.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Niezależny Operator Międzystrefowy sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
RAMB Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
PGE Trading GmbH	ARB GmbH	31.12.2013	Unqualified opinion
Energetyczne Systemy Pomiarowe Sp. z o.o.	Wirtschaftsprüfungsgesellschaft		
Bio-Energia S.A.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
MEGAZEC Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion

"ELMEN" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
"Ergoserwis - Kleszczów" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Epore sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
"TOP SERWIS" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Zakład Obsługi Energetyki Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Przedsiębiorstwo Transportowo-Usługowe "ETRA" Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Przedsiębiorstwo Produkcyjno-Handlowe EKTO Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
PGE Inwest Sp. z o.o.	unaudited	31.12.2013	unaudited
Przedsiębiorstwo Wulkanizacji Taśm i Produkcji Wyrobów Gumowych BESTGUM POLSKA Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
PGE Gubin Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Elektrownia Wiatrowa Baltica-1 Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	in the course of audit
Elektrownia Wiatrowa Baltica-2 Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	in the course of audit
Elektrownia Wiatrowa Baltica-3 Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	in the course of audit
MegaSerwis Sp. z o.o.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Elektrownia Puławy Sp. z o.o.	Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k.	31.12.2013	Unqualified opinion
PGE Dom Maklerski S.A.	Mazars Audyt Sp. z o.o.	31.12.2013	Unqualified opinion
Eolica Wojciechowo Sp. z o.o.	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.	31.12.2013	Unqualified opinion

## 2 Financial analysis of the Group

### 2.1 Summary analysis of the consolidated financial statements

#### 2.1.1 Consolidated statement of financial position

ASSETS	31.12.2013		31.12.2012		1.01.2012	
	PLN '000	% of total	PLN '000	% of total	PLN '000	% of total
			<i>data restated*</i>		<i>data restated*</i>	
<b>Non-current assets</b>						
Property, plant and equipment	45,626,300	75.1	43,738,301	77.1	42,974,819	76.9
Investment property	22,301	-	28,283	0.1	33,286	0.1
Intangible assets	717,827	1.2	512,764	0.9	261,781	0.5
Loans and receivables	391,970	0.7	329,395	0.6	323,473	0.6
Available-for-sale financial assets	24,786	-	33,256	0.1	100,751	0.2
Shares in associates accounted for under the equity method	9,033	-	40,454	0.1	55,062	0.1
Other non-current assets	643,968	1.1	357,166	0.6	396,514	0.7
Deferred tax assets	302,040	0.5	367,079	0.6	296,387	0.5
Non-current assets related to discontinued operations	-	-	-	-	4,077	-
<b>Total non-current assets</b>	<b>47,738,225</b>	<b>78.6</b>	<b>45,406,698</b>	<b>80.1</b>	<b>44,446,150</b>	<b>79.6</b>
<b>Current assets</b>						
Inventories	1,683,698	2.8	2,199,873	3.9	1,305,327	2.3
Emission rights	1,403,742	2.3	791,148	1.4	456,431	0.8
Income tax receivable	8,584	-	8,918	-	31,920	0.1
Short-term financial assets at fair value through profit or loss	104,248	0.2	18,833	-	-	-
Trade receivables	2,192,088	3.6	1,894,733	3.3	1,767,739	3.2
Other loans and financial assets	903,097	1.5	768,200	1.4	2,784,000	5.0
Available-for-sale short-term financial assets	9,025	-	4,377	-	8,432	-
Other current assets	749,052	1.2	805,946	1.4	945,839	1.7
Cash and cash equivalents	5,951,964	9.8	4,795,493	8.5	4,052,238	7.2
Assets classified as held-for-sale	7,585	-	9,385	-	33,067	0.1
Current assets related to discontinued operations	-	-	-	-	20,931	-
<b>Total current assets</b>	<b>13,013,083</b>	<b>21.4</b>	<b>11,296,906</b>	<b>19.9</b>	<b>11,405,924</b>	<b>20.4</b>
<b>TOTAL ASSETS</b>	<b>60,751,308</b>	<b>100.0</b>	<b>56,703,604</b>	<b>100.0</b>	<b>55,852,074</b>	<b>100.0</b>

\* For information regarding restatement of comparative figures please refer to note 13 of the financial statements.



**PGE Polska Grupa Energetyczna S.A. Group**  
*The supplementary report on the audit of the consolidated financial statements  
for the financial year ended 31 December 2013*  
**TRANSLATION**

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2013</b>	<b>% of total</b>	<b>31.12.2012</b>	<b>% of total</b>	<b>1.01.2012</b>	<b>% of total</b>
	<b>PLN '000</b>		<b>PLN '000</b>		<b>PLN '000</b>	
			<i>data restated*</i>		<i>data restated*</i>	
<b>Equity (attributable to shareholders of the parent)</b>						
Share capital	18,697,608	30.8	18,697,608	33.0	18,697,837	33.5
Revaluation reserve	321	-	0	-	(777)	-
Treasury shares	0	-	0	-	(229)	-
Foreign exchange differences from translation of foreign entities	152	-	3,742	-	6,292	-
Reserve capital	8,941,152	14.7	9,687,596	17.1	8,553,143	15.3
Other capital reserves	49,779	0.1	49,779	0.1	49,779	0.1
Retained earnings	15,692,905	25.8	12,278,204	21.6	13,322,998	23.9
Non-controlling interests	266,346	0.5	294,357	0.5	412,969	0.7
<b>Total equity</b>	<b>43,648,263</b>	<b>71.9</b>	<b>41,011,286</b>	<b>72.3</b>	<b>41,042,012</b>	<b>73.5</b>
<b>Non-current liabilities</b>						
Interest-bearing loans, borrowings, bonds and lease	1,993,860	3.3	1,085,244	1.9	1,341,351	2.4
Other liabilities	10,665	-	22,038	-	17,864	-
Provisions	4,462,064	7.3	4,695,414	8.3	3,289,921	5.9
Deferred tax liabilities	1,665,046	2.7	1,547,431	2.8	1,353,719	2.4
Deferred income and government grants	1,180,901	2.0	1,124,754	2.0	1,255,298	2.3
Non-current liabilities related to discontinued operations	-	-	-	-	667	-
<b>Total non-current liabilities</b>	<b>9,312,536</b>	<b>15.3</b>	<b>8,474,881</b>	<b>15.0</b>	<b>7,258,820</b>	<b>13.0</b>
<b>Current liabilities</b>						
Trade liabilities	934,834	1.5	1,201,870	2.1	1,117,172	2.0
Financial liabilities at fair value through profit or loss	23,725	-	36,513	0.1	48,093	0.1
Interest-bearing loans, borrowings, bonds and lease	527,831	0.9	811,447	1.4	697,661	1.2
Other current financial liabilities	1,944,082	3.2	1,546,320	2.7	1,826,613	3.3
Other current non-financial liabilities	1,672,725	2.7	1,557,993	2.8	1,499,755	2.7
Income tax liabilities	154,738	0.3	231,234	0.4	414,618	0.7
Deferred income and government grants	97,328	0.2	123,401	0.2	117,117	0.2
Current provisions	2,435,246	4.0	1,708,659	3.0	1,812,299	3.2
Current liabilities related to discontinued operations	-	-	-	-	17,914	0.1
<b>Total current liabilities</b>	<b>7,790,509</b>	<b>12.8</b>	<b>7,217,437</b>	<b>12.7</b>	<b>7,551,242</b>	<b>13.5</b>
<b>Total liabilities</b>	<b>17,103,045</b>	<b>28.1</b>	<b>15,692,318</b>	<b>27.7</b>	<b>14,810,062</b>	<b>26.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>60,751,308</b>	<b>100.0</b>	<b>56,703,604</b>	<b>100.0</b>	<b>55,852,074</b>	<b>100.0</b>

\* For information regarding restatement of comparative figures please refer to note 13 of the financial statements.

## 2.1.2. Consolidated statement of comprehensive income

	1.01.2013 - 31.12.2013	% of total sales	1.01.2012 - 31.12.2012	% of total sales
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>PLN '000</b>		<b>PLN '000</b>	
<b>CONTINUING OPERATIONS</b>			<i>data restated*</i>	
Total sales revenues	30,144,855	100.0	30,481,076	100.0
Cost of goods sold	(23,370,062)	77.5	(21,762,212)	71.4
<b>Gross profit on sales</b>	<b>6,774,793</b>	<b>22.5</b>	<b>8,718,864</b>	<b>28.6</b>
Other operating revenues	1,025,888	3.4	782,721	2.6
Distribution and selling expenses	(1,244,134)	4.1	(1,495,512)	4.9
General and administrative expenses	(795,359)	2.7	(764,903)	2.5
Other operating expenses	(700,747)	2.3	(2,863,411)	9.4
<b>Operating profit</b>	<b>5,060,441</b>	<b>16.8</b>	<b>4,377,759</b>	<b>14.4</b>
Financial revenues	313,906	1.0	612,993	2.0
Financial expenses	(314,176)	1.0	(367,147)	1.2
Share of profit of associates	(987)	-	(13,570)	-
<b>Profit before tax</b>	<b>5,059,184</b>	<b>16.8</b>	<b>4,610,035</b>	<b>15.2</b>
Corporate income tax	(916,021)	3.0	(966,128)	3.2
<b>Net profit from continuing operations</b>	<b>4,143,163</b>	<b>13.8</b>	<b>3,643,907</b>	<b>12.0</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit for the period from discontinued operations	-	-	278	-
<b>Net profit for the operating period</b>	<b>4,143,163</b>	<b>13.8</b>	<b>3,644,185</b>	<b>12.0</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Valuation of available-for-sale financial assets	321	-	777	-
Foreign exchange differences on translation of foreign entities	633	-	(2,550)	-
Actuarial gains and losses from the valuation of provision for employee	252,360	0.8	(163,765)	0.5
<b>Other comprehensive income for the period</b>	<b>253,314</b>	<b>0.8</b>	<b>(165,538)</b>	<b>0.5</b>
<b>Total comprehensive income</b>	<b>4,396,477</b>	<b>14.6</b>	<b>3,478,647</b>	<b>11.5</b>
<b>Net profit attributable to:</b>				
Equity holders of the parent company	4,118,469		3,616,254	
Non-controlling interest	24,694		27,931	
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent company	4,370,609		3,451,598	
Non-controlling interest	25,868		27,049	
<b>Earnings per share (in PLN)</b>				
basic earnings per share for the period	2.20		1.93	
basic earnings from the continuing operations	2.20		1.93	

\* For information regarding restatement of comparative figures please refer to note 13 of the financial statements.

## 2.2 Selected financial ratios

	2013	2012
		<i>data restated*</i>
<b>1. Return on sales</b>		
<u>net profit x 100%</u> revenue	13,7%	12,0%
<b>2. Return on equity</b>		
<u>net profit x 100%</u> equity - net profit	10,5%	9,8%
<b>3. Debtors turnover</b>		
<u>average trade receivables (gross) x 365 days</u> revenue	28 days	25 days
<b>4. Debt ratio</b>		
<u>liabilities x 100%</u> equity and liabilities	28,2%	27,7%
<b>5. Current ratio</b>		
<u>current assets</u> current liabilities	1,7	1,6

\* For information regarding restatement of comparative figures please refer to note 13 of the financial statements.

- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.

### **3 Detailed report**

#### **3.1 Accounting principles**

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

#### **3.2 Basis of preparation of the consolidated financial statements**

The consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 No. 169, item 1327).

#### **3.3 Method of consolidation**

The method of consolidation is described in note 12.1 and 12.2 of the notes to the consolidated financial statements.

#### **3.4 Goodwill arising on consolidation**

The method of calculating goodwill arising on consolidation is described in note 2.2 and 12.1 of the notes to the consolidated financial statements.

#### **3.5 Consolidation of equity and calculation of non-controlling interest**

The share capital of the Group is equal to the share capital of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

#### **3.6 Consolidation eliminations**

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of PGE Polska Grupa Energetyczna S.A. (or subsidiaries) and agreed with information received from the subsidiaries.

### **3.7 Notes to the consolidated financial statements**

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

### **3.8 Report of the Management Board of the Parent Company on the Group's activities**

The report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No. 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Sp. z o.o.  
Registration No. 458  
ul. Chłodna 51  
00-867 Warsaw

*Signed on the Polish original*

.....  
Marek Gajdziński  
Key Certified Auditor  
Registration No. 90061  
Partner with power of attorney

12 March 2014