



**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 2013 and the Management Board's report on operations of TAURON  
Polska Energia S.A. Capital Group for the financial year 2013.**

Katowice, March 2014

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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 2013,
- 2) Report of the Management Board on the operation of TAURON Polska Energia S.A. Capital Group for the financial year 2013.

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 2013 has been carried out by Deloitte Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Warsaw, appointed by the Supervisory Board in resolution No. 23/III/2013 of 13 March 2013. 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 2013 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 2013.

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 2013, covering:

- 1) Consolidated statement of comprehensive income for the year ended 31 December 2013 showing comprehensive income after tax in the amount of PLN 1,389,973 thousand and net profit for the financial year in the amount of PLN 1,346,489 thousand,
- 2) Consolidated statement of financial position for the year ended 31 December 2013, which shows assets and liabilities in the amount of PLN 32,355,570 thousand,
- 3) Consolidated statement of changes in equity for the year ended 31 December 2013 showing equity increase of PLN 993,479 thousand,
- 4) Consolidated statement of cash flows for the year ended 31 December 2013 showing net cash flow decrease of PLN 350,506 thousand,
- 5) Accounting policies (regulations) and other explanatory notes.

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## **2.1 Consolidated statement of comprehensive income for the year ended 31 December 2013.**

In the financial year 2013 the amounts in individual positions and their changes were as follows, compared to the year 2012:

- 1) revenues – total decrease from PLN 24,752,985 thousand to PLN 19,131,122 thousand,
- 2) gross sales profit – decrease from PLN 3,470,931 thousand to PLN 3,140,661 thousand,
- 3) operating profit – decrease from PLN 2,165,129 thousand to PLN 1,934,066 thousand,
- 4) gross profit – increase from PLN 1,947,577 thousand to PLN 1,683,621 thousand,
- 5) net profit – increase from PLN 1,550,799 thousand to PLN 1,346,485 thousand.

Charges on the financial result have been determined correctly.

## **2.2 Consolidated statement of financial position as of 31 December 2013.**

Consolidated statement of financial position prepared as of 31 December 2013 shows assets and liabilities in the amount of PLN 32,355,570 thousand.

On the side of assets the above amount includes:

- 1) fixed assets - PLN 27,567,008 thousand,
- 2) current assets - PLN 4,755,521 thousand.

On the side of liabilities the above amount includes:

- 1) equity - PLN 17,793,499 thousand,
- 2) long-term liabilities - PLN 9,304,341 thousand,
- 3) short-term liabilities - PLN 5,257,730 thousand.

As compared to 31 December 2012 the following changes in the structure of assets and funding sources were recorded:

On the side of assets:

- 1) fixed assets - increase by PLN 2,095,778 thousand,
- 2) current assets - decrease by PLN 1,010,711 thousand.

On the side of liabilities:

- 1) equity - increase by PLN 993,479 thousand,
- 2) long-term liabilities - increase by PLN 223,107 thousand,
- 3) short-term liabilities - decrease by PLN 134,693 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 2013.**

Consolidated statement of changes in equity for the year ended 31 December 2013 shows equity increase of PLN 993,479 thousand. As of the end of the reporting period the equity amounts to PLN 17,793,499 thousand.

The data presented in the consolidated statement of changes in equity for the year ended 31 December 2013 is complete and reflect the actual state of affairs.

#### **2.4 Consolidated statement of cash flows for the year ended 31 December 2013.**

The cash level at the beginning of the year amounted to PLN 891,654 thousand and at the end of the year it amounted to PLN 541,148 thousand. Cash flow increased by PLN 350,506 thousand.

Cash flows in 2013 are presented below:

- 1) at the operating level, TAURON Polska Energia S.A. Capital Group generated net cash flow surplus of PLN 4,079,082 thousand,
- 2) in terms of investment operations, TAURON Polska Energia S.A. Capital Group spent net PLN 4,180,488 thousand,
- 3) in terms of financial operations, TAURON Polska Energia S.A. Capital Group spent net PLN 249,100 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 2013 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 2013 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 2013.

### **3. Evaluation of Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2013**

The Supervisory Board confirms that the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2013 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 2013 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 2013 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 2013 as well as the financial standing and assets of TAURON Polska Energia S.A. Capital Group as of 31 December 2013;
- 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 2013 and the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2013.

***Katowice, 17 March 2014***

Chairman of the Supervisory Board	-	Antoni Tajduś
Deputy Chairman of the Supervisory Board	-	Agnieszka Woś
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