



**TAURON Polska Energia S.A. Supervisory Board's report
on evaluation of consolidated financial statements of TAURON Polska Energia S.A. Capital
Group prepared in accordance with International Financial Reporting Standards for the year
ended 31 December 2012 and the Management Board's report on operations of TAURON
Polska Energia S.A. Capital Group for the financial year 2012.**

Katowice, March 2013

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1. Introduction

Acting pursuant to Article 382 § 3 of Commercial Companies Code and the Company's Articles of Association, the Supervisory Board evaluated the following documents in terms of their compliance with the ledgers, documents and the actual state of affairs:

- 1) Consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2012,
- 2) Report of the Management Board on the operation of TAURON Polska Energia S.A. Capital Group for the financial year 2012.

Examination of Consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2012 has been carried out by Ernst & Young Audit sp. z o.o. with its registered office in Warsaw, appointed by the Supervisory Board in resolution No. 365/II/2010 of 29 October 2010. The examination was performed by a certified auditor and included verification of documents that are the source of the amounts and information included in consolidated financial statements of the TAURON Group for the financial year 2012 and covered evaluation of the accuracy of the accounting principles and estimates adopted and applied in the TAURON Group.

The results of the examination are presented herein.

2. Evaluation of consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2012.

The Supervisory Board have read and analyzed the consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2012, covering:

- 1) Consolidated statement of comprehensive income for the year ended 31 December 2012 showing comprehensive income after tax in the amount of PLN 1,207,705 thousand,
- 2) Consolidated statement of financial position for the year ended 31 December 2012, which shows assets and liabilities in the amount of PLN 31.273.677 thousand,
- 3) Consolidated statement of changes in equity for the year ended 31 December 2012 showing equity increase of PLN 641,015 thousand,
- 4) Consolidated statement of cash flows for the year ended 31 December 2012 showing net cash flow increase of PLN 385,838 thousand,
- 5) Accounting policies (regulations) and other explanatory notes.

2.1 Consolidated statement of comprehensive income for the year ended 31 December 2012.

In the financial year 2012 the amounts in individual positions and their changes were as follows, compared to the year 2011:

- 1) revenues – total increase from PLN 20,755,222 thousand to PLN 24,741,257 thousand,
- 2) gross sales profit – increase from PLN 2,580,868 thousand to PLN 3,459,203 thousand,
- 3) operating profit – increase from PLN 1,645,504 thousand to PLN 2,153,401 thousand,
- 4) gross profit – increase from PLN 1,599,951 thousand to PLN 1,935,849 thousand,
- 5) net profit – increase from PLN 1,266,934 thousand to PLN 1,541,299 thousand.

Charges on the financial result have been determined correctly.

2.2 Consolidated statement of financial position as of 31 December 2012.

Consolidated statement of financial position prepared as of 31 December 2012 shows assets and liabilities in the amount of PLN 31,273,677 thousand.

On the side of assets the above amount includes:

- 1) fixed assets - PLN 25,471,230 thousand,
- 2) current assets - PLN 5,766,232 thousand.

On the side of liabilities the above amount includes:

- 1) equity - PLN 16,728,233 thousand,
- 2) long-term liabilities - PLN 9,148,067 thousand,
- 3) short-term liabilities - PLN 5,397,377 thousand.

As compared to 31 December 2011 the following changes in the structure of assets and funding sources were recorded:

On the side of assets:

- 1) fixed assets - increase by PLN 2,054,453 thousand,
- 2) current assets - increase by PLN 664,964 thousand.

On the side of liabilities:

- 1) equity - increase by PLN 641,015 thousand,
- 2) long-term liabilities - increase by PLN 1,550,986 thousand,
- 3) short-term liabilities - increase by PLN 554,680 thousand.

The level of liabilities and their settlement cycle do not raise any concerns.

2.3 Consolidated statement of changes in equity for the year ended 31 December 2012.

Consolidated statement of changes in equity for the year ended 31 December 2012 shows equity increase of PLN 641,015 thousand. As of the end of the reporting period the equity amounts to PLN 16,728,233 thousand.

The data presented in the consolidated statement of changes in equity for the year ended 31 December 2012 is complete and reflect the actual state of affairs.

2.4 Consolidated statement of cash flows for the year ended 31 December 2012.

The cash level at the beginning of the year amounted to PLN 505,816 thousand and at the end of the year it amounted to PLN 891,654 thousand. Cash flow increased by PLN 385,838 thousand.

Cash flows in 2012 are presented below:

- 1) at the operating level, TAURON Polska Energia S.A. Capital Group generated net cash flow surplus of PLN 3,520,329 thousand,
- 2) in terms of investment, TAURON Polska Energia S.A. Capital Group spent net PLN 3,282,929 thousand,
- 3) in terms of financial operations, TAURON Polska Energia S.A. Capital Group generated net surplus of PLN 148,438 thousand.

Supervisory Board has no objections or reservations to the presented consolidated statement of cash flows.

The Supervisory Board confirms that the consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2012 were prepared within the time required by the regulations and in accordance with the International Financial reporting Standards.

According to the opinion of the certified auditor, the consolidated financial statements of TAURON Polska Energia S.A. Capital Group in all material aspects reflect in a clear and adequate manner all information necessary to evaluate the financial result on the operations, as well as assets and financial standing of the TAURON Group and has been prepared correctly and in accordance with applicable laws.

Compliance of the consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2012 with ledgers, documents and actual state of affairs does not raise any reservations and is confirmed by positive opinion of the certified auditor.

By declaring compliance of consolidated financial statements with the ledgers and documents of the TAURON Group and International Financial Reporting Standards as well as the actual state of affairs, the Supervisory Board gives a positive opinion and

recommends that the Ordinary General Meeting approve the presented consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2012.

3. Evaluation of Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2012

The Supervisory Board confirms that the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2012 was prepared in accordance with applicable regulations of the Accounting Law of 29 September 1994 and the Decree of the Minister of Finance on current and periodic information disclosed by issuers of securities of 19 February 2009.

The subject report presents in a clear and accurate manner the assets and the financial standing as well as development of TAURON Polska Energia S.A. Capital Group for the financial year 2012 and its compliance as to the scope of information disclosed therein has been confirmed by a certified auditor.

The subject report has been prepared in an accurate, objective manner as well as in accordance with the ledgers, documents and actual state of affairs.

In consequence, the Supervisory Board gives a positive opinion on the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2012 and recommends that the Ordinary General Meeting approve it.

4. Summary

Following the evaluation, the Supervisory Board is of the opinion that the financial statements referred to above were prepared:

- 1) in accordance with the actual state of affairs, reflect in a correct and adequate manner the results of the operations in the year 2012 as well as the financial standing and assets of TAURON Polska Energia S.A. Capital Group as of 31 December 2012;
- 2) in accordance with the regulations concerning preparation of financial statements that have impact on the form and content of consolidated financial statement, in particular the International Financial Reporting Standards.

Following the results of evaluation presented herein and the positive opinion of the certified auditor, the Supervisory Board recommends to the Ordinary General Meeting to approve the consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2012 and the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2012.

Katowice, 13 March 2013

Chairman of the Supervisory Board	-	Antoni Tajduś
Deputy Chairman of the Supervisory Board	-	Rafał Wardziński
Secretary of the Supervisory Board	-	Leszek Koziorowski
Member of the Supervisory Board	-	Jacek Kuciński
Member of the Supervisory Board	-	Marcin Majeranowski
Member of the Supervisory Board	-	Jacek Szyke
Member of the Supervisory Board	-	Marek Ściążko
Member of the Supervisory Board	-	Agnieszka Trzaskalska