



***Energa***

**ENERGA SPÓŁKA AKCYJNA SUPERVISORY BOARD  
REPORT ON THE EVALUATION OF THE CONSOLIDATED  
FINANCIAL STATEMENTS, MANAGEMENT BOARD  
REPORT ON THE ACTIVITY OF THE ENERGA SPÓŁKA  
AKCYJNA GROUP**

**for the period  
from 1 January 2016 to 31 December 2016**

***Warsaw, May 2017***

## Introduction

Acting pursuant to Article 382 § 3 of the Commercial Company Code, the Supervisory Board has familiarized itself with the following documents:

- 1) Consolidated financial statements of the ENERGA SA Group prepared according to the International Financial Reporting Standards as endorsed by the European Union for the year ended 31 December 2016, which include: consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, accounting principles (policies) and other notes,
- 2) Management Board Report on the activity of the ENERGA SA Group for the year ended 31 December 2016,
- 3) Opinion of an independent statutory auditor and Supplementary Report on the audit of the consolidated financial statements of the ENERGA SA Group for the financial year ended 31 December 2016, prepared by auditors from PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw,
- 4) Opinion of the Audit Committee on financial statements and consolidated financial statements for the 2016 financial year and evaluation of independence of the financial review process and effectiveness of the internal control and risk management systems in the financial reporting process.

### 1. Findings regarding the consolidated financial statements

The auditors of PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw states that the consolidated financial statements of the ENERGA SA Group, in all material respects: in all material respects:

- a. *"are a reliable and clear presentation of the Group's economic and financial position as at 31 December 2016 and its financial result and cash flows for the financial year from 1 January 2016 to 31 December 2016 in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union and the accepted accounting policies;*
- b. *are consistent in their form and content with the provisions of law applicable to the Group, including the requirements of the Finance Minister's Regulation of 19 February 2009 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent ("Regulation" – Journal of Laws of 2014, Item 133);*
- c. *have been prepared on the basis of duly kept consolidation documentation."*

The Report on the audit of the consolidated financial statements for the financial year from 1 January 2016 to 31 December 2016 presents:

- 1) Group overview,
- 2) information about the completed audit,
- 3) description of results, financial standing of the Group and important items of the consolidated financial statements,
- 4) assertions of the independent statutory auditor
- 5) information and final comments.

Additionally, the auditor stated, among others, that:

- a. *"During the audit, the Parent Company's Management Board presented the requested information, explanations and statements and submitted a representation on completely capturing data in the consolidation documentation and on indicating all contingent liabilities and provided information on significant events which occurred between the balance sheet date and the date of submission of the representation."*
- b. *"The scope of the audit was unlimited."*
- c. *In all the material aspects, the consolidation of capital and determination of non-controlling interest were conducted correctly.*
- d. *The exclusions of mutual settlements (receivables and liabilities) and internal trading (revenues and costs) of the consolidated companies were made, in all material aspects, in compliance with the IFRS approved by the European Union.*
- e. *Exclusions of results not realized by the consolidated companies but included in the value of assets and on account of dividends were made, in all material aspects, in compliance with the IFRS approved by the European Union.*
- f. *The effects of the sale of all or a portion of shares in subordinated entities were recognized, in all the material aspects, in compliance with the IFRS approved by the European Union.*
- g. *The consolidation documentation was complete and correct and the manner in which it is stored ensures an adequate level of protection."*

Following an analysis and discussion (with the participation of the statutory auditor and the Company) of the draft statements listed in the introduction, ENERGA SA's Supervisory Board Audit Committee issued a positive opinion on them, concluding that they had been prepared in accordance with the prevailing regulations and correctly reflect the financial result.

The Supervisory Board subscribes to the above and moves for the Annual General Meeting to approve the consolidated financial statements of ENERGA SA Group for the year ended 31 December 2016.

## **2. Findings regarding the Company's Management Board report on the activity of the ENERGA SA Group in 2016**

The statutory auditor stated that *"The information contained in the Group's activity report for the financial year from 1 January 2016 to 31 December 2016 gives consideration to Article 49 section 2 of the Accounting Act and the Regulation is consistent with the information included in the audited consolidated financial statements.*

*Moreover, in light of knowledge about the Group and its environment obtained during our audit, we have found no material misstatements in the Group's activity report.*

*In the representation on the observance of corporate governance principles, which forms part of the activity report, the Group included information with the content specified in the*

*Regulation. Such information is consistent with the applicable regulations and with information contained in the consolidated financial statements.”.*

In addition, the Audit Committee concluded that the Management Board report on the activity of the ENERGA SA Group correctly reflects the scope of the activity conducted in 2016.

The Supervisory Board subscribes to the above and moves for the Annual General Meeting to approve the Management Board Report on the activity of the ENERGA SA Group for the year ended 31 December 2016.

*Date of the report: 29 May 2017*

**Signatures of the attending Supervisory Board Members:**

|                 |                               |       |
|-----------------|-------------------------------|-------|
| CHAIRWOMAN      | Paula Ziemiecka-Księżak       | ..... |
| DEPUTY CHAIRMAN | Zbigniew Wtulich              | ..... |
| SECRETARY       | Agnieszka Terlikowska-Kulesza | ..... |
| MEMBER          | Marek Szczepaniec             | ..... |
| MEMBER          | Maciej Żółtkiewicz            | ..... |