

Selected consolidated financial data of ENEA Group

	in PLN '000		in EUR '000	
	6 months ended 30.06.2014	6 months ended 30.06.2013 (restated)*	6 months ended 30.06.2014	6 months ended 30.06.2013 (restated)*
Net sales revenue	4 840 195	4 595 625	1 158 385	1 090 561
Operating profit	758 918	551 673	181 629	130 914
Profit before tax	767 859	573 376	183 769	136 065
Net profit for the reporting period	624 935	454 809	149 563	107 928
Net cash flows from operating activities	330 191	880 225	79 023	208 881
Net cash flows from investing activities	(1 141 116)	(771 707)	(273 099)	(183 129)
Net cash flows from financing activities	510 872	(12 247)	122 265	(2 906)
Total net cash flows	(300 053)	96 271	(71 811)	22 846
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN / EUR)	1.41	1.03	0.34	0.24
Diluted earnings per share (in PLN / EUR)	1.41	1.03	0.34	0.24
	Balance as at 30.06.2014	Balance as at 31.12.2013	Balance as at 30.06.2014	Balance as at 31.12.2013
Total assets	16 997 305	16 322 024	4 085 007	3 935 673
Total liabilities	5 125 507	4 834 076	1 231 827	1 165 624
Non-current liabilities	3 148 621	2 556 816	756 716	616 516
Current liabilities	1 976 886	2 277 260	475 110	549 108
Equity	11 871 798	11 487 948	2 853 180	2 770 049
Share capital	588 018	588 018	141 320	141 787
Book value per share (in PLN / EUR)	26.89	26.02	6.46	6.27
Diluted book value per share (in PLN/EUR)	26.89	26.02	6.46	6.27

The above financial data for I half year 2014 and 2013 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 30 June 2014 – PLN/EUR – 4.1609 (as at 31 December 2013 – PLN/EUR 4.1472),
- individual items from the statement of comprehensive income and the statement of cash flows – as per the arithmetic mean of the average exchange rates determined by the National Bank of Poland as at the last day of each month of the financial period from 1 January to 30 June 2014 – PLN/EUR – 4.1784 (for the period from 1 January to 30 June 2013 – 4.2140 PLN/EUR).

* Restatements of comparative figures are presented in note 4 of these condensed interim consolidated financial statements of ENEA Group for the period from 1 January to 30 June 2014

**Condensed interim consolidated
financial statements
of ENEA Group
for the period from 1 January to 30 June 2014**

Poznań, 5 August 2014

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These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting, as endorsed by the European Union (EU) and approved by the Management Board of ENEA S.A.

Members of the Management Board

President of the Management Board **Krzysztof Zamasz**

Member of the Management Board **Dalida Gepfert**

Member of the Management Board **Grzegorz Kinelski**

Member of the Management Board **Paweł Orlof**

Poznań, 5 August 2014

Consolidated statement of financial position

	Note	As at	
		30.06.2014	31.12.2013
ASSETS			
Non-current assets			
Property, plant and equipment	8	12 430 565	11 811 566
Perpetual usufruct of land		67 519	68 431
Intangible assets	9	226 952	206 580
Investment property		29 920	30 641
Investments in associates		4 021	3 298
Deferred tax assets	18	157 438	181 403
Financial assets available for sale		58 695	61 761
Financial assets measured at fair value through profit or loss		8 520	1 860
Other receivables		169 050	3 933
		13 152 680	12 369 473
Current assets			
CO ₂ emission rights		98 671	190 566
Inventory	11	562 540	521 498
Trade and other receivables		1 460 539	1 345 966
Current income tax receivable		28 835	11 455
Financial assets held to maturity		15 023	45
Financial assets measured at fair value through profit or loss	14	391 709	296 339
Cash and cash equivalents	13	1 273 613	1 573 195
Non-current assets classified as held for sale		13 695	13 487
		3 844 625	3 952 551
TOTAL ASSETS		16 997 305	16 322 024

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 30 June 2014.

(all amounts in PLN'000, unless specified otherwise)

	Note	As at	
		30.06.2014	31.12.2013
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the Parent			
Share capital		588 018	588 018
Share premium		3 632 464	3 632 464
Share-based payments reserve	29	-	1 144 336
Revaluation reserve (financial instruments)		42 800	45 185
Other reserves		-	(20 664)
Retained earnings		7 588 550	6 079 288
		11 851 832	11 468 627
Non-controlling interest		19 966	19 321
Total equity		11 871 798	11 487 948
LIABILITIES			
Non-current liabilities			
Loans, borrowings and debt securities	15	1 337 079	819 909
Other liabilities		5 532	-
Finance lease liabilities		1 114	1 784
Deferred income from subsidies and connection fees	17	619 224	630 411
Deferred tax liability	18	293 463	220 376
Liabilities due to employee benefits		483 438	476 237
Financial liabilities measured at fair value through profit or loss	16	6 542	364
Provisions for other liabilities and charges	19	402 229	407 735
		3 148 621	2 556 816
Current liabilities			
Loans, borrowings and debt securities	15	13 504	22 648
Trade and other liabilities		1 392 069	1 407 703
Financial lease liabilities		2 272	2 940
Deferred income from subsidies and connection fees	17	68 892	71 398
Current income tax liabilities		19 991	57 940
Liabilities due to employee benefits		263 453	270 809
Liabilities due to an equivalent of the right to acquire shares free of charge		281	292
Financial liabilities measured at fair value through profit or loss		282	-
Provisions for other liabilities and charges	19	215 621	443 260
Liabilities related to non-current assets held for sale		521	270
		1 976 886	2 277 260
Total liabilities		5 125 507	4 834 076
Total equity and liabilities		16 997 305	16 322 024

The consolidated statement of financial position should be analyzed together with the notes, which constitute an integral part of the condensed interim consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 30.06.2014	3 months ended 30.06.2014	6 months ended 30.06.2013 (restated)*	3 months ended 30.06.2013 (restated)*
Sales revenue		4 943 592	2 515 654	4 698 484	2 262 934
Excise tax		(103 397)	(49 202)	(102 859)	(47 643)
Net sales revenue		4 840 195	2 466 452	4 595 625	2 215 291
Other operating revenue		83 716	55 954	79 334	22 136
Depreciation/amortization		(344 580)	(149 846)	(385 920)	(191 253)
Costs of employee benefits		(480 704)	(216 829)	(514 229)	(262 442)
Consumption of materials and supplies and costs of goods sold		(851 651)	(404 865)	(928 673)	(468 289)
Energy purchase for sale		(1 777 871)	(908 333)	(1 617 582)	(791 258)
Transmission and distribution services		(352 195)	(173 508)	(299 197)	(146 179)
Other external services		(172 179)	(91 117)	(165 918)	(87 845)
Taxes and charges		(135 904)	(60 387)	(127 492)	(58 449)
Gain/(loss) on sale and liquidation of property, plant and equipment		(1)	(387)	(3 227)	(1 051)
Other operating expenses		(49 908)	(24 955)	(81 048)	(34 216)
Operating profit		758 918	492 179	551 673	196 445
Financial expenses		(36 108)	(18 690)	(19 607)	(12 266)
Financial revenue		40 974	21 972	36 465	14 220
Dividend revenue		3 355	3 355	4 552	4 552
Share in profit/(losses) of associates measured using the equity method		720	121	293	(512)
Profit before tax		767 859	498 937	573 376	202 439
Income tax	18	(142 924)	(83 332)	(118 567)	(44 474)
Net profit for the reporting period		624 935	415 605	454 809	157 965
Other comprehensive income:					
Items that are or may be reclassified to profit or loss					
- change in fair value of financial assets available for sale		(3 067)	(2 922)	(17 037)	(8 956)
- income tax	18	583	556	3 237	1 701
Items that are not or may not be reclassified to profit or loss					
- actuarial gains/losses due to defined benefit plans		(10 800)	(10 800)	(9 563)	(9 563)
- income tax	18	2 051	2 051	1 817	1 817
Net other comprehensive income		(11 233)	(11 115)	(21 546)	(15 001)
Total comprehensive income		613 702	404 490	433 263	142 964
Including net profit:					
attributable to shareholders of the Parent		624 290	416 121	454 427	158 427
attributable to non-controlling interests		645	(516)	382	(462)
Including comprehensive income:					
attributable to shareholders of the Parent		613 057	405 006	432 875	143 420
attributable to non-controlling interests		645	(516)	388	(456)
Net profit attributable to shareholders of the Parent		624 290	416 121	454 427	158 427
Weighted average number of ordinary shares		441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)		1.41	0.94	1.03	0.36
Diluted earnings per share (in PLN per share)		1.41	0.94	1.03	0.36

* Restatements of comparative figures are presented in note 4 of these condensed interim consolidated financial statements

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 30 June 2014.

(all amounts in PLN'000, unless specified otherwise)

Consolidated statement of changes in equity

Note	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based payments reserve	Revaluation reserve (financial instruments)	Other reserves	Retained earnings	Non-controlling interests	Total equity
Balance as at 01.01.2014	441 443	146 575	588 018	3 632 464	1 144 336	45 185	(20 664)	6 079 288	19 321	11 487 948
Net profit								624 290	645	624 935
Other comprehensive income						(2 484)		(8 749)		(11 233)
Total comprehensive income						(2 484)		615 541	645	613 702
Dividend	27							(251 622)		(251 622)
Expiry of put option on minority interest in subsidiaries							20 664			20 664
Settlement of the share- based payments program					(1 144 336)			1 144 336		-
Other						99		1 007		1 106
Balance as at 30.06.2014	441 443	146 575	588 018	3 632 464	-	42 800	-	7 588 550	19 966	11 871 798
	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based payments reserve	Revaluation reserve (financial instruments)	Other reserves	Retained earnings	Non-controlling interests	Total equity
Balance as at 01.01.2013*	441 443	146 575	588 018	3 632 464	1 144 336	50 233	(21 317)	5 497 592	22 721	10 914 047
Net profit**								454 427	382	454 809
Other comprehensive income						(13 800)		(7 746)		(21 546)
Total comprehensive income						(13 800)		446 681	382	433 263
Dividends	27							(158 919)		(158 919)
Balance as at 30.06.2013	441 443	146 575	588 018	3 632 464	1 144 336	36 433	(21 317)	5 785 354	23 103	11 188 391

* Restatements of comparative figures as at 1 January 2013 are presented in consolidated financial statements for the period ended 31 December 2013

** Restatements of comparative figures are presented in note 4 of these condensed interim consolidated financial statements

The consolidated statement of change in equity should be analyzed together with the notes, which constitute and integral part of the condensed interim consolidated financial statements.

Consolidated statement of cash flows

	6 months ended 30 June 2014	6 months ended 30 June 2013 (restated)*
Cash flows from operating activities		
Net profit for the reporting period	624 935	454 809
Adjustments:		
Income tax disclosed in the statement of profit or loss and other comprehensive income	142 924	118 567
Depreciation	344 580	385 920
(Profit)/loss on sale and liquidation of property, plant and equipment	(31)	3 227
(Profit)/loss on sale of financial assets	(12 379)	12 819
Interest income	(26 172)	(47 456)
Dividend income	(3 355)	(4 552)
Interest expense	15 154	5 453
(Gain)/Loss on measurement of financial assets	-	(1 514)
Share in (profit)/loss of associates	(720)	(293)
Exchange (gains)/losses on loans and borrowings	8 293	1 839
Other adjustments	(14 645)	(743)
	<u>453 649</u>	<u>473 267</u>
Changes in working capital		
CO ₂ emission rights	91 895	63 273
Inventory	(18 196)	138 430
Trade and other receivables	(282 381)	45 211
Trade and other liabilities	(213 687)	(94 906)
Liabilities due to employee benefits	(12 237)	28 222
Deferred income from subsidies and connection fees	(13 693)	(25 852)
Liabilities due to an equivalent of the right to acquire shares free of charge	(11)	(12)
Non-current assets held for sale and related liabilities	43	152
Provisions for other liabilities and charges	(233 145)	(92 318)
	<u>(681 412)</u>	<u>62 200</u>
Income tax paid	(98 699)	(137 439)
Interest received	43 984	30 676
Interest paid	(12 266)	(3 288)
Net cash flows from operating activities	<u>330 191</u>	<u>880 225</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(1 043 372)	(780 630)
Proceeds from disposal of property, plant and equipment	1 948	2 398
Acquisition of financial assets	(106 263)	(100 000)
Receipts from disposal of financial assets	6 408	106 774
Other payments for investing activities	163	(249)
Net cash flows from investing activities	<u>(1 141 116)</u>	<u>(771 707)</u>
Cash flows from financing activities		
Loans and borrowings received	175 007	2 075
Bond issue	350 000	-
Loans and borrowings repaid	(10 919)	(11 386)
Payment of finance lease liabilities	(1 323)	(2 711)
Other receipts/(payments) for financing activities	(1 893)	(225)
Net cash flows from financing activities	<u>510 872</u>	<u>(12 247)</u>
Net increase/(decrease) in cash	<u>(300 053)</u>	<u>96 271</u>
Balance at the beginning of the reporting period	1 573 195	1 095 495
Balance sheet change in cash and cash equivalents due to exchange rate differences	471	1 514
Balance at the end of the reporting period	<u>1 273 613</u>	<u>1 193 280</u>

* Restatements of comparative figures are presented in note 4 of these condensed interim consolidated financial statements

Notes to the condensed interim consolidated financial statements**1. General information about ENEA S.A. and ENEA Group**

Name (business name):	ENEA Spółka Akcyjna
Legal form:	joint-stock company
Country:	Poland
Registered office:	Poznań
Address:	Górecka 1, 60-201 Poznań
National Court Register – District Court in Poznań	KRS 0000012483
Telephone:	(+48 61) 884 55 44
Fax:	(+48 61) 884 59 59
E-mail:	enea@enea.pl
Website:	www.enea.pl
Statistical number (REGON):	630139960
Tax identification number (NIP):	777-00-20-640

The main activities of the ENEA Group (the “Group”, the “Capital Group”) are:

- production of electricity and heat (ENEA Wytwarzanie S.A., Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. w Obornikach, Miejska Energetyka Ciepła Piła Sp. z o.o.);
- trade in electricity (ENEA S.A., ENEA Trading Sp. z o.o.);
- distribution of electricity (ENEA Operator Sp. z o.o.).

On 12 September 2013 ENEA S.A. was granted a concession from URE for trade in gas fuel, valid from 1 January 2014 till 31 December 2030. The Company plans to commence the retail sales of natural gas in 2014.

As at 30 June 2014 the shareholding structure of the Parent, was the following: the State Treasury of the Republic of Poland – 51.50% of shares, other shareholders – 48.50%.

As at 30 June 2014 the statutory share capital of ENEA S.A. equaled PLN 441,443 thousand (PLN 588,018 thousand upon adoption of IFRS-EU and considering hyperinflation and other adjustments) and was divided into 441,442,578 shares.

As at 30 June 2014 the Group comprised the parent ENEA S.A. (the “Company”, the “Parent”), 15 subsidiaries, 3 indirect subsidiaries and 1 associate.

These condensed interim consolidated financial statements should be read together with the consolidated annual financial statements of the ENEA Group for the financial year ended 31 December 2013.

These condensed interim consolidated financial statements have been prepared on a going concern basis. There are no circumstances indicating that the ability of ENEA S.A. to continue as a going concern might be at risk.

2. Statement of compliance

These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*, as endorsed by the European Union and approved by the Management Board of ENEA S.A.

The Management Board of the Parent has used its best knowledge as to the application of standards and interpretations as well as measurement methods and principles applicable to individual items of the condensed interim consolidated financial statements of the ENEA Group in accordance with IFRS-EU as of 30 June 2014. The presented statements and explanations have been prepared using due diligence. These condensed interim consolidated financial statements have been reviewed by a certified auditor.

3. Accounting principles

These condensed interim consolidated financial statements have been prepared in accordance with accounting policies consistent with those applied during the preparation of the most recent annual consolidated financial statements for the financial year ended 31 December 2013.

The Polish zloty has been used as the measurement and reporting currency of these condensed interim consolidated financial statements. The data in the condensed interim consolidated financial statements have been presented in PLN thousand (PLN '000), unless stated otherwise.

4. Changes in accounting policies and presentation of financial data

The comparative data presented in these condensed interim consolidated financial statements derived from the approved condensed interim financial statements for the period from 1 January to 30 June 2013 have been restated in order to maintain comparability.

(a) The Group performed analysis of electricity balancing market settlements and the imbalance of energy sales and purchase, presented in the consolidated financial statements in trade and other receivables. As the result of the analysis performed, the asset related to the imbalanced energy trade was assessed to be incorrect and respective balances as at 31 December 2013, as well as at the end of preceding reporting periods, i.e. 31 December 2012 and 31 December 2011 were adjusted;

(b) As from 1 January 2014 the Group changed its accounting policy in relation to recognition of the estimated CO₂ emission cost during interim periods. The estimated annual costs associated with the redemption of CO₂ emission allowances are recognized in the accounts in interim periods in a proportion to the CO₂ emission. The estimated annual cost of CO₂ emission take into account the emission allowance granted for the year free of charge. In previous reporting periods the Group estimated the amount of provision based on realized till the reporting date CO₂ emission and held as at the reporting date CO₂

emission rights, including free of charge emission allowance. The change in estimation of provision for CO₂ emission cost was implemented to reduce fluctuations of the amount of provision during interim periods resulted from granted free of charge CO₂ emission allowances. The change does not impact the amount of provision determined as at the end of financial year and annual cost of CO₂ emission.

(c) The Group changed the presentation of transportation costs related to purchase of coal. In prior years these costs were recognized in the costs of external services. From 2014 onwards, the Group recognizes these costs as a component of the cost of coal consumption and presents in the profits and losses in the line consumption of materials and supplies and costs of goods sold.

Consolidated statement of profit or loss and other comprehensive income

	6 months ended 30.06.2013 Approved	(a)	(b)	(c)	6 months ended 30.06.2013 Restated
Sales revenue	4 698 484				4 698 484
Excise tax	(102 859)				(102 859)
Net sales revenue	4 595 625				4 595 625
Other operating revenue	79 334				79 334
Depreciation	(385 920)				(385 920)
Costs of employee benefits	(514 229)				(514 229)
Consumption of materials and supplies and costs of goods sold	(928 887)		35 469	(35 255)	(928 673)
Energy purchase for sale	(1 585 468)	(32 114)			(1 617 582)
Transmission services	(299 197)				(299 197)
Other external services	(201 173)			35 255	(165 918)
Taxes and charges	(127 492)				(127 492)
Gain/(loss) on sale and liquidation of property, plant and equipment	(3 227)				(3 227)
Other operating expenses	(81 048)				(81 048)
Operating profit	548 318	(32 114)	35 469	-	551 673
Financial expenses	(19 607)				(19 607)
Financial revenue	36 465				36 465
Dividend revenue	4 552				4 552
Share in profits of associates measured using the equity method	293				293
Profit before tax	570 021	(32 114)	35 469	-	573 376
Income tax	(117 929)	6 102	(6 740)		(118 567)
Net profit for the reporting period	452 092	(26 012)	28 729	-	454 809
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
- change in fair value of financial assets available for sale reclassified to profit or loss	(17 037)				(17 037)
- income tax	3 237				3 237
Items that will not be reclassified to profit or loss					
- net actuarial gains/(losses) on defined benefit plans	(9 563)				(9 563)
income tax	1 817				1 817
Net other comprehensive income	(21 546)	-	-	-	(21 546)
Total comprehensive income for the reporting period	430 546	(26 012)	28 729	-	433 263
Including net profit:					
attributable to shareholders of the Parent	451 710	(26 012)	28 729	-	454 427
attributable to non-controlling interests	382	-	-	-	382
Including comprehensive income:					
attributable to shareholders of the Parent	430 158	(26 012)	28 729	-	432 875
attributable to non-controlling interests	388	-	-	-	388

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 30 June 2014.

(all amounts in PLN'000, unless specified otherwise)

	3 months ended 30.06.2013 Approved	(a)	(b)	(c)	3months ended 30.06.2013 Restated
Sales revenue	2 262 934				2 262 934
Excise tax	(47 643)				(47 643)
Net sales revenue	2 215 291				2 215 291
Other operating revenue	22 136				22 136
Depreciation	(191 253)				(191 253)
Costs of employee benefits	(262 442)				(262 442)
Consumption of materials and supplies and costs of goods sold	(486 371)		35 469	(17 387)	(468 289)
Energy purchase for sale	(773 706)	(17 552)			(791 258)
Transmission services	(146 179)				(146 179)
Other external services	(105 232)			17 387	(87 845)
Taxes and charges	(58 449)				(58 449)
Gain/(loss) on sale and liquidation of property, plant and equipment	(1 051)				(1 051)
Other operating expenses	(34 216)				(34 216)
Operating profit	178 528	(17 552)	35 469	-	196 445
Financial expenses	(12 266)				(12 266)
Financial revenue	14 220				14 220
Dividend revenue	4 552				4 552
Share in profits of associates measured using the equity method	(512)				(512)
Profit before tax	184 522	(17 552)	35 469	-	202 439
Income tax	(41 069)	3 335	(6 740)		(44 474)
Net profit for the reporting period	143 453	(14 217)	28 729	-	157 965

Other comprehensive income

Items that are or may be reclassified to profit or loss

- change in fair value of financial assets available for sale reclassified to profit or loss	(8 956)				(8 956)
- income tax	1 701				1 701

Items that will not be reclassified to profit or loss

- net actuarial gains/(losses) on defined benefit plans	(9 563)				(9 563)
- income tax	1 817				1 817

Net other comprehensive income

Net other comprehensive income	(15 001)	-	-	-	(15 001)
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Total comprehensive income for the reporting period	128 452	(14 217)	28 729	-	142 964
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Including net profit:

attributable to shareholders of the Parent	143 915	(14 217)	28 729	-	158 427
attributable to non-controlling interests	(462)	-	-	-	(462)

Including comprehensive income:

attributable to shareholders of the Parent	128 908	(14 217)	28 729	-	143 420
attributable to non-controlling interests	(456)	-	-	-	(456)

Consolidated Statement of Cash Flows

	6 months ended 30.06.2013		6 months ended 30.06.2013	
	Approved	(a)	(b)	Restated
Cash flows from operating activities				
Net profit for the reporting period	452 092	(26 012)	28 729	454 809
Adjustments:				
Income tax	117 929	(6 102)	6 740	118 567
Depreciation	385 920			385 920
Profit on sale and liquidation of property, plant and equipment	3 227			3 227
Profit on sale of financial assets	12 819			12 819
Interest income	(47 456)			(47 456)
Dividend revenue	(4 552)			(4 552)
Interest expense	5 453			5 453
(Gain)/loss on measurement of financial assets	(1 514)			(1 514)
Share in the profit of associates	(293)			(293)
Exchange losses on loans and borrowings	1 839			1 839
Other adjustments	(743)			(743)
	472 629	(6 102)	6 740	473 267
Changes in working capital				
CO ₂ emission rights	63 273			63 273
Inventory	138 430			138 430
Trade and other receivables	13 097	32 114		45 211
Trade and other liabilities	(94 906)			(94 906)
Liabilities due to employee benefits	28 222			28 222
Deferred income due to subsidies and connection fees	(25 852)			(25 852)
Liabilities due to an equivalent of the right to acquire shares free of charge	(12)			(12)
Non-current assets held for sale and associated liabilities	152			152
Provisions for other liabilities and changes	(56 849)		(35 469)	(92 318)
	65 555	32 114	(35 469)	62 200
Paid income tax	(137 439)			(137 439)
Interest received	30 676			30 676
Interest paid	(3 288)			(3 288)
Net cash flows from operating activities	880 225	-	-	880 225
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	(780 630)			(780 630)
Receipts from disposal of property, plant and equipment	2 398			2 398
Acquisition of financial assets	(100 000)			(100 000)
Receipts from disposal of financial assets	106 774			106 774
Other payments for investing activities	(249)			(249)
Net cash flows from investing activities	(771 707)	-	-	(771 707)
Cash flows from financing activities				
Loans and borrowings received	2 075			2 075
Loans and borrowings repaid	(11 386)			(11 386)
Payment of finance lease liabilities	(2 711)			(2 711)
Other payments for financing activities	(225)			(225)
Net cash flows from financing activities	(12 247)	-	-	(12 247)
Net increase/(decrease) in cash	96 271	-	-	96 271
Balance at the beginning of the reporting period	1 095 495			1 095 495
Balance sheet change in cash and cash equivalents due to exchange rate differences	1 514			1 514
Balance at the end of the reporting period	1 193 280	-	-	1 193 280

5. Material estimates and assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IAS 34 requires the Management Board to make certain judgments, estimates and assumptions that affect the application of the adopted accounting policies and the amounts reported in the condensed interim consolidated financial statements and notes thereto. The adopted assumptions and estimates are based on the Management Board's best knowledge of the current and future activities and events. The actual figures, however, can be different from those assumed. The estimates adopted for the needs of preparation of these condensed interim consolidated financial statements are consistent with the estimates adopted during preparation of the consolidated financial statements for the previous financial year. The estimates presented in the previous financial years do not exert any significant influence on the current period.

6. Composition of the Group – list of subsidiaries and associates

	Name and address of the company	Share of ENEA S.A. in the total number of votes in % 30.06.2014	Share of ENEA S.A. in the total number of votes in % 31.12.2013
1.	ENERGOMIAR Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
2.	BHU S.A. <i>Poznań, Strzeszyńska 58</i>	100	100
3.	ENEA Centrum S.A. <i>Poznań, Górecka 1</i>	100	100
4.	Hotel „EDISON” Sp. z o.o. <i>Baranowo near Poznań</i>	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. <i>Lipno, Gronówko 30</i>	100	100
7.	ENERGO-TOUR Sp. z o.o. <i>Poznań, Marcinkowskiego 27</i>	99,92	99,92
8.	ENEOS Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
9.	ENTUR Sp. z o.o. <i>Szczecin, Malczewskiego 5/7</i>	100***	100***
10.	Szpital Uzdrawiskowy ENERGETYK Sp. z o.o. <i>Inowrocław, Wilkońskiego 2</i>	99,94	99,94
11.	Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. <i>Oborniki, Wybudowanie 56</i>	99,91*	99,89*
12.	„IT SERWIS” Sp. z o.o. <i>Zielona Góra, Zacisze 28</i>	100	100
13.	ENEA Operator Sp. z o.o. <i>Poznań, Strzeszyńska 58</i>	100	100
14.	ENEA Wytwarzanie S.A. <i>Świerże Górne, commune Kozienice, Kozienice 1</i>	100	100
15.	Miejska Energetyka Ciepła Piła Sp. z o.o. <i>64-920 Piła, Kaczorska 20</i>	71,11*	65,03*
16.	Annacond Enterprises Sp. z o.o. <i>Warszawa, Jana III Sobieskiego 1/4</i>	61	61
17.	Windfarm Polska Sp. z o.o. <i>Koszalin, Wojska Polskiego 24-26</i>	-****	100*

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18.	ENEA Trading Sp. z o.o. <i>Świerże Górze, commune Kozienice, Kozienice 1</i>	100	100
19.	„Ecebe” Sp. z o.o. <i>Augustów, Wojciech 8</i>	100*	100*
20.	Energo-Inwest-Broker S.A. <i>Toruń, Jęczmienna 21</i>	38,46**	38,46**

* - an indirect subsidiary held by interests in ENEA Wytwarzanie S.A.

** - an associate of ENEA Wytwarzanie S.A.

*** - on 27 February 2013 the Extraordinary Shareholders' Meeting of Entur Sp. z o.o. with registered office in Szczecin adopted the Resolution No. 3 about the dissolution of the company after liquidation proceedings. On 16 April 2014 the Extraordinary Shareholders' Meeting of Entur Sp. z o.o. in liquidation with registered office in Szczecin adopted the Resolution No. 1 about the revocation of dissolution of the company and its going concern.

**** - on 30 June 2014 ENEA Wytwarzanie S.A. merged with Windfarm Poland Sp. z o.o. ENEA Wytwarzanie S.A. assumed all the rights and obligations of the acquired company.

On 19 December 2013, there has been an increase in the share capital of Miejska Energetyka Ciepła Piła Sp. z o.o., the shares taken up by ENEA Wytwarzanie S.A., increase was registered in the National Court Register on 25 April 2014

On 27 June 2014 the company name was changed in the National Court Register from Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. to Szpital Uzdrowiskowy ENERGETYK Sp. z o.o.

On 30 June 2014 ENEA Wytwarzania S.A. merged with Windfarm Poland Sp. z o.o. ENEA Wytwarzania S.A. assumed all the rights and obligations of the acquired company.

On 9 June 2014, based on the agreements of purchase of employee shares in the Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Oborniki, ENEA Wytwarzanie S.A. bought 2 shares for a total amount of PLN 3 thousand.

On 26 May 2014 the agreement between the City of Białystok and ENEA Wytwarzanie S.A concerning the purchase of 85% shares of the Miejskie Przedsiębiorstwa Energetyki Ciepłej in Białystok for the amount of PLN 260,000 thousand was signed. The agreement is conditional. The ownership of shares will transfer to the buyer subject to obtaining the consent for concentration, which shall be issued by the President of the Office of Competition and Consumer Protection.

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*(all amounts in PLN'000, unless specified otherwise)***7. Segment reporting**

Segment reporting for the period from 1 January to 30 June 2014:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	1 730 015	1 450 607	1 586 533	73 040	-	4 840 195
Inter-segment sales	259 406	50 542	213 499	41 074	(564 521)	-
Total net sales revenue	1 989 421	1 501 149	1 800 032	114 114	(564 521)	4 840 195
Total expenses	(1 907 593)	(1 098 143)	(1 494 837)	(108 482)	559 217	(4 049 838)
Segment profit/(loss)	81 828	403 006	305 195	5 632	(5 304)	790 357
Depreciation	(443)	(202 661)	(135 132)	(7 000)		
EBITDA	82 271	605 667	440 327	12 632		
% of net sales revenue	4.1%	40.3%	24.5%	11.1%		
Unallocated costs of the Group (general and administrative expenses)						(31 439)
Operating profit						758 918
Financial expenses						(36 108)
Financial revenue						40 974
Revenue from dividends						3 355
Share in profit of associates measured using the equity method						720
Income tax						(142 924)
Net profit						624 935
Share of non-controlling interests						645

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Segment reporting for the period from 1 April to 30 June 2014:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	830 442	689 764	906 332	39 914	-	2 466 452
Inter-segment sales	157 665	30 065	76 883	20 638	(285 251)	-
Total net sales revenue	988 107	719 829	983 215	60 552	(285 251)	2 466 452
Total expenses	(964 393)	(505 114)	(715 055)	(58 468)	283 987	(1 959 043)
Segment profit/(loss)	23 714	214 715	268 160	2 084	(1 264)	507 409
Depreciation	(211)	(98 341)	(48 480)	(3 090)		
EBITDA	23 925	313 056	316 640	5 174		
% of net sales revenue	2.4%	43.5%	32.2%	8.5%		
Unallocated costs of the Group (general and administrative expenses)						(15 230)
Operating profit						492 179
Financial expenses						(18 690)
Financial revenue						21 972
Revenue from dividends						3 355
Share in profit of associates measured using the equity method						121
Income tax						(83 332)
Net profit						415 605
Share of non-controlling interests						(516)

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Segment reporting for the period from 1 January to 30 June 2013:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	1 704 899	1 448 602	1 362 215	79 909	-	4 595 625
Inter-segment sales	119 012	46 664	178 391	55 642	(399 709)	-
Total net sales revenue	1 823 911	1 495 266	1 540 606	135 551	(399 709)	4 595 625
Total expenses	(1 666 776)	(1 152 006)	(1 447 514)	(127 032)	376 103	(4 017 225)
Segment profit/(loss)	157 135	343 260	93 092	8 519	(23 606)	578 400
Depreciation	(255)	(189 601)	(186 356)	(8 673)		
EBITDA	157 390	532 861	279 448	17 192		
% of net sales revenue	8.6%	35.6%	18.1%	12.7%		
Unallocated costs of the Group (general and administrative expenses)						(26 727)
Operating profit						551 673
Financial expenses						(19 607)
Financial revenue						36 465
Dividend revenue						4 552
Share in profit of associates measured using the equity method						293
Income tax						(118 567)
Net profit						454 809
Share of non-controlling interests						382

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Segment reporting for the period from 1 April to 30 June 2013:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	808 417	704 080	659 839	42 955	-	2 215 291
Inter-segment sales	59 879	23 885	83 376	29 406	(196 546)	-
Total net sales revenue	868 296	727 965	743 215	72 361	(196 546)	2 215 291
Total expenses	(820 628)	(577 274)	(718 951)	(67 369)	178 139	(2 006 083)
Segment profit/(loss)	47 668	150 691	24 264	4 992	(18 407)	209 208
Depreciation	(135)	(95 003)	(91 735)	(3 871)		
EBITDA	47 803	245 694	115 999	8 863		
% of net sales revenue	5.5%	33.8%	15.6%	12.2%		
Unallocated costs of the Group (general and administrative expenses)						(12 763)
Operating profit						196 445
Financial expenses						(12 266)
Financial revenue						14 220
Dividend revenue						4 552
Share in profit/(losses) of associates measured using the equity method						(512)
Income tax						(44 474)
Net profit						157 965
Share of non-controlling interests						(462)

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*(all amounts in PLN'000, unless specified otherwise)***Segment reporting (cont'd)**

Other segment reporting information as at 30 June 2014:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	18 333	6 737 729	5 677 620	239 555	(261 246)	12 411 991
Trade and other receivables	662 351	794 625	589 537	43 394	(1 145 771)	944 136
Total:	680 684	7 532 354	6 267 157	282 949	(1 407 017)	13 356 127
ASSETS excluded from segmentation						3 641 178
- including property, plant and equipment						18 574
- including trade and other receivables						685 453
TOTAL ASSETS						16 997 305
Trade and other liabilities	158 284	747 739	811 033	42 575	(1 145 771)	613 860
Equity and liabilities excluded from segmentation						16 383 445
- including trade and other liabilities						783 741
TOTAL EQUITY AND LIABILITIES						16 997 305

for the 6-month period ended 30 June 2014

Capital expenditure for fixed assets and intangible assets	819	240 314	735 869	3 036	(23 072)	956 966
Capital expenditure for fixed assets and intangible assets excluded from segmentation						23 966
Depreciation/amortization	443	202 661	135 132	7 000	(4 197)	341 039
Depreciation/amortization excluded from segmentation						3 541
Recognition/(reversal/utilization) of receivables allowance	7 803	(183)	(1 075)	(13)	-	6 532

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Other segment reporting information as at 31 December 2013:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	18 442	6 696 138	5 069 013	243 331	(234 181)	11 792 743
Trade and other receivables	633 756	476 792	240 225	62 982	(165 481)	1 248 274
Total:	652 198	7 172 930	5 309 238	306 313	(399 662)	13 041 017
ASSETS excluded from segmentation						3 281 007
- including property, plant and equipment						18 823
- including trade and other receivables						101 625
TOTAL ASSETS						16 322 024
Trade and other liabilities	281 480	512 634	631 748	54 303	(164 924)	1 315 241
Equity and liabilities excluded from segmentation						15 006 783
- including trade and other liabilities						92 462
TOTAL EQUITY AND LIABILITIES						16 322 024
<u>for the 6-month period ended 30 June 2013</u>						
Capital expenditure for fixed assets and intangible assets	1 178	284 152	511 520	19 285	(24 388)	791 747
Capital expenditure for fixed assets and intangible assets excluded from segmentation						3 200
Depreciation/amortization	255	189 601	186 356	8 673	(2 868)	382 017
Depreciation/amortization excluded from segmentation						3 903
Recognition/(reversal/utilization) of receivables allowance	(28 215)	1 217	(1 472)	(1 284)	-	(29 754)

Segment revenue is generated from sales to external clients and transactions with other segments, which are directly attributable to a given segment with a relevant portion of the Company's revenue that may be reasonably attributed to the segment.

Segment costs include costs of goods sold to external clients and costs of transactions with other Group segments, which result from operations of a given segment and may be directly allocated to the segment with a relevant portion of the Company's costs that may be reasonably allocated to the segment.

Market prices are used in inter-segment transactions, which allow individual entities to earn a margin sufficient to carry out independent operations in the market. Trade in electricity and transmission services are governed by prices specified in line with the *Energy Law* of 10 April 1997 and secondary legislation thereto.

8. Property, plant and equipment

During the 6-month period ended 30 June 2014 the Group acquired property, plant and equipment for the total amount of PLN 960,462 thousand (during the period of 6 months ended 30 June 2013 it was PLN 794,769 thousand). The mentioned above amount consists mainly fixed assets under construction in manufacturing segments (PLN 723,863 thousand) and in distribution segment (PLN 214,821 thousand). Expenditures in the generation segment relate primarily to the construction of a new power unit.

During the 6-month period ended 30 June 2014 the Group completed the sale and liquidation of fixed assets in the total net book value of PLN 2,597 thousand (during the 6 months ended 30 June 2013, respectively: PLN 5,735 thousand).

During the 6-month period ended 30 June 2014, impairment loss on the book amount of property, plant and equipment decreased by net amount of PLN 2,781 thousand (during the 6 months ended 30 June 2013 impairment loss on the book amount of property, plant and equipment increased by net amount of PLN 608 thousand).

As at 30 June 2014 the value of the impairment on the book amount of property, plant and equipment amounted to PLN 26,358 thousand (as at 31 December 2013, respectively: PLN 29,139 thousand).

9. Intangible assets

During the 6-month period ended 30 June 2014 the Group acquired intangible assets for the total amount of PLN 20,470 thousand (during the period of 6 months ended 30 June 2013 it was PLN 178 thousand).

During the 6-month period ended 30 June 2014 the Group did not completed the sale and liquidation of intangible assets (during the period of 6 months ended 30 June 2013 the Group did not completed also the sale and liquidation of intangible assets).

The most significant item of intangible assets is goodwill.

The following table presents goodwill by individual cash generating unit:

Goodwill	Net carrying amount
Windfarm Polska Sp. z o.o. (currently part of ENEA Wytwarzanie S.A.)	102 435
Elektrownie Wodne Sp. z o.o. (Wind farms – currently part of ENEA Wytwarzanie S.A.)	18 686
Dobitt Energia Sp. z o.o. (currently part of ENEA Wytwarzanie S.A.)	3 131
Miejska Energetyka Ciepła Piła Sp. z o.o.	1 806
Elektrownie Wodne Sp. z o.o. (currently part of ENEA Wytwarzanie S.A.)	667
	126 725

10. Allowance on trade and other receivables

	30.06.2014	31.12.2013
Opening balance of receivables allowance	120 588	174 174
Addition	18 988	28 031
Reversed	(12 080)	(41 143)
Utilized	(376)	(40 474)
Closing balance of receivables allowance	127 120	120 588

During the 6-month period ended 30 June 2014 the allowance on the carrying amount of trade and other receivables increased by PLN 6,532 thousand (during the period of 6 months ended 30 June 2013 the impairment allowance decreased by PLN 29,754 thousand).

11. Inventory

	30.06.2014	31.12.2013
Materials	352 669	290 418
Semi-finished products and work in progress	1 410	591
Finished products	507	420
Certificates of origin	217 559	223 916
Goods for resale	10 341	11 032
Total gross value of inventory	582 486	526 377
Inventory allowance	(19 946)	(4 879)
Total net value of inventory	562 540	521 498

During the 6-month period ended 30 June 2014 the inventory allowance increased by PLN 15,067 thousand (during the period of 6 months ended 30 June 2013 the inventory allowance decreased by PLN 5,783 thousand).

12. Certificates of origin

	30.06.2014	31.12.2013
Opening balance – net carrying amount	240 521	180 521
Self-production	106 701	182 328
Acquisition	170 108	199 585
Redemption	(298 698)	(324 128)
Change in allowance	(12 076)	1 596
Other changes	-	619
Closing balance – net carrying amount	206 556	240 521

13. Restricted cash

As at 30 June 2014 the restricted cash amounted to PLN 113,947 thousand. This consists of cash deposits related to trade of electricity and CO₂ emission rights and blocking of funds as collateral.

As at 31 December 2013 the restricted cash amounted to PLN 124,311 thousand.

14. Financial assets measured at fair value through profit or loss

As at 30 June 2014 the book value of investment portfolio amounted to PLN 489,999 thousand, including financial assets measured at fair value through profit or loss - treasury bills and bonds of PLN 391,709 thousand and bank deposits of PLN 98,290 thousand presented as cash and cash equivalents (as at 31 December 2013 the book value of investment portfolio amounted to PLN 328,603 thousand, including financial assets measured at fair value through profit or loss - treasury bills and bonds of PLN 296,339 thousand and bank deposits of PLN 32,264 thousand).

In addition, financial assets at fair value through profit or loss the Group presents as forward contracts on CO₂ emission rights in total amount of PLN 6,544 thousand (as at 31 December 2013 – PLN 0).

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The Group also holds shares of Pioneer Investment Fund, total amount presented as non-current assets (PLN 1,976 thousand). On 31 December 2013 the Group held shares of Pioneer Investment Fund, presented as non-current assets (PLN 1,860 thousand).

15. Loans and borrowings

	30.06.2014	31.12.2013
Bank loans	963 965	794 773
Bonds	343 387	-
Borrowings	29 727	25 136
Long-term	1 337 079	819 909
Bank loans	11 392	19 363
Borrowings	2 112	3 285
Short-term	13 504	22 648
Total	1 350 583	842 557

During the 6-month period ended 30 June 2014 the carrying amount of credit facilities and loans increased by net amount of PLN 508,026 thousand (during the period of 6 months ended 30 June 2013 the carrying amount of credit facilities and loans decreased by PLN 7,419 thousand).

The information on new credit agreements has been presented in note 30.

16. Financial instruments

The table below presents the fair values as compared to carrying amounts:

	30.06.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term financial assets available for sale (shares in unrelated parties)	58 695	58 695	61 761	61 761
Non-current financial assets measured at fair value through profit or loss	8 520	8 520	1 860	1 860
Current financial assets held to maturity	15 023	15 023	45	45
Current financial assets measured at fair value through profit or loss	391 709	391 709	296 339	296 339
Trade and other receivables	1 629 589	(*)	1 349 899	(*)
Cash and cash equivalents	1 273 613	1 273 613	1 573 195	1 573 195
Loans, borrowings and debt securities	1 350 583	1 350 583	842 557	842 557
Finance lease liabilities	3 386	3 386	4 724	4 724
Trade and other liabilities	1 397 601	(*)	1 407 703	(*)
Long-term financial liabilities at fair value through profit or loss	6 542	6 542	364	364
Current financial liabilities at fair value through profit or loss	282	282	-	-

(*) The carrying amounts of trade and other receivables and trade and other liabilities approximates their fair value.

Financial assets available for sale include shares in unrelated parties for which the ratio of interest in capital to the nominal value is lower than 20%. Their fair value is estimated using a discounted cash flows method. The fair value of non-listed assets is estimated based on market quotation.

Long-term financial assets measured at fair value through profit or loss include units in the “Pioneer” Investment Fund which can be traded on an active market, as a result of which their fair value may be determined. The fair value of the above units was measured at the market price of participation units, whereas its changes in the financial period recognized in profit or loss. In addition, the Group entered forward contracts on CO₂ emission rights (PLN 6,544 thousand)

Short-term financial assets measured at fair value through profit or loss include an investment portfolio managed by a company specialized in professional fund management. The fair value of the investment portfolio is estimated based on market quotations.

Current financial assets held to maturity include bank deposits with the original maturity from 3 months to 1 year.

The table below presents the analysis of financial instruments measured at fair value and classified into the following three levels:

Level 1 – fair value based on stock exchange prices (unadjusted) offered for identical assets or liabilities in active markets.

Level 2 – fair value determined based on market observations instead of market quotations (e.g. direct or indirect reference to similar instruments traded in the market).

Level 3 – fair value determined using various valuation methods, but not based on any observable market information.

	30.06.2014			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Forward contracts	-	6 544	-	6 544
Non-derivative financial assets held for trading	393 685	-	-	393 685
Financial assets available for sale				
Listed equity instruments	58 170	-	-	58 170
Non- listed equity instruments	-	-	525	525
Total	451 855	6 544	525	458 924
Financial liabilities measured at fair value through profit or loss				
Forward contracts	-	(6 824)	-	(6 824)
Total	-	(6 824)	-	(6 824)

	31.12.2013			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Non-derivative financial assets held for trading	298 199	-	-	298 199
Financial assets available for sale				
Listed equity instruments	61 236	-	-	61 236
Non-listed equity instruments	-	-	525	525
Total	359 435	-	525	359 960
Financial liabilities measured at fair value through profit or loss				
Forward contracts	-	(364)	-	(364)
Total	-	(364)	-	(364)

17. Deferred income from subsidies and connection fees

	<u>30.06.2014</u>	<u>31.12.2013</u>
Long-term		
Deferred income due to subsidies	161 327	164 345
Deferred income due to connection fees	457 897	466 066
	<u>619 224</u>	<u>630 411</u>
Short-term		
Deferred income due to subsidies	11 429	14 536
Deferred income due to connection fees	57 463	56 862
	<u>68 892</u>	<u>71 398</u>
Deferred income schedule		
	<u>30.06.2014</u>	<u>31.12.2013</u>
Up to 1 year	68 892	71 398
1 to 5 years	129 958	131 862
Over 5 years	489 266	498 549
	<u>688 116</u>	<u>701 809</u>

During the 6-month period ended 30 June 2014 the carrying amount of deferred income from subsidies and connection fees decreased by net amount of PLN 13,693 thousand (during period of 6 months ended 30 June 2013 the carrying amount decreased by PLN 18,569 thousand).

18. Deferred income tax

Changes in the deferred income tax liability (considering the net-off of the asset and liability):

	<u>30.06.2014</u>	<u>31.12.2013</u>
Opening balance (reserve)	38 973	62 830
Amount debited/(credited) to profit or loss	99 686	(28 107)
Amount debited/(credited) to other comprehensive income	(2 634)	4 250
Closing balance (reserve)	<u>136 025</u>	<u>38 973</u>

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 30 June 2014.

(all amounts in PLN'000, unless specified otherwise)

During the 6-month period ended 30 June 2014, the Company's profit before tax was debited with PLN 99,686 thousand as a result of a decrease in net deferred tax asset (during the period of 6 months ended 30 June 2013 the Company's profit before tax was credited with PLN 9,410 thousand as a result of the increase in deferred tax liability).

19. Provisions for other liabilities and charges**Long-term and short-term provisions for other liabilities and charges**

	30.06.2014	31.12.2013
Long-term	402 229	407 735
Short-term	215 621	443 260
Total	617 850	850 995

During the 6-month period ended 30 June 2014 provisions for other liabilities and charges decreased by net amount of PLN 233,145 thousand, mainly due to obligation related to sale to end users of electricity generated in a renewable source or in cogeneration and settlement of CO₂ emission rights (during the period of 6 months ended 30 June 2013 provisions for other liabilities and charges decreased by PLN 56,845 thousand).

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 30 June 2014.

*(all amounts in PLN'000, unless specified otherwise)***Change in provisions for other liabilities and charges****for the period ended
30 June 2014**

	Provision for non-contractual use of land	Provision for other claims	Provision for land reclamation	Provision for the environmental fee	Provision for certificates of origin	Provision for CO ₂ emissions rights	Other	Total
Opening balance	186 916	22 071	30 464	394	274 643	105 149	231 358	850 995
Reversal of discount and discount rate change	-	-	2 527	-	-	-	-	2 527
Increase in provisions	38	-	612	-	181 234	52 265	4 993	239 142
Provisions applied	(7 972)	-	(136)	-	(334 431)	(105 148)	(5 589)	(453 276)
Unused provision reversed	(19 195)	(824)	-	-	(319)	(698)	(502)	(21 538)
Closing balance	159 787	21 247	33 467	394	121 127	51 568	230 260	617 850

**for the period ended
31 December 2013**

	Provision for non-contractual use of land	Provision for other claims	Provision for land reclamation	Provision for the environmental fee	Provision for certificates of origin	Provision for CO ₂ emissions rights	Other	Total
Opening balance	159 861	23 695	24 648	2 098	236 083	90 361	86 842	623 588
Reversal of discount and discount rate change	-	-	(2 968)	-	-	-	-	(2 968)
Increase in provisions	42 508	196	9 023	710	372 165	105 149	155 174	684 925
Provisions applied	(4 144)	(48)	(239)	(1 704)	(324 541)	(90 361)	(5 627)	(426 664)
Unused provision reversed	(11 309)	(1 772)	-	(710)	(9 064)	-	(5 031)	(27 886)
Closing balance	186 916	22 071	30 464	394	274 643	105 149	231 358	850 995

Significant claims and liabilities are described in note 24.

20. Related party transactions

The Group companies subject to consolidation conclude transactions with the following related parties:

- the Group companies subject to consolidation – transactions are eliminated at the consolidation stage;
- transactions concluded between the Group and Members of its governing bodies fall within two categories:
 - those resulting from employment contracts with Members of the Management Board of the Parent and related to the appointment of Members of Supervisory Board;
 - resulting from other civil law agreements;
- transactions with entities whose shares are held by the State Treasury of the Republic of Poland.

Transactions with members of the Company's governing bodies:

Item	Management Board of the Company		Supervisory Board of the Company	
	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
Remuneration under managerial contracts and consultancy agreements	5 241*	2 941	-	-
Remuneration relating to appointment of members of supervisory bodies	-	23	168	207
Remuneration due to other employee benefits (particularly electricity allowance)	-	33	-	-
TOTAL	5 241	2 997	168	207

* Remuneration includes bonuses for 2013 paid to the Members of the Management Board during the first quarter of 2014.

During the 6-month period ended 30 June 2014 there were no loans granted from the Company's Social Benefits Fund to the members of the Supervisory Board (during the 6-month period ended 30 June 2013 PLN 11 thousand). During this period repayments of these loans amounted to PLN 2 thousand (PLN 2 thousand during the 6-month period ended 30 June 2013).

Other transactions resulting from civil law agreements concluded between ENEA S.A. and members of the Company's governing bodies concern only private use of company cars by Members of the Management Board of ENEA S.A.

ENEA S.A. also concludes business transactions with entities of the central and local administration and entities whose shares are held by the State Treasury of the Republic of Poland.

The transactions concern mainly:

- purchase of coal, electricity and property rights resulting from certificates of origin as regards renewable energy and energy cogenerated with heat from companies whose shares are held by the State Treasury;

- sale of electricity, distribution services and other related fees, provided by the Group both to central and local administration bodies (sale to end users) and entities whose shares are held by the State Treasury (wholesale and retail sale to end users).

Such transactions are concluded under arm's length terms and their conditions do not differ from those applied in transactions with other entities. The Group does not keep record that enable to aggregate value of all transactions concluded with all state institutions and entities controlled by the State Treasury.

21. Long-term contracts for the sale of electricity (LTC)

ENEA Wytwarzanie S.A. applied for the advance in the amount of PLN 17,000 thousand to cover stranded costs in 2014. As at 7 July 2014 Zarządca Rozliczeń S.A. made an advance payment for the first and second quarter of 2014, amounting to PLN 8,500 thousand. Pursuant to the final judgements in relation to the stranded costs, including one positive for ENEA Wytwarzanie S.A. and not legally valid positive judgements, Group recognized during the 6 months period ended 30 June 2014 revenues from compensation of stranded costs in the total amount of PLN 257,508 thousand. The amount includes estimated annual adjustment for the year 2013 and full amount of the estimated final adjustment of stranded costs.

In January 2014 the President of Energy Regulatory Office (URE) lodged an appeal to the judgment of the Court of Appeal in Warsaw of 10 July 2014 concerning stranded costs for 2008 (decision of the President of Energy Regulatory Office for 2008 was set at (-) PLN 4,192 thousand instead of the initial (-) PLN 89,537 thousand).

On 17 March 2014 ENEA Wytwarzanie S.A. filed its response to the cassation appeal brought to the Court of Appeal in Warsaw. On 13 January 2014 the Court of Competition and Consumer Protection (SOKiK) issued a judgment, according to which the annual adjustment of stranded costs for 2010 is set at (+) PLN 78,640 thousand, i.e. higher by PLN 76,168 thousand than the amount set out in the decision of the President of Energy Regulatory Office. The court took into account appeal entirely in its original version. The judgment is not legally binding has been appealed to the Court of Appeal in Warsaw by ENEA Wytwarzanie S.A. on 18 February 2014 and by the President of Energy Regulatory Office.

On 19 March 2014 hearing concerning determination of stranded costs compensation for ENEA Wytwarzanie S.A. for 2011 was held at the Court of Appeal in Warsaw and was adjourned until 13 June 2014. On 13 June 2014 the hearing concerning adjustment for 2011 was adjourned until 22 August 2014. The date of the hearing on the annual adjustment for the year 2012 has not been determined yet.

22. Commitments under contract binding as at the reporting date

Contractual obligations assumed as at the end of the reporting period, not yet recognized in the statement of financial position:

	30.06.2014	31.12.2013
Acquisition of property, plant and equipment	4 395 006	5 026 671
Acquisition of intangible assets	34 294	9 300
	4 429 300	5 035 971

23. Explanations of the seasonal and the cyclical nature of the Group's business

The seasonality of electricity consumption by the recipients depends on low temperature and shorter days in winter. These factors are becoming less of an impact on sales volumes of energy by ENEA S.A. due to the very high dynamics of the seller, especially among customers in tariff groups A and B, and also in the segment of customers connected to the low voltage (tariff groups C and G). The process of switching will have in the near future more and more influence on the share of sales of the various periods of the year, and increasingly irrelevant will be seasonal consumption by customers.

24. Contingent liabilities and proceedings before courts, arbitration or public administration bodies**24.1. Guarantees for credit facilities and loans as well as other sureties granted by the Company**

On 14 April 2014 Bank PEKAO S.A. issued, based on ENEA S.A.'s request a bank guarantee to the IRGIT S.A. (Warsaw Commodity Clearing House) up to the amount of PLN 50 million for the liabilities of ENEA Trading Sp. z o.o. The guarantee expires on 31 December 2014.

24.2. Pending proceedings before courts of general jurisdictionActions brought by the Group

Actions which ENEA S.A. and ENEA Operator Sp. z o.o. brought to courts of general jurisdiction refer to claims for receivables due to provision of electricity (the so-called electricity cases) and claims for other receivables – illegal consumption of electricity, connections to the grid and other specialized services (the so-called non-electricity cases).

Actions brought to courts of general jurisdiction by ENEA Wytwarzanie S.A. are connected mainly with claims for receivables due to breaches of forwarding agreements, outstanding invoice payments and liquidated damages from customers of the company.

As at 30 June 2014, the total of 10,384 cases brought by the Group were pending before common courts for the total amount of PLN 115,071 thousand (8,780 cases for the total amount of PLN 108,164 thousand as at 31 December 2013).

None of the cases can significantly affect the Group's net profit.

Actions brought against the Group

Actions against the Group are brought both by natural and legal persons. They mainly refer to such issues as compensation for interrupted delivery of electricity, identification of illegal electricity consumption and compensation for the Group's use of real property where electrical devices are located. The Group considers actions concerning non-contractual use of real property not owned by the Group as particularly important.

As at 30 June 2014 there were 1,797 cases pending before common courts which have been brought against the Group for the total amount of PLN 270,872 thousand (1,589 cases for the total amount of PLN 251,977 thousand as at 31 December 2013). Provisions related to the court cases have been presented in note 19.

24.3. Arbitration proceedings

Actions brought against the Company

As at 30 June 2014, arbitration proceedings were pending, brought by Gestamp Eolica S.A. against ENEA S.A. for payment of damages under the "Joint Development Agreement between ENEA and Gestamp Eolica" dated 25 November 2008. In a judgement of Arbitration Court dated 19 January 2012, payment of the amount of EUR 3 321 926 was adjudicated against ENEA S.A. in favour of Gestamp Eolica S.A., together with the costs of the arbitration proceedings and the costs of representation, amounting to PLN 230 thousand. ENEA S.A. appealed against the above mentioned judgment to the Court of Appeal in Poznań which ruled to dismiss the Company's appeal against the Arbitration Court's judgment on 18 September 2013. On 22 November 2013, the Appeals Court in Poznań dismissed ENEA S.A.'s complaint against assignment of immediate enforcement clause to an arbitration court ruling.

A cassation appeal against the judgment of the Court of Appeal in Poznań of 18 September 2013 was brought to the Supreme Court on 18 January 2014, where it was registered under the signature II CSK 102/14. The case remains unresolved. On 30 June 2014 the Company's attorney expects to set a deadline for a closed session of the Supreme Court concerning the adoption of cassation complaint. The Company has not created any provisions regarding those proceedings.

Actions brought by the Company

As at 30 June 2014, arbitration proceeding was pending, brought by ENEA S.A. against Equiventus Capital S.A.R.L. for payment of damages in the amount of EUR 171,912.57 pursuant to Annex No. 1 dated 17 April 2012 to the preliminary contract of sale of all shares in Windfarm Polska Sp. z o.o. executed by the above mentioned parties on 25 November 2011. Claim was referred to the Arbitration Tribunal in Paris. On 25 April 2014 the hearing in the case against Equiventus Capital S.A.R.L. for payment of damages took place without the participation of the opposing party. The Tribunal requested ENEA S.A. to submit until 16 May 2014 a post-hearing brief together with the submission on costs. A sentence of the Tribunal is expected to be pronounced on the turn of August and September 2014.

In addition as at 30 June 2014, arbitration proceeding was pending, brought by ENEA S.A. against Equiventus Capital S.A.R.L. for payment of the amount of EUR 8,556,735.25 pursuant to the preliminary contract of sale of all shares in Windfarm Polska Sp. z o.o., which is referred to above. Pursuant to the agreement Equiventus Capital S.A.R.L. was obliged to repay all the amounts payable by Windfarm Polska Sp. z o.o. to Vestas Poland Sp. z o.o. Claim was referred to the Arbitration Tribunal in Paris. The arbitration proceeding against Equiventus Capital S.A.R.L. is now in the final stage. After the hearing, on 23 May 2014 post-hearing brief with the submission on costs was submitted. On 6 June 2014, the Arbitral Tribunal issued a procedural order No. 6, according to which the proceeding has been closed.

Proceedings Equiventus Capital S.A.R.L. against Windfarm Polska Sp. z o.o. ended on 13 June 2014.

As of date of preparing these financial statements, the Company is awaiting for the sentence.

24.4. Proceedings before public administration bodies

There are proceedings at customs administration and administrative courts on excess payments of excise tax from previous years. Details of these proceedings were described in the annual consolidated financial statements for the year ended 31 December 2013. In connection with the submitted by ENEA Wytwarzanie request in 2011 for resumption of a deadline to make a statement in the proceedings concerning the excise tax for December 2010, the Head of the Customs Office in Radom refused on 3 February 2011 to resume the deadline. As a result of a complaint filed, the Director of the Customs Chamber in Warsaw repealed this decision and submitted the case for reconsideration. On 20 February 2013 the Head of the Customs Office in Radom discontinued the proceeding on resumption of a deadline. ENEA Wytwarzanie filed an appeal from this decision. By decision of 31 January 2014, the Director of the Customs Chamber in Warsaw upheld the decision of the authority of first instance (the Head of the Customs Office in Radom). On 19 March 2014, ENEA Wytwarzanie appealed to the Administrative Court in Warsaw, VIII Department in Radom. Ordinance of 20 April 2014 WSA Division VII Branch in Radom called on the company to pay court fees in the amount of PLN 500 complaints against decisions of the Director of the Customs Chamber in Warsaw. The fee was paid on 14 May 2014. Currently ENEA Wytwarzanie S.A. pending further action of the Court in this case.

25. Bond issue program

On 21 June 2012 ENEA S.A. (Issuer) executed a Programme Agreement with five banks acting as issue guarantors. The Agreement relates to Bond Issue Programme to the amount of PLN 4 billion ("Programme A"). The Programme A was concluded for the term of 10 years and it finishes on 15 June 2022.

The Programme will finance current operations and investment needs of the ENEA S.A. and ENEA Group's companies.

As at 31 January 2014, the Issuer signed an annex to the Programme A Agreement, which changed the Programme terms adjusting them to the current market situation.

As at 30 June 2014 under above mentioned programme agreement ENEA S.A. issued two series of bonds totaling PLN 350 million. The issue has been acquired by the guarantors in the above mentioned Programme A ie., Bank PKO BP SA, Pekao SA, BZ WBK SA, Bank Handlowy in Warsaw and Nordea Bank Poland SA.

On 22 July 2014 ENEA S.A. issued third serie of bonds in the amount of PLN 310 million pursuant to the Programme A mentioned above. The issue has been acquired by the guarantors in the above mentioned Programme A. As at the date of these condensed interim separate financial statements ENEA S.A. issued under the Programme A bonds in the total amount of PLN 660 million.

On 15 May 2014 ENEA S.A. and Bank Gospodarstwa Krajowego have signed an agreement concerning the program of the issue of long-term bonds in the total amount of PLN 1 billion (the "Programme Agreement"). Bank Gospodarstwa Krajowego is acting functions of Guarantor, the Issue Agent, Paying Agent and the

Depository (the "Bank Guarantor"). The Programme Agreement established the conditions of bond programme between the Issuer and the Bank Guarantor (the "Programme B").

The purpose of the bond issue will be financing of current operations and investments of the Issuer and its subsidiaries. The Programme B has been concluded for a period of 12 years and 7 months and ends on 15 December 2026, while the period of availability of the Programme B, in which the bond issue will be carried out ends on 15 December 2016. Programme Agreement provides possibility of bond issue in many series, the nominal value of each series will not be less than PLN 100 million and the nominal value of one bond will be PLN1 million. Bonds will be registered and dematerialized. Under the Programme B Issuer shall be entitled to issue bonds with a total amount not exceeding the amount of the Programme B, ie. PLN 1 billion. The interest rate on the bonds will be variable and determined annually based on WIBOR 6M rate plus a fixed margin. The bonds shall bear interest from the date of issue (inclusive) until redemption (excluding that date).

On 30 June 2014 the agreement between the Company and ING Bank Śląski S.A., Bank Pekao S.A., Poland, the Powszechna Kasa Oszczędności Bank Polski S.A. and mBank S.A. (collectively, the "Banks") concerning the bond issue programme of ENEA S.A. ("Programme C"), the maximum amount of PLN 5 billion (the "Agreement") has been signed, and these banks became dealers of bonds. The function of the calculation agent, paying agent and depository will be performed by ING Bank Śląski S.A. Other banks beyond the role of dealers will act as sub-agents for payments and sub-depositaries. In addition, Powszechna Kasa Oszczędności Bank Polski S.A. will act the role of technical agent for the Programme C.

Bonds issued under the Programme C will be dematerialized, discount or coupon and unsecured. The nominal amount of one bond and the amount of the series will be determined in terms of each tranche. The interest rate or discount rate will be determined individually for each tranche in the process of offering bonds to investors. The maturity of bonds can range from 1 month to 10 years. Pursuant to the Agreement, the bonds will be able to be dematerialized in Krajowy Depozyt Papierów Wartościowych S.A. (KDPW), and then they can be marketed in the alternative trading system in the context of the markets operated by BondSpot or the Warsaw Stock Exchange S.A.

26. Changes in the composition of the Parent's Supervisory Board

On 22 January 2014 Mr Torbjörn Wahlborg resigned from the position of the Member of Supervisory Board. The resignation was submitted together with the notice of sale of the Company's shares by Vattenfall AB.

27. Dividend

On 24 April 2014 the General Shareholders' Meeting of ENEA S.A. adopted Resolution no. 7 concerning net profit distribution for the financial period from 1 January 2013 to 31 December 2013 under which the dividend for shareholders amounts to PLN 251,622 thousand, PLN 0.57 per share (the dividend paid in 2013 for the financial period from 1 January 2012 to 31 December 2012 amounted to PLN 158,919 thousand, PLN 0.36 per share). Until the reporting date the dividend was not paid to shareholders.

28. The participation in the construction of the atomic power plant programme

On 5 September 2012 PGE Polska Grupa Energetyczna S.A., KGHM Polska Miedź S.A., Tauron Polska Energia S.A. and ENEA S.A. have signed a letter of intent concerning the purchase of shares in the first special purpose vehicle, established for the construction and operation of the first atomic power plant in Poland. In accordance with the letter the companies will undertake the development of a draft agreement for the purchase of shares of PGE EJ 1 Sp. z o.o., a special purpose vehicle, which is responsible for the direct preparation of the investment process of the construction and operation of the first atomic power plant in Poland. The agreement is to regulate the rights and obligations of each party by the realization of the project, assuming that PGE Polska Grupa Energetyczna S.A. will act, directly or through a subsidiary, as a leader in the process of the project preparation and realization.

On 28 December the Parties to the letter of intent agreed to extend its validity period till 31 March 2013.

On 5 September 2012 ENEA S.A. (ENEA), PGE Polska Grupa Energetyczna S.A. (PGE), TAURON Polska Energia S.A.(TAURON) and KGHM Polska Miedź S.A., have signed a letter of intent concerning the purchase of shares in the first special purpose vehicle, established for the construction and operation of the first nuclear power plant in Poland. In accordance with the letter the companies will undertake the development of a draft agreement for the purchase of shares of PGE EJ 1 Sp. z o.o., a special purpose vehicle, which is responsible for the direct preparation of the investment process of the construction and operation of the first nuclear power plant in Poland. The agreement is to regulate the rights and obligations of each party by the realization of the project, assuming that PGE Polska Grupa Energetyczna S.A. will act, directly or through a subsidiary, as a leader in the process of the project preparation and realization. On 28 December 2012 the Parties to the letter of intent agreed to extend its validity period till 31 March 2013.

On 25 June 2013 ENEA, KGHM, PGE and TAURON concluded an Agreement on continuation of development of a draft agreement for the purchase of PGE EJ 1 Sp. z o.o. (Agreement), which was announced in the Current Report No. 28/2013 dated 26 June 2013.

On 23 September 2013 ENEA, PGE, KGHM and Tauron, as a result of working out the draft agreement for the purchase of shares in the special purpose vehicle for the construction and operation of the nuclear power plant, initialed the Agreement of Shareholders. The Agreement of Shareholders will commit the Parties to conclude a purchase agreement of shares in PGE EJ1 ("Share Purchase Agreement"). In accordance with the Agreement, PGE will sell a block of 438,000 shares representing 30% of PGE EJ1 share capital to other Parties of the Agreement, and as a result PGE will own 70% of shares of PGE EJ1. The shares will be purchased in the following way:

- ENEA S.A. will purchase 146,000 shares which represents 10% of share capital of PGE EJ1,
- KGHM Polska Miedź S.A will purchase 146,000 shares which represents 10% of share capital of PGE EJ1,
- TAURON Polska Energia S.A. will purchase 146,000 shares which represents 10% of share capital of PGE EJ1.

The Agreement of Shareholders also determines the rules of the participation of all Parties in the preparation of the project and construction of nuclear power plant in Poland. PGE and other Parties will be obliged to conclude the Share Purchase Agreement after realization of two precedent conditions:

- obtaining the unconditional approval of the President of the Office for Competition and Consumer Protection for the concentration,
- the adoption of Polish Nuclear Power Programme by the Council of Ministers in 2013.

Despite the failure of the conditions precedent provided in the draft shareholders agreement initialled on 23 September 2013, the parties agreed to continue work on the project preparation and construction of the nuclear power plant in Poland and develop the updated records in the draft shareholders agreement including appendices.

During the half year 2014 the Parties agreed the final draft of the shareholders agreement.

On 28 January the Council of Ministers adopted the Polish Nuclear Power Programme, that was the one of conditions precedent the conclusion of Share Purchase Agreement. Currently the only condition precedent conclusion the Share Purchase Agreement is to obtain the unconditional approval of the President of the Office for Competition and Consumer Protection for the concentration.

As at the date of these condensed interim consolidated financial statements all Parties obtained corporate approvals for conclusion of the Agreement of Shareholders.

29. Share-based payments reserve

The Employees Shares Programme implemented based on the Act of 30 August 1996 *The Commercialization and Privatization Act*, resulting in granting 15% of ENEA S.A. shares to entitled employees was executed and completed in prior years. Pursuant to the completion of the Programme, the share-based payments reserve amounted to PLN 1,144 thousand as at 31 December 2013 has been finally settled and reclassified to retained earnings as at 30 June 2014.

30. Signing of the Loan Agreement with European Investment Bank

As described more in detail in the financial statements for the year ended 31 December 2013, on 18 October 2012 ENEA S.A. executed a Bank Loan Agreement with European Investment Bank for the amount of PLN 950 million or its equivalent in Euro currency. On 19 June 2013 ENEA S.A. executed a Financial Agreement B with European Investment Bank for the amount of PLN 475 million or its equivalent in Euro currency. Therefore the total amount of financing granted by the Bank over the last twelve months amounted to PLN 1,425 billion.

On 21 January 2014 ENEA S.A. received the second tranche of the loan from European Investment Bank in the amount of PLN 170 million. As at 30 June 2014 and till the date of these condensed interim separate financial statements, under the agreement with European Investment Bank ENEA S.A. received funds in the amount of PLN 950 million.

31. Subsequent events

On 25 July 2014 ENEA Wytwarzanie S.A. has been granted the exclusive right to further negotiations in connection with acquisition of 54.3% of shares in Energetyka Ciepłna Opolszczyzny (ECO). The City of Opole and three other communes (shareholders) and ENEA Wytwarzanie S.A. (acquirer) should reach the agreement of shares purchase until 15 September 2014.