



**TAURON Polska Energia S.A. Supervisory Board's report
on evaluation of consolidated financial statements of TAURON Polska Energia S.A. Capital
Group and the Management Board's report on operations of TAURON Polska Energia S.A.
Capital Group for the financial year 2014**

Katowice, March 2015

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1. Introduction

Acting pursuant to Article 382 § 3 of Commercial Companies Code and § 20 section 1 item 3) of the Company's Articles of Association, the Supervisory Board of TAURON Polska Energia S.A. (hereinafter referred to as Supervisory Board) presents to the General Meeting the *Supervisory Board's report on evaluation of consolidated financial statements of TAURON Polska Energia S.A. Capital Group and the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year ended 31 December 2014* which includes the results of evaluation of the following documents:

- 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 2014,
- 2) Report of the Management Board on the operation of TAURON Polska Energia S.A. Capital Group for the financial year 2014.

Examination of the abovementioned statements of TAURON Polska Energia S.A. Capital Group was carried out by Deloitte Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Warsaw (hereinafter certified auditor), appointed by the Supervisory Board to examine standalone financial statements of TAURON Polska Energia S.A. and consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the financial years 2013, 2014 and 2015.

The task of the certified auditor was to examine and present opinion on compliance of the consolidated financial statements for the financial year 2014 with the accounting principles adopted by the TAURON Polska Energia S.A. Capital Group, as well as whether the financial standing, assets and financial results of TAURON Polska Energia S.A. Capital Group are presented in an accurate and clear manner in all relevant aspects.

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 2014.

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 2014, covering:

- 1) Consolidated statement of comprehensive income for the year ended 31 December 2014 showing comprehensive income after tax in the amount of PLN 895,176 thousand and net profit for the financial year 2014 in the amount of PLN 1,185,560 thousand,
- 2) Consolidated statement of financial position for the year ended 31 December 2014, which shows assets and liabilities in the amount of PLN 34,559,193 thousand,

- 3) Consolidated statement of changes in equity for the year ended 31 December 2014 showing equity increase of PLN 203,065 thousand,
- 4) Consolidated statement of cash flows for the year ended 31 December 2014 showing net cash flow increase of PLN 866,923 thousand,
- 5) Accounting policies (regulations) and other explanatory notes.

Consolidated statement of comprehensive income for the year ended 31 December 2014.

The table below presents consolidated statement of comprehensive income.

Table No. 1. Consolidated statement of comprehensive income (in PLN thousand).

Consolidated statement of comprehensive income	As of 31 December 2014	As of 31 December 2013	Change (2014 – 2013)
Sales revenue	18,440,763	19,131,122	(690,359)
Profit (loss) on sale	2,928,700	3,140,661	(211,961)
Operating profit (loss)	1,830,113	1,934,066	(103,953)
Profit (loss) before tax	1,498,215	1,683,621	(185,406)
Net profit (loss)	1,185,560	1,346,485	(160,925)

Charges on the financial result have been determined correctly.

Consolidated statement of financial position as of 31 December 2014.

The table below presents consolidated statement of financial position.

Table No. 2. Consolidated statement of financial position (in PLN thousand).

Consolidated statement of financial position	As of 31 December 2014	As of 31 December 2013	Change (2014 – 2013)
ASSETS			
Non-current assets	28,162,749	27,567,008	595,741
Current assets	6,396,444	4,788,562	1,607,882
TOTAL ASSETS	34,559,193	32,355,570	2,203,623
EQUITY AND LIABILITIES			
Total equity	17,996,564	17,793,499	203,065
Non-current liabilities	11,744,092	9,304,341	2,439,751
Current liabilities	4,818,537	5,257,730	(439,193)
TOTAL EQUITY AND LIABILITIES	34,559,193	32,355,570	2,203,623

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

Consolidated statement of changes in equity for the year ended 31 December 2014.

The table below presents consolidated statement of changes in equity.

Table No. 3. Consolidated statement of changes in equity (in PLN thousand).

Consolidated statement of changes in equity	Year ended 31 December 2014	Year ended 31 December 2013
Equity at the beginning of the period	17,793,499	16,800,020
Equity at the end of the period	17,996,564	17,793,499
Change in equity (end of the period – beginning of the period)	203,065	993,479

The data presented in the consolidated statement of changes in equity for the year ended 31 December 2014 is complete and reflect the actual state of affairs.

Consolidated statement of cash flows for the year ended 31 December 2014.

The table below presents consolidated statement of cash flows.

Table No. 4. Consolidated statement of cash flows (in PLN thousand).

Consolidated statement of cash flows	Year ended 31 December 2014	Year ended 31 December 2013
Net cash from operating activities	2,617,907	4,079,082
Net cash from investing activities	(3,386,733)	(4,180,488)
Net cash from financing activities	1,635,749	(249,100)
Net increase (decrease) in cash and cash equivalents	866,923	(350,506)
Cash at the beginning of the period	541,148	891,654
Cash at the end of the period	1,408,071	541,148

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

Having carefully 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 2014 and having read the opinion and the report of the certified auditor, the Supervisor Board positively evaluates the said financial statements in terms of compliance with the ledgers, documents and actual state of affairs.

At the same time, the Supervisory Board declares that the abovementioned financial statements was prepared within the time specified in relevant regulations and in compliance with International Financial Reporting Standards approved by the European Union. Compliance of the consolidated financial statements with ledgers, documents and actual state of affairs does not raise any objections and is confirmed by positive opinion of the certified auditor.

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.

Taking the above into account, the Supervisory Board 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 2014.

3. Evaluation of Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2014

Having carefully analyzed the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2014 the Supervisory Board positively evaluates the said report in terms of its compliance with the ledgers, documents and actual state of affairs. The said 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 and its compliance as to the scope of information disclosed therein has been confirmed by a certified auditor.

At the same time, the Supervisory Board declares that the abovementioned financial statements were prepared in compliance with applicable provisions of the Accounting Act of 29 September 1994 and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities.

In consequence, the Supervisory Board recommends that the Ordinary General Meeting approve the Management Board's report on the operations of TAURON Polska Energia S.A. Capital Group for the financial year 2014.

4. Summary

Following the evaluation, the Supervisory Board is of the opinion that the financial statements of TAURON Polska Energia S.A. Capital Group in all relevant aspects:

- 1) present in a clear and accurate manner all information necessary to evaluate the assets, financial standing and financial result on the operations of the TAURON Polska Energia S.A. Capital Group in financial year 2014;
- 2) comply with applicable laws and regulations that define their form and contents;
- 3) were prepared based on properly maintained ledgers in accordance with applicable accounting principles.

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 2014 and the Management Board's report on operations of TAURON Polska Energia S.A. Capital Group for the financial year 2014.

Katowice, 11 March 2015

Chairman of the Supervisory Board - Antoni Tajduś

Deputy Chairman of the Supervisory Board - Agnieszka Woś

Secretary of the Supervisory Board - Jacek Szyke

Member of the Supervisory Board - Andrzej Gorgol

Member of the Supervisory Board - Maciej Koński

Member of the Supervisory Board - Leszek Koziorowski

Member of the Supervisory Board - Michał Michalewski

Member of the Supervisory Board - Marek Ściążko

Member of the Supervisory Board - Maciej Tybura