



ENEA S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2015**

**The opinion contains 2 pages
The supplementary report contains 10 pages
Opinion of the independent auditor
and supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2015**



KPMG Audyt
Spółka z ograniczoną
odpowiedzialnością sp.k.
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OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of ENEA S.A.

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of ENEA S.A., with its registered office in Poznań, Górecka 1 Street (“the Company”), which comprise the separate statement of financial position as at 31 December 2015, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate 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 Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these 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 Company's activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the 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 Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company'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 financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 Company, as well as evaluating the overall presentation of the 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 separate financial statements of ENEA S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2015 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we report that the accompanying report on the Company'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 2014, item 133) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
Inflancka 4A Street
00-189 Warsaw

Signed on the Polish original

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

Poznań, 9 March 2016

ENEA S.A.

**Supplementary report
on the audit of the separate
financial statements
Financial Year ended
31 December 2015**

The supplementary report contains 10 pages

**The supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2015**

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1. General

1.1. General information about the Company

1.1.1. Company name

ENE A S.A.

1.1.2. Registered office

Górecka 1 Street
60-201 Poznań

1.1.3. Registration in the register of entrepreneurs of the National Court Register

Registration court: District Court Poznań – Nowe Miasto i Wilda,
VIII Commercial Department of the National Court Register
Date: 21 May 2001
Registration number: KRS 0000012483
Share capital as at
the end of reporting period: PLN 441 442 578.00

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2015, the Management Board of the Company was comprised of the following members:

- Wiesław Piosik – acting President of the Management Board,
- Dalida Gepfert – Member of the Management Board responsible for Financial Affairs,
- Grzegorz Kinelski – Member of the Management Board responsible for Commercial Affairs.

According to the resolution no. 39/IX/2015 of the Supervisory Board dated 7 December 2015, Mr Krzysztof Zamasz was dismissed from the position of the President of the Management Board.

According to the resolution no. 40/IX/2015 of the Supervisory Board dated 7 December 2015, Mr Paweł Orlof was dismissed from the position of the Member of the Management Board responsible for Corporate Affairs.

According to the resolution no. 41/IX/2015 of the Supervisory Board dated 7 December 2015, Mr Wiesław Piosik, the Member of the Supervisory Board, was delegated to temporary perform the duties of the President of the Management Board.

According to the resolution no. 62/IX/2015 of the Supervisory Board dated 30 December 2015, Mrs Dalida Gepfert was dismissed from the position of the Member of the Management Board responsible for Financial Affairs, effective from 7 January 2016.

According to the resolution no. 63/IX/2015 of the Supervisory Board dated 30 December 2015, Mr Grzegorz Kinelski was dismissed from the position of the Member of the Management Board responsible for Commercial Affairs, effective from 7 January 2016.

According to the resolution no. 64/IX/2015 of the Supervisory Board dated 30 December 2015, Mr Wiesław Piosik was revoked to temporary perform the duties of the President of the Management Board, effective from 7 January 2016.

According to the resolution no. 65/IX/2015 of the Supervisory Board dated 30 December 2015, Mr Mirosław Kowalik was appointed to the position of the President of the Management Board, effective from 7 January 2016.

According to the resolution no. 66/IX/2015 of the Supervisory Board dated 30 December 2015, Mr Wiesław Piosik was appointed to the position of the Member of the Management Board responsible for Corporate Affairs, effective from 7 January 2016.

According to the resolution no. 68/IX/2015 of the Supervisory Board dated 30 December 2015, Mr Sławomir Brzeziński, the Member of the Supervisory Board, was delegated to temporary perform the duties of the Member of the Management Board responsible for Commercial Affairs, effective from 7 January 2016 till the appointment of the Member of the Management Board responsible for Commercial Affairs.

According to the resolution no. 18/IX/2016 of the Supervisory Board dated 21 January 2016, Mr Mikołaj Franzkowiak was appointed to the position of the Member of the Management Board responsible for Financial Affairs.

According to the resolution no. 19/IX/2016 of the Supervisory Board dated 21 January 2016, Mr Piotr Adamczak was appointed to the position of the Member of the Management Board responsible for Commercial Affairs.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Marek Gajdziński
Registration number: 90061

1.2.2. Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Inflancka 4A, 00-189 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City of Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period financial statements

The separate financial statements for the financial year ended 31 December 2014 were audited by KPMG Audyt Sp. z o.o. and received an unmodified opinion.

The separate financial statements were approved at the Ordinary General Meeting on 30 June 2015, where it was resolved to distribute the net profit for the prior financial year of PLN 696 608 000.00 as follows:

- dividend for shareholders in the amount of PLN 207 478 011.66,
- transfer of the remaining profit of PLN 489 129 988.34 to the reserve capital.

The separate financial statements were submitted to the Registry Court on 13 July 2015.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of ENE S.A. with its registered office in Poznań, Górecka 1 Street and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2015, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The audited Company prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Extraordinary General Meeting of dated 10 August 2005.

The separate financial statements were audited in accordance with the contract dated 6 May 2015, concluded on the basis of the resolution of the Supervisory Board dated 18 December 2014 on the appointment of the auditor.

We conducted our 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") and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance.

We audited the separate financial statements at the Company during the period from 19 to 23 October 2015, from 14 to 18 December 2015 and from 25 January to 5 February 2016.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the 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 Company's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

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

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



ENE S.A.
The supplementary report on the audit of the separate financial statements
for the financial year ended 31 December 2015
TRANSLATION

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 2015, item 1011 with amendments).

2. Financial analysis of the Company

2.1. Summary analysis of the separate financial statements

2.1.1. Separate statement of financial position

ASSETS	31.12.2015 PLN '000	% of total	31.12.2014 PLN '000	% of total
Non-current assets				
Property, plant and equipment	30 699	0.2	31 087	0.2
Perpetual usufruct of land	1 998	0.0	1 645	0.0
Intangible assets	4 005	0.0	2 932	0.0
Investment property	15 955	0.1	16 367	0.1
Investments in subsidiaries	8 323 493	49.4	8 951 265	60.2
Deferred tax assets	63 316	0.4	25 726	0.2
Financial assets available for sale	23 402	0.1	-	-
Financial assets held to maturity	5 339 352	31.7	2 620 528	17.6
Derivatives	844	0.0	-	-
Trade and other receivables	73 557	0.4	11 895	0.1
Total non-current assets	13 876 621	82.4	11 661 445	78.5
Current assets				
Inventories	152 318	0.9	116 117	0.8
Trade and other receivables	1 141 808	6.8	1 077 592	8.3
Financial assets held to maturity	55 033	0.3	1 158 418	7.8
Financial assets measured at fair value through profit or loss	215 488	1.3	391 901	2.6
Cash and cash equivalents	1 397 632	8.3	440 815	3.0
Assets classified as held for sale	8 410	0.1	12 876	0.1
Total current assets	2 970 689	17.6	3 197 719	21.5
TOTAL ASSETS	16 847 310	100.0	14 859 164	100.0
EQUITY AND LIABILITIES				
	31.12.2015 PLN '000	% of total	31.12.2014 PLN '000	% of total
Equity				
Share capital	588 018	3.5	588 018	4.0
Share premium	4 627 673	27.5	4 627 673	31.1
Reserve capital from valuation of hedging instruments	3 980	0.0	-	-
Reserve capital	2 640 358	13.9	2 151 228	14.5
Retained earnings	2 427 976	14.4	4 235 607	28.5
Total equity	10 288 005	61.1	11 602 526	78.1
Liabilities				
Loans, borrowings and debt securities	5 187 381	30.8	2 152 139	14.5
Employee benefits	55 265	0.3	63 266	0.4
Provisions for other liabilities and charges	10 905	0.1	10 802	0.1
Total non-current liabilities	5 253 551	31.2	2 226 207	15.0
Interest-bearing loans and borrowings	31 905	0.2	-	-
Trade and other payables	582 824	3.5	504 484	3.4
Finance lease liabilities	43	0.0	172	0.0
Current income tax liabilities	85 363	0.5	58 193	0.4
Liabilities due to employee benefits	16 486	0.1	20 921	0.1
Liabilities due to cash settled share-based payments	281	0.0	281	0.0
Other financial liabilities	327 318	1.9	269 094	1.8
Provisions for other liabilities and charges	261 534	1.6	177 286	1.2
Total current liabilities	1 305 754	7.8	1 030 431	6.9
TOTAL EQUITY AND LIABILITIES	16 847 310	100.0	14 859 164	100.0

2.1.2. Separate statement of profit or loss and other comprehensive income

	1.01.2015 - 31.12.2015 zł '000	% of total sales	1.01.2014 - 31.12.2014 zł '000	% of total sales
PROFIT OR LOSS				
Net sales revenue				
Sales revenue	5 662 671	104.3	5 286 480	104.0
Excise tax	(232 447)	4.3	(202 209)	4.0
	5 430 224	100.0	5 084 271	100.0
Other operating revenue	18 334	0.3	25 025	0.5
Depreciation	(5 657)	0.1	(7 891)	0.2
Costs of employee benefits	(48 968)	0.9	(44 814)	0.9
Consumption of materials and supplies and costs of goods sold	(1 866)	0.0	(3 321)	0.1
Energy and gas purchase for sale	(3 622 261)	66.7	(3 382 438)	66.5
Transmission and distribution services	(1 482 852)	27.3	(1 424 056)	28.0
Other external services	(146 305)	2.7	(147 840)	2.9
Taxes and charges	(3 134)	0.1	(3 435)	0.1
Profit/(loss) on sale and liquidation of property, plant and equipment	1 754	0.0	(1 112)	0.0
Other operating expenses	(56 985)	1.1	(33 503)	0.7
	(5 347 940)	98.5	(5 023 385)	98.8
Profit on sales	82 284	1.5	60 886	1.2
Financial expenses	(2 215 946)	40.8	(59 751)	1.2
Financial revenue	173 521	3.2	158 824	3.1
Dividend income	874 236	16.1	569 022	11.2
(Loss)/ Profit before income tax	(1 085 905)	20.0	728 981	14.3
Income tax	(30 983)	0.6	(32 373)	0.6
(Loss)/ Profit for the period	(1 116 888)	20.6	696 608	13.7
OTHER COMPREHENSIVE INCOME				
<i>Items that are or may be reclassified to profit or loss</i>				
Valuation of hedging instruments	4 914	0.1	-	-
Income tax	(934)	0.0	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of defined benefit plan	7 240	0.1	(6 215)	0.1
Income tax	(1 375)	0.0	1 181	0.0
Other comprehensive income for the period, net of income tax	9 845	0.2	(5 034)	0.1
Total comprehensive income for the period	(1 107 043)	20.4	691 574	13.6
Earnings attributable to the Company's shareholders	(1 116 888)		696 608	
Weighted average number of ordinary shares	441 442 578		441 442 578	
Basic earnings per share	(2.53)		1.58	
Diluted earnings per share (PLN)	(2.53)		1.58	

2.2. Selected financial ratios

	2015	2014	2013
1. Return on sales			
<u>profit for the period</u> x 100%	negative	13.7%	17.0%
net revenue	value		
2. Return on equity			
<u>profit for the period</u> x 100%	negative	6.4%	8.1%
equity - profit for the period	value		
3. Debtors' days			
<u>average trade receivables (gross)</u> x 365 days	51 days	51 days	51 days
revenue			
4. Debt ratio			
<u>liabilities</u> x 100%	38.9%	21.9%	14.1%
equity and liabilities			
5. Current ratio			
<u>current assets</u>	2.3	3.1	2.3
current liabilities			

- 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 system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act and reconciled and recorded the result thereof in the accounting records.

3.2. Notes to the separate financial statements

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

3.3. Report on the Company's activities

The report on the Company's activities includes, in all material respects, 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 2014, item 133) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
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Signed on the Polish original

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

Poznań, 9 March 2016