

**Extended consolidated quarterly report
of the ENEA Group
for the first quarter of 2014**

Poznań, 2 May 2014

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Selected consolidated financial data of ENEA Group

	in PLN '000		in EUR '000	
	3 months ended 31.03.2014	3 months ended 31.03.2013 (restated)*	3 months ended 31.03.2014	3 months ended 31.03.2013 (restated)*
Net sales revenue	2 373 743	2 380 334	566 607	570 304
Operating profit	266 739	355 228	63 670	85 109
Profit before tax	268 922	370 937	64 191	88 873
Net profit for the reporting period	209 330	296 844	49 967	71 121
Net cash flows from operating activities	92 298	265 346	22 031	63 574
Net cash flows from investing activities	(542 403)	(518 146)	(129 470)	(124 143)
Net cash flows from financing activities	165 688	(811)	39 549	(194)
Total net cash flows	(284 417)	(253 611)	(67 890)	(60 763)
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0.47	0.67	0.11	0.16
Diluted earnings per share (in PLN / EUR per share)	0.47	0.67	0.11	0.16
	Balance as at 31.03.2014	Balance as at 31.12.2013	Balance as at 31.03.2014	Balance as at 31.12.2013
Total assets	16 240 889	16 322 024	3 893 484	3 935 673
Total liabilities	4 522 853	4 834 076	1 084 279	1 165 624
Non-current liabilities	2 747 529	2 556 816	658 675	616 516
Current liabilities	1 775 324	2 277 260	425 604	549 108
Equity	11 718 036	11 487 948	2 809 205	2 770 049
Share capital	588 018	588 018	140 968	141 787
Book value per share (in PLN / EUR)	26.54	26.02	6.36	6.27
Diluted book value per share (in PLN/EUR)	26.54	26.02	6.36	6.27

The above financial data for Q1 2014 and 2013 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 31 March 2014 – PLN/EUR – 4.1713 PLN/EUR (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 31 March 2014 – PLN/EUR – 4.1894 PLN/EUR (for the period from 1 January to 31 March 2013 – 4.1738 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 31 March 2014



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This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS OF ENEA GROUP
FOR THE PERIOD
FROM 1 JANUARY 2014 TO 31 MARCH 2014**

To the Shareholders of ENEA S.A.

Introduction

We have reviewed the accompanying 31 March 2014 condensed consolidated interim financial statements of ENEA Group, with its parent company's registered office in Poznań, Górecka 1 Street ("the condensed consolidated interim financial statements"), which comprise:

- the condensed consolidated statement of financial position as at 31 March 2014,
- the condensed consolidated statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2014,
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2014,
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2014, and
- notes to the interim financial statements.

Management of the parent company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the National Standard on Auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* issued by the National Council of Certified Auditors and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting

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matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with national standards on auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2014 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

On behalf of KPMG Audyt Sp. z o.o.
registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Marek Gajdziński
Key Certified Auditor
Registration No. 90061
Proxy

2 May 2014

**Condensed interim consolidated
financial statements
of ENEA Group
for the period from 1 January to 31 March 2014**

Poznań, 2 May 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, 2 May 2014

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

Consolidated Statement of Financial Position

		As at	
	Note	31.03.2014	31.12.2013
ASSETS			
Non-current assets			
Property, plant and equipment	8	11 919 719	11 811 566
Perpetual usufruct of land		68 319	68 431
Intangible assets	9	216 758	206 580
Investment property		30 122	30 641
Investments in associates		3 896	3 298
Deferred tax assets	18	157 113	181 403
Financial assets available for sale		61 615	61 761
Financial assets measured at fair value through profit or loss		12 981	1 860
Trade and other receivables		2 943	3 933
		12 473 466	12 369 473
Current assets			
CO ₂ emission rights		203 282	190 566
Inventory	11	502 518	521 498
Trade and other receivables		1 437 276	1 345 966
Current income tax receivables		16 315	11 455
Financial assets held to maturity		-	45
Financial assets measured at fair value through profit or loss	14	305 044	296 339
Cash and cash equivalents	13	1 289 293	1 573 195
Non-current assets classified as held for sale		13 695	13 487
		3 767 423	3 952 551
TOTAL ASSETS		16 240 889	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.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

		As at	
EQUITY AND LIABILITIES	Note	31.03.2014	31.12.2013
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		1 144 336	1 144 336
Revaluation reserve (financial instruments)		45 279	45 185
Other reserve		-	(20 664)
Retained earnings		6 287 457	6 079 288
		11 697 554	11 468 627
Non-controlling interest		20 482	19 321
Total equity		11 718 036	11 487 948
LIABILITIES			
Non-current liabilities			
Loans, borrowings and debt securities	15	1 001 178	819 909
Finance lease liabilities		1 567	1 784
Deferred income from subsidies and connection fees	17	623 837	630 411
Deferred tax liability	18	225 110	220 376
Liabilities due to employee benefits		479 973	476 237
Financial liabilities measured at fair value through profit or loss	16	549	364
Provisions for other liabilities and charges	19	415 315	407 735
		2 747 529	2 556 816
Current liabilities			
Loans, borrowings and debt securities	15	21 761	22 648
Trade and other liabilities		1 101 712	1 407 703
Financial lease liabilities		2 469	2 940
Deferred income from subsidies and connection fees	17	70 838	71 398
Current income tax liabilities		26 550	57 940
Liabilities due to employee benefits		256 479	270 809
Liabilities due to an equivalent of the right to acquire shares free of charge		292	292
Financial liabilities measured at fair value through profit or loss		278	-
Provisions for other liabilities and charges	19	294 424	443 260
Liabilities related to non-current assets held for sale		521	270
		1 775 324	2 277 260
Total liabilities		4 522 853	4 834 076
Total equity and liabilities		16 240 889	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.

ENE A Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	3 months ended	3 months ended
Note	31.03.2014	31.03.2013 (restated)*
Sales revenue	2 427 938	2 435 550
Excise tax	(54 195)	(55 216)
Net sales revenue	2 373 743	2 380 334
Other operating revenue	27 762	57 198
Depreciation/amortization	(194 734)	(194 667)
Costs of employee benefits	(263 875)	(251 787)
Consumption of materials and supplies and costs of goods sold	(446 786)	(460 384)
Energy purchase for sale	(869 538)	(826 324)
Transmission and distribution services	(178 687)	(153 018)
Other external services	(81 062)	(78 073)
Taxes and charges	(75 517)	(69 043)
Gain/(loss) on sale and liquidation of property, plant and equipment	386	(2 176)
Other operating expenses	(24 953)	(46 832)
Operating profit	266 739	355 228
Financial expenses	(17 418)	(7 341)
Financial revenue	19 002	22 245
Share in profit of associates measured using the equity method	599	805
Profit before tax	268 922	370 937
Income tax	18 (59 592)	(74 093)
Net profit for the reporting period	209 330	296 844
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
- change in fair value of financial assets available for sale	(145)	(8 081)
- income tax	18 27	1 536
Net other comprehensive income	(118)	(6 545)
Total comprehensive income	209 212	290 299
Including net profit:		
attributable to shareholders of the Parent	208 169	296 000
attributable to non-controlling interests	1 161	844
Including comprehensive income:		
attributable to shareholders of the Parent	208 051	289 455
attributable to non-controlling interests	1 161	844
Net profit attributable to shareholders of the Parent	208 169	296 000
Weighted average number of ordinary shares	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0.47	0.67
Diluted earnings per share (in PLN per share)	0.47	0.67

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

The consolidated statement of profit or loss and other comprehensive income should be analyzed together with the notes, which constitute an integral part of the condensed interim consolidated financial statements.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

Consolidated Statement of Changes in Equity

	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								208 169	1 161	209 330
Net other comprehensive income						(118)				(118)
Total comprehensive income						(118)		208 169	1 161	209 212
Expiry of put option on minority interest in subsidiaries							20 664			20 664
Other						212				212
Balance as at 31.03.2014	441 443	146 575	588 018	3 632 464	1 144 336	45 279	-	6 287 457	20 482	11 718 036
	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*								296 000	844	296 844
Net other comprehensive income						(6 545)				(6 545)
Total comprehensive income						(6 545)		296 000	844	290 299
Balance as at 31.03.2013	441 443	146 575	588 018	3 632 464	1 144 336	43 688	(21 317)	5 793 592	23 565	11 204 346

* - 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 an integral part of the condensed interim consolidated financial statements.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

Consolidated Statement of Cash Flows

	3 months ended 31.03.2014	3 months ended 31.03.2013 (restated)*
Cash flows from operating activities		
Net profit for the reporting period	209 330	296 844
Adjustments:		
Income tax disclosed in the statement of profit or loss and other comprehensive income	59 592	74 093
Depreciation	194 734	194 667
(Profit)/loss on sale and liquidation of property, plant and equipment	(386)	2 176
(Profit)/loss on sale of financial assets	(2 435)	(2 022)
Interest income	(15 704)	(19 700)
Interest expense	9 028	2 769
Gain on measurement of financial assets	(515)	(1 538)
Share in the profit loss of associates	(599)	(805)
Exchange losses on loans and borrowings	94	776
Other adjustments	489	311
	244 298	250 727
Income tax paid	(24 429)	(51 819)
Interest received	20 040	15 675
Interest paid	4 245	(993)
Changes in working capital		
CO ₂ emission rights	(12 716)	(25 074)
Inventory	29 474	172 804
Trade and other receivables	(99 130)	(109 972)
Trade and other liabilities	(100 048)	(121 432)
Liabilities due to employee benefits	(10 594)	(23 203)
Financial assets held for trading	(14 868)	-
Deferred income from subsidies and connection fees	(12 082)	(11 396)
Liabilities due to an equivalent of the right to acquire shares free of charge	-	(3)
Non-current assets held for sale and related liabilities	43	46
Provisions for other liabilities and charges	(141 265)	(126 858)
	(361 186)	(245 088)
Net cash flows from operating activities	92 298	265 346
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(547 236)	(377 724)
Proceeds from disposal of property, plant and equipment	1 148	712
Acquisition of financial assets	(442)	(145 132)
Receipts from disposal of financial assets	4 043	4 373
Other payments for investing activities	84	(375)
Net cash flows from investing activities	(542 403)	(518 146)
Cash flows from financing activities		
Loans and borrowings received	174 970	2 122
Loans and borrowings repaid	(6 666)	(1 542)
Payment of finance lease liabilities	(691)	(1 208)
Other payments for financing activities	(1 925)	(183)
Net cash flows from financing activities	165 688	(811)
Net increase/(decrease) in cash	(284 417)	(253 611)
Balance at the beginning of the reporting period	1 573 195	1 095 495
Change in cash and cash equivalents due to exchange rate differences	515	1 538
Balance at the end of the reporting period	1 289 293	843 422

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

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

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

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., Windfarm Polska Sp z o.o., 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 31 March 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 31 March 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 31 March 2014 the Group comprised the parent ENEA S.A. (the “Company”, the “Parent”), 15 subsidiaries, 4 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.

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

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 31 March 2013. 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. Restatement of comparative data due to an error and changes in presentation

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 31 March 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) the Group changed the presentation of transportation costs related to purchase of coal. In the 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.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

Consolidated statement of profit or loss and other comprehensive income

	3 months ended 31.03.2013	(a)	(b)	3 months ended 31.03.2013 Restated
Sales revenue	2 435 550			2 435 550
Excise tax	(55 216)			(55 216)
Net sales revenue	2 380 334			2 380 334
Other operating revenue	57 198			57 198
Depreciation	(194 667)			(194 667)
Costs of employee benefits	(251 787)			(251 787)
Consumption of materials and supplies and costs of goods sold	(442 516)		(17 868)	(460 384)
Energy purchase for sale	(811 762)	(14 562)		(826 324)
Transmission services	(153 018)			(153 018)
Other external services	(95 941)		17 868	(78 073)
Taxes and charges	(69 043)			(69 043)
Gain/(loss) on sale and liquidation of property, plant and equipment	(2 176)			(2 176)
Other operating expenses	(46 832)			(46 832)
Operating profit	369 790	(14 562)	-	355 228
Financial expenses	(7 341)			(7 341)
Financial revenue	22 245			22 245
Share in profits/losses of associates measured using the equity method	805			805
Profit before tax	385 499	(14 562)	-	370 937
Income tax	(76 860)	2 767		(74 093)
Net profit for the reporting period	308 639	(11 795)	-	296 844
Other comprehensive income				
Items that are or may be reclassified to profit or loss				
- change in fair value of financial assets available for sale	(8 081)			(8 081)
- income tax	1 536			1 536
Net other comprehensive income	(6 545)	-	-	(6 545)
Total comprehensive income for the reporting period	302 094	(11 795)	-	290 299
Including net profit:				
attributable to shareholders of the Parent	307 795	(11 795)		296 000
attributable to non-controlling interests	844	-		844
Including comprehensive income:				
attributable to shareholders of the Parent	301 250	(11 795)		289 455
attributable to non-controlling interests	844	-		844

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.
(all amounts in PLN'000, unless specified otherwise)

Consolidated Statement of Cash Flows

	3 months ended 31.03.2014	(a)	3 months ended 31.03.2013
			Restated
Cash flows from operating activities			
Net profit for the reporting period	308 639	(11 795)	296 844
Adjustments:			
Income tax	76 860	(2 767)	74 093
Depreciation	194 667		194 667
Profit on sale and liquidation of property, plant and equipment	2 176		2 176
Profit on sale of financial assets	(2 022)		(2 022)
Interest income	(19 700)		(19 700)
Interest expense	2 769		2 769
(Gain)/loss on measurement of financial assets	(1 538)		(1 538)
Share in the profit of associates	(805)		(805)
Exchange losses on loans and borrowings	776		776
Other adjustments	311		311
	253 494	(2 767)	250 727
Paid income tax	(51 819)		(51 819)
Interest received	15 675		15 675
Interest paid	(993)		(993)
Changes in working capital			
CO ₂ emission rights	(25 074)		(25 074)
Inventory	172 804		172 804
Trade and other receivables	(124 534)	14 562	(109 972)
Trade and other liabilities	(121 432)		(121 432)
Liabilities due to employee benefits	(23 203)		(23 203)
Deferred income due to subsidies and connection fees	(11 396)		(11 396)
Liabilities due to an equivalent of the right to acquire shares free of charge	(3)		(3)
Non-current assets held for sale and associated liabilities	46		46
Provisions for other liabilities and changes	(126 858)		(126 858)
	(259 650)	14 562	(245 088)
Net cash flows from operating activities	265 346	-	265 346
Cash flows from investing activities			
Acquisition of property, plant and equipment	(377 724)		(377 724)
Receipts from disposal of property, plant and equipment and intangible assets	712		712
Acquisition of financial assets	(145 132)		(145 132)
Receipts from disposal of financial assets	4 373		4 373
Other payments for investing activities	(375)		(375)
Net cash flows from investing activities	(518 146)	-	(518 146)
Cash flows from financing activities			
Loans and borrowings received	2 122		2 122
Loans and borrowings repaid	(1 542)		(1 542)
Payment of finance lease liabilities	(1 208)		(1 208)
Other payments for financing activities	(183)		(183)
Net cash flows from financing activities	(811)	-	(811)
Net increase/(decrease) in cash	(253 611)		(253 611)
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	1 538		1 538
Balance at the end of the reporting period	843 422	-	843 422

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements

ENEA Group

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

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 interim period.

6. Composition of the Group – list of subsidiaries, associates and jointly-controlled entities

No.	Name and address of the Company	Share of ENEA S.A. in the total number of votes 31.03.2014	Share of ENEA S.A. in the total number of votes 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 Sp. z o.o. <i>Poznań, Górecka 1</i>	100	100
4.	Hotel „EDISON” Sp. z o.o. <i>Baranowo near Poznania</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.	Centrum Uzdrowiskowe 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>	99.89*	99.89*
12.	„ITSERWIS” Sp. z o.o. <i>Zielona Góra, ul. 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>	65.03*	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*	100*

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ENE A Group

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18.	ENE A Trading Sp. z o.o. <i>Świerze Górne, 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 by shares in ENE A Wytwarzanie S.A.

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

*** - on 27 January 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.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.

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

Segment reporting for the period from 1 January to 31 March 2014:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	899 573	760 843	680 201	33 126	-	2 373 743
Inter-segment sales	101 741	20 477	136 616	20 436	(279 270)	-
Total net sales revenue	1 001 314	781 320	816 817	53 562	(279 270)	2 373 743
Total expenses	(943 200)	(593 029)	(779 782)	(50 014)	275 230	(2 090 795)
Segment profit/(loss)	58 114	188 291	37 035	3 548	(4 040)	282 948
Depreciation	(232)	(104 320)	(86 652)	(3 910)		
EBITDA	58 346	292 611	123 687	7 458		
% of net sales revenue	5.8%	37.5%	15.1%	13.9%		
Unassigned Group costs (general and administrative expenses)						(16 209)
Operating profit						266 739
Financial expenses						(17 418)
Financial revenue						19 002
Share in profit of associates measured using the equity method						599
Income tax						(59 592)
Net profit						209 330
Share of non-controlling interests						1 161

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements.

ENEA Group

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

Segment reporting for the period from 1 January to 31 March 2013:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Net sales revenue	896 482	744 522	702 376	36 954	-	2 380 334
Inter-segment sales	59 133	22 779	95 015	26 236	(203 163)	-
Total net sales revenue	955 615	767 301	797 391	63 190	(203 163)	2 380 334
Total expenses	(846 148)	(574 732)	(728 563)	(59 663)	197 964	(2 011 142)
Segment profit/(loss)	109 467	192 569	68 828	3 527	(5 199)	369 192
Depreciation	(120)	(94 598)	(94 621)	(4 802)		
EBITDA	109 587	287 167	163 449	8 329		
% of net sales revenue	11.5%	37.4%	20.5%	13.2%		
Unassigned Group costs (general and administrative expenses)						(13 964)
Operating profit						355 228
Financial expenses						(7 341)
Financial revenue						22 245
Share in profit of associates measured using the equity method						805
Income tax						(74 093)
Net profit						296 844
Share of non-controlling interests						844

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.

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

Other segment reporting information as at 31 March 2014:

	Trade	Distribution	Production	All other segments	Eliminations	Total
Property, plant and equipment	18 805	6 681 438	5 211 086	240 595	(250 078)	11 901 846
Trade and other receivables	688 286	488 422	397 189	37 540	(330 029)	1 281 408
Total:	707 091	7 169 860	5 608 275	278 135	(580 107)	13 183 254
ASSETS excluded from segmentation						3 057 635
- including property, plant and equipment						17 873
- including trade and other receivables						158 811
TOTAL ASSETS						16 240 889
Trade and other liabilities	201 489	332 328	667 827	48 511	(329 487)	920 668
Equity and liabilities excluded from segmentation						15 320 221
- including trade and other liabilities						181 044
TOTAL EQUITY AND LIABILITIES						16 240 889
<u>for the 3-month period ended 31 March 2014</u>						
Capital expenditure for fixed assets and intangible assets	9 904	84 942	222 653	1 037	(8 461)	310 075
Capital expenditure for fixed assets and intangible assets excluded from segmentation						-
Depreciation/amortization	232	104 320	86 652	3 910	(2 161)	192 953
Depreciation.amortization excluded from segmentation						1 781
Recognition/(reversal/utilization) of receivables allowance	6 112	373	(820)	(254)	-	5 411

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements.

ENEA Group

Condensed interim consolidated financial statements for the period from 1 January to 31 March 2014.

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

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 3-month period ended 31 March 2013</u>						
Capital expenditure for fixed assets and intangible assets	883	121 875	228 409	9 825	(10 705)	350 287
Capital expenditure for fixed assets and intangible assets excluded from segmentation						512
Depreciation/amortization	120	94 598	94 621	4 802	(1 284)	192 907
Depreciation/amortization excluded from segmentation						1 760
Recognition/(reversal/utilization) of receivables allowance	(29 350)	1 043	550	(332)	-	(28 089)

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements.

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 3-month period ended 31 March 2014 the Group acquired property, plant and equipment for the total amount of PLN 300,645 thousand (during the period of 3 months ended 31 March 2013 it was PLN 350,434 thousand). The mentioned above amount consists mainly fixed assets under construction in manufacturing segments (PLN 216,505 thousand) and in distribution segment (PLN 72,428 thousand). Expenditures in the generation segment relate primarily to the construction of a new power unit.

During the 3-month period ended 31 March 2014 the Group completed the sale and liquidation of fixed assets in the total net book value of PLN 693 thousand (during the 3 months ended 31 March 2013, respectively: PLN 2,871 thousand).

During the 3-month period ended 31 March 2014, impairment loss on the book amount of property, plant and equipment decreased by net amount of PLN 2,344 thousand (during the 3 months ended 31 March 2013 impairment loss on the book amount of property, plant and equipment increased by net amount of PLN 605 thousand).

As at 31 March 2014 the value of the impairment on the book amount of property, plant and equipment amounted to PLN 26,795 thousand (as at 31 December 2013, respectively: PLN 29,139 thousand).

9. Intangible assets

During the 3-month period ended 31 March 2014 the Group acquired intangible assets for the total amount of PLN 9,430 thousand (during the period of 3 months ended 31 March 2013 it was PLN 365 thousand).

During the 3-month period ended 31 March 2014 the Group did not completed the sale and liquidation of intangible assets (during the period of 3 months ended 31 March 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.	102 435
Elektrownie Wodne Sp. z o.o. (Wind farms)	18 686
Dobitt Energia Sp. z o.o.	3 131
Miejska Energetyka Ciepła Piła Sp. z o.o.	1 806
Elektrownie Wodne Sp. z o.o.	667
	126 725

10. Allowance on trade and other receivables

	31.03.2014	31.12.2013
Opening balance of receivables allowance	120 588	174 174
Addition	10 315	28 031
Reversed	(4 824)	(41 143)
Utilized	(80)	(40 474)
Closing balance of receivables allowance	125 999	120 588

During the 3-month period ended 31 March 2014 the allowance on the book amount of trade and other receivables decreased by PLN 5,411 thousand (during the period of 3 months ended 31 March 2013 the impairment allowance increased by PLN 28,089 thousand).

11. Inventory

	31.03.2014	31.12.2013
Materials	306 793	290 418
Semi-finished products and work in progress	648	591
Finished products	905	420
Certificates of origin	197 432	223 916
Goods for resale	9 868	11 032
Total gross carrying amount of inventory	515 646	526 377
Inventory allowance	(13 128)	(4 879)
Total net carrying amount of inventory	502 518	521 498

During the 3-month period ended 31 March 2014 the book amount of inventory allowance increased by PLN 8,249 thousand (during the period of 3 months ended 31 March 2013 the inventory allowance decreased by PLN 9,427 thousand).

12. Certificates of origin

	31.03.2014	31.12.2013
Opening balance – net carrying amount	240 521	180 521
Self-production	49 563	182 328
Acquisition	127 094	199 585
Redemption	(222 630)	(324 128)
Change in allowance	(8 673)	1 596
Other changes	(537)	619
Closing balance – net carrying amount	185 338	240 521

13. Restricted cash

As at 31 March 2014 the restricted cash amounted to PLN 135,062 thousand. This consist 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 31 March 2014 the book value of investment portfolio amounted to PLN 332,569 thousand, including financial assets measured at fair value through profit or loss - treasury bills and bonds of PLN 300,800 thousand and bank deposits of PLN 31,769 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 consist of forward contracts on CO₂ emission rights and EUR forward contracts classified as financial assets held for trading. These assets are presented as non-current assets PLN 11,080 thousand and current assets PLN 4,244 thousand, depending on the date of maturity of a contract (as at 31 December 2013 PLN 0 thousand).

The Group also holds shares of Pioneer Investment Fund, total amount presented as non-current assets (PLN 1,901 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

	<u>31.03.2014</u>	<u>31.12.2013</u>
Long-term		
Bank loans	969 230	794 773
Borrowings	31 948	25 136
	1 001 178	819 909
Short-term		
Bank loans	19 626	19 363
Borrowings	2 135	3 285
	21 761	22 648
Total	1 022 939	842 557

During the 3-month period ended 31 March 2014 the carrying amount of credit facilities and loans increased by net amount of PLN 180,382 thousand (during the period of 3 months ended 31 March 2013 the carrying amount of credit facilities and loans increased by PLN 1,311 thousand).

The information on new credit agreements has been presented in note 29.

16. Financial instruments

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

	<u>31.03.2014</u>		<u>31.12.2013</u>	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term financial assets available for sale (shares in unrelated parties)	61 615	61 615	61 761	61 761
Non-current financial assets measured at fair value through profit or loss	12 981	12 981	1 860	1 860
Current financial assets held to maturity	-	-	45	45
Current financial assets measured at fair value through profit or loss	305 044	305 044	296 339	296 339
Trade and other receivables	1 440 219	(*)	1 349 899	(*)
Cash and cash equivalents	1 289 293	1 289 293	1 573 195	1 573 195
Loans, borrowings and debt securities	1 022 939	1 022 939	842 557	842 557
Finance lease liabilities	4 036	4 036	4 724	4 724
Trade and other liabilities	1 101 712	(*)	1 407 703	(*)
Long-term financial liabilities at fair value through profit or loss	549	549	364	364
Current financial liabilities at fair value through profit or loss	278	278	-	-

(*) 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.

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. In addition, the Group entered forward contracts on CO₂ emission rights and EUR forward contracts (PLN 11,080 thousand recognized as non-current assets and PLN 4,244 thousand as current assets).

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.

	31.03.2014			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Forward contracts	-	15 324	-	15 324
Non-derivative financial assets held for trading	302 701	-	-	302 701
Financial assets available for sale				
Listed equity instruments	61 090	-	-	61 090
Non- listed equity instruments	-	-	525	525
Total	363 791	15 324	525	379 640
Financial liabilities measured at fair value through profit or loss				
Forward contracts	-	(827)	-	(827)
Total	-	(827)	-	(827)

	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

	31.03.2014	31.12.2013
Long-term		
Deferred income due to subsidies	161 845	164 345
Deferred income due to connection fees	461 992	466 066
	623 837	630 411
Short-term		
Deferred income due to subsidies	12 819	14 536
Deferred income due to connection fees	58 019	56 862
	70 838	71 398
Deferred income schedule		
	31.03.2014	31.12.2013
Up to 1 year	70 838	71 398
1 to 5 years	130 016	131 862
Over 5 years	493 821	498 549
	694 675	701 809

During the 3-month period ended 31 March 2014 the carrying amount of deferred income from subsidies and connection fees decreased by net amount of PLN 7,134 thousand (during period of 3 months ended 31 March 2013 the carrying amount decreased by PLN 9,081 thousand).

18. Deferred income tax

Changes in deferred income tax assets and liabilities (considering the net-off of the asset and liability) are as follows:

	31.03.2014	31.12.2013
Opening balance	38 973	62 830
Amount debited/(credited) to profit or loss	29 051	(28 107)
Amount debited/(credited) to other comprehensive income	(27)	4 250
Closing balance	67 997	38 973

During the 3-month period ended 31 March 2014, the Company's profit before tax was debited by PLN 29,051 thousand as a result of a increase in net deferred tax liability (during the period of 3 months ended 31 March 2013 the Company's profit before tax was debited by PLN 20,945 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

	31.03.2014	31.12.2013
Long-term	415 315	407 735
Short-term	294 424	443 260
Total	709 739	850 995

During the 3-month period ended 31 March 2014 the provisions for other liabilities and charges decreased by net amount of PLN 141,256 thousand, mainly due to settlement of obligation related to sale to end users of electricity generated in a renewable source or in cogeneration (during the period of 3 months ended 31 March 2013 the provisions other liabilities and charges increased by net amount of PLN o 126,844 thousand).

ENEA Group

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*(all amounts in PLN'000, unless specified otherwise)***Change in provisions for other liabilities and charges****for the period ended
31 March 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 CO₂ 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	-	-	213	-	-	-	-	213
Increase in provisions	4 486	-	-	-	89 978	28 650	4 173	127 287
Provisions applied	-	-	-	-	(258 375)	(549)	(5 524)	(264 448)
Unused provision reversed	(3 873)	(116)	-	-	(319)	-	-	(4 308)
Closing balance	187 529	21 955	30 677	394	105 927	133 250	230 007	709 739

**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 CO₂ 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

Description of significant claims and liabilities in this regard are set out in note 24

The notes presented on pages 14 to 38 constitute an integral part of these condensed interim consolidated financial statements.

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 - 31.03.2014	01.01.2013 - 31.03.2013	01.01.2014 - 31.03.2014	01.01.2013 - 31.03.2013
Remuneration under managerial contracts and consultancy agreements	4 049*	1 038	-	-
Remuneration relating to appointment of members of supervisory bodies	-	23	85	104
Remuneration due to other employee benefits (particularly electricity allowance)	-	31	-	-
TOTAL	4 049	1 092	85	104

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

During the 3-month period ended 31 March 2014 did not grant the loans from the Company's Social Benefits Fund to the members of the Supervisory Board (for the 3 months ended 31 March 2013 also no loans were granted to members of the Supervisory Board). During this period repayments of these loans amounted to PLN 1 thousand (PLN 1 thousand during the 3 month period ended 31 March 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. On 4 April 2014 Zarządca Rozliczeń S.A. made an advance payment for the first quarter of 2014, amounting to PLN 4,250 thousand. In the first quarter of 2014, income from compensation of stranded costs have not been recognized.

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 allocated for 2008 (decision of the President of Energy Regulatory Office for 2008 was set at (-) PLN 4,192 thousand in place of the original (-) PLN 89,537 thousand).

On 17 March 2014 ENEA Wytwarzanie S.A. filed its response to the cassation appeal lodged 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 in to the Appeal Court in Warsaw.

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. 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 related to the acquisition of tangible and intangible fixed assets assumed as at the end of the reporting period, not yet recognized in the statement of financial position:

	31.03.2014	31.12.2013
Acquisition of property, plant and equipment	4 474 119	5 026 671
Acquisition of intangible assets	12 453	9 300
	4 486 572	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. Pending proceedings before courts of general jurisdiction**Actions 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 31 March 2014, the total of 9,673 cases brought by the Group were pending before common courts for the total amount of PLN 166,872 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 31 March 2014 there were 1,700 cases pending before common courts which have been brought against the Group for the total amount of PLN 258,138 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.

24.2. Arbitration proceedings

Actions brought against the Company

As at 31 March 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 (PLN two hundred thirty 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 as at 31 March 2014, no actions have been taken.

Actions brought by the Company

As at 31 March 2014, arbitration proceedings were 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, and 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. 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. Both claims were 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. The hearing took place without the participation of the opposing party. The Tribunal requested ENEA S.A. to submit until 16 May 2014 a summarizing letter of hearing together with the statement of incurred costs. A sentence of the Tribunal is expected to be pronounced on the turn of August and September 2014.

As at 31 March 2014 proceedings against Equiventus Capital S.A.R.L. for payment of liabilities to Vestas Poland Sp. z o. o. are suspended due to lack of advance payment for proceedings costs.

24.3. 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.

25. Bond issue programme of ENEA S.A

On 21 June 2012 ENEA S.A. 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"). The Agreement was concluded for the term of 10 years. The Programme 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 ENEA S.A. signed an annex to the Programme Agreement, which changed the Programme terms adjusting them to the current market situation.

As at 31 March 2014, ENEA S.A. has not issued any bonds under the above mentioned Bond Issue Programme. On 18 April 2014 ENEA S.A. issued bonds amounting to PLN 150 million under above mentioned Bond Issue Programme Agreement dated 21 June 2012. The bond issue was entirely covered by guarantors in the Programme i.e. Bank PKO BP S.A., PEKAO S.A., BZ WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A.

26. Changes in the composition of the Supervisory Board of ENEA S.A.

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 initialed 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.

Polish Nuclear Power Programme was adopted by the Council of Ministers on 28 January 2014.

29. 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 value 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 value 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 a loan from European Investment Bank in the amount of PLN 170 million.

As at 31 March 2014 and till the date of these condensed interim separate financial statements, under the agreements with European Investment Bank for a total value of PLN 1,425 million ENEA S.A. received funds in the amount of PLN 950 million.

Selected separate financial data

	in PLN '000		in EUR '000	
	3 months ended 31.03.2014	3 months ended 31.03.2013 (restated*)	3 months ended 31.03.2014	3 months ended 31.03.2013 (restated*)
Net sales revenue	1 276 067	1 334 204	304 594	319 662
Operating profit	43 920	100 419	10 484	24 059
Profit before tax	66 197	121 078	15 801	29 009
Net profit for the reporting period	49 145	97 943	11 731	23 466
Net cash flows from operating activities	(103 687)	(155 564)	(24 750)	(37 272)
Net cash flows from investing activities	(350 974)	(40 359)	(83 777)	(9 670)
Net cash flows from financing activities	169 810	(546)	40 533	(131)
Total net cash flows	(284 851)	(196 469)	(67 993)	(47 072)
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net earnings per share (in PLN)	0.11	0.22	0.03	0.05
Diluted earnings per share (in PLN / EUR)	0.11	0.22	0.03	0.05
	Balance as at 31.03.2014	Balance as at 31.12.2013	Balance as at 31.03.2014	Balance as at 31.12.2013
Total assets	13 048 889	12 981 983	3 128 255	3 130 301
Total liabilities	1 844 326	1 826 565	442 147	440 433
Non-current liabilities	1 025 854	852 248	245 931	205 500
Current liabilities	818 472	974 317	196 215	234 934
Equity	11 204 563	11 155 418	2 686 108	2 689 867
Share capital	588 018	588 018	140 968	141 787
Book value per share (in PLN / EUR)	25.38	25.27	6.09	6.09
Diluted book value per share (in PLN/EUR)	25.38	25.27	6.09	6.09

The above financial data for Q1 2014 and 2013 were translated into EUR in line with the following principles:

- individual assets and liabilities – at the average exchange rate as of 31 March 2014 – PLN/EUR – 4.1713 PLN/EUR (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 31 March 2014 – PLN/EUR – 4.1894 PLN/EUR (for the period from 1 January to 31 March 2013 – 4.1738 PLN/EUR).



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This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation

**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE INTERIM SEPARATE
FINANCIAL STATEMENTS OF ENEA S.A.
FOR THE PERIOD
FROM 1 JANUARY 2014 TO 31 MARCH 2014**

To the Shareholders of ENEA S.A.

Introduction

We have reviewed the accompanying 31 March 2014 condensed separate interim financial statements of ENEA S.A., with its registered office in Poznań, Górecka 1 ("the condensed separate interim financial statements"), which comprise:

- the condensed separate statement of financial position as at 31 March 2014,
- the condensed separate statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2014,
- the condensed separate statement of changes in equity for the three-month period ended 31 March 2014,
- the condensed separate statement of cash flows for the three-month period ended 31 March 2014, and
- notes to the interim financial statements.

Management of ENEA S.A. is responsible for the preparation and presentation of these condensed separate interim financial statements in accordance with the IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these condensed separate interim financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the National Standard on Auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* issued by the National Council of Certified Auditors and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with national standards on auditing and International Standards on Auditing and consequently does not enable us to

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obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2014 condensed separate interim financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

On behalf of KPMG Audyt Sp. z o.o.
registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Marek Gajdziński
Key Certified Auditor
Registration No. 90061
Proxy

2 May 2014

**Condensed interim separate
financial statements
of ENEA S.A.
for the period from 1 January to 31 March 2014**

Poznań, 2 May 2014

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These condensed interim separate 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, 2 May 2014

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 March 2014.

*(all amounts in PLN'000, unless specified otherwise)***Separate statement of financial position**

	Note	Balance as at	
		31.03.2014	31.12.2013
ASSETS			
Non-current assets			
Property, plant and equipment	7	35 651	36 533
Perpetual usufruct of land		1 557	1 562
Intangible assets	8	2 751	2 459
Investment property		16 776	16 910
Investments in subsidiaries, associates and joint ventures	9	8 951 216	8 951 213
Deferred tax asset	17	2 001	45 544
Financial assets held to maturity		2 029 709	1 674 223
Financial assets measured at fair value through profit or loss		1 901	1 860
		11 041 562	10 730 304
Current assets			
Inventory	12	68 027	117 449
Trade and other receivables	11	1 065 330	978 529
Current income tax receivables		-	1 341
Financial assets held to maturity		38 109	38 109
Financial assets measured at fair value through profit or loss	14	300 800	296 339
Cash and cash equivalents	13	522 185	807 036
Non-current assets classified as held for sale	10	12 876	12 876
		2 007 327	2 251 679
TOTAL ASSETS		13 048 889	12 981 983

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 March 2014.

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

	Note	Balance as at	
		31.03.2014	31.12.2013
EQUITY AND LIABILITIES			
EQUITY			
Share capital		588 018	588 018
Share premium		4 627 673	4 627 673
Share-based payments reserve		1 144 336	1 144 336
Reserve capital		1 569 385	1 569 385
Retained earnings		3 275 151	3 226 006
Total equity		11 204 563	11 155 418
LIABILITIES			
Non-current liabilities			
Loans, borrowings and debt securities	16	952 381	777 130
Deferred income from subsidies and connection fees		193	103
Liabilities due to employee benefits		60 302	61 682
Provisions for other liabilities and charges	18	12 978	13 333
		1 025 854	852 248
Current liabilities			
Trade and other liabilities		562 403	645 479
Finance lease liabilities		772	1 052
Current income tax receivables		24 146	-
Liabilities due to employee benefits		18 894	24 118
Liabilities due to cash settled share-based payments		292	292
Other financial liabilities		80 397	-
Provisions for other liabilities and charges	18	131 568	303 376
		818 472	974 317
Total liabilities		1 844 326	1 826 565
TOTAL EQUITY AND LIABILITIES		13 048 889	12 981 983

Separate statement of profit or loss and other comprehensive income

	For the period	
	3 months ended	3 months ended
	31 March 2014	31 March 2013 (restated)*
Sales revenue	1 330 101	1 389 347
Excise tax	(54 034)	(55 143)
Net sales revenue	1 276 067	1 334 204
Other operating revenue	4 704	27 492
Depreciation/amortization	(2 095)	(4 309)
Costs of employee benefits	(12 807)	(14 744)
Consumption of materials and supplies and costs of goods sold	(630)	(900)
Energy purchase for sale	(781 125)	(753 101)
Transmission and distribution services	(386 716)	(415 431)
Other external services	(41 493)	(45 069)
Taxes and charges	(2 006)	(3 274)
Loss on sale and liquidation of property, plant and equipment	(4)	(10)
Other operating expenses	(9 975)	(24 439)
Operating profit	43 920	100 419
Financial expenses	(10 532)	(1 017)
Financial revenue	32 809	21 676
Profit before tax	66 197	121 078
Income tax	(17 052)	(23 135)
Net profit for the reporting period	49 145	97 943
Total comprehensive income	49 145	97 943
Earnings attributable to the Company's shareholders	49 145	97 943
Weighted average number of ordinary shares	441 442 578	441 442 578
Net earnings per share (in PLN per share)	0.11	0.22
Diluted earnings per share (in PLN per share)	0.11	0.22

* Restatements of comparative figures are presented in Note 6 of these condensed interim separate financial statements

ENEA S.A.

Condensed interim separate financial statements for the period from 1 January to 31 March 2014.

*(all amounts in PLN'000, unless specified otherwise)***Separate statement of changes in equity**

	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based payments reserve	Reserve capital	Retained earnings	Total equity
Balance as at 1.01.2014	441 443	146 575	588 018	4 627 673	1 144 336	1 569 385	3 226 006	11 155 418
Net profit							49 145	49 145
Balance as at 31.03.2014	441 443	146 575	588 018	4 627 673	1 144 336	1 569 385	3 275 151	11 204 563

	Share capital (face value)	Revaluation of share capital	Total share capital	Share premium	Share-based payments reserve	Reserve capital	Retained earnings	Total equity
Balance as at 1.01.2013*	441 443	146 575	588 018	4 627 673	1 144 336	1 205 625	2 907 999	10 473 651
Net profit							97 943	97 943
Balance as at 31.03.2013	441 443	146 575	588 018	4 627 673	1 144 336	1 205 625	3 005 942	10 571 594

* Restatements of comparative figures are presented in Note 6 of these condensed interim separate financial statements

The separate statement of changes in equity should be analyzed together with the notes which constitute and integral part of these condensed interim separate financial statements.

Separate statement of cash flows

	For the period	
	3 months ended 31.03.2014	3 months ended 31.03.2013 (restated)*
Cash flows from operating activities		
Net profit for the reporting period	49 145	97 943
Adjustments:		
Income tax disclosed in the statement of profit or loss and other comprehensive income	17 052	23 135
Depreciation	2 095	4 309
Loss on sale and liquidation of property, plant and equipment	4	10
Gain on disposal of financial assets	(2 435)	(1 909)
Interest income	(30 374)	(19 767)
Interest expense	10 532	1 017
	<u>(3 126)</u>	<u>6 795</u>
Paid income tax	51 978	(13 151)
Interest received	27 201	15 313
Interest paid	(3 638)	(171)
Changes in working capital		
Inventory	49 422	96 749
Trade and other receivables	(94 130)	(80 430)
Trade and other liabilities	(1 772)	(141 329)
Liabilities due to employee benefits	(6 604)	(593)
Deferred income due to subsidies and connection fees	-	(556)
Liabilities due to an equivalent of the right to acquire shares free of charge	-	(3)
Provisions for other liabilities and charges	(172 163)	(136 131)
	<u>(225 247)</u>	<u>(262 293)</u>
Net cash flows from operating activities	<u>(103 687)</u>	<u>(155 564)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(3 199)	(5 150)
Receipts from disposal of property, plant and equipment and intangible assets	-	19
Receipts from disposal of financial assets	12 670	10 373
Acquisition of financial assets	(360 442)	(45 132)
Acquisition of subsidiaries, associates and joint ventures	(3)	-
Other (payments for)/receipts from investing activities	-	(469)
Net cash flows from investing activities	<u>(350 974)</u>	<u>(40 359)</u>
Cash flows from financing activities		
Proceeds from credit and loans	170 000	-
Payment of finance lease liabilities	(190)	(546)
Net cash flows from financing activities	<u>169 810</u>	<u>(546)</u>
Net increase/ (decrease) in cash	<u>(284 851)</u>	<u>(196 469)</u>
Balance at the beginning of the reporting period	807 036	361 401
Balance at the end of the reporting period	<u>522 185</u>	<u>164 932</u>

* Restatements of comparative figures are presented in Note 6 of these condensed interim separate financial statements

1. General information about ENEA S.A.

Name (business name):	ENE A 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

ENE A S.A., operating under the business name Energetyka Poznańska S.A., was entered in the National Court Register at the District Court in Poznań under KRS number 0000012483 on 21 May 2001.

As at 31 March 2013 the shareholding structure of ENE A S.A. was the following: the State Treasury of the Republic of Poland – 51.50% of shares, other shareholders – 48.50%.

As at 31 March 2014 the statutory share capital of ENE A 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.

Trade in electricity is the core business of ENE A S.A. (“ENE A”, the “Company”).

On 12 September 2013 ENE A S.A. was granted a concession 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.

ENE A S.A. is the parent company in the ENE A Group (the “Group”). As at 31 March 2013 the Group comprised of 15 subsidiaries, 4 indirect subsidiaries and 1 associate.

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

2. Statement of compliance

These condensed interim separate 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 Company 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 separate financial statements of ENEA S.A. in accordance with IFRS-EU as of 31 March 2014. The presented statements and explanations have been prepared using due diligence. These condensed interim separate financial statements have been reviewed by a certified auditor.

The Company prepared condensed interim consolidated financial statements of ENEA Group as at 31 March 2014 and for the three months period then ended. These condensed interim separate financial statements should be read together with condensed interim consolidated financial statements and with the separate financial statements of ENEA S.A. for the financial year ended at 31 December 2013.

3. Accounting principles

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

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

4. Material estimates and assumptions

The preparation of these condensed interim separate financial statements in conformity with IAS 34 requires the Management Board to make certain judgments, estimates and assumptions that affect the amounts reported in the condensed interim separate 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 separate financial statements are consistent with the estimates adopted during preparation of the separate financial statements for the previous financial year. The estimates presented in the previous financial years do not exert any significant influence on the current interim period.

5. Composition of the Group – list of subsidiaries, associates and jointly-controlled entities

	Name and address of the company	Share of ENEA S.A. in the total number of votes 31.03.2014	Share of ENEA S.A. in the total number of votes 31.12.2013
1.	ENERGOMIAR Sp. z o.o. Poznań, Strzeszyńska 58	100	100
2.	BHU S.A. Poznań, Strzeszyńska 58	100	100
3.	ENEA Centrum S.A. Poznań, Górecka 1	100	100
4.	Hotel „EDISON” Sp. z o.o. Baranowo near Poznań	100	100
5.	Energetyka Poznańska Zakład Transportu Sp. z o.o. Poznań, Strzeszyńska 58	100	100
6.	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych Energobud Leszno Sp. z o.o. Lipno, Gronówko 30	100	100
7.	ENERGO-TOUR Sp. z o.o. Poznań, Marcinkowskiego 27	99,92	99,92
8.	ENEOS Sp. z o.o. Poznań, Strzeszyńska 58	100	100
9.	ENTUR Sp. z o.o. Szczecin, Malczewskiego 5/7	100***	100***
10.	Centrum Uzdrawiskowe ENERGETYK Sp. z o.o. Inowrocław, Wilkońskiego 2	99,94	99,94
11.	Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. Oborniki, Wybudowanie 56	99,89*	99,89*
12.	„IT SERWIS” Sp. z o.o. Zielona Góra, Zacisze 28	100	100
13.	ENEA Operator Sp. z o.o. Poznań, Strzeszyńska 58	100	100
14.	ENEA Wytwarzanie S.A. Świerże Górne, commune Kozienice, Kozienice 1	100	100
15.	Miejska Energetyka Ciepła Piła Sp. z o.o. 64-920 Piła, Kaczorska 20	65,03*	65,03*
16.	Annacond Enterprises Sp. z o.o. Warszawa, Jana III Sobieskiego 1/4	61	61
17.	Windfarm Polska Sp. z o.o. Koszalin, Wojska Polskiego 24-26	100*	100*
18.	ENEA Trading Sp. z o.o. Świerże Górne, commune Kozienice, Kozienice 1	100	100
19.	„Ecebe” Sp. z o.o. Augustów, Wojciech 8	100*	100*
20.	Energ-Inwest-Broker S.A. Toruń, Jęczmienna 21	38,46**	38,46**

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

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

*** - on 27 January 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.

6. Restatement of comparative data due to an error and changes in presentation

The comparative data presented in these condensed interim separate financial statements derived from the approved condensed interim separate financial statements for the period from 1 January to 31 March 2013 have been restated in order to maintain comparability.

a) The Company performed analysis of electricity balancing market settlements and the imbalance of energy sales and purchase, presented in 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.

Separate statement of profit or loss and other comprehensive income

	3 months ended 31.03.2013 (approved)	(a)	3 months ended 31.03.2013 (restated)
Sales revenue	1 389 347		1 389 347
Excise tax	(55 143)		(55 143)
Net sales revenue	1 334 204	-	1 334 204
Other operating revenue	27 492		27 492
Depreciation/amortization	(4 309)		(4 309)
Costs of employee benefits	(14 744)		(14 744)
Consumption of materials and supplies and costs of goods sold	(900)		(900)
Energy purchase for sale	(738 539)	(14 562)	(753 101)
Transmission and distribution services	(415 431)		(415 431)
Other external services	(45 069)		(45 069)
Taxes and charges	(3 274)		(3 274)
Loss on sale and liquidation of property, plant and equipment	(10)		(10)
Other operating expenses	(24 439)		(24 439)
Operating profit	114 981	(14 562)	100 419
Financial expenses	(1 017)		(1 017)
Financial revenue	21 676		21 676
Profit before tax	135 640	(14 562)	121 078
Income tax	(25 902)	2 767	(23 135)
Net profit for the reporting period	109 738	(11 795)	97 943
Total comprehensive income	109 738	-	97 943

Separate statement of cash flow

	3 months ended 31.03.2013 (approved)	(a)	3 months ended 31.03.2013 (restated)
Cash flows from operating activities			
Net profit for the reporting period	109 738	(11 795)	97 943
Adjustments:			
Income tax disclosed in the profit or loss	25 902	(2 767)	23 135
Depreciation	4 309		4 309
Loss on sale and liquidation of property, plant and equipment	10		10
Gain on disposal of financial assets	(1 909)		(1 909)
Interest income	(19 767)		(19 767)
Interest expense	1 017		1 017
	<u>9 562</u>	<u>(2 767)</u>	<u>6 795</u>
Paid income tax	(13 151)		(13 151)
Interest received	15 313		15 313
Interest paid	(171)		(171)
Changes in working capital			
Inventory	96 749		96 749
Trade and other receivables	(94 992)	14 562	(80 430)
Trade and other liabilities	(141 329)		(141 329)
Liabilities due to employee benefits	(593)		(593)
Deferred income due to subsidies and connection fees	(556)		(556)
Liabilities due to an equivalent of the right to acquire shares free of charge	(3)		(3)
Provisions for other liabilities and charges	(136 131)		(136 131)
	<u>(276 855)</u>	<u>14 562</u>	<u>(262 293)</u>
Net cash flows from operating activities	(155 564)	-	(155 564)
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	(5 150)		(5 150)
Receipts from disposal of property, plant and equipment and intangible assets	19		19
Receipts from disposal of financial assets	(45 132)		(45 132)
Acquisition of financial assets	10 373		10 373
Other (payments for)/receipts from investing activities	(469)		(469)
Net cash flows from investing activities	(40 359)	-	(40 359)
Cash flows from financing activities			
Payment of finance lease liabilities	(546)		(546)
Net cash flows from financing activities	(546)	-	(546)
Net increase/ (decrease) in cash	(196 469)	-	(196 469)
Opening balance of cash	361 401		361 401
Closing balance of cash	164 932	-	164 932

7. Property, plant and equipment

During the 3-month period ended 31 March 2014, the Company acquired property, plant and equipment for the total amount of PLN 187 thousand (during the period of 3 months ended 31 March 2013 it was PLN 5,049 thousand).

During the 3-month period ended 31 March 2014, the Company sold and liquidated property, plant and equipment for the total net amount of PLN 4 thousand (during the period of 3 months ended 31 March 2013 it was PLN 28 thousand).

As at 31 March 2014 the total impairment loss on the carrying amount of property, plant and equipment amounted to PLN 680 thousand (as at 31 December 2013: PLN 1,592 thousand).

8. Intangible assets

During the 3-month period ended 31 March 2014, the Company did not acquire intangible assets (during the period of 3 months ended 31 March 2013: PLN 0 thousand).

During the 3-month period ended 31 March 2014 intangible assets of PLN 630 thousand were transferred from fixed assets under construction (PLN 112 thousand during the period of 3 months ended 31 March 2013).

During the 3-month period ended 31 March 2014 the Company did not sell and liquidate intangible assets (during the period of 3 months ended 31 March 2013: PLN 0 thousand).

9. Investments in subsidiaries, associates and joint ventures

	<u>31.03.2014</u>	<u>31.12.2013</u>
Opening balance	8 951 213	8 820 100
Acquisition of investments	3	134 343
Disposal of investments	-	(3 000)
Impairment loss	-	(230)
Closing balance	8 951 216	8 951 213

Impairment loss

	<u>31.03.2014</u>	<u>31.12.2013</u>
Opening balance of impairment loss on investments	30 104	29 874
Recognized	-	230
Closing balance of impairment loss on investments	30 104	30 104

10. Non-current assets held for sale

	<u>31.03.2014</u>	<u>31.12.2013</u>
Opening balance	12 876	12 876
Closing balance	12 876	12 876

During the 3-month period ended 31 March 2014 there were no changes in investments in non-current assets held for sale.

As at 31 March 2014 the shares in Hotel "EDISON" Sp. z o.o. are presented as non-current assets held for sale. On 23 January 2014 the announcement of the sale of the hotel was published in Gazeta Wyborcza – an invitation to negotiation for purchase of the package of all shares in Hotel Edison Sp. z o.o. The Memorandum was requested by four entities. Three of them submitted preliminary offer within the prescribed period (3 February 2014). On 21 March 2014 binding offers were obtained from potential investors. At the turn of April and May 2014 it is planned to conduct negotiations with the selected investors. It is predicted the process will be finished till the end of May 2014.

11. Allowance on trade and other receivables

	31.03.2014	31.12.2013
Opening balance of receivables allowance	55 753	85 666
Addition	7 599	9 514
Reversed	(1 499)	(775)
Utilized	-	(38 652)
Closing balance of receivables allowance	61 853	55 753

During the 3-month period ended 31 March 2014 the allowance on the carrying amount of trade and other receivables increased by PLN 6,100 thousand (during the period of 3 months ended 31 March 2013 the impairment allowance decreased by PLN 29,525 thousand).

12. Inventory

	31.03.2014	31.12.2013
Certificates of origin	68 027	117 449
Total inventory	68 027	117 449

Certificates of origin:

	31.03.2014	31.12.2013
Opening balance	117 449	120 160
Acquisition	172 715	321 157
Redemption	(222 137)	(323 868)
Closing balance	68 027	117 449

The costs regarding redemption of certificates of origin are presented in the statement of profit or loss in the position - Energy purchase for sale.

13. Cash and cash equivalents

	31.03.2014	31.12.2013
Cash in hand and at bank	522 185	807 036
- cash in hand	-	19
- cash at bank	522 185	807 017
Total cash and cash equivalents	522 185	807 036
Cash disclosed in the cash flows statement	522 185	807 036

As at 31 March 2014 the restricted cash amounted to PLN 50 thousand and comprised cash at bank (cash blocked due to a transaction deposit). As at 31 December 2013 the restricted cash amounted to PLN 50 thousand.

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

As at 31 March 2014 the book value of investments portfolio amounted to PLN 332,569 thousand, including financial assets measured at fair value through profit or loss - treasury bills and bonds of PLN 300,800 thousand and bank deposits of PLN 31,769 thousand presented as cash and cash equivalents (as at 31 December 2013 the book value of investments 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 presented as cash and cash equivalents). The Company also has units in the "Pioneer" Investment Fund, presented as long-term assets.

15. Financial instruments

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

	31.03.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets held to maturity	2 029 709	2 029 709	1 674 223	1 674 223
Non-current financial assets measured at fair value through profit or loss	1 901	1 901	1 860	1 860
Short-term financial assets held to maturity	38 109	38 109	38 109	38 109
Short-term financial assets measured at fair value through profit or loss	300 800	300 800	296 339	296 339
Trade and other receivables	1 064 291	(*)	977 734	(*)
Cash and cash equivalents	522 185	522 185	807 036	807 036
Bank loans, borrowings and debt securities	952 381	952 381	777 130	777 130
Finance lease liabilities	965	965	1 155	1 155
Other financial liabilities	80 397	80 397	-	-
Trade and other liabilities	522 468	(*)	552 243	(*)

(*) The carrying amount of trade and other receivables, trade payables 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 equity is lower than 20%. The fair value of listed assets is estimated using a discounted cash flows method. The fair value of non-listed assets is estimated based on market quotations.

Non-current financial assets held to maturity include acquired debt instruments – bonds with the original maturity exceeding 1 year.

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.

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.

Short-term financial assets held to maturity include acquired debt instruments – bonds with the original maturity not exceeding 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.

	31.03.2014			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Non-derivative financial assets held for trading	302 701	-	-	302 701
Total	302 701	-	-	302 701

	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
Total	298 199	-	-	298 199

16. Bank loans, borrowings and debt securities

	<u>31.03.2014</u>	<u>31.12.2013</u>
Long-term		
Bank loans	952 381	777 130
Total	952 381	777 130

Under the agreement with European Investment Bank (Note 25) ENEA S.A. received funds in the amount of PLN 950 million. The loan is denominated in PLN, with a floating rate based on WIBOR 6M plus the bank's margin.

17. Deferred income tax

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

	<u>01.01.2014 – 31.03.2014</u>	<u>01.01.2013 – 31.12.2013</u>
Opening balance	(45 544)	(47 795)
Change recognized in profit or loss	43 543	557
Change recognized in other comprehensive income	-	1 694
Closing balance	(2 001)	(45 544)

During the 3-month period ended 31 March 2014, the Company's profit before tax was debited with PLN 43,543 thousand as a result of a decrease in net deferred tax asset (during the period of 3 months ended 31 March 2013 the Company's profit before tax was debited with PLN 21,913 thousand as a result of a decrease in net deferred tax assets).

18. Provisions for other liabilities and charges

Long-term and short-term provisions for other liabilities and charges:

	<u>31.03.2014</u>	<u>31.12.2013</u>
Long-term	12 978	13 333
Short-term	131 568	303 376
Total	144 546	316 709

	Provision for non-contractual use of property	Provision for other claims	Provisions for certificates of origins	Other	Total
Balance as at 01.01.2013	39 406	4 439	235 754	9 744	289 343
Provisions made	4 239	196	370 997	-	375 432
Provisions used	-	(48)	(324 155)	(3 600)	(327 803)
Reversal of provisions	(5 447)	(1 772)	(9 050)	(3 994)	(20 263)
Balance as at 31.12.2013	38 198	2 815	273 546	2 150	316 709
Provisions made	-	-	89 749	-	89 749
Provisions used	-	-	(257 683)	-	(257 683)
Reversal of provisions	(3 873)	(116)	(240)	-	(4 229)
Balance as at 31.03.2014	34 325	2 699	105 372	2 150	144 546

A description of material claims and contingent liabilities has been presented in note 23.2 and 23.3.

During the 3-month period ended 31 March 2014 the provisions for other liabilities and charges decreased by net amount of PLN 172,163 thousand, mainly due to settlement of obligation related to sale to end users of electricity generated in a renewable source or in cogeneration (during the period of 3 months ended 31 March 2013 the provisions for other liabilities and charges decreased by PLN 136,131 thousand).

19. 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.

20. Related party transactions

The Company concludes transactions with the following related parties:

(i) Companies from the ENEA Group

	01.01.2014 - 31.03.2014	01.01.2013 - 31.03.2013
Purchases, including:	1 040 641	1 089 121
investment purchases	(17)	2 438
materials	83	136
services	24 117	30 265
other (including energy)	1 016 458	1 056 282
Sales, including:	11 484	13 629
energy	2 748	7 755
services	2 437	3 222
other	6 299	2 652
Interest income, including:	19 726	9 206
bond	19 726	9 206

	31.03.2014	31.12.2013
Receivables	25 530	18 878
Liabilities	489 781	398 289
Financial assets - bonds	2 067 818	1 712 332

Such transactions are concluded under arm's length terms and their conditions do not differ from those applied in transactions with other entities.

(ii) Transactions concluded between the Company and members of its governing bodies fall within two categories:

- those related to the appointment of Members of Supervisory Boards;
- resulting from other civil law agreements.

The value of transactions has been presented below:

Item	Management Board of the Company		Supervisory Board of the Company	
	01.01.2014 - 31.03.2014	01.01.2013 - 31.03.2013	01.01.2014 - 31.03.2014	01.01.2013 - 31.03.2013
Remuneration under managerial and consultancy agreements	4 049*	1 038	-	-
Remuneration relating to appointment of members of management or supervisory bodies	-	23	85	104
Other employee benefits (including electricity allowance)	-	31	-	-
TOTAL	4 049	1 092	85	104

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

During the 3-month period ended 31 March 2014 there were no loans granted from the Company's Social Benefits Fund to the members of the Supervisory Board (PLN 0 thousand during the 3-month period ended 31 March 2013). During this period repayments of these loans amounted to PLN 1 thousand (PLN 1 thousand during the 3-month period ended 31 March 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.

(iii) Transactions with entities whose shares are held by the State Treasury of the Republic of Poland

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 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 Company 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. As the Company does not keep record of the aggregate value of all transactions concluded with all state institutions and entities controlled by the State Treasury, the turnover and balances of transactions with related parties disclosed in these condensed interim separate financial statements do not include data related to transactions with entities controlled by the State Treasury.

21. Commitments under contracts binding as at the reporting date

Contractual obligations related to acquisition of property, plant and equipment and intangible assets assumed as at the reporting date, not yet recognized in the statement of financial position:

	31.03.2014	31.12.2013
Acquisition of property, plant and equipment	327	1358
Acquisition of intangible assets	689	977
	1 016	2 335

22. Explanations of the seasonal and the cyclical nature of the Company's business

Seasonality of electricity consumption by customers is connected with lower temperatures and shorter day in the winter months. These factors, however, have a diminishing impact on the volume of energy sales, due to very high dynamics of the energy supplier changes, especially among customers from A and B tariff groups and also in the segment of customers connected to the low voltage (C and G tariff group). In the near future the process of changing the supplier will have an increasing impact on the sales in different periods of the year and the electricity consumption by customers will be less important factor of seasonality of the Company's business.

23. Contingent liabilities and proceedings before courts, arbitration or public administration bodies

23.1. Guarantees for credit facilities and loans as well as other sureties granted by the Company

On 25 February 2014 ENEA S.A. entered into contract of surety with Zespół Elektrowni Pątnów-Adamów-Konin S.A. Under this contract, ENEA S.A. guarantees the liabilities of its subsidiary ENEA Trading Sp. z o.o. regarding wholesale electricity trading, up to the maximum amount of PLN 12,000 thousand.

The contract was concluded based on the Framework Agreement of Sureties, providing rules of guaranting liabilities of ENEA Trading Sp. z o.o. by ENEA S.A to third parties.

On 14 April 2014 Bank PEKAO S.A. issued, based on ENEA S.A's request a bank guarantee to the 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.

23.2. Pending proceedings before courts of general jurisdiction

Actions brought by the Company

Actions which ENEA S.A. brought to common courts of law 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 power grid and other specialist services rendered by the Company (the so-called non-electricity cases).

As at 31 March 2014, the total of 7,340 cases brought by the Company were pending before common courts of law for the total amount of PLN 21,529 thousand (6,264 cases for the total amount of PLN 16,444 thousand as at 31 December 2013).

None of the cases can significantly affect the Company's financial profit.

Actions brought against the Company

Actions against the Company 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 Company's use of real property where electrical devices are located. The Company considers actions concerning non-contractual use of real property not owned by the Company as particularly important.

As at 31 March 2014, the total of 99 cases against the Company were pending before common courts of law for the total amount of PLN 15,047 thousand (98 cases for the total amount of PLN 18,681 thousand as at 31 December 2013). The provisions related to these cases are presented in note 18.

23.3. Arbitration Proceedings

Actions brought against the Company

As at 31 March 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 230 000. 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 as at 31 March 2014. The Company has not created any provisions regarding those proceedings.

Actions brought by the Company

As at 31 March 2014, arbitration proceedings were 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, and 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. 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. Both claims were 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 summarizing letter of hearing together with the statement of incurred costs. A sentence of the Tribunal is expected to be pronounced on the turn of August and September 2014.

As at 31 March 2014 proceedings against Equiventus Capital S.A.R.L. for payment of liabilities to Vestas Poland Sp. z o. o. are suspended due to lack of advance payment for proceedings costs.

24. Bond issue programmes

24.1. Bond issue programme of ENEA S.A.

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"). The Agreement was concluded for the term of 10 years. The Programme 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 Agreement, which changed the Programme terms adjusting them to the current market situation.

As at 31 March 2014, ENEA S.A. has not issued any bonds under the above mentioned Bond Issue Programme. On 18 April 2014 ENEA S.A. issued bonds amounting to PLN 150 million under above mentioned Bond Issue Programme Agreement dated 21 June 2012. The bond issue was entirely covered by guarantors in the Programme i.e. Bank PKO BP S.A., PEKAO S.A., BZ WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A.

24.2. Bond issue programme of ENEA Wytwarzanie S.A.

As described more in detail in the financial statements for the year ended 31 December 2013, on 16 July 2013 ENEA S.A. concluded with ENEA Wytwarzanie S.A. and BRE Bank S.A. an Agreement on the Bond Issue Programme for PLN 746 million. On 17 January 2014 Annex No 1 to Agreement on the Bond Issue Programme for PLN 746 million was concluded. The above mentioned Annex increased the amount of the Bond Issue Programme by PLN 190 million that is to the amount of PLN 936 million.

As at 22 January 2014 ENEA S.A. has acquired the fifth series bonds issued under the Bond Issue Programme for the total amount of PLN 190 million.

As at 31 March 2014 and till the date of these condensed interim separate financial statements, ENEA S.A. has acquired under the above mentioned Programme five series of bonds amounting to PLN 936 million.

On 8 September 2012 ENEA S.A. executed a Programme Agreement with ENEA Wytwarzanie S.A. and BRE Bank S.A. (Bank). The Agreement relates to Bond Issue Programme up to the amount of PLN 4 bln (the "Agreement"). The bond issue programme established by ENEA Wytwarzanie S.A. based on the Agreement (the "Programme") provides bond issue under the bond purchase referral to ENEA S.A.

The Programme finishes on 15 June 2022 and the availability period expires on 31 December 2017. The issued bonds will be straight.

The funds from the issue (up to PLN 4 billion) will be designated for financing of the construction of a new coal fired power unit of a minimum capacity of 900 MWe and a maximum capacity of 1,000 MWe in the Power Plant in Koźienice and other investment needs of ENEA Wytwarzanie S.A., approved by ENEA S.A.

As at 18 April 2014 ENEA S.A. has acquired the first series bonds for the total amount of PLN 150 million issued under the Programme Agreement dated 8 September 2012 by ENEA Wytwarzanie S.A.

24.3. Bond issue programme of ENEA Operator Sp. z o.o.

As described more in detail in the financial statements for the year ended 31 December 2013, on 20 June 2013 ENEA S.A. executed a Programme Agreement with ENEA Operator Sp. z o.o and Nordea Bank Polska S.A. The Programme Agreement relates to Bond Issue Programme up to the amount of PLN 1,425 million (Agreement).

On 22 January 2014 ENEA S.A. acquired second series bonds for a total amount of PLN 170 million issued under the Agreement.

As at 31 March 2014 and till the date of these condensed interim separate financial statements, ENEA S.A. has acquired under the above mentioned Agreement two series of bonds amounting to PLN 950 million.

25. 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 value 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 value 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 million.

On 21 January 2014 ENEA S.A. received the second tranche of a loan from European Investment Bank in the amount of PLN 170 million.

As at 31 March 2014 and till the date of these condensed interim separate financial statements, under the agreements with European Investment Bank for a total value of PLN 1,425 million ENEA S.A. received funds in the amount of PLN 950 million.

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

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 initialed 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.

Polish Nuclear Power Programme was adopted by the Council of Ministers on 28 January 2014.

27. Changes in the composition of the Supervisory Board of ENEA S.A.

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.