Separate financial statements of ENEA S.A.
for the financial year ended
31 December 2015

Poznań, 9 March 2016

Index to the separate financial statements

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union and approved by the Company's Management Board for publication and submission to the competent bodies of the Company for approval in line with the Accounting Act and the Code of Commercial Companies.

Members of the Management Board

President of the Management Board	**Mirosław Kowalik**	…………………………….
Member of the Management Board	**Piotr Adamczak**	…………………………….
Member of the Management Board	**Mikołaj Franzkowiak**	…………………………….
Member of the Management Board	**Wiesław Piosik**	……………………………

ENEA Centrum Sp. z o.o.
The entity responsible for keeping the accounting records
and the preparation of financial statements ……………………………….
ENEA Centrum Sp. z o.o. Górecka 1, 60-201 Poznań
KRS 0000477231, NIP 777-000-28-43, REGON 630770227

Poznań, 9 March 2016

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

Separate statement of financial position

	Note	Balance as at 31.12.2015	Balance as at 31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	30 699	31 087
Perpetual usufruct of land	5	1 998	1 645
Intangible assets	6	4 005	2 932
Investment properties	7	15 955	16 367
Investments in subsidiaries	8	8 323 493	8 951 265
Deferred tax assets	21	63 316	25 726
Financial assets available for sale	39	23 402	-
Financial assets held to maturity	10	5 339 352	2 620 528
Derivatives	16	844	-
Trade and other receivables	11	73 557	11 895
		13 876 621	**11 661 445**
Current assets			
Inventories	12	152 318	116 117
Trade and other receivables	11	1 141 808	1 077 592
Financial assets held to maturity	10	55 033	1 158 418
Financial assets measured at fair value through profit or loss	14	215 488	391 901
Cash and cash equivalents	13	1 397 632	440 815
Assets classified as held for sale	9	8 410	12 876
		2 970 689	**3 197 719**
Total assets		**16 847 310**	**14 859 164**
EQUITY			
Share capital		588 018	588 018
Share premium		4 627 673	4 627 673
Reserve capital from valuation of hedging instruments		3 980	-
Reserve capital		2 640 358	2 151 228
Retained earnings		2 427 796	4 235 607
Total equity	15	**10 288 005**	**11 602 526**
LIABILITIES			
Non-current liabilities			
Loans, borrowings and debt securities	16	5 187 381	2 152 139
Liabilities due to employee benefits	22	55 265	63 266
Provisions for other liabilities and charges	23	10 905	10 802
		5 253 551	**2 226 207**
Current liabilities			
Loans, borrowings and debt securities	16	31 905	-
Trade and other liabilities	18	582 824	504 484
Finance lease liabilities	20	43	172
Current income tax liabilities		85 363	58 193
Liabilities due to employee benefits	22	16 486	20 921
Liabilities due to an equivalent of the right to acquire shares free of charge		281	281
Other financial liabilities	17	327 318	269 094
Provisions for other liabilities and charges	23	261 534	177 286
		1 305 754	**1 030 431**
Total liabilities		**6 559 305**	**3 256 638**
Total equity and liabilities		**16 847 310**	**14 859 164**

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

Separate statement of profit or loss and other comprehensive income

	Note	For the period 12 months ended 31.12.2015	12 months ended 31.12.2014
Sales revenue		5 662 671	5 286 480
Excise tax		(232 447)	(202 209)
Net sales revenue	24	**5 430 224**	**5 084 271**
Other operating revenue	27	18 334	25 025
Depreciation	25	(5 657)	(7 891)
Costs of employee benefits	25	(48 968)	(44 814)
Consumption of materials and supplies and costs of goods sold	25	(1 866)	(3 321)
Energy and gas purchase for sale	25	(3 622 261)	(3 382 438)
Transmission and distribution services	25	(1 482 852)	(1 424 056)
Other external services	25	(146 305)	(147 840)
Taxes and charges	25	(3 134)	(3 435)
Profit/(loss) on sale and liquidation of property, plant and equipment		1 754	(1 112)
Other operating expenses	27	(56 985)	(33 503)
Operating profit		**82 284**	**60 886**
Financial expenses	29	(2 215 946)	(59 751)
Financial revenue	28	173 521	158 824
Dividend income		874 236	569 022
(Loss)/Profit before tax		**(1 085 905)**	**728 981**
Income tax	30	(30 983)	(32 373)
Net (loss)/profit for the reporting period		**(1 116 888)**	**696 608**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
- valuation of hedging instruments		4 914	-
- income tax		(934)	-
Items that will not be reclassified to profit or loss			
- remeasurement of defined benefit plan	22	7 240	(6 215)
- income tax		(1 375)	1 181
Net other comprehensive income		**9 845**	**(5 034)**
Total comprehensive income		**(1 107 043)**	**691 574**
Earnings attributable to the Company's shareholders		(1 116 888)	696 608
Weighted average number of ordinary shares		441 442 578	441 442 578
Net earnings per share (in PLN per share)		**(2.53)**	**1.58**
Diluted earnings per share (in PLN per share)		**(2.53)**	**1.58**

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

Separate statement of changes in equity

	Note	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 01.01.2015		441 443	146 575	**588 018**	**4 627 673**	**-**	**2 151 228**	**4 235 607**	**11 602 526**
Net (loss)								(1 116 888)	**(1 116 888)**
Net other comprehensive income						3 980		5 865	**9 845**
Total comprehensive income						**3 980**		**(1 111 023)**	**(1 107 043)**
Distribution of the net profit							489 130	(489 130)	**-**
Dividends	31							(207 478)	**(207 478)**
Balance as at 31.12.2015		441 443	146 575	**588 018**	**4 627 673**	**3 980**	**2 640 358**	**2 427 976**	**10 288 005**

	Note	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 01.01.2014		441 443	146 575	**588 018**	**4 627 673**	**1 144 336**	**1 569 385**	**3 233 162**	**11 162 574**
Net profit								696 608	**696 608**
Net other comprehensive income								(5 034)	**(5 034)**
Total comprehensive income								**691 574**	**691 574**
Distribution of the net profit							581 843	(581 843)	**-**
Dividends	31							(251 622)	**(251 622)**
Other	15					(1 144 336)		1 144 336	**-**
Balance as at 31.12.2014		441 443	146 575	**588 018**	**4 627 673**	**-**	**2 151 228**	**4 235 607**	**11 602 526**

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

Separate statement of cash flows

	Note	For the period 12 months ended 31.12.2015	12 months ended 31.12.2014
Cash flows from operating activities			
Net (loss)/profit for the reporting period		(1 116 888)	696 608
Adjustments:			
Income tax disclosed in the profit and loss	30	30 983	32 373
Depreciation	25	5 657	7 891
(Gain)/loss on sale and liquidation of property, plant and equipment		(1 754)	1 112
Loss/(gain) on disposal of financial assets		3 348	(7 524)
Interest income		(135 045)	(113 249)
Dividend income		(874 236)	(569 022)
Interest expense		101 178	56 314
Other financial expenses*		2 104 504	-
		1 234 635	(592 105)
Income tax paid		(295 749)	(96 349)
Inflows due to settlements within Tax Group		226 479	104 631
Changes in working capital			
Inventory		(36 201)	1 332
Trade and other receivables		(40 129)	(63 668)
Trade and other liabilities		124 572	130 657
Liabilities due to employee benefits		(5 196)	(671)
Liabilities due to an equivalent of the right to acquire shares free of charge		-	(11)
Provisions for other liabilities and charges		84 351	(128 621)
		127 397	(60 982)
Net cash flows from operating activities		**175 874**	**51 803**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(809)	(6 616)
Proceeds from disposal of property, plant and equipment and intangible assets		1 982	-
Acquisition of financial assets		(1 911 812)	(2 234 013)
Proceeds from disposal of financial assets		403 699	59 385
Acquisition of subsidiaries		(1 485 737)	(52)
Proceeds from disposal of subsidiary		6 531	-
Dividends received		874 236	571 022
Proceeds related to the acquisition of financial assets		9 159	21 344
Interests received		125 207	105 526
Other proceeds		347	-
Net cash flows from investing activities		**(1 977 197)**	**(1 483 404)**
Cash flows from financing activities			
Proceeds from loans and borrowings		475 000	270 000
Proceeds from bonds issue		2 581 000	1 120 000
Dividends paid		(207 478)	(251 622)
Payments of finance lease liabilities		(129)	(983)
Payments related to issuance of bonds		(9 434)	(21 251)
Interests paid		(80 819)	(50 764)
Net cash flows from financing activities		**2 758 140**	**1 065 380**
Net increase/ (decrease) in cash		**956 817**	**(366 221)**
Opening balance of cash	13	440 815	807 036
Closing balance of cash	13	**1 397 632**	**440 815**

* The position comprises mainly impairment loss on shares and assets held for sale

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

Notes to the separate financial statements

1. General information

1.1. General information about ENEA S.A.

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

ENEA S.A., operating previously under the company name Energetyka Poznańska S.A., was registered in the National Court Register at the District Court in Poznań under KRS number 0000012483 on 21 May 2001.

As at 31 December 2015 the shareholding structure of ENEA S.A. was as follows: the State Treasury of the Republic of Poland – 51.5% of shares, other shareholders – 48.5%.

As at 31 December 2015 the statutory share capital of ENEA S.A. equalled 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 ENEA S.A. (ENEA, the Company).

ENEA S.A. is the parent company in the ENEA Group (the Group). As at 31 December 2015 the Group comprised of 13 subsidiaries and 9 indirect subsidiaries.

The separate financial statements have been prepared on the 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.

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

1.2. Composition of the Management Board and the Supervisory Board

Management Board

	31.12.2015	31.12.2014
President of the Company's Management Board	acting Wiesław Piosik	Krzysztof Zamasz
Member of the Company's Management Board responsible for Financial Affairs	Dalida Gepfert	Dalida Gepfert
Member of the Company's Management Board responsible for Commercial Affairs	Grzegorz Kinelski	Grzegorz Kinelski
Member of the Company's Management Board responsible for Corporate Affairs	-	Paweł Orlof

On 7 December 2015, the Supervisory Board of ENEA S.A. dismissed Mr. Krzysztof Zamasz - the President of the Company's Management Board and Mr. Paweł Orlof - Member of the Company's Management Board responsible for Corporate Affairs, from the Management Board of ENEA S.A. and delegated Mr. Wiesław Piosik to temporary perform the duties of the President of the Company's Management Board.

On 30 December 2015, the Supervisory Board of ENEA S.A. adopted a resolution to dismiss Mrs. Dalida Gepfert - Member of the Company's Management Board responsible for Financial Affairs and Mr. Grzegorz Kinelski - Member of the Company's Management Board responsible for Commercial Affairs from the Management Board of ENEA S.A., effective from 7 January 2016 and adopted a resolution to revoke the delegation of the Supervisory Board Member, Mr. Wiesław Piosik, to temporary perform the duties of the President of the Company's Management Board of ENEA S.A., effective from 7 January 2016.

On 30 December 2015, the Supervisory Board of ENEA S.A. also adopted a resolution to appoint Mr. Mirosław Kowalik to the position of the President of the Company's Management Board and Mr. Wiesław Piosik to the position of the Member of the Company's Management Board responsible for Corporate Affairs of ENEA S.A. for the next term which commenced on 7 January 2016.

Furthermore, the Supervisory Board of ENEA S.A. adopted a resolution to delegate Mr. Sławomir Brzeziński to temporary perform the duties of the Member of the Company's Management Board responsible for Commercial Affairs of ENEA S.A. till the appointment of the Member of the Management Board responsible for Commercial Affairs.

On 21 January 2016, the Supervisory Board adopted a resolution to appoint Mr. Piotr Adamczak to the position of the Member of the Management Board responsible for Commercial Affairs and Mr. Mikołaj Franzkowiak to the position of the Member of the Management Board responsible for Financial Affairs, effective from 15 February 2016.

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

Supervisory Board

	31.12.2015	31.12.2014
Chairman of the Supervisory Board	Małgorzata Niezgoda	Wojciech Chmielewski
Member of the Supervisory Board	Radosław Winiarski	Jeremi Mordasewicz
Member of the Supervisory Board	Tomasz Gołębiowski	Michał Kowalewski
Member of the Supervisory Board	Sandra Malinowska	Sandra Malinowska
Member of the Supervisory Board	Wiesław Piosik	Małgorzata Niezgoda
Member of the Supervisory Board	Sławomir Brzeziński	Sławomir Brzeziński
Member of the Supervisory Board	Wojciech Klimowicz	Przemysław Łyczyński
Member of the Supervisory Board	Tadeusz Mikłosz	Tadeusz Mikłosz
Member of the Supervisory Board	Rafał Szymański	-

On 30 June 2015 the Ordinary General Meeting adopted resolutions to dismiss the following Members of the Supervisory Board of ENEA S.A. effective from the termination of the eighth term of the Supervisory Board, i.e. 1 July 2015:

-Wojciech Chmielewski,

-Jeremi Mordasewicz,

-Michał Kowalewski,

-Sandra Malinowska,

-Małgorzata Niezgoda,

-Sławomir Brzeziński,

-Przemysław Łyczyński,

-Tadeusz Mikłosz.

At the same time the Ordinary General Meeting of ENEA S.A. appointed the following Members of the Supervisory Board for the ninth term:

-Sławomir Brzeziński,

-Tadeusz Mikłosz,

-Wojciech Klimowicz,

-Wojciech Chmielewski,

-Małgorzata Niezgoda,

-Sandra Malinowska,

-Rafał Szymański,

-Marian Gorynia.

The appointment of aforementioned people was effective from 2 July 2015.

On 22 July 2015 Mr. Wojciech Chmielewski resigned from the position of the Chairman of the Supervisory Board of ENEA S.A. and the membership in the Supervisory Board of ENEA S.A. effective from the date of the resignation.

On 23 July 2015 Mrs. Monika Macewicz was appointed to the Supervisory Board of ENEA S.A.

On 27 August 2015 the Extraordinary General Meeting appointed Mr. Radosław Winiarski to the Supervisory Board and appointed Mrs. Małgorzata Niezgoda to the Chairman of the Supervisory Board.

On 22 September 2015 Mr. Marian Gorynia resigned effective from the date of the resignation.

On 21 October 2015 the Supervisory Board of ENEA S.A. appointed Mr. Tomasz Gołębiowski to the Supervisory Board.

On 2 December 2015 on the basis of the statement of the Ministry of Treasury, Mrs. Monika Macewicz was dismissed from the position of the Member of the Supervisory Board of ENEA S.A. and Mr. Wiesław Piosik was appointed to the Supervisory Board of ENEA S.A.

On 7 December 2015 the Supervisory Board of ENEA S.A. delegated Mr. Wiesław Piosik, the Member of the Supervisory Board, to temporary perform the duties of the President of the Management Board of ENEA S.A.

On 30 December 2015 the Supervisory Board of ENEA S.A. revoked the delegation of Mr. Wiesław Piosik, the Member of the Supervisory Board, to temporary perform the duties of the Chairman of the Board of ENEA S.A., effective from 7 January 2016.

On 7 January 2016 the entity received Mr. Wiesław Piosik's resignation from the position of the Member of the Supervisory Board of ENEA S.A., effective from 7 January 2016. The resignation was connected with the appointment to the Management Board on 7 January 2016.

On 15 January 2016 the Extraordinary General Meeting of ENEA S.A. dismissed Mrs. Sandra Malinowska, Mr. Radosław Winiarski and Mr. Tomasz Gołębiewski, an independent member, from the Supervisory Board of ENEA S.A. and appointed four new Members: Mr. Piotr Kossak as an independent member, Mr. Rafał Bargiel, Mr. Roman Stryjski and Mr. Piotr Mirkowski to the Supervisory Board of ENEA S.A.

1.3. Financial information prepared in accordance with the requirements of the Energy Law

These separate financial statements do not contain financial information as required by to Article 44, paragraph 2 of the Energy Law Act of 10 April 1997 (Journal of Laws of 2012, No. 1059, as amended). In order to meet these requirements, the Company will prepare a separate regulatory financial statements at a later date, which will be audited by subject to an audit, in accordance with Article 44, paragraph 3 of the Energy Law Act.

2. Material estimates and assumptions

The preparation of these financial statements in accordance with IFRS-EU requires that the Management Board makes certain estimates and assumptions that affect the adopted accounting policies and the amounts disclosed in the 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 key areas in which the estimates made by the Management Board have a material impact on the financial statements include:

- ***post-employment benefits*** – the provisions for employee benefits are measured using a method which involves determination of the opening balance of liabilities due to expected future benefit payments as at the end of the reporting period, calculated in line with actuarial methods; a change in the discount rate and the long-term increase of salaries and wages affect the estimate made (Note 22),

- ***trade and other receivables allowance*** – their value is determined as the difference between the carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. A change in the estimated value of future cash flows results in a change in the estimated value of allowance on receivables (Note 11),

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

- ***unbilled sales revenue at the end of the financial year*** – the value of unbilled energy sales is estimated based on the estimated consumption of electricity in the period from the last meter reading date until the end of the financial period (Note 11),

- ***compensation for non-contractual use of property*** – the potential payment of compensation for the so called non-contractual use of land and rental fee is estimated by the technical staff of the Company based on analyses of claims filed on a case-by-case basis (Note 23 and 36.3),

- ***recoverable amount of shares in subsidiaries*** – impairment tests of carrying amount of shares are based on a number of significant assumptions, some of which are outside the control of ENEA S.A. Main assumptions concerns assumed trends of energy prices, certificates of energy origin prices and discount rate. Significant changes to the assumptions impact results of impairment tests and consequently the financial position and performance of the Company (Note 8),

- ***provisions*** – the recognition of provisions requires the most appropriate estimate of the expenditure necessary to settle the obligation at the end of the reporting period; the most significant values refer to provisions for certificates of origin (Note 23).

3. Composition of the Group - list of subsidiaries

	Name and address of the Company	Share of ENEA S.A. in the total number of votes in % 31.12.2015	Share of ENEA S.A. in the total number of votes in % 31.12.2014
1.	**ENEA Operator Sp. z o.o.** Poznań, Strzeszyńska 58	100	100
2.	**ENEA Wytwarzanie Sp. z o.o.** Świerże Górne, commune Kozienice, Kozienice 1	100	100
3.	**ENEA Oświetlenie Sp. z o.o.** [5] Poznań, Strzeszyńska 58	100	100
4.	**ENEA Trading Sp. z o.o.** Świerże Górne, commune Kozienice, Kozienice 1	100	100
5.	**Szpital Uzdrowiskowy ENERGETYK Sp. z o.o.** Inowrocław, Wilkońskiego 2	100	100
6.	**ENEA Logistyka Sp. z o.o.** [4] Poznań, Strzeszyńska 58	100	100
7.	**ENEA Serwis Sp. z o.o.** [2] Lipno, Gronówko 30	100	100
8.	**ENEA Centrum Sp. z o.o.** Poznań, Górecka 1	100[7]	100
9.	**ENEA Pomiary Sp. z o.o.** [3] Poznań, Strzeszyńska 58	100	100
10.	**ENERGO-TOUR Sp. z o.o. in liquidation** Poznań, Marcinkowskiego 27	100[6]	99,92
11.	**ENEA Innovation Sp. z o.o.** Warszawa, Jana Pawła II 25	100[11]	-
12.	**Lubelski Węgiel BOGDANKA S. A.** Bogdanka, Puchaczów	65,99[13]	-
13.	**Annacond Enterprises Sp. z o.o.** Warszawa, Jana Pawła II 25	61	61
14.	**Przedsiębiorstwo Energetyki Cieplnej Zachód Sp. z o.o.** Białystok, Starosielce 2/1	100[9]	-
15.	**Centralny System Wymiany Informacji Sp. z o.o.** Poznań, Strzeszynska 58	100[12]	-

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

16.	**Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.** Oborniki, Wybudowanie 56	99,91[8]	99,91[8]
17.	**Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.** Białystok, Warszawska 27	86,36[8]	86,36[8]
18.	**Miejska Energetyka Cieplna Piła Sp. z o.o.** Piła, Kaczorska 20	71,11[8]	71,11[8]
19.	**EkoTRANS Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	65,99[14]	-
20.	**RG Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	65,99[14]	-
21.	**MR Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	65,99[14]	-
22.	**Łęczyńska Energetyka Sp. z o.o.** Bogdanka, Puchaczów	58,53[14]	-
23.	**Hotel „EDISON" Sp. z o.o.** Baranowo near Poznań	-[10]	100
24.	**„Ecebe" Sp. z o.o. in liquidation** Augustów, Wojciech 8	-[1]	100[1]

[1] – An indirect subsidiary held through shares in ENEA Wytwarzanie Sp. z o.o. On 30 January 2015 "Ecebe" Sp. z o.o. in liquidation has been deleted from the National Court Register.
[2] – On 20 January 2015 the change of the name was registered in the National Court Register of EP PUE Energobud Leszno Sp. z o.o. to ENEA Serwis Sp. z o.o.
[3] – On 26 January 2015 the change of the name was registered in the National Court Register of ENERGOMIAR Sp. z o.o. to ENEA Pomiary Sp. z o.o.
[4] – On 29 January 2015 the change of the name was registered in the National Court Register of BHU Sp. z o.o. to ENEA Logistyka Sp. z o.o.
[5] – On 20 February 2015 the change of the name was registered in the National Court Register of Eneos Sp. z o.o. to ENEA Oświetlenie Sp. z o.o.
[6] – On 23 and 25 February 2015 ENEA S.A. purchased 16 shares in the share capital of the company ENERGO-TOUR Sp. z o.o. with its registered office in Poznań, representing 0.08% of the share capital of the Company. On 30 March 2015, the Extraordinary Shareholders' Meeting adopted a resolution regarding dissolution of the company following liquidation process, the resolution was effective from 1 April 2015. On 5 November 2015 a request to delete the company from the National Court Register was submitted.
[7] – On 29 June 2015 the Extraordinary Shareholders' Meeting of ENEA Centrum Sp. z o.o. adopted a resolution to increase share capital by the amount of PLN 503 thousand through the issue of 5 025 new shares with a nominal value of PLN 100 each. All new shares were acquired by ENEA S.A.
[8] – indirect subsidiary through shares in ENEA Wytwarzanie Sp. z o.o.
[9] – indirect subsidiary through shares in ENEA Wytwarzanie Sp. z o.o. Company established on 9 June 2015. 98% of shares were acquired by ENEA Wytwarzanie Sp. z o.o. and 2 % were acquired by ENEA Logistyka Sp. z.o.o.
[10] - On 30 July 2015 the Extraordinary Shareholders' Meeting of Hotel EDISON Sp. z o.o. adopted a resolution to increase share capital of the Company by the amount of PLN 70 thousand through the issue of 141 new shares with a nominal value of PLN 500 each. All new shares were acquired by ENEA S.A. On 18 December 2015 the sale agreement of shares of Hotel EDISON Sp. z o.o. was concluded and the shares of the company were transfered to the investor.
[11] –ENEA Innovation Sp. z o.o. was established on 29 September 2015.
[12] – indirect subsidiary through shares in ENEA Operator Sp. z o.o. The Company was established on 18 September 2015. 95% of shares were acquired by ENEA Operator Sp. z o.o. and 5% of shares were acquired by ENEA Pomiary Sp. z o.o. On 10 November 2015 ENEA Operator Sp. z o.o. acquired 1 share of Centralny System Wymiany Informacji Sp. z o.o. (CSWI) from ENEA Pomiary Sp. z o.o., thus ENEA Operator Sp. z o.o. became the 100% shareholder of the CSWI.
On 9 December 2015 the sale agreement of shares was concluded between ENEA Operator Sp. z o.o. and 4 distribution companies (RWE STOEN, ENERGA - OPERATOR, PGE Dystrybucja, Tauron Dystrybucja). As a result of the transaction, each party will have a 20% stake in the company. The shares will be transferred providing the approval of the President of UOKiK for concentration.
[13] – On 26 October 2015 purchase order for tender shares in Lubelski Węgiel BOGDANKA S.A. was made. The transaction was fully settled on 29 October 2015.
[14] – Indirect subsidiary through shares in Lubelski Węgiel BOGDANKA S.A.

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

4. Property, plant and equipment

	Land	Buildings and structures	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets under construction	Total
Balance as at 1 January 2015							
Cost	**2 959**	**30 986**	**22 083**	**6 324**	**4 019**	**1 354**	**67 725**
Accumulated depreciation	**(1 073)**	**(11 375)**	**(17 606)**	**(4 287)**	**(2 977)**	**-**	**(37 318)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**-**	**680**
Net carrying amount	**1 886**	**20 088**	**4 681**	**2 037**	**1 041**	**1 354**	**31 087**
Changes in the 12 months ended 31 December 2015							
Reclassifications	-	-	-	-	-	(1 095)	**(1 095)**
Acquisition	-	-	-	-	-	454	**454**
Depreciation	-	(483)	(2 640)	(755)	(356)	-	**(4 234)**
Liquidation (cost)	(130)	(144)	(478)	(83)	-	-	**(835)**
Liquidation (accumulated depreciation)	-	64	477	66	-	-	**607**
Reclassifications to investment property	-	(136)	-	-	-	-	**(136)**
Other (cost)	(1 453)	8 465	65	5	94	(256)	**6 920**
Other (accumulated depreciation)	1 073	(3 146)	82	-	(78)	-	**(2 069)**
Balance as at 31 December 2015							
Cost	**1 376**	**39 171**	**21 670**	**6 246**	**4 113**	**457**	**73 033**
Accumulated depreciation	-	**(14 940)**	**(19 687)**	**(4 976)**	**(3 411)**	**-**	**(43 014)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**-**	**680**
Net carrying amount	**1 376**	**24 708**	**2 187**	**1 270**	**701**	**457**	**30 699**

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

	Land	Buildings and structures	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets under construction	Total
Balance as at 1 January 2014							
Cost	**1 917**	**28 172**	**20 870**	**5 738**	**5 595**	**6 711**	**69 003**
Accumulated depreciation	**-**	**(9 744)**	**(14 226)**	**(3 936)**	**(2 972)**	**-**	**(30 878)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**(2 272)**	**(1 592)**
Net carrying amount	**1 917**	**18 905**	**6 848**	**1 802**	**2 622**	**4 439**	**36 533**
Changes in the 12 months ended 31 December 2014							
Reclassifications	-	549	1 544	1 362	36	(8 798)	**(5 307)**
Acquisition	-	-	-	90	-	3 441	**3 531**
Depreciation	-	(502)	(3 693)	(1 156)	(511)	-	**(5 862)**
Impairment loss	-	-	-	-	-	2 272	**2 272**
Liquidation (cost)	-	-	(329)	(527)	(1 596)	-	**(2 452)**
Liquidation (accumulated depreciation)	-	-	316	529	493	-	**1 338**
Other (cost)	1 042	2 265	(2)	(339)	(16)	-	**2 950**
Other (accumulated depreciation)	(1 073)	(1 129)	(3)	276	13	-	**(1 916)**
Balance as at 31 December 2014							
Cost	**2 959**	**30 986**	**22 083**	**6 324**	**4 019**	**1 354**	**67 725**
Accumulated depreciation	**(1 073)**	**(11 375)**	**(17 606)**	**(4 287)**	**(2 977)**	**-**	**(37 318)**
Impairment loss	**-**	**477**	**204**	**-**	**(1)**	**-**	**680**
Net carrying amount	**1 886**	**20 088**	**4 681**	**2 037**	**1 041**	**1 354**	**31 087**

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

ENEA S.A. uses the following property, plant and equipment under finance leases:

	31.12.2015	31.12.2014
Cost	**787**	**787**
- Vehicles	787	787
Accumulated depreciation	**(787)**	**(620)**
- Vehicles	(787)	(620)
Net carrying amount	**-**	**167**
- Vehicles	**-**	**167**

ENEA S.A. does not act in finance lease agreements as lessor.

No collateral has been pledged on the Company's property, plant and equipment, except for fixed assets used under finance lease agreements.

5. Perpetual usufruct of land

	31.12.2015	31.12.2014
Cost opening balance	**1 783**	**1 691**
Acquisition	-	187
Disposal (cost)	-	(95)
Other (cost)	447	-
Cost closing balance	**2 230**	**1 783**
Opening balance of accumulated depreciation	**(138)**	**(129)**
Depreciation	(25)	(22)
Disposal (accumulated depreciation)	-	13
Other (accumulated depreciation)	(69)	-
Closing balance of accumulated depreciation	**(232)**	**(138)**
Net carrying amount opening balance	**1 645**	**1 562**
Net carrying amount closing balance	**1 998**	**1 645**

6. Intangible assets

	Computer software, licenses, concessions and patents	
	31.12.2015	31.12.2014
Cost at the beginning of period	**10 462**	**8 556**
Reclassification	1 095	1 906
Acquisition	1 486	-
Contribution in kind (cost)	(527)	-
Cost at the end of period	**12 516**	**10 462**
Accumulated amortization at beginning of period	**(7 530)**	**(6 097)**
Amortization	(1 006)	(1 433)
Contribution in kind (accumulated amortization)	25	-
Accumulated amortization at the end of period	**(8 511)**	**(7 530)**
Net carrying amount at the beginning of period	**2 932**	**2 459**
Net carrying amount at the end of period	**4 005**	**2 932**

No collateral has been pledged on intangible assets.

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

7. Investment properties

	31.12.2015	31.12.2014
Cost at the beginning of period	**19 186**	**19 186**
Reclassification	136	-
Cost at the end of period	**19 322**	**19 186**
Accumulated depreciation at beginning of period	**(2 819)**	**(2 276)**
Depreciation for the period	(546)	(543)
Other	(2)	-
Accumulated depreciation at the end of period	**(3 367)**	**(2 819)**
Net carrying amount at the beginning of period	**16 367**	**16 910**
Net carrying amount at the end of period	**15 955**	**16 367**

ENEA S.A. recognizes the office building and other commercial properties as investment properties. The most significant investment property is the office building; the lease agreement was concluded in January 2012 for the period of 60 months with the possibility to terminate the contract after 48 months, subject to 6-month notice period submitted no earlier than in the 42 months of the contract. The revenue from the rental of the building in 2015 amounted to PLN 1 466 thousand, the maintenance costs of the building amounted to PLN 363 thousand.

The most valuable investment property is the former seat of ENEA S.A., recognized in the amount of PLN 9 444 thousand. The Company estimates the fair value of the investment property at PLN 18 162 thousand.

8. Investments in subsidiaries

	31.12.2015	31.12.2014
Opening balance	**8 951 265**	**8 951 213**
Acquisition of investments	1 486 240	52
Disposal of investments	(8 854)	-
Reclassification to assets held for sale	(17 487)	-
Change in impairment loss	(2 087 671)	-
Closing balance	**8 323 493**	**8 951 265**

2015

On 23 and 25 February 2015 ENEA S.A. signed with a trade union Organizacja Podzakładowa NSZZ „Solidarność" ENEA Poznań and with a trade union Zakładowa Organizacja Związkowa Międzyzakładowego Związku Zawodowego Pracowników Grupy Kapitałowej ENEA in Poznań agreements for purchase of 16 shares in the share capital of ENERGO-TOUR Sp. z o.o., with its registered office in Poznań, for PLN 16 thousand.

On 29 June 2015 ENEA S.A. acquired all new shares issued by ENEA Centrum Sp. z o.o. for contribution in kind in the amount of PLN 502 thousand.

On 14 September 2015 ENEA S.A. delivered to Warsaw Stock Exchange S.A. subscription to a tender offer for 21 962 189 shares in Lubelski Węgiel "Bogdanka" S.A, located in Bogdanka ("LWB") at PLN 67.39 per share, entitling to execute 64.57% voting rights at the General Meeting of the LWB ("Tender offer"). The tender was submitted through Dom Maklerski Banku Handlowego S.A.

On 16 October 2015 ENEA S.A. received the information that within the tender offer announced on 14 September 2015 for the sale of Lubelski Węgiel "Bogdanka" S.A., until 15 October 2015 subscriptions were submitted in the number exceeding 21 962 189 shares of LWB. The indicated number of shares authorities to exercise 64.57% of the total number of votes at a General Meeting of LWB, which means that the condition of subscribing for a minimum number of LWB's shares was satisfied.

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

On 19 October 2015 ENEA S.A. received information on the issue on that day by the President of the Office of Competition and Consumer Protection of a decision regarding granting consent for the concentration, being the takeover by ENEA S.A. of a control over Lubelski Węgiel "Bogdanka" S.A. Thereby the legal condition to subscribe for the sale of shares of LWB is satisfied.

On 26 October 2015 the purchase order for tender shares offer was made. The whole transaction was settled on 29 October 2015.

Based on the resolution No. 13 dated 3 November 2015 adopted by the Extraordinary Shareholders' Meeting of ENERGO-TOUR Sp. z o.o. in liquidation, it was resolved to approve the distribution of the company's assets.

Assets of ENERGO-TOUR Sp. o.o. in liquidation, remaining after all required liquidation activities – based on the regulations of the Art. No. 286 par. 2 and 3 of the Code of Commercial Companies – were transferred to the shareholder holding 100% of shares in the Company, i.e. ENEA S.A. based in Poznań.

On 5 November 2016 the request for deletion from National Court Register was submitted.

Until the date of these separate financial statements, the request has not been registered yet.

On 27 January 2016 the Extraordinary Shareholders' Meeting of ENEA Wytwarzanie Sp. z o.o. adopted a resolution No. 1 referring to the repayable capital contribution in the total amount of PLN 749 672 thousand as follows:

- 1st tranche till 31 March 2016: PLN 199 899 thousand,
- 2nd tranche till 31 July 2016: PLN 349 874 thousand,
- 3rd tranche till 30 November 2016: PLN 199 899 thousand.

Until the date of these separate financial statements, none of the tranches has been proceeded.

2014

On 4 December 2014 ENEA S.A. signed with a trade union Organizacja Podzakładowa NSZZ „Solidarność" ENEA Bydgoszcz and with a trade union Zakładowa Organizacja Związkowa Międzyzakładowego Związku Zawodowego Pracowników Grupy Kapitałowej ENEA in Bydgoszcz agreements for the purchase of 20 shares in the share capital of Szpital Uzdrowiskowy ENERGETYK Sp. z o.o. with its registered office in Inowrocław, for PLN 49 thousand.

Impairment loss on investments

	31.12.2015	31.12.2014
Opening balance of impairment loss on investments	**30 104**	**30 104**
Addition	2 089 754	-
Utilized	(1 356)	-
Reclassification to assets held for sale	(727)	-
Closing balance of impairment loss on investments	**2 117 775**	**30 104**

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

In the fourth quarter of 2015, due to the information and analyses possessed and regarding, among others, a variation in the market prices of electricity, energy origin certificates, and a modification of forecasts of macroeconomic ratios, the Company carried out impairment tests on shares in a subsidiary producing energy. As a result of the tests, the impairment loss on shares was recognized in the amount of PLN 2 089 754 thousand, presented as financial expenses in profit or loss.

Impairment test on shares

The recoverable amount of shares was determined as a sum of values in use of particular CGU comprising ENEA Wytwarzanie Sp. z o.o. less financial debt. CGU' values in use were determined based on the discounted cash flows resulting from financial projections prepared for periods longer than 5 years. Such periods are justified by the economic useful lives of particular CGUs and long-term impact of anticipated regulatory changes. For production units, for which the assumed economic useful lives exceeds the projection time, residual value was determined.

The recoverable amount of shares determined as above, amounts to PLN **2 518 893 thousand**. The recoverable amounts per CGU comprising ENEA Wytwarzanie Sp. o.o. are presented below:

	Recoverable amount
CGU Major Power Plant	4 830 568
CGU Białystok	596 700
CGU Wind	427 400
CGU Water	189 500
CGU Biogas	13 000
Recoverable amount of CGUs	**6 057 168**
Financial debt	(3 538 275)
Recoverable amount of shares	**2 518 893**

The key assumptions adopted in the tests result from knowledge and experience of the Company in the area of production of the energy from different resources. The key assumptions take into account the specific character of the segment, facts and actions taken or to be taken by the ENEA Group. Besides, they are in line with the general premises from external sources of information, such as bechmarking studies or projections presented by analysts.

The main assumptions adopted in impairment tests are presented below:

- to determine the recoverable amount of shares the Company prepared long-term financial projections for assets comprising four cash generating units (CGU) in ENEA Wytwarzanie Sp. z o.o. – i.e. CGU Białystok, CGU Major Power Plant, CGU Wind and CGU Water,
- price paths, based on the Group forecasts prepared by an independent expert company, considering the specific product offer and knowledge of concluded contracts:
- wholesale electricity prices for 2016-2038,
- prices of energy origin certificates from renewable sources and cogeneration, the existence of a support system for RES maximum up to 2026 (individually for particular installation), as well was assumed along with the existence of a support system for high-efficiency cogeneration in the entire forecast period,
- prices of rights to CO_2 emission rights,
- coal prices,

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

- adoption of free-of-charge rights to CO_2 emissions received for 2015-2020 according to the application for the grant of free-of-charge emission rights (pursuant to art 10c sec. 5 of Directive 2003/87/EC of the European Parliament and of the Council),
- consideration of cash flows generated by the commenced capital investment regarding the construction of block No. 11 at the Kozienice Power Plant, realized in 70%,
- consideration of regulatory changes in terms of revenues related to maintaining production powers as of 2019; declarations of the Government regarding further directions for energy sector development announced so far, confirm the need for rapid regulatory changes, primarily for maintenance of the production capacities; since, as of the date of the impairment tests, there were no specific projects and plans for the Polish market regarding the aforementioned regulations, hence based on its best knowledge and earlier analysis, the Group prepared adequate assumptions which allowed to calculate the cash flows resulting from regulatory mechanism of support for major power plants; adoption of such assumptions seems justified due to the anticipated low levels of energy prices, which indicates an imbalance between revenues and production costs and consequently leads to the necessary changes in the regulatory environment. It should be noticed that the final effective term for the implementation of the support mechanism and the support construction itself can prove significantly different to those adopted by the Company, but the risk is assessed by the Company as not more significant than for other assumptions i.e. energy prices trends.
- adoption of assumptions regarding inflation, considering the long-term NBP inflation target at maximum level of 2.5%.
- discount rate and growth rate in residual period for particular CGUs:

	Białystok	Wind	Water	Major Power Plant
Recognition of financial projections	Real	Real	Real	Nominal
Discount rate (after tax)	7.2%	6.8%	6.4%	7.1%
Growth rate in residual period	0.0%	0.0%	0.0%	2.0%

In the comparative period (2014) the following discount rates and growth rates in the residual period were assumed:

	Białystok	Wind	Water	Major Power Plant
Recognition of financial projections	Real	Real	Real	Nominal
Discount rate (after tax)	7.3%	7.8% to 8.1%	5.6%	6.5%
Growth rate in residual period	0.0%	0.0%	0.0%	2.5%

The sensitivity analysis performed indicates that the key assumptions affecting the determination of value in use of cash generating units (and consequently recoverable amount of shares) include, among others:

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

discount rates, inflation and levels of electricity price, as well as specific risk rate, anticipated effective dates of regulations regarding revenues related to maintenance of production power, prices of energy origin certificates, CO_2 emission rights and coal prices.

The impact of key assumptions on recoverable amount of shares in ENEA Wytwarzanie Sp. z o.o. is presented below:

Change of assumptions	-0.50 p.p.	Output value	0.50 p.p.
Discount rate	492 875	2 518 893	(432 920)
Inflation rate	(401 195)	2 518 893	428 909
Change of assumptions	**-1.00%**	**Output value**	**1.00%**
Energy prices	(485 800)	2 518 893	484 194

9. Assets held for sale

	31.12.2015	31.12.2014
Opening balance	**12 876**	**12 876**
Acquisition of investments	70	**-**
Reclassification from investments in subsidiaries	16 760	-
Impairment loss	(13 087)	-
Disposal of investments	(8 209)	-
Closing balance	**8 410**	**12 876**

As at 31 December 2015 the shares in Szpital Uzdrowiskowy ENERGETYK Sp. z o.o. are presented as non-current assets classified as held for sale.

On the basis of a resolution of the Management Board of ENEA S.A. No. 182/2015 dated 21 July 2015, the Company commenced proceedings related to the sale of shares in Hotel EDISON Sp. z o.o. in a public invitation to negotiations. As a result of the proceeding the investor was chosen and on 18 December 2015 the sale agreement of shares of Hotel EDISON Sp. o.o. was concluded and the shares of the company were transferred to the investor. Therefore, the sale process of shares of Hotel EDISON Sp. o.o. was completed.

On the basis of a resolution of the Management Board of ENEA S.A. No. 92/2015 dated 21 April 2015, the Company commenced proceedings related to the sale of shares in Szpital Uzdrowiskowy ENERGETYK Sp. z o.o. in a public invitation to negotiations. To the deadline (27 July 2015) four entities responded to the public invitation by submitting binding offers. The investor was chosen and sales contract was signed on 29 September 2015. The investor did not meet the terms of the agreement, therefore the sales contract was terminated. Thereby, the company Szpital Uzdrowiskowy ENERGETYK Sp. z o.o. remains in the structures of the ENEA Group.

10. Financial assets – intercompany bonds

ENEA Group adopted a model of intra-group financing of investments conducted by subsidiaries. ENEA S.A. raises on a financial market long-term funds through borrowing or issuing bonds, and then distributes them within the Group. The table below presents currently ongoing programs of intra-group bonds issue pending as at 31 December 2015 and as at 31 December 2014:

Date of contracts	Issuer	Final redemption	Credit limit in PLN '000	Amount used in PLN '000	Bonds issued as at 31.12. 2015 (principal) in PLN '000	Bonds issued as at 31.12.2014 (principal) in PLN '000
10 March 2011	ENEA Wytwarzanie Sp. z o.o.	31 March 2023	26 000	26 000	26 000	26 000
29 September 2011	ENEA Wytwarzanie Sp. z o.o.	29 September 2019	14 500	14 500	9 500	9 500
23 July 2012	ENEA Wytwarzanie Sp. z o.o.	22 July 2019	158 500	158 500	80 050	113 159
8 September 2012, agreement for the amount of PLN 4 000 000 thousand reduced by annex No. 2 dated 21 January 2015 to the amount of PLN 3 000 000 thousand	ENEA Wytwarzanie Sp. z o.o.	15 June 2020 or 15 December 2020 depending on dates of bond series issue, the remaining amounts at the latest 15 June 2022	3 000 000	1 201 000	1 201 000	860 000
20 June 2013 as amended by Annex No. 1 dated 9 October 2014 and Annex No.2 dated 7 July 2015	ENEA Operator Sp. z o.o.	Depending on dates of bond series issue, but not later than 17 June 2030	1 425 000	1 425 000	1 425 000	1 050 000
16 July 2013 as amended by Annex No. 1 dated 17 January 2014 and Annex No.2 dated 13 July 2015	ENEA Wytwarzanie Sp. z o.o.	15 July 2021	936 000	936 000	936 000	936 000
12 August 2014 in the amount of PLN 260 000 thousand, increased to PLN 1,000,000 thousand by Annex No. 1 dated 11 February 2015 and reduced by Annex No. 2 dated 30 December 2015 to the amount of PLN 260 000 thousand	ENEA Wytwarzanie Sp. z o.o.	Redemption in installments – final maturity 15 December 2026	260 000	260 000	260 000	260 000
17 November 2014	ENEA Wytwarzanie Sp. z o.o.	31 March 2020	740 000	350 000	350 000	350 000
17 February 2015 in the amount of PLN 760 000 thousand, increased by Annex No. 1 dated 3 June 2015 to amount of PLN 1 000 000 thousand.	ENEA Wytwarzanie Sp. z o.o.	10 February 2020	1 000 000	1 000 000	1 000 000	-
7 July 2015	ENEA Operator Sp. z o.o.	Redemption in installments – final maturity 17 June 2030	946 000	100 000	100 000	-
30 October 2015	Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.	Redemption in installments – final maturity 31 March 2020	18 000	18 000	17 000	-
			Total		5 404 550	3 604 659

On 21 January 2015 an Annex No. 2 to the intra-group Bonds Issue Programme Agreement dated 8 September 2012 for the amount of PLN 4 000 000 thousand was signed between ENEA S.A., ENEA Wytwarzanie Sp. z o.o. and mBank S.A., under which the amount of the Programme was reduced to PLN 3 000 000 thousand.

On 11 February 2015 an Annex No. 1 to the intra-group Bonds Issue Programme of 12 August 2014 for the amount of PLN 260 000 thousand was signed between ENEA S.A., ENEA Wytwarzanie Sp. z o.o. and PKO Bank Polski S.A., under which the amount of the Programme has been increased up to PLN 1 000 000 thousand. The agreement provided possibility of up to 8 bond issue until 31 December 2016. Pursuant to the Annex No. 2 dated 30 December 2015 the amount of the Programme was reduced to PLN 260 000 thousand by Annex No. 2.

On 17 February 2015 a Programme execution agreement in amount of PLN 760 000 thousand bond issue was concluded between ENEA S.A. as guarantor, ENEA Wytwarzanie Sp. z o.o. as issuer and PKO Bank Polski S.A. as agent. The agreement provided possibility of up to 5 bond issue until 31 December 2015.The redemption date of bonds is 10 February 2020. Pursuant to Annex No. 1 dated 3 June 2015 programme amount was increased to PLN 1 000 000 thousand. Interest rate can be fixed or floating. Four issues of bonds were carried out in the total amount of PLN 1 000 000 thousand under the programme.

On 7 July 2015 an Executive Bond Issue Programme Agreement for the amount of PLN 946 000 thousand was concluded between ENEA S.A. as a guarantor, ENEA Operator Sp. z o.o. as an issuer and PKO Bank Polski S.A. as an agent. The agreement provides possibility of up to 10 bond issue until March 2017. The bonds will be redeemed in installments, but not later than 15 years from their issue date. Bonds interest rate can be fixed or floating based on WIBOR plus margin and will be revised after four or five years. On 29 July 2015 ENEA Operator Sp. z o.o. issued bonds in the amount of PLN 100 000 thousand under the Programme and it was the only bond issue under the programme in 2015.

Furthermore, on 29 July ENEA S.A. acquired the last series of bonds issued by ENEA Operator Sp. z o.o. under Bond Issue Programme Agreement dated 20 June 2013 in the amount of PLN 375 000 thousand. The interest rate of bonds is based on fixed interest rate. The bonds will be redeemed in installments with maturity date in June 2030.

On 13 July 2015 Annex No. 2 to the Bond Issue Programme for the amount of PLN 936 000 thousand dated 16 July 2013 was concluded, under which five series of bonds in the total amount of PLN 936 000 thousand were redeemed by ENEA Wytwarzanie Sp. z o.o. On the same day the sixth series of bonds was issued for the same amount with maturity date on 15 July 2021 (non-cash settlement).

On 30 October 2015 an Executive Bond Issue Programme Agreement for the amount of PLN 18 000 thousand was concluded between ENEA S.A. as a guarantor, Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. as an issuer and PKO Bank Polski S.A. as an agent. The agreement provided possibility of one bond issue for Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. Issuance of bonds in the amount of PLN 18 000 thousand took place on 6 November 2015. The bonds will be redeemed in instalments with maturity date in March 2020.

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

11. Trade and other receivables

	31.12.2015	31.12.2014
Current trade and other receivables		
Trade receivables	812 697	784 981
Other receivables	155 111	102 060
Loans granted	10 954	18 989
Advance payments	7	-
Receivables due to unbilled sales	215 736	225 202
	1 194 505	**1 131 232**
Less: impairment loss on receivables	(52 697)	(53 640)
Net current trade and other receivables	**1 141 808**	**1 077 592**

	31.12.2015	31.12.2014
Non-current trade and other receivables		
Loans granted	58 634	-
Other receivables	14 923	11 895
	73 557	**11 895**
Less: impairment loss on receivables	-	-
Non-current trade and other receivables and other receivables	**73 557**	**11 895**

Trade and other receivables allowance:

	31.12.2015	31.12.2014
Opening balance of receivables allowance	**53 640**	**55 753**
Addition	27 810	16 164
Release	-	(8 664)
Utilization	(28 753)	(9 613)
Closing balance of receivables allowance	**52 697**	**53 640**

Ageing structure of trade and other receivables:

	Nominal amount	Allowance	Net carrying amount
31.12.2015			
Current	930 714	-	930 714
Overdue			
0-30 days	63 510	(14)	63 496
31- 90 days	16 916	(7)	16 909
91-180 days	6 929	(775)	6 154
over 180 days	79 952	(48 556)	31 396
TOTAL	**1 098 021**	**(49 352)**	**1 048 669**

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

	Nominal amount	Allowance	Net carrying amount
31.12.2014			
Current	779 963	-	779 963
Overdue			
0-30 days	101 242	-	101 242
31- 90 days	25 119	(18)	25 101
91-180 days	13 754	(885)	12 869
over 180 days	109 094	(51 467)	57 627
TOTAL	**1 029 172**	**(52 370)**	**976 802**

12. Inventories

Certificates of origin

	31.12.2015	31.12.2014
Opening balance	**116 117**	**117 449**
Acquisition	389 761	484 413
Redemption	(343 212)	(485 745)
Sale	(10 348)	-
Closing balance	**152 318**	**116 117**

The costs of certificates of origin' redemption are presented in profit or loss in energy and gas purchase for sale.

13. Cash and cash equivalents

	31.12.2015	31.12.2014
Cash in hand and at bank	**2 791**	**55 783**
- cash at bank	2 791	55 783
Other cash	**1 394 841**	**385 032**
- bank deposits	1 394 789	384 719
- other	52	313
Total cash and cash equivalents	**1 397 632**	**440 815**
Cash disclosed in the statement of cash flows	**1 397 632**	**440 815**

As at 31 December 2015 and as at 31 December 2014 ENEA S.A. had no restricted cash.

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

As at 31 December 2015 portfolio of financial instruments managed by a specialized institution amounted to PLN 216 826 thousand and comprised of financial assets measured at fair value through profit or loss - treasury bills and bonds amounting to PLN 215 488 thousand (as at 31 December 2014 carrying amount of the portfolio amounted to PLN 607,218 thousand, and comprised of financial assets measured at fair value through profit or loss - treasury bills and bonds amounting to PLN 391 901 thousand).

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

15. Equity

Equity as at 31 December 2015:

Series of shares	Number of shares	Nominal value of 1 share (in PLN)	Carrying amount
"A" series	295 987 473	1	295 988
"B" series	41 638 955	1	41 639
"C" series	103 816 150	1	103 816
Total number of shares	**441 442 578**		
Share capital (face value)			**441 443**
Capital from business combination			38 810
Hyperinflation adjustment of share capital			107 765
Total share capital			**588 018**
Share premium			4 627 673
Reserve capital			2 640 358
Reserve capital from valuation of hedging instruments			3 980
Retained earnings			2 427 976
Total equity			**10 288 005**

Equity as at 31 December 2014:

Series of shares	Number of shares	Nominal value of 1 share (in PLN)	Carrying amount
"A" series	295 987 473	1	295 988
"B" series	41 638 955	1	41 639
"C" series	103 816 150	1	103 816
Total number of shares	**441 442 578**		
Share capital (face value)			**441 443**
Capital from business combination			38 810
Hyperinflation adjustment of share capital			107 765
Total share capital			**588 018**
Share premium			4 627 673
Reserve capital			2 151 228
Retained earnings			4 235 607
Total equity			**11 602 526**

On 30 June 2015 the General Shareholders' Meeting of ENEA S.A. adopted Resolution No. 7 concerning distribution of net profit for the financial period from 1 January 2014 to 31 December 2014 under which PLN 489 130 thousand was allocated to the reserve capital. The remaining amount of PLN 207 478 thousand was paid as a dividend.

On 24 April 2014 the General Shareholders' Meeting of ENEA S.A. adopted Resolution No. 7 concerning distribution of net profit for the financial period from 1 January 2013 to 31 December 2013 under which PLN 581 843 thousand was allocated to the reserve capital. The remaining amount of PLN 251 622 thousand was paid as a dividend.

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

16. Loans, borrowings and debt securities

	31.12.2015	31.12.2014
Long-term		
Bank loans	1 518 674	1 047 178
Bonds	3 668 707	1 104 961
Total	**5 187 381**	**2 152 139**
Short-term		
Bank loans	3 523	-
Bonds	28 382	-
Total	**31 905**	**-**
Total loans, borrowings and debt securities	**5 219 286**	**2 152 139**

Loans

On 29 May 2015 ENEA S.A. executed the loan agreement (Agreement C), under which the European Investment Bank (EIB) has made available new financing in the amount of PLN 946 000 thousand or its equivalent in EUR. Similarly as in the previous loan agreements ENEA S.A., EBI and ENEA Operator Sp. z o.o. entered into the Agreement on the Programme realization, which settles issues related to the rules of the programme realization in part based on funds granted by EIB.

At present ENEA S.A. has loan agreements concluded with EIB for a total amount of PLN 2 371 000 thousand (agreement A for PLN 950 000 thousand, agreement B for PLN 475 000 thousand and agreement C for PLN 946 000 thousand).

The funds from EIB are designated for financing of long-term investment plan for the modernization and extension of the power grids of ENEA Operator Sp. z o.o. Funds from Agreement A are fully utilized, the availability period for Agreement B expired on 31 December 2015 and the availability period for Agreement C is March 2017. Interest rate on loans can be fixed or floating.

Under the financing agreements concluded with EIB ENEA S.A. received funds in the total amount of PLN 1 425 000 thousand in four tranches. The loan is denominated in PLN, with a floating rate based on WIBOR 6-month plus the bank's margin for three tranches of total amount of PLN 1 325 000 thousand and a fixed rate for one tranche in the amount of PLN 100 000 thousand.

In the third quarter of 2015 ENEA S.A. has received grants from EBI under agreement C in the amount of PLN 100 000 thousand. The loan is denominated in PLN, with a floating rate based on WIBOR 6-month plus the bank's margin. Tranches will be paid in installments, and the final loan repayment is planned for June 2030.

Bond issue programs

ENEA S.A. concludes agreements for bonds issue programs to finance current operations and investments of ENEA S.A. and its subsidiaries.

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

No.	Name of bonds issue programme	Date of the conclusion of programme	Amount of the programme	Amount issued as at 31.12. 2015	Amount issued as at 31.12.2014	Redemption date
1.	Bonds Issue Programme Agreement with PKO BP S.A., Bank Pekao S.A., BZ WBK S.A. and Bank Handlowy S.A.	21 June 2012	3 000 000	1 201 000	860 000	Redemption from June 2020 till June 2021
2.	Bonds Issue Programme Agreement with Bank Gospodarstwa Krajowego	15 May 2014	1 000 000	1 000 000	260 000	Redemption in installments, final maturity is December 2026.
3.	Bonds Issue Programme Agreement with ING Bank Śląski S.A., PKO BP S.A., Bank PEKAO S.A. and mBank S.A.	30 June 2014	5 000 000	1 500 000	-	Redemption of a given series in February 2020 and September 2021
4.	Bonds Issue Programme Agreement with Bank Gospodarstwa Krajowego	3 December 2015	700 000	-	-	Redemption in installments, final maturity is September 2027.
	TOTAL		**9 700 000**	**3 701 000**	**1 120 000**	

Bonds Issue Programme Agreement up to PLN 3 000 000 thousand

On 23 July 2015 ENEA S.A., PKO BP S.A., Pekao S.A., BZ WBK S.A. and Bank Handlowy w Warszawie S.A. concluded an Annex to Bond Issue Programme Agreement, under which pricing conditions have been changed to reflect the current market situation. An Annex established the Bonds Act of 15 January 2015 as a legal basis to issue further bonds.

On 18 December 2015 one issue of bonds was carried out in the total amount of PLN 341 000 thousand under the Programme.

Bonds Issue Programme Agreement to PLN 1 000 000 thousand

On 1 September 2015 ENEA S.A. and Bank Gospodarstwa Krajowego concluded an Annex to the Bond Issue Programme Agreement dated 15 May 2014, which changed the legal basis of the issuance of further bond series to the Bonds Act dated 15 January 2015. In the third quarter of 2015 the second series of bonds under Bond Issue Programme was issued. As at 31 December 2015 Bond Issue Programme concluded with Bank Gospodarstwa Krajowego was fully utilized.

Bonds Issue Programme Agreement to PLN 5 000 000 thousand

On 10 February 2015 the first bond issue was carried out under the Bond Issue Programme up to the amount of PLN 5 000 000 thousand. The total amount of the issue was PLN 1 000 000 thousand. The interest rate on the bonds will be calculated based on WIBOR rate for 6-month deposits plus the margin of 0.85%. Interest will be paid semi-annually on 10 August and 10 February each year. The total redemption of bonds is planned for 10 February 2020. Proceeds from the bonds issue will be used to finance the capital expenditure in line with the strategy of the ENEA Group.

According to the Resolution No. 177/2015 of the Board of National Depository for Securities dated 20 March 2015, above mentioned bonds were registered in the National Depository for Securities on 24 March 2015.
On 7 May 2015 they were admitted to the alternative trading system organized by Catalyst.

On 7 September 2015 ENEA S.A., ING Bank Śląski S.A., PKO BP S.A., PEAKO S.A. and mBank S.A. concluded an Annex No. 1 to the Bond Issue Programme Agreement dated 30 June 2014, which changed the legal basis of the issuance of further bond series to the Bonds Act dated 15 January 2015.

On 16 September ENEA S.A. issued 6-years bonds with the total amount of PLN 500 000 thousand, which have been directed towards one investor. The interest rate is based on the floating WIBOR rate plus margin.

Bonds Issue Programme Agreement to PLN 700 000 thousand

On 3 December 2015, ENEA S.A. entered into agreement of Bond Issue Programme up to the amount of PLN 700 000 thousand with Bank Gospodarstwa Krajowego. According to the agreement, ENEA S.A. may carry out a multiple bond issues. Interest will be payable semi-annually (in March and September) until the final redemption date. The bonds will be redeemed in installments after the end of the availability period. The final redemption date is planned for September 2027.

Interest rate risk hedging transactions

During the 12-month period ended 31 December 2015 ENEA S.A. concluded interest rate swap transactions to hedge interest rate risk related to the debt of PLN 2 995 000 thousand. The transactions are connected with realization of an interest rate risk management policy adopted for ENEA Group companies. Concluded transactions will substantially affect the predictability of the cash relating flows of expenditure and financial costs. The valuation of these financial instruments is presented in "Derivatives".

Financing conditions – covenants

Financing agreements assume compliance by the Company and the Group with certain financial ratios. As at 31 December 2015 and the date of these separate financial statements, the Company did not breach the regulations of loan agreements, on the basis of which the Company would be required to early repayment of long-term debt.

17. Other financial liabilities

Cash management in ENEA Group is performed by ENEA S.A., allowing efficient cash surplus management (economies of scale) and reduction of external financing costs. Cash management covers subsidiaries which constitute ENEA Tax Group and is based on "Cash management system between groups of bank accounts" – cash pooling.
Under this service at the end of each day cash surplus from a bank accounts of a participant is transferred to a bank account of the Pool Leader – ENEA S.A. On the next day account balances are reversed and cash transferred back to the bank account of the participant.

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

18. Trade and other liabilities

	31.12.2015	31.12.2014
Current trade and other liabilities		
Trade liabilities	421 963	404 683
Tax liabilities (excluding income tax)	101 955	42 973
Liabilities from the acquisition of tangible and intangible fixed assets	1 097	-
Others	57 809	56 828
Total	**582 824**	**504 484**

19. Financial instruments

19.1. Principles of financial risk management

The Company is exposed to the following categories of risk related to financial instruments:

- credit risk,
- liquidity risk,
- commodity risk,
- currency risk,
- interest rate risk.

This note presents information on the Company's exposure to each of the aforementioned risks as well as the risk and capital management objectives, policy and procedures.

Development of the general guidelines and rules of the risk management policy is the responsibility of the Management Board of ENEA S.A.

Financial risk management is based on a formalized, integrated risk management system described in the dedicated policies, procedures and methodologies for risk management.

Risk is managed on an ongoing basis. Risks are analyzed in connection with the impact of the external environment as well as changes in the structure and activities of ENEA S.A. Taking these into consideration, the steps are undertaken aimed at mitigation of the risk or its transfer outside the Company.

19.2. Credit risk

Credit risk is the risk of financial losses which may be incurred if a counterparty or a customer being a party to a financial instrument fails to meet its contractual obligations.

Credit risk is mainly related to debt collection. The key factors that affect the occurrence of credit risk at the Company include:

- a substantial number of small customers resulting in an increase in the costs incurred to monitor debt collection;
- the necessity to supply electricity to budgetary units facing financial difficulties;
- legal requirements defining the principles for electricity supply suspension as a result of default on payment.

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

The Management Board applies a credit policy which provides monitoring exposure to credit risk on an ongoing basis and undertakes actions for risk minimization. The main tool for credit risk management is the analysis of the creditworthiness of most relevant partners of ENEA S.A. under the terms of the contract with a counterparty are subject to appropriate structuring (terms of payment, any collateral contract, etc.).

The table below presents the structure of financial assets illustrating the exposure of ENEA S.A. to credit risk:

	31.12.2015	**31.12.2014**
Financial assets held to maturity	5 394 385	3 778 946
Financial assets measured at fair value through profit or loss	215 488	391 901
Trade and other receivables	1 048 669	976 802
Cash and cash equivalents	1 397 632	440 815
Total	**8 056 174**	**5 588 464**

The credit risk relating to receivables differs for individual market segments in which ENEA S.A. carries out its business activities:

- electricity sales to individual customers – a considerable amount of past due receivables. Although they do not represent a serious threat to the Company's financial position, measures aimed at their reduction have been undertaken. Actions aimed at improvement of the collection process have been undertaken involving development of new and update of the existing manuals and principles of collection and cooperation with professional entities. The collection process starts 20-25 days after the payment deadline. Thanks to a unified collection policy, including soft collection, the entity is able to shorten the collection period and avoid long-lasting and quite ineffective hard collections, i.e. enforcement by court or a bailiff. Court or bailiff's collections are applied to cases whose value is higher than the cost-benefit ratio for debt collection,
- sales of electricity and distribution services to business, key and strategic clients, where overdue receivables are higher than in the segment of individual clients. Because of the much smaller number of customers in these segments, the principles of recovery are based mainly on soft recovery. Activities related to the soft recovery are taken no later than 6 days after the payment deadline, and as a rule do not last longer than 30 days after the payment deadline,
- other receivables – compared to the above segments the amounts of past due receivables are immaterial.

A key role in the debt collection process is played by employees of the Debt Collection Department. They monitor the debt collection process and attempt to collect past due receivables through direct contact with the customer. ENEA S.A. also works in the field of debt collection with specialized external entities, supporting the activities of the Company in the area of so-called hard bad debt collection.

ENEA S.A. monitors the amount of past due receivables on an ongoing basis and in justified cases files legal claims and recognizes appropriate impairment losses.

19.3. Liquidity risk

The liquidity risk is the risk that ENEA S.A. will be unable to meet its financial obligations at due date.

The objective of the liquidity risk management carried out by the Company is to reduce the probability of loss or limited ability to repay liabilities to an acceptable level. In particular, the policy assumes ensuring the ability to effectively react to liquidity crises, i.e. periods of an increased demand for liquid assets.

The policy assumes ensuring available cash sufficient to repay liabilities in the course of standard operations and to continue undisturbed business operations in the time of liquidity crisis during a period necessary to launch an emergency financing plan to increase liquidity without delay.

Liquidity management focuses on a detailed analysis of the receivables collection scheme, debtors' days ratio and the ongoing monitoring of bank accounts. The Company invests surplus funds in current assets in the form of term deposits. A long-term surpluses are transmitted to the Investment Portfolio managed by an external entity from the area of Asset Management. The effectiveness of investment process is monitored on an ongoing basis. The Company diversifies sources of external financing and investments to mitigate liquidity risk and ensure stability of financing.

ENEA S.A. has undertaken actions toward concentration of liquidity management between entities within the Group, comprising introduction of a cash pooling in entities participating in ENEA Tax Group and intra-group bonds issue programmes, whereby effectiveness of cash within the Group increases.

Taking into account ongoing risk management as well as the market and financial position of the Company it may be concluded that its liquidity risk remains at a minimum level.

Additionally, the Company manages its liquidity risk by maintaining open and unused credit facilities of PLN 600 000 thousand.

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

The Company's financial assets and liabilities by maturity are presented in the table below:

31.12.2015	Trade and other liabilities	Other financial liabilities	Finance lease liabilities	Bank loans	Cash and cash equivalents	Trade and other receivables	Financial assets measured at fair value through profit or loss	Financial instruments held to maturity	Total
Carrying amount	423 060	327 318	43	5 219 286	(1 397 632)	(1 048 669)	(215 488)	(5 394 385)	**(2 086 467)**
Undiscounted contractual cash flows	**(423 060)**	**(327 318)**	**(43)**	**(6 087 751)**	**1 399 245**	**1 049 129**	**215 488**	**6 259 003**	**2 084 693**
up to 6 months	(423 060)	(327 318)	(43)	(69 619)	1 399 245	984 866	215 488	87 710	**1 867 269**
6 - 12 months	-	-	-	(69 448)	-	5 354	-	89 888	**25 794**
1 – 2 years	-	-	-	(246 041)	-	10 850	-	251 665	**16 474**
2 – 5 years	-	-	-	(2 839 596)	-	30 630	-	3 095 998	**287 032**
Over 5 years	-	-	-	(2 863 047)	-	17 429	-	2 733 742	**(111 876)**

31.12.2014	Trade and other liabilities	Other financial liabilities	Finance lease liabilities	Bank loans	Cash and cash equivalents	Trade and other receivables	Financial assets measured at fair value through profit or loss	Financial instruments held to maturity	Total
Carrying amount	404 683	269 094	172	2 152 139	(440 815)	(976 802)	(391 901)	(3 778 946)	**(2 762 376)**
Undiscounted contractual cash flows	**(404 683)**	**(269 094)**	**(176)**	**(2 647 800)**	**440 815**	**976 802**	**391 901**	**4 357 517**	**2 845 282**
up to 6 months	(404 683)	(269 094)	(88)	(33 019)	440 815	976 802	391 901	265 914	**1 368 548**
6 - 12 months	-	-	(88)	(33 232)	-	-	-	994 174	**960 854**
1 – 2 years	-	-	-	(66 436)	-	-	-	105 175	**38 739**
2 – 5 years	-	-	-	(495 276)	-	-	-	600 592	**105 316**
Over 5 years	-	-	-	(2 019 837)	-	-	-	2 391 662	**371 825**

19.4. Commodity risk

Commodity risk is related to possible changes in revenue/cash flows generated by the Company resulting, in particular, from fluctuations in commodity prices and changing demand for products and services offered. The objective of commodity risk management is to maintain the risk exposure within an acceptable level while optimizing the return on risk.

One of the key aspects of the commodity risk results from the fact that being an energy company operating based on an electricity trading license, the entity is required to submit electricity tariffs for G-tariff groups for approval. The Company purchases energy at market prices and calculates its tariff based on costs regarded as legitimate by the President of the Energy Regulatory Office as well as margins (for electricity trading) planned to be earned in the subsequent tariff period. Therefore, during the tariff period the Company's possibility to transfer adverse changes in its operating costs to electricity customers is limited. A tariff adjustment request may be filed to the President of the Energy Regulatory Office only in the event of a dramatic rise in costs for reasons that are beyond the Company's control.

Commodity risk management in the scope of pricing is based on continuous monitoring of an open position in trading (both with regard to securing the volume of retail sales, and to proprietary trading) and measurement - using value at risk tools - of the level of risk of possible electricity price fluctuation with respect to such an open position in trading. An appropriate risk mitigation technique in this case is to close an item that generates excessive value of potential loss. The management model is based in this case on a system of value limits (VaR limits) setting the maximum value of the open position, which is the carrier of commodity risk (price risk).

Commodity risk management in terms of volumetric involves using scenario methods, optimizing the planning processes and control of commercial activities which allows possibly the most accurate way to estimate expected volumes of electricity and related goods that are traded.

Moreover, independently from mentioned above, the ENEA SA applies the management principles defined by the strategic regulation (so-called Wholesale Trading Procedure), defining the operating methods related to optimization of ENEA's trading position, with the primary purpose of minimizing the risk of taking actions contrary to market trends, taking account of the efficiency aspect in the context of that trend (achieving better results than the market average).

19.5. Currency risk

Currency risk is related to possible changes in cash flows generated by the Company resulting from fluctuations of currencies exchange rates in which such cash flows are denominated.
During the reporting period ENEA S.A. was not exposed to currency risk.

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

19.6. Interest rate risk

The interest rate risk, the Company is exposed to, results from credit facilities and loans as well as bond issue programmes taken by ENEA S.A. and financial assets in the form of debt securities portfolio and bank deposits. The Company tends to apply variable interest rate correlated with market (interbank) rates.

Safety measures in the area of interest rate are carried out based on the Policy of currency risk management and interest rate risk management.

As at 31 December 2015 the Company has liabilities arising from credit facilities in the amount of PLN 5 219 286 thousand. As at 31 December 2015 financial liabilities with a variable interest rate consisted of bank loans, issued bonds and finance lease liabilities. The value of the above mentioned debt referred to above has been secured by interest rate risk hedging transactions (IRS) in 57%.

The table below, presenting financial assets and liabilities by fixed and variable interest rates, shows the Company's sensitivity to interest rate risk:

	31.12.2015	31.12.2014
Fixed rate instruments		
Financial assets	5 069 662	1 043 636
Financial liabilities	(523 064)	(504 548)
Effects of interest rate swaps	(2 995 000)	-
Total	**1 551 598**	**539 088**
Variable rate instruments		
Financial assets	2 916 924	4 525 839
Financial liabilities	(5 119 421)	(2 052 446)
Effects of interest rate swaps	2 995 000	-
Total	**792 503**	**2 473 393**

Cash deposited in bank deposits is presented within fixed rate instruments.

Effective interest rate applicable to variable rate assets and liabilities is presented in the table below:

	as at 31 December 2015		as at 31 December 2014	
	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
Financial assets held to maturity	2.97	2 701 436	3.75	3 778 946
Financial assets measured at fair value through profit or loss	1.32	215 488	4.68	391 901
Cash and cash equivalents	-	-	2.65	354 992
Finance lease liabilities	1.72	(43)	2.06	(172)
Bank loans, borrowings and debt securities	2.51	(2 124 378)	3.35	(2 052 274)
Total	**-**	**792 503**	**-**	**2 473 393**

The effective interest rates presented in the table above are determined as the weighted average of interest rates.

The table below presents the impact of interest rate changes on the Company's net results. The impact of interest rate on bank loans, borrowings and debt securities is presented net of IRS effect.

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

	Carrying amount as at 31 Dec 2015	Interest rate risk impact on profit (12-month period) + 1 p.p.	Interest rate risk impact on profit (12-month period) - 1 p.p.	Carrying amount as at 31 Dec 2014	Interest rate risk impact on profit (12-month period) + 1 p.p.	Interest rate risk impact on profit (12-month period) - 1 p.p.
Financial assets						
Cash	-	-	-	354 992	3 550	(3 550)
Financial assets held to maturity	2 701 436	27 014	(27 014)	3 778 946	37 789	(37 789)
Financial assets measured at fair value through profit or loss	215 488	2 155	(2 155)	391 901	3 919	(3 919)
Impact on profit/loss before tax		**29 169**	**(29 169)**		**45 258**	**(45 258)**
19% tax		(5 542)	5 542		(8 599)	8 599
Impact on profit/loss after tax		**23 627**	**(23 627)**		**36 659**	**(36 659)**

Financial liabilities	Carrying amount as at 31 Dec 2015	Interest rate risk impact on profit (12-month period) + 1 p.p.	Interest rate risk impact on profit (12-month period) - 1 p.p.	Carrying amount as at 31 Dec 2014	Interest rate risk impact on profit (12-month period) + 1 p.p.	Interest rate risk impact on profit (12-month period) - 1 p.p.
Bank loans, borrowings and debt securities	(2 124 378)	(21 244)	21 244	(2 052 274)	(20 523)	20 523
Finance lease liabilities	(43)	-	-	(172)	(2)	2
Impact on profit/loss before tax		**(21 244)**	**21 244**		**(20 525)**	**20 525**
19% tax		4 036	(4 036)		3 899	(3 899)
Impact on profit/loss after tax		**(17 208)**	**17 208**		**(16 626)**	**16 626**
Total		**6 419**	**(6 419)**		**20 033**	**(20 033)**

19.7. Management of funding sources

The key assumption of ENEA S.A. in management of funding sources is maintaining optimal liabilities structure to reduce the cost of funding operations, secure credit rating at the investment level and sources of funding for operating and investing activities of ENEA S.A. and its subsidiaries. Activities conducted in this area also tend to ensure the financial security of ENEA S.A. and relevant value for shareholders. When optimizing the structure of liabilities by applying financial leverage, it is also important to maintain a strong capital base being a foundation for building confidence of investors, creditors and market. ENEA S.A. monitors its capital using the debt ratio and the return on equity ratio. Its objective is to ensure an increase of capital effectiveness together with maintaining the capital at a safe level.

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

19.8. Fair value

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

	31.12.2015		31.12.2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Non-current financial assets available for sale	23 402	23 402	-	-
Non-current financial assets held to maturity	5 339 352	5 423 882	2 620 528	2 620 528
Derivatives	844	844	-	-
Current financial assets held to maturity	55 033	49 227	1 158 418	1 158 418
Current financial assets measured at fair value through profit or loss	215 488	215 488	391 901	391 901
Trade and others receivables	1 048 669	(*)	976 802	(*)
Cash and cash equivalents	1 397 632	1 397 632	440 815	440 815
Long-term bank loans, borrowings and debt securities	5 187 381	5 231 070	2 152 139	2 175 553
Short-term bank loans, borrowings and debt securities	31 905	26 951	-	-
Finance lease liabilities	43	43	172	172
Other financial liabilities	327 318	327 318	269 094	269 094
Trade and other liabilities	423 060	(*)	404 683	(*)

(*) the carrying amounts of trade and other receivables, trade and other liabilities approximates their fair values

Financial assets available for sale include shares in unrelated parties for which the ratio of interest in equity is lower than 20%. The positions comprises also shares in PGE EJ1 Sp. o.o. in the amount of PLN 23 402 thousand for which there is no quoted market price in an active market and whose fair value - because of the initial phase of the company's activity – is based on incurred cost.

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

Derivatives comprise the valuation of interest rate hedging transactions (Interest Rate Swap). The fair value of derivatives is determined by calculating the net present value based on two yield curves, i.e. the curve to determine the discount factor and curve used to estimate future rates of variable reference rates.

Current financial assets measured at fair value through profit or loss include an investment portfolio managed by a company specialized in professional cash management (Note 14). The fair value of the investment portfolio is estimated based on market quotations.

Current financial assets held to maturity include acquired debt instruments – bonds with an 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),

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

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

	31.12.2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss				
Non-derivative financial assets held for trading	215 488	-	-	215 488
Interest Rate Swap used for hedging	-	844	-	844
Total	**215 488**	**844**	**-**	**216 332**

	31.12.2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss				
Non-derivative financial assets held for trading	391 901	-	-	391 901
Total	**391 901**	**-**	**-**	**391 901**

20. Finance lease liabilities

	31.12.2015	**31.12.2014**
Up to 1 year	43	172
Total	**43**	**172**

The subject of finance leases are personal vehicles.

	Finance lease liabilities	**Interests**	**Total**
Up to 1 year	43	0	43
Balance as at 31.12.2015	**43**	**0**	**43**

	Finance lease liabilities	**Interests**	**Total**
Up to 1 year	172	4	176
Balance as at 31.12.2014	**172**	**4**	**176**

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

21. Deferred income tax

Changes in deferred tax are as follows:

Deferred tax assets:

	Receivables allowance	Liabilities due to employee benefits	Provision for costs of redemption of certificates of origin	Tax deductible expenses after the end of the settlement period	Measurement of investments in shares	Impairment loss on shares	Other	Total
Balance as at 1 January 2014 – 19% rate	**1 600**	**15 807**	**51 974**	**88 160**	**3 816**	**3 822**	**413**	**165 592**
Amount recognized in the profit or loss due to a change in temporary differences	(267)	(1 418)	(20 710)	(7 398)	-	-	6 456	**(23 337)**
Change recognized in other comprehensive income	-	1 181	-	-	-	-	-	**1 181**
Balance as at 31 December 2014 – 19% rate	**1 333**	**15 570**	**31 264**	**80 762**	**3 816**	**3 822**	**6 869**	**143 436**
Amount recognized in the profit or loss due to a change in temporary differences	(439)	(4 331)	15 284	3 348	2 487	6 309	19 012	**41 670**
Change recognized in other comprehensive income	-	(1 375)	-	-	-	-	(934)	**(2 309)**
Balance as at 31 December 2015 – 19% rate	**894**	**9 864**	**46 548**	**84 110**	**6 303**	**10 131**	**24 947**	**182 797**

Provision for deferred income tax:

	Income taxable after the end of the reporting period	Accrued unbilled sales	Measurement of fixed assets at fair value	Other	Total
Balance as at 1 January 2014 – 19% rate	**95 512**	**31 298**	**12**	**(5 096)**	**121 726**
Amount recognized in the profit or loss due to a change in temporary differences	(9 350)	(6 582)	(329)	12 245	**(4 016)**
Balance as at 31 December 2014 – 19% rate	**86 162**	**24 716**	**(317)**	**7 149**	**117 710**
Amount recognized in the profit or loss due to a change in temporary differences	8 469	1 591	(375)	(7 914)	**1 771**
Balance as at 31 December 2015 – 19% rate	**94 631**	**26 307**	**(692)**	**(765)**	**119 481**

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

	31.12.2015	31.12.2014
Deferred tax assets	182 797	143 436
Set off of tax assets and liabilities	(119 481)	(117 710)
Deferred tax assets after compensation	**63 316**	**25 726**
Deferred tax liabilities	119 481	117 710
Set off of tax assets and liabilities	(119 481)	(117 710)
Deferred tax liabilities after compensation	**-**	**-**

22. Liabilities due to employee benefits

	31.12.2015	31.12.2014
Defined benefit plans		
Retirement benefits		
- long-term portion	1 129	924
- short-term portion	21	43
	1 150	967
Right to energy allowance after retirement		
- long-term portion	42 416	52 282
- short-term portion	3 766	3 957
	46 182	56 239
Appropriation to the Company's Social Benefits Fund for pensioners		
- long-term portion	6 414	6 287
- short-term portion	453	454
	6 867	6 741
Total defined benefit plans		
- long-term portion	**49 959**	**59 493**
- short-term portion	**4 240**	**4 454**
	54 199	**63 947**
Jubilee bonuses		
- long-term portion	5 306	3 773
- short-term portion	231	96
	5 537	3 869
Salaries and wages and other liabilities		
- short-term portion	12 015	12 615
Provision for Voluntary Redundancy Programme – short-term	-	3 756
Total liabilities due to employee benefits		
- long-term portion	**55 265**	**63 266**
- short-term portion	**16 486**	**20 921**
	71 751	**84 187**

Based on an arrangement entered into by the representatives of employees and the Company, the employees of ENEA S.A. are entitled to specific benefits other than remuneration, i.e.:

- jubilee bonuses;
- retirement and disability benefits;
- electricity allowance;
- an appropriation to the Company's Social Benefits Fund,

all mentioned above benefits are fully financed by the Company.

The present value of the related future liabilities has been measured using actuarial methods. Calculations were made using basic individual data for the employees of ENEA S.A. as at 31 December 2015 (taking into account their gender) regarding:

- age;
- length of service with the Company;
- total length of service;
- remuneration constituting the calculation basis for jubilee bonuses as well as retirement and disability benefits.

Additionally, the following assumptions were made for the purpose of the analysis:

- the probable number of leaving employees was determined based on historical data concerning staff turnover in the Company and industry statistics,
- the value of minimum remuneration in the Polish economy since 1 January 2016 was assumed at PLN 1 850.00,
- pursuant to announcements of the President of the Central Statistical Office, the average salary in the Polish economy, less premiums for retirement, pension and health insurance paid by the insured was assumed at PLN 2 917.14 (average amount assumed for the second half of 2010, which will constitute the basis for calculating the appropriation to the Company's Social Benefits Fund in 2015 under the amendment to the Act on Company Social Benefits Fund dated 5 December 2014),
- under the assumptions defined at the corporate level, the growth of the average salary in the Polish economy (being the basis for creating the appropriation to the Company's Social Benefits Fund) was assumed at 20.2% in 2015, 5.4% in 2016, 6.1% in 2017, 6.2% in 2018, 6.0% in 2019, 5.7% in 2020, 5.5% in 2021, 5.3% in 2022, 5.1% in 2023, 4.9% in 2024, 4.7% in 2025 and 4.5% in the remaining period of the projection,
- mortality rate and the probability of receiving benefits were adopted in line with the 2014 Life Expectancy Tables published by the Central Statistical Office;
- the value of the provision for disability benefits was not determined separately but the individuals receiving disability allowance were not taken into consideration in calculating the employee turnover ratio;
- standard retirement age was assumed under particular regulations of the Act of Pension, excluding these employees, which fulfill the conditions expected to earlier retirement;
- the long-term salaries and wages increase rate was adopted at the level of 2.038% in 2016, 2.418% in 2017 r and 2.5% in the remaining years (as at 31 December 2014 at the level of 1.0% in 2015, 2.038% in 2016, 2.418% in 2017 and 2.5% in the remaining years);
- the interest rate for discounting future benefits was adopted at the level of 2.8% (as at 31 December 2014: 2.5%),
- value of the annual equivalent of the electricity allowance paid in 2015 was adopted at the level of PLN 1 406.53 (as at 31 December 2014 PLN 1 382.57),
- the average rise in the cash equivalent of the electricity allowance was adopted for 2016 at the level of -3.2%, for 2017 -1.5%, for 2018 +1.7%, for 2019 +4.1 %, for 2020-2021 at the level of 4.2%, for 2022 +4.3%, for 2023 +4.4%, for 2024 +4.5%, for 2025-2026 +4.6% and the following years at the level of 2.5% (as at 31 December 2014 the increase in 2015 at the level of 1.6%, for 2016 +4.0%, for 2017 +4.9%, for 2018 +5.9%, for 2019- 2026 at the level of 3.9% and the following years at the level of 2.5%).

To determine the amount of provisions for employee benefits *Projected Unit Credit Method* was used, the same method was used for the analysis of sensitivity for defined benefit plan.

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

Defined benefit plan

	Retirement benefits	Right to energy allowance after retirement	Appropriation to the Company's Social Benefits Fund for pensioners	Total
Balance as at 1 January 2015	**967**	**56 239**	**6 741**	**63 947**
Changes during 12 months ended 31 December 2015				
Costs recognized in profit or loss, including:	**165**	**1 409**	**185**	**1 759**
- current employment costs	142	102	28	272
- post-employment costs	-	-	-	-
- interests	23	1 307	157	1 487
Costs recognized in other comprehensive income, including:	**35**	**(7 603)**	**328**	**(7 240)**
- net actuarial losses/(profits) due to adjustments of ex-post assumptions	89	(2 593)	(153)	(2 657)
- net actuarial losses/(profits) due to changes in demographic assumptions	10	1 416	179	1 606
- net actuarial losses/(profits) due to changes in financial assumptions	(64)	(6 426)	302	(6 188)
Decrease in the liability due to benefits paid	**(17)**	**(3 863)**	**(387)**	**(4 267)**
Total changes	**183**	**(10 057)**	**126**	**(9 748)**
Balance as at 31 December 2015	**1 150**	**46 182**	**6 867**	**54 199**

	Retirement benefits	Right to energy allowance after retirement	Appropriation to the Company's Social Benefits Fund for pensioners	Total
Balance as at 1 January 2014	**1 135**	**54 499**	**5 860**	**61 494**
Changes during 12 months ended 31 December 2015				
Costs recognized in profit or loss, including:	**(559)**	**1 363**	**133**	**937**
- current employment costs	93	75	22	190
- post-employment costs	(677)	(606)	(107)	(1 390)
- interests	25	1 894	218	2 137
Costs recognized in other comprehensive income, including:	**398**	**4 666**	**1 151**	**6 215**
- net actuarial losses/(profits) due to adjustments of ex-post assumptions	139	408	108	655
- net actuarial losses/(profits) due to changes in demographic assumptions	(38)	375	38	375
- net actuarial losses/(profits) due to changes in financial assumptions	297	3 883	1 005	5 185
Decrease in the liability due to benefits paid	**(7)**	**(4 289)**	**(403)**	**(4 699)**
Total changes	**(168)**	**1 740**	**881**	**2 453**
Balance as at 31 December 2014	**967**	**56 239**	**6 741**	**63 947**

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

Sensitivity analysis for defined benefit plans

	Actuarial assumptions change impact on the liabilities due to defined benefit plans	
	+ 1 pp	**- 1 pp**
Defined benefit plans		
Discount rate	(4 997)	5 996
Anticipated rise in salaries and wages rate	963	(803)
Average rise in the cash equivalent of the electricity allowance	4 623	(3 960)

Maturity of liabilities due to defined benefit plans

	31.12.2015	31.12.2014
The weighted average duration of liabilities due to defined benefit plans (in years)		
Retirement benefits	26.4	27.5
Right to energy allowance after retirement	10.1	10.5
Appropriation to the Company's Social Benefits Fund for pensioners	11.0	11.0

Other long-term employee benefits - jubilee bonuses

	31.12.2015	31.12.2014
Opening balance	**3 869**	**5 636**
Changes in the 12 months ended at the reporting date		
Costs recognized in profit or loss, including:	**1 813**	**(1 394)**
- current employment costs	623	641
- post-employment costs	-	(2 313)
- net actuarial losses/(profits) due to adjustments of ex-post assumptions	1 280	(602)
- net actuarial losses/(profits) due to changes in demographic assumptions	21	(143)
- net actuarial losses/(profits) due to changes in financial assumptions	(206)	873
- interests	95	150
Decrease in the liability due to benefits paid (negative value)	**(145)**	**(373)**
Total changes	**1 668**	**(1 767)**
Closing balance	**5 537**	**3 869**

Provision for the Voluntary Redundancy Program

On 10 December 2014 the Management Board of ENEA S.A. adopted a resolution to launch the Voluntary Redundancy Program (Program). The Program was dedicated to Employees:

- employed under a contract of employment no matter the type and nature of their work;
- not being in the period of notice and who have not signed an agreement to terminate the employment contract outside the Program with a date of an employment contract in the future;
- not being employed on other civil or employment contracts in another entity within ENEA Group as at the date of employment contract termination within the Program;
- belonging to one of the following groups:

  - Group No. I – Employees have reached a standard retirement age till 31 December 2014 and did not terminate the employment contract due to retirement or will acquire pension rights arising from achieving standard retirement age till 31 December 2015;

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

- Group No. II - Employees who are to achieve the standard retirement age within 3 year inclusive, counting from 31 December 2015;

- Group No. II - Employees who acquire pension rights after 31 December 2018.

The program was valid from 15 December 2014 until 30 June 2015.

23. Provisions for liabilities and other charges

Non-current and current provisions for liabilities and other charges:

	31.12.2015	31.12.2014
Non-current	10 905	10 802
Current	261 534	177 286
Total	**272 439**	**188 088**

	Provision for non-contractual use of property	Provision for other lodged claims	Provisions for certificates of origins	Total
Balance as at 31.12.2014	**21 886**	**1 654**	**164 548**	**188 088**
Provisions applied	6 114	9 797	223 965	**239 876**
Provisions used	(323)	(2)	(143 523)	**(143 848)**
Reversal of provisions	(10 516)	(1 161)	-	**(11 677)**
Balance as at 31.12.2015	**17 161**	**10 288**	**244 990**	**272 439**

Provisions for liabilities are determined in reasonable, reliably estimated amounts. Individual provisions are recognized for projected losses related to court action brought against the Company. The amount recognized as a provision is the best estimate of the expenditure required to settle a claim. The cost of provisions is recognized under other operating expenses. The descriptions of claims and relevant contingent liabilities have been presented in Note 36.

Provisions for non-contractual use of property claims, refers to individuals owning real estate property, to which the Company had not the legal title. The majority of such claims are requests for compensation for non-contractual use of land, determination of a rental fee or, in a few cases, requests for relocation of facilities (restoring land to its previous condition).

As at 31 December 2015, a substantial number of claims filed had not been brought to court. The Company recognizes a related provision for both disputed claims brought to court and claims which have not been submitted to court yet.

Provisions for non-contractual use of property claims (stage before judicial proceeding) are presented as non-current liabilities.

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

Provisions for non- contractual use of lands (proceedings brought to court) as well as other provisions and provisions for certificates of origin are presented as current liabilities.

24. Net sales revenue

	01.01.2015 31.12.2015	01.01.2015 31.12.2014
Revenue from sales of electricity	5 324 183	5 070 729
Revenue from sales of gas	102 522	3 929
Revenue from sales of goods and materials	17	-
Revenue from sales of other services	3 502	9 613
Total	**5 430 224**	**5 084 271**

25. Costs by type

	01.01.2015 31.12.2015	01.01.2015 31.12.2014
Depreciation	**(5 657)**	**(7 891)**
Costs of employee benefits	**(48 968)**	**(44 814)**
- salaries and wages	(38 007)	(36 948)
- social security and other benefits	(10 961)	(7 866)
Consumption of materials and supplies and costs of goods sold	**(1 866)**	**(3 321)**
- consumption of materials and energy	(1 866)	(3 321)
External services	**(1 629 157)**	**(1 571 896)**
- transmission and distribution services	(1 482 852)	(1 424 056)
- other external services	(146 305)	(147 840)
Taxes and charges	**(3 134)**	**(3 435)**
Cost of energy purchased for resale	**(3 622 261)**	**(3 382 438)**
Total costs of products, goods and materials sold, selling, marketing, general and administrative expenses	**(5 311 043)**	**(5 013 795)**

26. Costs of employee benefits

	01.01.2015 31.12.2015	01.01.2015 31.12.2014
Payroll costs	**(38 007)**	**(36 948)**
- current salaries and wages	(38 426)	(39 590)
- jubilee benefits	(1 719)	1 544
- retirement bonuses	(142)	584
- other	2 280	514
Social insurance	**(10 961)**	**(7 866)**
- Social Security premiums	(8 101)	(5 472)
- appropriation to the Company's Social Benefits Fund	(1 128)	(1 214)
- other social benefits	(1 732)	(1 180)
	(48 968)	**(44 814)**

Employment guarantees

Based on an arrangement entered into by the Company and labor unions, specific employment guarantees have been given to people employed by the Company before 29 June 2007, which expire on 31 December 2018.

Furthermore, the provisions of the aforementioned arrangement will remain in force longer for employees who, at the expiry of the guarantees, have maximum four years to satisfy the conditions to acquire pension rights. This implies that in the event the employer fails to comply with the guarantees, employment contracts may not be terminated without payment of additional benefits to employees who, at the expiry of the guarantees, have maximum four years to satisfy the conditions to acquire pension rights.

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

Under the employment guarantees, in case an employee contract is terminated by the employer, ENEA S.A. is obliged to pay the employee an amount being a product of their monthly salary and the remaining period of the guarantee validity.

27. Other operating revenue and expenses

Other operating revenue

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Release of provisions for claims	12 003	14 633
Reimbursement of expenses by an insurance company	-	68
Reversal of receivables allowance	525	-
Received damages and fines	196	3 609
Other operating revenue	5 610	6 715
Total	**18 334**	**25 025**

Other operating expenses

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Cost of provision for claims	(6 114)	(2 981)
Costs of other provisions	(9 797)	(499)
Receivables allowance	-	(7 468)
Uncollectible receivables written off	(28 653)	(11 920)
Court fees	(2 628)	(435)
Trade union related expenses	(51)	(82)
Other operating expenses	(9 742)	(10 118)
Total	**(56 985)**	**(33 503)**

28. Financial revenue

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Interest income	168 691	149 781
- bank accounts and deposits	24 473	22 722
- bonds	136 109	110 667
- other loans and receivables	297	15 832
- other interest income	7 812	560
Remeasurement of financial assets measured at fair value through profit or loss	4 830	9 043
Total	**173 521**	**158 824**

29. Financial expenses

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Interest expense	(101 244)	(57 462)
- on loans and borrowings	(28 673)	(29 244)
- on bonds	(72 047)	(19 097)
- on leases	(21)	(58)
- other interest	(503)	(9 063)
Costs of discounted liabilities due to employee benefits	(1 582)	(2 289)
Remeasurement of financial assets measured at fair value through profit or loss	(8 601)	-
Impairment loss on assets held for sale	(13 087)	-
Impairment loss on investments in subsidiaries	(2 089 754)	-
Loss on sale of the shares in subsidiaries	(1 678)	-
Total	**(2 215 946)**	**(59 751)**

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

30. Income tax

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Current tax	(70 882)	(13 053)
Deferred tax	39 899	(19 320)
Total	**(30 983)**	**(32 373)**

The difference between the income tax on gross profit before tax and the theoretical amount resulting from application of the nominal tax rate applicable to the Company's profit is presented below:

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
(Loss)/profit before tax	(1 085 905)	728 981
Tax at a 19% rate	206 322	(138 506)
Costs not classified as tax-deductible expenses (permanent differences) at a 19% rate	(403 410)	(1 981)
Dividends received at a 19% rate	166 105	108 114
Amount charged to profit or loss due to income tax	**30 983**	**(32 373)**

31. Dividend

A decision regarding the coverage of net loss for the financial year shall be made by General Shareholders' Meeting in 2016. The Management Board intends to propose to cover the net loss through profits realized in the following years.

On 30 June 2015 the General Shareholders' Meeting of ENEA S.A. adopted Resolution No. 7 concerning net profit distribution for the financial period from 1 January 2014 to 31 December 2014 under which the dividend f or shareholders amounts to PLN 207 478 thousand. Dividend per share amounted to PLN 0.47 (the dividend paid in 2014 for the financial year 2013 amounted to PLN 251 622 thousand, PLN 0.57 per share). Until the reporting date the dividend was paid to shareholders.

32. Related party transactions

The Company concludes transactions with the following related parties:

1. Companies of the ENEA Group

	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Purchases, including:	**4 485 448**	**4 349 207**
investment purchases	601	307
materials	328	244
services	1 552 430	1 518 364
other (including energy and gas)	2 932 089	2 830 292
Sales, including:	**224 157**	**83 535**
energy	187 833	58 124
services	1 465	10 473
other	34 859	14 938

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

Interest income, including:	**128 970**	**96 576**
bonds	128 673	96 363
loans	297	213
Dividend income	**874 236**	**569 022**

	31.12.2015	**31.12.2014**
Receivables	181 534	59 941
Liabilities	732 428	629 767
Financial assets - bonds	5 394 385	3 589 638

In accordance with Corporate Income Tax Act regulations concerning conclusion on transactions under arm's length do not apply to legal entities comprising tax group.

2. 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 the first type transactions has been presented below:

Item	**Management Board of the Company**		**Supervisory Board of the Company**	
	01.01.2015 31.12.2015	**01.01.2014 31.12.2014**	**01.01.2015 31.12.2015**	**01.01.2014 31.12.2014**
Remuneration under managerial and consultancy agreements	8 889	7 273	-	-
Remuneration relating to appointment of members of management or supervisory bodies	-	-	340	334
TOTAL	**8 889**	**7 273**	**340**	**334**

As at 31 December 2015 the liabilities resulting from managerial contracts and consultancy agreements to members of the Management Board amount to PLN 383 thousand. The provision for bonuses to members of the Management Board amounts to PLN 2 680 thousand (as at 31 December 2014 respectively PLN 2 680 thousand), the amount of provisions are not included in the table above.

The remuneration under managerial and consultancy agreements included bonus for 2014 paid in 2015 in the amount of PLN 2 936 thousand (in 2014 for 2013: PLN 2 680 thousand) and compensation resulting from non-competition agreement.

Transactions related to loans from the Company's Social Benefits Fund:

Governing body	Balance as at 01.01.2015	Granted from 01.01.2015	Repaid till 31.12.2015	Balance as at 31.12.2015
Supervisory Board	22	10	(5)	**27**
TOTAL	**22**	**10**	**(5)**	**27**

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

Governing body	Balance as at 01.01.2014	Granted from 01.01.2014	Repaid till 31.12.2014	Balance as at 31.12.2014
Supervisory Board	27	-	(5)	**22**
TOTAL	**27**	**-**	**(5)**	**22**

Other transactions resulting from civil law agreements concluded between the Company and Members of its governing bodies relate only to private use of company cars by Members of the Company's Management Board.

3. Transactions with entities controlled by the State Treasury

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 and;
- 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 a 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 separate financial statements do not include data related to transactions with entities controlled by the State Treasury.

The most significant customer of ENEA S.A. among entities controlled by the State Treasury is Kompania Węglowa S.A. In 2015 the net sales to the entity amounted to PLN 60 143 thousand (in 2014 amounted to PLN 128 887 thousand). The most significant supplier of ENEA S.A. is PGE Polska Grupa Energetyczna S.A. with net purchases in the amount of PLN 249 885 thousand (in 2014 in the amount of PLN 342 620 thousand).

33. Concession arrangements on the provision on public services

The core business of ENEA S.A. is electricity and gas trade.
ENEA S.A. received on 5 October 2007 a decision on extension of the validity of the concession for trading in electricity until 31 December 2025.

Pursuant to the provisions of the Energy Law, the President of the Energy Regulatory Office is responsible for granting concessions, exercising supervision over energy companies as well as approval of tariffs. Energy prices, fee rates and the principles for their application laid down in the Tariff are approved by the President of the Energy Regulatory Office based on administrative decisions. Transactions not recognized by the President of the Energy Regulatory Office as held on arms-length, are subject to the obligation to submit tariffs for the approval of the President of URE (with respect to which the President of the Energy Regulatory Office has not issued a decision exempting from the obligation to submit tariffs for the approval).

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

In 2015 ENEA S.A. applied the following tarriffs approved by the President of URE:

- Tariff for electricity for G-tariff group, not using the right to choose the supplier, effective from 1 January 2015,
- Tariffs for methane natural gas (effective from 1 September 2014 and from 20 November 2015).

On 12 September 2013 ENEA S.A. received from the President of the Energy Regulatory Office license to trade in gas fuels. The license is valid for the period from 1 January 2014 up to 31 December 2030.

34. Future payments due to the right of perpetual usufruct of land as well as rental and operating lease agreements

The future liabilities arising from the right of perpetual usufruct of land (estimated based on 2015 fees) apply to the remaining term of agreements for the use of land (40-99 years). Such agreements are recognized as operating leases, where ENEA S.A. acts as a lessee:

	31.12.2015	31.12.2014
Up to 1 year	5 780	3 719
1 – 5 years	4 193	3 274
Over 5 years	56 937	56 243
Total	**66 910**	**63 236**

35. Future liabilities under contract concluded at the end of the reporting period

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

	31.12.2015	31.12.2014
Acquisition of intangible assets	2 097	2 978
Total	**2 097**	**2 978**

36. Contingent liabilities and proceedings before court, bodies competent to conduct arbitration proceedings or public administration bodies

36.1. Sureties and guaranties

On 10 August 2015 ENEA S.A. entered into contract of surety with ČEZ a.s. Under this contract ENEA S.A. guarantees liabilities of its subsidiary ENEA Trading Sp. z o.o. regarding individual agreements concerning sale and purchase of electricity up to the maximum amount of PLN 10 000 thousand.

On 26 October 2015 ENEA S.A. entered into contract of surety with PAK zespół Elektrowni Pątnów-Adamów-Konin S.A. Under this contract ENEA S.A. guarantees liabilities of its subsidiary ENEA Trading Sp. z o.o. regarding individual agreements concerning sale and purchase of electricity up to the maximum amount of PLN 24 000 thousand.

On 26 October 2015 ENEA S.A. entered into contract of surety with Elektrownia Pątnów II Sp. z o.o. Under this contract ENEA S.A. guarantees liabilities of its subsidiary ENEA Trading Sp. z o.o. regarding individual agreements concerning sale and purchase of electricity up to the maximum amount of PLN 8 000 thousand.

On 27 October 2015 ENEA S.A. entered into contract of surety with PGE Polska Grupa Energetyczna S.A. Under this contract ENEA S.A. guarantees liabilities of its subsidiary ENEA Trading Sp. z o.o. regarding individual agreements concerning sale and purchase of electricity up to the maximum amount of PLN 20 000 thousand.

On 28 December 2015 ENEA S.A. entered into contract of surety with Polski Koncern Naftowy ORLEN S.A. in Płock. Under this contract ENEA S.A. guarantees liabilities of its subsidiary ENEA Trading Sp. z o.o. regarding future transactions related to natural gas up to the maximum amount of PLN 15 000 thousand.

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

Sureties as at 31 December 2015

No.	Name of the beneficiary of the guarantee or surety	Total liabilities subject to guarantee or surety	Purpose of the amount covered by surety	Tenor	Relation between the Company and the entity which incurred the liability
1.	ENEA Serwis Sp. z o.o.	PLN 209 thousand (EUR 49 thousand)	in order to meet the statutory conditions for obtaining a license conducting gainful transport activity	31-08-2017	subsidiary
2.	ENEA Trading Sp. z o.o.	PLN 50 000 thousand	security for liabilities incurred by ENEA Trading in connection with membership in GIR	01-08-2017	subsidiary
3.	ENEA Wytwarzanie Sp. z o.o.	PLN 50 000 thousand	secure payment of the sale price of shares in subsidiary purchased by ENEA Wytwarzanie S.A.	validity period of bids	subsidiary
4.	Miejska Energetyka Cieplna Piła Sp. z o.o.	PLN 11 806 thousand	security for liabilities incurred by MEC Piła Sp. z o.o.	30-06-2020	subsidiary
5.	ENEA Trading Sp. z o.o.	PLN 10 000 thousand	security for the liabilities of ENEA Trading to EDF Trading Limited	30-10-2017	subsidiary
6.	ENEA Trading Sp. z o.o.	PLN 10 000 thousand	security for the liabilities of ENEA Trading to ČEZ a.s.	08-10-2018	subsidiary
7.	ENEA Trading Sp. z o.o.	PLN 24 000 thousand	security for the liabilities of ENEA Trading to PAK zespół Elektrowni Pątnów-Adamów-Konin S.A.	26-10-2018	subsidiary
8.	ENEA Trading Sp. z o.o.	PLN 8 000 thousand	security for the liabilities of ENEA Trading to Elektrownia Pątnów II Sp. z o.o.	26-10-2018	subsidiary
9.	ENEA Trading Sp. z o.o.	PLN 20 000 thousand	security for the liabilities of ENEA Trading to PGE Polska Grupa Energetyczna S.A.	27-10-2018	subsidiary
10.	ENEA Trading Sp. z o.o.	PLN 15 000 thousand	security for the liabilities of ENEA Trading to Polski Koncern Naftowy ORLEN SA in Płock	01-01-2018	subsidiary

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

Sureties as at 31 December 2014

No.	Name of the beneficiary of the guarantee or surety	Total liabilities subject to guarantee or surety	Total amount of liabilities, which was underwritten	Tenor	Relation between the Company and the entity which incurred the liability
1.	ENEA Serwis Sp. z o.o.	PLN 209 thousand (EUR 49 thousand)	in order to meet the statutory conditions for obtaining a license conducting gainful transport activity	31-08-2017	subsidiary
2.	ENEA Trading Sp. z o.o.	PLN 50 000 thousand	security for liabilities incurred by ENEA Trading in connection with membership in GIR	01-08-2017	subsidiary
3.	ENEA Trading Sp. z o.o.	PLN 12 000 thousand	security for liabilities incurred by ENEA Trading	31-01-2015	subsidiary
4.	ENEA Wytwarzanie Sp. z o.o.	PLN 50 000 thousand	secure payment of the sale price of shares purchased by ENEA Wytwarzanie S.A.	validity period of bids	subsidiary
5.	Miejska Energetyka Cieplna Piła Sp. z o.o.	PLN 11 806 thousand	security for liabilities incurred by MEC Piła Sp. z o.o.	30-06-2020	subsidiary
6.	ENEA Trading Sp. z o.o.	PLN 10 000 thousand	security for the liabilities of ENEA Trading to EDF Trading Limited	30-10-2017	subsidiary

On 11 May 2015 ENEA S.A. concluded a framework agreement with BZ WBK S.A. for bank guarantee for the amount of PLN 350 000 thousand, under which ENEA S.A. may request the issuance of bank guarantees for the liabilities of the ENEA Group companies.

The table below presents actual bank guarantees under the agreements concluded with BZ WBK S.A. and Pekao S.A. to the height limits specified therein:

Date of guarantee	Guarantee period	Company from ENEA Group	Guarantee for	Bank - issuer	Guarantee value in PLN thousand
21.12.2014	21.12.2016	ENEA Serwis Sp. z o.o.	Ardagh Glass S.A.	Pekao S.A.	101
01.01.2015	31.12.2015	ENEA S.A.	Górecka Projekt Sp. z o.o.	Pekao S.A.	1 600
01.01.2015	31.12.2015	ENEA Wytwarzanie Sp. z o.o.	PSE S.A.	Pekao S.A.	15 000
01.06.2015	31.01.2016	ENEA S.A.	Atrium Tower Sp. z o.o.	BZ WBK S.A.	139
12.06.2015	31.05.2018	ENEA Wytwarzanie Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	BZ WBK S.A.	2 000
29.06.2015	31.05.2018	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	BZ WBK S.A.	15 000
07.08.2015	31.07.2016	Enea Operator Sp. z o.o.	Municipality of Cekcyn	Pekao S.A.	300
08.10.2015	30.09.2016	Enea S.A.	Enea Operator Sp. z o.o.	BZ WBK S.A.	384
08.10.2015	30.09.2016	Enea S.A.	Enea Operator Sp. z o.o.	BZ WBK S.A.	405
20.10.2015	21.01.2016	Enea S.A.	The City of Warsaw	BZ WBK S.A.	500
30.10.2015	04.01.2016	Enea S.A.	Izba Skarbowa in Gdańsk	BZ WBK S.A.	400
03.11.2015	03.01.2016	Enea S.A.	Szpital Kliniczny im. H. Święckiego UM in Poznań	BZ WBK S.A.	140
06.11.2015	06.01.2016	Enea S.A.	Municipality of Śrem	BZ WBK S.A.	100
06.11.2015	06.01.2016	Enea S.A.	Municipality of Wilkowice	BZ WBK S.A.	50
13.11.2015	15.02.2016	Enea S.A.	The City of Łódź	BZ WBK S.A.	875
16.11.2015	14.01.2016	Enea S.A.	Municipality of Tarnowo Podgórne	BZ WBK S.A.	100
16.11.2015	14.01.2016	Enea S.A.	Politechnika Warszawska	BZ WBK S.A.	360
17.11.2015	10.08.2018	Enea S.A.	Skarb Państwa Państ. Gosp. Leśne Lasy Państwowe - Nadlesnictwo Krusz	BZ WBK S.A.	31
24.11.2015	31.01.2018	Enea S.A.	AQUA SA	BZ WBK S.A.	257
27.11.2015	31.01.2018	Enea S.A.	Szpital Kliniczny im. H. Święckiego UM in Poznań	BZ WBK S.A.	854
16.12.2015	16.02.2016	Enea S.A.	Uniwersytecki Szpital Kliniczny in Wrocław	BZ WBK S.A.	80
Total of guarantees issued					**38 676**

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

Guarantees as at 31 December 2014

No	Entity's name	Collateralized liability	Type of collateral	Collateral value	Collateral for	Collateral period
1.	ENEA S.A.	Bank guarantee for liabilities of ENEA Trading Sp. z o.o.	bank guarantee granted under a guarantee limit of PLN 350,000 thousand	PLN 15 000 thousand	Izba Rozliczeniowa Giełd Towarowych S.A.	30.11.2015
2.	ENEA S.A.	Securing payment under the contract of lease of office space	bank guarantee granted under a guarantee limit of PLN 350,000 thousand	PLN 1 600 thousand	Górecka Projekt Sp. z o.o.	31.12.2014
3.	ENEA S.A.	Securing payment under the contract of lease of office space	bank guarantee granted under a guarantee limit of PLN 250,000 thousand	PLN 186 thousand	Atrium Tower Sp. z o.o.	31.08.2015
4.	ENEA S.A.	Bank guarantee for liabilities of ENEA Wytwarzanie Sp. z o.o.	bank guarantee granted under a guarantee limit of PLN 100,000 thousand	PLN 25 000 thousand	Izba Rozliczeniowa Giełd Towarowych S.A.	31.12.2015
5.	ENEA S.A.	Bank guarantee for liabilities of EP PUE Energobud Leszno Sp. z o.o.	bank guarantee granted under a guarantee limit of PLN 100,000 thousand	PLN 100.75 thousand	Ardagh Glass S.A.	21.12.2016

36.2. 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 supply of electricity and claims for other receivables – illegal consumption of electricity, connections to the power grid and other specialist services rendered by the Company.
As at 31 December 2015, the total of 7 066 cases brought by the Company were pending before common courts for the total amount of PLN 51 978 thousand (8 024 cases for the total amount of PLN 22 111 thousand as at 31 December 2014).

None of these cases can significantly affect the Company's net 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 (Note 23, Note 36.3).

As at 31 December 2015 the total of 117 cases against the Company were pending before common courts for the total amount of PLN 18 229 thousand (102 cases for the total amount of PLN 12 738 thousand as at 31 December 2014).

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

36.3. Risk related to the legal status of property used by ENEA S.A.

The risk related to the legal status of the property used by the Company (currently used by ENEA Operator Sp. z o.o.) results from the fact that the Company does not have all legal titles to use the land where transmission networks and the related devices are located. In the future the Company may have to incur costs related to non-contractual use of property, for the past period until the separation off of ENEA Operator Sp. z o.o.

There is a risk of additional costs related to compensation claims for non-contractual use of land, rental fee or, rarely, claims related to the change of facility location (restoring land to its previous condition).

Court decisions related to these issues are important as they considerably affect the Company's strategy towards persons who raised pre-court claims related to devices located on their land.

The Company recognized a provision for all claims lodged by owners of property on which transmission networks and devices are located, based on best estimates of expenditures necessary to settle the claims adopted by the Management Board for the period until separation of the distribution system operator. Since the date of separation of the distribution system operator such claims have also been filed to ENEA Operator Sp. z o.o., which is currently the owner of the transmission networks and the related devices.

36.4. Motions for settlement of not balanced energy trading in 2012

On 30 and 31 December 2014 ENEA S.A. submitted motions for settlement to:

	Claimed amounts in PLN thousand
PGE Polska Grupa Energetyczna S.A.	7 410
PKP Energetyka S.A.	1 272
TAURON Polska Energia S.A.	17 086
TAURON Sprzedaż GZE Sp. z o.o.	1 826
FITEN S.A.	207
Total	**27 801**

The subject of motions was claim for the payment of electric energy consumed under the system of energy balancing. Claimed companies earned unjustified benefits by refusing ENEA S.A. to issue invoice corrections for 2012.
Till the reporting date five proceedings were conducted but claims of ENEA S.A. were not accepted.

In the absence of amicable settlement of the above case, ENEA S.A. filed the following lawsuits against entities mentioned above:

- FITEN S.A. - lawsuit of 24 November 2015, the amount of dispute: PLN 207 thousand,
- TAURON Polska Energia S.A. – lawsuit of 10 December 2015, the amount of dispute: PLN 17 086 thousand,
- TAURON Sprzedaż GZE Sp. z o. o. – lawsuit of 10 December 2015, the amount of dispute: PLN 1 826 thousand,
- PKP Energetyka S.A. – lawsuit of 28 December 2015, the amount of dispute: PLN 1 272 thousand,
- PGE Polska Grupa Energetyczna S.A. – lawsuit of 29 December 2015, the amount of dispute: PLN 7 410 thousand.

Claim of ENEA S.A. against FITEN S.A. is pending before the District Court in Katowice under file number XIII GC 561/15/IW. In the course of the dispute, defendant prepared a response to the lawsuit on 22 December 2015.
ENEA S.A., in response to the position of the other party, upheld in full the demands contained in the lawsuit of 24 November 2015. The date of the next hearing has been set on 17 March 2016.

Claim of ENEA S.A. against TAURON Polska Energia S.A. is pending before the District Court in Katowice under file number XIII GC 600/15 / AM. On 20 January 2016 the defendant requested an extension of the deadline for submission of the response to the lawsuit due to the complexity of the facts in the case and the extensive evidence attached to the lawsuit, which - according to the defendant - requires detailed analysis.

In other cases, as at the date of the preparation of these separate financial statements, no action has been taken.

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

37. Employment at ENEA S.A.

The average number of employees in the Company in 2015 and 2014 was as follows:

	31.12.2015	31.12.2014
White-collar positions	271	295
Total	**271**	**295**

The data in the table are presented in full time employee equivalent.

38. Tax group

On 18 September 2013 the Company concluded a tax group agreement for a period of three years from 2014, which involves 9 companies of ENEA Group: ENEA S.A., ENEA Operator Sp. z o.o., ENEA Wytwarzanie Sp. z o.o., ENEA Centrum Sp. z o.o., ENEA Oświetlenie Sp. z o.o., ENEA Trading Sp. z o.o., ENEA Serwis Sp. z o.o., ENEA Pomiary Sp. z o.o. and ENEA Logistyka Sp. z o.o. The entity that represents the tax group is ENEA S.A.

The Corporate Income Tax Act treats the tax capital group as a separate CIT income tax entity, which means that the companies comprising the tax group lose their status of separate entities for the purpose of corporate income tax and this subjectivity acquires tax group as a whole.

The subject of the income tax is determined by the total revenue of the group, calculated as the excess of the total income of all the companies in the group over the sum of their losses. Separateness of the tax group exists only on the basis of corporate income tax law. It should not be identified as separate legal entity. It does not apply well to obligations of other taxes. In particular, each company forming part of a tax group is a separate taxpayer of VAT tax, real estate tax and payer of personal income tax.

Companies comprising a tax group are obliged to comply with several requirements including, inter alia: an appropriate level of capital, the parent company's share in subsidiaries forming part of a tax capital group must be at least 95%, no capital relations between subsidiaries, no tax arrears, 3% share of separate income in the group consolidated revenue and conducting transactions with entities outside the tax group only based on arms-length conditions. Violation of these requirements results in dissolution of the tax group and loss of its separate status of a taxpayer. Beginning from the moment of separation each of companies forming previously the tax group becomes an independent taxpayer of corporate income tax.

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

On 15 April 2015 KGHM, PGE TAURON and ENEA concluded Share Purchase Agreement in PGE EJ 1. Each of KGHM, TAURON and ENEA acquired from PGE 10% of shares (total 30%) in PGE EJ 1. ENEA paid PLN 16 million for the acquired shares.

On 29 July 2015 the Extraordinary Shareholders' Meeting of PGE EJ 1 adopted a resolution to increase the share capital of the Company approximately by PLN 70 million through issue of 496 450 new shares in the nominal value of PLN 141 each and cover them with cash. According to the decision of the Extraordinary Shareholders Meeting ENEA acquired 49 645 shares in the total nominal value of approximately PLN 7 million, and covered them with cash of approximately PLN 7 million.

In accordance with the Shareholder Agreement, the financial commitment of ENEA S.A. during the Initial Phase will not exceed the amount of approximately PLN 107 million in a front of contributions to the share capital of PGE EJ 1 Sp. z o.o.

ENEA S.A. as a partner is obliged to vote to increase the share capital of PGE EJ 1, aiming to provide PGE EJ1 with funds required to realize investment. Furthermore, ENEA S.A. is obliged to aquire shares in the increased share capital, in the amount resulting from the percentage of shares held (10%) and cover the shares in cash in accordance with relevant resolutions.

During 2015 no financial actions were taken to provide the Company with funds other than the share capital increase.

Under the Shareholders Agreement, ENEA S.A. is involved in financing activities of PGE EJ 1, in accordance with the approved schedule of financing. As at the date of the preparation of these information, there are no agreement planned, which may impose the obligation to provide other support or to provide assistance in obtaining financial support on ENEA S.A.

PGE EJ 1 planned agreements are connected with the realization of the purpose, for which the Company has been established, which is the preparation of the investment process, construction, operation of nuclear power plant with a capacity of approximately 3 000 MW in Poland and its liquidation at the end of the commercial operation.Due to the nature of the core business of the Company and the initial phase of the project, the operating expenses and capital expenditures cannot be balanced by income that will be achieved after the investment.
Financing the company's business is carried out only through the share capital increases. All Shareholders, including ENEA, are obliged to provide such forms of financial support.

Reduction of ENEA's exposure to risk in connection with participation in PGE EJ 1 Sp. z o.o. is also realized by regulations of PGE EJ 1 Agreement. In accordance with the aforementioned Agreement, the Management Board of PGE EJ 1 is obliged to obtain the approval of the Supervisory Board, inter alia, before the management of rights or incurring liabilities of the individual value exceeding PLN 1 000 thousand but not exceeding PLN 40 000 thousand with additional reservations contained in the Agreement. Additionally, competences of the Shareholders' Meeting include, inter alia, approval for the management of rights or incurring liabilities of the value exceeding PLN 40 000 thousand, with additional reservations contained in the Agreement.
Parties, providing financial support (capital increases) to PGE EJ 1 business activity, are at present all Shareholders of the Company – PGE S.A., KGHM S.A., TAURON S.A. and ENEA S.A., with respectively 70%, 10%, 10%, 10% of the shares in the Company's share capital.

As at 31 December 2015 and the date of preparation of these separate financial statement, ENEA S.A. holds 195 645 shares in the share capital of PGE EJ 1 Sp. z o.o. with a total nominal value of approximately PLN 27 586 thousand, representing 10% of the total number of shares/votes. In accordance with Article 5.3.7 of the Shareholders Agreement, the resolutions to increase the share capital on the Development Phase will allow share capital increase, provided all shareholders acquire and pay for shares in the increased share capital, proportionally to their shares, unless the parties agree otherwise. Therefore, ENEA's share in the share capital of the company will not be changed without the consent of ENEA S.A.

40. Subsequent events

On 7 January 2016 ENEA S.A. drew in the second tranche of the loan from the European Investment Bank in the amount of PLN 100 000 thousand. The interest rate of the tranche is floating and based on WIBOR for 6-month deposit plus bank margin.

On 8 January 2016 ENEA S.A. took up the second tranche of bonds issued by ENEA Operator Sp. z o.o. in the amount of PLN 100 000 thousand (funds from EBI). The interest rate of the tranche is floating, based on WIBOR for 6-month deposits plus margin.

On 21 January 2016 on the basis of the loan agreement dated 22 December 2015 between ENEA S.A. and ENEA Centrum Sp. z o.o., the first tranche of the loan was transferred to ENEA Centrum Sp. z o.o. in the amount of PLN 30 000 thousand. The interest rate amounts to 0%, the loan will be repaid quarterly in 30 equal quarterly installments, starting from March 2018.

On 27 January 2016 the Extraordinary Shareholders' Meeting of ENEA Wytwarzanie Sp. z o.o. adopted a resolution No. 1 referring to the repayable capital contribution in the total amount of PLN 749 672 thousand (note 8).

41. Description of key accounting principles

The key accounting principles applied in the preparation of these financial statements have been presented below. The principles have been applied consistently in all presented financial periods.

41.1 Basis for preparation

These separate financial statements for the period from 1 January 2015 to 31 December 2015 have been prepared in compliance with the requirements of the International Financial Reporting Standards as endorsed by the European Union ("IFRS-EU").
In line with the guidelines laid down in article 69 of the Polish Accounting Act the Company prepares the separate financial statements with requirement to provide to appropriate Court Register.

These financial statements have been prepared on the historical cost basis, except for financial assets measured at fair value through profit or loss, financial assets available for sale payments.

The Company prepares the consolidated financial statements of the ENEA Group in accordance with the IFRS EU. In the consolidated financial statements the entities in which the Company holds shares, directly or indirectly, giving the right to at least 50% of votes or over which it exercises effective control in any other way, have been subject to consolidation using the full consolidation method. The consolidated financial statements of the ENEA Group were approved by the Management Board of ENEA S.A. on the same date as the separate financial statements.

The separate financial statements of ENEA S.A. ought to be read together with the consolidated financial statements of the ENEA Group for the period from 1 January to 31 December 2015 in order to obtain complete information on the financial position as well as the financial result of the Group as a whole.

41.2 Business combinations / acquisitions

Business combinations/acquisitions of entities under common control do not fall within the scope of IFRS regulations. Considering the lack of detailed IFRS regulations, in line with the guidelines laid down in IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", the entity ought to develop accounting principles applicable to such transactions.

The Company adopted an accounting policy according to which such transactions are recognized at carrying amounts. The acquirer recognizes the assets, equity and liabilities of the acquire (starting from purchase date) at their current carrying amounts adjusted only for the purpose of applying the same accounting principles for the combined entities. Goodwill and a gain on a bargain purchase are not recognized. Any differences between the carrying amount of the net assets acquired and the fair value of the payment in the form of equity instruments and/or assets given by the entity are recognized in the equity of the Company.

Comparative data for the previous periods presented is not restated when the method based on carrying amounts is used.
Business combinations / acquisitions of business units outside the common control are accounted for using the acquisition method in accordance with IFRS 3.

41.3 Measurement of investments in subsidiaries, associates and jointly controlled entities

Subsidiaries include all entities whose financial and operational policy may be managed by ENEA S.A., which usually results from the majority of votes in the Company's decision-making bodies. When assessing whether ENEA S.A. controls an entity, the existence and impact of potential voting rights that may be exercised or exchanged at a given moment are taken into consideration. Subsidiaries are subject to consolidation using the full method as from the date of the Company's assumption of control over such entities. They are not consolidated starting from the date when the Group loses control over them.

Associates include all entities over which ENEA S.A. has a substantial influence without exercising control, which usually results from holding 20-50% of the total number of votes in an entity's decision-making bodies.

Jointly controlled entities include all entities over which ENEA S.A. exercises control together with other companies.

Due to the fact that there is no active market for the entities whose shares are held by the Company, investments in subsidiaries and associates entities are measured at acquisition price less impairment losses. Impairment losses on investments are charged to financial expenses not deductible for tax purposes. If the circumstances based on which an impairment loss was recognized are no longer present, the equivalent of the total amount or an appropriate portion of the impairment loss recognized previously increases the value of investments and is recognized as financial revenue (not subject to tax).

41.4 Foreign currency transactions and measurement of foreign currency balance

(a) Functional and presentation currency
Balance presented in the financial statements are measured in the currency of the primary economic environment in which the entity carries out its business activity (functional currency). The financial statements are presented in the Polish zloty (PLN), which is the functional and presentation currency. Captions of the financial statements are presented rounded to thousands.

(b) Transactions and balances
Foreign currency transactions are translated upon their initial recognition to the functional currency at the exchange rate ruling as at the transaction date.

As at the end of the reporting period, denominated in foreign currency monetary items are translated at the closing rate (the average exchange rate published by the National Bank of Poland as at the measurement date).

Exchange gains and losses arising from settlement of foreign currency transactions and balance sheet measurement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss of the period, while gains or losses on exchange differences on fixed assets under construction are capitalized as part of fixed assets under construction.

41.5 Property, plant and equipment

Property, plant and equipment is measured at acquisition price or manufacturing cost less accumulated depreciation and accumulated impairment losses.
The Company chose the optional exemption of IFRS 1 and adopted the fair value of certain items of property, plant and equipment as deemed cost at the date of transition to EU IFRS.

Further expenditures are recognized in the carrying amount of a given tangible fixed asset or recognized as a separate tangible fixed asset (where appropriate) only if it is probable that ENEA S.A will generate economic benefits in connection with such an asset, whereas the cost of an item may be reliably measured.
Any other expenditure incurred for repair and maintenance is recognized in profit or loss in the period when they are incurred.

If a tangible fixed asset is replaced (partially liquidated), the cost of the replaced component of the asset is recognized in its carrying amount, whereas the carrying amount of the replaced component is derecognized from the statement of financial position irrespective of whether it has been depreciated separately, and recognized in profit or loss.

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

Land is not subject to depreciation. Other tangible fixed assets are depreciated using the straight-line method over the expected useful life of the asset. Depreciation is calculated based on the gross value reduced by the residual value.

The useful lives of fixed assets are as follows:

• buildings and structures	20 – 70 years
• technical equipment and machines	2 – 40 years
• vehicles	3 – 20 years
• other fixed assets	5 – 15 years

The residual value and useful lives of tangible fixed assets are reviewed at least on an annual basis. Any change in the depreciation period needs to be justified and the depreciation is adjusted prospectively.
The assessment of circumstances indicating the possible impairment in accordance with IAS 36 is carried out at each balance sheet date of a financial year. Impairment test in accordance with IAS 36 is carried out if there is any evidence indicating the possible impairment.

Depreciation begins when a given asset has been commissioned for use. Depreciation is no longer recognized when an asset is to be sold in accordance with IFRS 5 or derecognized in financial statement, depending on what occurs earlier.

41.6 Perpetual usufruct right of land

Land owned by the State Treasury, local governments or their associations may be used based on the right of perpetual usufruct (PU). The perpetual usufruct of land is a special property right based on which property may be used with the exclusion or other parties and the object (right) may be disposed of.
Depending on the method of acquisition, the Company classifies the right of perpetual usufruct as follows:

1. PU acquired by virtue of the law free of charge pursuant to a decision of the Voivode or local government authorities is recognized as an operating lease;
2. PU acquired for consideration from third parties is recognized as an asset under right of perpetual usufruct at acquisition price reduced by depreciation charges;
3. PU acquired under a land perpetual usufruct agreement entered into with the State Treasury or local governments is recognized as a surplus of the first payment over the annual fee, disclosed as an asset under right of perpetual usufruct and depreciated.

The right of perpetual usufruct is amortized in the period for which it was granted (40-99 years).

41.7 Intangible assets

Intangible assets include: computer software, licenses as well as other intangible assets.

Intangible assets are measured at acquisition price or manufacturing cost less accumulated amortization and accumulated impairment losses.
Amortization is calculated based on the straight-line method, taking into account the estimated useful life amounting

to:

- for server licenses and software 2 - 10 years
- for workstation licenses and software as well as anti-virus software 2 - 10 years
- for other intangible assets 2 - 10 years

The residual value and useful lives of intangible assets are reviewed at least on an annual basis. Any change in the depreciation period needs to be justified and the depreciation is adjusted prospectively.

The assessment of circumstances indicating the possible impairment is carried out at each balance sheet date of a financial year. Impairment test in accordance with IAS 36 is carried out if there is any evidence indicating the possible impairment.

41.8 Research and development expenses

Research and development expenses are recognized in the profit or loss in the period in which they are incurred.

Like other intangible assets, R&D expenses meeting the capitalization criteria presented below are measured at acquisition or manufacturing cost less accumulated amortization and accumulated impairment losses.

Amortization is calculated based on the straight-line method, taking into account the estimated useful life, which is from 2 to 7 years.

Capitalization criteria:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset;
- the way the intangible asset will generate probable future economic benefits. Among other things, the enterprise should demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

41.9 Investment property

Investment property is maintained in order to generate rental income, for capital appreciation or for both. For measurement investment property after the initial recognition, ENEA S.A. selected the acquisition cost model. Investments property are depreciated according to the straight-line method. Depreciation begins in the month following the month it is brought into use.

The estimated useful life period is as follows:

- buildings 25 – 35 years

Revenue from lease of investment property is recognized in the profit or loss according to the straight-line method over the term of the lease.

41.10 Leases

Lease agreements that transfer substantially all the risks and rewards incidental to ownership to ENEA S.A. are classified as finance leases. Leases other than finance leases are regarded as operating leases.

The object of a finance lease is recognized in the assets as at the lease commencement date at the lower of: the fair value of the leased asset or the present value of the minimum lease payments. Each finance lease payment is divided into an amount reducing the balance of the liability and financial expenses so as to produce constant rate of interest on the remaining balance of the liability. The interest portion of a lease payment is recognized under financial expenses in profit or loss over the lease term. Depreciable assets acquired under finance lease agreements are depreciated over their useful life.

Lease payments under an operating lease (less any special promotional offers from the lessor) are recognized as an expense on a straight-line basis over the lease term.

41.11 Impairment of assets

The Company's assets are tested for impairment whenever there are indicators that an impairment loss might have occurred.

Non-financial assets

An impairment loss is recognized up to the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of: the fair value less the costs of bringing an asset into condition for its sale or value in use (i.e. the present estimated value of the future cash flows expected to be derived from an asset or cash-generating unit). For the purpose of impairment testing, assets are grouped at the lowest possible level with respect to which separate cash flows may be identified (cash-generating units).

All impairment losses are recognized in profit or loss. Impairment losses may be reversed in subsequent periods if events occur justifying the lack or change in the impairment of assets.

Financial assets

Financial assets are analyzed for impairment at the end of each reporting period so as to determine whether there are any indications of their impairment. It is assumed that financial assets have been impaired if there are objective indications that one or more events having a negative impact on the estimated future cash flows relating to the assets have occurred.

Individually significant financial instruments are tested for impairment on a case-by-case basis. Other financial assets are tested for impairment by groups with a similar credit risk level.

The principles for recognition of impairment losses on financial assets have been presented in detail in Note 41.12.

41.12 Financial assets

Financial instruments are classified by ENEA S.A. to the following categories:

- financial assets measured at fair value through profit or loss,
- loans and receivables,
- investments held to maturity,
- financial assets available for sale.

The classification is based on the purpose of acquiring an investment. The assets are classified upon initial recognition and then reviewed at the end of each reporting period, if required or accepted by IAS 39.

(a) Financial assets measured at fair value through profit or loss

The category includes two sub-categories:

- financial assets held for trading. A financial asset is classified in this category if it has been acquired principally for the purpose of being sold in the short term, is part of a portfolio of financial instruments managed together and for which there is a probability of profit in the short term, or is a derivative not constituting a hedging instrument.
- financial assets designated as measured at fair value through profit or loss upon initial recognition.

These assets are recognized as current assets, if the Company intends to sell or realize them within 12 months from the end of the reporting period.

Financial assets measured at fair value through profit or loss are measured at fair value taking into account their market value at the balance sheet date, excluding transaction costs. Changes in the value of these financial instruments are recognized in profit or loss as financial income or expense. If a contract contains one or more embedded derivatives, the whole contract may be classified as financial assets measured at fair value through profit or loss. This does not apply to cases where the embedded derivative does not significantly modify the cash flows of the contract or separation of embedded derivatives is clearly prohibited.

(b) Loans and receivables

Loans and receivables that do not constitute derivative instruments are financial assets with determined or determinable payments, which are not quoted on an active market. They arise when the Company spends money, supplies goods or services directly to a debtor with no intention of classifying these receivables as held for trading.

Loans and receivables are classified as current assets if their maturity as at the end of the reporting period does not exceed 12 months. Loans and receivables whose maturity as at the end of the reporting period exceeds 12 months are classified as non-current assets. Loans and receivables are recognized in the statement of financial position under trade and other receivables. Loans and receivables as well as financial assets held to maturity are measured at amortized cost using the effective interest rate.

(c) Investments held to maturity

Investments held to maturity that do not constitute derivative instruments are financial assets with determined or determinable payments and fixed maturity that ENEA S.A. intends to and is able to hold to maturity other than:

- designated by the Company upon initial recognition as measured at fair value through profit or loss,
- designated as available for sale and
- meet the definition of loans and receivables.

Investments held to maturity are measured at amortized cost using the effective interest rate.

If there is evidence of possible impairment of loans and receivables or investments held to maturity which are measured at amortized cost, the impairment loss is determined as the difference between the carrying amount of assets and the present value of estimated future cash flows discounted at the original effective interest rate for these assets (i.e. the effective interest rate computed at initial recognition for assets based on a fixed interest rate and the effective interest rate determined at the time of the last revaluation of assets based on a variable interest rate). An impairment loss is recognized in profit or loss. Impairment loss is reversed if in subsequent periods the impairment loss decreases and the decrease can be attributed to events occurring after recognition. As a result of reversal of the impairment, the carrying amount of financial assets may not exceed the amortized cost which would be determined if no impairment loss was recognized. Reversal of impairment loss is recognized in profit or loss.

(d) Financial assets available for sale

Financial assets available for sale are non-derivative financial instruments designated as available for sale or not included in any other category. This category includes mainly shares in unrelated parties.

Financial assets available for sale are recognized as non-current assets if the Company does not intend to dispose of the investment within 12 months from the end of the reporting period.

Acquisition and sale of financial assets is recognized as at the date of the transaction, i.e. the day when the Company undertakes to purchase or sell a given asset. Financial assets are initially recognized at fair value increased by transaction costs, except while investments are classified at fair value through profit or loss, and initially measured at fair value without transaction costs.

Financial assets are derecognized from the accounting records if the rights to the related cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards incidental to their ownership.

AFS financial assets and those measured at fair value through profit or loss are initially recognized at fair value. AFS financial assets are measured at acquisition price less impairment losses if it is not possible to determine their fair value and they do not have a fixed maturity.

Financial assets held to maturity are measured at amortized cost using the effective interest rate.

The effects of measurement of financial assets at fair value through profit or loss are recognized in profit or loss in the period when they occurred. The effects of the valuation of financial assets available for sale are recognized in the components of other comprehensive income except for impairment losses and gains or losses from foreign exchange differences that arise on monetary assets.

Upon derecognition of an asset classified as available for sale from the accounting records, the total accumulated profits or loss (previously recognized in in the components of other comprehensive income) are recognized in profit or loss.

The fair value of investments quoted in an active market is determined with reference to their current purchase price. If there is no active market for financial assets (or the securities are not quoted), the Company determines their fair value using adequate measurement techniques which include: recent transactions conducted under arm's length conditions, comparison to other instruments which are identical in substance, an analysis of discounted cash flows, option valuation models and other techniques and models widely applied in the market, adjusted to the specific situation of the issuer.

If there are indicators of impairment of unquoted equity instruments, which are valued at acquisition cost (due to the inability to reliably determine the fair value), the impairment loss is determined as a difference between the carrying amount of the assets and the present value of estimated future cash flows discounted at the current market return rate of similar financial assets. Such impairment losses are not reversed.

At the end of each reporting period, ENEA S.A. verifies whether there is any objective evidence indicating impairment of a financial asset or a group of financial assets.

If such evidence exists in the case of financial assets available for sale, the total accumulated losses recognized in equity, determined as the difference between the acquisition price and their current fair value less possible impairment losses recognized previously in profit or loss, are excluded from equity and recognized in profit or loss. Impairment losses recognized in profit or loss and relating to equity instruments are not reversed in correspondence with profit or loss. The reversal of impairment losses on debt securities is recognized in profit or loss if the fair value increased as a result of subsequent events after the recognition of impairment in the periods following the recognition of the impairment loss.

(e) Hedge accounting and derivative financial instruments

Derivative instruments used by the Company to hedge against the risks associated with changes in interest rates and exchange rates are measured at fair value. Derivative instruments are presented as assets when their value is positive and as liabilities - when their value is negative.

The fair value of foreign exchange contracts is calculated by reference to current forward rates for contracts with the same maturity date or based on valuations obtained from financial institutions. The fair value of contracts for interest rate change can be determined based on the valuation received from independent financial institutions.

In relation to the part of the secured exposure the Company applies hedge accounting.

The Company defines certain hedges against the risk of exchange rate differences, including derivatives, embedded derivatives and other instruments as fair value hedges or cash flow hedges. Foreign currency risk hedge in relation to probable future liabilities are accounted for as cash flow hedges.

At the start of the hedging, the Company documents the relationship between the hedging instrument and the hedged item and the risk management objectives and also the strategy for the implementation of various hedge transactions.

Derivative instruments are recognized in accordance with the rules of fair value hedges accounting or cash flow hedges if they satisfy the following conditions:

- at the moment of establishing hedge there was formal designation and documentation of the hedging relationship, as well as the risk management objective of the Company and the hedging strategy,
- it is expected that the hedge will be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, according to the originally documented risk management strategy for that

particular hedging relationship,

- in the case of cash flow hedges, a planned transaction that is the subject of the hedge has to be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss,
- the effectiveness of the hedge can be reliably measured,
- the hedge is assessed on an ongoing basis and is determined to be highly effective throughout the reporting periods for which the hedge was established.

In the case of fair value hedges accounting, the Company:

- recognizes gains or losses resulting from the revaluation of fair value of the hedging instrument in profit or loss and
- adjusts the carrying amount of the hedged item for gains or losses on the hedged item attributable to the hedged risk and recognize them in profit or loss of the current period (also in relation to financial assets available for sale, whose changes in valuation are recognized in the revaluation reserve).

The Company discontinues using fair value hedge accounting if:

- the hedging instrument expires, is sold, terminated or performed,
- the hedge no longer meets the criteria for hedge accounting or
- the Company invalidate the hedge relationship.

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable planned transaction and that could affect profit or loss. The planned transaction is an uncommitted but anticipated future transaction.

In the case of cash flow hedges accounting, the Company:

- the effective part of changes in fair value of derivative instruments designated as cash flow hedges is recognized in the revaluation reserve,
- the gain or loss related to the ineffective part is recognized in profit or loss for the current period.

If the hedged planned transaction results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in the revaluation reserve, are transferred to profit or loss in the same period or periods during which the acquired asset or assumed liability has an impact on profit or loss. However, if the Company expects that all or part of losses recognized in the revaluation reserve will not be recovered in one or more future periods, the Company recognized in profit or loss the amount that is expected that will not be recovered.

If the hedge of a planned transaction results in the recognition of non-financial asset or non-financial liability or a planned transaction for a non-financial asset or non-financial liability becomes a probable future liability, for which fair value hedge is applicable, the Company removes the associated gains or losses that were recognized in the revaluation reserve and includes them in the initial acquisition cost or in other carrying amount of the asset or liability.

The Company ends to apply cash flow hedge accounting if the hedging instrument expires or is sold, terminated or performed, or the hedge no longer meets the criteria for hedge accounting. In this case, the accumulated gains or losses on the hedging instrument recognized in the revaluation reserve remain there until the hedged transaction is realized. If the hedged transaction will not be realized, the accumulated net result recognized in the revaluation reserve is transferred immediately to the profit or loss.

Furthermore, the Company documents the effectiveness that adopted hedging instrument offsets changes in fair value or cash flows of the hedged item, at the time of relationship creation and on an ongoing basis in subsequent periods.

41.13 Inventories (including certificates of origin)

Inventories are measured at acquisition cost, which consists of purchase price plus the costs incurred in their purchase, i.e. in particular the costs of transport to storage location or production cost not higher than net selling price.
The cost of inventories is based on the weighted average cost method.

Certificates of origin acquired for redemption, for resale and manufactured are presented as inventory.
Certificates of origin of energy are confirmation of the production of energy from renewable sources of energy (energy from e.g. wind, water, sun, biomass - so-called green certificates) or the energy generated in cogeneration (from three types of sources, i.e. the sources of gas or sources of power less than 1 MW - so-called yellow certificates, sources of power more than 1 MW other than burning gaseous fuels, methane and gas from biomass - so-called red certificates and sources of gas-fired obtained from biomass or methane released by demethylation in mines - so-called purple certificates). The President of URE grants them at the request of an energy company engaged in the production

of energy from renewable energy sources and cogeneration.
Certificates of energy efficiency, i.e. white certificates are a confirmation of the declared energy savings resulting from the undertaken projects to improve energy efficiency in three areas, i.e. increasing energy savings by end users, increasing energy savings by the device's own needs and reducing the loss of electricity, heat or natural gas transmission and distribution. For these categories of projects tenders for so-called white certificates are carried out by the President of URE. The President of URE grants them at the request of the party, which won the tender.
Rights resulting from certificates of origin and certificates of energy efficiency arise as the moment of registration of certificates of origin of energy and certificates of energy efficiency conducted by Towarowa Giełda Energii S.A. (TGE S.A.). These rights are transferable and are a commodity exchange. The transfer of rights takes place upon an appropriate entry in the register of certificates of origin or in the register of certificates of energy efficiency. Rights expire at the time of redemption.
Acquired ccertificates of origin are valued at purchase price less any accumulated impairment losses.

In accordance with the Energy Law and Energy Efficiency Act, energy company engaged in energy trading and selling energy to end users is obliged:

a) obtain and present for redemption to the President of URE certificates of origin of energy and certificates of energy efficiency or
b) pay a substitution fee.

The Company is required to obtain and present for redemption:

a) certificates of origin of energy corresponding to the size specified in the regulations to the Energy Law, as a percentage of total energy sales to end users,
b) certificates of energy efficiency in tonnes of oil equivalent [toe], no more than 3% of quotient of revenue from the sale of electricity to end users, achieved for the year in which this obligation is implemented and substitution fee. The amount of revenue from the sale of electricity to end users reached for the accounting year shall be reduced by the amounts and costs accordingly to Article 12 paragraph. 4 of the Energy Efficiency Act. The size of the obligation in each accounting year of account is defined in the regulation to the Energy Efficiency Act.

The deadline for complying with the requirement of certificate redemption or substitute fee payment expires on dates specified in the applicable law.

The Company presents certificates of origin for redemption on a monthly basis in order to fulfill its obligation regarding the financial year. Redemption of certificates of origin is recognized in the accounting records based on a redemption decision issued by the President of Energy Regulatory Office, the redeemed certificates being subject to detailed identification.
At the balance sheet date in the absence of a sufficient number of certificates required to fulfill the obligations imposed by the Energy Law and Energy Efficiency Act, the Company creates a provision for redemption of certificates of origin of energy and certificates of energy efficiency or pay a substitution fee.

41.14 Cash and cash equivalents

Cash and cash equivalents include cash at bank, call bank deposits and other short-term investments maturing within three months and with high liquidity. As at the end of the reporting period, cash is measured at nominal value.

41.15 Share capital

The share capital of the Company is recognized in the amount specified in the Company's by-laws and registered in the court register, adjusted by the effects of hyperinflation as well as settlement of the effects of business combinations and acquisitions. An increase in the share capital covered by the shareholders as at the end of the reporting period and not yet registered in the National Court Register is also disclosed as share capital.

41.16 Loans, borrowings and debt securities

Upon initial recognition financial liabilities are measured at fair value less transaction costs incurred by the Company.
Following their initial recognition, financial liabilities as loans, borrowings and debt securities are measured at amortized cost using the effective interest method.
Amortized cost includes the costs associated with obtaining the loan and discount or premium on liabilities.

41.17 Income tax (including deferred income tax)

Income tax presented in the statement of profit or loss and other comprehensive income includes the current and deferred portion.
The current tax liability is calculated based on the taxable profit (tax base) for a given reporting period. The taxable profit/(loss) differs from net accounting profit/(loss) due to the exclusion of taxable income and expenses classified as tax-deductible in the following years as well as expenses and revenue which will never be subject to taxation. Tax liabilities are calculated based on tax rates applicable in a given reporting period.

The deferred tax is a tax of from events that occurred in a given period, recognized on the accrual basis in the accounting records of the period but realized in future. It arises when the tax effect of income and expenses is the same as the balance sheet, but it occurs in different periods.

During the term of Tax Group agreement, ENEA S.A. as representing entity calculates and settles Tax Group income tax. The subject of the income tax in tax groups is income (achieved in the fiscal year) representing surplus of the sum of income of all the companies forming the group over the sum of their losses.

41.18 Employee benefits

The following types of employee benefits are provided by ENEA S.A.:

A. Short-term employee benefits

Short-term employee benefits at ENEA S.A. include: monthly wages, annual bonuses, electricity allowance, short-term paid leave with social security contributions, award at Dzień Energetyka and liability due to voluntary redundancy program.

The liability due to short-term (accumulated) paid leave (compensation for paid leave) is recognized even if employees are not entitled to receive payment in lieu of holiday. The Company determines the expected cost of accumulating paid leave as the additional amount that the entity expects to pay as a result of the unused entitlement established at the balance sheet date.

B. Defined benefit plans

Defined benefit plans of ENEA S.A. include:

1) Retirement benefits

Employees retiring (eligible for disability benefits) are entitled to receive retirement benefits in the form of cash compensation. The value of such benefits depends on the length of service and the remuneration received by the employee. The related liabilities are estimated using actuarial methods.

2) Right to energy allowance after retirement

Retiring employees who have worked for ENEA S.A. for at least one year are entitled to a reduced price of consumed energy. Pensioners and disability pensioners acquire the right to an electricity allowance in the amount of 3000 kWh x 80% of the electricity price and the variable component of the transmission charge and 100% the fixed network charge and subscription charge at the single-zone rate household tariff. The equivalent is paid twice a year, each time in the amount of the half of the annual equivalent. Equivalent value is indexed on the increase of energy price of generally applicable tariff for households in the year preceeding the payment.

In case of an employee's death, the right is transferred to his/her spouse if that person receives a family allowance.

3) Appropriation to the Company's Social Benefits Fund for pensioners

Appropriation to the Company's Social Benefits Fund for pensioners covered by the social care is made in the amount resulting from the applicable regulations.
Employee benefits are recognized in the statement of financial position in liabilities due to employee benefits and the change in provisions is presented in the statement of profit and loss and other comprehensive income.

Liabilities relating to the benefits referred to in points 1-3 are estimated by an actuary using the projected unit credit method. The total value of actuarial gains and losses is recognized in other comprehensive income.

C. Other long-term employee benefits

Jubilee bonuses

Other long-term employee benefits at ENEA S.A. include jubilee benefits. Their value is dependent on the length of service and the remuneration received by the employee. The related liabilities are estimated using actuarial methods. The total value of actuarial gains and losses is recognized in profit or loss of the current period.

D. Defined contribution plan

1) Social security contributions

The social security system in Poland is a state program, in accordance with which ENEA S.A. is obliged to make social security contributions for employees when they become due. No legal or constructive obligation has been imposed on the Company to pay future benefits relating to social security. The costs of contributions pertaining to the current period are recognized by ENEA S.A. in profit or loss as the costs of employee benefits.

2) Employee Pension Scheme

Pursuant to Appendix to the Collective Labor Agreement, ENEA S.A. operates an Employee Pension Scheme in the form of unit-linked group employee insurance in line with the statutory principles and under conditions negotiated with the labor unions.
The Employee Pension Scheme is available to all employees of ENEA S.A. after one year of service, irrespective of the type of their employment contract.
Employees join the Employee Pension Scheme under the following terms and conditions:

- the insurance is group life insurance with insurance protection;
- the amount of the basic premium is set at 7% of the participant's salary;
- 90% of the basic premium is allocated to investment premium and 10% to insurance protection.

The Company recognizes the cost of current premiums for Employee Pension Scheme in profit or loss as costs of employee benefits.

41.19 Provisions

Provisions are created if ENEA S.A. has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation, discounted at the end of the reporting period.

Use of previously created provisions for certain or highly probable future liabilities is recorded as the reduction of the provision when the liabilities occur.

Unused provisions in the event of a reduction or cessation of risk justifying their creation, increase the financial revenues or other operating income.

The Company also creates provisions for claims which have not been submitted to court yet reported by the owners of the property, where there are distribution networks and devices, and other potential claims related to construction of the network assets of the Company on property to which the Company has no legal title. Estimating the value of claims includes potential compensation for so-called non-contractual use of land and is made by the technical service.

Provision for redemption of certificates of origin and energy performance certificates

When at the end of the reporting period there is the missing amount of required number of certificates according to the Energy Law and Energy Effectiveness Law the Company recognizes a provision for redemption of certificates of origin and energy performance certificates or substitute fee.

The basis for determining the provision for redemption of certificates of origin for each of the values is the number of certificates of origin accounting for the difference between the number of certificates redeemed as at the end of the reporting period and the number required for redemption by the Energy Law.

The basis for determining the provision for the redemption of certificates of energy efficiency is the number of certificates in tonnes of oil equivalent representing the difference between the number of certificates required for redemption in accordance with the requirements of the Energy Efficiency Act, and the number of certificates redeemed at the balance sheet date.

Provisions are measured:

1. firstly, at acquisition price of unredeemed certificates of origin held as the end of the reporting period,
2. secondly, on the basis of the purchase price resulting from the concluded sales contracts by the Company, in respect of that part of the certificates, which the Company plans to receive in the first instance,
3. thirdly, on the basis of weighted average price in session transactions closed at the Property Rights Market operated by the Polish Power Exchange during the month preceding the reporting date at which the measurement of the provision is determined,
4. and if there are no such transactions or there is a shortage of specific certificates on the market, preventing

the Company from acquiring a required number of certificates to be redeemed according to the Energy Law, the missing amount of certificates is measured at the unit substitute fee for the given financial year.

41.20 Revenue recognition

Sales revenue is measured at the fair value of the consideration received or receivable less the value added tax, discounts and rebates.

Revenue from the sales of energy and distribution services is recognized upon energy delivery to the customer. In order to determine the value of revenue for a period from the last billing date to the end of the reporting period, an estimate is made and recognized in the statement of financial position under trade and other receivables.

Revenue from the sale of certificates of origin acquired for resale is recognized according to the principles described in 41.13.

Revenue from the sales of goods and materials is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and materials it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from the lease of investment property is recognized in profit by straight-line method over the term of the contract.

Interest income is recognized on an accrual basis using the effective interest rate if its receipt is not doubtful.

Dividend income is recognized when the Company acquires the right to receive the related payments.

41.21 Dividend payment

Payments of dividends to shareholders are recognized as a liability in the financial statements of ENEA S.A. for the period when they were approved by the shareholders.

41.22 Non-current assets held for sale

Non-current assets held for sale include items satisfying the following criteria:

- their carrying amount will be recovered principally through sale transactions rather than through continuing use;
- the Management Board of the Company submitted a sales declaration and started to search actively for a potential buyer;
- the assets are available for immediate sale in their current condition;
- the sale transaction is highly probable and may be settled within 12 months of the date of the decision;
- the sales price is reasonable compared to the current fair value;
- the probability that changes to the asset disposal plan will be made is low.

If the aforementioned criteria have been satisfied after the end of the reporting period, the asset is not reclassified at the end of the financial year preceding the event. The classification change is reflected in the reporting period when the aforementioned criteria have been satisfied. Amortization/depreciation charges are no longer applied starting from the date when the asset is reclassified to assets held for sale.

Assets held for sale are measured at the lower of: the net carrying amount or the fair value less costs to sell.

41.23 Statement regarding application of new International Financial Reporting Standards and Interpretations

41.23.1 Standards, Interpretations and amendments to published Standards as adopted by the EU that are not yet effective for annual periods ending on 31 December 2015

The following new Standards, amendments to the existing Standards and Interpretations adopted by the EU are not yet mandatorily effective for annual periods ending on 31 December 2015 and were not used in the separate financial statements:

- Amendments to IAS 19 *Employee Benefits* entitled *Defined benefit plans: Employee contributions* – for annual periods beginning 1 February 2015,
- Amendments to *IFRS 2010-2012* - for periods beginning 1 February 2015,
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to I*FRS 11 Joint Arrangements*)- for periods beginning 1 January 2016,
- Agriculture: Bearer Plants (Amendments to *IAS 16 Property, Plant and Equipment* and *IAS 41 Agriculture*) - for periods beginning 1 January 2016,
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets*) - for periods beginning 1 January 2016,
- Improvements to *IFRS (2012-2014)* - for periods beginning 1 January 2016,
- Disclosure initiative (Amendments to *IAS 1 Presentation of Financial Statements*) - for periods beginning 1 January 2016,
- Equity Method in Separate Financial Statements (Amendments to *IAS 27 Separate Financial Statements*) - for periods beginning 1 January 2016.

The Company plans to adopt these pronouncements when they become effective.
The Company is currently evaluating the impact of above mentioned new Standards, amendments to Standards and Interpretations. However, it is not expected to have a significant effect on its separate financial statements.

41.23.2 Standards and interpretations not yet endorsed by the EU

The following new Standards, amendments to Standards and Interpretations not yet endorsed by the EU are not mandatorily effective for annual periods ending on 31 December 2015 and were not used in the separate financial statements:

- IFRS 9 *Financial Instruments* (2014) – for annual periods beginning 1 January 2018,
- IFRS 14 *Regulatory Deferral Accounts* – for annual periods beginning 1 January 2016,
- IFRS 15 *Revenue from Contracts with Customers* – for annual periods beginning 1 January 2018,
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates*) – for annual periods beginning 1 January 2016,

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in associates and joint ventures*) – for annual periods beginning 1 January 2016.
- IFRS 16 *Leases* - for annual periods beginning 1 January 2019,
- IAS 7 *Statement of Cash Flows* - for annual periods beginning 1 January 2017,
- IAS 12 *Income Taxes* - for annual periods beginning 1 January 2017.

The Company plans to adopt these pronouncements when they become effective.

The Company has not yet analysed the likely impact of the new Standards, amendments to Standards and Interpretations on its financial position or performance.